

Intergenerational Perception of Tax Audit and Voluntary Tax Compliance

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Abstract—Each generation has different characteristics and viewpoints related to the perception of a tax audit. Therefore, tax audits not always useful as a scarecrow for taxpayers. The purpose of this study was to compare the perception of tax audits between three generations, Millennials, X, and Baby Boomers. The perception of tax audit measures with three indicators, namely audit probability, audit procedures, and auditor behavior. Our study also examined the different perception of voluntary tax compliance between generations. The method used was a survey in 2019 to four big cities of Jakarta, Surabaya, Semarang, and Denpasar. Our sample was 113 individual taxpayers who had been received tax summons and interacted with tax officers regarding the tax liabilities. The analysis technique used Custom Factorial ANOVA and using SPSS software. We found that Millennials and X had different perceptions of tax audits regarding audit probability, audit procedures, and auditors behavior compare to Baby Boomers. We also found the three generations showed different levels of voluntary tax compliance.

Keywords: *intergenerational, perception of a tax audit, audit probability, audit procedures, auditor behavior, voluntary tax compliance.*

I. INTRODUCTION

Tax audits that have been performed in the past form individual perception of taxpayers [1]. leading to differences in perceptions regarding tax audits for taxpayers. Several studies found that taxpayers' perceptions of tax audits affect the level of compliance. Among others, Allingham [2]; Srinivasan [3] found that higher levels of tax audits lead to higher levels of tax compliance. However, recent research studies show inconsistent results between the relationship of the level of tax audit and the level of voluntary compliance of taxpayers [4] [5]. On the other side, further studies were conducted to investigate the reasons tax audits can have

positive, negative, or zero effects on tax compliance [6] [7]. Although there is extensive research on tax audits and voluntary tax compliance such ones conducted by [8] [9] and [10] [11], there are still limited studies examining perceptions of inter-generational tax audits. In this study, the perception of tax audits can be divided into three generations, including Millennials (born 1980-2000), Generation X (1965-1979), and Baby Boomers (1945-1964) [12].

Taxpayers' perceptions across generations related to tax audits varies. The first perspective is that the tax audits are seen positively, such as to eradicate free-riding [13], which means to maintain a sense of justice among taxpayers. Generally, millennials obtain this perspective. Therefore, the tax audit is not considered a scary thing. It is different from Baby Boomers who lived in an era where authority and power were absolute and authoritarian. Therefore, they were more easily scared of the threat of tax audits used by the government to reduce tax evasion. According to Bergolo [9], tax audits can frighten the taxpayers or prevent tax evasion in the same way as scarecrows to birds in agricultural fields. Cross-Country research conducted Mendoza [14] showed the relationship between tax audit level and U-shape tax compliance level. It indicates that tax compliance increases to the extent that certain tax audits are applied and reduces if the application of the tax audit exceeds the limit [14]. The research findings showed that the application of a more aggressive tax audit is not always effective in expanding compliance; it can even result in decreased tax compliance [14]. It is similar to the perception of inter-generational tax audits. The application of high tax audit frequencies to increase compliance with the Baby Boomers generation may be effective, but it is not effective if applied to the Millennials and Generation X, and may even result in decreased tax compliance.

Each generation obtains unique characteristics that form perceptions [12] [15]. Millennials are characterized by technological advancements and increasing growing global interactions rapidly [12]. Millennials also obtain a more accepting attitude of non-compliance [12]. and a more open

nature of communication than Generation X and Baby Boomers [16]. Generation X has the highest education [17] and was born in the early days of the development of technology and information such as the internet. They obtain skepticism, closed, independent, and does not depend on others [18]. According to Gursoy [19], Generation X also obtains a low tolerance for bureaucracy and regulations, especially regarding time and attendance done incorrectly. The Baby Boomers who were born during the Second World War and the Indonesian War of Independence resulting in a generation who is obedient or afraid of orders or authority [12] [15]. According to Bencsik [20], Baby Boomers are hard workers who highly respect tradition and hierarchy.

In this study, we focus the tax audit perceptions on three variables, including tax audit probability, tax audit procedures, and tax officer behavior, which will be apprehended differently by inter-generational taxpayers [21] [12]. The perception of tax audit probability aims to measure the perception of the detected probability or the level of confidence of individual taxpayers not to be sampled in the tax audit. When the detected probability of individual taxpayers is weaker, then the response of a generation is more unafraid and confident of the threat of tax audits and serious sanctions [22]. Submissive and optimistic millennials [23] obtain a realistic and practical view [18], and a tendency to disobey tax payments [12]. Hence, they tend to have lower perceptions of being affected by audits than other generations. Among others, it is also because the tax audit coverage ratio in Indonesia is still below the minimum level set by the International Monetary Fund. It is caused by the constraints of the lack of tax officers who can perform tax audits at the time of tax payment [24]. It causes Millennials to examines the probability of tax audits in Indonesia, especially for individual taxpayers, to be low.

The perception of the tax audit procedure focuses on the perception of the level of transparency, time frame, speed of completion, the effect of the tax audit on business operations, and the competency of tax officials. Tax audit procedures are performed well, transparent, simple, and can be trusted to affect the level of tax compliance [25]; [26]; [27]. It is in line with the characteristics of Millennials, namely having more open communication patterns [16], more realistic and practical so that they want speed in service [15]. In our perspectives, Millennials' want transparency in tax audits, high competency of tax officers, and prioritizing speed in tax audit procedures compared to Generation X and Baby Boomers.

