

## THE FACTORS INFLUENCE TAXPAYER'S INTENTIONS TO DO THEIR OBLIGATION (CASE STUDY ON BUSINESSMAN AND INDEPENDEN PERSONAL SERVICE TAXPAYER)

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### ABSTRACT

*This study has a purpose to examines the level of compliance of individual taxpayer who undertakes the business activity and independent personal service by using several independent variables such as taxpayer awareness, tax authorities service, taxpayer knowledge and tax penalty. The purpose of this study was to analyze taxpayer awareness, tax authorities service, taxpayer knowledge, and tax penalty toward individual taxpayer compliance who undertakes the business activity and independent personal service. The population of this study is individual taxpayer who undertakes the business activity and independent personal service.*

*This study use purposive sampling technique to collect samples. The number of sample is 99 taxpayers. Primary data collection method used is a survey method using questionnaires. Collected data on this study precessed by multiple regression analysis.*

*Based on the results of analysis undertaken concluded that taxpayer awareness, tax authorities service, taxpayer knowledge, and tax penalty have a positive and significant effect toward taxpayer compliance.*

## INTRODUCTION

Tax can be interpreted as levies collected by government through its citizens. Tax is a manifestation of independence of a state and a source of state revenue. Tax plays a big role in The Indonesian Budget to increase the revenue. This act will be continuously implemented by the government, which in this case is the duty of the Directorate General of Taxation. Government has an important role in the economic life of a state. Numerous efforts have been conducted by the Directorate General of Taxation to maximize the tax revenue, for example with tax extensification and intensification. This is implemented in a way of the expansion of tax subject and

object, by capturing new taxpayers. Maximizing the tax revenue is not only conducted by relying on either the role of government or tax authorities, but also requiring the active participation of the taxpayers themselves.

The changing of taxation system is from Official Assessment System to be Self Assessment System. The implementation of Self Assessment System requires the active participation of society in the tax obligation fulfillment. With tax reform, society are expected to be more open in expressing their tax data. The role of individual income tax is required in the developed nations along with the citizen awareness of tax payment obligation in accordance with the constitutional and national democratic aspiration. Several

phenomena of cases occurred in the taxation world recently cause society and taxpayers are worried to pay tax. One of them is blackmailed by the tax authorities against taxpayers in the amount of IDR 50 million (Kusuma, 2018). That condition can influence the taxpayer compliance, because taxpayers do not want the paid tax will be misused by the tax authorities itself. Taxpayer awareness of the tax function as a state financing is terribly required to increase the taxpayer compliance (Jatmiko, 2006). The society have to realize their existence as a citizens and to uphold Constitution of 1945 as a legal basis of state enforcement (Muliari & Setiawan, 2010).

Research about taxpayer compliance has been conducted by several researchers. In fact, the previous research target mostly on small medium enterprise sector and foreign agency taxpayers. Research conducted by Prasetyo (2006) examined factors affecting the small medium enterprise in reporting their tax obligations. It is similar with a research conducted by Widyati & Nurlis (2010) which examined the compliance of small medium enterprise in their tax reporting. Meanwhile, a research conducted by Mustakini (2007) pick the processing industry as its research target. Associated with this research, Theory of Planned Behavior (TPB) adapted to explain the behavior of taxpayers in fulfilling their tax obligations. Besides, Muliari & Setiawan (2010) used individual taxpayer in their research. However, the individual taxpayer in that research was individual taxpayer as a whole. Different from the previous research, the target of this research will focus on individual taxpayer who undertakes the business activity and independent personal service in Cibinong area. Cibinong was chosen because recently there were cases of 4 taxpayers who were proven to have deliberately issued evidence of fictitious tax deposits during the period 2013 to 2017 and were calculated to cause state losses of IDR 8.58 billion (Asmara, 2019).

Individual taxpayer who undertakes the business activity or independent personal service is mandated to fill the Tax

Return (*SPT*) Form 1770. Individual taxpayer who undertakes the business activity or independent personal service is an individual who holds the business activity and not connected by a binding with the job giver. Individual taxpayer who undertakes the business activity hold business such as trade, service, industry, and other business. Meanwhile, independent personal service means a job undertaken by an individual who has special skill as an attempt to earn income and not connected by a binding with the job giver, for example private practice as a doctor, consultant, lawyer, etc.

Individual taxpayer who undertakes the business activity or independent personal service is more vulnerable towards tax evasion than individual taxpayer who does not undertake the business activity or independent personal service. This is because he conduct the bookkeeping or self-recording on his business. In undertaking bookkeeping, individual taxpayers are more freely to perform tax evasion because there is no supervision of other party. Meanwhile, if compared with foreign agency taxpayers, foreign agency taxpayers have fewer opportunity to perform tax evasion because it is owned and controlled by more than one person or it has internal auditor aside from how small or big the company is. Bookkeeping and recording performed can be implemented either by themselves or hire a skilled person in accounting. Possibly, the business activity does assumes that it will be lack of efficiency to hire people to do bookkeeping and recording, particularly in the term of cost. Thus, a weak internal control can occurs and make the compliance level lower.

