

Effects of Taxation Knowledge, Tax Sanctions, and Subjective Norms on Personal Taxpayer Compliance

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Abstract: The number of taxpayers increases from year to year. But the increase in the number of taxpayers is not offset by the compliance of taxpayers in paying taxes. This study aims to determine the effect of tax knowledge, tax sanctions and subjective norms on individual taxpayer compliance at the Tabanan Pratama Tax Service. This research was conducted at Tabanan Pratama Tax Service. The number of samples taken was 100 taxpayers with accidental sampling technique. Data collection was carried out by distributing questionnaires. Data were analyzed using multiple linear regression analysis. The results showed that tax knowledge and subjective norms had a positive effect, while tax sanctions did not affect individual taxpayer compliance at the Tabanan Pratama Tax Service

Keywords: taxpayer compliance; subjective norms; taxation knowledge; tax sanctions.

I. INTRODUCTION

Taxes are one of the sources of state revenue that is used as a cost for national development aimed at the welfare of people's lives fairly. Tax as a source of state revenue has a budgetary function and a regulatory function (Jaelani, 2018). According to Aprianto (2017) the tax also functions to limit the consumption of the community, to distribute social justice to the people and for government investment. Tax is a source of state revenue that can be a tool to sustain the course of the economy and development of a country and has a very large and increasingly reliable role for the benefit of development and government spending. The government annually targets the tax revenue that is used for regional development. The Government through the Directorate General of Tax (DGT) seeks to increase tax revenue by expanding tax subjects and objects, bearing in mind the role of taxes which is so important for the development of the country's infrastructure.

The level of compliance of individual taxpayers in Tabanan in tax reporting has fluctuated from 2015-2018. 2016 experienced an increase from 2015 which initially only 51.43 percent increased to 56.76 percent. In 2017, it decreased to 48.68 percent. Tax reporting increased again in 2018 at 84.80 percent, in line with the government's efforts with the tax amnesty policy at the end of 2016 to early 2017. Improving the level of tax compliance is one of the most serious problems for policy makers (Alm, 2019). Tax reform is expected to encourage increased tax revenue (Bonucchi et al. , 2015)

Taxpayer compliance can be influenced by external and internal factors (Jung, 2019). Taxpayer compliance is very important because it influences the determination of the state budget (Subandi & Fadhil, 2018). Taxpayer compliance that does not increase will threaten the government's efforts to improve the welfare of the community (Chau & Leung, 2009). Tax compliance is a condition where taxpayers have a willingness to fulfill their tax obligations in accordance with applicable regulations without the need for inspection, careful investigation, warning or threat, in the application of sanctions both law and administration. Reaching the level of tax compliance to maintain the current level of compliance is an issue of concern to policy makers in both developed and developing countries (Syah, 2018). The desired target will be achieved if taxpayer compliance can be increased (Handayani & Laily, 2017). The level of compliance or

non-compliance of individual taxpayers in fulfilling their tax obligations is influenced by internal and external factors. According to Redae & Sekhon (2016), tax compliance studies show that many economic, social, psychological, and demographic factors influence taxpayer compliance behavior. Taxpayer knowledge about taxation is the result of memory and knowledge possessed by taxpayers regarding tax regulations contained in taxation laws (Ermawati & Afifi, 2018). One effective tool for encouraging taxpayer compliance is tax education which can increase tax knowledge.

Taxpayer knowledge can be measured by understanding all tax regulations, filling out forms completely and clearly, calculating the amount of tax owed correctly, paying and reporting tax payable on time. Taxpayer compliance is measured by observing compliance with tax laws applies (Damajanti & Karim, 2017). Tax sanctions are effective policies to prevent non-compliance of taxpayers. There are laws governing general provisions and tax procedures. For tax regulations to be obeyed, there must be tax penalties for offenders. Administrative sanctions can be imposed if the taxpayer violates, especially the obligations specified in the law can be in the form of administrative sanctions for interest, fines and increases while criminal sanctions can be in the form of confinement and imprisonment (N. Rahayu, 2016). Tax sanctions are made in order to reduce the attitude of violating the law committed by the taxpayer. Fair law enforcement by tax officials is needed for taxpayers who do not carry out tax payments so that it is expected to be able to encourage taxpayers' motivation in paying taxes.