Perception of tax officer behavior in this study aims to measure perceptions of the interaction of tax officials with taxpayers, perceptions of tax professionalism, and perceptions related to the pressure felt by taxpayers during the tax audit process. The approach of the tax officials also has an impact on individual taxpayer compliance. Tax audits are carried out with friendly, polite and respectful communication patterns, and invites taxpayers to contact officials if there are further questions, affecting the level of compliance of individual taxpayers [5]. We expect that

Millennials' perceptions about the interactions of friendliness tax officers, politeness in the audit process, the professionalism of tax officials, and the absence of pressure during the tax audit process are higher than that of Generation X and Baby Boomers.

This study contributes by being the first research to find out how the perception of individual taxpayers about tax audit and voluntary tax compliance across three generations. Second, this study also provides an overview of the shift in perception of tax audits from Baby Boomers which is considered very frightening, but this view does not apply to Millennials. Millennials view the tax audit as an action deemed necessary to avoid free-riders, as long as they are performed selectively and do not overdo their intensity. Third, this research is able to fill the gap where there is a limited number of research studies done on the perception of three generations of tax audits on voluntary tax compliance.

II. LITERATURE REVIEW AND RESEARCH QUESTIONS

A. *Perception of Tax Audit*

In performing a tax audit, evidence and some of the information are needed to decide the level of compliance of taxpayers based on the Law [28]. Some activities performed when conducting a tax audit include a field investigation involving physical verification, evidence and documentary material. It is done to confirm tax facts and figures reported by taxpayers. The scope of the tax audit in this study is the investigation and research according to Law No. 28 of 2007. The definition of investigation according to Law No. 28 of 2007 article 1 is a series of activities to collect and process data, information, and/or evidence objectively and professionally such as tax compliance under the law. The definition of research according to Law No. 28/2007 article 1, namely a series of activities to assess the completeness of the filling and calculation of SPT and its attachments. Therefore, the taxpayers who obtain a summons from the tax office is involved in the scope of this research object.

The results of the audit will affect the perception of taxpayers, particularly based on the experience of tax audits in the past, if it has ever been investigated by the tax authorities [1] Some taxpayers learn about tax enforcement efforts as a result of individual experience with tax audits [29] and will affect their perception. Aside from the past experience, perceptions of the taxpayers related to audits are also formed by mass media news associated with tax audits. A study conducted by Blank [29] clarified that the government issued several press releases regarding tax enforcement for weeks before the tax period [29]. Sending letters about tax audits or as called Audit-Threat Letters to taxpayers has been proven to increase tax compliance [9] particularly the Audit-Statistics Message that provides information on tax audits, significantly increasing tax compliance [9]. The government intentionally uses publicity to influence the perception of individual taxpayers [30]; such as the news of the Regional Tax Office I about the taxpaying activities of a Taxpayer since the billing activities that were

performed before the hostage-taking was not heeded by the Taxpayer associated with the regulations in Table 1.

Table 1. DGT Authority in Indonesia

DGT has the authority to issue Forced Letters	Warrants to pay the tax debt and tax collection fees. Tax Collection Fee is the cost of performing forced documents, the warrant for confiscation, announcement of the auction, cancellation of the auction, appraisal service and other costs related to tax collection	Forced Letters are given to taxpayers who: a. Taxpayers do not pay off tax debts, and a Letter of Reprimand or SP has been issued; b. Taxpayers have been carried out billing at once and at the same time; or c. Taxpayers do not meet the decision to approve installments or postpone tax payments	Republic of Indonesia Law No. 19 of 2000, Article 1 No. 12 and 13; Article 8 paragraph (1).
DGT has the authority to issue Confiscation Letters	If the taxpayers do not pay the tax debts within two days after notification of the Forced Letter, the Official issues an Order to Perform Confiscation	The Tax Bailiff's actions to control taxpayers' goods, in order to be used as collateral to pay off the tax debt. The object of confiscation is the taxpayers' goods which can be used as collateral for tax debt.	Republic of Indonesia Law No. 19 of 2000, Article 12 paragraph (1); Article 1 No. 14
DGT has the authority to issue Hostage Letters	Hostage is carried out against taxpayers who do not pay off their tax debt after 14 days from the date the Forced Letter was notified.	Hostage is performed to the Taxpayers who: a. has a tax debt of at least Rp. 100,000,000,000; and b. doubt in his goodwill in paying off the tax debt.	Republic of Indonesia Government Regulation No. 137 of 2000, Chapter II, Articles 2 and 3.

There are two types of taxpayer perspectives on tax audits, namely the pro and contra perspectives. According to Blank [29], personal experience with tax audits has a positive impact on taxpayer compliance. Some taxpayers consider paying taxes as the right thing to do [9]. According to [31], taxpayers try to comply because they believe it is the right thing to do, not because of fear of punishment if found guilty when investigated. Van Dijke [32] stated that taxpayers tend to voluntarily comply with tax officials' decisions when the authorities enforce tax audit procedures fairly. It relates to research conducted by Wynter [33] that tax officials should selectively enforce the tax, where investigations must be performed on non-compliant taxpayers. A study [13] stated that the government could protect compliant taxpayers from free-riding through tax audits. Therefore, for some taxpayers, tax audits are no longer seen as a frightening activity, but rather a need to eradicate free-riding. Tax audit as a tax administration service will affect tax payment compliance in terms of fairness and trust [34]. However, on the other side, some taxpayers tend to contra with tax audits. According to [21], tax audits should be performed immediately after reporting taxes and provide feedback on the results of the investigation soon. However, in reality, the tax audit is performed in a long period, causing distrust of the results of

it [21]. The long period leads to the perception that tax officials find fault with taxpayers [21].

