



Tax Apparatus Negotiation Behavior in Resolving Tax Disputes: An Experimental Examination

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Abstract: This study examines the influence of the supervisor's pressure and the negotiation partner's objective on tax staff negotiation behavior and his confidence in the decision. To accomplish this purpose, study participants completed a tax negotiation task in a 2x2 between-subject design. The experiment used a web-based instrument that involved 60 tax apparatus from many local governments. The result reveals that tax apparatuses tend to waive their audit findings when negotiating with a tax consultant who exhibits high concern-for-other than when dealing with a tax consultant with a low concern-for-other. They also show a higher confidence level concerning their decision while dealing with tax consultants who show a higher concern for others. Further, the tax apparatus shows a higher confidence when their initial position about the partners' negotiation proposal differs from their supervisor's opinion. These findings imply the importance of knowing the negotiation partners' objectives and the supervisor's position on the proposal.

Keywords: Confidence, Negotiation, Disputes, Waive.

1 Introduction

In following up on the results of initial tax audits conducted by the tax authorities, it is not uncommon for differences of opinion between the tax authorities (tax apparatus) and taxpayers for specific tax issues. Formally, for a tax assessment letter as a tax audit product, legal steps such as filing objections and appeals to the tax court can be taken by taxpayers. However, these steps have high costs not only for taxpayers but also for the state. Compliance costs occur as an accumulation of time, effort, and money. Besides, the rise of tax disputes can create uncertainty and erode trust in the tax system [1]. Therefore, settlement through a negotiation process (legally) of a disputed issue can be the best alternative for both parties. Psychological researchers (such as [2]; [3]) assert that understanding how people make negotiation judgments examines how they define their negotiation context and how their perception of variables is a critical and endogenous process. Then, according to the negotiation process, both parties carry out risks; achieving an agreement that does not violate regulations is of paramount concern.

Various forms of negotiation can take place between taxpayers/consultants and tax authorities. In China, [4] found that staff welfare provision guidelines are complicated.

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According to the issue, taxpayers will negotiate with tax authorities to claim more considerable deductible expenses. In the United States, [5] states that the IRS has traditionally submitted a settlement bid before filing a tax court dispute. Although there is some literature on negotiations between taxpayers and tax authorities, there is still limited literature that explains how the process and outcome of negotiations occur between tax authorities and tax agents (tax consultants) and the parties' confidence about the agreement obtained. Then, studies that examine tax authorities' behavior in the negotiation setting remain scarce.

Emerging negotiation research in accounting investigates how parties interact in resolving issues, both routine and disputed issues. Several studies, such as [6], found that by being represented by a tax consultant in negotiations during the audit, the tax apparatus was willing to reduce (to waive) the final tax owed by the tax apparatus Taxpayer. Tax practitioners' role can ensure that taxpayers are not too aggressive ([7]; [8]), putting them at risk of assignments such as the risk of litigation, damage to their reputation, and even loss of clients. Likewise, as the government negotiator, the tax authorities will avoid various risks, such as bribery, administrative sanctions for violating the code of ethics, or loss of work.

Two factors of particular interest in the current study are the negotiation partner's objective (social concern), which affects how the tax apparatus perceives the negotiation partner's concern, and the supervisor's pressure, which affects how the tax apparatus perceives the negotiation outcome and builds their confidence. The psychology and economics literature finds both variables to be necessary. According to that argument, it is crucial to examine the effect of superior pressure and the objectives of partner negotiations in resolving disputed tax issues with taxpayers/tax consultants on the negotiation outcome and the tax apparatus's confidence about the negotiation outcome. The negotiation outcome that became the focus was the tax authorities' willingness to waive the initial audit findings. This investigation is essential because taxation also requires a negotiation process between taxpayers (and their consultants) and the tax authorities to resolve disputed tax issues. Then, the negotiations impact taxpayers' willingness to fulfill their tax obligations (affecting state revenues) or influence the selection of subsequent legal steps. This condition reflects that successful negotiations will reduce tension (contention), litigation risk, and compliance costs for both parties. [9] suggests that how tax disputes are managed and resolved can significantly impact taxpayers' overall experience interacting with revenue authorities. This situation may enhance or diminish future voluntary taxpayer compliance.

