

Tax Compliance in Income Tax Payments

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This research aims to estimate factors that influence the perception of the taxpayer on tax compliance to pay personal income tax. The data obtained was from primary data. Respondents are registered taxpayers and unregistered taxpayers in the region in Pekanbaru, Province of Riau. The data was estimated by the structural equation model. Four factors used are social norms, justice, hope, and the complexity of the tax rules. The result shows that the determinants of tax compliance in the region Pekanbaru is the perception of social norms and justice. The higher the sense of justice and social norms, the higher the level of tax compliance. To increase the level of tax compliance it is necessary to make efforts to improve the quality of tax services and transparency in the tax administration. Improved social and legal sanctions are also expected to increase tax compliance.

Key words: *Tax compliance, Social norms, Justice, Hope, The complexity of tax rules.*

Introduction

Tax has a significant role in the economy (Miskama et al., 2013; Owens & Parry, 2009). Taxes are the primary source of government revenue to finance public services, the provision of public facilities and infrastructure such as transportation, health services, education, and others. However, there are still many people who do not understand the important role of tax. In many countries, the obligation to pay taxes is mandatory for the citizen, but many taxpayers intentionally and unintentionally try to avoid paying taxes.

Tax audits are carried out with the aim not only about acceptance but also for taxpayers to comply with their obligations. Indonesia uses a self-assessment tax system, or taxpayers calculate, pay, and report their taxes. What's happening with the level of taxpayer compliance in Indonesia? From the results of tax reporting, the level of taxpayer compliance in Indonesia is still low. The low level of compliance is reflected in the tax coverage ratio (realisation ratio to potential), which only reached 89.68% in 2017. The ratio tax revenue to Product Domestic Brutto (tax ratio) ranges from 13%-15% in 2015-2018, below the minimum requirement of 25% Millennial Development Goals. It means that a high level of tax payments has not offset increased economic activity.

There are two main implications related to the low tax ratio. First, on the one hand, it reflects the low tax compliance of the community so that the amount of tax collected is still relatively small compared to the existing tax base. Second, the relatively low amount of tax collected compared to the existing tax base also provides hope for an increase in subsequent tax returns (Gunadi, 2005).

Measurement of tax compliance can be seen from several aspects: (i) taxpayer compliance in registering to obtain a Taxpayer Identification Number, (ii) taxpayer compliance in calculation, payment, and reporting of tax payable, and (iii) taxpayer compliance audited must fulfill the call to attend the Examination according to the specified time (Guidebook for Taxpayer Rights and Obligations, 2011).

The level of taxpayer compliance is influenced by many factors. Some studies prove that tax compliance can not only be seen from an economic point of view (Allingham & Sandmo, 1972; Yithaki, 1974; Cowell & Gordon, 1988, Bărbuță-Mișu, 2011), but also from non-economic factors. Studies that examine individual behaviour through laboratory experiments to see non-economic influences on compliance prove that non-economic factors such as the sense of justice and ethical standards are factors that cannot be fulfilled in consideration of tax compliance (Alm & McKee 1998; Alm et al., 1995; Ghosh & Crain, 1996). Research results from Milliron (1985) and Milliron et al., (1988), indicate that taxpayer psychological factors increase tax compliance. With the adoption of a self-assessment system, knowledge of taxation is one of the requirements that must be owned by taxpayers to fulfill their tax obligations properly and correctly, because taxpayers calculate the amount of tax that must be paid. With the increasing knowledge of taxation, it is expected that tax compliance will increase.

The purpose of this study is to explain the factors that influence the compliance of individual taxpayers, both internal factors (fairness and expectation) and external factors (tax complexity and social norms). The findings of Asnawi (2009) show that justice and social norms are two variables that cannot be ignored in increasing tax compliance and the

complexity of regulations harms tax compliance. These variables will be tested again in this paper.

