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INTENTION AND BEHAVIOR OF TAX PAYMENT COMPLIANCE BY THE INDIVIDUAL TAX PAYERS LISTED IN PRATAMA TAX OFFICE WEST SIDOARJO REGENCY

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ABSTRACT

This study provides empirical evidence related to the effect of some factors such as compliance behavior intention, and tax compliance behavior. These also include the attitude towards compliance, subjective norm, perceived behavioral control and the complexity of tax laws on the compliance behavior intention. It also analyzes the effect of compliance behavior intention and complexity of tax laws on tax compliance behavior. This study uses individual taxpayers registered in Tax Offices (KPP) in West Sidoarjo residence, who had filled out the Tax Filing Notification (SPT). The questionnaires were distributed to the individual tax payers with the total number of 87 respondents. The data were analyzed using Partial Least Square (PLS). It was found that (1) subjective norms and perceived behavioral control are important components in influencing the intention to behave compliantly (Compliance behavior intention), (2) the complexity of the tax laws is also an important component in influencing intention and behavior for compliance by the taxpayers. This study cannot provide empirical evidence on the effect of attitude on Compliance behavior Intention and the effect of compliance behavior intention on tax payers' compliance.

Key words: *Attitude towards Compliance, Subjective Norm, Perceived Behavioral Control, Compliance Behavior Intention, Tax Payers' Compliance Behavior.*

STUDI TENTANG NIAT DAN PERILAKU KEPATUHAN PAJAK WAJIB PAJAK PRIBADI DI KANTOR PAJAK PRATAMA (KPP) SIDOARJO BARAT

ABSTRAK

Penelitian ini memberikan bukti empiris terkait dengan pengaruh faktor sikap terhadap kepatuhan, norma subjektif, kontrol perilaku yang dipersepsikan, dan kompleksitas peraturan perpajakan terhadap niat berperilaku patuh. Studi ini juga meneliti pengaruh faktor niat berperilaku patuh dan kompleksitas peraturan perpajakan terhadap perilaku kepatuhan pajak. Responden yang diambil adalah wajib pajak pribadi yang terdaftar di kantor pajak pratama (KPP) Sidoarjo Barat yang telah mengisi surat pemberitahuan tahunan (SPT) secara mandiri. Kuesioner disebarakan terhadap wajib pajak dan diperoleh 87 orang responden. Analisis data menggunakan Partial Least Square (PLS). Temuan studi ini meliputi: (1) norma subyektif dan kontrol perilaku yang dipersepsikan merupakan komponen yang penting dalam mempengaruhi niat berperilaku patuh, (2) kompleksitas peraturan perpajakan merupakan komponen yang penting dalam mempengaruhi niat dan perilaku patuh wajib pajak. Studi ini tidak mampu membuktikan secara empiris mengenai pengaruh sikap terhadap kepatuhan terhadap niat berperilaku patuh serta pengaruh niat berperilaku patuh terhadap perilaku patuh wajib pajak.

Kata Kunci: *Attitude towards Compliance, Subjective Norm, Perceived Behavioral Control, Compliance Behavior Intention, Tax Payers' Compliance Behavior.*

INTRODUCTION

The government, through the Directorate General of Taxation, has made various efforts to improve taxpayer compliance in Indonesia, both by extending and intensifying tax. For example, when by intensification of activities, it is carried out by institutions that taxes are intended to optimize tax revenue from taxpayers who have been registered as a taxpayer. Intensification taxes can be done by three (3) ways: mapping, profiling, and comparison or benchmark. Yet, the success of this effort depends on the intensification of consciousness itself taxpayers. If the taxpayer knows honestly when paying taxes and report the notification letter (SPT) then certainly it could increase state revenues from taxes.

The second effort is the extension of the tax which is directed against the parties who have signed up to become taxpayers. This effort is for looking for the subject taxable income exceeds taxable income but it does not have a Taxpayer Identification Number. Extension efforts can be carried out by 2 approaches the approach to employers and that to property approach. Approach to the employer that is in a way an employee do registration collectively with employers coordinated. On the other hand, the approach of using the data property Tax of Object Sales Value (NJOP) Land and building tax (PBB) for taxpayers who have a record of whether the property has a tax ID (NPWP) or not.

The above efforts have been able to raise tax revenue compared to the previous year. Carrying up to 30 November 2011, the amount of tax revenue has penetrated 83.14% of the target or about Rp634, 93 trillion of its goals, the State Government and the Parliament agreed in the State Budget Changes (Revised) 2011 amounted to Rp763, 67 trillion (<http://ahalliance.co.id>). However, the targeting of the tax is still lower than the potential tax that can be worked. This indicates the low level of tax compliance in terms of paying taxes and in terms of the notification report.

Low tax compliance can be seen from the two (2) sides of the facts. First, the low rate of compliance in paying taxes. Second, the low level of compliance in the report or submit a letter of notification (SPT). Based on the data up to September 2011, the number of individual taxpayers who have reported returns is only amounted to 83 million. Yet, based on the data from the Central Bureau of Statistics (BPS), the number of people actively working in Indonesia reached 110 million. That is, the ratio of SPT group which is only 7.73 percent of active workers. The same thing also happened on corporate taxpayers. Based on the SPT report, the number of business entities in Indonesia reached 12.9 million, while the tax return only 466 thousand business entities. Thus, the ratio of the number of SPT bodies active enterprises only 3.6 percent (<http://www.businessnews.co.id>).

