

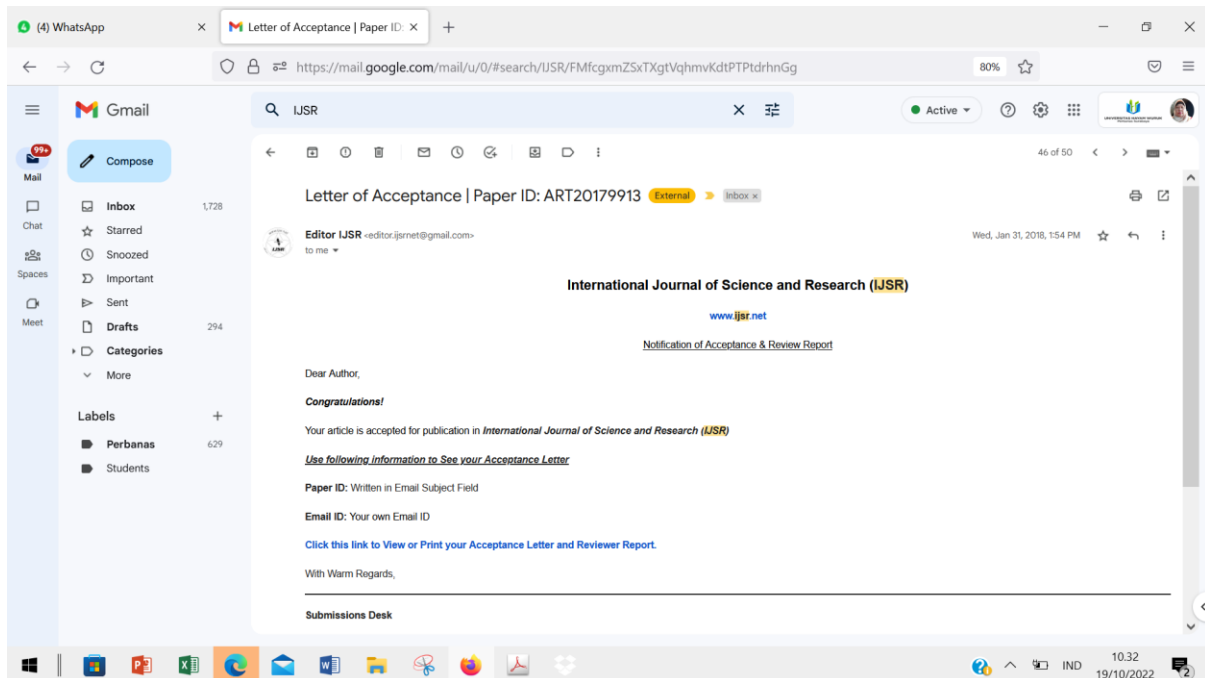
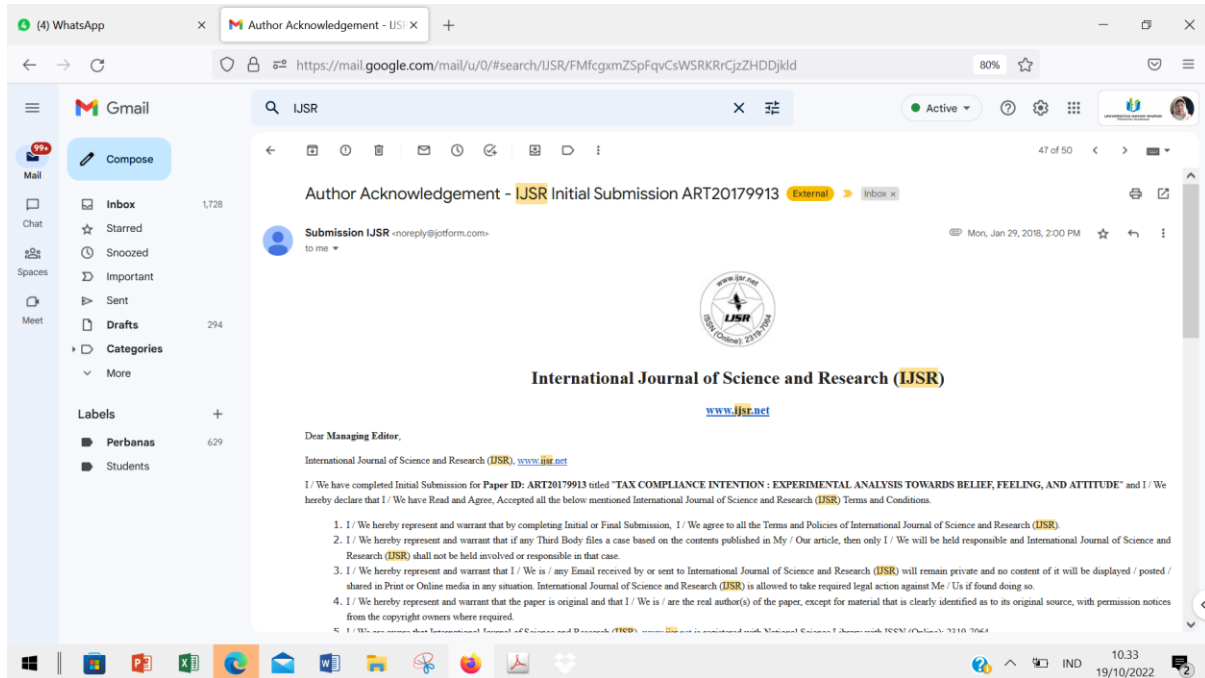
Judul : Tax Compliance Intention:Experimental Analysis Toward Belief, Feeling and Attitude

Article Submission : 29 Januari 2018

Article Revision : 18 Januari 2018

Accepted : 31 Januari 2018

Published : 07 Februari 2018



4) WhatsApp x Publication Notification | Volum... x

https://mail.google.com/mail/u/0/#search/USJR/FMfcgxmZSxfhVvXmngJSSXDqHkgNWxD 80%

Gmail IJSR Active

43 of 50

Publication Notification | Volume 7 Issue 2, February 2018 | www.ijsr.net External

Editor IJSR <editor.ijsrnet@gmail.com> to Editor, bcc: me

Wed, Feb 7, 2018, 9:17 PM

International Journal of Science and Research (IJSR)

www.ijsr.net

ISSN (Online): 2319-7064

Notification of Publication

Dear Author,

Your paper is now online at <https://www.ijsr.net/archive/v7i2/v7i2r1be>

You can Generate Your Publication Certificates here https://www.ijsr.net/certificate_search.php

You may Order Hard Copies of Certificates here <https://www.ijsr.net/certificate.php>

You can share published articles through **Facebook, Twitter, LinkedIn, Blogs, Emails** etc. Share it with friends, family, colleagues, and your wider network to disseminate the research work. By sharing your article, you can make a bigger impact with your research.

Sharing the link via social media accounts and email helps you **generate interest in your article**. Sharing your article makes it more visible, potentially increasing downloads and citations.

Start sharing articles in your circle.

Read research

Windows taskbar: 10.35 19/10/2022

TAX COMPLIANCE INTENTION : EXPERIMENTAL ANALYSIS TOWARDS BELIEF, FEELINGS AND ATTITUDE

Oleh:

Supriyati¹⁾, Bambang Tjahjadi²⁾, I Made Narsa³⁾, Heru Tjaraka⁴⁾

¹⁾ P.hD student in Airlangga University and Lecturer in STIE Perbanas Surabaya, Supriyati-2016@feb.unair.ac.id

²⁾ Profesor in Accounting Departement Airlangga University, bambang.tjahjadi@feb.unair.ac.id

³⁾ Profesor in Accounting Departement Airlangga University, i-made-n@feb.unair.ac.id

⁴⁾ Lecturer in Accounting Departement Airlangga University, heru_tjaraka@feb.unair.ac.id

Tampilan 2 kolom lebar 3.38 inc

Abstract

Taxes are the largest source of tax revenue today, but the realization of tax revenue has not been optimal. Various government policies implemented but has not able yet to improve taxpayer compliance in paying or reporting tax obligations. Taxpayer compliance is a very complex issue and plagues all countries. Motives derived from the taxpayer's individual self is an expression of the mental attitude towards the tax authorities and prevailing taxation system. This motivational posture will cause beliefs, feelings and interrelated attitudes. This study is conducted using experimental analysis with 52 students from Accounting Department of Airlangga University Surabaya. The experimental design used was quasi experimental design Between Subject 2x2 with covariate of randomization method. The test results show that taxpayers who have positive and defective motivation posture do not affect the decision of intention to behave tax obedient. Testing on variable of audit strategy and tax sanction shows only variable of tax sanction which have influence on decision of intention to behave tax obedient, especially when the taxpayer is given high tax sanction.