Literature Review

There is no standard definition for tax non-compliance (Azrina et al., 2014). Many studies define tax compliance or tax non-compliance differently (Fauziati et al., 2016). Tax compliance is how taxpayers comply with tax laws. Tax compliance is the level of taxpayer compliance (or failure to comply) with state tax rules (Kirchler et al., 2008). The process of tax compliance includes declaring income, reporting taxes, and paying taxes on time.

Two theories underlie tax compliance, namely economic and non-economic based theories. The economic-based theory is related to costs and benefits when carrying out an action which in this case is referred to as tax compliance (Loo, 2006). The theory known as the deterrence theory states that taxpayers are maximising moral utility. In other words, taxpayers are influenced by economic motives such as profit maximisation. This theory implies that the cost of tax compliance affects tax compliance.

On the other hand, non-economic theories known as psychological theories that focus on the morals and ethics of taxpayers. Based on the study by Alm (2012), it shows that taxpayers can comply based on their perceptions and attitudes. Therefore, if taxpayers have ethical perceptions and attitudes towards tax regulations, this can lead to higher compliance.

Allingham & Sandmo (1972) used the expected utility concept to explain the behaviour of taxpayer compliance. They use variables known as economic factors, namely: (1) pre-tax income, (2) tax rates, (3) the amount of opportunity to be examined, and (4) the amount of the penalty. In compliance analysis developed by Allingham & Sandmo (1972), taxpayers are assumed to be rational individuals and earn a fixed amount of income, so the taxpayer will choose how much income will be reported in tax administration.

Jackson & Milliron (1986) conducted a comprehensive review of research related to tax compliance. They identified 14 variables that were most often the focus of research and were found to affect taxpayer compliance behaviour, namely age, gender, education, income level, source of income, employment, compliance with colleagues, justice, contact with the IRS, sanctions, ethics, possible detection and tax rate. Based on the results of the review, the variables that affect compliance behaviour are grouped into 4 major groups: (1) demographics (e.g. gender, age), (2) opportunities for non-compliance (e.g. income level, source of income), (3) attitude (for example: ethics, fairness), (4) Structural (complexity, possibility of inspection).

Bărbuță-Mișu (2011) says the economic factors that influence tax compliance are actual income levels, tax rates, tax benefits, tax audits, audit probabilities, fines, and penalties. The non-economic factors are people's willingness to pay taxes, public education, tax morale, tax information, attitudes toward taxes, personal, social and national norms, and perceptions of tax system justice.

Non-economic factors that influence tax compliance include demographic factors. Joulfaian and Rider (1998) state that demographic factors influence the non-compliance of taxpayers. Family background, age of the taxpayer, number of dependents in the family, and location of residence where the taxpayer lives will also determine the taxpayer's noncompliance behaviour.

Another non-economic factor that also influences the behaviour of non-compliance with taxpayers is the level of knowledge and understanding of taxpayers on applicable taxation provisions (Krause 2000). Non-compliance will arise if the taxpayer does not have adequate tax knowledge, so that the taxpayer accidentally does not carry out his tax obligations (not registering to obtain a Tax Registration Number, not submitting a Notice of Taxation, etc.) or performing tax obligations but these are not entirely correct (pay and report taxes not on time). On the other hand, good knowledge and understanding also result in the emergence of non-compliance, such as tax avoidance through financial transactions engineering to exploit the weaknesses of taxation rules. The results of the study in Malaysia also show that online businesses are not tax compliant because Malaysian tax regulations are too complicated to understand (Nadiah Abd Hamid et al., 2019).

Another factor is the personal factor. Personal factors include (1) moral, (2) value orientation, (3) risk preference, (4) fairness perception, etc. Individuals who prioritise their orientation on universal values such as honesty and justice will certainly tend to be more obedient than individuals who pay less attention to honesty and justice. Likewise, individuals with risk-averse characteristics will tend to be more obedient than risk-taking individuals (Bărbuță-Mișu 2011).