The low compliance of taxpayer is not only the responsibility of government but also a common problem that should be sought immediately. This is due to the fact that people are reluctant to pay taxes and obey in the SPT report. The reluctant people to be obedient in paying taxes are compounded by the existence of cases of tax mafia practices. Especially from the Gayus case that has hurt the State with the potential loss of state Rp1, 52 trillion and not to mention the tax mafia cases annually adverse State reached 200 trillion to Rp 300 trillion (www.palembang.tribunnews.com). The advent of the tax mafia cases can increase public mistrust to pay taxes. Level of public distrust will soar and of course causes problem that is the low level of public compliance in paying taxes. This is a logical thing because taxpaying is a matter of trust.

The behavior related to any work or activity is of course heavily influenced by the intention or motivation. Someone who has had the intention to do something will try to implement such thing well. The same analogy can be addressed on taxpayer compliance behavior. The behavior of taxpayers to comply can be caused because the taxpayer

has had the intention to behave obediently. This was as described by Ajzen (1991) in his Theory of Planned Behavior (TPB).

Based on such theory, an individual's behavior to comply with the tax laws is influenced by intention (intention) to behave obediently. Intention to behave obediently influenced by three (3) belief that behavioral beliefs, normative beliefs and control beliefs. Behavioral beliefs (behavioral belief) associated with a person's beliefs about the outcome of a behavior and the evaluation of the results of such behavior. The behavioral beliefs shape one's attitude toward the behavior. If a person has high confidence the outcome of a behavior means that a person's attitude is positive towards such behavior and vice versa. The better a person's belief in the outcome of a particular behavior is, the greater the intention to behave.

The second conviction may also affect the intention to behave in certain ways in Theory of Planned Behavior proposed by Ajzen (1991) is the normative beliefs (normative belief). This normative belief relate to our beliefs about the normative expectations of the people who are around us about the behavior that we will do. If the people around us looked good behavior will be done then someone will be motivated to perform the behavior in accordance with the prevailing view. The normative belief will form the subjective norm on behavior. The better the normative expectations of the people around him to a certain behavior is, the greater the person's intention to perform the behavior.

The third belief is no less important that is the belief concerning control. Ajzen (1991) explains that the beliefs of control (control belief) refers to a person's perception of whether or not tough implement the desired behavior. This belief regards whether or not the source is available and opportunities necessary to achieve a particular behavior. This belief will form the perceived behavioral control (perceived behavior control/PBC). Francis et al. (2004) also explains that there are two (2) important as-

pects relating to the PBC, namely (1) how much control a person's behavior, and (2) how much a person believes the ability to do a behavior. The greater control the behavior of a person to a person's intention to perform a behavior will increase. The greater one's confidence to perform a specific behavior is, the greater the intention to perform the behavior.

Another factor that can influence the behavior predicted abiding taxpayers is the complexity of the tax laws. Devano and Rahayu (2006: 97) explains that the tax code is a product or a good legal norms relating to deeds, implementation, and about the material. Taxpayer compliance behavior can be influenced by the complexity of tax laws, tax regulations difficulty, frequency of changes in regulations and tax injustice (Hardika 2006; Salman and Farid 2010). One of the causes creating low tax compliance is a stigma of an individual taxpayer (WP OP) who considers the tax code is complex and convoluted. Many tax rules are dynamic and therefore quite difficult for WP OP to implement tax obligations (<http://hitungpajak.wordpress.com>).

This study uses a model of Theory of Planned Behavior (TPB) of Ajzen (1991) to explain the factors that influence the behavior intention of abiding taxpayers. These factors are submissive attitude toward the behavior, subjective norms, and perceived behavioral control (PBC). A person's behavior complying with a tax liability may be affected by two (2) factors that is intention to behave obediently factor, and factor of complexity tax rules. In this study, it uses 2 variables that can influence the behavior of tax compliance intentions. They are the factors that are within the taxpayer and the tax laws complexity factors that are external factors beyond the taxpayer.

Based on such description above, the research problem can be formulated as follows: (1) is there a positive and significant effect of the attitude on adherence to behave obediently Intentions? (2) Is there a positive and significant effect of subjective norms on

intentions to behave obediently? (3) Is there a positive and significant effect of perceived behavioral control on intention to behave obediently? (4) Is there a negative and significant effect of the complexity of tax laws on the intention to behave obediently? (5) Is there a positive and significant effect of the intention on behaving obediently complied with the taxpayer's behavior? (6) Is there a negative and significant effect of the complexity of tax laws on taxpayers' submissive behavior?

THEORETICAL FRAMEWORK AND HYPOTHESES

Tax Compliance

The definition of tax compliance can be traced through some researchers. For example, Nurmantu (2003: 148) describes that tax compliance is defined as a situation where the taxpayer meets all tax obligations and exercise the right of taxation. Another one is Budiarmanto (1999) in Tjahjono (2006: 29) stating that compliance is the behavior for doing or not doing certain activities in accordance with the applicable rules and regulations. Taxpayer compliance behavior of taxpayers is the action for meeting their tax obligations in accordance with existing regulation.