The level of taxpayer compliance can also be influenced by other factors, namely subjective norms. Adekoya (2015) that subjective norms are the formation of individual behavior, namely the views held by others in the form of refusing or agreeing to the behavior of the individual. Non-economic compliance comes from two perspectives. The first perspective comes from the external value of the Taxpayer which includes the impact of government actions and the treatment of the tax authority to the Taxpayer. The second perspective is the internal values that come from the individual itself, mainly from the values of the family, culture and work environment. The existence of subjective norms can be attributed as normative believe which is one of the factors of the theory of planned behavior. Normative believe is basically able to make individuals have beliefs about normative expectations from others so that the individual will try to fulfill normative expectations. With the existence of normative expectations from various parties in the context of giving motivation to taxpayers to obey taxes, will build taxpayer confidence to abide by them. The dominance of tax as a very potential source of state revenue is a very reasonable thing because this source of income has an unlimited age, and is supported by increasing population growth. Registered at the Tabanan Pratama Tax Service. To empirically examine the effect of tax sanctions on individual taxpayers registered with the Tabanan Pratama Tax Service. To empirically test the effect of subjective norms on individual taxpayers registered with the Tabanan Pratama Tax Service.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The theory used in this research is Attribution Theory and Theory of Planned Behavior. Attribution theory is a theory that explains a person's behavior. This theory refers to how a person explains the cause of other people's behavior or themselves which will be determined from internal factors which are behaviors that are in the individual's personal behavior, as well as external factors which are behaviors that are considered as a result of outsiders (Sulistianingtyas et al., 2018). Attribution theory relevantly explains the factors that can influence taxpayer compliance used in this research model. Compliance with taxpayers can be related to the attitude of taxpayers in making assessments of taxation. Someone's perception or thought to make judgments about other individuals is influenced by internal and external factors of other individuals (Paramaduhita & Mustikasari, 2018). A psychological contract requires an equal relationship between taxpayers depending on how much both parties trust and adhere to or fulfill commitments in the psychological contract. Individual behavior to comply with tax provisions is determined by intention (intention). The intention to behave is influenced by three factors namely behavioral belief, normative belief and control belief. Taxation knowledge, that is, taxpayers know information about taxation so they are willing to comply with taxation rules. Research conducted by Kesumasari & Suardana, (2018), Caroko et al. (2015), Febri & Sulistiyani (2018) states that tax knowledge has a positive and significant effect on taxpayer compliance. Based on this explanation, the following hypothesis is taken:

H1: Tax knowledge has a positive effect on the compliance of individual taxpayers.

Tax sanctions are guarantees that the provisions of tax legislation (tax norms) will be obeyed. Sanctions are considered necessary so that regulations and legislation are not violated. Research conducted by Rahayu (2016), Dewi & Merkusiwati (2018), states that tax sanctions have a positive effect on taxpayer compliance. Based on previous research, the following hypothesis can be formulated:

H2: Tax sanctions have a positive effect on compliance with individual taxpayers.

Normative belief is an individual's belief in the normative expectations of individuals or other people who become a reference such as family, other taxpayers, tax consultants, tax officials, and the surrounding environment to refuse or approve in carrying out a given behavior and the strong desire that they have for the individual. in behaving. Subjective norms are formed from the normative beliefs above (Fang et al., 2017). Yuliana dan Isharijadi (2018) Sudiartana & Mendra (2018), Putra & Osman (2019) and Nurwanah et al. (2018) in his research stated that subjective norms have a positive influence on taxpayer compliance. Based on this statement, the following hypotheses can be formulated:

H3: Subjective Norms have a positive effect on compliance of individual taxpayers.