2 Literature Review and Hypothesis Development

2.1 Nature of Negotiations and Outcomes

Negotiation is a process that occurs when two or more people with different goals come together and discuss finding solutions to obtain an agreement to fulfill all their goals [10]. [11] states that the negotiation process will produce two crucial types of outcomes. First, distributive bargaining, namely the results of the negotiations, tends to negatively impact the agreement's termination between the two negotiating parties because no agreement is

achieved. Second, integrative bargaining, namely the negotiation process, will produce an agreement that benefits both parties negotiating. Integrative bargaining can create new relationships between tax authorities and taxpayers in creating a mutually beneficial tax program, as [12] stated. [13] concluded that negotiations could suppress taxpayers' aggressiveness and help create mutually beneficial concessions for both parties. [14] found that negotiation partner objectives and communication style influence negotiation proposals in resolving tax dispute issues.

Furthermore, achieving the agreed outcome avoids the risk of litigation for both parties. [15] simplifies negotiation factors by introducing two categories of outcomes or measures – economic and social-psychological. [16] further explains that if economic measures are usually clear (one either signed the deal or did not obtain a specific price), the social-psychological ones are fuzzier; they depend on social and individual perceptions to be quite relative.

2.2 Effects of Social Pressure on Negotiation Outcomes

Brown and Johnstone (2009) stated that economic and social psychological factors, such as social pressure, influence negotiation [17]. DeZoort and Lord (1997) stated three forms of social pressure: compliance pressure, obedience pressure, and conformity pressure [18]. Compliance pressure refers to the pressure to follow an explicit request from an individual at any level; obedience pressure is the pressure to follow directions/orders from an authoritative figure, while conformity pressure is the pressure in the peer group where the individual is located. In completing the assignment, and in the context of this research, the examining staff received obedience pressure from their superiors.

[19] states that pressure from superiors can be in the form of differences in opinion between superiors and subordinates regarding a specific issue. When superiors have the same opinion regarding the negotiation partner's position or a disputed issue, it will be easier for subordinates to draw conclusions and agree on the negotiation outcome. On the other hand, if a superior and a subordinate's opinion differs, the subordinate will be in a dilemma between following the opinion he believes in or following the superior's opinion. [20] found that superiors' accountability pressure significantly affects staff judgment quality. In this case, subordinates who find intense pressure will exert more cognitive effort, shown by a more in-depth analysis, broader insight, and careful judgment. This discussion indicates that the tax apparatus will be more willing to waive his initial finding when they find a similar opinion with his supervisor regarding the negotiating partner's tax position. In the context of this research, intense pressure refers to the different opinions between the superior and the executing tax apparatus about the case. In contrast, the low-pressure condition is shown by the agreement between superiors and subordinates regarding the negotiating partner's tax position. By controlling for the task complexity factor as a covariate, hypothesis 1 (H1) is formulated as follows:

H1: The tax staff's willingness to waive their negotiating partners' tax burden will be higher when the tax apparatus finds that their superior's opinion on the partner's position is the same as his opinion compared to when they find the opinion of a different superior.

Then, related to the apparatus's confidence about the negotiation outcome, based on more cognitive efforts reason as stated by [20], hypothesis 2 (H2) is formulated as follows:

H2: Apparatus confidence about the negotiation outcome will be higher when the tax apparatus finds that their superior's opinion on the partner's position is different from his opinion compared to when he finds the same superior's opinion.

2.3 Dual Concern Model and Negotiation Outcome

Because negotiations involve at least two parties, attention to the negotiating partner's characteristics must also be considered. The dual concern model [21] implies that in negotiating, humans are sometimes motivated to prioritize their interests but to consider their negotiating partners' goals. The dual concern model shows that conflict resolution requires a balance between caring for one's own goals and caring for others in maintaining good relationships. In this model, self-interest concern explains the level of a person's efforts to fulfill their interests. On the other hand, attention to others' social concerns explains one's efforts to satisfy both parties' interests. [22] found that consideration of partner objectives, in addition to the role roles and information framing, significantly influences the negotiated transfer pricing between sales department managers and purchasing department managers. In the auditing negotiations, [23] found that audit clients are more receptive to auditing adjustments submitted by auditors if they perceive that the auditor exerts reciprocal-based influence in reaching negotiation agreements.