In addition, Kiryanto (1999: 7) describes that tax compliance behavior of taxpayers is when tax payer enters and reports information that is needed, fill in the correct amount of tax, and pay taxes on time, without any act of coercion. Nasucha (2004) in Asih and Salman (2011) also describe that tax compliance can be identified through the compliance in terms of register, in terms of compliance reporting (SPT), compliance in terms of calculating and paying taxes owed, and compliance in terms of paying delinquent taxes.

Attitudes towards Compliance and Intentions to Behave Compliantly

The basic theory of this study is the Theory of Planned Behavior (TPB), which is proposed by Ajzen (1991). This theory ex-

plains that attitude affects behavior through a rigorous process of decision-making and reasonable, and the impact is limited to three terms. First, the behavior is largely determined by the attitude of the public but by a specific attitude towards something. Second, behavior is influenced not only by the attitude but also subjective norms that their belief about what the other person wants us to do. Third, attitudes toward a behavior together subjective norms form an intention or an intention to behave in certain ways.

Based on such theory, when associated with tax compliance, it can be explained that the attitude of taxpayers towards tax compliance can affect the intention to behave obediently. In addition to the taxpayer attitudes, intentions to behave obediently can also be influenced by two factors that is subjective norms and perceived behavioral control. Attitude toward taxpayer compliance behavior is associated with confidence to the results of taxpayer compliance behavior and evaluation of the results of a behavior.

Therefore, when the taxpayer has a high confidence on the outcome of a behavior to comply, it will shape the attitudes of taxpayers to behave obediently. The bigger the attitude of taxpayers to behave obediently will result in greater intentions to behave abiding taxpayers. Thus, it stands to the reason that there is a very close relationship between the taxpayer attitudes to compliance and taxpayer intentions to behave obediently.

Theoretical relationship between the two variables can be supported and consistent with the research results of Bobek and Hatfield (2003) and Mustikasari (2007). They demonstrate empirically that the attitude towards tax compliance has a significant influence on the intention to behave obediently. The previous exposure on the relationship between attitudes towards compliance and intention to behave obediently, a hypothesis can be drawn as follows:

H1: The higher the attitude towards compliance, the greater the intention to behave obediently

Subjective Norms and Intentions Relationship Behave Compliantly

As stated previously that subjective norm is a factor of forming intention. It is also defined as an individual's perception of social influence in shaping certain behaviors (Mustikasari 2007). In addition, subjective norm is a function of the perceived expectations of the individual in which one or more persons in the vicinity (e.g., siblings, peers) approve certain behavior and motivate individuals to adhere to such behavior (Ajzen 1991). A person can be affected or not depending on the strength of his personality as concerned in another person (Mustikasari 2007).

In the context of tax compliance, the behavior of a tax professional is strongly influenced by the people and their entire such as his fellow tax professionals, leaders, peers, and family. The research by Bobek and Hatfield (2003) and Mustikasari (2007) has shown a significant effect of subjective norm on the intention to behave obediently. This indicates there are significant views of people around tax professional for tax compliance behavior of the professional tax. Stronger the influence or normative expectations of the parties around the tax professional will increase the tendency of one's intention to behave obediently. Thus, there is relationship between subjective norm and intention to behave obediently. A hypothesis can be drawn as follows.

H2: The greater the influence of subjective norms, the higher the intention to behave obediently.

Perceived Behavioral Control and Intention of Conduct Compliance

One of the factors affecting the intention to behave in certain ways is perceived behavioral control. Perceived behavioral control refers to the definition of Ajzen (1991) in the form of control beliefs that refers to a person's perception of whether or not he implements the desired behavior. In relation to control such a behavior, there are two important aspects, namely (1) how much control a person's behavior is, and (2) how much a

person believes the ability to do a behavior (Francis et al. 2004).

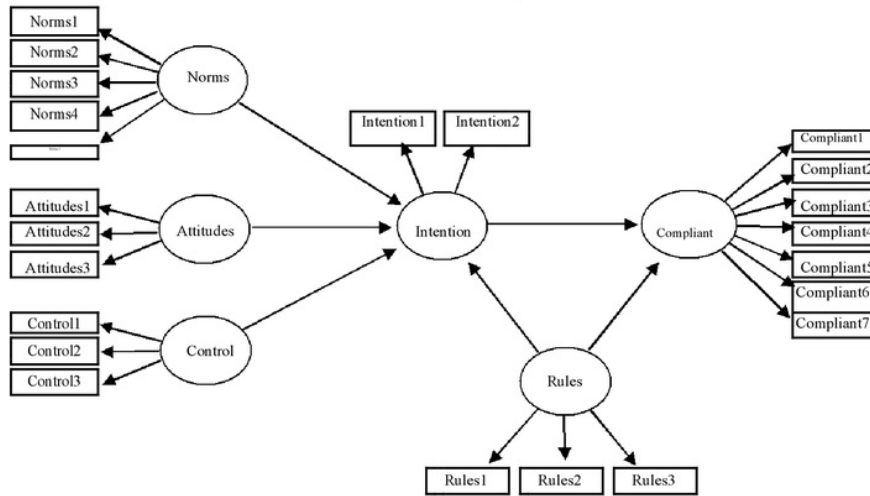
For example, if a person has a greater degree of control over the behavior of the individual intention to perform, the behavior will be even greater. In addition, the ability factors also play an important role. Therefore, the greater the ability of the resources he has to show a certain behavior, the greater one's intention to display the desired behavior. The research by Bobek and Hatfield (2003) and Mustikasari (2007) has shown empirically the relationship between perceived behavioral control and intention to behave obediently. If the greater perceived control over behavior, the higher one's intention to display submissive behavior. Of previous exposure on the relationship between perceived behavioral control and intention to behave obediently, a hypothesis can be stated as follows.