Keywords: Tax Compliance, Motivation Posture, Audit Strategy, Tax Sanction

INTRODUCTION

Indonesia Economic social and economic life of a country and its people development can be evidenced by a change in tax rules because tax is always dynamic. The tax base can be further expanded and tax service can be improved more as an attempt to increase tax revenues. The first stage of tax reform in Indonesia that began in 1983 by introducing *self assessment system*, simplifier and lower income tax rate and impose a Value Added Tax (VAT) as the substitute of sales tax (VAT). The second phase of taxes reformation began in 2009 is led to human resource development and use of information technology in tax administration system. Tax reformation done by the state is aimed at increased tax revenues, improvements and fundamental changes in all aspects of taxation. Increased tax revenue can be realized if the people have high tax compliance levels.

Each state has different approach, laws and regulations so that factors that affect the level of tax compliance will also be different (Palil, 2013). Taxpayers still aggressive to make efforts for their tax evasion because there are legal

reasons, ethical reasons and administrative reasons (Rahmawati., 2015). Tax evasion by the Asian Agri Group was the largest tax evasion case of 2008 (Rahman, 2008). Tax violations using fake tax invoices reaching Rp. 1.56 trillion counted in 2008-2014 (Mohamad, 2014), also another biggest cases such as *Panama* or *Offshore Leak Papers* which has falsified and kept tax documents more than 40 years (Himawan, 2016). This is what has been happened in the tax reporting until 2015. There are only about 29.4% of the number of Individual Labor and incomes in Indonesia who registered as a taxpayer. Taxpayer who has obligation to submit Annual Tax Return as much as 18,159,840, but the taxpayer who submitted the Annual Tax Return is only 60.27%. (www.pajak.go.id). Various government policies have been set including the increase in *the tax ratio, enforcement law*, the increase in non-taxable income, *sunset policy*, tax amnesty apparently not been able to increase *voluntary* taxpayer compliance. This is also supported by a lack of studies that reviews the role of government and the various crimes in the field of taxation (Alabede, 2011).

From the point of view of taxpayers, tax compliance issues are a classic problem faced in almost all countries that implement taxation systems. Still seems the reluctance of taxpayers to fulfill their tax obligations. There is a tendency of taxpayers to minimize the amount of tax payable through tax avoidance efforts and even tax evasion efforts (Michael, 2013). The pattern of taxpayer behavior is very extreme and complex in individual decision making so it fails to build voluntary tax compliance (Jo Anne, 2012). This universal phenomenon is in all walks of life in both developed and developing countries. The tax-obedient decisions are not only influenced by economic factors, as well as social and individual psychological factors (Peggy, 2016), (Donna D, 2013), (Donna D, 2003), (Donna D, 2007), (Ern, 2010), (Jo Anne, 2012), (Viswanath, 2003), (Ambra, 2015), (Bismark, 2016). However, the roles and perceptions of the people to the government also have an influence on tax-imposed decisions or not, such as financial management beliefs (Tijani, 2013), (Theresia W, 2015), (Peggy, 2016), government accountability (Abubakari, 2013) governmental fiscal policy (Bismark, 2016), government-imposed laws and regulations (Angus, 2016), perceptions of government corruption (Rahmawati., 2015) and bureaucratic mechanisms established by the government (Yulia, 2015). Such sustained improvement efforts have not been able to create voluntary tax compliance. Tax compliance will always be interesting to examine, although some researchers have previously tried to develop tax compliance models (Alabede, 2011).

Motivational Postures is a new approach in tax compliance behavior (Braithwaite, 2003). Motives derived from the taxpayer's individual self as an expression of the mental attitude towards the tax authorities and the prevailing taxation system. Between taxpayers and tax authorities have a very complex relationship and this is different from the public sector because it has strong intervention with the government (Jo Anne, 2012), (Adriana M, 2012), (Wadim, 2015). This motivational posture will cause beliefs, feelings and interrelated attitudes. This posture of motivation will lead individuals to become obedient or non-compliant taxpayers. This theory applies to taxpayer compliance behavior with the aim of capturing attitudes of taxpayers on tax authorities and tax regulations established by tax authorities (Tijani, 2013), (Abubakari, 2013), (Alabede, 2011),

(Theresia W, 2015), (Peggy, 2016). Tax authorities have legal legitimacy, but do not guarantee the existence of psychological legitimacy to the taxpayer. The taxpayer always evaluates the policy made by the tax authority and determines the position of his or her attitude toward the policy (Donna D, 2003). The position of such attitudes can be either determining the tax rate or the rejection of policies that will subsequently affect their compliance behavior. Previous research has shown that ethics and individual motivation do not affect taxpayer compliance, but individual ability itself is influential because individuals have good planning alternatives (Rashedul, 2014).

In addition to the internal factors of individuals in consideration, the tax authorities also make efforts to prevent non-compliance taxpayer, among others determine the tax audit strategy and the imposition of tax penalties. The low level of tax compliance is likely also due to the low level of government oversight function. Various government policies should be followed by follow-up efforts through supervision. Tax audit conducted by the tax authorities for the taxpayer compliance supervisory function fulfills its tax obligations. When the tax authorities establish taxpayer criteria that include the subject of the examination, it affects their behavior obediently or not. The tax audit strategy of both random and fixed allegedly influences the intention of individuals behaving in compliance with taxes (Ho D, 2008), (B. Charlene, 2005), (Viswanath, 2003), (Adam, 2007). The most dominant socio-psychological and economic aspects affect taxpayer compliance, while tax audit, penalty and probability detection, tax rate has not delivered good results (Ern, 2010), even tax audits have an impact on the behavior of tax-inducing individuals (Daniel Ho., 2008), (Ambra, 2015).

When the tax audit happens, of course, it has legal consequence in the form of tax assessment letters (SKP), both underpaid, overpaid and nil. If the determination of a tax audit proves to be underpaid, the government will impose sanctions in the form of penalties, interest or increases. Taxation sanctions are one the effective tools for detecting disobedience (Raihana, 2014b), (Martin, 2016). Increasingly high tax penalties are expected to make taxpayers do not commit violations (obedient) and when they are making mistakes, they are expected not to make the same mistakes in the future. Higher sanctions will reduce

non-compliance of individuals to fulfill their tax obligations (Daniel Ho., 2008), (Viswanath, 2003), (Michael, 2013). Taxpayers sometimes encounter a dilemma when applying for tax returns, so that ethics, rewards and sanctions have a negative effect in building tax compliance (Donna D, 2007), (Joel, 2007), (Raihana, 2014a).

LITERATURE SURVEY

Motivational Posture Theory

Motivational posture Theory describes five main attitudes (attitude) in taxpayer compliance behavior. This theory explains the mental-self attitude of individual taxpayer that is expressively indicated by the taxpayer to the tax authority on the prevailing tax system, structure and procedure (Braithwaite, 2003). This theory is applied to taxpayer compliance behavior in order to capture the attitudes of the taxpayer on the tax authorities and tax regulations set by the tax authorities. Tax authorities have legal legitimacy, but do not guarantee the existence of psychological legitimacy to the taxpayer. The taxpayer always evaluates the policy made by the tax authority and determines the position of his or her attitude toward the policy. The position of such attitudes can be either determining the tax rate or the rejection of policies that will subsequently affect their compliance behavior.

Motivation posture is formed due to the taxpayer's linkage with the tax authorities and tax policy that eventually leads to beliefs, feelings and interrelated attitudes. The five posture of motivation is an important component in tax compliance that divided into two parts orientation, which is positive orientation to tax authority (motivation commitment and capitulation) and negative orientation that depict resistance / resistance motivation, disengagement and game playing. Commitment motivation describes a level the consciousness of the individual who wishes for his own will feels involved in the mission of tax authorities to maximize state revenues. The motivation of capitulation describes the individual who accepts the rules set by the tax authority without having to be involved with its mission. Both motivations essentially represent compliant and cooperative taxpayer behavior, if it is seen from the point of view of the tax authorities. The resistance motivation represents an open resistance to the tax authorities in any established tax policy. Motivation of the disengagement represents a more serious resistance to a taxation system. Individuals

who have both of these characters build their immunity from any policy established by the tax authorities, and even they feel immune with the law. And, game playing motivation represents imaginative behavior that shows as close to the system, but they view the tax authorities as opposed in a game.

Motivational posture includes a belief, intention, morals, ethics and attitudes that originate within the individual with regard to the issue of taxation. This motivational posture is the integration of trust, evaluation and expectation of the taxpayer against the tax authorities and its policies (Braithwaite, 2003). This posture of motivation can change as the situation changes and conditions faced by the taxpayer. When the perceived situation and condition of the individual related to the role and policy of the tax authorities the better, then the decisions made tend to be tax-compliant. Individuals who have positive motivation and defiance-oriented will certainly differ in decision-making behave obediently.

