

Factors Influencing Tax Payer Compliance to Fulfill The Obligation to Pay Tax in Samarinda Municipality

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Abstract—The aims of the research are to find out and test the effectiveness of tax collection on taxpayer compliance; to know and test the knowledge of taxpayer on taxpayer compliance; to know and test the justice of tax payment regulation on taxpayer compliance; to know and test the taxpayer's comprehension level on taxpayer compliance; and to know and test the awareness level of taxpayer to taxpayer compliance in Samarinda municipality. The study uses a descriptive quantitative approach using IBM SPSS Version 20. The results of the study indicate that the effectiveness of tax collection had no significant influence on taxpayer compliance, the knowledge of taxpayers had a significant influence on taxpayer compliance, tax justice had no significant influence on taxpayer compliance, the level of understanding of taxpayers had no significant influence on taxpayer compliance, and the level of awareness of taxpayers had a significant influence on taxpayer compliance in Samarinda. Conclusion can be draw that either simultaneously or partially, the effectiveness of tax collection, taxpayer knowledge, taxability, taxpayer understanding level, and the level of awareness of taxpayers have a significant influence on taxpayer compliance.

Keywords—*influencing factors, taxpayer compliance, pay taxes*

I. INTRODUCTION

Infrastructure development is experiencing a decline over the years. One of the causes for the decline is less state revenue from tax. Kasipillai, Kolbadalov, Graham and Hanlon stated that state revenue from tax is mostly allocated for infrastructure development; therefore, it is not a surprise that development at any places is experiencing a stagnant due to the decline in tax income [1-4]. The result of empirical studies contradict the Decree of the Tax Directorate General in 2012 explaining that state revenue in form of tax is increasing while the fact of the revenue is decreasing. Various factors influencing the decline in tax revenue are: less effectiveness in tax collection, less knowledge among the tax payers, less justice in the implementation of tax regulation and less knowledge and awareness among the tax payersto fulfill their obligation.

According to Kolbadalov tax is defined as the manifestation of statehood obligation and the participation of society members to fulfill state financing and national development to achieve social justice and equitable prosperity, materially and spiritually. Tax is the tuition of the people to the state based on laws thus it can be forced by

obtaining no direct remuneration. Kholbadalov, Wadesango and Voineastated stated that, in principle, tax compliance is a mandatory obligation of taxpayers in fulfilling tax obligation according to the prevailing regulations [2],[5-6]. In addition, Kholbadalov and Chenstated stated that taxpayers compliance is defined as the manifestation of statehood obligation, the participation of society members to fulfill their statehood obligation and to fulfill the need for state financing and national development [2], [7]. The aim is to achieve a social justice for equitable prosperity, materially and spiritually. Tax is the tuition of the people to the state based on laws thus it can be forced by obtaining no direct remuneration from the government [2]. A country is stated as a developed and developing if the state revenue in form of tax is increasing [7], since tax is one of large sources of state revenue [8]. National development is a continuous activity thus the government of Indonesia issued a policy in 2016 called tax amnesty.

II. THEORETICAL STUDY AND HYPOTHESES DEVELOPMENT

According to Wadesango, tax is the tuition of the people to treasury fund based on constitution and it can be forced and has no reciprocal recompense that directly can be directed and used to pay general expenditures [5]. Theories and result of studies used in the research were those related to the variables discussed in the research.

A. The Effectiveness of Tax Collection

Tax collection refer to Palilstated that one of efforts to increase state revenue is by increasing the effectiveness of tax collection. Tax collection also influences the compliance of taxpayers to pay tax obligations as their responsibility. Further, Mikesell and Graham stated that the increase in tax collection had a significant influence on taxpayer compliance [3], [9]. Taxpayer as a customer could increase taxpayer satisfaction. Based on the theories and result of previous studies, the following hypothesis was proposed:

H1: The effectiveness of tax collection has a significant influence on tax payer compliance to fulfill the tax obligation in Samarinda.