H3: The higher the perceived behavioral control, the greater the intention to behave obediently

The complexity of the relationship between Tax Regulation and Compliance Behavior Intention Complexity of the tax laws is a very important factor in relation to tax compliance behavior. The increasing complex tax laws, the lower the tendency of taxpayers to well behaved obedient adherence to register to obtain a Taxpayer Identification Number (TIN), compliance in paying taxes and tax compliance in the report that has been paid. The research by Hardika (2006) and Salman and Farid (2010) describe the factors that influence compliance among taxpayers is the complexity of the tax code (Hardika 2006; Salman and Farid 2010). The more complex a tax rule, the lower the taxpayer's intention to behave obediently is. Of previous exposure on the relationship between the complexity of tax laws and behavioral intention to comply, it can be hypothesized as the following.

H4: The more complex tax laws, the lower the taxpayer's intention to behave obediently.

Figure 1
Intention Model and Tax Compliance Behavior



Intention to Behave Compliantly and Tax Compliance Behavior

Intention to behave obediently is an intermediary variable in shaping individual behavior (Ajzen 1991). This means that, in general, humans act in accordance with the intention or tendency. Intention to behave obediently has two indicators of trends and decisions (Bobek and Hatfield 2003). Tendency is the inclination or tendency to obey professional personal tax in their tax obligations. Decision is a personal decision on tax professional chooses to comply with the tax laws (Mustikasari 2007).

Bobek and Hatfield (2003), Mustikasari (2007) and Hidayat and Nugroho (2010) have provided evidence empirically, that intention is a significant positive effect on tax compliance. This suggests that the greater a person's intention to behave obediently against taxes, the more likely the person is to display submissive behavior to tax obligations.

Of previous exposure on the relationship between perceived behavioral control and intention to behave non-compliance, a hypothesis can be drawn as follows.

H5: The higher the intention to behave obediently, the higher the tax compliance behavior.

The Complexity of Tax Regulation and Tax Compliance Behavior

As found in a research by Hardika (2006), there is a significant effect of the factor complexity of tax rules on taxpayer compliance behavior. The more complex a tax rule, the lower the tendency of taxpayers to behave obediently. Compliance behavior is becoming less and less as seen through the number of individual taxpayers (WPOP) which still dominates the taxpayer profile in Indonesia compared to corporate taxpayers. However, the opposite results obtained by Salman and Farid (2010) there is no significant effect of the complexity of the tax rules on taxpayer compliance behavior. Submissive behavior of taxpayers is not only dominated by the sheer complexity of the tax code, but more influenced by factors outside of the tax code. Thus, the relationship between the complexity of tax laws and compliance behavior, a hypothesis can be drawn as follows.

H6: The more complex tax laws, the lower the tax compliance behavior

The theoretical framework and the hypotheses described previously, this research approach and research framework is as shown in Figure 1. Within the framework of the study, there are six (6) variables or con-

structs, which include: Attitudes toward Compliance (X1), Subjective Norm (X2), Perceived Behavioral Control (X3), Complexity Tax Regulations (X4), Intention to Behave Compliantly (Y1), and Tax Compliance (Y2). All variables or constructs in this study use reflexive indicator as assessed by looking at the convergent validity discriminate validity, and composite reliability.

RESEARCH METHOD Research

3 Type and the Population

This study is a causal research which is used to determine a definitive causal relationship (Sekaran 2006). It is aimed at discovering the cause of the intention to behave non-compliant and non-compliant behavior of taxpayers. Some reasons to be observed here are the attitude towards adherence, subjective norms, and perceived behavioral control and their impact on intentions to behave obediently. In addition, this study also aims to find out whether the intention to disobey and complexity of tax regulations is a significant cause of the compliant behavior of the taxpayer.

For that reason, this study includes quantitative research because it emphasizes on testing theories through the measurement of the research variables. Malholtra in Anshori (2011) described that quantitative research is a type of research that seeks to quantify the data and typically apply some form of statistical analysis. The statistical test used is multiple regression analysis because this study examined the effect of more than one independent variable (metric) to a bound variable (metric) (Ghozali 2011: 7). This study uses quantitative data drawn from primary data source in the form of questionnaires.

Samples and Sampling Techniques

Population consists of all individual taxpayers (WPOP) listed in tax office (KPP) Sidoarjo West. The sample is selected from the population by using purposive sampling. The sample selection criteria are (1) The

person's status as a private individual taxpayer (WPOP), and (2) never fill in the SPT alone.

Operational Definition of Variables

The variables are intention to behave compliantly and Compliance Behavior as the dependent variable 4 independent variables such as Compliance behavior Attitudes, Subjective Norms, Perceived Behavioral Control, and Complexity of the Tax Regulations.

