

# The Effect of Taxpayers Compliance, Tax Socialization and Increase Untaxable Income on Personal Income Tax

Moh Yudi Mahadianto\*, Apri Dwi Astuti

Faculty of Economics Lecturers  
Universitas Swadaya Gunung Jati  
Cirebon, Indonesia

\*mohyudim@yahoo.com, apri\_dwiastuti@yahoo.co.id

Chintya Adella Nurhaliza

Faculty of Economics, Accounting Program Study  
Universitas Swadaya Gunung Jati  
Cirebon, Indonesia  
chintyadellan@gmail.com

**Abstract**—The purpose of this study was determine the effect of taxpayer's compliance, tax socialization and increase untaxable income on personal income tax. This study used secondary data and quantitative research methods. The population in this study amounted to 48 (The data are retrieved per month from January-December in 2015-2018 from KPP Pratama Kuningan). This study used multiple linear regression analysis, classical assumption test, hypothesis test with T (partial) test and coefficient of determination (R<sup>2</sup>) with SPSS 23. The results of this study showed that taxpayers compliance and increase untaxable income have an effect on personal income tax. While tax socialization hasn't an effect on personal income tax (pasal 21).

**Keywords:** *taxpayers, tax socialization, untaxable income, personal income tax*

## I. INTRODUCTION

In carrying out a very large mandate as the leader of a country, especially Indonesian government trying to prosper the welfare of society by providing and fulfilling all needs of the people. One of ways the government does is with the spirit in building various fields, which is infrastructure. In this case, the government is required to fulfill the infrastructure activities which are certainly activities that are very related to the country's acceptance.

The government has two main sources to fulfill the country's acceptance. This is a source of domestic fund and source of foreign funds. The source of domestic funds comes from the receipt of a tax sector consisting of income tax (article 21,22,23,24,25,26), (article 4 verse 2) and value added tax. The largest country's acceptance by tax sector comes from personal income tax (article 21) [1].

Tax ratio in Indonesia is still very low and not comparable with total population in Indonesia. Tax ratio is the ratio of taxpayer amount to total population in Indonesia [2]. According to the central board of statistics, total populations in Indonesia until 2018 reached 265 million people. This makes the task quite difficult for the government, because it should be more extra to increase the amount of active taxpayers. Because the taxpayer amount will greatly affect to the tax receipt. For the receipt, the taxation of many forms of entrepreneurial

income depends upon voluntary compliance, while most wage-and-salary tax payments are withheld by employers [3].

Personal income tax in Indonesia using a self-assessment system. The self-assessment system (SAS) has been widely practiced around the globe. Under this system, one issue that has been highlighted is the non-compliance behavior [4]. In using a self-assessment system needed a taxpayer awareness to be obedient for carrying out taxation obligations [5]. Because an obedient taxpayer will pay taxes without violating the provisions and laws applicable.

Another factor to increase the levels of taxpayer's compliance and then will increase personal income tax is the tax socialization. To raise awareness or compliance to pay the tax, in order to achieve the government goals in optimization tax revenue it was necessary to have the effective communication between fiscus/government and tax payers through determining the proper strategy [6].

Another thing that is not less important from the taxpayer compliance and tax socialization is increase untaxable income. When untaxable income and the amount of the taxpayer income was increased, the income tax will be increased. Because the ups and downs of untaxable income limits depend on the country's economic condition.

With increasing income tax receipts, will improve the welfare of the community. But be aware to not to pay too high tax payments for taxpayers because individuals may respond to high personal income tax rates by reducing their work effort, migrating to low tax states, and/or undertaking other behaviors to reduce their personal income tax liabilities [7]. While an increase in the tax price may increase receipts growth conditional in remaining on business, at the same time it may also make the salaried sector more attractive [8].

This is the tables of personal income tax receipt (article 21) from the data processing and information KPP Pratama Kuningan period 2015 to 2018.

