

ICBASS-187

THE INFLUENCE OF UNDERSTANDING TAXES AND TAXPAYER PERCEPTION TO TAXPAYER COMPLIANCE

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ABSTRACT

Taxpayer compliance is essential to optimize tax revenue in Indonesia. Taxpayer compliance, in principle, is an act of the taxpayer to meet the tax obligations in accordance with applicable tax laws and regulations. However, there are still many taxpayers who do not have awareness about the importance of the tax obligation both for the country and for themselves as citizens. The low compliance of Taxpayers may be caused by lack of understanding taxes from most of the taxpayers on tax and the taxpayer's perception about taxes and tax officials.

This study aims to determine how much influence of understanding taxes and taxpayer perception towards taxpayer compliance. This study uses primary data collected from the taxpayer listed on the Tax Office that delivered the Notice (SPT) in 2011 by distributing questionnaires. The statistical test used is multiple linear regressions.

Based on the results of data analysis, it is known that taxpayers' understanding taxes and perception have a significant impact on taxpayer compliance. This shows that the higher the taxpayers' understanding taxes and perception to meet tax obligations will also increase taxpayers compliance. The amount of taxpayers' understanding taxes and perceptions influence towards Taxpayer compliance is equal to 53.2%

Keywords: Taxpayer, Understanding Taxes, Taxpayer Perception, Taxpayer Compliance

1. INTRODUCTION

In realizing the self assessment system, the tax compliance itself is required. Tax compliance is very important to optimize tax revenue in Indonesia. However, tax compliance in the self assessment system required the taxpayer willingness itself to carry out its obligations. There a number of taxpayers who do not have awareness of the importance of the tax obligation both for country and for themselves as citizens.

Lack of tax compliance may be caused from most taxpayer lack of understanding taxes, taxpayer perceptions about taxes and tax officials are still low (Supriyati and Hidayati: 2008).

Based on the observations made at the Primary Tax Office Bandung Karees, it shows that the number of submitted Notice (SPT) did not match the number of registered corporate taxpayers. For the year 2007, 47.95% of corporate taxpayers that submitted the SPT and visible decline in the last five years are shown in Table 1.

Table 1: Number of Corporate Taxpayer and Number of Submitted SPT

Year	Amount of Corporate WP	Amount of Submitted SPT	Percentage (%)
2007	6.288	3.015	47,95%
2008	6.830	3.240	47,44%
2009	7.478	2.951	39,46%
2010	8.059	3.100	38,47%
2011	8.785	2.388	27,18%
Total	37.440	14.694	39,24%

Source: KPP Pratama Bandung Karess (Data Processed)

This phenomenon indicates the existence of non-compliance in the corporate taxpayers submitting a notice (SPT), this can be caused by the lack of understanding taxes owned by the taxpayer. Most taxpayers obtained understanding taxes from the tax authorities, but it is also obtained from television, radio, tax magazines, newspapers, tax books, and internet or from tax seminars and tax training. However, the activity of delivering understanding taxes is not optimal. So the lack of socialization is causing low public awareness that affects the low level of taxpayer compliance in conducting tax obligations.

In addition, the taxpayer is still perceived tax as a mandatory collection rather than as a form of participation because they feel they have not seen the real impact of tax for the country and society, especially coupled with their perceptions of the tax authorities. So far, taxpayers have a negative perception on the tax authorities as seen from the low quality of tax service and the amount of tax revenue misappropriation committed by the tax authorities themselves. So this in turn made the decreasing tax payers perception that will affect the low taxpayer compliance in conducting tax obligations.

2. THEORETICAL REVIEW

2.1 Tax

As the economic development in Indonesia is followed by the development of policies in the field of tax, taxes are an ever-evolving phenomenon in society.

According to Rochmat Soemitro, "Taxes are the dues of the people to the country treasury under the law (which can be enforced) by not getting the services of reciprocity directly demonstrated and used to pay for general expenses."