H1: Decision of intention to behave compliance tax will be higher in mandatory candidates who have positive oriented motivation posture than those who have defiance oriented motivation posture

Audit Tax Strategy

Tax audit is a series of activities to search, collect evidence, process data and other information in order to determine compliance level of tax obligations (RI, 2007). There are two ways of audit strategy conducted tax auditors, namely random and fixed. This random audit strategy is random when the level of uncertainty is high. Fixed audit strategy is a strategy to be selected tax inspector by giving the announcement or priority provisions of taxpayers to be examined. The selected tax strategy is influenced by the possibility of increased income, the existence of alleged non-adherence, the utilization of taxpayer's historical information, found evidence of fraud or dishonesty in tax reporting.

There are several reasons of potential taxpayers will be examined, among others: overpayment in annual tax return (SPT) with the consequences of taxpayer filed restitution, tax returns and taxpayers to compensate, annual tax return (SPT) is not accepted or not submitted, taxpayers meet the selection criteria and there are complaints from the public. In addition, to meet other objectives that tend to tax inspectors will

perform a fixed audit strategy such as Giving Tax ID Number (NPWP) or deletion of tax ID number (NPWP), Collection of materials to compile Norms Net Income Calculation, VAT Centralization, Determination of remote taxpayers and Matching data or tool description.

When the taxpayer belongs to the taxpayer of other purposes or in the effort of restitution, the tax inspector tends to perform a fixed audit strategy. The taxpayer under these conditions is likely to be better prepared for the tax examiner later on, so it is unlikely that the taxpayer will make a mistake in reporting or tend to be taxed. Conversely on the conditions of random audit strategy, taxpayers feel themselves not necessarily examined even the possibility is so small that they are sometimes too reckless to report taxes are not correct or not obedient.

H2 : The treatment of a fixed tax strategy can increase the intention of behaving tax compliance with rather than random audit strategy does

Tax Sanctions

Tax penalties applied in Indonesia can be in the form of fines and penalties. This tax sanction is expected could be a taxpayer prevention factor to be disobedient. Each taxpayer's tax penalties are differentiated by different levels of tax violations committed, such as not submitting SPT, submitting SPT but reporting earnings are too small than actual, no bookkeeping of invoices, receipt of money and so on. The current tax penalty is in the form of fine sanction of Rp. 100,000- Rp. 1,000,000, interest sanctions of 2% to 48%, sanction of increase of 50% or 100%. The problem of tax sanction is quite much regulated in the Law of General Taxation provisions, namely Article 7 paragraph (1) and (2), Article 8 paragraph (2) (3) and (5), Article 9 paragraph (2), Article 13 Paragraph (2) and (3), Article 14 Paragraph (3) (4) and (5), Article 15 Paragraph (2), Article 17C Paragraph (5), Article 17D Paragraph (5), Article 19 Paragraph (1) (2) and (3), Article 20 paragraph (1) and (2), Article 25 paragraph (9) and (10), Article 36 paragraph (1) and (2).

When the tax authorities impose too high tax sanctions, they would expect taxpayers do not commit tax violations or become compliant taxpayers. Conversely, when the tax authorities determine the low tax penalty instead taxpayers feel too lenient sanctions and there is the ability to

pay the sanctions so that taxpayers tend to behave disobediently.

H3 : High tax penalties can increase the intention of behaving tax compliance rather than low tax sanction does

H4 : High tax penalties and fixed audit strategies can increase tax-compliance intentions rather than low tax sanctions and randomized audit strategies do

PROBLEM DEFINITION

Efforts made by the tax authorities through tax audit strategies and the imposition of tax sanctions, will certainly provide different consequences on the decision to intend to behave compliance tax. The imposition of high and low tax penalties is also suspected to affect the intentions of individuals behaving tax compliance. This research tries by using motivational posture approach, which is emphasize more on aspect of individual attitude in looking at the role and policy of tax authority. This study tried to use experimental testing with the subjects of experiments of students majoring in accounting because this study still emphasizes the measurement of intention in behaving taxes obediently and when students become taxpayers later, they are expected to become obedient taxpayers. Adapun rumusan masalah yang disajikan dalam penelitian adalah 1) apakah ada perbedaan keputusan niat berperilaku patuh pajak pada wajib pajak saat motivasinya berbeda, 2) apakah ada perbedaan keputusan niat berperilaku patuh pajak saat strategi pajak berbeda, 3) apakah ada perbedaan keputusan niat berperilaku patuh pajak saat ada perbedaan sanksi pajak.

METHODOLOGY

Research Setting

Research related to this intention to behave obediently tax, is a laboratory experimental research. This research is conducted in a regulated situation and manipulated directly against external factors of taxpayer candidates. Independent variables used are potential tax audit and tax sanction so that it can be determined the relation of causality of independent and dependent variable. Internal factor of taxpayers in this study is the posture of motivation as a covariate factor that has the possibility of influencing the dependent variable in the intention to behave tax obediently. This covariate factor is not able to be controlled by the researcher, so this research is quasi

experimental design. The experimental subjects used in this study are students who have taken the subject of taxation and classified as a regular class. This is done to eliminate the weakness of experimental research in terms of low external validity.

Experiment Design

The research design used in experimental quasi is between subject with covariate and random assignment method. Motivation posture variable is covariate variable, which is the variable that cannot be controlled in an experiment research, but has the possibility to influence result on dependent variable. The independent variable used will be given two treatments (treatment). Each subject will obtain only one treatment level from each experimental variable. Experimental Design 2 x 2, namely: the treatment of potential tax audit (fixed

and random) and the treatment of tax sanctions (high and low).

Research variable

Dependent variable in this research is intention to behave tax obediently which is the intention to make ethical decisions made by the student as future taxpayer later. This ethical decision intent is related to the statement of the amount of income tax to be levied. The taxpayer's intent in this study is measured by the intention of reporting the amount of income tax from each level of treatment or manipulation provided. The independent variables in this study are external and internal factors of individual taxpayer candidates. The independent variable for this external factor will be manipulated so that it is called experimental variable, that is potential tax audit and tax sanction. Internal factor of taxpayer candidate is motivation posture as covariate variable.

and game playing illustrate defiance-oriented tax attitudes towards tax authorities. The posture of motivation was measured at the beginning of the experiment using a motivational postures instrument in the form of a questionnaire with 29 statements using a 5-point likert scale (Braithwaite, 2003).

Table 1. Research Variable

Variable	Research Variable	level
Dependent	Tax compliance behaviour intention	INTENTION
Independent (eksperiment)	Strategy Tax Audit (AUDIT)	Random (SAR) Fixed Audit (FA)
	Tax Sanction (sanction)	High (HIGH) Low (LOW)
Independent (covariate)	Motivation Posture	POSTMOTIV

A potential tax audit is defined as the way that the tax authorities consider to audit the veracity of tax reporting payable by the taxpayer. The potential tax audit in this study consisted of two possible strategies performed by the tax authorities, which were random and performed on a fixed basis. The manipulation done in this experimental research is by providing information about the audit strategy undertaken. Tax sanctions are defined as sanctions in the form of penalties and penalties that will be imposed to the taxpayer when the taxpayer to make tax reporting errors. Manipulation is done by providing information to the subject of various tax sanctions ranging from fine, interest and increase.

The posture of motivation describes the mental attitude shown from within the individual taxpayer candidates openly to the tax authorities. The statement on posture commitment and capitulation reflects the positive oriented taxpayer. Statements on resistance posture, disengagement

Table 2. Motivation Posture

Covariate Variable	Total Item
Motivation Posture	
1 Commitment	8
2 Capitulation	5
3 Resistance	6
4 Disengagement	5
5 Game Playing	5
Total	29

Sumber: (Braithwaite, 2003)

Experimental Procedure

Experiments begin with building internal validity where participants can follow experimental stages with fun. The second stage, is in the form of exposure of experimental procedures to be executed. Third stage, is a submission of questionnaire of geographic data and statement of motivation posture from participants. The researcher said that list of questions and takes 40 minutes to receive back. The experimental manipulation stage begins where each participant receives a level of treatment for the experimental variable (between subjects). Participants at this stage are required to take experimental media in case or tax scenarios. Time given to participants to make a decision on the amount of reported income.

Table 3. Eksperiment Scenario

Tax Sanction	Tax Audit Strategy	
	Random	Fixed
High	Scenario 1	Scenario 2
Low	Scenario 3	Scenario 4

Analysis Technique

Manipulation check is performed on the data obtained from the participants, with the aim of knowing the level of understanding related to the experimental procedures undertaken. Hypothesis testing is done with ANCOVA (Analysis of Covariance). The equation model used to test the hypothesis is as follows:

$$INTENTION = \mu + \alpha AUDIT_i + \alpha MODERN_j + \beta POSTMOTIV_k + \epsilon$$

Dimana:

- INTENTION* : The Decision of Intention to Behave to Tax
- AUDIT* : Influence of the i-th level of the potential tax audit factor (random audit and Fixed audit)
- MODERN* : Influence of j-level of taxation sanction factor (high and low)
- POSTMOTIV* : The regression coefficient of the covariate value of the posture of motivation
- ϵ : *Random error*

Analysis of the influence of each independent variable to the dependent variable decision intention to behave in a profound tax is a proof of the proposed hypothesis. Therefore, then performed Pairwise Comparisons resulting from Estimated Marginal Means. However, the placement of the motivation posture variable in the ANCOVA step resulted in the SPSS data output not generating Pairwise Comparisons resulting from Estimated Marginal Means of the covariate variable, thus further testing is using Independent Sample t-Test.