B. Tax Justice

Tax sanction is a punishment given by the government to the taxpayers who do not fulfill their obligation[12]. Therefore, the government encourages all tax payers to not delay their tax obligation. Law No. 42, 2009 explains that tax sanction can be grouped into three parts, namely, interest

sanction, administrative fine sanction, and punishment or jail. Meanwhile, Wadesangostated that tax justice should be initiated from procedural justice [5]. It can be conducted if both parties, tax payers and tax officers, have the same will. Based on the explanation of theories and previous research results, the following hypothesis was proposed:

H3: Tax justice has a significant influence on taxpayer compliance to fulfill the tax obligation in Samarinda.

C. Level of Understanding of the Taxpayers

The understanding of taxpayers should be started ever since they understand the economy of a country as tax could give contribution to the development of a country either infrastructure development or human resources development. Voinea indicated that the understanding of taxpayers has a significant influence on tax payer compliance [6]. Whereas Wadesango stated that the understanding of tax payers should be formed ever since they know about money and it has a significant influence on taxpayer compliance [5]. Based on the theory and previous research result, the following hypothesis was proposed:

H4: The understanding of tax payers has a significant influence on tax payer compliance to fulfill the tax obligation in Samarinda.

D. Level of Awareness of Taxpayers

Goodspeedstated that the awareness of taxpayers is a form of awareness formed based on the values of faith. Result of research by Goodspeed indicated that socialization is useful to raise awareness of taxpayers and for them to obey the tax obligation [13]. In Jogiyanto, it is stated that socialization has a significant influence on taxpayer compliance [14]. In addition, socialization has a huge influence impact on tax revenue. It is conducted since taxes often change thus create confusion among the taxpayers. Based on the theory and previous research result, the following hypothesis was proposed:

H5: The level of awareness of taxpayers has a significant influence on taxpayer compliance to fulfill the tax obligation in Samarinda.

E. The Level of Taxpayer Compliance

Taxpayer compliance by Wadesango stated that tax compliance, based on religious and moral (ethic) point of views, has been conducted by previous researchers [5]. Tax compliance is the will of the taxpayers to pay the tax payable [14]; Interpreted the definition merely from the basic definition instead of a deep interpretation up to the dimension of inner consciousness. Jogyanto defined that good awareness is awareness that comes from the deepest heart [14].

III. RESEARCH METHOD

Approach used in the research was quantitative approach, which is an approach that combines the result of data analysis obtained using statistical procedures in form of numeric data or numbers to facilitate data processing. The data was obtained from questionnaire that tabulated and grouped in each variable.

A. Type of Data

Type of data used in the research was quantitative data that stresses on theoretical testing through the measurement of research variables and it uses numeric data. Further, the numbers were processed and analyzed using statistical procedures. Data used in the research was a recap of the questionnaire according to variables used in the research.

B. Data Source

Data used in the research was primary data since it obtained directly from the respondents through questionnaire distribution that tabulated by the researcher. The result of data tabulation was processed using IBM SPSS Version 20 and continued with validity and reliability tests.

C. Operational Definition of Variables

Operational definition is a definition used in the research objects, which was a small part of taxpayer community in Samarinda municipality. Based on validity and reliability tests, it was found that of the seven independent variables tested two variables were invalid thus they were excluded from the model. Therefore, there were five valid variables that feasible to be continued until the end of process of the research. Since the research used quantitative approach IBM SPSS used as the main tool as it could facilitate the processing of data obtained from the respondents. The research identified facts occurred among the taxpayer society that influenced by several variables, i.e., The Effectiveness of Tax Collection (X1), The Knowledge of Taxpayers(X2). Tax Justice(X3), The Understanding of Taxpayers(X4). The Awareness of Taxpayers (X5), and Taxpayer Compliance (Y).

D. Data Collection Technique

Data collection technique used in the research was questionnaire with Likert Scale. Likert Scale was used for all variables with interval from 1 to 4 of Likert Scale. Object and Sample of Research. Population that became the object of the research was taxpayer society with the following criteria, i.e, companies with or without legal entity, government or private employees who received salary above the PTKP (non-taxable income), and lecturers and college students who has taken the Introduction of Tax and/or Taxation Course. There were 400 questionnaires distributed, but only 299 of them were returned, processed and tabulated using IBM SPSS Version 20.

