

## FACTORS AFFECTING INDIVIDUAL TAXPAYER COMPLIANCE WITH PRACTICE SELF ASSESSMENT SYSTEM AS INTERVEN- ING VARIABLE

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### **Abstracts**

The purpose of this study is to obtain empirical evidence whether perceptions of corruption, fiscal services and tax sanctions affect taxpayer compliance with the practice of self assessment system as intervening variable. The research design used is quantitative with primary data. Respondents in this study are financial managers, accounting managers and tax managers of companies registered in the MM2100 Industry area amounting to 219 people. Data analysis was performed using Sequential Equation Modeling (SEM) software - Lisrel 8.70 with a tolerable error rate of 5%. The results show that the direct influence of perceptions on corruption and fiscal services on taxpayer compliance can not be proven, but the perception of tax sanctions on compliance can be proven. The direct influence of perceptions on corruption, fiscal services and tax sanctions on the practice of self assessment system can be proven. The indirect influence of perceptions on corruption, fiscal services and tax sanctions on taxpayer compliance through intervening variables ie self assessment system practice can be proven.

### **Research paper**

**Keywords:** Perception, corruption, fiscal services, tax sanction and self assessment system

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## **Introduction**

Private person is the taxpayer with the largest amount of corporate taxpayers. With a very large amount of this is actually a great opportunity also for the state revenue from the tax sector. But in reality individual compliance in fulfilling the obligations of taxation has not been as expected. Information from the annual report of the Directorate General of Taxes in 2015 shows that for the last five years (2012 to 2016) the taxpayer compliance ratio is still in the range of 43%. Table 1 shows that taxpayer compliance level in fulfilling tax obligation is still very low.

**Table 1.** Compliance taxpayer in reported of SPT 2012 -2016

Year	Registration tax Payer	Reported SPT		Compliance Ratio (%)
		Reported	Unreported	
2012	1.590.154	520.375	1.069.779	32,72
2013	1.026.388	547.659	478.729	53,36
2014	1.141.797	592.373	549.424	51,88
2015	1.166.036	548.676	617.360	47,05
2016	1.184.816	676.405	508.411	57,09

Sources: [www.pajak.go.id](http://www.pajak.go.id)

The low compliance with tax obligations is not without reason. Some factors causing this non-compliance are the widespread corruption practices, unsatisfactory tax service and law enforcement that has not been optimal yet. Based on Transparency International's report on the perception of business actors and experts on corruption in the public sector, corruption by public servants, state officials and politicians (corruption perception index) in 2015 still put Indonesia on 88th out of 168 countries surveyed with a score of 36 points . This score indicates that Indonesia is still classified as one of the countries with high levels of corruption in the world (Transparency International, 2009).

**Table 2.** Corruption Perception Index Score 2015

Country	Region	Global	Score
Singapura	2	8	85
Malaysia	9	54	50
Thailand	11	76	38
Indonesia	15	88	36
Philippines	16	95	35
Vietnam	17	112	31
Myanmar	24	147	22

Sources: [www.ti.or.id](http://www.ti.or.id)

Even Pohan (2014) found that after the explosion of Gayus Tambunan case to the public, the level of taxpayer compliance in fulfilling the obligation to pay taxes continues to decline drastically. From the pages and information of the Directorate General of Taxation the realization of tax revenue tends to decrease after cases of corruption are revealed to the public. In 2013, for example, the revenue realization only reached 1,077 trillion rupiah from the target of 1,148 trillion rupiah (93.8%). Then in 2014 the realization of revenue only reached 1,146 trillion rupiah from the set target of 1.246 trillion rupiah (91.7%). This condition continues to occur in 2015 until 2016. Where the target revenue of 2015 amounted to 1.294 trillion rupiah only realized as much as 1,055 trillion rupiah (81, 5%). Even in 2016 the realization of tax revenue only reached 1,105 trillion rupiah or about 81.5% of the set target of 1.355 trillion rupiah<sup>1</sup>.

The corrupt behavior of the state apparatus and politicians has been perceived as a misuse of power that is detrimental to state finances that are actually tax-derived. Corruption raises skepticism about the state financial management system, as well as undermines the life of the community by ignoring the rights of others. In addition to corruption, tax service factors and tax sanctions are suspected to affect taxpayer compliance behavior.

<sup>1</sup> [www.kemenkeu.go.id](http://www.kemenkeu.go.id)

Even legal and illegal attempts are made by taxpayers to avoid taxes. Avoidance of taxes both legal and illegal can be done considering our taxation system that embraces self assessment system (SAS). In the SAS the taxpayer is authorized to carry out his own tax obligations on the basis of good voluntary compliance and the government only acts as the supervisor of the system.