RESULT AND DISCUSSION

This study has been done with participants of accounting undergraduate students Airlangga University Surabaya as many as 78 people, where previously had done pilot project on STIE Perbanas Surabaya students as many as 49 people. The results of a manipulation check with three

questions showed as many as 52 people who fulfilled the result.

The first test conducted is to measure the posture of motivation of each participant as measured at the beginning of the experimental stage. Motivation posture measurement result shows that 80.04 percent has motivation posture of positively oriented, while 19.96 percent has motivation posture of defiance-oriented. The result of significance also shows bigger than $\alpha = 0,05$ which means decision of intention to behave tax obedient between taxpayer who have positive motivation posture , has no different with the taxpayers who have posture of defiance motivation.

The next step is a randomized test of the participants' personal characteristics that include genetal, religious, post-graduate ideals and priority expenditures other than food and clothing. Chi-Square test results on gender showed Pearson Chi-Square value of 0.080, for the characteristics of religion shows a value of 0.740, on the characteristics of dream that shows a value of 0.744, the characteristic expenditure priority that shows a value of 0.606. All the results of Chi-Square test show that the results are not significant. This means that the characteristics of sex, religion, ideals and expenditure priorities have no significant differences between cells so that they have been randomized and need not be tested as covariate variables. The next step is to test the description between groups or scenarios where the results show the following.

Table 4. Description Test

		Tax Sanction		
		High	Low	
Tax Audit Strategy	<i>Random</i>	Grup 1 (N= 15) Mean= 8,33 Std= 1,759	Grup 2 (N= 13) Mean= 6,62 Std= 2,725	N= 28 Mean= 7,54 Std= 2,380
	<i>Fixed</i>	Grup 3 (N=13) Mean= 7,23 Std= 2,619	Grup 4 (N=11) Mean= 6,64 Std= 2,335	N= 24 Mean= 6,96 Std= 2,458
		N= 28 Mean= 7,82 Std= 2,229	N= 24 Mean= 6,63 Std= 2,499	N= 52 Mean= 7,27 Std= 2,410

Meanwhile, the result of Between Subjects Effects test with dependent variable of tax compliance intention, indicates that only tax sanction has an effect on intention to behave obediently tax, while audit strategy has no influence on intention to behave tax obedient. The influential tax penalties in this study is high tax sanctions rather than low tax sanctions, as evidenced by the high mean tax penalty of 7.82 and the low tax sanction of 6.63.

Table 5. Between Subject Effects Test

Sumner	F	Sig
Intercept	1,602	0,201
Tax Audit Strategy	475,311	0,000
Tax Saction	0,670	0,417
Tax Audit Strategy	3,061	0,087
Tax Saction	0,723	0,400

Decision in behaving tax obedient or tax avoidance act is determined by the intention that exist within a person. Government effort to improve taxpayer compliance through audit strategies and tax sanctions on taxpayers has different results in this study. Audit strategies that performed both random and fixed for taxpayer selection criteria, also have no effect on the increase of intention to behave tax obedient. This is different from the government's effort through the provision of tax penalties that shows it has a significant influence on the increase of intention to behave tax obedient. These results are seen in the test results that show only the tax sanction variables that affect the decision of intent to behave tax compliance.

The government initial effort to see the compliance of taxpayers that conducted so far through the efforts of tax audit. Tax audit is one of law enforcement function toward self-assessment system in order to improve tax compliance. Tax audits can be done optimally, if the inspection activities are conducted with a planned, professional, in accordance with applicable tax provisions, focus and based on specific strategies. Fixed tax inspection on the taxpayers including selection criteria has been contained in the tax laws. This taxation regulation has become a guide for taxpayers to act and it seems that taxpayers are beginning to act cautiously in order not to become the target of tax audit. Meanwhile, the tax audits conducted randomly done to minimize error or non-compliance taxpayer. Even these results indicate that taxpayers are very careful or do not even intend to do tax evasion. Taxpayers tend to pay taxes according to the realization of their

income, although what they are paying tends to be larger than they should be.

All those government efforts are apparently not responded by taxpayers, who are making tax evasion efforts. There are several reasons taxpayers choose not to make tax evasion efforts when the potential tax audit is done. First, the taxpayer assumes that paying taxes has become an obligation of every citizen. Secondly, taxpayers also assume that so far the government has provided various facilities and easiness such as tax amnesty that oriented to ease tax payments. Third, taxpayers who are mostly private taxpayers, tend not to have staff or tax employees so that when the tax examination was found there are irregularities would be harm their selves. They will get bigger tax penalties than they should for the deviation.

Another government effort as an effort to reform taxation is the establishment of tax penalties. When the government conducts various facilities and tax breaks, such as tax amnesty, it is certainly supported by the tax sanctions applied. That is, when taxpayers who meet the criteria, are not reporting tax amnesty, of course the government will provide severe tax sanctions. High and low tax penalties are responded by the taxpayer by doing the intention of behaving obedient or not obedient to tax. This study shows that high penalty for tax violation or underpaid taxes payable from it should, has an effect on intention in behaving tax obedient. However, when tax sanctions are considered low, taxpayers tend to be non-compliance with taxes. Tax penalties enacted by the government make taxpayers more deterrent or afraid to make irregularities. Tax sanctions not only affect the amount of expenditure only, but it will provide a bad image for their business operations.

CONCLUSION

Tax is one of the largest sources of state revenues at this time, but from year to year the realization of tax revenue has not been optimal. The fundamental problem is the low compliance of the taxpayer. Taxpayer compliance issues are also complex issues because they involve many aspects and perspectives. Several previous tax compliance studies have also shown inconsistencies in results.

This study focuses on aspects of taxpayer behavior on government behavior and policies that are focused on audit strategies and tax penalties. This study is done by testing the experiment on

accounting students of Airlangga University Surabaya as many as 52 people who meet the check manipulation. The test results show that from the aspect of posture motivation, most participants including positive motivational posture and statistical results, show only tax sanctions that have an effect on the decision of intention to behave tax obedient especially when the government imposes high tax sanctions.

Audit strategies that conducted by the government both random and fixed, have been understood by the taxpayer. Taxpayers assume that paying taxes is an obligation, the government has provided many facilities or conveniences, and they do not want to get sanctioned high taxes. The existence of these reasons causes them to decide whether they intend to behave in compliance with taxes or to not doing tax evasion. However, when the government changes the tax sanctions it was responded by the taxpayer. When tax sanctions are set high, taxpayers are less likely to not doing tax evasion or they tend to report tax due for realization.

FUTURE SCOPE

This study has special limitations when selecting participants. When they graduate, they will choose to become a taxpayer who owns a business or who works freely or who works with an employer. The selection of their career in the future certainly affects the calculation of tax payable. In addition, this study only focuses on measuring intentions not yet fully leading to actual behavior in the future. Nevertheless, studies have major implications for the government. For the government the characteristics and human nature that exist in the taxpayer, should be the basis of consideration in decision making. Taxation strategies, changes in tax regulations and taxation reforms implemented, should be able to be understood and directed to increase taxpayer compliance values in order to increase voluntary compliance.

REFERENSI

[1] Abubakari, A.-R., & Christopher, J., Adafula 2013. Evaluating Taxpayers Attitude And Its Influence On Tax Compliance Decisions In Tamale, Ghana. *Journal Of Accounting And Taxation*, 5, 48-57.

[2] Adam, K., Chris, Johnson., & Robert, Axtell 2007. An Agent-Based Model Of Tax

Compliance With Social Networks. *National Tax Journal*, IX, 589-610.

[3] Adriana M, R., & Robert W, Mcgee 2012. Attitudes Toward Tax Evasion: A Demographic Study Of South African Attitudes On Tax Evasion. *Journal Of Economics And Economic Education Research*, 13, 13-58.

[4] Alabede, O., Ariffin, Zz., & Kamil, Mi 2011. Individual Taxpayers Attitudes And Compliance Behaviour In Nigeria: The Moderating Role Of Financial Condition And Risk Preference. *Journal Of Accounting Taxation*, 3.

[5] Ambra, B., Mauro, Giacomantonio., Birga M, Schumpe., & Lucia, Mannetti 2015. Intention To Pay Taxes Or To Avoid Them: The Impact Of Social Value Orientation. *Journal Of Economic Psychology*, 50, 22-31.