[24] found that auditors can use reciprocal-based negotiation tactics as a way of dealing with pressure from clients to acknowledge or waive audit adjustments. The explanation of the dual concern model and previous studies suggest that in negotiating, tax officials who perceive that their negotiating partner has a more profound concern for their interests will be more likely to waive their audit findings. The above explanation directs to the following hypothesis (H3):

H3: The willingness of the tax staff to waive the tax burden of their negotiating partners will be higher when the tax apparatus negotiates with partners who show high concern for others than when negotiating with partners who show low concern for others. "

Meanwhile, the negotiating partner's greater attention makes the tax authorities feel more comfortable than dealing with the negotiating partner in more tense conditions when the negotiating partner shows less attentiveness towards the negotiating partner. This comfortable condition and feeling of cooperation vs. the tension condition (contention) lead to Hypothesis 4 (H4) as follows:

H4: Apparatus confidence about the negotiation outcome will be higher when the tax apparatus negotiates with partners with high concern-for-other than when negotiating with partners with low concern-for-other.

The attention given by the negotiating partner will help the tax apparatus persuade the superior regarding the tax position of the negotiating partner. Even though the superior has a different opinion from the assigned apparatus, he may find a report that suggests that the partner has a deep concern about the tax authorities' interests. This condition leads the assigned apparatus to make it easier to achieve agreement and a higher willingness to waive initial audit findings. This explanation leads to the formulation of hypotheses regarding the interaction effect test (H5) and the simple effect (H5a, H5b) between partner objectives and superior pressure on the negotiation outcome and the apparatus' confidence. The hypotheses are formulated into:

H5: There is an interaction effect between superior pressure and partner negotiation goals on negotiation outcomes and the confidence of tax officials

Considering that staff behavior will be more critical when facing intense superior pressure conditions than a low one, the simple effect test focuses on these conditions. Based on these arguments, hypotheses 5a and 5b are formulated as follows:

H5a: In the conditions of intense superior pressure, negotiating with partners with high concern-for-other has increased the tax apparatus's self-confidence compared to negotiating with partners with low concern-for-other.

H5b: In the conditions of intense superior pressure, the willingness of the tax apparatus to waive tax burden is higher when negotiating with partners who show high concern for others than when negotiating with partners with low concern for others.

3 Methods

3.1 Experimental Design

This study's experimental design was adapted from several previous studies on negotiation in accounting ([25]; [17]). This study uses a 2 x 2 inter-subject design to test whether superior pressure and the negotiating partner's objectives affect the outcome of negotiations on disputed tax issues and tax officials' confidence in the agreement reached. This study manipulates the supervisor's pressure into two levels (high vs. low). The negotiating partner's objectives represented by Concern-for-Other (CFO) are also two (high vs. low).

Before collecting data from participants, a Focus Group Discussion (FGD) was conducted, which involved taxpayers, tax officials, taxpayers with negotiation experiences, and tax academics in developing research instruments. Next, a serial pilot test is conducted to ensure the validity and reliability of the research instrument.

3.2 Experimental Tasks, Research Procedures, and Variable Operationalization

In this study, the tax apparatus will negotiate with the tax consultant regarding disputed issues. The experimental task was modified from [17] by changing from an auditing environment to a tax environment. [17] involved auditor-client in negotiations, while this research involved tax apparatus-tax consultants.

The experimental task in this study is disputes regarding land and building tax in border areas. The tax authorities equalize the tax object sale value for all assets owned by taxpayers in the two different regions to be included in the same Tax Object Selling Price (TOSP, a tax base) class. The consultant argues that the two taxpayer assets in regions with different regional developments should not belong to the same TOSP class. Thus, the tax owed should be lower. The consultant must submit a note of his opinion for consideration by the tax apparatus before the final decision in the audit process is determined. The tax authorities receive these records, learn from them, discuss them with their supervisor, and gain opinions from their superiors regarding the issue.