There's several result that conducted to mapping factors influence taxpayers compliance. These factors that often conducted in research include tax awareness, tax authorities service, tax knowledge, and tax penalty. Someone's awareness could build up from personal experince and observation through others (Lisa & Hermanto, 2018). From personal experience and observation someone would learn about If someone undestand

important of tax payment for country then it will pursue someone's intention to compliance to tax regulation. Ida and Jenni (2019), Kalgutkar (2018), Rahayu et al. (2017), and Tiraada (2013) states awareness of taxpayer would evoke compliance of taxpayers. Tax awareness not main problem that taxpayers face, they states high necessities of life is main issue met by them to pay taxes (Nugroho, Andini, & Raharjo, 2016). Same with tax penalties, it not a major problem in taxpayer evasion decision but rather makes reduction on actual payment of tax (Devos, 2014). The penalty rate is related to excise compulsion duty of noncompliance (Sinnasamy & Bidin, 2016). The effort of tax authorities to give good quality service to taxpayers also expect would realize the tax revenue objectives. Several results of research conducted by Jatmiko (2006), Muliari and Setiawan (2010), Usman and Pratiwi (2019) states tax authorities service showed that tax authorities service positively affects the taxpayers compliance. Contrary, service provide by fiscus not significant affect compliance of taxpayers (Sari & Fidiana, 2017). Ali et al. (2014), Machogu & Amayi (2013), Pratama (2012), Rahayu et al. (2017) that states understanding of tax regulation not only makes taxpayers understand their rights and obligation on taxation but they would understand importance if taxes not being payed. Different result show tax knowledge not significant (Yulia, Wijaya, Sari, & Adawi, 2020).

Based on explained condition and difference of research result mentioned, this study would reexamine the influence of taxpayer awareness, tax authorities service, taxpayer knowledge, and tax penalty towards individual taxpayer compliance. And this study would focus on taxpayers who undertakes the business activity and independent personal service.

## LITERATURE REVIEW AND HYPOTHESIS

### Theory Of Planned Behavior

TPB explains that behavior is grown by individual appears because of the

intention to behave. This theory was developed by Ajzen in 1988. Ajzen in 1988 added a construct which initially not existed in the Theory of Reasoned Action (TRA). TPB explains that the behavior generated by individual appears because there is an intention to behave. The occurrence of intention to behave is determined by three factors, namely behavioral beliefs, normative beliefs, control beliefs. Behavioral beliefs are individual beliefs regarding the result of a behavior and the evaluation over the result. Normative beliefs are beliefs regarding the normative expectancy of other people and the motivation to fulfill that expectancy. Control Beliefs are beliefs regarding the existence of things that support or hamper the behaviors that will be shown and its perception concerning how strong the things that support or hamper the behavior (perceived power).

Behavioral beliefs, normative beliefs, and control beliefs are the three factors which determine an individual to behave. Since the three factors appear, the individual will enter the intention stage, and lastly is the behavior stage. Intention stage is a stage where an individual has an objective or intention to behave, while behavior stage is a stage where the individual behaves. Taxpayers compliance, tax authority service, knowledge of taxpayers and tax penalty can be the factors which determine the tax compliance behavior. Since the taxpayers have the awareness to pay tax, understand the tax function, and motivated by tax authorities and tax penalty, therefore the taxpayers will have the intention to pay tax and to realize the intention.

### Social Learning Theory

Social Learning Theory was introduced by Bandura in 1977. The concept of this theory emphasizes on the cognitive component of mind, understanding and evaluation. Bandura (1977) stated that cognitive and social factor and factor of the doer plays an important role in understanding. Cognitive factor is the form of the expectancy to achieve success, while social factor includes the observation. The process of

social understanding consists of attentional process, retention process, motoric reproduction process, and reinforcement process (Bandura, 1977).

Attentional process is a process at the time an individual will only learn from someone or model, if the individual has known and paid attention to that individual or model. Retention process is a process of remembering the behavior of a model since the model is no longer available. Motoric reproduction process is a process of changing the observation to behavior. Meanwhile, the reinforcement process is a process where the individuals are provided by positive stimulus or honor, therefore they will behave in accordance with the model (Bandura, 1977 in Jatmiko, 2006).