**TABLE I. TARGET AND REALIZATION ON PERSONAL INCOME TAX RECEIPT (ARTICLE 21) IN MILLIONS RUPIAH**

Years	2015	2016	2017	2018
<b>Target</b>	169.484	210.772	239.194	168.173
<b>Realization</b>	183.664	164.924	162.932	174.651
<b>Achievement</b>	108,3%	78,2%	68,1%	103,8%

Source: Data processing and information from KPP Kuningan, 2019

The purpose of this study is to know and analyze the effect of taxpayer’s compliance, tax socialization and increase untaxable income on personal income tax. The results of this study are expected to be a reference for future researchers and add literature developing research related to personal income tax.

**II. RESEARCH METHODS**

Type of this study is basic research. And used quantitative research methods. A population is a collection of elements that have characteristic that distinguishes the group with others [9]. The population in this study amounted to 48 data. The data consisted of monthly data from January 2015 to December 2018, from KPP Pratama Kuningan.

In this study there are three independent variables namely taxpayer’s compliance, tax socialization, increase untaxable income and one dependent variable is personal income tax.

The measurement the taxpayer’s compliance is Total personal taxpayer reporting the SPT divided Total personal taxpayer registered [10]. The measurement tax socialization is total of tax socialization activates conducted per month [11]. The measurement increase untaxable income is tax revenue after increase untaxable income divided tax revenue before increase untaxable income [12]. And the measurement for the dependent variable that is personal income tax receipt is realization of personal income tax receipt [13].

**III. RESULTS**

Based on the results of statistical data processing, it can be seen the test result in the table below:

**TABLE II. NORMALITY TEST RESULTS**

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		<i>Unstandardized Residual</i>
N		48
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,56119297
Most Extreme Differences	Absolute	,125
	Positive	,125
	Negative	-,120
Test Statistic		,125
Asymp. Sig. (2-tailed)		,057 <sup>c</sup>
<sup>a</sup> . Test distribution is Normal.		
<sup>b</sup> . Calculated from data.		
<sup>c</sup> . Lilliefors Significance Correction.		

Source: Data processing results, 2019

Based on table 3, it is known that assymp sig (2-tailed) in this study have the value > 0,05. The value of assymp sig (2-

tailed) is 0.057, so it can be concluded that all instruments in this study are normal.

**TABLE III. MULTICOLINEARITY TEST RESULT**

<b>Coefficients<sup>a</sup></b>		
<b>Model</b>	<b>Collinearity Statistics</b>	
	<b>Tolerance</b>	<b>VIF</b>
1 (Constant)		
LN_TaxpayersCompliance	,915	1,093
LN_TaxSocialization	,913	1,095
LN_IncreaseUntaxable Income	,996	1,004

<sup>a</sup>. Dependent Variable: LN\_PersonalIncomeTax

Source: Data processing results, 2019

Based on the multicollinearity test results it is known that the value all three variables have a tolerance > 0.10 and VIF<10, so it can be concluded that all instruments in this study is free of multicollinearity.

**TABLE IV. HETEROSKEDASTICITY TEST RESULT**

<b>Coefficients<sup>a</sup></b>		
<b>Model</b>	<b>Sig.</b>	
1 (Constant)		,000
LN_TaxpayersCompliance		,375
LN_TaxSocialization		,063
LN_IncreaseUntaxableIncome		,897

<sup>a</sup>. Dependent Variable: ABS\_RES2

Source: Data processing results, 2019

Based on the heteroskedasticity test results it is known that the value of Taxpayers compliance variable is 0.375, the value of tax socialization variable is 0.063 and the value of increase untaxable income is 0.897, all three variables have a sig value > 0.05, so it can be concluded that all instruments in this study is free of heteroskedasticity.

**TABLE V. AUTOCORRELATION TEST RESULT**

<b>Runs Test</b>	
	<i>Unstandardized Residual</i>
Test Value <sup>a</sup>	-,13912
Cases < Test Value	24
Cases >= Test Value	24
Total Cases	48
Number of Runs	26
Z	,146
Asymp. Sig. (2-tailed)	,884

<sup>a</sup>. Median

Source: Data processing results, 2019

Based on the runs test table, asymp. Sig (2-tailed) value is 0.884, it can be said that the variables used in the model are free of autocorrelation issues.