Participants were given a fictional memo that indicated the level of their partner's social concern. This memo indicates the negotiating partner's objectives. Participants in high concern-for-other conditions found a memo emphasizing the partner's desire to achieve mutually beneficial concessions. In contrast, participants in a common concern condition

found a memo that indicates the partner was focused on maintaining his tax position and his readiness to take the next legal step required. Meanwhile, supervisors' pressure is manipulated into a high versus low pressure. This manipulation refers to [19] by presenting the supervisor's opinion about the disputed tax issue.

The dependent variable for the negotiation outcome is measured by assessing the tax authorities' willingness to consider and accept the negotiating position offered by their negotiating partner (tax consultant). Meanwhile, self-confidence is measured in the range of 1-10. Because the task complexity may also affect subordinates' response to the supervisor's opinion, as [26] stated, this variable is used as a control variable (covariate). The experiment was carried out using a web-based instrument. The software randomly places participants in one of the four experimental conditions. All participants were asked to complete the experimental task within 40 minutes uninterrupted to ensure proper control and avoid maturation or attrition threats. Participants were asked to complete the experimental task within 40 uninterrupted minutes. A manipulation check asked participants about their experiences during the experiment session. Lastly, all committed participants were given a debriefing.

3.3 Research Participants and Data Analysis Methods

Participants in this study were tax officials at the Regional Financial Management Agency / Regional Financial Agency / Regional Revenue Agency). Participants were recruited through cellphone / WhatsApp numbers already owned by researchers from the regional tax training held by the Ministry of Finance in collaboration with the Study Center for Finance and Development, Universitas Andalas. Additional participants were obtained through direct contact with these offices. Since we have two dependent variables (negotiation outcomes and apparatus confidence regarding negotiation outcome) and task complexity as a covariate, data analysis for hypothesis testing was done using Multivariate Analysis of Covariance (MANCOVA).

4 Results and Discussion

4.1 Participants and Randomization Check

The study participants were tax staff who worked at local government tax offices in various districts/cities in Sumatra. Subjects participate by completing an online task. They started by going to the assignment website (www.tugaspajak.com) and logging in using a given username and password. This situation is essential to mitigate internal validity threats such as maturation, attrition, and distraction. Sixty-five participants completed the assignments, and the data was recorded in the online system. Based on the manipulation check, 5 participants failed to provide appropriate responses. Deleting the failed manipulation check response yields 60 usable responses. Sixty subjects were distributed proportionally into four experimental treatments, namely 13 people in treatment 1 (cell 1), 15 people in cell 2, 18 people in cell 3, and 14 people in cell 4.

Out of the 60 participants, 26 were male (43.33%), and 34 were female (56.67%). The participants' average working experience was 136.2 months or 11.35 years, with an average age of 36.9. Based on the level of education, subjects with education level D.III are 14 people (23.33%), Bachelor (S1) is 37 people (61.67%), Masters (S2) are five people (8.33%), and Doctor (S3) as many as four people (6.67%). The randomization test showed no significant differences in the participants' demographic characteristics among four experimental treatments. As presented in Table 4.1 below, work experience characteristics show F-value = 1.173 ($p = 0.568$). Next, age with F-value = 1.189 ($p = 0.313$), education level F-value = 0.219 ($p = 0.883$), and gender F-value = 0.629 ($p = 0.431$). These results indicate that randomization is effective.

Table 1. Result of randomization test.