1. Attitudes toward Behavior Compliance

Attitudes toward feeling compliant behavior is an aspect that is owned by the tax professional determined directly by the belief held by a tax professional to conduct tax compliance or noncompliance (Mustikasari 2007). Indicators of this variable are the desire to pay less tax than it should be, not feeling the utilization of tax transparent, and feeling aggrieved by the tax system.

The measurement of the variables of attitudes towards compliance-assessment is done by using the framework of expectations (valuation-expectancy framework). Each respondent was asked to give the value of the belief and expectancy as outlined in the statement. Each statement uses scale of 1-5. The higher values obtained (close to 5), the more positive attitude of individual taxpayers on tax compliance.

2. Subjective norms

Subjective norm is the strength of the influence of the views of people around the tax professional to the tax compliance behavior of professional tax. A person can be affected or not, depending on the strength of personality of the person concerned as faced by another person (Mustikasari 2007).

The indicators of subjective norms used in this study are referred to as a study of Mustikasari (2007) that there are 4 indicators which include friends (the closest in the environment), consultant/expert tax (which is supposed to understand the tax issues), tax officials, and head of the company (if WPOP status as employees of the company). This

study also uses five indicators of Hidayat and Nugroho (2010), namely the fellow individual taxpayers.

Thus, the total number is 5 indicator variables of subjective norms. The first statement deals with normative beliefs and the second relates to the motivation to comply (motivation to comply). Each statement uses a scale of 1-5, which means that the higher values obtained (close to 5), the stronger the influence of the parties around the taxpayer against taxpayer compliance behavior. Conversely, the lower the value obtained (close to 1), the weaker the influence of parties around the taxpayer against taxpayer behavior to obey.

3. *Perceived Behavioral Control*

Based on TPB, perceived behavioral control is a control belief that refers to a person's perception of whether or not he toughly implements the desired behavior (Ajzen 1991). It is not easy to determine whether someone can perform a certain behavior is determined by two factors: (1) top what extent the control of a person's behavior is, and (2) To what extent a person believes the ability to do a behavior. This is as stated by Francis et al. 2004.

Indicators of perceived behavioral control variables used in this study refers to Francis et al. (2004) that is the level of self-confidence (self-efficacy) and the level of control over the behavior. This indicator represents the statement using a scale of 1-5. The higher the value assigned (close to 5), the taxpayer has a high self-control. Conversely, the lower the value assigned (close to 1), self-control of the lower taxpayer.

4. *Complexity of Tax Regulation*

Complexity refers to the complex tax laws or failure of good legal norms regarding his ac-tions, implementation, and about the material. Indicator of this variable refers to the study Hardika (2006) and Salman & Farid (2010). As with other variables, the statements in this questionnaire also use a scale of 1-5. The lower the value assigned (numbers close to

1), the less complex a tax rule. Conversely, if the higher value assigned (close to 5), the more complex tax regulations.

5. *Intention to behave obediently*

Intention is described as a trend of making a tax professional has tax compliance behavior (Mustikasari 2007). In this case, the intention is addressed to the individual taxpayer. The indicators to measure this variable is done by means of an indicator created by Mustikasari (2007), namely (1) the tendency to show taxpayers and tax compliance behavior (2) the decision to comply with the taxpayer of tax provisions.

The questionnaire uses a scale of 1-5. The higher the value assigned (close to 5), the stronger the intention of the taxpayer is to behave obediently and conversely, the lower the value given (close to 1), the weaker the taxpayer's intention to conduct non-compliance with tax laws.

6. *Compliance Behavior*

Compliance behavior is compliance in meeting the provisions of the applicable tax laws (Hidayat and Nugroho 2010). This indicator is identified by the instruments made by Brown and Mazur (2003) in Mustikasari (2007) which includes: (1) submission of compliance (filing compliance), (2) payment compliance, and (3) reporting compliance. The submission of compliance is associated with the delivery notification either SPT or SPT period in accordance with the tax return reporting deadline stipulated in tax laws. Compliance payment is related to advance payment of tax or tax due in a timely manner and in the right amount in accordance with tax legislation.

For a reporting compliance, the reporting is associated with the entire amount of tax payable. Compliance delivery and payment compliance are closely related to the fulfillment of tax obligations formally. For reporting compliance, it is concerned with materially fulfillment of tax obligations. The third indicator is measured using statement

Table 1
Details of Questions Returned

Description	Total
Receipts from Post	0
Direct submission at Tax Office (KPP Pratama)	100
Total Questionnaires sent	100
Details of Questionnaires Returned	
- By Post	0
- Taken directly	93
Total Questionnaires Returned	93
Unused Questionnaires	6
Total Questionnaires used	87
Degree of Returns (<i>response rate</i>) (93/100 x 100%)	93%
Degree of returns Used (87/100 x 100%)	87%

Source: Primary data Processed.

with a scale of 1-5. The lower the value assigned (close to 1), the lower the taxpayer's behavior to comply with the tax laws. Conversely, the higher the value given (approaching 5), the behavior of taxpayers is to comply with the higher.

Data Analysis Techniques

The data were analyzed by using the approach of Partial Least Square (PLS), and by means of SmartPLS software. PLS is applied to estimate the path model using latent constructs with multiple indicators (Ghozali 2006). This approach uses fundamental reason that is distribution free (does not assume a particular distribution of data, can be nominal, category, ordinal, interval and ratio), small sample size and the alternative models of covariance-based SEM (Ghozali 2006).