The perception of tax audit in this study is focused on three variables, namely the probability of a tax audit, tax audit procedures, and the behavior of tax officials. Perception of probability is affected by the frequency of the audits carried out on taxpayers in Indonesia. The probability is an ambiguous situation faced by taxpayers whether to be involved in tax non-compliance or not [35]. Jayawardane [22] found that a weak detection probability increases taxpayer confidence to not subject to inspection. Lee [36] found that taxpayers were more likely to be obedient if the risk of inspection detection was high. Furthermore, [9] found that tax compliance will grow along with the increasing probability of tax audits and the level of fines. However, in conducting a tax audit, the DGT must also pay attention to the intensity of the audit because a study conducted by Mendoza [14] found that there is a U-shaped relationship between the audit level and the level of tax compliance. High-intensity tax audits are not always effective since they can result in decreased tax compliance when applied excessively [14].

Tax audit procedures that are performed can also affect the perception of taxpayers. The key to building trust is transparency in tax collection and justice from the approach

taken by the authorities [27]. [25] stated that compliance increases if the taxpayer trusts the tax authority in collecting taxes fairly where justice is shaped if the procedure is performed transparently. If the DGT wants each taxpayer to have a high level of compliance, the tax audit procedure must be fine. Baralexis [26] found that the short, simple, and efficient inspection period in the tax audit procedure was a factor causing the high level of tax evasion in Greece. Giving a letter of inspection information from the tax officer to the taxpayer alone can influence the reported income proven in field experiments [37]; [38]; [39] where transparency leads the Personal Taxpayer to trust the tax authority more.

In terms of perceptions of tax officer behavior, tax audits are considered ideal when tax officials offer advice on taxation laws, rights, and obligations of further taxpayers, and distributing information brochures [5]. Therefore, the behavior of tax officials will affect the perception of taxpayers. Investigation activities explicitly communicate with friends and mutual respect and invite taxpayers to contact tax officials if there are further questions [5]. However, some taxpayers experience anxiety when doing a tax audit. Feelings of selfishness and suspicion between tax officials and taxpayers often create an atmosphere of extreme anxiety and discomfort, especially for taxpayers [40]. The findings from a study by Konrad [41] stated that the situation when the taxpayers met face-to-face with tax officials could affect compliance behavior where taxpayers became more honest.

B. Perception of Tax Audit Across Generations

Ramli [42] suggested that perception can be influenced by two elements, namely response, and experience. These beliefs and perceptions are affected by previous experiences, investigations, knowledge and education, and information efforts by policymakers [43]. According to [15], the past when a person grows and develops, the involvement in technology, and the perception of authority in the past are factors influencing the perception of taxpayers in the present.

Each generation has different characteristics that lead to different perceptions in responding to tax audits. Millennials were born in a time of technological progress and the growth of global and economic interactions that develops very fast [12]. They also have a very open pattern of communication compared to previous generations [16]. Thus, they tend to accept legitimate authority [15]. Therefore, when the tax officer behavior indicators are performed with good interaction, there is no pressure. Furthermore, professional officers will boost the influence of Millennials perceptions. Legitimate authorities have the power to provide forms of providing excellent services [44]. Generation X can adapt and be able to accept changes well [45] because they were born in the early days of technological and information development. In our opinion, they can adapt to all behavior carried out by tax officials according to existing inspection procedures. Tax officers still have to perform tax audit procedures well to improve their perception where they

respect to time and attendance [19], especially when a meeting with the tax officers is required when conducting audits. Baby Boomers who were born in the war era despite respect for authority [20] and are more receptive to the concept of coercive power from authority figures [15]. It leads them to have a fear of making violations and receive punishment [20]. Baby boomers who lived during the Indonesian independence war in 1945-1949 and the Soeharto dictatorship for thirty-two years had the perception that authority or government was more frightening. Therefore, they tend to be more afraid of tax audits than other generations. Besides, they are a generation that respects tradition and hierarchy [20].

C. Voluntary Tax Compliance between Generations

Involuntary tax compliance, taxpayers report income voluntarily, calculate taxpayer obligations correctly, and submit tax returns on time [46]. Voluntary tax compliance occurs under synergistic conditions where the taxpayers commit to being honest in their tax matters [47] and do not embezzle or avoid tax [10]; [11]. Voluntary compliance needs responsive regulations where the taxpayers self-regulate their tax obligations with law consistently [48]. Tax compliance refers to the fulfillment of all tax obligations as determined by law freely and completely or the extent to which taxpayers comply with or fail to comply with state tax rules [49]; [48].