The test results regarding the result of variable with test individual parameter significant (statistical test T) are shown in the following model summary table:

TABLE VI. TABLE INDIVIDUAL PARAMETER SIGNIFICANT TEST RESULT

Coefficients <sup>a</sup>		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	22,990	,319	72,174	,000
	LN_TaxpayersCompliance	-,093	,043	-2,163	,036
	LN_TaxSocialization	,017	,120	,141	,889
	LN_IncreaseUntaxableIncome	,481	,232	2,072	,044

<sup>a</sup> Dependent Variable: LN\_Personal Income Tax

Source: Data processing results, 2019

**A. Result of Taxpayers Compliance Variable (X1) for Receipt of Personal Income Tax (Y)**

To analyse whether there's an effect between taxpayer compliance to the receipt of personal income tax (article 21), the criteria are:

- If the P-value is  $\leq 0.05$  have an effect.
- If P-value  $> 0.05$  there is haven't effect.

Based on table 6, sig value of the taxpayer compliance variable is  $0.036 < 0.05$ . It means that there is an effect of taxpayer compliance with the receipt of personal income tax.

**B. Result of Tax Socialization Variable (X2) for Receipt of Personal Income Tax (Y)**

To analyses whether there's an effect between tax socialization to the receipt of personal income tax (article 21), the criteria are:

- If the P-value is  $\leq 0.05$  have an effect.
- If P-value  $> 0.05$  there is haven't effect.

Based on table 6, sig value of the tax socialization variable is  $0.889 > 0.05$ . Its means that there's a not effect of tax socialization with the receipt of personal income tax (article 21).

**C. The Result of Increase Untaxable Income Variable (X3) for Receipt of Personal Income Tax (article 21) (Y)**

To analyses whether there's an effect between increase untaxable income to the receipt of personal income tax pasal 21, the criteria are:

- If the P-value is  $\leq 0.05$  have an effect.
- If P-value  $> 0.05$  there is haven't effect.

Based on the table 6, sig value of the increase untaxable income variable is  $0.044 < 0.05$ . It means that there is an effect of increase untaxable income with the receipt of personal income tax (article 21).

Coefficient determinant test results are displayed in the following table:

TABLE VII. TABLE COEFFICIENT DETERMINANT TEST RESULT

Model Summary <sup>b</sup>			
Model	R	R Square	Adjusted R Square
1	,411 <sup>a</sup>	,169	,112

<sup>a</sup> Predictors: (Constant), LN\_IncreaseUntaxableIncome, LN\_TaxpayersCompliance, LN\_TaxSocialization

<sup>b</sup> Dependent Variable: LN\_PersonalIncomeTax

The Adjusted value of R Square is 0.112 or 11.2%. The contribution of taxpayer compliance, tax socialization and increase untaxable income on the receipt of personal income tax is 11.2%.

IV. DISCUSSIONS

**A. Effect of Taxpayers Compliance on Personal Income Tax Receipt**

Based on Statistical test results sig value of taxpayer's compliance is  $0.036 < 0.05$  it's show that taxpayers compliance has a negative and significant influence on personal income tax, this means that the receipt of personal income tax increased but taxpayers compliance will decrease because many of taxpayers pay their tax without reporting their notification letters (SPT).

Income tax receipt is the main indicator in assessing the performance of Tax Directorate General should be very concerned. The role of the tax system is to collect revenue in an equitable fashion in order to finance government expenditures [14]. Because tax acceptance is also the biggest income for the country. To increase income tax receipt, the government also seeks to increase taxpayer compliance or taxpayer awareness. There is also a difficulty with the idea that there is some fixed tax receipt that would be collected if all taxpayers simply observed 100 per cent obedience to the law. The level of potential tax receipts is determined by the level of economic activity [15]. Governments that are assisted by the Directorate General of Taxation are trying to make various ways to increase the taxpayer's compliance or awareness by creating professional public servants, managing tax money fairly and transparently, make tax regulations that easy to understand, and increase legal action to uncompliant taxpayers.