### **Attribution Theory**

Attribution theory was initially discovered by Heider in 1958 and developed by Weiner in 1974 afterwards. Attribution Theory assumes that individuals are attempting to determine why individuals do what they do, that is attribute causes behavior. Individuals are attempting to understand why other individuals do something which possibly one or more attributes cause that behavior. Taxpayers compliance is related to the behaviors in making judgement towards the tax itself. Attribution Theory is strongly relevant to explain either the internal or external condition of taxpayers in fulfilling their obligations to pay tax (Santi, 2012). An individual complied to pay tax can be seen from the internal or external condition. Awareness of someone could build by personal experience or observation of others (Lisa & Hermanto, 2018). This tax awareness of someone would makes someone understand important of tax payment for country and pursue someone's intention to compliance to tax regulation.

### **Taxpayer Awareness toward Tax Compliance**

Taxpayer awareness is a condition taxpayer knows, understands and implements provisions of taxation correctly and voluntarily. Awareness is an element of human beings to understand the

reality and how they act or behave towards reality. Awareness is a condition of knowing or understanding (Jatmiko, 2006). Several forms of awareness to pay tax which motivate taxpayers to pay tax (Widyati & Nurlis, 2010). Tax awareness is a condition where taxpayers know, understand and correctly and voluntarily implement the tax provisions (Muliari & Setiawan, 2010). The higher the taxpayer awareness, the more they comply with paying tax. TPB explains that the behavior generated by individual appears because there is an intention to behave. Intention to behave could come from either internal and external factors. Someone's awareness could build up from personal experience and observation through others (Lisa & Hermanto, 2018). From personal experience and observation someone would learn about If someone understand important of tax payment for country then it will pursue someone's intention to compliance to tax regulation. First, awareness that tax is a form of participation in supporting the development of the country. By realizing this term, taxpayers want to pay tax because they do not feel disadvantaged from the implemented tax collection. Second, awareness that the tax payment postponement and tax expense deduction will be detrimental to the country. Taxpayers want to pay tax because they understand that tax payment postponement and tax expense deduction will impact to the lackness of financial resources which can cause the inhibition of development of the country. Third, awareness that tax is assigned with law and enforceable. Taxpayers will pay tax because the tax payment is realized to have a strong legal foundation and it is an absolute obligation for every citizen. This argument also supported by result of Ida and Jenni (2019), Kalgutkar (2018), Rahayu et al. (2017), and Tiraada (2013) that states awareness of taxpayer would evoke compliance of taxpayers.

*H<sub>1</sub> : Taxpayer awareness positively affects the taxpayer compliance*

### **Tax Authorities Service toward Tax Compliance**

Service is the way to serve (to help managing or preparing the overall necessities needed by individual). Meanwhile, tax authorities are tax officers. Therefore, tax authorities service can be interpreted as the way of tax officers in helping, managing or preparing the overall necessities needed by individual, in this case is taxpayer (Jatmiko, 2006). Activities performed by tax authorities such as greet society with continuous counseling through various media also parade of Tax Identification Number should be praised. It may causes taxpayers would not delay return their tax. If the service provided by tax authorities is not fulfilled or passed the expectation of taxpayers, it means that the service provide by tax authorities hasn't met good quality expectation of taxpayers. Quality sevice is important point to gives satisfication to every single person include taxpayers to make them comply their next obligations by themself. The better the quality provided by tax authorities it would drive higher the level of taxpayer compliance. This statement in line with concept of social learning theory that emphasizes on the cognitive component of mind, understanding and evaluation. Through continuous counseling from tax authorities to society, it would make them know, acknowledge, appreciate and comply with the tax provisions. The effort of tax authorities to give good quality service to taxpayers expect would realize the tax revenue objectives. Several results of research conducted by Jatmiko (2006), Muliari and Setiawan (2010), Usman and Pratiwi (2019) states tax authorities service showed that tax authorities service positively affects the taxpayers compliance.

*H<sub>2</sub> :Tax authorities service positively affects the taxpayer compliance*

### **Taxpayer Knowledge toward Tax Compliance**

Knowledge is something important to every single person, if someone has knowledge it would not makes someone confused before to do something. Taxpayers knowledge is about maturity of

mind to do tax obligations, it can be obtained through learning and training process in formal and informal education. Through formal and informal education, it can enhance the taxpayer knowledge. Taxation knowledge is fundamental internal factor held by taxpayers in term conduct tax obligation so they wouldn't confused to do their stax obligation. Attribution theory explain internal factor can lead someone behavior. Behavioral beliefs in TPB also explain individual beliefs would affect evaluation over the result that lead someone's intention to do behavior. Based on the concept of knowledge or understanding, taxpayer must have insight about general provision and taxation procedures, taxation system in Indonesia, and taxation function (S. K. Rahayu, 2010). This statement also in line with result of Ali et al. (2014), Machogu & Amayi (2013), Pratama (2012), Rahayu et al. (2017) that states understanding of tax regulation not only makes taxpayers undestand their rights and obligation on taxation but they would undestand importance if taxes not being payed.