A study conducted by [12] found that the three generations have different levels of compliance. Millennials have characteristics that focus more on self-interest [20] so that they are less obedient in tax payments than other generations [12]. Generation X has little tolerance for bureaucracy and rules and is very independent compared to other groups [19]. Meanwhile, Generation X believes that the implementation of tax enforcement will be more effective if performed through strict sanctions accompanied by the provision of comprehensive services. Therefore, they have volunteerism in paying taxes [15]. Baby Boomers respect authority more [20] which makes them more voluntary in paying taxes [50]. Isa [51] conducted a study to investigate the extent of taxpayers' perceptions from the tax audit experience and argued that if a tax audit was performed effectively, it could improve the administration of the tax system, thereby increasing voluntary tax compliance.

D. Hypotheses Development

Regarding the probability of a tax audit, Millennials and Generation X have confidence as a result of trust and optimism [23] [52]. We argue that they have lower tax audit probability perceptions than Baby Boomers. It indicates that Millennials and Generation X are of the perspective that there is a slight possibility of tax auditing because they have high self-confidence to avoid tax audits [52]. Baby Boomers have a higher perception of the probability of a tax audit conducted by DGT because it is affected by past experience, where the number of taxpayers is still minimal. Thus, the audit intensity

tends to be greater for taxpayers. Based on the explanation above, the following hypothesis is to be tested:

H1: There are differences in perception of tax audit probabilities across generations.

Concerning the perceptions of tax audit procedures, Millennials expects audits to be transparent, practical, faster in duration, and do not hamper business. Meanwhile, Generation X has a more receptive attitude towards all behaviors performed by tax officials and good procedures when the tax officers conduct tax audits [19]. It indicates that in the perception of tax audit procedures, Millennials and Generation X expect the audit procedures performed by the DGT to follow the existing rules. Generation X does not mind serious sanctions, as long as there is reciprocity in the form of useful services [19]. It is consistent with the attitude of Generation X who can adapt and accept changes well [45] and less tolerance for rules and bureaucracy if not done properly [19]. Further, we propose that Baby Boomers are more afraid of tax audits than other generations because they have a prior perception of authority and do not have a level of trust with tax authorities [12]. It is in line with the characteristics of Baby Boomers who have respect for authority [20] and are more receptive to the concept of coercive power from authority figures [15]. Thus, they expect DGT to provide tax audit procedures in a transparent, concise manner, not to disrupt business activities in order to shape their perception. Perception of inter-generational tax officers' behavior is strongly influenced by how certain generations respond to tax audits. We believe that Millennials can accept parties who have legal authority if the tax audit behavior is performed well and politely. It is in line with the characteristics of Millennials who have more open communication [16], prefer collaboration over taking orders

[18], and very much expecting their opinions to be heard [53]. It means that in the perception of the behavior of tax officials, Millennials and Generation X expect professional interactions with tax officials. Meanwhile, Baby Boomers feel afraid when interacting with DGT because of past experience [1]. Based on the explanation above, to test differences in perceptions of tax audits across generations, here are the hypotheses to test:

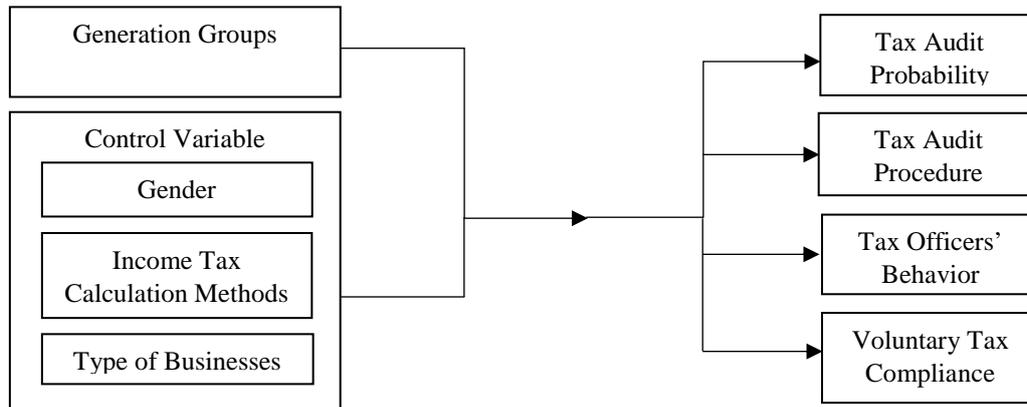
H2: There are differences in perceptions of tax audit procedures across generations.

H3: There are differences in perceptions of tax officers' behavior across generations.

The level of compliance across generations also varies depending on the characteristics of each generation. Millennials have a more disobedient attitude than Baby Boomers and Generation X [12] because they have characteristics that are more focused on self-interest [20]. Generation X has little tolerance for bureaucracy [19]. Generation X and Millennials can be seen as having almost the same level of compliance. It indicates that they have no volunteerism in paying taxes due to their selfish attitude. Therefore, they feel that paying high taxes will harm them. As for Baby Boomers, we think that they are more afraid of inspection than other generations because it has a prior perception of authority and they do not have a level of trust with tax authorities [12]. It is in line with their characteristics that respect authority [20] and are more receptive to the concept of coercive power from authority figures [15]. It indicates that they have a high level of compliance because they have much respect for authority. Based on the explanation above, the hypothesis to test is as follows:

H4: There are differences in the level of voluntary tax compliance across generations