Situational factors of taxpayers also affect tax compliance. Situational factors include: (1) the existence or absence of supervision from tax administration, (2) the perception of the existence of tax burden inequality, (3) the behaviour of the reference group in tax reporting, and (4) the availability of public goods (Trivedi et al., 2003). Individuals who have a perception that they are being watched will behave more obediently than those who perceive otherwise. The effort of one tax administration fosters the perception of taxpayers that they are monitored and this is an important issue. Failure to foster the perception that taxpayers are supervised will cause non-compliance behaviour.

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Taxpayer compliance can be influenced by psychological aspects. The results of Asnawi et al., (2009) research show that understanding tax ethics has a dominant influence in increasing tax compliance decisions compared to economic factors (random audit strategies and perceived probability of audit). This shows that to improve government tax compliance, it is necessary to provide information or an overview of what, how and the benefits of taxes not only to taxpayers but also to those that have the potential to be taxed early on. Several studies that have been stated earlier can be concluded that tax compliance can not only be seen from an economic perspective but also non-economic factors. The study investigating non-economic (individual) influences on compliance, also prove that non-economic factors such as a sense of justice and ethical standards are factors that cannot be ignored in consideration of tax compliance.

Development of a Hypothesis

The complexity of the tax rules describes the quality of the tax system applied, because it affects the ability of government institutions to generate income. A simple tax collection system will facilitate and encourage taxpayers to comply with their tax obligations. Complexity significantly influences the reporting position of tax, when increasing complexity will have an impact on opportunities to avoid so that it will reduce compliance (Song & Yarbrough, 1978; Dean et al., 1980; Milliron 1985). Richardson (2006) examined the impact of 10 elements of compliance variables based on data obtained from 45 countries. He found that tax complexity was the most important factor in avoiding cross-country taxes, and tax compliance would be less with a complex tax system.

H1: There is an influence on the complexity of tax rules on tax compliance decisions

At the social level, norms are usually defined as the prevalence or acceptance of tax evasion among reference groups (Wenzel, 2003). Social norms are related to the behaviour of reference groups, such as friends, acquaintances, or vocational groups. If taxpayers believe that disobedience is widespread and behaviour agreed upon in their reference groups, they tend to be disobedient as well. The relationship between social norms and tax compliance is

very complicated. Wenzel (2003) argues that social norms must lead to agreeable behaviour only when taxpayers identify with the group to whom the norms originate. Taxpayers then internalize social norms and act by following these norms. Social norms are standards of behaviour that can be accepted and shared by group members. Hessing (1988) tested noncompliance through cognitive characterization testing of individual decision-makers and found the influence of social norms on personal cognitive characteristics of compliance behaviour. Social norms are essential variables in explaining tax compliance behaviour.

H2: There is an influence of social norms on tax compliance decisions

Another factor that is most often discussed by the community is that which refers to the issue of tax system justice (Rawling, 2003; Taylor, 2003). In the theory of social psychology, there are three areas of justice, namely: distributive justice, procedural justice, and retributive justice (Kirchler et al., 2008). Individuals will be motivated to behave in a certain way (obedient or disobedient) to a rule if they are confident and feel that the rule is impartial and promises better hope. This is for individuals not only to think about what they get from obedience that is lived on a rule, but they also connect with what is received by other individuals. The individual will obey the rules that are made if he feels that the rules made provide equal benefits and are fair in a society. Concerning tax compliance, tax institutions play a role in increasing compliance through tax policies that are felt to be fair by taxpayers (Alm et al., 1995). Alm et al., (1995) prove that compliance will decrease when individuals feel that they are treated unfairly compared to other individuals from a tax perspective or the expenditure side.

H3: There is an influence of justice on tax compliance decisions.