*H<sub>3</sub> : Taxpayer knowledge positively affects the taxpayer compliance*

### **Tax Penalty toward Tax Compliance**

Penalty is form of punishment give to people who break the rules. Tax penalty is a guarantee that the taxation regulations and provisions will be complied. In the other words, tax penalty is a preventive tool to make the taxpayers do not break the taxation norms (Muliari & Setiawan, 2010). There's common response in society that the tax charge is only when not do not pay taxes. In fact, actually there are many things which make the society and taxpayer are levied the tax penalty, either in the form of administration charge (interest, penalty, and raise) or the crime charge. Conventionally, there are two kinds of penalties, positive penalty and negative penalty. Positive penalty is a reward, meanwhile negative penalty is a punishment (Ilyas & Burton, 2010). In line with attribution theory explain external factor such announce penalty to taxpayers can be imply as preventive tool can lead taxpayers behavior to obey with their tax obligation to

government. This also in line with normative beliefs in TPB that expectancy of government to every single taxpayers would have motivation to do fulfill their obligation behavior if there's penalty for rule breakers. The experiment conducted to one group taxpayers with mention penalty information to them, it appears have more effect to their intentions to start comply tax obligation rather a group of taxpayers with no prior penalty reminders (Gemmell & Ratto, 2017). Taxpayers would fulfill their tax payment if they though tax penalty will cause them disadvantages (Jatmiko, 2006). The higher or heavier the penalty, the more disadvantages for the taxpayers so they have no choice to fulfill their obligations. This in line with research of Ahmad & Yushita (2019), Oladipupo & Obazee (2016), Remali et al. (2018), and Setyowati & Yushita (2017) that states higher tax penalty would drive higher taxpayers compliance on their obligation to government.

$H_4$  : Tax penalty positively affect the taxpayer compliance

From the hypothesis that have been built, the following research framework can be formed like:

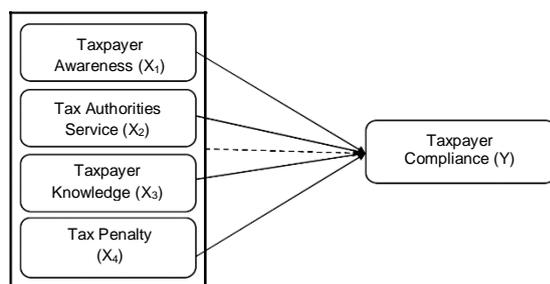


Fig. 1 Theoretical Framework

Description:

- Y = taxpayer compliance
- $X_1$  = taxpayer awareness
- $X_2$  = tax authorities service
- $X_3$  = taxpayer knowledge
- $X_4$  = tax authorities service
- = Partial relationship

## RESEARCH METODOLOGY

This research is a quantitative research use survey method, collect informations from respondents by using questionnaires. This study use research

design to provide emphirical evidences and to analyze reseach object that consist of taxpayer awareness, tax authorities service, taxpayer knowledge and tax penalty towards taxpayer compliance who undertakes the business activity and independent personal service.

Type of data used in this research is primary data and secondary. Primary data is data obtained directly from the research object. This research uses questionnaires filled by respondents as the main data collection. Primary data are obtained by using structurized list of questions with the purpose to obtain direct response from respondents. Secondary data in this study used as a supporter and complemer data that collected from Tax Service Office (KPP) Pratama Cibinong and also various journals, book articles and the other scientific work which are relevant with this research.

Data collected from survey executed by arranging a direct observation in the agency or company as the object to obtain the primary data. A number of questions are submitted to respondents and the respondents are required to answer in accordance with their opinion. The questionnaires are measured by using Likert scale. Variables measured by Likert scale are weighted by five points: (1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree, (5) Strongly Agree. Respondents are required to declare their approvals towards the submitted questions in accordance with their actual condition.

Population of the research is a generalized region consists of research object or subject which has a quality and characteristic determined to learn and make the conclusion (Prasetyo, 2006). Population of this research is all of the individual taxpayers who undertake the business activity and independent personal service registered in KPP Pratama Cibinong. The amount of population registered in KPP Pratama Cibinong is 7.544 taxpayers. Based on the existing data in KPP Pratama Cibinong, until the end of 2015, there were 7.544 active

individual taxpayers who undertook the business activity or independent personal service registered. Therefore, the sample size for this research with Slovin formula and use margin of error of 10% is:

$$n = \frac{7,544}{1 + \{7,544(0.1^2)\}}$$

$$n = 98.69$$

$$n = 99$$

### Variable Operational Definition

Independent variables (X) in this research are as consist of Taxpayer Awareness (X<sub>1</sub>), Tax Authorities Service (X<sub>2</sub>), Taxpayer Knowledge (X<sub>3</sub>), Tax Penalty (X<sub>4</sub>). Meanwhile dependent variable (Y) in this research is taxpayer compliance meant, taxpayers comply to pay tax and fulfill and also implement their tax obligations in accordance with tax regulations. Taxpayer compliance is a readiness of taxpayer to fulfill the tax obligation in accordance with the valid regulation without audit, careful investigation, warning, or threat and penalty implementation either legal or administrative (Santoso, 2008).