## **Literature Review**

### *Perspective Cognitive Theory*

Studies on behavior, especially tax compliance behavior, can be seen from the psychological side. Approach through psychological aspects is done considering that in a country that embraces democracy, the relationship between taxpayers and tax authorities can be seen as a psychological contract (Feld and Frey, 2002). A psychological contract demands an equal relationship between taxpayers and tax authorities and the success of tax collection is highly dependent on how much the two parties trust each other and adhere to or fulfill this commitment in this psychological contract.

Studies in the field of psychology about factors that influence behavior, one of which can be evaluated through perspective cognitive theory approach. This theory is based on the assumption that behavior is a function of prominent information or beliefs about the behavior. Perspective cognitive theory explains that behavior emerges as a result of positive or negative responses to perceived stimuli (Robbins, 2001). In the view of the social cognitive perspective, the individual is seen as the figure of a self-organizing, proactive, self-reflective, and self-regulating system as a reactive organism that is shaped and protected by environmental forces or driven by deepest

hidden impulses (Pajares, 2002). In a social cognitive perspective, individuals are perceived as capable of being proactive and self-regulating rather than being able to react and be controlled by biological or environmental forces. In addition, individuals are also understood to have self-beliefs that allow them to practice measuring control over their thoughts, feelings, and actions (Mukhid, 2009). Based on perfective cognitive theory, the central factor of individual behavior is experience, understanding and knowledge (Robbins, 2001). Experience, understanding and knowledge can influence the behavior, attitudes and actions of individuals in the group (Mukhid, 2009) and individual intentions (behavioral intention) on that particular behavior.

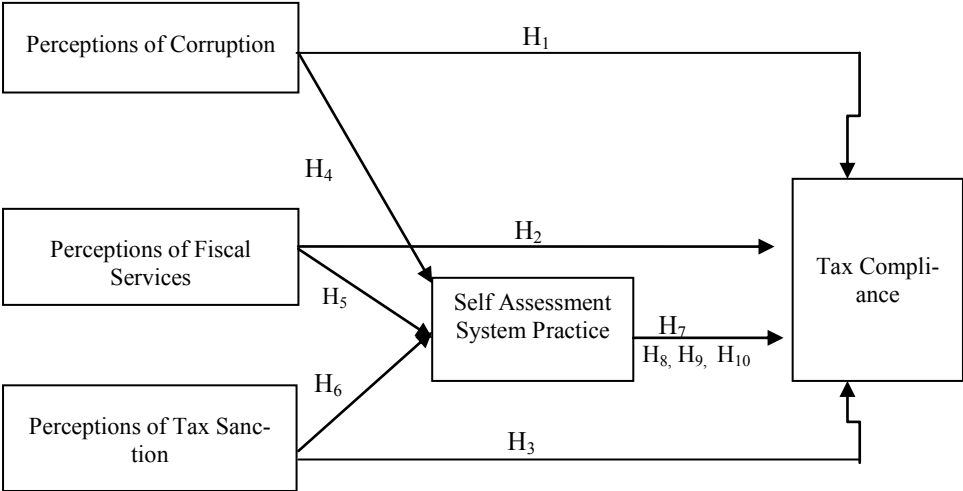
Perception involves a high degree of cognition in interpreting sensory information. The results of sensory information interpretation then cause behavior change. According to Robbins and Judge, (2009) behavior is the result of various types of experiences and their interaction with the environment manifested in the form of knowledge, attitudes and actions. The interaction between perceived objects ultimately results in both positive and negative perceptions of perceived objects. New behavior occurs when there is something necessary to cause a reaction, called the stimulus (Robbins, 2001 and Rahim, 2013).

Some experts distinguish the forms of behavior into three domains of knowledge, attitude, and action or often we hear with the term knowledge, attitude, practice (Rahim, 2013). In general, however, there are two kinds of behavior, namely (a) passive behavior / internal response and (b) active behavior / external response (Robbins and Judge, 2009). Passive behavior (internal response) is a behavior that is still closed, occurs within

the individual and can not be observed directly. This behavior is limited to attitude alone, there has been no real action. Active behavior (external response) is an open behavior, there are actions that can be observed directly, and followed by action that is real. Based on Ajzen (2005), individual behavior is influenced by intention (intention) to behave. Further, Ajzen (2005) explains that the intention to behave is influenced by three factors, first is behavioral belief, that is belief in the result of an outcome belief and evaluation on the result of the behavior. Confidence and evaluation of these results will shape the attitude variable of the behavior. The second is normative belief, which is the individual's belief in the normative expectations of others who become his referrals, such as family, friends, and tax consultants, and the motivation to achieve those expectations. This normative expectation forms the subjective norm variable for a behavior. Third is the control belief, the individual beliefs about the existence of things that support or inhibit his behavior and perceptions about how strong things are affecting his behavior. Control belief forms a perceived behavioral control variable.