Individuals or taxpayers will pay their taxes because they believe that the value of the tax they pay will be responded to by the government by providing public services that they deem appropriate to the value they pay (Cowell & Gordon, 1988). It is on this basis that a person's decision to contribute or to obey depends on what is perceived by what is given at this time and what will be obtained at the next time (Alm et al., 1998). One reason for the low compliance of taxpayers is the absence of direct or indirect benefits through public services that are considered inadequate and there is no appreciation from tax institutions for those who have fulfilled their obligations correctly.

H4: There is an influence of expectation on tax compliance decisions.

Methodology

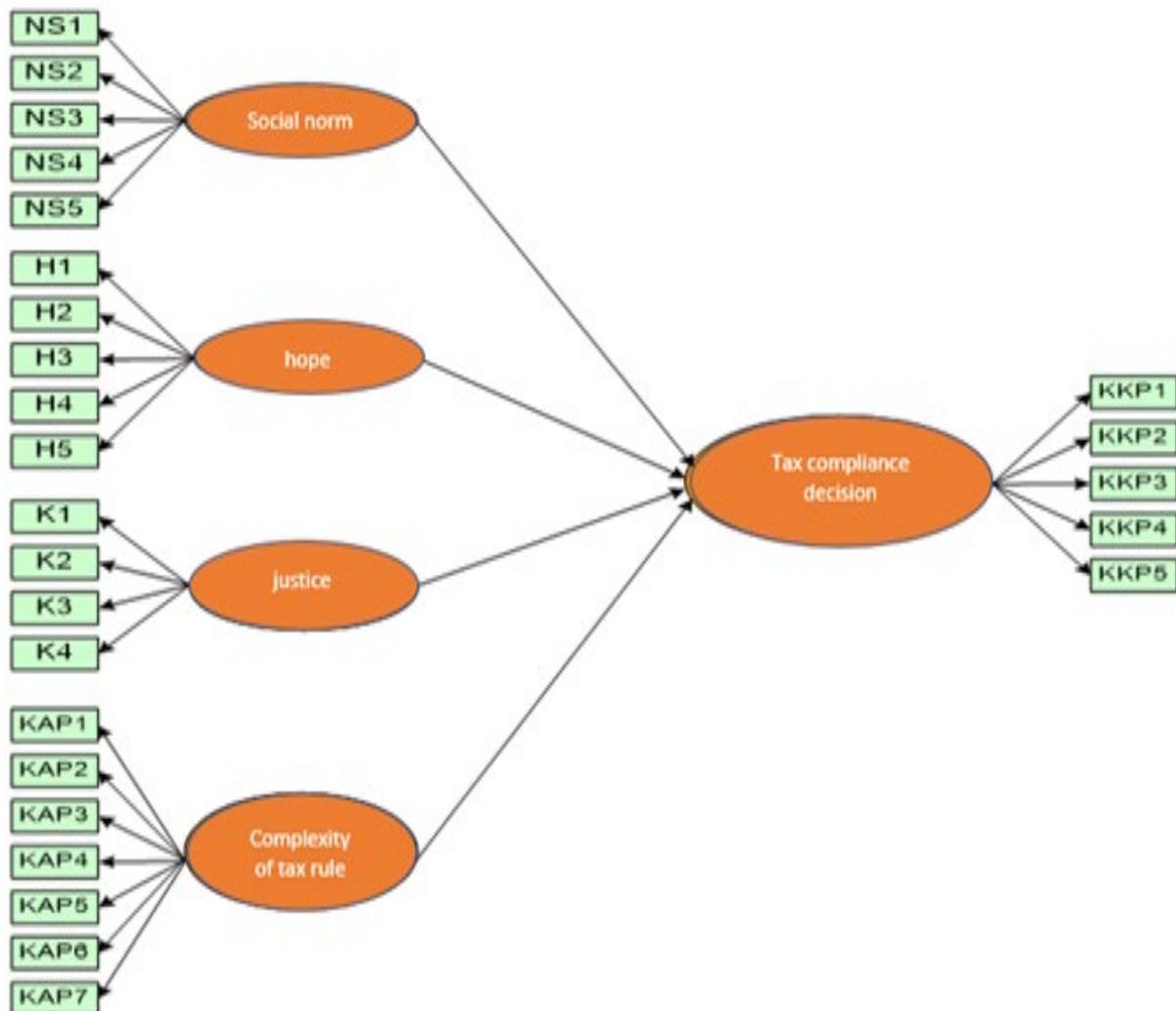
This research was conducted using primary data. Data is obtained from existing taxpayer respondents in the work area of KPP Pratama Pekanbaru. This study aims to test the hypothesis of the influence of 4 variables, namely social norms, fairness, expectations, and complexity of tax regulations on tax compliance decisions.