### Analysis Method

Data quality in this study examined through validity and reliability tests. Validity test is used to measure a questionnaire able to express something which will be measured by the questionnaire (Ghozali, 2011). Analysis technique used in this research is product moment coefficient correlation of Pearson with condition if  $r_{\text{statistic}} > r_{\text{table}}$  passed validity, otherwise it means it doesn't has good validity.

The purpose of realibility test is to measure the consistency of each question items through value of Cronbanch's Alpha in this study. Reliability with Cronbanch's alpha is commonly used for interval type of data (Sugiyono, 2007). An instrument has reliability when Cronbanch's alpha value greater than 0.60, it means measurement already has good reliability.

### Descriptive Statistic Method

In this case, analysis is conducted to the collected data by conducting descriptive statistic through depiction or description about research data viewed from the mean, standard deviation, variance, maximum, minimum (Ghozali, 2011).

### Classical Assumption Test

Classic assumption test has to has to required in multiple linear regression analysis to avoid classical assumption problems that often found in quantitative research. This test include multicollinearity test, hesteroscedasticity test, and normality test. Normality test has an objective to examine whether in the regression model, the dependent variable, independent variable or both are normally (Ghozali, 2011). Then multicollinearity test has an objective to examine whether in the regression equation, there is a correlation among independent variables. A good regression model should be no correlation among the independent variables (Ghozali, 2011). Meanwhile, heterosceda-sticity test has an objective to examine whether in the regression model there is variance similarity of residual from one observation to the other observation. In a good regression model, the one with homoscedasticity or there is no heteroscedasticity occurs (Ghozali, 2011).

### Multiple Linear Regression Analysis

This analysis is used to predict how the condition of dependent variable if the independent variables are more than two. In this research, multiple linear regression analysis is used to prove the extent the connection the effect of taxpayer awareness, tax authorities service, taxpayer knowledge, and tax penalty towards taxpayer compliance. In other words, it is involving four independent variables (X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub>, X<sub>4</sub>) and one dependent variable (Y). Formulation regression model used in this study is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Description:

Y = taxpayer compliance

$\alpha$  = constants

$\beta$  = regression coefficients

X<sub>1</sub> = taxpayer awareness

- X<sub>2</sub> = tax authorities service  
 X<sub>3</sub> = taxpayer knowledge  
 X<sub>4</sub> = tax authorities service

## RESULT AND DISCUSSIONS

### Descriptive Statistics Analysis

Descriptive statistics analysis is used to picturize an object through sample. In this case, the analysis towards the collected data is conducted with descriptive statistics through picturization or description about research data if we see from the value of average, standard deviation, maximum, minimum (Ghozali, 2011). The result of descriptive statistics of each variable can be seen in Table 1.

**Table 1. Result Descriptive Statistic**

| No. | Variable                | N  | Min | Max | Mean   | Standard Deviation |
|-----|-------------------------|----|-----|-----|--------|--------------------|
| 1.  | Taxpayer awareness      | 99 | 28  | 58  | 47.636 | 5.467              |
| 2.  | Tax authorities service | 99 | 24  | 60  | 46.869 | 6.617              |
| 3.  | Taxpayer knowledge      | 99 | 24  | 60  | 47.404 | 6.638              |
| 4.  | Tax penalty Taxpayer    | 99 | 16  | 55  | 44.333 | 6.890              |
| 5.  | compliance              | 99 | 24  | 50  | 40.667 | 5.243              |

Source: Primary data processed

The results of descriptive statistics show that from a total of 99 respondents who gave answers through a questionnaire, almost all statements submitted to one of the respondents were strongly approved, all the total answers for each variable can get full value even though the tax awareness variable is less than 2 points. Meanwhile, the lowest total answer for each variable is in the tax sanction variable which shows that there are respondents who strongly disagree with the existence of tax sanctions. The average answer shown by each tested variable shows an average value above 40 which is in the agree quadrant. This average value shows that most respondents agree with the statements submitted. The standard deviation of each variable that is below the average value of the total answers has a good statistical distribution.