Characteristics		Some of Squares	df	Mean Square	F	Sig
Working experience	Between-groups	66.85	57	1.173	1.173	.568
	Within-groups	2.000	2	1.000		
	Total	68.85	59			
Age	Between-groups	28.51	22	1.296	1.189	.313
	Within-groups	40.33	37	1.090		
	Total	68.85	59			
Level of Education	Between-groups	.800	3	.267	.219	.883
	Within-groups	68.05	56	1.215		
	Total	68.85	59			
Gender	Between-groups	.739	1	.739	.629	.431
	Within-groups	68.11	58	1.174		
	Total	68.85	59			

4.2 Descriptive Statistics and Hypothesis Testing

One of the MANOVA / MANCOVA test assumptions is that the dependent variables' covariancematrices are the same. This assumption is tested with Box's Test of Equality of Covariance Matrices. The test results show this assumption is unsupported (Box's M test =

29,667; $F = 3,080$ and $p = 0,000$). Another assumption is that each dependent variable has the same variance for all groups. Levene's test was used to test this assumption. The test results support this assumption for the dependent variable negotiating attitude with a value of $F = 1.958$ and $p = 0.131$, but not met for the dependent variable self-confidence ($F = 6.139$; $p = 0.001$). According to Ghozali (2001), even though assumptions are not met, testing can still be carried out they have the same sample size (proportionally). Descriptive statistics and the MANCOVA model are presented in tables 4.2 to 4.4 below:

Table 2. Mean (standard deviation) of negotiation output.

Negotiation Partner's Objective (CFO)	SPV's Pressure		
	Weak	Intense	Total
High	7,61 (0,76) n= 13	7,20 (0,77) n= 15	7,39 (0,78) n = 28
Low	5,72 (1,56) n= 18	5,43 (1,34) n = 14	5,59 (0,785) n= 32
Total Columns	6,51 (1,58) n= 31	6,34 (1,39) n= 29	6,43 (1,48) n= 60

Table 3. Mean (standard deviation) confidence.

Negotiation Partner's Objective (CFO)	SPV's Pressure		
	weak	Intense	Total
High	77,07 (5,49) n= 13	81,20 (3,89) n= 15	79,28 (5,06) n = 28
Low	66,94 (9,72) n= 18	79,28 (4,32) n = 14	72,34 (9,91) N= 32

Total	71,19	80,27	75,58
Columns	(9,56)	(4,18)	(8,69)
	n= 31	n= 29	n= 60

The ANCOVA model is shown in Table 4. below:

Table 4. MANCOVA model.

Source	Variable Dependent	SS	df	MS	F	Sig.
Intercept	NegoOutput	35.105	1	35.105	24.973	.000
	Confidence	9114.391	1	9114.391	209.142	.000
Complexity	NegoOutput	3.203	1	3.203	2.279	.137
	Confidence	28.232	1	28.232	.648	.424
SPV's Pressure	NegoOutput	2.063	1	2.063	1.468	.231
	Confidence	1014.147	1	1014.147	23.271	.000
Neg. Partner's Objective	NegoOutput	46.362	1	46.362	32.981	.000
	Confidence	556.937	1	556.937	12.780	.001
SPV Pressure* Neg. Partner's Objective	NegoOutput	.640	1	.640	.455	.503
	Confidence	175.167	1	175.167	4.019	.050

Hypothesis 1 predicts that the tax apparatus will be more likely to accept the tax consultant's negotiation proposal when it finds that their superior's opinion on their negotiating partner's position is the same as that of a different superior. From Table 4, it can be seen that the tax authorities who get more substantial pressure from their superiors show a lower acceptance of negotiations (mean = 6.34; standard deviation = 1.39) than the tax authorities who get less pressure than their superiors (mean = 6, 51; standard deviation = 1.58). Nonetheless, as shown from the MANCOVA model in Table 4.4, the difference (main effect of superior pressure) was not statistically significant (F = 1.468; p = 0.231). This result indicates that H1 failed to be supported. Then, concerning apparatus confidence about the negotiation outcomes, the results of hypothesis 2 (H2) testing show that superior pressure has a significant effect on employee confidence in the negotiation outcome he communicates to his negotiating opponents (tax consultant). As can be seen in Table 4.3, the tax authorities who get more substantial pressure from their superiors show a higher level of self-confidence (mean = 80.27; standard deviation = 4.18) than the tax authorities who get less pressure than their superiors (mean = 71.19; standard deviation = 9.56). As shown in the MANCOVA model presented in Table 4.4, the difference (the main effect of superior pressure) was statistically significant (F = 23.271; p = 0.000). This finding indicates that H2 is supported.