The definitions relating to the research variables are:

1. Tax compliance, which is the compliance of taxpayers to comply with applicable tax regulations and which are imposed on tax revenues in connection with the reporting of reported taxable income where the tax authorities are domiciled.
2. Social norms, explain the conditions and rules that apply where tax authorities are and how they are influenced by understanding and conditions that legitimately apply in that place, or in other words social norms are standards of behaviour that can be accepted and shared by group members.
3. Perception of justice is a feeling to be treated equally with other people for each applicable tax rule.
4. The complexity of the tax rules describes the quality of the tax system applied because it affects the ability of government institutions to generate income.
5. Hope is a desire to obtain or get the appropriate compensation that will be received by the taxpayer from the tax paid or what has been sacrificed to fulfill its obligations.

To estimate the relationship between the tested variables used was Structural Equation Modelling in testing hypotheses. The model to be estimated in Figure 1. SEM procedures are carried out by steps (1) model specifications; (2) identification; (3) estimation; (4) match test; and (5) respecification.

Figure 1. Estimated model



Result and Discussion

Description of Respondent

The number of respondents in the tax compliance analysis amounted to 159 people. The 159 respondents consisting of 81 men (50.9 percent) and 71 women (44.7 percent) with respondents who did not provide data on sex were as many as 7 people (4.4 percent). The majority of respondents who were the object of the study were between 25 years - 30 years, as many as 39 people (24.5 percent), as many as 31 respondents (19.5 percent) were under 25 years old and 21 respondents were over 50 years old (12.2 percent).

For the level of education, the majority of respondents had the last S1 education with the number of respondents 57 respondents (35.8 percent), while the last second-most education

was as high as 48 respondents (30.2 percent). The most types of work owned by respondents were civil servants as many as 97 respondents (61.0 percent) and private employees as many as 30 respondents (18.9 percent), while for respondents who did not answer as many as 13 respondents (8.2 percent).

For average monthly income, the majority of respondents have a monthly average income of Rp1,500,000-Rp3,000,000 with a total of 52 respondents (32.7 percent), 35 respondents (22.0 percent) earn Rp4,500,000-Rp. 6,000,000, 30 respondents (18.9 percent) had an average monthly income of Rp. 3,000,000-Rp. 4,500,000, while respondents who did not provide data on monthly income were 26 respondents (16.4 percent). The majority of respondents, as many as 127 respondents (79.9 percent), already have a Taxpayer Identification Number, while as many as 24 respondents do not have a Taxpayer Identification Number. Respondents who did not provide answers were 8 respondents (5 percent).

Measurement Quality

Tests for measurements were carried out by validity and reliability. The indicators used are valid, then a comparison is made between the factor loading values of each indicator and the factor loading table. If the factor loading value is greater than the table value, then the indicator is valid, and vice versa. With the amount of data 159, the value of the table factor loading is 0.450 (Hair et al, 2009). The results of the validity test show that social norms, expectations, and tax compliance are valid with 3 indicators, while the justice variables and the complexity of tax regulations have 4 valid indicators.