### Classical Assumption Test

To examine whether the data normal or not, it is by using non-parametric statistic test Kolmogrov Smirnov Test (K-S). The level of significance in this research is 5%, therefore if the number of significance of Kolmogrov-Smirnov > 5%, data used in this research is normally distributed. Otherwise, if the number of significance < 5% therefore the data is not normally distributed.

**Table 2. One-Sample Kolmogorov-Smirnov Test**

|                                  |                | Standardized Residual |
|----------------------------------|----------------|-----------------------|
| N                                |                | 99                    |
| Normal Parameters <sup>a,b</sup> | Mean           | ,0000                 |
|                                  | Std. Deviation | ,9794                 |
|                                  | Absolute       | ,0920                 |
| Most Extreme Differences         | Positive       | ,0630                 |
|                                  | Negative       | -,0920                |
| Kolmogorov-Smirnov Z             |                | ,9152                 |
| Asymp. Sig. (2-tailed)           |                | ,3721                 |

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data processed

Table shows that the value of Asymptotic Sign is 0,3721 or bigger than the value of alpha ( $\alpha = 0,05$ ). Thus, the data distribution of research variable are normal, and can be continued to the next analysis.

**Table 3. Result of Multicollinearity Test**

| Variable                | Collinearity Statistics |        |
|-------------------------|-------------------------|--------|
|                         | Tolerance               | VIF    |
| Taxpayer awareness      | 0,8205                  | 1.2188 |
| Tax authorities service | 0,7860                  | 1.2723 |
| Taxpayer knowledge      | 0,8085                  | 1.2368 |
| Tax penalty             | 0,8252                  | 1.2118 |

Source: Primary data processed

A variable is stated there is a multicollinearity symptoms if the value of VIF is bigger than 10. Collinearity diagnostic has criterion if the independent variable number of tolerance  $\geq 0,10$  and

VIF  $\leq$  10, it shows that there is no multicollinearity among the independent variables in the regression equation. Based on Table, it is known that the value of VIF for Taxpayer awareness, Tax authorities service, Taxpayer knowledge, Taxpayer knowledge variables are less than 10, which means that there is no multicollinearity among the independent variables, which are used as a predictor in a research is independent.

**Table 4.** Result of Heterocedastisity Test

| Variabel                | T       | Sig.   |
|-------------------------|---------|--------|
| Taxpayer awareness      | -0,9334 | 0,3530 |
| Tax authorities service | -1,6131 | 0,1101 |
| Taxpayer knowledge      | 1,5694  | 0,1199 |
| Tax penalty             | 0,2109  | 0,8334 |

Source: Primary data processed

Table shows the significance value in t test for taxpayer awareness 0,3530, significance value of tax authorities service 0,1101, significance value of taxpayer knowledge 0,1199 and significance value of tax penalty 0,8334. To detect the existence of heteroscedasticity, it is by looking the Plot Graph between the dependent variable predictin number in Y axis and its residuals (Y prediction – Y actual) in X axis where there is spread from zero point or not. If the dots spread with unclear pattern below or above 0 in Y axis, there is no heteroscedasticity. Based on that computation, it can be known that the value of significance of taxpayer awareness, tax authorities service, taxpayer knowledge, and tax penalty as a whole is bigger than the value of alpha ( $\alpha = 0,05$ ), which means there is no heteroscedastisity in the research model used in this research.

### Multiple Regression Analysis

Primary data processed with multiple regression analysis through SPSS and show in the Table 5 below.

**Table 5.** Multiple Regression Result

| Variable | Regression | T <sub>statistic</sub> | Sig. |
|----------|------------|------------------------|------|
|----------|------------|------------------------|------|

|                         |        |       |       |
|-------------------------|--------|-------|-------|
| Taxpayer awareness      | 0.328  | 4.777 | 0.000 |
| Tax authorities service | 0.257  | 4.446 | 0.000 |
| Taxpayer knowledge      | 0.160  | 2.813 | 0.006 |
| Tax penalty             | 0.178  | 3.274 | 0.002 |
| Constanta               | -2.455 |       |       |
| F compute               | 36.108 |       |       |
| Sign.                   | 0.000  |       |       |
| R Square                | 0.606  |       |       |

Sources : Processed from primary data

Based on Table 5, regression equation can be arranged as follows:

$$Y = -2.455 + 0.328 X_1 + 0.257 X_2 + 0.160 X_3 + 0.178 X_4 + e$$

Hypothesis 1 states taxpayer awareness affects the taxpayer compliance on postive direction. Based on hypothesis test result shows in Table 5 indicates that relationship between tax awareness and tax compliance has significant value 0.000 and T<sub>statistic</sub> value 4.777. Based on significant value used in this research, result value 0.000 is below value 0.050 as acceptable term of significant with a confidence level of 95% and T<sub>statistic</sub> value shows 4.777 is above 1.661 as T<sub>table</sub> value. So, this means taxpayer awareness and the taxpayer compliance have significant relationship. Meanwhile Table 5 shows regression of this relationship has value 0.328, this ammount values indicate taxpayer awareness affects the taxpayer compliance on positive direction. It can be conclude that hipothesis of taxpayer awareness positively affects the taxpayer compliance is **supported** by result shows on Table 5.