In the context of compliance tax compliance behavior or non-compliance primarily starts from the perception that then encourages intention (intention) of the taxpayer. This intention or intention strengthens the taxpayer's belief that noncompliance in fulfilling the tax obligation will not cause any consequences on him. For example, the belief that the tax authorities will not conduct an examination, or the belief that no other party will report such non-compliance.

**Conceptual framework**



**Figure 1.** Conceptual Framework

**Perceptions of Corruption against Tax Compliance**

Corruption is the behavior of public officials, both politicians and civil servants, who unfairly and illegally enrich themselves or enrich those close to him by abusing the public authority entrusted to him, Transparency International (2009); Klitgaard, (2005). In line with the definition of corruption, the Constitutional Court of the Republic of Indonesia (2015) classified corrupt acts in several categories: corruption that harms the state, bribe bribery, embezzlement in office, conflicts of interest, extortion, cheating and gratification. Many people perceive and perceive that corruption is a misuse of authority (Klitgaard, et al., 2002); misbehavior, (Harinurdin, 2009) moral and ethical damage, low personal qualities (Waluyo, 2010) and causing losses to the state finances of Mauro, (2004); Picur and Belkaoui (2006);

Alon and Hageman (2013). Corruption has hampered economic growth, investment and poverty alleviation of a country (Klitgaard, 2005).

Various studies have shown that corruption has affected taxpayer compliance in paying taxes. Alon and Hageman (2013) find that the practice of corruption and unofficial payments is higher than official payments in the Unisovyet transition countries having a negative and significant impact on tax compliance between large firms and small firms. Similarly, Klitgaard's (2005) study revealed that corruption is negatively related to economic growth and taxpayer compliance. In line with the results of this study Picur and Belkaoui (2006) also revealed that weak control of state corruption and low bureaucratic size negatively affected tax compliance. Even Klitgaard et al. (2002) argue that the consequences of corrupt behavior not only impact taxpayer compliance but also domestic investment decline. Based on the description above, the research hypothesis that can be developed in this research are:

**H1:** Perceptions of corruption negatively affect taxpayer compliance.

### **Perceptions of the Fiscal Service against Tax Compliance**

Fiscal service is basically an easy and cheap tax administration system for many people. So when people deal with taxes they do not feel bored and saturated in fulfilling its tax obligations. In this context the friendly, easy, cheap, satisfying service, simple administration, no convoluted and professional employees and openness and transparent information will foster certain perceptions and beliefs in the community, especially the taxpayer community.



Perception over fiscal services is believed to affect taxpayer compliance. This perception develops with experience in implementing tax administration. The complicated administration and bureaucratic system as well as the many attachment documents as supporting tax reporting, will create the perception and impression that dealing with taxes is very difficult and exhausting. For a taxpayer who has the responsibility to fulfill the tax obligations, this perception will trigger obedient or non-compliant behavior in fulfilling the tax obligations. According to the planned behavioral theory (TPB) taxpayer compliance behavior will arise when they perceive that the services provided by Fiskus very easy, cheap and professional and far from the impression of long-winded.

Fasmi research results (2012); Maria, (2013); Yusof, et al (2014) and Serim et al, (2014); shows that the administrative system and fiscal services have a positive and significant impact on taxpayer compliance. From the description, the hypothesis in this research can be formulated as follows:

**H2:** The perception of fiscal services has a positive effect on taxpayer compliance.

### **Perceptions of Tax Sanctions against Tax Compliance**

Sanction is a punishment for taxpayers who do not meet their obligations in accordance with the provisions of applicable taxation legislation (Brotodihardjo, 2012: 122). The purpose of sanctions is to ensure that tax laws are adhered to, obeyed and obeyed so as to create an effective and efficient tax administration order. Tax sanctions are a guarantee that the provisions of taxation legislation (taxation norms) will be obeyed, obeyed, and obeyed. Fair, uniform, unadjusted and consistent taxation sanctions will

generate a positive perception of tax sanctions. Conversely, the inconsistent and preferential application of sanctions will generate negative perceptions among the public. Perceptions of tax penalties will foster non-compliance in the fulfillment of taxation obligations, as view sanctions do not have any impact on efforts to foster compliance. Indicators of tax sanctions can be measured by (1) law enforcement (2) justice (3) punishment, (4) raising criminal awareness (4) violation of law. (5) make a mistake.