III. METHODOLOGY



In this study, the researchers chose individual taxpayers who do freelance, including businesses and/or professional services in Indonesia. Data collection uses survey methods by sending questionnaires to taxpayers in 4 major cities of Indonesia (Surabaya, Jakarta, Denpasar, and Semarang) as research subjects, while tax audits have been carried out by tax officials. Individual taxpayers who do

A. Research Model

freelance must report their income through the Annual Tax Return using a self-assessment system in which they are given the freedom to calculate, pay and report their tax responsibilities to individual taxpayers either directly or through their tax consultants. The intended taxpayer respondents were also divided into three generations, namely Millennials, Generation X, and Baby Boomers, and the

respondents had experienced tax audits conducted by the DGT. The survey, which was distributed to 4 big cities, obtained 184 respondents, of which only 113 were valid. Valid responses consist of 35 from the Millennials generation, 40 from Generation X, and 38 from Baby Boomers and are evenly divided between 4 major cities and genders. Sampling is done by using the quota sample technique, for generation variables, and type of business.

The criteria for selecting respondents who fill out the questionnaire are as follows: (1) Respondents have been summoned and interacted with tax officials, (2) The total number of respondents between generations is equal, (3) The number of male and female respondents is equal, (4) The respondents carry out business activities/professional services and their tax obligations individually, (5) The number of respondents is evenly distributed in four big cities.

B. Measurements and Indicators

Likert Scale is used to measure the questions in the questionnaire by dividing the answers of respondents from “strongly disagree” to “strongly agree”. It is used to help the respondents to answer the questionnaire because it is easy to understand and reduces confusion [54]. The use of Likert Scale is considered suitable because this study wants to analyze the perception of tax audits and has been widely used in research both tax compliance and effectiveness of tax audits [55]; [56]; [57]; [58].

This study uses five control variables including gender (male and female), age (19-39, 40-54, 55-74 years), annual gross circulation (more or less than 4.8 billion), type of business (retail/production and services/professions), and location (Surabaya, Jakarta, Denpasar, Semarang, and Others).

Tax Audit perception is focused on three things, including probability, procedure, and behavior. The indicators of tax audit probability consist of audit frequency (Brauns, PM, 2014; [12]), number of individuals examined [59], and inspection intensity [8], Audit target [12]. The indicators of the tax audit procedure consist of Transparent in the tax audit [59], the period of the tax audit [59], completion of tax audits [60], the effect of tax audits on business activities [49], and competence of tax officers [49]. The indicators of Tax Officer Behavior consist of tax officer interaction [51]; [15], pressure on individual taxpayers [51], and professional tax auditors [51].

C. Instrument and Questionnaire

The distribution of this questionnaire aims to determine the perceptions of individual taxpayers in the tax audit of voluntary tax compliance. The first part of the questionnaire consists of questions to ascertain whether the taxpayers have ever been called and interacted with tax officials. The researchers intend to ensure that taxpayers who become respondents have experience interacting and perceptions about tax auditors [12]. Then, the second part consists of questions that discuss three control variables so that the researchers can determine the validity of the respondents. It consists of questions about perceptions of tax audits and voluntary tax compliance where the questions about perceptions of tax audit are taken from questionnaire questions in several previous journal articles such as [51];[8];[62];[59] and [12]. The questions about voluntary tax compliance are taken from the studies conducted by [63] and [49].

PA1	In your opinion, there is a small possibility of an income tax audit (PPh) conducted by the Director General of Taxes for individuals.
PA2	In your opinion, there are very few individuals who receive income tax audit (PPh) calls.
PA3	In your opinion, the number of personal income tax audits conducted by the Director General of Taxes has decreased.
PA4	In your opinion, the audit of individual income tax is now more often conducted by the Director General of Taxes (DGT).
PA5	In your opinion, individuals are not the target of income tax audits by the Director General of Taxes.
PR1	In your opinion, the procedure conducted by the Director General of Taxes when contacting individuals is transparent.
PR2	In your opinion, the process of clarifying the income of individuals by the Director General of Taxes is carried out in a short (quick) period.
PR3	In your opinion, the process of clarifying the income of individuals by the Director General of Taxes can be completed easily and practically.
PR4	In your opinion, the tax audit process does not interfere with your business activities.
PR5	Tax officers who conducts audit have high competence regarding tax regulations.

BA1	Interaction with tax officials went well during the income clarification process.
BA2	No pressure was felt during the income clarification process.
BA3	In your opinion, the tax officer interaction during the process of clarifying income is very professional.
BA4	The tax official spoke in a high tone when asking for documents.
BA5	In your opinion, the tax officer respects the taxpayer during the income clarification process.
VC1	Buying and selling of goods/services with friends/family and not reporting them in to the SPT.
VC2	In your opinion, reporting full primary income, but not including a small side income is common.
VC3	In your opinion, individuals should record all of their income and not exclude anything in the SPT.
VC4	In your opinion, many rich people don't pay taxes, so it doesn't matter if someone pays less tax

D. Method of Analysis

This study uses ANOVA to determine the differences across the three generations and Pearson Correlation to test the validity of each question. Because the questions in the survey use a Likert Scale, ANOVA is used to analyse the data obtained since it is a suitable statistical test for questionnaires that use a Likert Scale [64]. In this study, we use control variables to reduce the bias caused by gender, type of business, and gross income calculation method. In addition, we perform the Pearson Correlation test for each statement. Each item will show a Pearson Correlation value ranging from 0.618 to 0.92. If the significance value for each item is > 0.5 , we can determine that all questions are valid. Cronbach's alpha value will be acceptable if each value has the same value or more than 0.6 and 0.7 [65]. The value of each variable ranging from 0.627 to 0.952 has met the standard, indicating that it is reliable.