While the understanding of tax under the Act of the Republic of Indonesia Number 28 Year 2007 regarding the third changes on the Republic of Indonesia Act No. 6 of 1983 on General Provisions and Tax Procedures, Article 1, paragraph (1), is: Tax is a mandatory contribution to the country payable by the individual or entity that is enforceable under the law, to not get rewarded directly and used for the purposes of the country for the maximum prosperity of the people.

Tax is one important tool for the government in achieving the economic, political and social goals that contain a variety of targets as follows:

1. The transfer of resources from the private sector to the government sector
2. A fair distribution of the burden of government in income classes (vertical equity) and equally for people who earn the same (horizontal equity)
3. Promoting economic growth, price stability and employment opportunities.

2.2 Understanding taxes

Understanding is basically the result of the process of seeing, hearing, feeling, and thinking, which is the basis of the human behavior and act Pius (2001).

Understanding taxes can be interpreted as the understanding possessed by the taxpayer either individual taxpayers or entities on general provisions and procedures of taxation that exist in Indonesia. How large or much the taxpayers understanding about the existing taxation.

There are some indicators that taxpayers need to understand about the tax laws, as follows:

1. Taxpayers understand that taxes are governed by Tax Act cannot be separated from the regulatory Tax Act whereby all matters relating to tax already exist in the Act.
2. Understanding of rights and obligation as a taxpayer.
3. Knowledge and understanding the procedure for privately calculating the amount of payable tax.
4. Understanding of the Notice (SPT)
5. Understanding of tax penalties

2.3 Perception

Perception is the process of assessing a person against a particular object. Taxpayer perception may mean that an assessment process or taxpayers way of thinking towards tax administration system in Indonesia.

Taxpayer Perception towards Tax Officer

Taxpayer's perception towards tax officers is a taxpayer's view or a judgment towards the existing tax officers. Taxpayers assess the tax authorities at the time of service. A good tax service provided by tax officers (tax authorities) to the taxpayer will affect the taxpayers to pay taxes, because of the convenience of the tax service. This is necessary for the taxpayer.

Taxpayer Perception on Compliant Taxpayer Criteria

In the **Regulation of Finance Minister of the Republic of Indonesia Number 192/PMK.03/2007** concerning Taxpayers with certain criteria, hereinafter referred to as the Compliant Taxpayer is a Taxpayer who meet the following requirements:

- a. Timely in submitting the Notice;
- b. Has no tax arrears for all types of taxes, unless the arrears of taxes that have been licensed in installments or defer payment of taxes;
- c. The financial statements audited by a public accountant or public financial supervisory agency with the qualified opinions for 3 (three) years in a row, and
- d. Never convicted of a crime in the field of taxation based on court decisions that have acquired permanent legal force within a period 5 (five) years.

From the description above it can be concluded as the Compliant Taxpayer criteria if the taxpayer already done the 4 (four) criteria above. Taxpayers' perception on Compliant Taxpayer Criteria is an assessment of whether the taxpayer has done the four above criteria or not.

2.4 Taxpayer Compliance

Understanding of tax compliance according to Ministerial Decree of Finance No. 544/KMK.04/2000, namely: Tax Compliance is the act of taxpayer in the fulfillment of tax obligations in accordance with the laws and regulations in the implementation of the tax laws of a country. Taxpayers with certain criteria, hereinafter referred to as the Compliant Taxpayer is Taxpayer that meets the requirements based on Ministerial Regulation of Finance No. 192/PMK.03/2007

3. Research Methodology

The method used in this research is descriptive method of analysis. In the selection of statistical tests to analyze the data, the classical assumption test is required which consists of normality test, multicollinearity, heteroscedasticity test and autocorrelation test. Afterwards it is continued with multiple regression analysis, coefficients correlation and determination and hypothesis testing.