III. METHODS

This study uses a quantitative approach with the level of research explanations in the form of associative research. This research was conducted at Tabanan Pratama Tax Service. The object of study is the compliance of individual taxpayers in the Tabanan Pratama Tax Service. The independent variables in this study are knowledge of taxation (X1), taxation sanctions (X2) and subjective norms (X3). The measurement of each independent variable and the dependent variable of people is carried out using a Likert scale questionnaire with a scale of 4. This study uses primary data to collect data, so that the data is obtained directly from research sources. Effective individual taxpayers in the Tabanan Pratama Tax Service are used as a source of data for this research. Data obtained from respondents who have filled out a questionnaire consisting of several statements in accordance with the indicators to examine each variable.

The determined population is 51,972 effective personal taxpayers registered with Tabanan Pratama Tax Service. The method of determining the sample uses the accidental sampling method, which is a technique of determining samples based on coincidence, ie anyone who accidentally meets a researcher can be used as a sample and meet the criteria as a respondent that is the individual taxpayer who reports his tax. In this case, accidental sampling is applied by selecting people met by researchers who are considered suitable as data sources and meet the criteria as respondents, namely individual taxpayers who are registered with the Tabanan Pratama Tax Service. Based on calculations, the number of samples taken in this study are 100 samples of individual taxpayers in the Tabanan Pratama Tax Service.

IV. RESULTS AND DISCUSSION

The tax knowledge variable has a minimum value of 12 and a maximum value of 20. The tax knowledge score is 15.96 with a standard deviation of 2.025. The score divided by the number of statements is 3.19. The tax sanction variable has a minimum value of 11 and a maximum value of 2. The tax sanction score is 19.93 with a standard deviation of 2.405. The score divided by the number of statements is 3.32. The subjective norm variable has a minimum value of 8 and a maximum value of 16. The subjective norm score is 12.44 with a standard deviation of 1.659. The score divided by the number of statements of 3.11 is the lowest value of the three independent variables used. The taxpayer compliance variable has a minimum value of 16 and a maximum value of 28. The taxpayer compliance score is 23.35 with a standard deviation of 2.012. The score divided by the number of statements is 3.19.

Multiple Linear Regression Analysis is used to determine the effect of tax knowledge (X1), taxation sanctions (X2), and subjective norms (X3) on taxpayer compliance (Y) in the Tabanan Tax Service Primary. Based on the results of data processing with SPSS, the results obtained are as in Table 1. below.

Table 1: Results of Multiple Linear Regression Analysis

Variabel	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	14,332	1,953		7,337	0,000
Taxation Knowledge	0,316	0,104	0,318	3,047	0,003
Tax sanctions	-0,055	0,090	-0,066	-0,614	0,541
Subjective Norms	0,327	0,119	0,270	2,757	0,007
<i>Adjusted R Square</i>	0,164				
F Count	7,456				
Significance of F	0,000				

Source: Research Data, 2019

The constant value (α) of 14.332 means that if the value of the independent variable is zero, then the dependent variable, namely the compliance of individual taxpayers in paying taxes, tends to increase by 14.332. The value (β_1) on positive knowledge tax variable has a value of 0.316 meaning that if the value of taxation knowledge (X1) increases by 1 unit, then the individual taxpayer compliance (Y) will increase by 0.316 units assuming other independent variable variants are constant (unchanged). The significance value of 0.003 has a large influence on taxpayer compliance. The coefficient value (β_2) on the negative tax sanction variable of 0.055 means that if the tax sanction value (X2) increases by 1 unit, then the compliance of the individual taxpayer (Y) will decrease by 0.055 unit assuming the other independent variables are constant (unchanged). The significance value of 0.541 has no effect on taxpayer compliance. The coefficient value (β_3) on the positive norm variable is 0.327 which means that if the subjective norm value (X3) increases by 1 unit, then the compliance of the individual taxpayer (Y) will increase by 0.327 units assuming the other independent variables are constant (unchanged). The significance value of 0.007 has a large influence on taxpayer compliance.