Table 1: Validity and reliability test results

Indicator	validity test					reliability test	
	All	Iteration 1	Iteration 2	Iteration 3		Cronbach's Alpha	
Social norms							
NS1	0.777*	0.788*	0.789*	0.793*	valid	0.642	reliable
NS2	0.566*	0.556*	0.564*	0.561*	valid		
NS3	0.466*	0.473*	0.463*	0.463*	valid		
NS4	0.163	0.165					
NS5	0.068						
Hope							
H1	0.900*	0.900*	0.899*	0.898*	valid	0.856	reliable
H2	0.871*	0.872*	0.873*	0.874*	valid		
H3	0.662*	0.661*	0.660*	0.661*	valid		
H4	0.106						
H5	0.113	0.109					
Justice							
K1	0.758*	0.759*	0.764*	0.772*	valid	0.805	reliable
K2	0.608*	0.605*	0.609*	0.614*	valid		
K3	0.822*	0.822*	0.818*	0.810*	valid		
K4	0.655*	0.654*	0.649*	0.644*	valid		
The complexity of tax regulations							
KPP1	0.678*	0.666*	0.653*	0.649*	valid	0.717	reliable
KPP2	0.373	0.394	0.432	0.465*	valid		
KPP3	0.512*	0.504*	0.488*	0.480*	valid		
KPP4	0.644*	0.665*	0.693*	0.703*	valid		
KPP5	0.272						
KPP6	0.332	0.313					
KPP7	0.458*	0.449	0.429				
Tax compliance decision							
KKP1	0.721*	0.722*	0.719*	0.725*	valid	0.698	reliable
KKP2	0.001						
KKP3	0.534*	0.533*	0.530*	0.528*	valid		
KKP4	0.144	0.137					
KKP5	0.718*	0.719*	0.719*	0.719*	valid		
Information : * valid with factor loading > 0.450							

The second test, a reliability testing, is a term used to indicate the extent to which a measurement result is relatively consistent if the measurement is repeated twice or more. Reliability is an index that shows the extent to which a measuring device can be trusted or be

reliable (Singarimbun & Effendi, 2005). Cronbach's alpha coefficient is used for the reliability test. Cronbach's coefficient alpha can be interpreted as a positive relationship between items/questions with each other. Cronbach's alpha coefficient is quite acceptable and is worth between 0.60 to 0.70 or more (Sekaran, 2006).

Estimation Result and Discussion

By using the Chi-Squared method (p-value 0,000), the results of the Poor-of-Fits model are obtained. By using the RMSEA (0.098), GFI (0.834), TLI (0.822), NFI (0.936) and CFI (0.947) methods, the Marginal-of-Fits model decision is obtained or still acceptable. Therefore, testing the hypothesis can still be continued.

Table 2: Goodness of Fits Model

No	Measuring instrument	Criteria	Value	Decision
1.	Chi-Squared	P-value > 0.05	0.000	Poor-of-Fits
2.	RMSEA	< 0.08	0.098	Marginal-of-Fits
3.	Goodness of Fits Index (GFI)	≥ 0.90	0.834	Marginal-of-Fits
4.	Tucker-Lewis Index (TLI)	≥ 0.90	0.822	Marginal-of-Fits
5.	Normed Fit Index (NFI)	≥ 0.90	0.788	Marginal-of-Fits
6.	Comperative Fit Index (CFI)	≥ 0.90	0.857	Marginal-of-Fits

Source: processed data

Table 3: Results of SEM Estimates

hypotheses	coefficient	P-Value	Information
Social Norms → Tax Compliance Decision	0.555	0.001 ***	significant
Hope → Tax Compliance Decision	-0.164	0.361	
Justice → Tax Compliance Decision	0,931	0.055 *	significant
Complexity of tax regulations → Tax Compliance Decision	-0.248	0.577	

Information: *** significant at α 1%, ** significant at α 5%, * significant at α 10%

Model estimation results shows that social norms and justice variables affect tax compliance, while expectation variables and complexity of tax regulations do not affect tax compliance. The results of the tests conducted indicate that social norms indicate a positive influence on tax compliance. The findings above are in line with the findings in this research that prove that there is a positive influence of social norms on tax compliance. The same results also are shown by Hessing et al (1988) which prove that there are influences of social norms in individual cognitive characteristics of compliance behaviour. The findings of Alm (1991) also prove that social norms should be considered in the development of compliance theories.