[6] Angus, Y. E. A. 2016. Individual Tax Compliance In China: A Review. *International Journal Of Law And Management*, 58.

[7] B. Charlene, H., & Steven E, Kaplan 2005. An Examination Of The Role Of Ethics In Tax Compliance Decisions. *The Journal Of The American Taxation Association*, 27, 39-72.

[8] Bismark, A., & Dominic, Dzaka 2016. Determinants Of Tax Evasion: Empirical Evidence From Ghana. *Modern Economy*, 7, 1653-1664.

[9] Braithwaite, V. 2003. *Taxing Democracy: Understanding Tax Avoidance And Evasion*, Ashgate Publishing Company.

[10] Daniel Ho., B. W. 2008. Issues On Compliance And Ethics In Taxation: What Do We Know? *Journal Of Finance Crime*, 15, 369-382.

[11] Donna D, B., & Richard C, Hatfield 2003. An Investigation Of The Theory Of Planned Behaviour And The Role Of Moral Obligation In Tax Compliance. *Behavioral Research In Accounting*, 15.

[12] Donna D, B., & Robin, R, Radtke 2007. An Experiential Investigation Of Tax Professionals Ethical Environments. *The Journal Of The American Taxation Association*, 29, 63-84.

[13] Donna D, B., Amy M, Hageman., & Charles F, Kelliher 2013. Analyzing The Role Of Social Norms In Tax Compliance

- Behavior. *Journal Business Ethics*, 115, 451-468.
- [14] Ern, C., Loo., Chris, Evans., & Margaret, Mckerchar 2010. Challenges In Understanding Compliance Behaviour Of Taxpayers In Malaysia. *Asian Journal Of Business And Accounting*, 3, 145-161.
- [15] Himawan, A. 2016. Data "Panama Papers" Bisa Bocor, Inilah Sebabnya. *Suara.Com*.
- [16] Ho D, W. 2008. Issues On Compliance And Ethics In Taxation: What Do We Know? *Journal Of Finance Crime*, 15, 369-382.
- [17] Jo Anne, L., Neil, Paulsen., & Charmine E.J, Hartel 2012. Improving Tax Compliance Strategies: Can The Theory Of Planned Behaviour Predict Business Compliance? *Ejournal Of Tax Research*, 10, 364-402.
- [18] Joel, S. 2007. Cheating Ourselves: The Economic Of Tax Evasion. *Journal Of Economic Perspectives*, 21, 25-48.
- [19] Martin, F., & Eike B, Kroll 2016. The Effects Of Rewards On Tax Compliance Decisions. *Journal Of Economics Psychology*, 1-38.
- [20] Michael, P., & Aloys, Prinz 2013. Behavioral Dynamic Of Tax Evasion-A Survey. *Journal Of Economic Psychology*, 1-17.
- [21] Mohamad, A. 2014. Faktur Pajak Fiktif Merajalela, Negara Berpotensi Rugi Rp 1,5 T. *Merdeka.Com*, Senin, 7 April 2014.
- [22] Palil, M. R., Akir, M. R., & Ahmad, W. F. B. A 2013. The Perception Of Tax Payers On Tax Knowledge And Tax Education With Level Of Tax Compliance: A Study The Influences Of Religiosity. *Asean Journal Of Economics, Management And Accounting*, 1, 118-129.
- [23] Peggy, J., & Govind S, Iyer 2016. Tax Compliance In A Social Setting: The Influence Of Social Norms, Trust In Government And Perceived Fairness On Taxpayer. *Advances In International Accounting*, 43, 1-10.
- [24] Rahman, A. 2008. Kasus Penggelapan Pajak Asian Agri Kembali Diungkit. *Gresnews.Com*, Sabtu, 8 Mei 2016.
- [25] Rahmawati., S. S., Ibrahim 2015. An Appraisal Of The Tax Evasion And Tax Avoidance System In Indonesia. *Jurnal Akuntabilitas*, 8, 121-132.
- [26] Raihana, M., Khadijah, Isa., & Salwa Hana, Yusoff 2014a. The Impact Of Threat Of Punishment On Tax Compliance And Noncompliance Attitudes In Malaysia. *Procedia-Social And Behavior Research*, 164, 291-297.
- [27] Raihana, M., Khadijah, Isa., & Salwa. Hana, Yusoff 2014b. The Impact Of Threat Of Punishment On Tax Compliance And Non-Compliance Attitudes In Malaysia. *Procedia Social And Behavioral Science* 164, 291-297.
- [28] Rashedul, H. 2014. The Tendency Toward Tax Evasion In Bangladesh. *World Journal Of Social Science*, 4, 149-161.
- [29] RI 2007. Undang-Undang Nomor 28 Tahun 2007 Tentang Ketentuan Umum Dan Tata Cara Perpajakan. In: Pajak, D. J. (Ed.).
- [30] Theresia W, D., Sutrisno., Subekti, Imam., & Baridwan, Zaki 2015. Trust And Uncertaitay Orientation: An Efforts To Create Tax Compliance In Social Psychology Framework. *Procedia Social And Behavioral Science* 211, 43, 909-924.
- [31] Tijani, O., Muhrtala., & Mathias, Ogundeji 2013. Prefissionals Perspektive Of Tax Evasion: Some Evidence From Nigeria. *Journal Of Accounting And Finance*, 1, 35-41.
- [32] Viswanath, U., Trivedi., Mohamed, Shehata., & Bernadette Lynn 2003. Impact Of Personal And Situational Factors On Taxpayer Compliance: An Experimental Analysis. *Journal Of Business Ethics*, 47, 175-197.
- [33] Wadim, S., & Inna, Cabelkova 2015. Religion, Culture And Tax Evasion: Evidence From The Czech Republic. *Religions*, 6, 657-669.
- [34] Yulia, W., Alan, Lowe., Stuart, Cooper., & Melina, Manochin 2015. Bureaucratic Reform In Post-Asian Crisis Indonesia: The Directorate Of Tax. *Critical Perspektives On Accounting*, 43, 909-924.

Each Author (s) Short Profile with Photo(s)



International Journal of Science and Research (IJSR)

www.ijsr.net

ISSN (Online): 2319-7064

Notification of Acceptance

Date: 31/01/2018

Dear supriyati,

Your article has been accepted for publication in International Journal of Science and Research (IJSR).

To confirm your publication in **Volume 7 Issue 2, February 2018**, We request you to complete Final Submission on or before **07/02/2018, 11 PM IST**.

You may Order for Certificate Hard Copies at this link [Order Certificate Hard Copy](#)

If you have any queries or doubts or need Deadline Extension, then please feel free to contact us at www.ijsr.net@gmail.com

Important Information

Paper ID : ART20179913

Paper Title : TAX COMPLIANCE INTENTION : EXPERIMENTAL ANALYSIS TOWARDS BELIEF, FEELING, AND ATTITUDE

Payable Fee : \$ 145 USD + Transaction Charges (This Fee Excludes Hard Copy Cost)

How to make Final Submission?

1. Upload your Final Article and Payment Proof at this link only <https://www.ijsr.net/finalsubmit.php>

How to Make Payment?

[Click here to pay via Paypal](#)

[Click here to know SWIFT details.](#)

With Warm Regards,

Managing Editor, International Journal of Science and Research (IJSR)

www.ijsr.net



Date: 29.01.2018

International Journal of Science and Research (IJSR)

Paper ID: ART20179913

www.ijsr.net

Paper Title: TAX COMPLIANCE INTENTION : EXPERIMENTAL ANALYSIS OF TAXPAYER BELIEF, FEELING, AND ATTITUDE

Reviewer Report

Reviewer Evaluation Report

Evaluation Criteria	Score (0-10)
Relevance of Topic	8
Scholarly Quality	8
English Usage	8
Use of Theory	9
Novelty and Originality of the idea	8
Technical Content and Correctness	8
Critical Qualities	8
Clarity of Conclusions	8
Use / Quality of References Used	8
Other Aspects	9
Total Score	82

*75-100: Accept (No Modification Required), *55-75: Accept with Minor Revisions

*35-54: Accept with Major Revisions, *Below 35: Reject

Reviewer Decision

Accepted (No Modification Required)

With Warm Regards,

Managing Editor, International Journal of Science and Research (IJSR)

www.ijsr.net

Tax Compliance Intention : Experimental Analysis Towards Belief, Feeling, and Attitude