IV. FINDING AND DISCUSSION

A. Finding

In collecting data, the researchers used a questionnaire that was distributed in 2019. The object of this study was individual taxpayers who had jobs in retail/production and/or services/professions located in the cities of Jakarta, Surabaya, Semarang, and Denpasar. The questionnaire was distributed online in the form of Google Forms, and there were 184 responses in total. Of the total responses, 113 responses can be used to be analyzed and meet the criteria. The questionnaire that did not meet the criteria was because the respondent had never been called in and interacted with tax officials related to the tax audit, and the location of the work was outside the city specified.

Table 2. Demographic Summary of Respondents (n = 113)

		Total Sample (n=113)	Millennials (n=37)	X (n=41)	Baby Boomers (n=35)
Gender	Male	61,9%	45,9%	68,3%	71,4%
	Female	38,1%	54,1%	31,7%	28,6%
Income Tax Regulation	Recording (Gross Income < 4.8 Billion Rupiah)	76,1%	91,9%	68,3%	68,6%
	Bookkeeping (Gross Income ≥ 4.8 Billion Rupiah)	23,9%	8,1%	31,7%	31,4%
Business Type	Retails/Productions	39,8%	40,5%	48,78%	28,57%
	Services/Profession	39,8%	48,7%	29,27%	42,86%
	Retails/Productions and Services/Profession	20,4%	10,8%	21,95%	28,57%

Table 3 shows the mean, standard deviation, minimum, and maximum values of each combined variable based on each generation. The average value shows how big the perception of generation groups on the dependent variable. On the tax audit probability variable, the average for Millennials, Generation X, and Baby Boomers are 4.303, 3.771, and 2.754, respectively. It shows that Millennials have the perception of self-confidence that they can avoid tax audits because of the decreasing probability of tax audits. Tax officers have the highest average in the variable tax audit

procedures and behavior of Generation X, followed by Millennials and Baby Boomers. It shows that Generation X has a better perception of tax audit procedures and the behavior of tax officers than other generations. Regarding the voluntary tax compliance variable, Baby Boomers have the highest average of 5.164, followed by Millennials of 4,547, and Generation X of 4,079. It shows that Baby Boomers and Millennials are more supportive of compliance than Generation X.

Table 3. Descriptive Statistics

Independent Variables	Total Sample	Millennials	Generation X	Baby Boomers
PA – Composite				
Mean	3,630	4,303	3,771	2,754
SD	1,229	0,971	1,205	0,982
Minimum	1	1	1	1
Maximum	7	7	7	7
PR – Composite				
Mean	4,388	4,541	4,732	3,823
SD	1,032	0,980	1,031	0,865
Minimum	7	1	1	1
Maximum	1	7	7	7
BA – Composite				
Mean	4,993	4,984	5,210	4,749
SD	0,847	0,807	0,873	0,812
Minimum	7	1	1	1
Maximum	1	7	7	7
VC – Composite				
Mean	4,569	4,547	4,079	5,164
SD	1,242	1,300	1,172	1,009
Minimum	1	1	1	1
Maximum	7	7	7	7

Based on Table 4, the significant value of each combined variable that we tested with Kolmogorov-Smirnov showed a value of 0.200; 0,200; 0,200; 0.093. There are no

variables below 0.05. It shows that all variables are normally distributed.

Table 4. Normality Test with Kolmogorov-Smirnov Test

	PA - Composite	PR - Composite	BA - Composite	VC - Composite
Sig	0,200	0,200	0,200	0,093

Subsequently, we conducted a heteroscedasticity test for the variable audit probability variable, the tax audit procedure, the behavior of the tax official, and the combined

voluntary tax compliance. Table 5 shows that all variables have a significant value > 0.05. It indicates that all variables do not occur heteroscedasticity/homogeneous.

Table 5. Heteroscedasticity Test with Levene's Test

	PA - Composite	PR - Composite	BA - Composite	VC - Composite
F	1,152	1,093	1,023	0,910
Sig	0,305	0,367	0,450	0,596

The results of the H1 test show the preference effect of the generation's perception in applying tax audit probability. Meanwhile, the H2 test results indicate the preference effect on the perception of generation in the application of the tax audit procedure. The results of the H3 test show the preference effect of the perception of generation in the application of tax officer behavior. Therefore, our hypothesis for H1 and H2 is accepted by a significant of 1% and H3 is accepted by a significant of 10%. Table 6 shows that the adjusted R Square value for the tax audit probability is 0.294, the tax audit procedure is 0.217, and the tax officer

behavior is 0.005. The results showed that the independent variables of the generation, gender, type of business, and income tax calculation methods could explain the probability of the tax audit and tax audit procedures of 29.4% and 21.7%, respectively, and the Behavior of the Tax Auditor of 0.5%. We also find the significant influence of generation on voluntary tax compliance. Table 6 shows the significant value of the voluntary tax compliance variable below 0.005. The results confirm that generation affects voluntary tax compliance. Therefore, H4 is also acceptable.