Asnawi (2006) also indicates that social norms affect the ethics of individual taxpayers to make tax compliance decisions.

Social norms related to taxes cannot be ignored by the government. Social norms that arise in the community can also trigger a sense of justice over tax regulations imposed on taxpayers and ultimately also affect tax compliance. Social sanctions are usually stronger than legal sanctions imposed. For this reason, based on the research findings, the government should form an opinion on tax norms in the community to provide a moral incentive for taxpayers to comply and provide moral sanctions for non-compliant taxpayers.

This research proves that a sense of justice towards the tax regulations that are applied can motivate taxpayers to comply. This result is corroborated by the results of research conducted by Weigel et al., (1987) that prove that individual social factors formed through prevailing norms in society influence tax compliance behaviour, as well as the situational and personal effects of taxpayers. This result is in line with the findings of research from Alm & McKee (1998), Alm et al (1995), Alm et al (1993), and Becker and Sleeking (1987) which prove that perceptions of justice can affect tax compliance. When an individual feels the tax rate set on him/her is higher than other individuals, compliance will be low. Other findings also show that compliance will diminish when individuals feel that they are being treated unfairly compared to other individuals from a tax perspective or on the expenditure side.

The results of the tests conducted indicate that the complexity of the tax does not provide evidence of a negative influence on tax compliance. These results are not in line with some previous research findings from Song & Yarbrough (1978), Dean et al., (1980), Milliron (1985), and Hamid et a., (2019). Their findings prove that complexity significantly affects the position of tax reporting, when the complexity of tax increases will have an opportunity to avoid taxes so that it will reduce compliance. Although it fails to prove that the complexity of tax regulations is decreasing and will reduce tax compliance, the government should still make tax regulations that are easily understood by taxpayers or in other words uncomplicated tax regulations. The ease of understanding tax regulations will make it easier for taxpayers to implement these regulations.

Taxpayers will pay their taxes because they believe that the tax they pay will be responded to by the government by providing public services that they deem appropriate to the value they pay. The findings of Cowell & Gordon (1988) indicate that there are indications of the expectation of taxpayers that by paying taxes they will get better public services. This research does not support the results of the research found by Cowell & Gordon (1988), because the research was unable to prove the influence of expectations on tax compliance. One reason why there is a low level of taxpayer compliance in fulfilling tax obligations is the absence of direct or indirect benefits through public services that are considered inadequate.

Taxpayers feel they have not benefited from the taxes paid. For this reason, the government must always educate the public about the benefits and functions of taxes paid by the community.

The problem of increasing taxpayer compliance is a classic problem that is as old as the tax problem itself. No one volunteered to pay taxes. The Directorate General of Taxes (DGT) has taken various ways to improve taxpayer compliance, starting from (i) socialisation; (ii) persuasive approach; (iii) pick up the ball; (iv) better service; (v) law enforcement; to (vi) invite national and community leaders to become role models in immediately reporting their income tax returns. But the results are far from expected.