Supriyati¹, Bambang Tjahjadi², I Made Narsa³, Heru Tjaraka⁴

¹P.hD Student in Airlangga University and Lecturer in STIE Perbanas Surabaya

²Profesor in Accounting Departement Airlangga University

³Profesor in Accounting Departement Airlangga University

⁴Lecturer in Accounting Departement Airlangga University

Abstract: *Taxes are the largest source of tax revenue today, but the realization of tax revenue has not been optimal. Various government policies have been implemented but not yet unable to improve taxpayer compliance in paying or reporting tax obligations. Taxpayer compliance is a very complex issue and it also occurred in almost all countries. The motive derived from the taxpayer's individual self is an expression of the mental attitude towards the tax authorities and prevailing taxation system. This motivational posture will cause beliefs, feelings, and interrelated attitudes. This study was conducted using experimental analysis with 52 students from Accounting Department at Airlangga University Surabaya. The experimental design used was quasi experimental design Between Subject 2x2 with covariate of randomization method. The test results show that taxpayers who have positive and defective motivation posture do not affect the decision of intention to behave as tax obedient. The tests of the variables for audit strategy and tax sanction shows that only the variable of tax sanction which has an effect on decision of intention to behave a tax obedient, especially when the taxpayer is given high tax sanction.*

Keywords: Tax Compliance, Motivation Posture, Audit Strategy, Tax Sanction

1. Introduction

The development of socio-economic life and the people of a country can be proven by the change of tax regulations because tax is always dynamic. The tax regulation can be further developed so that the tax services can also be further enhanced as an effort to increase tax revenues. The first phase of tax reform in Indonesia started in 1983 by introducing self assessment system, simplifying and reducing income tax rate and enacting Value Added Tax (VAT) instead of Sales Tax (VAT). The second phase of tax reform was started in 2009, directed to the development of human resources and the use of information technology in the tax administration system. State tax reforms aim to increase tax revenues, improvements and fundamental changes in all aspects of taxation. Increased tax revenue can be realized if the people have high tax compliance levels.

Every country has different approaches, laws, and regulations so that the factors that affect the level of tax compliance will also be different (Palil, 2013). Taxpayers are still aggressive to make efforts for their tax evasion because there are legal, ethical, and administrative reasons (Rahmawati., 2015). Tax evasion by the Asian Agri Group was the largest tax evasion case of 2008 (Rahman, 2008). Tax violations using fake tax invoices had reached to Rp. 1.56 trillion calculated in 2008-2014 (Mohamad, 2014), also another biggest cases such as *Panama* or *Offshore Leak Papers* which has falsified and kept tax documents more than 40 years (Himawan, 2016). This is what has occurred in the tax reporting until 2015. There are only about 29.4% of the number of Individual Labor and incomes in Indonesia who registered as taxpayers. A taxpayer who has obligation to submit Annual Tax Return as much as 18,159,840, but the taxpayer who submitted the

Annual Tax Return is only 60.27%. (www.pajak.go.id). Various government policies have been set including the increase in *the tax ratio, enforcement law*, the increase in non-taxable income, *sunset policy*, tax amnesty but they could not apparently increase the *voluntary* taxpayer compliance. This is also supported by a lack of studies that reviews the role of government and the various crimes in the field of taxation (Alabede, 2011).

From the point of view of taxpayers, tax compliance issues are a classic problem faced in almost all countries that implement taxation systems. It seems to be due to the reluctance of taxpayers to fulfill their tax obligations. There is a tendency of taxpayers to minimize the amount of tax payable through tax avoidance efforts and even tax evasion efforts (Michael, 2013).

The pattern of taxpayer behavior is very extreme and complex in individual decision making so it fails to build voluntary tax compliance (Jo Anne, 2012). This universal phenomenon is common in both developed and developing countries. The tax-obedient decisions are not only influenced by economic factors, as well as social and individual psychological factors (Peggy, 2016), (Donna D, 2013), (Donna D, 2003), (Donna D, 2007), (Ern, 2010), (Jo Anne, 2012), (Viswanath, 2003), (Ambra, 2015), (Bismark, 2016). However, the roles and perceptions of the people to the government also have an influence on tax-imposed decisions such as financial management beliefs (Tijani, 2013), (Theresia W, 2015), (Peggy, 2016), government accountability (Abubakari, 2013) governmental fiscal policy (Bismark, 2016), government-imposed laws and regulations (Angus, 2016), perceptions of government corruption (Rahmawati., 2015) and bureaucratic mechanisms established by the government (Yulia, 2015). Such sustained

improvement efforts have not been able to create voluntary tax compliance. Tax compliance is still interesting to examine, although some researchers have previously tried to develop tax compliance models (Alabede, 2011).

Motivational Posture is a new approach in tax compliance behavior (Braithwaite, 2003). Motives derived from the taxpayer's individual self as an expression of the mental attitude towards the tax authorities and the prevailing taxation system. Between taxpayers and tax authorities, there is a very complex relationship and this is different from the public sector because it has strong intervention with the government (Jo Anne, 2012), (Adriana M, 2012), (Wadim, 2015). This motivational posture will create beliefs, feelings, and interrelated attitudes. This posture of motivation will lead individuals to become either obedient or non-compliant taxpayers. This theory applies to taxpayer compliance behavior with the aim of capturing attitudes of taxpayers on tax authorities and tax regulations established by tax authorities (Tijani, 2013), (Abubakari, 2013), (Alabede, 2011), (Theresia W, 2015), (Peggy, 2016). Tax authorities have legal legitimacy, but do not guarantee the existence of psychological legitimacy to the taxpayer. The taxpayer always evaluates the policy made by the tax authority and determines the position of his or her attitude toward the policy (Donna D, 2003). The position of such attitudes can either determine either the tax rate or the rejection of policies that will subsequently affect their compliance behavior. Previous research has shown that ethics and individual motivation do not affect taxpayer compliance, but individual ability itself is influential because individuals have good planning alternatives (Rashedul, 2014).

In addition to the internal factors of individuals in consideration, the tax authorities also make efforts to prevent non-compliance taxpayer, among others determine the tax audit strategy and the imposition of tax penalties. The low level of tax compliance is likely also due to the low level of government oversight function. Various government policies should be followed by follow-up efforts through supervision.

Tax audit conducted by the tax authorities for the taxpayer compliance supervisory function fulfills its tax obligations. When the tax authorities establish taxpayer criteria that include the subject of the examination, they can affect the tax payers, behavior to be either obediently or not. The tax audit strategy of both random and fixed allegedly influences the intention of individuals behaving in compliance with taxes (Ho D, 2008), (B. Charlene, 2005), (Viswanath, 2003), (Adam, 2007). The most dominant socio-psychological and economic aspects affect taxpayer compliance, while tax audit, penalty and probability detection, tax rate has not delivered good results (Ern, 2010), even tax audits have an impact on the behavior of tax-inducing individuals (Daniel Ho., 2008), (Ambra, 2015).

When the tax audit happens, of course, it has legal consequence in the form of tax assessment letters (SKP), both underpaid, overpaid and nil. If the determination of a tax audit proves to be underpaid, the government will impose sanctions in the form of penalties, interest or

increases. Taxation sanctions are one the effective tools for detecting disobedience (Raihana, 2014b), (Martin, 2016). Increasingly high tax penalties are expected to make taxpayers unable to commit violations so that they will be more obedient. When they make mistakes, they are expected not to make the same mistakes in the future. Higher sanctions will reduce the number of non-compliance of individuals and it can make them fulfill their tax obligations (Daniel Ho., 2008), (Viswanath, 2003), (Michael, 2013). Taxpayers sometimes encounter a dilemma when applying for tax returns, so that ethics, rewards and sanctions have a negative effect in building tax compliance (Donna D, 2007), (Joel, 2007), (Raihana, 2014a).

2. Literature Review

Motivational Posture Theory

Motivational Posture Theory describes five main attitudes in taxpayer compliance behavior. This theory explains the mental-self attitude of individual taxpayer that is expressively indicated by the taxpayer to the tax authority on the prevailing tax system, structure, and procedure (Braithwaite, 2003). This theory is applied to taxpayer compliance behavior in order to capture the attitudes of the taxpayer on the tax authorities and tax regulations set by the tax authorities. Tax authorities have legal legitimacy, but do not guarantee the existence of psychological legitimacy to the taxpayer.

The taxpayer always evaluates the policy made by the tax authority and determines the position of his or her attitude toward the policy. The position of such attitudes can be either determining the tax rate or rejecting the policies that will subsequently affect their compliance behavior.

Motivation posture is created due to the taxpayer's linkage with the tax authorities and tax policy that eventually leads to beliefs, feelings, and interrelated attitudes. The five posture of motivation is an important component in tax compliance that divided into two parts orientation, which is positive orientation to tax authority (motivation commitment and capitulation) and negative orientation that depict resistance / resistance motivation, disengagement and game playing. Commitment motivation describes a level the consciousness of the individual who wishes for his own will being involved in the mission of tax authorities to maximize the state revenues. The motivation of capitulation describes the individual who accepts the rules set by the tax authority without having to be involved with its mission. Both motivations essentially represent compliant and cooperative taxpayer behavior, if it is seen from the point of view of the tax authorities. The resistance motivation represents an open resistance to the tax authorities in any established tax policy. Motivation of the disengagement represents a more serious resistance to a taxation system. Individuals who have both of these characters build their immunity from any policy established by the tax authorities, and even they feel immune with the law. And, game playing motivation represents imaginative behavior that shows as close to the system, but they view the tax authorities as opposed in a game.