Hypothesis 2 states tax authorities service affects the taxpayer compliance on postive direction. Based on hypothesis test result shows in Table 5 indicates that relationship between tax authorities service and tax compliance has significant value 0.000 and T<sub>statistic</sub> value 4.446. Based on significant value used in this research, result value 0.000 is below value 0.050 as acceptable term of significant with a

confidence level of 95% and  $T_{\text{statistic}}$  value shows 4.446 is above 1.661 as  $T_{\text{table}}$  value. So, this means tax authorities service and the taxpayer compliance have significant relationship. Meanwhile Table 5 shows regression of this relationship has value 0.257, this amount values indicate tax authorities service affects the taxpayer compliance on postive direction. It can be conclude that tax authorities service positively affects the taxpayer compliance is **supported** by result shows on Table 5.

Hypothesis 3 states taxpayer knowledge affects the taxpayer compliance on postive direction. Based on hypothesis test result shows in Table 5 indicates that relationship between taxpayer knowledge and tax compliance has significant value 0.006 and Tstatistic value 2.813. Based on significant value used in this research, result value 0.006 is below value 0.050 as acceptable term of significant with a confidence level of 95% and  $T_{\text{statistic}}$  value shows 2.813 is above 1.661 as  $T_{\text{table}}$  value. So, this means taxpayer knowledge and the taxpayer compliance have significant relationship. Meanwhile Table 5 shows regression of this relationship has value 0.160, this amount values indicate taxpayer knowledge affects the taxpayer compliance on postive direction. It can be conclude that taxpayer knowledge positively affects the taxpayer compliance is **supported** by result shows on Table 5.

Hypothesis 4 states tax penalty affects the taxpayer compliance on postive direction. Based on hypothesis test result shows in Table 5 indicates that relationship between tax authorities service and tax compliance has significant value 0.002 and  $T_{\text{statistic}}$  value 3,274. Based on significant value used in this research, result value 0.002 is below value 0.050 as acceptable term of significant with a confidence level of 95% and  $T_{\text{statistic}}$  value shows 3,274 is above 1.661 as  $T_{\text{table}}$  value. So, this means tax penalty and the taxpayer compliance have significant relationship. Meanwhile Table 5 shows regression of this relationship has value 0.178, this

amount values indicate tax penalty affects the taxpayer compliance on postive direction. It can be conclude that tax penalty positively affect the taxpayer compliance is **supported** by result shows on Table 5.

The summary of the partial test throught multiple regression analysis shows taxpayer awareness, tax authorities service, taxpayer knowledge, and tax penalty have significant affect with positive direction toward taxpayer compliance. Meanwhile constanta on these hypothesis show a value -2,4546 in Table 5, negative result on constanta means when taxpayers have no tax awareness, don't feel tax authorities services, don't have tax knowledge, and don't care with tax penalty it would make taxpayers compliance get decreasing amount -2,455 value.

**Table 6.** Goodness of Fit

| Model | R                 | R Square | Adjusted R <sup>2</sup> | The Estimation of Std. Error |
|-------|-------------------|----------|-------------------------|------------------------------|
| 1     | .778 <sup>a</sup> | .606     | .589                    | 3.361                        |

Sources : Processed from primary data

Based on goodness of fit test at **Table 6**, the value Adjusted R<sup>2</sup> shows 0,589. This means that 58,90% variation of the taxpayer compliance is explained by variable of taxpayer awareness, tax authorities service, taxpayer knowledge and tax penalty. In other side, the other variables which are not examined in this study affect ammount 41,10% on the taxpayer compliance. It can be conclude four variables that consit of taxpayer awareness, tax authorities service, taxpayer knowledge, and tax penalty have fit model.

**Discussion**

Based on multiple regression analysis result, hipothesis 1 is **supported**. Hipothesis 1 states taxpayer awareness positively affects the taxpayer compliance. It could be imply higher taxpayer awareness will drive higher on the taxpayers compliance, vice versa.

Taxpayers show willingness to pay tax because they understand their payment will impact to the financial resources of country which can lead delay of development of the country. Taxpayers also realized taxation has legal foundation and it is an absolute obligation for every citizen. This support TPB that explains the behavior generated by individual appears because there is an intention to behave. Intention to behave could come from either internal and external factors. Someone's awareness could build up from personal experience and observation through others (Lisa & Hermanto, 2018). From personal experience and observation someone would learn if someone understand important of tax payment for country then it will pursue someone's intention to compliance to tax regulation. This result support earlier research from Ida and Jenni (2019), Lestari (2015), and Rahayu et al. (2017) that states awareness of taxpayer would evoke compliance of taxpayers.