The taxpayer compliance criteria are the taxpayer carrying out a voluntary tax liability. Where tax liabilities consist of paying the tax and reporting the notification letter (SPT). Taxpayer compliance is affect and has a negative value, because the taxpayer has an assumption if the income has been deducted to pay tax then there's no need to report a notification letter (SPT). Because of the assumption in the case of reporting the SPT with e-filling is difficult and the low sanctions imposition [16]. it is Rp. 100.000 for the delay in reporting SPT for taxpayer's personal employee. By paying taxes without reporting the SPT cannot said that the taxpayer is an obedient taxpayer.

**B. Effect of Tax Socialization on Personal Income Tax Receipt**

Based on Statistical test results sig value is  $0.889 > 0.05$  it's show that tax socialization hasn't influence on personal income tax, this means that with increased or decreased tax socialization activities it's not effect to the personal income tax receipt.

The Government work with the Directorate General of Taxation trying to conduct tax socialization to achieve the desired target that is one of them to increase receipt of personal income tax [11]. A succesful socialization process can be seen from the increasing number of taxpayers who carry out the

obligation of taxation, this happens based on understanding from taxpayers over the socialization that has rolled out. Once the public is expected to motivate and understanding can than improve taxpayer's compliance [17].

Tax socialization does not effect on receipt of personal income tax because to understanding every rule and provision provided by the country for each person its different. And it can also have said that the socialization activities conducted in KPP Pratama Kuningan is not optimal because has not reached the target. One of the things that has the cause of the tax socialization not affect is a large majority of taxpayers or prospective taxpayers who follow the tax socialization activities only forced. So the taxpayer still not goes to carry out their liabilities.

### *C. Effect of Increase Untaxable Income on Personal Income Tax Receipt*

The results of statistical tests show that increase untaxable income has a positive and significant effect on personal income tax, sig value increase untaxable income variable is  $0.044 < 0.05$  this means that increasing increase untaxable income will encourage an increase in personal income tax.

Untaxable income limitations have increased several years ago. In year 2013, 2015 and last modified in year 2016 that is Rp. 54 million for personal taxpayers do not marry and have no dependents. With this, an increase in the untaxable income limit will affect the decline in income tax receipt. But with increasing the limit of untaxable income will increase the purchasing power of society. The country's acceptance is down but the economy will move faster. This means that even if the limit of untaxable income rises doesn't cause income tax to decline, the Directorate General of Taxation performs various ways that personal income tax can remain stable. Taxable income can be changed by varying not only labor supply but also the forms of compensation, the investment of assets, and the extent of spending on tax-deductible activities [18].

First, by make an extensibility that is tax amnesty in order to increase the number of new taxpayers and to raise the taxpayers's awareness and compliance, so that is not only the tax payer of the employees who are contributes to taxation but also taxpayer non-employees who have been hiding the property and avoiding taxes. The second is to conduct a inspection on the individual taxpayers to increase the level of compliance in paying taxes.

## V. CONCLUSION

Based on the results and discussion, present effect of taxpayer's compliance, tax socialization and increase untaxable income on personal income tax. It can be concluding that taxpayer's compliance has a negative and significant effect, increase untaxable income has a positive and significant effect, and tax socialization has not significant effect on personal income tax. This is not surprising, because many people are not too enthusiastic in listening to seminars. If the process of socialization is done properly then the taxpayers will

understand about regulation including its obligation. In terms of ax literature, this information will serve guidelines for research to develop tax knowledge.