Research Dewi (2002); Purnomo, (2008); Harinurdin (2009); Yosuf, et. al (2014) indicates that the application of tax sanctions has a positive effect on tax compliance. Saad, (2009) conducted a study on small and medium entrepreneurs. The results of his research indicate that the amount of sanctions applied by the government for tax breakers has increased taxpayer compliance in reporting his income. From the description of the research hypothesis that can be proposed are:

**H3:** The perception of tax sanction has a positive effect on taxpayer compliance.

### **Perceptions of Corruption against SAS Practice**

Law Number 16 Year 2009 regarding KUP explains that self assessment system (SAS) is a system that gives authority and trust to taxpayers to calculate, calculate, deposit and self-report the amount of tax payable. This approach explains that the taxpayer's responsibility is to fulfill his tax obligations (Saad, 2009; Palil and Mustapha, 2011). Perceptions of corruption will affect the compliance of self assessment system implementation. Saad (2009) explains that the successful implementation of the self assessment system is determined by the internal conditions of the country that

embraces this system. The practice of corruption that has been entrenched, will affect the pattern of community behavior. People will think twice about paying taxes because they think their tax payments are being corrupted and used not to improve people's welfare.

The results of Dewi (2002) and Alon and Hageman (2013) concluded that corruption behavior of state organizers negatively affect taxpayer compliance. Saad, (2009) and Serim et. al, (2014) found that corruption factors by tax officials negatively affect the successful implementation of SAS. Increasingly uncontrolled corruption practices further reduce taxpayer compliance to implement self assessment system. Further Klitgaard (2005) argues that weak control of corruption by the state has a negative effect on the successful implementation of the system of taxation (self assessment system) adopted by a country. Similarly, Picur and Belkaoui (2006) explain that if corruption behavior dominates business practices then compliance with the system will decrease, so that the success of the tax system applied is determined by the internal condition of the country concerned. From the description can be made the following hypothesis:

**H4:** Perceptions of corruption negatively affect the practice of self assessment system.

### **Perceptions of the Fiscal Service against SAS Practice**

Professional fiscal services are one of the keys to the successful collection of taxes and the implementation of the self assessment system. Fast and cheap services will foster the perception and trust of taxpayers to tax institutions and institutions. According to the social theory of Hosmer (2001) that the emergence of collective trust is driven by the relationship

between individuals in social systems based on cognitive processes to distinguish people or institutions trusted. Trust arises through the process of experience and observation that will give rise to perceptions of the experience gained.

Yusof et al. (2014) research results concluded that the absence of small and medium entrepreneurs in Malaysia in paying taxes due to tax administration of winding and less responsive tax officers. Similarly, Fasmi research (2012); and Maria, (2013); shows that the modernization of the tax system (fiscal service) has a positive and significant influence in the practice of self assessment system and the level of taxable businessman compliance. Even Serim et al. (2014) explains that tax institutions as public servants contribute substantially to the behavior of taxpayer compliance in the self assessment system. From the description, the proposed research hypothesis is: **H5:** Perceptions of fiscal services have a positive effect on the practice of self assessment system.

### **Perceptions of Tax Sanctions on SAS Practices**

A self assessment system that requires the active participation of the taxpayer in fulfilling his tax obligations (calculating, calculating, depositing and reporting) will be effective if the public perceives that sanctions in taxation will create additional burdens for him / her. Tax sanctions will be burdensome and should be avoided. However, if the tax sanction is perceived otherwise will lead to non-compliance behavior and tend to be ignored (Purnomo, 2008).

The results of Saad's research, (2009) found that the success of the self assessment system is largely determined by the internal conditions of

the country that embraces this system. Furthermore Saad, (2009) affirms the greater the fines for tax violations, the more obedient the company in carrying out the self assessment system. Research Palil and Mustapha, (2011); and Yosuf et. al, (2014) shows that tax penalties have a positive effect on taxpayer compliance in implementing self assessment system. Perceptions of these tax penalties can be interpreted as part of the internal condition of a country. Therefore, the perception of the tax sanction can influence the compliance of self-assessment system. From the description can be described research hypothesis as follows:

**H6:** The perception of tax sanction has a positive effect on the practice of self assessment system.

### **Effect of Self Assessment System Practice against Tax Compliance**

The objective of the government to implement self assessment system is to motivate taxpayers to perform their own tax obligations as well as the creation of voluntary compliance (voluntary compliance), which ultimately can improve taxpayer compliance in question. The main indicators in the self assessment system are trust, honesty, active and voluntary participation. The result of Saad's research, (2009) shows that the adoption of self assessment system in tax collection, continues to improve taxpayer compliance in fulfilling its tax obligation and have a positive influence. Palil and Mustapha, (2011) also found the same result, that with self assessment system of taxpayer compliance continues to increase positively so that state revenues show an increasing state as well. From the description can be hypothesized that:

**H7:** The practice of self assessment system has a positive effect on taxpayer compliance.

### **SAS Practices Mediating Influence of Perception on Corruption against Taxpayer Compliance**

In accordance with the purpose of applying self assessment system namely the growth of awareness and voluntary compliance (voluntary compliance), then the understanding of the provisions of taxation becomes absolute and necessary. The Saad (2009) study shows that the success of the self assessment system is due to an adequate taxpayer's understanding of the applicable rules. In addition to aspects of understanding the tax provisions in tax compliance, external factors such as corruption, fiscal services and tax penalties may also affect compliance. Klitgaard (2005) found that corrupt practices have lowered tax revenues. This means the rampant corruption will reduce the participation of taxpayers in paying taxes. Picur and Belkaoui (2006) also said that weak controls of state corruption and low bureaucratic size had an effect on tax compliance.

Therefore, in the implementation of the self assessment system, although the understanding and participation of taxpayers is quite high, the perception of corruption that develops, directly or indirectly can affect taxpayer compliance (Abrie and Doussy, 2006). The Picur and Belkaoui (2006) studies show that corruption negatively affects and decreases taxpayer compliance and participation in the expectation of a country's taxation system (SAS). Even Saad (2009) shows that the practice of self-assessment system can mediate the influence between a country's internal conditions (corrup-

tion) on the compliance of small firms and large corporations in paying taxes. Thus it can be hypothesized that:

**H8:** The practice of self assessment system mediates the effect of perception on corruption on taxpayer compliance.

### **SAS Practices Mediating Effect of Perceptions on Fiscal Services against Taxpayer Compliance**

Self assessment system as a taxation system, in its implementation requires the understanding and active participation of its members. According to Saad (2009) that the success of self assessment system is determined by the internal condition of the country that embraces this system. Ali et. al, (2007) and Yosup et. al, (2014) explains that the service tax officers can motivate taxpayer compliance in the implementation of self assessment system. Even Azmi et al. (2016) said the enactment of SAS as a taxation system could mediate the influence between bureaucracy and tax administration on tax compliance. From the above description can be made research hypothesis as berikut:

**H9:** The practice of self assessment system mediates the influence of perception on the tax service on taxpayer compliance.

### **SAS Practices Mediating Effect of Perception on Tax Sanctions Against Taxpayer Compliance**

As explained above that the motivation of applying the self assessment system is the growing awareness of taxation in fulfilling state obligations and regardless of the shadow of tax sanctions. The successful implementation of the self-assessment system (SAS) is of course the consistency

of the application of law for offenders. The study of Azmi et al. (2016) shows that the enactment of SAS as a taxation system may mediate the influence between the administrative bureaucracy of taxation on tax compliance. Similarly, the research results of Tavakoli and Sue, (2014) that SAS practice can mediate positively the direct and indirect influence between income tax sanction variables on taxpayer income compliance. The results of Saad's (2009) study found that the adoption of self assessment system could mediate and positively influence tax evasion efforts and encourage taxpayer compliance in fulfilling its tax obligations. Thus the hypothesis proposed is:

**H10:** The practice of self assessment system mediates the effect of perception on tax sanction on taxpayer compliance.

## **Research Methods**

The population of this research is MM 2100 Cibitung industrial area, West Java. The samples are financial managers, accounting managers and tax managers from companies in the region totaling 219 managers. The method of determining the number of samples is the method of saturated samples or census method (Sugiyono, 2009). The consideration of using financial managers, accounting managers and tax managers is that these three managers are deemed proficient and familiar with the tax provisions included in calculating, calculating, depositing and reporting taxes owed to the companies they work for. In this research, the data analysis method used is Structural Equation Modeling (SEM) with linear structural relationships (LISREL) support 8.70 (Gozali, 2011). by converting ordinal data into interval data (Sarwono, 2006).



## Research Result

The result of confirmatory factor analysis / CFA for each variable is determined greater than 0.50 and is valid. Furthermore, the loading factor test on the measurement model (outer model) in each variable for the statement items and the indicator is by looking at the standardized loading factor. Model suitability test aims to see fit model with theoretical model.