Table 6. Differential Test Result for ANOVA

Independent Variables	PA - Composite	PR - Composite	BA - Composite	VC - Composite
Intercept				
Mean Square	21869,960	33211,918	44779,675	26473,708
F	820,233	1592,570	2507,811	1223,138
Significance	0,000	0,000	0,000	0,000
Generational				
Mean Square	434,876	181,484	47,539	167,255
F	16,310	8,702	2,662	7,728
Significance	0,000	0,000	0,074	0,001
Gender				
Mean Square	0,012	22,646	10,941	2,722
F	0,000	1,086	0,613	0,126
Significance	0,983	0,300	0,436	0,724
Income Tax Regulation				
Mean Square	23,790	13,748	0,581	88,436
F	0,892	0,659	0,033	4,086
Significance	0,347	0,419	0,857	0,046
Business Type				
Mean Square	78,932	156,551	2,265	3,588
F	2,960	7,507	0,127	0,166
Significance	0,056	0,001	0,881	0,847
Adjusted R Squared	0,294	0,217	0,005	0,122

The results of differences in perceptions across generation can be seen in table 7. Regarding the probability of a tax audit, table 7 shows that there are significant differences between Millennials and Baby Boomers ($p = 0,000$) and between Baby Boomers and Generation X ($p = 0,000$) while Millennials and Generation X shows no significant difference. Similar results were also found for the tax audit procedure, showing that there were significant differences between Millennials and Baby Boomers ($p = 0,005$) and between Baby Boomers and Generation X ($p = 0,000$). Meanwhile, Millennials and Generation X have no significant difference in probability and procedure. Regarding the behavior of tax officials, there is a significant difference between Baby Boomers and Generation X ($p = 0,000$), while Millennials with Generation X and Millennials with Baby Boomers have no significant difference. Regarding the voluntary tax compliance variable, table 7

shows that there are significant differences between Baby Boomers and Generation X ($P = 0,000$), while Millennials and Baby Boomers have no significant difference ($p = 0,092$). Furthermore, there are insignificant differences between Millennials and Generation X.

Table 7. Differential Test Results for One Generational Group Towards the Other Group

(I) Gen	(J) Gen	PA - Composite		PR - Composite		BA - Composite		VC - Composite	
		Mean Diff (I-J)	Sig.						
Millenn	X	1,836	0,136	-1,095	0,313	-0,984	0,327	2,300	0,039
Millenn	BB	6,968	0,000	3,251	0,005	1,295	0,218	-1,955	0,092
BB	X	-5,133	0,000	-4,346	0,000	-2,278	0,023	4,255	0,000

Among the three perceptions, we found one that was considered the best. That perception is the behavior of tax officials, that can be seen in the average score in table 8. The score of the Millennials, Generation X, Baby Boomers, are

4.984, 5,210, and 4,749, respectively. This value shows that the taxpayers' perceptions are judged best through the employee behavior variable, followed by the tax audit procedure, and finally, the tax audit probability.

Table 8. Mean Score of Probability, Procedure Tax Audit, and Tax Officers' Behavior

Variables	Mean Score		
	Millennials	X	Baby Boomers
Tax Audit Probability	4,303	3,771	2,754
Tax Audit Procedure	4,541	4,732	3,823
Tax Officers' Behavior	4,984	5,210	4,749

B. Discussion

The results related to the perception of the probability of a tax audit show a significant difference between the Millennials and Baby Boomers. Millennials have a perception of the likelihood of being subjected to sampling in an investigation or in other words, the likelihood of being subjected to inspection. Generation X has the same view as Millennials which has the perception that the intensity of tax audits for individuals performed by the DGT tends to be less. The results of the tests on Baby Boomers show that they are more afraid of tax audits than other generations because they have a prior perception of authority. They assume that it is most likely to be the target of an individual tax audit. In addition, they also have a perception that the intensity of tax audits tends to be greater by DGT. These results are in accordance with the previous research conducted by Ramli [42]. It is because Millennials and Generation X have higher self-confidence, adaptability, and ability to accept change [45] compared to Baby Boomers [23]. Moreover, according to the East Java Tribune in its news on March 4, 2019, Head of East Java II DGT, Lusiana, said that the number of taxpayers was around 15 million, while the number of tax office employees was limited [66]. Sri Mulyani, Minister of Finance of Indonesia, said that the number of tax employees reached 45,000 throughout Indonesia [67]. It causes Millennials and Generation X to be confident enough to be unlikely to examine, especially for obedient millennials and Generation X. It is different from Baby Boomers who were

born long before the two [15], have experience in the past that is quite difficult to accept change.