Based on the PLS approach, there are two models of the outer model or measurement. Outer model or measurement model defines how each block of indicators is related to the latent variables. The assessment of the outer models is done by using convergent validity (cross loading factor), and reliability and discriminate validity of the construct. Cross loading factor is useful to compare the correlation of the indicators of a construct with the indicator correlation to other constructs. If the correlation indicator construct has a higher value than the correlation of these indicators against other constructs, the construct is said to have high

discriminate validity. The construct reliability is done by looking at the value of composite reliability. A construct is considered reliable if the composite reliability values above 0.60 (Nunnally 1966 in Ghozali 2006: 133). The final testing of the model is to assess outer with discriminant validity. The discriminate validity is done by comparing the value of the root of the Average Variance Extracted (AVE) with the correlation between the constructs.

For example, if the value of the root of the AVE is higher than the value of the correlation between the other constructs, it can be said that the construct has high discriminant validity. Inner models or structural models are used to describe the relationship between latent variables. The tests on the inner workings of the model are done by giving the value of the coefficient of relationship between constructs, the significance, and value of R-square. R-square interpretation here is the same as in the interpretation of regression. Changes in the value of R-square can be used to assess the effect of the latent variables are independent of the dependent latent variables that influence whether substantive or not.

DATA ANALYSIS AND DISCUSSION

The respondents are the individual taxpayers (WPOP) listed in KPP Sidoarjo West. The reason for choosing KPP Sidoarjo West is that they are listed KPP including in en-

Table 2
Outer Loading (Measurement Model)

	Rule	Control	Intention	Norms	Compliance	Attitude
Rule 1	0.906867					
Rule 2	0.663512					
Rule 3	0.539232					
Control 1		0.928687				
Control 2		0.680389				
Control 3		0.582314				
Intention 1			0.955204			
Intention 2			0.933535			
Norm 1				0.719202		
Norm 2				0.842285		
Norm 4				0.742827		
Norm 5				0.972374		
Compliance 1					0.842534	
Compliance 2					-0.828328	
Compliance 3					-0.601292	
Compliance 4					0.536133	
Attitude 1						0.823428

Sources: Output of Smart PLS version 2.

vironmental DJP East Java II totally 57347 people per February 1 2010. The respondent characteristics are (1) an individual taxpayer, and (2) never fill the tax notification (SPT). The questionnaires submitted directly to the office of the respondent in the KPP West Sidoarjo when respondents report notification (SPT). From a total of 100 questionnaires, 93 were submitted or returned; meaning the rate of return (response rate) is 93%. The rate of return is used by 87%, from 93 questionnaires which were returned and 87 questionnaires can be used. Non-response bias test was also performed in this study because all questionnaires submitted directly to the respondents were the questionnaires sent by mail. The details of the questionnaire returns can be seen in Table 1.

It appears that the majority of respondents are male equal to 60% and the remaining respondents are female of 40%. The respondents also have a high school education background (53%), while the undergraduate educational background (44%), education diploma (undergraduate) (2%) and graduate

education (1%). In connection with the tax register, the majority of respondents registered from 2008 to 2011 (66%), 2004 to 2007 (15%), 2000 to 2003 (14%), and 1996 to 1999 (6%).

Analysis of Outer Loadings (Measurement Model)

The outer loading (measurement model) is used to test the convergent validity of unidimensionality each construct. From the data processing, it was obtained the value of the indicator as in Table 2 that is above 0.5.

Composite Reliability and Discriminant Validity

Composite reliability is done by testing the reliability of a construct, which is an index that shows the extent to which the measurement instrument can be reliable or trustworthy. In this sense, reliability is a measure of internal consistency of the indicators of a variable which shapes. It indicates the degree to which each indicator that indicates a general variable formation. In calculating the composite (construct)

Table 3
Correlations of the Latent Variables and the root of the AVE

	Rule	Control	Intention	Norm	Compliance	Attitude
Rule	0.719589					
Control	-0.150934	0.744866				
Intention	0.323033	-0.176885	0.944432			
Norm	0.125628	-0.419384	-0.112615	0.825227		
Compliance	0.275866	-0.093822	-0.037815	0.471866	0.784099	
Attitude	-0.018281	-0.028744	-0.192953	0.149757	0.003510	0.932446

Sources: Output of Smart PLS version 2.

reliability it is done by determining a minimum cut-off value that is 0.7.

With the above criteria, it has a composite construct reliability which is higher than 0.7, namely the complexity of tax laws by 0.754695, perceived behavioral control 0.782407, 0.942883 intention of abiding behavior, subjective norm 0.893779, totaled to 0.824224 compliance behaviors, and attitudes toward compliance by 0.924368.

Cross loading is used to view the discriminant validity. From processing by SmartPLS version 2, the result can be shown in Table 4. It has the value of the loading factor indicator for the construct which is higher than the value of the indicator of factor loading compared to other constructs. All the constructs provide their own indicators of loading factor values which are higher than the value of loading factor of the indicators compared to other constructs. Factor loading value of the indicators and constructs Complexity of Tax Regulation is 0.719589 that is higher than the value of the loading factor of construct indicator.