No. Description of Size of Conformity Model Result of Testing / Estimation Description

**Table 3.** Test of conformity Model

No.	Description	Size of Conformity Model	Testing/Estimation	Result
1	Chi-Square	$P > 0,05$	$\chi^2 = 1490,39$ $P = 0,000$	Bad fit
2	RMSEA	$RMSEA \leq 0,08$	0,08	Good fit
3	ECVI	Small and close value of ECVI saturated	ECVI = 4,23 ECVI Sat. = 3,11	Good fit
4	AIC	Small and close value of AIC saturated	AIC = 2835,25 AIC Sat. = 372,00	Bad fit
5	NFI	$NFI \geq 0,90$	0,91	Good fit
6	NNFI	$NNFI \geq 0,90$	0,93	Good fit
7	CFI	$CFI \geq 0,90$	0,92	Good fit
8	IFI	$IFI \geq 0,90$	0,93	Good fit
9	RFI	$RFI \geq 0,90$	0,92	Good fit
10	GFI	$GFI \geq 0,90$	0,93	Good fit
11	AGFI	$AGFI \geq 0,90$	0,90	Good fit

Source: Data processed

The results of CFA calculations for each variable are as follows:

**Table 4.** Influence Model of Exogenous Variable to Endogen through Intervening Variable

Style of Relationship	Standardized Loading Factor	t value	Result
<b>Direct Relationship</b>			
H <sub>1</sub> : PAK → KEPA (X <sub>1</sub> → Y <sub>2</sub> )	0,011	-0,07	No. Significant
H <sub>2</sub> : PAPF → KEPA (X <sub>2</sub> → Y <sub>2</sub> )	0,108	1,19	No. Significant
H <sub>3</sub> : PASP → KEPA (X <sub>3</sub> → Y <sub>2</sub> )	0,401	2,72	Significant
H <sub>4</sub> : PAK → SAS (X <sub>1</sub> → Y <sub>1</sub> )	0,422	-2,93	Significant
H <sub>5</sub> : PAPF → SAS (X <sub>2</sub> → Y <sub>1</sub> )	0,190	2,07	Significant
H <sub>6</sub> : PASP → SAS (X <sub>3</sub> → Y <sub>1</sub> )	0,263	1,96	Significant
H <sub>7</sub> : SAS → KEPA (Y <sub>1</sub> → Y <sub>2</sub> )	0,444	3,22	Significant
<b>Indirect Relationship</b>			
H <sub>8</sub> : PAK → KEPA through SAS	0,187	2,106	Significant
H <sub>9</sub> : PAPF → KEPA through SAS	0,076	2,000	Significant
H <sub>10</sub> : PASP → KEPA through SAS	0,112	2,036	Significant

Source: Data processed

Desct: PAK: Perceptions of corruption; SAS: Practical self assessment system; PAPF: Perceptions of fiscal service; KEPA: Tax compliance; PASP: Perceptions of tax sanction

### Hypothesis Testing and Discussion

Hypothesis test results can be summarized in the following table:

**Table 5.** Summary of Research Hypotheses Test Results

Hypothesis	t values	t table	Decription	Decision
H <sub>1</sub>	-0,07	1,96	Negative non significant	H0 accepted, Ha rejected
H <sub>2</sub>	1,19	1,96	Positive non significant	H0 accepted, Ha rejected
H <sub>3</sub>	2,72	1,96	Positive significant	Ha accepted, H0 rejected
H <sub>4</sub>	-2,93	1,96	Negative significant	Ha accepted, H0 rejected
H <sub>5</sub>	2,07	1,96	Positive significant	Ha accepted, H0 rejected
H <sub>6</sub>	1,96	1,96	Positive significant	Ha accepted, H0 rejected
H <sub>7</sub>	3,22	1,96	Positive significant	Ha accepted, H0 rejected
H <sub>8</sub>	2,106	1,96	Mediating significant	Ha accepted, H0 rejected
H <sub>9</sub>	2,000	1,96	Mediating significant	Ha accepted, H0 rejected
H <sub>10</sub>	2,036	1,96	Mediating significant	Ha accepted, H0 rejected

Source: Data processed

### **Perceptions of Corruption against Compliance**

The result of hypothesis testing proves that perception of corruption has negative effect to taxpayer compliance can't be proven. This situation can be seen from the value of t arithmetic of -0.07 smaller than the value of t table of 1.96 which means that the research hypothesis can't be proven. This shows there is no influence between the perception of corruption on taxpayer compliance. Thus, although perceptions of corruption are not good but can not affect taxpayer compliance.