Based on multiple regression analysis result, hypothesis 2 is **supported**. Hypothesis 2 states tax authorities service positively affects the taxpayer compliance. It could be imply higher tax authorities service felt by taxpayers would drive higher on the taxpayers compliance, vice versa. This statement in line with concept of social learning theory that emphasizes on the cognitive component of mind, understanding and evaluation. It prove continuous counseling from tax authorities to society, it would make them know, acknowledge, appreciate and comply with the tax provisions. The effort of tax authorities to give good quality service to taxpayers expect would realize the tax revenue objectives. This result support earlier research from Jatmiko (2006), Muliari and Setiawan (2010), Usman and Pratiwi (2019) states tax authorities service showed that tax authorities service positively affects the taxpayers compliance.

Based on multiple regression analysis result, hypothesis 3 is **supported**. Hypothesis 3 taxpayers knowledge positively affects the taxpayer compliance.

It could be imply higher tax knowledge of every single taxpayers would drive higher on the taxpayers compliance, vice versa. It prove taxation knowledge is fundamental internal factor held by taxpayers in term conduct tax obligation so they wouldn't confused to do their stax obligation. Taxation knowledge is fundamental internal factor held by taxpayers in term conduct tax obligation so they wouldn't confused to do their stax obligation. Attribution theory explain internal factor can lead someone behavior. Behavioral beliefs in TPB also explain individual beliefs would affect evaluation over the result that lead someone's intention to do behavior. Based on the concept of knowledge or understanding, taxpayer must have insight about general provision and taxation procedures, taxation system in Indonesia, and taxation function (S. K. Rahayu, 2010). This result support earlier research from Ali et al. (2014), Machogu & Amayi (2013), Pratama (2012), Rahayu et al. (2017) that states understanding of tax regulation not only makes taxpayers understand their rights and obligation on taxation but they would understand importance if taxes not being payed.

Based on multiple regression analysis result, hypothesis 4 is **supported**. Hypothesis 4 states tax penalty positively affects the taxpayer compliance. It could be imply higher tax penalty given to noncompliance taxpayers would drive higher on the taxpayers compliance, vice versa. It prove tax penalty is a effective preventive tool to make the taxpayers do not break the taxation norms (Muliari & Setiawan, 2010). In line with attribution theory explain external factor such announce penalty to taxpayers can be imply as preventive tool can lead taxpayers behavior to obey with their tax obligation to goverment. This also in line with normative beliefs in TPB that expectancy of government to every single taxpayers would have motivation to do fulfill their obligation behavior if there's penalty for rule breakers. The experiment conducted to one group taxpayers with mention penalty information to them, it appears have more effect to their intentions to start comply tax

obligation rather a group of taxpayers with no prior penalty reminders (Gemmell & Ratto, 2017). Taxpayers would fulfill their tax payment if they thought tax penalty will cause them disadvantages (Jatmiko, 2006). The higher or heavier the penalty, the more disadvantages for the taxpayers so they have no choice to fulfill their obligations. This result support earlier research from Ahmad & Yushita (2019), Oladipupo & Obazee (2016), Remali et al. (2018), and Setyowati & Yushita (2017) that states higher tax penalty would drive higher taxpayers compliance on their obligation to government.

## CONCLUSION

This study aims to analyze partially and simultaneously of taxpayer awareness, tax authorities service, taxpayer knowledge, and tax penalty toward individual taxpayer compliance who undertakes the business activity and independent personal service. The study result consist of taxpayer awareness, tax authorities service, taxpayer knowledge, tax penalty partially have positive and significant affect tax compliance.

## IMPLICATIONS AND LIMITATIONS

Based on conclusion, this study has implication for tax authorities should be more extending the socialization regarding the fine penalty well to taxpayer, therefore taxpayer can understand it and the reason why a penalty is levied towards taxpayers. This socialization can be conducted by giving free socialization for taxpayers regarding the enforcement of fine penalty. Then, for next research would be better if able to extend the research object, therefore the result of the research can be more representative. Next research can use the variables rather than taxpayre awareness, tax authorities service, taxpayer knowledge and tax penalty therefore for the next research a new variable which affect the level of tax compliance can be found.

This study can't be free from limitation such respondents assume all things linked with tax is confidential, therefore the

obtained samples is considered small, even though it has fulfilled the minimum number needed. Then, This research only conducted in one year period only. This research also uses questionnaire in the data collection, therefore the collected data only picturize the opinion of taxpayer as the research object.

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