For example the Perceived Behavior Control is -0.150934, with the indicator construct of compliance intention behavior 0.323033, with the indicator construct Subjective Norms of 0,125628, to construct an indicator of Conduct Compliance at 0.275866, and indicators of the construct of Attitude toward compliance behavior by -0.018281. As for the fifth factor loading value of other constructs, it can be seen in Table 3.

Inner Model (R Square)

For assessing the inner model, it is done by evaluating the influence of the latent variables (complexity of tax laws, perceived behavioral control, subjective norms, and attitudes toward compliance) on the intention to behave compliantly (compliance behavior). In addition, the researcher also evaluates the effect of the latent variables (intention to behave compliantly and complexity of tax laws on tax compliance behavior.

The model provides the R-square value of 0.197789, which means that the variability of the compliance behavior intention can be explained by the complexity of the construct of Tax Rules, perceived behavioral control, subjective norm, and attitude toward compliance which is equal to 19.78%. The outside factors that affect the variability of analytical model of Compliance Behavior Intention are at 80.22%. In addition, the value of R Square is 0.094090, which means that the variability of tax compliance behavior can be explained by the complexity of the tax rule and compliance behavior intention that is 9.41%. Outside factors that affect the analytical model of tax compliance behavior amounted is 90.59%.

Hypothesis Testing

The research hypotheses are tested by looking at the value of t-statistics. The limit to reject and accept hypothesis is 1.96, in which when the value of t-statistic is higher than 1.96, the hypothesis is accepted or otherwise it can reject the null hypothesis (H₀). T-statistic estimation results can be seen in Table 4.

Table 4
Results for Inner Weights

	Original Sample (O)	Sample Mean (M)	Std. Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
Attitude -> Intention	-0.160280	-0.170327	0.089084	0.089084	1.799209
Norm -> Intention	-0.223615	-0.200632	0.110134	0.110134	2.030385
Control -> Intention	-0.227910	-0.229019	0.098040	0.098040	2.324657
Rule -> Intention	0.313796	0.301291	0.114784	0.114784	2.733793
Intention -> Compliance	-0.141717	-0.165910	0.106904	0.106904	1.325642
Rule -> Compliance	0.321645	0.368114	0.092562	0.092562	3.474929

Sources: Output of SmartPLS Version 2.

The first hypothesis with the result of the parameter coefficient between the variables of tax rules against Taxpayer Compliance provides the value of t -statistic of 1.799209. This is not significant at 0.05. The statistical value is below the critical value of 1.96, so the first hypothesis is not accepted or there is no significant effect of the latent variable of attitude towards to the compliance behavior intention.

The second hypothesis provides the test results of the parameter coefficients between variables of Subjective Norm and Compliance behavior intention demonstrate the value of t-statistic of 2.030385 and significant at 0.05. The statistical value is above the critical value of 1.96, so that the second hypothesis is accepted or there is a significant effect of the latent variable subjective norm on compliance behavior intention.

The third hypothesis provides the test result of the parameter coefficients between the variables of Perceived Behavioral Control and Compliance Behavior Intention which indicates t- statistic value of 2.324657 and significant at 0.05. The statistical value is above the critical value of 1.96, so the third hypothesis is accepted or there is a significant effect of the latent variable of perceived behavioral control on the compliance behavior intention.

The fourth hypothesis shows the test result of the parameter coefficients between variable complexities of the Tax Regulations and Compliance Behavior Intention which indicates t-statistic value of 2.733793

and significant at 0.05. The statistical value above the critical value of 1.96, so the fourth hypothesis is also accepted or there is a significant effect of the latent variable complexity of the tax rule on the compliance behavior intention.

The fifth hypothesis also provides the test result of the parameter coefficients between variables of compliance behavior intention and the tax law compliance which indicates t-statistic value of 1.325642 and not significant at 0.05. The statistical value below the critical value of 1.96, so the fifth hypothesis is not accepted or there is no significant effect of the latent variables of compliance behavior intention on compliance behavior.

The sixth hypothesis provides the test result of the parameter coefficients between variables Complexity Tax Rules and Taxpayer Compliance Behavior which indicates t-statistic value of 3.474929 and significant at 0.05. The statistical value is above the critical value of 1.96, so the sixth hypothesis is accepted or there is a significant effect of the latent variables of the complexity of the tax rule on the compliance behavior of taxpayers.

Discussion

The results of this study cannot support the view both theoretically and empirically from the results of previous studies conducted by Bobek and Hatfield (2003) and Mustikasari (2007). The attitude towards compliance is found not significantly to affect the compliance behavior

intention or to behave compliantly. There is only one indicator that has a loading factor above 0.5. Indicator 1 relates to the desire of taxpayers to pay less tax. This is understandable because almost all the taxpayers have a tendency or desire to pay taxes in small amounts. So, the higher the desire of taxpayers to pay less tax, the higher the intention of the taxpayer to behave compliantly.

In another case, the results of this study support previous research by Bobek and Hatfield (2003) and Mustikasari (2007). For example, it was found that subjective norms significantly affect intention to behave compliantly (compliance behavior intention). The subjective norm of this research is an important component in improving intention to behave compliantly. This suggests that there is a certain role of other parties that may encourage taxpayers to comply with tax. This is also very important in influencing the taxpayer compliance.