4. Finding and Discussion

Tests validity conducted on the variable questions Understanding taxes (X_1), Taxpayers Perception Towards Tax Officer ($X_{2.1}$), Taxpayer Perception On Compliant Taxpayers Criteria ($X_{2.2}$) and Taxpayer Compliance (Y), whole items in the statement is declared valid because greater than r table 0.202, so the whole item according to what will be measured and show consistency or alignment.

Reliability test results conducted on all of the items in this research showed that all items of research can be said to be reliable with a reliability coefficient value greater than 0.70 (Sunyoto, 2011) thus it can be used as an instrument to measure the variables defined in this research.

4.1 Analysis of Understanding Taxes and Taxpayers Perceptions Toward Taxpayers Compliance At Primary Tax Office Bandung Karees Simultaneously

Based on multiple linear regression test derived regression equation $Y = 0.450 + 0.973 X_1 + 0.239 X_{2.1} + 0.34 X_{2.2}$ means if an increase in one unit of the variable Understanding Taxes (X_1) then it will raise Taxpayers Compliance (Y) equal to 0.973 . If there is a one unit increase on Taxpayers Perception towards Tax Officer ($X_{2.1}$), it will raise Taxpayers Compliance (Y) equal to 0.239 and if there is an increase of 1 unit of the Taxpayer perception On Compliant Taxpayers Criteria ($X_{2.2}$) variable then it will raise Taxpayers Compliance (Y) of 0.34. If there is no increase on the Understanding Taxes variable (X_1), Taxpayers Perception Towards Tax Officer ($X_{2.1}$) and Taxpayer Perception On Compliant Taxpayers Criteria ($X_{2.2}$), then the Taxpayers Compliance (Y) valued at 0.450 can be influenced by other factors such as tax audits, awareness of the taxpayer to pay the tax, the willingness of taxpayers to pay taxes, DJP socialization frequency, taxpayer increased knowledge.

Understanding Taxes correlation coefficient (X_1), Taxpayers Perception Towards Tax Officer ($X_{2.1}$) and Taxpayer Perceptions On Compliant Taxpayers Criteria ($X_{2.2}$) of 0.729 value has a strong relationship with Taxpayers Compliance (Y), and the amount of determination coefficient Understanding taxes (X_1) variable, Taxpayers Perception Towards Tax Officer ($X_{2.1}$) and Taxpayer Perception On Compliant Taxpayers Criteria ($X_{2.2}$) to Taxpayers Compliance (Y) is 0.532 or 53, 2%.

The results of the hypothesis test (F test) states that F value (34.840) > F table (2.839) means that simultaneously there is a significant influence simultaneously from Understanding Taxes (X_1), Taxpayers Perception Towards Tax Officer ($X_{2.1}$) and Taxpayer Perception On Compliant Taxpayers Criteria ($X_{2.2}$) to Taxpayers Compliance (Y).

4.2. Analysis of Understanding Taxes and Taxpayers Perception Toward Taxpayers Compliance At Primary Tax Office Bandung Karees In Partial

Based on a simple linear regression test, Understanding Taxes (X_1) to the Taxpayers Compliance (Y), the equation $Y = 0.146 + 1.010 X_1$ is obtained, which means that each increase of 1 unit of Understanding Taxes (X_1) will raise Taxpayers Compliance (Y) equal to 1.010. If there is no increase or 0 then Taxpayers Compliance (Y) is worth 0.146.

From Taxpayers Perception To Tax Officer ($X_{2,1}$) towards Taxpayers Compliance (Y), the regression equation $Y = 1.368 + 0.633 X_{2,1}$ is obtained, which means that each increase of 1 unit of Perception To Tax Officer ($X_{2,1}$) will raise the Taxpayer Compliance (Y) equal to 0.633. If there is no increase or 0 then Taxpayers Compliance (Y) is worth 1.368.