The results related to tax audit procedures show significant differences where Millennials and Generation X differ from Baby Boomers. Millennials and Generation X have a perception that the procedures performed by the DGT have been more transparent in conducting tax audits and a faster tax audit period. Besides, Millennials and Generation X also feel that the tax audit procedures performed by the DGT do not interfere with their business activities. It is because the completion of the tax audit has been done easily and practically. Millennials and Generation X have the perception that the tax authority that carries out tax audits already has excellent competence. Therefore, they trust that the tax audit procedures have been performed is based on the regulations. These results are consistent with previous research conducted by [12], showing that Millennials were born in a period of technological advancement and increased global interactions and economies that are developing very fast [12]. They have very open communication patterns compared to previous generations [16]. In building good perceptions in tax collection procedures, transparency and fairness are key to tax compliance [27]. Therefore, if the government improves audit procedures better, Millennials will have a better perception of a better tax audit. Generation X also has an adaptable nature. Therefore, with a good, practical, and transparent inspection procedure, the perception of Generation X about tax audit will be better. The

results of the tests on Baby Boomers show that they consider the procedures performed by the DGT to be less appropriate. It was stated by Ramli [42] that perception could be influenced by two elements, namely response, and experience. These beliefs and perceptions are influenced by previous experiences, assessments, knowledge and education, and information efforts by policymakers [43]. According to [15], the past when a person grows and develops, the involvement in technology, and the perception of authority in the past are factors influencing the perception of taxpayers in the present. Therefore, Baby Boomer' perception of the tax audit procedure was formed because of experience prior to the development and establishment of technology. Thus, they have the lowest perception of examination procedures than other generations.

The results of research on Millennials, Generation X, and Baby Boomers show that the behavior of tax officers is the indicator of perception, which is the most valued and has a significant difference. Millennials and Generation X feel that the DGT during the examination was professional and provide friendly interactions to the taxpayers. It is evidenced in the results of interviews with one of the Generation X respondents who said that the DGT had answered questions about the examination clearly and politely when asked even though initially he thought DGT would answer in a high/intimidating tone. Baby Boomers also feel the same thing, which is a good perception of indicators of the behavior of tax officials, but not as high as Millennials and Generation X. It may occur because of the characteristics of Baby Boomers who are afraid if found wrong, in line with their attitude of respect for authority figures [15]. Therefore, some taxpayers feel that this attitude of fear affects perception, although the behavior of tax officials is applied with good interaction, without pressure, and professional officers. One respondent from the Baby Boomers generation also stated that the DGT had interacted with an irreverent tone when investigating so that he felt undervalued. This led us to conclude that the perception arose because Baby Boomers were very depressed during an examination in the past. Some studies that support this finding are [5] who discovered that the approach and behavior of tax auditors affect the perception of taxpayers; Konrad [41] who stated that the behavior of tax officials when face to face affects the perception of taxpayers. [5] stated that communication with friends and mutual respect and encouragement to the taxpayers to contact tax officials if there are further questions result in a good perception of the taxpayers.

The results related to voluntary tax compliance show that there are significant differences between Millennials and Baby Boomers with Generation X. Baby Boomers are the most obedient generation among the three generations. It is because Millennials have selfish attitudes [20], causing them to not voluntarily pay taxes [12]. However, Millennials began to have the perception that paying taxes is the right thing to do [9]. It is supported by government efforts such as creating a Public Relations division to improve taxpayer compliance. The Public Relations Division has several activities such as

distributing tax brochures, talk shows on television shows, and making a tax website named www.pajak.go.id. Furthermore, the activity proved to be useful because DGT surveyed to measure the performance of their activities which showed that the message delivered by Public Relations was easily understood by the public and the majority of people responded according to the message conveyed in the media. On the other hand, Generation X does not show compliance with tax payments. It is because their age is now at a productive stage in the business so they do not want to pay taxes with a large nominal because it will reduce their profit margins and this generation has a transition between Baby Boomers and Millennials. Meanwhile, Baby Boomers have the highest compliance. It is because they have characteristics that were formed from ancient times about great respect for the authority, causing them to be more obedient in paying taxes [50].

V. CONCLUSION

The test results found that Millennials, Generation X, and Baby Boomers have different tax audit perceptions on each indicator, including probability, procedure, and behavior. Millennials and Generation X tend to have a good perception of probability indicators and tax audit procedures, while Baby Boomers are opposing. Millennials, Generation X, and Baby Boomers have different perceptions about the indicators of tax officer behavior. However, on average, it shows that all three have good perceptions related to tax officer behavior. Each generation also has a different level of compliance. It is because each of them has its characteristic, influenced by responses and experiences in the past [42].

Millennials and Generation X who have confidence feel that there is a slight possibility of being subjected to examinations, in contrast to Baby Boomers who feel that tax audits are performed with high intensity. Millennials and Generation X consider that the inspection procedures have been performed well. For instance, the officers have high competence, transparency, and a fast examination period. Meanwhile, Baby Boomers feel that the procedure is performed in reverse. As for the perception of the behavior of tax officials, the results of the study showed that the three generations have differences, but it is still classified as above average. It shows that although the perception of the three generations is different, they consider that the behavior of tax officers is done well, in terms of interactions with the taxpayers, the pressure felt by taxpayers, and professionalism of tax officials. Therefore, the indicators of tax officers' behavior show that if done well, the perception of the overall tax audit will increase. It is because the taxpayers will consider the inspection, not a scary thing. Rather, it is useful to overcome free-riding activities. Considering that the biggest tax contributors now are Millennials and Generation X, tax officials must continue to approach kindly and politely so that the taxpayers maintain good perceptions.

Future studies are suggested to broaden the scope of research to examine the effect of differences in perceptions

of tax audits between generations on improving tax compliance. This study can be used as a reference for further research on the perception of tax audits with a broader sample coverage, covering all regions of Indonesia. It is because this research is still limited to the use of sampling quotas which makes this study less generalizable to the entire population.

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