Motivational posture includes a belief, intention, morals, ethics, and attitudes that originate within the individual with regard to the issue of taxation. This motivational posture is the integration of trust, evaluation and expectation of the taxpayer against the tax authorities and its policies (Braithwaite, 2003). This posture of motivation can change as the situation changes and conditions faced by the taxpayer. When the perceived situation and condition of the individual related to the role and policy of the tax authorities the better, then the decisions made tend to be tax-compliant. Individuals who have positive motivation and defiance-oriented will certainly differ in decision-making behave obediently.

H1: *Intent decision to behave obediently to the tax will be higher in mandatory prospective tax payers who have positively-oriented posture motivation than those who have defiance -oriented motivation posture*

Tax Audit Strategy

Tax audit is a series of activities to search, collect evidence, process data and other information in order to determine compliance level of tax obligations (RI, 2007). There are two ways of audit strategy conducted by the tax auditors, namely random and fixed strategies. This random audit strategy is random when the level of uncertainty is high. Fixed audit strategy is a strategy to be selected tax inspector by giving the announcement or priority provisions of taxpayers to be examined. The selected tax strategy is influenced by the possibility of increased income, the existence of alleged non-adherence, the utilization of taxpayer's historical information, found evidence of fraud or dishonesty in tax reporting.

There are several reasons of potential taxpayers to be examined, among others: overpayment in annual tax return (SPT) with the consequences of taxpayer filed restitution, tax returns and taxpayers to compensate, annual tax return (SPT) is not accepted or not submitted, taxpayers meet the selection criteria and there are complaints from the public. In addition, to meet other objectives that tend to tax, the inspectors will perform a fixed audit strategy such as Giving Tax ID Number (NPWP) or deletion of tax ID number (NPWP), Collection of materials to compile Norms Net Income Calculation, VAT Centralization, Determination of remote taxpayers and Matching data or tool description.

When the taxpayer belongs to the taxpayer of other purposes or in the effort of restitution, the tax inspector tends to perform a fixed audit strategy. The taxpayer under these conditions is likely to be better prepared for the tax examiner later on, so it is unlikely that the taxpayer will make a mistake in reporting or tend to be taxed. Conversely on the conditions of random audit strategy, taxpayers feel themselves not necessarily examined even the possibility is so small that they are sometimes too reckless to report taxes are not correct or not obedient.

H2 : *Intent decision to behave obediently to the tax will be higher in the prospective taxpayers given the treatment of fixed tax audit than those given random tax audit treatment.*

Tax Sanctions

Tax penalties applied in Indonesia can be in the form of fines and penalties. This tax sanction is expected to make the taxpayers prevent from being the disobedient. Each taxpayer's tax penalties are differentiated by different levels of tax violations committed, such as not submitting SPT, submitting SPT but reporting earnings are too small than actual, no bookkeeping of invoices, receipt of money and so on. The current tax penalty is in the form of fine sanction of Rp. 100,000- Rp. 1,000,000, interest sanctions of 2% to 48%, sanction of increase of 50% or 100%. The problem of tax sanction is quite much regulated in the Law of General Taxation provisions, namely Article 7 paragraph (1) and (2), Article 8 paragraph (2) (3) and (5), Article 9 paragraph (2), Article 13 Paragraph (2) and (3), Article 14 Paragraph (3) (4) and (5), Article 15 Paragraph (2), Article 17C Paragraph (5), Article 17D Paragraph (5), Article 19 Paragraph (1) (2) and (3), Article 20 paragraph (1) and (2), Article 25 paragraph (9) and (10), Article 36 paragraph (1) and (2).

When the tax authorities impose too high tax sanctions, they would expect taxpayers not either neither commit tax violations nor become compliant taxpayers. Conversely, when the tax authorities determine the low tax penalty instead taxpayers, the tax payers will feel too lenient sanctions and there is the ability to pay the sanctions so that taxpayers tend to behave disobediently.

H3 : *High tax penalties can increase the intention to behave as tax compliance rather than low tax sanction*

H4 : *High tax penalties and fixed audit strategies can increase intention of be tax-compliance rather than low tax sanctions and randomized audit strategies.*

3. Problem Definition

Efforts made by the tax authorities through tax audit strategies and the imposition of tax sanctions, will certainly lead to different consequences on the intention to behave as compliantly toward the tax regulation. The imposition of high and low tax penalties is also suspected to affect the intentions of individuals behaving tax compliance. This research was done by using motivational posture approach, which emphasizes more on the aspect of individual attitude in looking at the role and policy of tax authority. This study tries to use experimental testing with the subjects of experiments of students majoring in accounting because this study still emphasizes the measurement of intention in behaving taxes obediently and when students become taxpayers later, they are expected to become obedient taxpayers. The problems formulated in this research are as follows: 1) is there any difference of decision of intention to behave obediently to tax by the taxpayer when the motivation is different, 2) is there any difference of decision of intention to behave obediently to tax when different tax strategy, 3) is there difference of decision of intention to behave obediently to tax when there is a difference in tax sanctions.

4. Methodology

Research Setting

This study is related to intention decision to behave obediently to the tax so that it is a laboratory experimental research. This research was conducted in a regulated situation and manipulated directly against external factors of taxpayer candidates. Independent variables used are potential tax audit and tax sanction so that it can be determined the relation of causality of independent and dependent variable. Internal factor of taxpayers in this study is the posture of motivation as a covariate factor that has the possibility of influencing the dependent variable in the intention to behave to the tax obediently. This covariate factor cannot be controlled by the researcher, so this research is quasi experimental design. The experimental subjects used in this study are students who have taken the subject of taxation. They were classified as a regular class. This was done to eliminate the weakness of experimental research in terms of low external validity.

Experiment Design

The research design used in experimental quasi is between subject with covariate and random assignment method. Motivation posture variable is covariate variable, which is the variable that cannot be controlled in an experiment research, but has the possibility to influence result on dependent variable. The independent variable used will be given two treatments (treatment). Each subject will obtain only one treatment level from each experimental variable. Experimental Design 2 x 2, namely: the treatment of potential tax audit (fixed and random) and the treatment of tax sanctions (high and low).

Research variable

Dependent variable in this research is intention to behave tax obediently which is the intention to make ethical decisions made by the student as future taxpayer later. This ethical decision intent is related to the statement of the amount of income tax to be levied. The taxpayer's intent in this study is measured by the intention of reporting the amount of income tax from each level of treatment or manipulation provided. The independent variables in this study are external and internal factors of individual taxpayer candidates. The independent variable for this external factor will be manipulated so that it is called experimental variable, that is potential tax audit and tax sanction. Internal factor of taxpayer candidate is motivation posture as covariate variable.

Table 1: Research Variable

Variable	Research Variable	level
Dependent	Tax compliance behaviour intention	<i>INTENTION</i>
Independent (eksperiment)	Strategy Tax Audit (AUDIT)	<i>Random Audit (SAR)</i>
		<i>Fixed Audit (FA)</i>
Independent (covariate)	Motivation Posture	High (HIGH)
		Low (LOW)
		POSTMOTIV

A potential tax audit is defined as the way that the tax authorities consider to audit the veracity of tax reporting

payable by the taxpayer. The potential tax audit in this study consisted of two possible strategies performed by the tax authorities that are random and performed on a fixed basis. The manipulation done in this experimental research is by providing information about the audit strategy undertaken. Tax sanctions are defined as sanctions in the form of penalties and penalties that will be imposed to the taxpayer when the taxpayer to make tax reporting errors. Manipulation is done by providing information to the subject of various tax sanctions ranging from fine, interest and increase.

The posture of motivation describes the mental attitude shown from within the individual taxpayer candidates openly to the tax authorities. The statement on posture commitment and capitulation reflects the positive oriented taxpayer. Statements on resistance posture, disengagement and game playing illustrate defiance-oriented tax attitudes towards tax authorities. The posture of motivation was measured at the beginning of the experiment using a motivational postures instrument in the form of a questionnaire with 29 statements using a 5-point likert scale (Braithwaite, 2003).

Table 2: Motivation Posture

Covariate Variable		Total Item
Motivation Posture		
1	Commitment	8
2	Capitulation	5
3	Resistance	6
4	Disengagement	5
5	Game Playing	5
	Total	29

Sumber: (Braithwaite, 2003)

Experimental Procedure

Experiments begin with building internal validity where participants can follow experimental stages with fun. The second stage, is in the form of exposure of experimental procedures to be executed. The third stage is a submission of questionnaire of geographic data and statement of motivation posture from the participants. The researcher set the list of questions and it took 40 minutes to receive them back. The experimental manipulation stage begins where each participant received a level of treatment for the experimental variable (between subjects). Participants at this stage were required to take experimental media in the case or tax scenarios. The time was given to the participants to make a decision on the amount of reported income.