From Taxpayer Perception Towards Compliant Taxpayers Criteria ($X_{2,2}$) on Taxpayers Compliance (Y), the regression equation $Y = 1.318 + 0.636 X_{2,2}$ is obtained, which means that each increase of 1 unit of perception Towards Compliant Taxpayers Criteria ($X_{2,2}$) will raise Taxpayer Compliance (variable Y) in the amount of 0, 636. If there is no increase or 0 then Taxpayers Compliance (Y) is worth 1.368.

Understanding Taxes correlation coefficient (X_1) is equal to 0.702 meaning Understanding Taxes variable (X_1) has a strong closeness relationship with the Taxpayers Compliance (Y).

Coefficient determination (R Square) Understanding Taxes (X_1) of 0.493 or 49.3%, meaning Understanding taxes (X_1) affect the Taxpayers Compliance (Y) equal to 49.3% and the remaining 50.7% is influenced by other factors such as the awareness of corporate taxpayers to pay taxes, increased taxpayer knowledge.

T value (9.560) > T table (1.988) means that H_0 is rejected. Thus the Understanding taxes variable (X_1) significantly affect Taxpayers Compliance variable (Y).

The correlation coefficient of Taxpayers Perception to Tax Officer ($X_{2,1}$) is equal to 0.513 meaning the variable Taxpayers perception To Tax Officer ($X_{2,1}$) has a mild closeness relationship with Taxpayers Compliance (Y).

Determination coefficient (R Square) Taxpayers Perception to Tax Officer ($X_{2,1}$) in the amount of 0.264 or 26.4%, meaning Taxpayers Perception to Tax Officer ($X_{2,1}$) influence on Taxpayers Compliance (Y) is equal to 26.4 % and the remaining 73.6% is influenced by other factors such as the frequency of DJP socialization, taxation regulations simplicity.

T value (5.800) > T table (1.988) means that H_0 is rejected. Thus the Taxpayers perception To Tax Officer variable ($X_{2,1}$) significantly affects the Taxpayer Compliance variable (Y).

The correlation coefficient of Taxpayer perception Towards Compliant Taxpayers Criteria ($X_{2,2}$) of 0.536 meaning the Taxpayer Perceptions Towards Compliant Taxpayers Criteria ($X_{2,2}$) has mild closeness relationship is with Taxpayers Compliance (Y).

Determination coefficient of Taxpayer Perception towards Compliant Taxpayers Criteria ($X_{2,2}$) of 0.287 or 28.7% meaning Tax Payer Perceptions towards Compliant Taxpayers Criteria ($X_{2,2}$) has influence in the amount of 28.7% and the remaining 71.3% is affected by other factors such as the frequency of DJP socialization, taxation regulations simplicity.

T value (6157) > T Table (1.988) means that H_0 is rejected. Thus the Taxpayer Perception towards Compliant Taxpayers Criteria variable ($X_{2,2}$) is significantly affects the Taxpayer Compliance variable (Y).

5 Conclusion

Based on the results of research and discussion that has been mentioned previously, it can be deduced as follows:

1. Understanding Taxes and Taxpayer Perception to Taxpayers Compliance have strong closeness relationship. Simultaneously, there is a significant effect between Understanding Taxes and Mandatory Perception to Taxpayers Compliance for 53.2% and the remaining 46.8% is influenced by other factors.
2. Partially Understanding taxes, Taxpayers Perception to Tax Officer and Tax Payer Perceptions towards Compliant Taxpayer Criteria significantly affect the Taxpayer Compliance variable in the amount of 49.3%, 26.4% and 27.7% respectively.

Based on the above conclusions, the authors provide suggestions that may be useful as a basis or inputs for the parties concerned, which are:

1. To further researcher to increase the independent variable that can affect taxpayer compliance such as tax audits, as well as expanding the tax office to be used as an object of research.
2. For Taxation Institution, results of this study can be put as an input to provide a broader knowledge to taxpayers by increasing taxes brochures or that tax officers can help taxpayers to better understand about tax in broader view.

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