## REFERENCES

- [1] A. Halim, R.B. Icut and D. Amik, *Perpajakan: Konsep, Aplikasi, Contoh dan Studi Kasus*. Edisi 2. Jakarta Selatan: Salemba Empat, 2018.
- [2] M. Herryanto and A. Toly, "Pengaruh Kesadaran Wajib Pajak, Kegiatan Sosialisasi Perpajakan, dan Pemeriksaan Pajak terhadap Penerimaan Pajak Penghasilan di KPP Pratama Surabaya Sawahan." *Tax Account Rev.* 1, 2013.
- [3] D. Bruce and G. Tami, "Taxes and Entrepreneurial Activity: An Empirical Investigation Using Longitudinal Tax Return Data. *Small Business Administration*," Office of Advocacy, 2005.
- [4] N. Saad, "Tax knowledge, tax complexity and tax compliance: Taxpayers' view," *Procedia-Social and Behavioral Sciences*, vol. 109, pp. 1069-1075, 2014.
- [5] M. Jam'an, N. Wirda R.T and S. Pormando, *Meninjau Sistem Pemungutan Pajak di Indonesia* [Online] Retrieved November 18, 2011 In: <https://indonesiantaxation.blogspot.com/2009/11/meninjau-sistem-pemungutan-pajakdi.htm>. 2009.
- [6] H. Herawati, R. Tabroni and S. Lusiana, "The Effectiveness of The Tax Regulation Socialization Strategies on Tax Payers Comprehension and Compliance In Implementing Their Tax Obligations," *The International Journal of Business Review (The Jobs Review)*, vol. 1, no. 2, pp. 145–53, 2018.
- [7] M. Rider, "The Effect of Personal Income Tax Rates on Individual and Business Decisions - A Review of the Evidence," *Int Stud Progr Work Pap.*, (May 2006) pp. 06-15, 2014.
- [8] R. Carrol, H.E. Douglas and R. Mark, *HSR. Personal Income Taxes and The Growth of Small Firms*. NBER Work Pap No 7980, 2000, 3.
- [9] Y. Mahadianto and A. Setiawan, *Analisis Parametrik Dependensi dengan Program SPSS untuk pengolahan data akhir*. Jakarta: PT. Rajagrafindo Persada, 2013.
- [10] P. Simamora and D. Suryaman, "Pengaruh Tingkat Kepatuhan Wajib Pajak Orang Pribadi Terhadap Penerimaan Pajak Penghasilan Orang Pribadi Pada Kpp Pratama Cibinong," *Jurnal Ilmu Manajemen Fak.Ekon.*, vol. 1, no. 1, pp. 25–31, 2015.
- [11] W.P. Sari, "Pengaruh Kesadaran Wajib Pajak, Kegiatan Sosialisasi Perpajakan, Pemeriksaan Pajak Dan Jumlah Wajib Pajak Yang Terdaftar Terhadap Penerimaan Pajak Penghasilan Orang Pribadi Di Kpp Pratama Pekanbaru Tampan," *Jom FEKON*, vol. 2, no. 2, 2015.
- [12] N. Susanti and Andi, "Pengaruh Kenaikan Penghasilan Tidak Kena Pajak (PTKP) dan Jumlah Wajib Pajak Efektif Terhadap Penerimaan Pajak Penghasilan (PPh) Pasal 21 Pada Kantor Pelayanan Pajak Pratama Serang," *JRB-Jurnal Riset Bisnis*, vol. 13, no. 2, 2018.
- [13] S. Sunarto and A. Muhammad, "Pengaruh Pemeriksaan Pajak, Penagihan Pajak, Dan Kepatuhan Wajib Pajak Terhadap Penerimaan Pajak Studi Kasus Pada Kpp Pratama Raba Bima Tahun 2012-2015," *Akuntansi Dewantara*, vol. 2, no. 1, pp. 37-45, 2018.
- [14] R.H. Gordon, *Taxation Of Interest Income*. NBER Work Pap No 9503, 11 (1)(February), pp. 5–15, 2003.
- [15] C. Alley, *Tax Compliance, Self-Assessment and Tax Administration* School of Business and Economics, University of Exeter, 2009.
- [16] J.A. Roth, J.T. Scholtz and A.D. Witte, *Taxpayers Compliance An Agenda For Research*. Philadelphia. University of Pennsylvania Press. 1989.
- [17] E.M. Savitri, *The Effect of Taxpayer Awareness, Tax Socialization, Tax Penalties, Compliance Cost at Taxpayer Compliance with Service Quality as Mediating Variable*, 219, pp. 682–7, 2016.
- [18] M. Feldstein, "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act. vol. 103, no. 3, 1995.