In accordance with the concept of perspective cognitive theory, the behavior of taxpayer non-compliance in fulfilling the tax obligations is a taxpayer response to the environment. In this research, the environment is a corrupt culture that is practiced in all aspects of everyday life. Response to corrupt environment will increasingly motivate the intention of taxpayers intention not to comply with the provisions of taxation. The emergence of intentions is primarily driven by a belief that non-compliance will have no consequences for him. In this research perception of corruption which is constructed as act, cheat, gratification, extortion and bribery bribe become the main factor that push behavior of taxpayer obedience in fulfilling obligation of taxation.

### **Perceptions of the Fiscal Service against Compliance**

Results of the second hypothesis test of this study found that the perception of fiscal service has no effect on taxpayer compliance. This condition is seen from the value of t arithmetic of 1.19 is smaller than the value of t table of 1.96 then the effect is not significant. This means there is no influence between the perception of the tax service to taxpayer compliance. The

results of this study are not in line with the research of Serim, et al (2014) who found that tax institutions as a public service contributed positively to the behavior of taxpayer compliance. Based on the concept of behavioral theory (Azjen, 2005) one will behave well when receiving good behavior. Taxpayers will be motivated in fulfilling the tax obligations, when obtaining good and satisfactory service from the tax authorities. On the contrary if the service received is not as expected taxpayers, it will be the motivation for taxpayers to behave disobediently in fulfilling the tax obligations.

### **Perceptions of Tax Sanctions against Compliance**

The results of the third hypothesis test in this study found that the perception of tax sanctions have a positive effect on taxpayer compliance. This situation is seen from the value of t arithmetic of 2.72 is greater than the value of t table of 1.96 which the results are very significant. These results indicate that  $H_a$  accepted and  $H_o$  rejected means there is influence perception of tax sanctions on taxpayer compliance. These findings suggest that bad perceptions of tax penalties can have unfavorable implications for taxpayer compliance. The more perceived that tax sanction is implemented and implemented effectively and able to grow the deterrent effect of offenders, the level of taxpayer compliance is also increasing. The results of this study are in line with the results of Purnomo's (2008) study indicating that tax sanctions have a positive but insignificant relationship to taxpayer compliance of individuals, but the desire to pay taxes has a positive and significant relationship to tax compliance. Thus based on the perspective of cognitive theory, the perception of tax sanctions affect taxpayer compliance. This perception will encourage taxpayers to behave disobediently in fulfilling the

tax obligations. But otherwise a good perception of tax sanctions will increase taxpayer compliance.

### **Perceptions of Corruption against Self Assessment System Practice**

The result of hypothesis testing shows that perception of corruption has a negative effect on the practice of self assessment system. Based on the results of hypothesis testing the value of  $t$  arithmetic equal to  $-2.93$  (negative) is greater than the value of  $t$  table of  $1.96$ . This result explains that  $H_a$  accepted and  $H_0$  rejected that there is influence perception of corruption to self assessment system practice. The results of Saad's (2009) study indicate that the implementation of self-assessment system by the Malaysian government has a positive response from the taxpayer community and raises tax awareness and compliance. Klitgaard (2005) says that the rise of corruption will reduce the public participation in paying taxes in countries that embrace this system. In this study the practice of self assessment system identified as a taxation system that gives trust to the taxpayer, measured through two dimensions of trust and participation of taxpayers. The dimensions of trust include honesty, good faith, unnecessary supervision, voluntary disclosure and self-accounting. While the dimensions of active participation are measured through self-counting indicators, self-pay and self-report.

### **Perceptions of the Fiscal Service against Self Assessment System Practice**

The fifth hypothesis in this research is the perception of fiscal service have a positive effect on the practice of self assessment system. Result of hypothesis test of research found that perception of fiscal service have

positive and significant influence to practice of self assessment system. This is seen where the value of t arithmetic of 2.07 is greater than the value of t table of 1.96 with significant results. These findings indicate that good perceptions of the fiscal services can provide positive implications for the implementation of the self assessment system. The services provided by the tax authorities will contribute significantly to the implementation of the self assessment system by the taxpayer. The results of Alon and Hageman (2013); Yosuf et, al. (2014) found that taxpayer non-compliance is closely related to the administration and services of tax-collecting agencies. In the context of self assessment system practice, taxpayer participation to implement the system is also influenced by the perception of the services provided by the tax authorities. The more perceived service is good enough and satisfactory, then the participation in implementing the self assessment system will increase.