Furthermore, hypothesis 3 predicts that the tax apparatus will be more likely to accept the tax consultant's negotiation proposal when the tax apparatus negotiates with a tax consultant who shows high concern for others than when the tax consultant shows high concern for others. From Table 4.2, it can be seen that the tax authorities who negotiate with tax consultants who show a deep concern for others have a higher level of acceptance

(mean = 7.39; standard deviation = 0.785). In comparison, tax authorities negotiating with partners with a concern-for-other low show a lower acceptance level to waive the partner's obligation (mean = 5.59; standard deviation = 1.456). As shown in the MANCOVA model presented in Table 4.4, the difference (main effect of superior pressure) was statistically significant ($F = 32.981$; $p = 0.000$). This result indicates that H3 is supported. Then, related to apparatus confidence in negotiation outcomes, based on more cognitive efforts, the results of hypothesis testing 4 (H4) show that the partner's negotiating attitude has a significant effect on staff confidence in the negotiation outcome he communicates to negotiating opponents. As shown in Table 4.3, tax authorities negotiated with partners who show serious concern for others demonstrate a higher confidence level about the negotiation outcome (mean = 79.28; standard deviation = 5.06).

On the other hand, tax consultants negotiated with lower concern-for-other partners show a lower confidence level about the negotiation outcome (mean = 72.34; standard deviation = 9.91). As shown in the MANCOVA model presented in Table 4, the difference (the main effect of partner negotiation objectives) was statistically significant ($F = 12.780$; $p = 0.001$). This finding indicates that H4 is supported. Furthermore, table 4.4 shows a significant interaction effect between superior pressure and partner negotiation goals on tax apparatus confidence ($F = 7.064$; $p = 0.010$). This finding indicates partial support for hypothesis 5 because different results were found to affect the negotiation outcome ($F = 0.455$; $p = 0.503$).

Because there is only one significant interaction, namely the effect on the tax authorities' confidence, the simple effect testing is only carried out on the variance in this variable. The test results reveal differences in the tax apparatus confidence in an intense pressure condition based on their partners' negotiation objectives ($F = 24,531$; $p = 0,000$). Compared to a lower supervisor pressure situation, the characteristic of the negotiation partner does not affect the tax apparatus's confidence level ($F = 3,235$; $p = 0.078$). These findings indicate that superiors' pressure has a decisive influence on the tax staff's confidence in the negotiation outcomes that he conveyed to the tax consultant as his negotiating partner. These results indicate support for H5a.

5 Discussion

[27] indicates that disputes between the tax authority and taxpayers arise when a taxpayer disagrees with an IRS finding, refuses to file a tax return, or refuses to comply with a tax office request for information. [28] asserts that since 2012, the tax court's statistical data shows an increasing number of tax disputes in Indonesia. Hidayah (2018) stated that Indonesian tax dispute resolution needs more than 36 months to get legal assurance [28]. It is crucial to solve the problem immediately. Concerning the tax cases during the current pandemic, [29] indicated that tax authorities are more open to audit negotiation. He posits that some cash-strapped tax administrations choose to close audits and settle disputes instead of pursuing court battles, suggesting that collaboration through negotiation will trump confrontation. The taxpayer and tax authority's cooperation model is a new trend many countries have adopted.

[30] argues that negotiators can involve external consultants to resolve disputed problems. The external consultant acts as a mediator on how to solve problems. As in taxation, the tax practitioner acts as a taxpayer mediator in tax negotiation research. On the other hand, the negotiation is represented by the tax apparatus. The tax apparatus's negotiation behavior is still an area under-explored in accounting and tax research. In negotiating, both parties consider the various costs and risks they may face. In particular, for the tax authorities, improper negotiation with taxpayers/consultants as taxpayers' representation can threaten their work and potentially lead to criminal threats. Besides, achieving concessions and avoiding conflict is further deemed efficient for both parties. Therefore, it is crucial to understand the negotiating behavior of tax officials deeply.