E. Validity Test of Instruments

Tool used in data validity test was IBM SPSS Version 20. Validity test is aimed to test to what extent a measuring instrument used in measuring things to be measured [15-16] stated that validity test was used to test the effectiveness of tax collection, the knowledge of taxpayers, tax justice, the understanding of taxpayers, and the awareness of taxpayers related to taxpayer compliance (Y).

F. Classical Assumption Test

Classical assumption test is a statistical requirement that should be fulfilled in an Ordinary Least Square-based multiple linear regression analysis [15]. The linear regression model is stated as a good model if it has normal or close to normal data

distribution stated that classical assumption test consists of normality, multicollinearity, heteroscedasticity, autocorrelation and model linearity tests.

G. Normality Test

Normality test is used to test whether the independent and dependent variables are normally distributed [16]. In the research, the normality test used a histogram with normal probability plot (P-P Plot). It can be seen from the chart that there were alternating points up and down in X and Y axis on the diagonal line [16] stated that if the condition occurs it can be concluded that data in the research is normally distributed. Multicollinearity Test. This test is aimed to find out whether there is a correlation between independent variables in the regression model. Multicollinearity [16] test can be done by observing the value of Variance Inflation Factor (VIF) of each independent variable toward their dependent variable. If the VIF value is no more than 10 then there is no multicollinear symptom in the model. Heteroscedasticity test [15] stated that heteroscedasticity test is aimed to detect the existence of heteroscedasticity. After being tested using IBM SPSS Version 20, it can be seen that points were distributed evenly to various places. According to Hasiara and Padliansyah [15] stated that if points are distributed evenly then there is no heteroscedasticity. Autocorrelation Test. Autocorrelation test stated that if the value of Durbin-Watson (DW) was 0-1.5, there is a positive autocorrelation and if the value is between 1.5 and 2.5, there is no autocorrelation [15, 17]. Based on the result of autocorrelation test, it can be seen that there was no autocorrelation in the multiple linear regression model since the value of Durbin Watson was 1.679, which is more than 1.5. Therefore, it can be concluded that there was no autocorrelation in the research model.

The output of IBM SPSS calculation obtained a determination coefficient (R^2) value of 0.233. In other words, the result of percentage indicates that 23% of dependent variable was influenced by independent variables of the effectiveness of tax collection (X1), the knowledge of taxpayers (X2), tax justice (X3), the understanding of taxpayers (X4), and the awareness of taxpayers (X5) and the remaining 77% was influenced by other variables excluded in the model. In conclusion, the independent variables were simultaneously had a significant influence on taxpayer compliance (Y) to fulfill the tax obligation.

IV. RESULT AND DISCUSSION

A. Analysis of Determination Coefficient Test (R^2)

Determination coefficient (R^2) measures the ability of the model in explaining variation in the independent variables. The value of determination coefficient is between zero and one. Small R^2 value means that the ability of independent variables in explaining any variation of dependent variable is limited. Value closer to one means that independent variables give almost all information needed to predict variation in dependent variable [14].

B. Test Analysis (Simultaneous Test)

F statistic test is used to find out whether the independent variables are simultaneously influenced the dependent variable [14]. Similarly, Ghozali restated that F test or ANOVA is used to test whether the independent variables are

simultaneously influenced the dependent variable [16]. A decision can be taken that became the hypothesis, which is the effectiveness of tax collection (X1), the knowledge of taxpayers (X2), tax justice (X3), the understanding of taxpayers (X4), and the awareness of taxpayers (X5) had a significant influence on taxpayer compliance (Y). The result of calculation can be explained based on formula: $df = n - k - 1$ thus $df = 299 - 5 - 1 = 293$ with significance level of 0.05 was 5.05; whereas the value of Fcount was 17.768 with significance level of $0.00 < 0.05$. The test result indicates that variables of the effectiveness of tax collection (X1), the knowledge of taxpayers (X2), tax justice (X3), the understanding of taxpayers (X4), and the awareness of taxpayers (X5), simultaneously, had significant influence of taxpayer compliance (Y) in paying the tax.