### **Perceptions of Tax Sanctions on Self Assessment System Practices**

In this study the results of hypothesis testing concluded that the perception of tax sanctions have a positive effect on the practice of self assessment system. This is seen from the value of t arithmetic of 1.96. The value of t arithmetic of 1.96 is equal to the value of t table and is significant which means that the research hypothesis can be accepted. These findings suggest that poor perceptions of tax sanctions can have negative implications for the behavior and implementation of the self assessment system. The practice of self assessment system as a tax collection system that provides trust and demands voluntary participation taxpayers, with this perception will affect the behavior of the taxpayer. The results of this study are consistent with

Gilligan and Richardson (2005); Purnomo, (2008); Harinurdin (2009); which suggests that weak law enforcement for tax breaches has prompted taxpayers not to meet the tax system. Even Yosuf, et al, (2014) finds that the non-compliance of small and medium-sized entrepreneurs in paying taxes is attributable to marginal tax rates and an uneven sense of justice in tax law enforcement efforts by the tax department. In line with the results of the study that tax rates have a positive effect on the implementation of self assessment system.

### **Practice Self Assessment System against Compliance**

Path coefficient obtained in this research is equal to 0,444 with t values equal to 3,22. Since t-value is greater than t table and the result is significant, it shows that hypothesis can be proved. These findings indicate that the practice of self assessment system has a positive and significant impact on tax compliance. In accordance with the concept of theory of planned behavior, behavior in running and fulfilling system obligations will affect the compliance fulfillment of tax obligations. Compliance in running the tax system is a mirror of obedient and obedient behavior according to the rules.

### **Perceptions of Corruption, Fiscal Services and Tax Sanctions against SAS Practice Compliance**

The results of hypothesis testing in this study indicate that the practice of self assessment system mediate the influence of perception of corruption on taxpayer compliance. Where the path coefficient of 0.187 and the value of t count of 2.106. These results indicate that  $H_a$  is accepted and  $H_o$  is rejected. The value of t arithmetic of 2.106 is greater than the value of t

table of 1.96 and stated significant. This indicates that the effect of perceptions on corruption on tax compliance can be mediated by the practice of self assessment system significantly by 0.187. Thus the research hypothesis can be proven. This shows that the practice of self assessment system can mediate significantly the influence between the perception of corruption on taxpayer compliance behavior.

Associated with perception of tax service to tax compliance mediated self assessment system practice, result of path coefficient calculation got value equal to 0,076 and t value equal to 2.000 while t value table for  $\alpha = 0,05$  equal 1,96. This indicates that  $H_a$  is accepted and  $H_0$  is rejected which means that the practice of self assessment system mediates the influence of perception on the tax service on taxpayer compliance.

Similarly, perceptions of tax penalties for compliance mediated self assessment system practices can be demonstrated. The test results show that the practice of self assessment system mediates the influence of perception on tax sanction on taxpayer compliance. From the calculation of the coefficient of the lane (loading factor) the influence of perception on the tax sanction on taxpayer tax compliance through the practice of self assessment system got the coefficient of the path value of 0.112 and the tcount of 2.036, while the ttable value for  $\alpha = 0.05$  of 1.96. The value of tcount is greater than ttable which means  $H_0$  is rejected. This means that the practice of self assessment system mediates the influence of perceptions on tax sanctions on taxpayer tax compliance. This means that taxpayer compliance in fulfilling the tax obligations can be influenced by the implementation of self assessment system as a system of tax collection applied by the government. Based on the above description can be known direct influence between exogenous



variable (X) with endogenous variable (Y1) and (Y2) and indirect influence through intervening variable through structural equation as follows:

$$Y_2 = 0.444*Y_1 - 0.0107*X_1 + 0.108*X_2 + 0.401*X_3 \text{ dan } R^2 = 0.64$$

$$Y_1 = -0.422*X_1 + 0.190*X_2 + 0.263*X_3 \text{ dan } R^2 = 0.51$$

The result of this research also shows that the indirect influence between perception of corruption (X1) on the compliance variable (Y2) through intervening variable is more dominant with t arithmetic equal to 2.11 when compared with direct influence with t arithmetic of -0.07. This means that tax compliance behavior is mediated by self assessment system implementation. The more voluntary the taxpayer performs the tax obligations, then administratively will increase taxpayer compliance. Likewise, the indirect influence between perception variable on the service of tax (X2) with tax compliance through intervening variable is more dominant with t arithmetic equal to 2.00 when compared with direct influence without through intervening variable equal to 1.19. However, different from the direct influence between perception variable on tax sanction (X3) on compliance is more dominant with 2.72 than indirect influence through intervening variable equal to 2.04.

## **Conclusion**

From the results of the study can be concluded that perceptions of corruption and perceptions of fiscal services have no effect on taxpayer compliance. However, the perception of the tax sanction has a positive and significant effect on taxpayer compliance. The results of this study also

show that the practice of self assessment system as intervening variable successfully mediate the influence of perception on corruption, fiscal service and sanction to taxpayer compliance.

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