Adjusted R-Square value of 0.164 or 16.4 percent. This result means that 16.4 percent of taxpayer compliance variations (Y) are influenced by knowledge of taxation (X1), taxation sanctions (X2), and subjective norms (X3), while the remaining 83.6 percent is influenced by other factors. Significant value of F of 0,000 is smaller than 0.05. Based on these results, it can be said that the independent variables, namely tax knowledge, tax sanctions, and subjective norms, are able to explain the dependent variable, namely the compliance of individual taxpayers in the Pratama Tabanan Tax Service.

The results of the first hypothesis test (H1) states that tax knowledge has a positive effect on the compliance of individual taxpayers in the Primary Tabanan Tax Service. A positive regression value indicates a unidirectional relationship between tax knowledge and individual taxpayer compliance. This shows that tax knowledge has a significance value of 0.003 with a t value of 3.047. The significance value of 0.003 is smaller than the real level of $\alpha = 0.05$ indicating that the hypothesis can be accepted. This states that tax knowledge has a positive effect on the compliance of individual taxpayers in the Pratama Tabanan Tax Service. These results are consistent with the research conducted Kesumasari & Suardana (2018) states that tax knowledge has a positive and significant effect on taxpayer compliance.

Tax sanctions do not affect individual taxpayers' compliance with the Pratama Tabanan Tax Service. This result means that the application of tax sanctions is not good enough does not affect the level of tax compliance. This is not in accordance with the theory of attribution, tax sanctions are included in external causes because of the influence of the perception of taxpayers in making an assessment of the behavior of taxpayer compliance in carrying out tax obligations. This shows that the tax sanctions have a significance value of 0.541 with a t value of -0.614. The significance value of 0.541 is greater than the real rate $\alpha = 0.05$ showing that the hypothesis is rejected. This states that tax sanctions do not affect the compliance of individual taxpayers to the Pratama Tabanan Tax Service. Research in accordance with research conducted by Y. N. Rahayu et al. (2017) and Purnamasari & Sudaryo (2018) there is no influence between tax sanctions on individual taxpayer compliance.

Subjective norms have a positive effect on the compliance of individual taxpayers in the Pratama Tabanan Tax Service. A positive regression value indicates a direct relationship between subjective norms with individual taxpayer compliance. This result means that the better application of subjective norms, taxpayer compliance will increase. This shows that subjective norms have a significance value of 0.007 with a t value of 2.757. The significance value of 0.007 is smaller than the real rate $\alpha = 0.05$ indicating that the hypothesis is accepted. This states that subjective norms have a positive effect on compliance of individual taxpayers to the Pratama Tabanan Tax Service. These results are consistent with the research conducted Yuliana & Isharijadi (2018), Sudiartana & Mendra (2018), Putra & Osman (2019) and Nurwanah et al. (2018) in his research which states that subjective norms have a positive influence on taxpayer compliance.

V. CONCLUSION

Tax knowledge variable has a positive effect on individual taxpayer compliance in the Pratama Tabanan Tax Service, the tax sanction variable does not affect the individual taxpayer compliance in the Pratama Tabanan Tax Service, and the subjective norm variable has a positive effect on personal taxpayer compliance in the Pratama Tabanan Tax Service. Low taxpayer compliance, one of which comes from knowledge of tax laws and the influence of subjective norms that are still low. So, the socialization of taxation laws needs to be done by the Pratama Tabanan Tax Service

Pratama Tabanan Tax Service should do more information through mass media or exhibitions that are more targeted at entrepreneurs because the level of compliance is still low. In this study, tax sanctions have no effect but have a large statement score. This means that the sanctions have not been evenly distributed due to the lack of socialization from the

Pratama Tabanan Tax Service, especially those targeting entrepreneurs because the sanctions have not been understood or may not be strictly enforced. For further research, the tax sanction variable is replaced with the variable of taxpayer awareness, tax socialization or service quality, so that it has a big influence on the compliance of individual taxpayers.

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