The certain other parties include friends, tax consultant, tax officials, corporate leaders, and fellow taxpayers. All indicators have a loading factor above 0.5, except for indicator 3 (NORM 3). The indicator that provides the greatest contribution is the fellow of the taxpayers (NORM 5). This is understandable because fellow taxpayers have the same rights and obligations under the existing tax system. The second indicator that has the largest contribution is a tax consultant (NORM 2). Tax consultant can assist taxpayers in their tax obligations. Tax consultants also play a role in encouraging taxpayers to comply with tax regulations. However, the weakest indicator that contributes to encourage taxpayers to comply with tax laws is a friend. This is because there are some friends who are already registered as taxpayers.

The results of these studies support theoretical and empirical study of a previous study conducted by Bobek and Hatfield (2003) and Mustikasari (2007). The study found that perceived behavioral con-

trol significantly affects compliance behavior intention. Perceived behavioral control is an important component in improving compliance behavior intention by the taxpayers. All indicators have a loading factor above 0.5. The great contribution in shaping the construct of perceived behavior control is CONTROL 1 and CONTROL 2.

CONTROL 1 indicator provides the greatest contribution to shaping the behavior of the control constructs. When a taxpayer has a high level of confidence in the possibility of the tax authorities or tax office being inspected also has high intention to behave compliantly. Similarly, if the taxpayer has a high confidence on the possibility of sanctions, the compliance behavior intention is high too. This is logical because both of these are tax audits and penalties.

The study found that the complexity of tax laws affect the intention to behave compliantly. When the complexity of tax laws is high, the taxpayer's intention to behave compliantly is lower. In addition, the more difficult to understand the tax laws the lower the intention to behave compliantly. All the indicators have a loading factor above 0.5. Sequence indicator in contributing to the complexity of the construct is RULE 1, the Tax Regulation, RULE 2 and RULE 3. The largest contribution in the form of Tax Regulation complexity construct is RULE 1.

This indicator relates to the tax a rule that shows complexity. If a taxpayer feels that the tax law is pretty complex, there is a tendency to display submissive behavior. The second contribution in shaping the construct of Complexity of Tax Regulation is RULE 2. The second indicator is related to the degree of difficulty experienced by taxpayers in understanding the tax laws. If taxpayers find it difficult to understand the existing tax rules, they can lead to intention to behave less compliantly.

The lowest contribution in shaping the construct of Complexity of Tax Regulation

is RULE 3. It can be understood that if the taxpayer feels that the statutory language is difficult or tax laws are not easily understood, they will have less intention to behave compliantly. This is supported by the evidence that individual taxpayers still consider that tax laws are complex. Many tax rules change so that dynamic change is quite difficult for an individual taxpayer for a taxation obligations (<http://hitungpajak.wordpress.com>).

The study also found that intention to behave compliantly (Compliance behavior intention) does not significantly affect the taxpayer submissive behavior. The results of this study differ from the view of theoretical and empirical studies of the results of previous studies that have been done by Bobek and Hatfield (2003), Mustika-sari (2007), and Hidayat & Nugroho (2010).

The intention to behave compliantly is not an important component for improving the tax compliance behavior. This may be due to possible factors that can influence the behavior of taxpayers to comply beyond good intentions such as internal and external factors taxpayer. The internal factors in addition to the intention of the taxpayer include the factor to behave compliantly and moral attitudes of the taxpayers. The external factors beyond the taxpayer includes regulation and tax policies and other parties that encourage taxpayer compliance with tax obligations as previously described.

These findings coincide with the theoretical study and previous empirical research that has been done by Hardika (2006). The study found that the complexity of tax laws significantly affect taxpayers submissive behavior. The increase of tax law complexity felt by the taxpayers will display submissive behavior such as being late in delivering a notification (SPT) so that they will not pay the tax on time.

On the contrary, if the taxpayers feel that the tax rule is not complex and easy to understand, they will try to show submis-

sive behavior. Taxpayer compliance behavior can be either they never receive a tax bill (STP), late notification delivery (SPT), a late payment interest payable of tax. The fact also supports the results of this study in which there are many taxpayers who consider tax laws are complex, convoluted and frequent changes in tax laws making it difficult for taxpayers to carry out their tax obligations that have an impact on compliance behavior of taxpayers. (<http://hitungpajak.wordpress.com>).

CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

The study expands the repertoire of behavioral theory and research in the field of taxation. The construct of **subjective norm, perceived behavioral control, and the complexity of the tax laws** are considered important components in improving compliance behavior intention for the taxpayers. Other constructs that can be inferred such as attitude toward compliance is not an important component in improving the compliance behavior intention for the taxpayers.

In addition, the construct of the complexity of tax laws is an important factor in improving tax compliance behavior. Implicitly, the more complex of tax laws, the taxpayers will display submissive behavior such as being late in delivering a notification (SPT) and they will not pay the tax on time. Conversely, if the taxpayer feels that the tax code is not complex and easy to understand, he will show good behavior.

Implication of the study is that the tax regulation should be paid attention and other factors that make the tax payers compliant should also be taken into account. However, the taxpayers' intention factor is not an important component in improving tax compliance behavior. The limitation relates to the number of respondents who participated. This is still considered a relatively small number of respondents that is 87 individual taxpayers (WPOP).

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