C. Partial Test Analysis (t test)

T test was used to find out the influence of each independent variable on dependent variables. The multiple linear regression equation was $Y = 1.062 + 0.303 X_1 + 0.583 X_2 + 0.098 X_3 + 0.306 X_4 + (0.588 X_5) + e$. The equation can be interpreted that if the constant value is 1.062 then the effectiveness of tax collection (X1), the knowledge of taxpayers (X2), tax justice (X3), the understanding of taxpayers (X4), and the awareness of taxpayers (X5), on taxpayer compliance could find some hypothesis.

First hypothesis, it was not proven that the effectiveness of tax collection has no significant influence on taxpayer compliance in Samarinda Municipality since the result of test indicates count of 1.764 with significant value of $0.79 > 0.05$ thus it can be concluded that variable of effectiveness of tax collection had no significant influence on taxpayer compliance in Samarinda. The research result is not in line with the result of other research, which is stated that the effectiveness of tax collection had a significant influence on taxpayer compliance [5], [6].

Second hypothesis, it was proven that the knowledge of taxpayers had a significant influence on taxpayer compliance in Samarinda municipality since the test result indicates t count of 5.095 with significant value of $0.00 < 0.05$. It can be concluded that variable of the knowledge of taxpayers had a significant influence on taxpayer compliance in Samarinda municipality. The research result is supported by research finding of [6] stated that education had a significant influence on taxpayer compliance to fulfill the tax obligation.

Third hypothesis, it was not proven that tax justice had no significant influence on taxpayer compliance in Samarinda municipality since the test result indicates t count of 0.566 with significant value of $0.572 < 0.05$. It can be concluded that variable of tax justice had no significant influence on taxpayer compliance in Samarinda municipality. The research result is not supported by other researcher which stated that tax justice should be applied to all taxpayers [6], [11]. Similarly, research result from [8] stated that tax justice should be started from procedural justice as well as Law no. 42, 2009 explained that tax sanction has a significant influence on taxpayer compliance.

Fourth hypothesis, it was proven that the understanding of taxpayers had a significant influence on taxpayer compliance in Samarinda Municipality since the test result indicates tcount of 2.379 with significant value of $0.01 < 0.05$. It can be

concluded that variable of the understanding of taxpayers had a significant influence on taxpayer compliance in Samarinda Municipality. The research result is in accordance with research finding by J. Mikesell and J. Ross, which stated that the understanding of taxpayers had a significant influence on taxpayer compliance in fulfilling the tax obligations [9].

Fifth hypothesis, it was proven that the awareness of taxpayers had a significant influence on taxpayer compliance in Samarinda Municipality since the test result indicates t count of -2.922 with significant value of $0.00 < 0.05$. It can be concluded that variable of the awareness of taxpayers had a significant influence on taxpayer compliance in Samarinda Municipality. The research result is supported by other research [12].

V. CONCLUSION

The research discussed about the influence of the effectiveness of tax collection, the knowledge of taxpayers, tax justice, the understanding of taxpayers, and the awareness of taxpayers on taxpayer compliance (Y). The research was conducted in Samarinda Municipality by distributing 299 questionnaires to some of taxpayers, institution or individual. Conclusions could be draw as follows.

Based on the research result it can be seen that ANOVA analysis of F test resulted in Fcount value of $17.768 > 5.05$ with Sig. F (0.00) smaller than Alpha of 0.05. It indicates that the variables of the effectiveness of tax collection (X1), the knowledge of taxpayers (X2), tax justice (X3), the understanding of taxpayers (X4), and the awareness of taxpayers (X5), simultaneously, had a significant influence on taxpayer compliance (Y) in Samarinda municipality.

The results of regression analysis of t-test are as follows: Variable of the effectiveness of tax collection (X1), partially, had no significant influence on taxpayer compliance (Y) in Samarinda municipality; Variable of the knowledge of taxpayers (X2), partially, had a significant influence on taxpayer compliance (Y) in Samarinda Municipality; Variable of tax justice (X3), partially, had a significant influence on taxpayer compliance (Y) in Samarinda Municipality; Variable of the understanding of taxpayers (X4), partially, had a significant influence on taxpayer compliance (Y) in Samarinda Municipality; Variable of the awareness of taxpayers (X5), partially, had a significant influence on taxpayer compliance (Y) in Samarinda Municipality.

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