Pressure from superiors is an essential factor in determining subordinates' judgment and decision-making, including in the context of taxation. Several previous studies, such as [19] and [20], found that pressure from superiors significantly determines tax staff's decision-making in resolving client problems. This study found that pressure from superiors did not affect the negotiation outcome generated by tax staff, but this pressure affected staff confidence in the negotiation results. These findings indicate that in determining the negotiation outcome presented to taxpayers through their consultants, tax staff considers their superiors' position regarding the case. Paying attention to these positions makes staff more critical and exertive effort. This explanation can answer why tax apparatus that face more substantial superior pressure have more confidence in their work outcome than tax staff who face less pressure.

Furthermore, this study found that partner negotiation's objectives significantly affected negotiation outcomes and confidence in the tax authorities. Dealing with a negotiating partner who is more friendly (showing deep concern for others) makes the tax apparatus more willing to understand the conditions faced by these negotiating partners. The finding implies that negotiation partners motivated to resolve the dispute's issues constructively skipped the potential for continuing cases to the objection and appeal stages. This behavior, in turn, encourages tax authorities to show a similar reciprocal action. Tax authorities concerned with taxpayers' interests will consider time and costs and other interests of taxpayers in handling tax cases they face. As a result, the tax authorities are more willing to waive his initial audit findings and even accept the negotiating positions proposed by their negotiation partner. This supporting condition, in turn, also affected the tax authorities' confidence that the negotiation outcome he had achieved was good and did not pose a significant risk to him. This finding confirms [31]. They argued that referring to the principle of "reciprocity," an individual will act in a certain way and expect a similar action from his negotiating partner.

6 Conclusion

Several researchers have previously stated that negotiation is considered an alternative way of resolving disputes between parties ([17]; [25]). The tendency for more expansive negotiation space between taxpayers and tax authorities has also been growing recently to develop various forms of alternative dispute resolution (ADR) in various countries. ADR includes settling tax disputes through negotiation, mediation, and arbitration approaches.

[32] implies that ADR has saved time and the number of tax cases that continue to the tax court. This situation indicates that negotiation is a possible solution to continue to be developed in resolving tax disputes that occur.

This study aims to examine tax officials' behavior when negotiating with tax consultants, as taxpayer representatives, under conditions of pressure from superiors and two types of attitudes of negotiating partners in dealing with disputed tax cases. In addition to negotiation behavior, this study also examines tax officials' confidence regarding the negotiation outcomes. The study results reveal that tax officials tend to be willing to waive their audit findings when negotiating with tax consultants who exhibit high concern-for-other than when negotiating with tax consultants who show low concern-for-other. They also show a higher level of confidence in the negotiation outcome when negotiating with a tax consultant who shows a higher level of concern for others. Furthermore, tax officials show a higher confidence level.

When their initial position on the partner's proposed negotiation differs from their superiors, however, this study did not find any differences in tax officers' behavior according to their superiors' pressure. Different superior pressure conditions did not make a significant difference to the resulting negotiation outcome. Under intense pressure, tax officials' confidence level is higher when negotiating with a tax consultant with deep concern than in a situation of low concern. These findings imply the importance of understanding the negotiating partner's social concerns and the supervisor's opinion regarding the negotiation proposals.

Several limitations can be identified from this study. First, the negotiation processes that are carried out are separate from a direct interactive negotiation. Since it was conducted through a computer-simulated partner, the negotiation processes occurred based on the tax authorities' response order toward the tax consultant's negotiation proposal. Further research can extend this study by simultaneously making a two-way negotiation involving man-to-man negotiation instead of computer-simulated ones. Second, the case raised in this study is local taxes, namely Land and Building Tax, which have low complexity compared to central taxes, especially corporate income tax. A more complicated case may present a more challenging negotiation situation for the parties involved. Fulfillment of this condition may support the creation of a robust research design. Future research may also take a slight overpayment situation, as suggested by [33], as an experimental setting.

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