The Director-General of Taxes can improve compliance, willingness, and enthusiasm of taxpayers to pay taxes by: (1) making the tax collection system more simple, clear, easy and to take a short time; (2) Increase public trust in the government. If the government can be trusted and use tax money correctly, anyone will be willing to pay taxes; (3) Must be able to erode the irresponsible elements of the tax mafia so that people do not hesitate and are proud to be taxpayers; (4) The spirit of public service must be more dominant in the operations of the Directorate General of Taxes than as government officials who have the right to impose sanctions for violations of taxation; (5) developing a more open and transparent tax management system for the public; (6) Tax withdrawals must feel fair and there should be no corruption in using the tax in the slightest; (7) Build the character of the employees of the Directorate General of Taxation to be all honest tax employees; (8) Various reform measures carried out by the Directorate General of Taxes must be published widely and continuously; (9) In collaboration with the Financial Transaction Reporting and Analysis Centre to monitor the wealth of tax officials throughout Indonesia, so that before being revealed in the media, the Directorate General of Taxation has taken action and published it to the media (Hadi, 2012).

Continuity of state revenue from the tax sector is needed because tax revenue is the main source of revenue from the State Revenue and Expenditure Budget. To guarantee this, taxpayer compliance is one of the keys to the success of the Government in collecting tax revenues. Taxpayer compliance affects state revenues from the tax sector. To improve taxpayer compliance, the Government should accelerate the process of realising good governance and explain regularly to the public regarding the allocation of the use of tax money.

Continuous dissemination of policies and treatment of taxation is carried out by involving all levels of society such as community leaders, universities, non-governmental organisations, business associations, traders and professions. A change of rules do not encourage a conducive business world, for example, rules that lead to business discrimination or that

encourage taxpayers to be disobedient. In the context of introducing business activities of taxpayers to increase taxpayer compliance, the Government should carry out supporting activities namely partnerships with the business world, appeals activities, and visits to taxpayers' business locations. Law enforcement should be carried out consistently and with applicable regulations. A data management system that is complete, accurate, integrated and with guaranteed confidentiality (database management system) should be developed, so that it can be used to support service activities, supervision, intensification of tax revenues and extensification. Improving taxpayer compliance in fulfilling its tax obligations, the quality of service must be increased by the tax authorities. Quality services must be sought to be able to provide 4K, namely security, comfort, smoothness, and legal certainty that can be accounted for.

Conclusion

This study proves several findings, that tax compliance is influenced by 2 (two) factors, namely justice and social norms positively, while expectations and complexity of tax regulations do not affect tax compliance. The complexity of regulations does not affect tax compliance, meaning that the complexity of regulations or lack of understanding of taxpayers on tax regulations makes taxpayers make decisions not to obey or ignore their obligations as citizens, but vice versa if tax regulations are properly understood, tax compliance increases. Justice variables and social norms are important variables in explaining tax compliance behaviour. This shows that psychological factors cannot be ignored in making tax decisions. Expectation variables do not significantly affect tax compliance. Improving taxpayer compliance is the main goal to be achieved by various tax authorities in the world. To achieve this goal, the best possible service delivery is believed to be able to encourage taxpayer compliance in paying taxes. Services to taxpayers by providing fair and efficient tax treatment will encourage the level of tax compliance.

Some things that can be done to improve tax compliance include: (1) To improve taxpayer compliance, the Government should accelerate the process of creating good governance and explain to the public about the allocation of the use of tax money. (2) Continuous dissemination of policies and treatment of taxation is carried out by including all levels of society such as community leaders, universities, non-governmental organisations, business associations, traders and professions. (3) Improvement of a set of rules that do not encourage a conducive business world, for example, rules that give rise to business discrimination or that encourage taxpayers to be disobedient. (4) In the context of introducing business activities of taxpayers to increase taxpayer compliance, the Government should carry out supporting activities namely partnerships with the business world, appeals activities, and visits to taxpayers' business locations. (5) Carry out law enforcement consistently and by applicable regulations. (6) Developing a complete, accurate, integrated and guaranteed



confidentiality data management system (database management system) so that it can be used to support service activities, supervision, intensification of tax revenues and extensification. Given the importance of the issue of tax compliance behaviour, this research still needs to be done again by adding other variables that influence compliance so that a better tax compliance behaviour model can be obtained, so that those policy contributions to the government are more accurate.

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