Table 3: Eksperiment Scenario

Tax Sanction	Tax Audit Strategy	
	Random	Fixed
High	Scenario 1	Scenario 2
Low	Scenario 3	Scenario 4

Analysis Technique

Manipulation check is performed on the data obtained from the participants, with the aim of knowing the level of understanding related to the experimental procedures undertaken. Hypothesis testing is done with ANCOVA (Analysis of Covariance). The equation model used to test the hypothesis is as follows:

$$INTENTION = \mu + \alpha AUDIT_i + \alpha MODERN_j + \beta POSTMOTIV_k + \epsilon$$

Where:

<i>Intention</i>	: The Intention Decision to Behave to Tax
Audit	The effect of the i-th level of the potential tax audit factor (random audit and Fixed audit)
Modern	The effect of j-level of taxation sanction factor (high and low)
POSTMOTIV	The regression coefficient of the covariate value of the posture of motivation
ϵ	: Random error

Analysis of the effect of each independent variable on the dependent variable decision intention to behave in a profound tax is the proof of the proposed hypothesis. Therefore, the Pairwise Comparison was one resulting from Estimated Marginal Means. However, the placement of the motivation posture variable in the ANCOVA step resulted in the SPSS data output not generating Pairwise Comparisons resulting from Estimated Marginal Means of the covariate variable, thus further testing is using Independent Sample t-Test.

5. Result and Discussion

This study has been done with the participants of accounting undergraduate students at Airlangga University Surabaya with the total number of 78 students, where it was previously as a pilot project at STIE Perbanas Surabaya, with the total number of students of 49. The results of a manipulation were checked with three questions and it was as many as 52 students who fulfilled the result.

The first test was conducted to measure the posture of motivation of each participant as measured at the beginning of the experimental stage. Motivation posture measurement result shows that 80.04 percent has motivation posture of positively oriented, while 19.96 percent has motivation posture of defiance-oriented. The result of significance also shows bigger than $\alpha = 0,05$ which means decision of intention to behave tax obedient between taxpayer who have positive motivation posture, has no different with the taxpayers who have posture of defiance motivation.

The next step is a randomized test of the participants' personal characteristics that include genital, religious, post-graduate ideals and priority expenditures other than food and clothing. Chi-Square test results on gender showed Pearson Chi-Square value of 0.080. For the characteristics of religion, it shows a value of 0.740, on the characteristics of dream, a value of 0.744, the characteristic expenditure priority, a value of 0.606. All the results of Chi-Square test show that the results are not significant. This means that the characteristics of sex, religion, ideals, and expenditure priorities have no significant differences between cells so that they have been randomized and this does not need to be tested as covariate variables. The next step is to test the description between groups or scenarios where the results show the following.

Table 4: Description Test

		Tax Sanction		
		High	Low	
Tax Audit Strategy	Random	Group 1 (N= 15) Mean= 8,33 Std= 1,759	Group 2 (N= 13) Mean= 6,62 Std= 2,725	N= 28 Mean= 7,54 Std= 2,380
	Fixed	Group 3 (N=13) Mean= 7,23 Std= 2,619	Group 4 (N=11) Mean= 6,64 Std= 2,335	N= 24 Mean= 6,96 Std= 2,458
		N= 28 Mean= 7,82 Std= 2,229	N= 24 Mean= 6,63 Std= 2,499	N= 52 Mean= 7,27 Std= 2,410

Meanwhile, the result between the subjects' effects test with dependent variable of tax compliance intention, it indicates that only tax sanction has an effect on intention to behave obediently to tax, while audit strategy has no effect on intention to behave as tax obedient. The influential tax penalties in this study is high tax sanctions rather than low tax sanctions, as evidenced by the high mean tax penalty of 7.82 and the low tax sanction of 6.63.

Table 5: Between Subject Effects Test

Source	F	Sig
Intercept	1,602	0,201
Tax Audit Strategy	475,311	0,000
Tax Sanction	0,670	0,417
Tax Audit Strategy	3,061	0,087
Tax Sanction	0,723	0,400

Intention decision to behave to as tax obedient or tax avoidance act is determined by the intention that exists within the individuals. The government's effort to improve taxpayer compliance through audit strategies and tax sanctions on taxpayers has different results in this study. Audit strategies performed both random and fixed for taxpayer selection criteria, also have no effect on the increase of intention to behave as tax obedient. This is different from the government's effort through the provision of tax penalties that shows it has a significant effect on the increase of intention to behave as tax obedient. These results are seen in the test results that show only the tax sanction variables that affect the decision of intent to behave tax compliance.

The government initial effort to see the compliance of taxpayers has been conducted so far through the efforts of tax audit. Tax audit is one of law enforcement functions toward self-assessment system in order to improve tax compliance. Tax audits can be done optimally, if the inspection activities are conducted with a planned, professional, in accordance with applicable tax provisions, focus and based on specific strategies.

Fixed tax inspection on the taxpayers including selection criteria has been contained in the tax laws. This taxation regulation has become a guide for taxpayers to act and it seems that taxpayers are beginning to act cautiously in order not to become the target of tax audit. Meanwhile, the tax audits conducted randomly done to minimize error or non-compliance taxpayer. Even these results indicate that taxpayers are very careful or do not even intend to do tax

evasion. Taxpayers tend to pay taxes according to the realization of their income, although what they are paying tends to be larger than they should be.

All those government efforts are apparently not responded by taxpayers, who are making tax evasion efforts. There are several reasons taxpayers choose not to make tax evasion efforts when the potential tax audit is done. First, the taxpayer assumes that paying taxes has become an obligation of every citizen. Secondly, taxpayers also assume that so far the government has provided various facilities and easiness such as tax amnesty that oriented to ease tax payments. Third, taxpayers who are mostly private taxpayers, tend not to have staff or tax employees so that when the tax examination was found there are irregularities would be harm their selves. They will get bigger tax penalties than they should for the deviation.

Another government effort to reform taxation is the establishment of tax penalties. When the government conducts various facilities and tax breaks, such as tax amnesty, it is certainly supported by the tax sanctions applied. That is, when taxpayers who meet the criteria do not report the tax amnesty, of course the government will provide severe tax sanctions. High and low tax penalties are responded by the taxpayers by doing the intention of behaving either obediently or not to tax. This study shows that high penalty for tax violation or underpaid taxes payable from it, has an effect on intention in behaving as tax obedient. However, when tax sanctions are considered low, taxpayers tend to be non-compliance with taxes. Tax penalties enacted by the government make taxpayers more obideinet or scared to make irregularities. Tax sanctions not only affect the amount of expenditure, but it also provides a bad image for their business operations.

6. Conclusion

Tax is one of the largest sources of state revenues at this time. However, so har, the realization of tax revenue has not been optimal. The fundamental problem is the low compliance of the taxpayer. Taxpayer compliance is a complex problem because it involves many aspects and perspectives. Several previous tax compliance studies have also shown inconsistencies in their results.

This study focuses on the aspects of taxpayer behavior on government behavior and policies that are focused on audit strategies and tax penalties. This study was done by testing the experiment towards the accounting students at Airlangga University Surabaya with 52 students who meet the checked manipulation. The test results show that from the aspect of posture motivation, most participants including positive motivational posture and statistical results, show only tax sanctions that have an effect on the intention decision to behave as tax obedient especially when the government imposes high tax sanctions.

Audit strategies conducted by the government both random and fixed, have been understood by the taxpayers. They assume that paying taxes is an obligation. In that, the government has provided many facilities or conveniences, and they do not want to get sanctioned with high taxes. This

causes them to decide whether they intend to behave in compliance with taxes or not commit a tax evasion. However, when the government cahnges the tax sanctions it was responded by the taxpayers. When tax sanctions are set high, taxpayers are less likely to not doing tax evasion or they tend to report the tax because they realize it.

7. Future Scope

This study has limitations especially when viewed from the way of selecting the participants. When they graduate, they will choose to become a taxpayer who owns a business or who works freely or who works with an employer. The selection of their career in the future certainly affects the calculation of tax payable. In addition, this study only focuses on measuring intentions not yet fully leading to actual behavior in the future. Nevertheless, this study has an implication for the government. For the government, the characteristics and human nature that exist in the taxpayer should be the basis of consideration in decision making. Taxation strategies, changes in tax regulations, and taxation reforms implemented should be understandable and they also should be directed to increase taxpayer compliance values in order to increase voluntary compliance.

References

- [1] Abubakari, A.-R., & Christopher,J, Adafula 2013. Evaluating Taxpayers Attitude And Its Influence On Tax Compliance Decisions In Tamale, Ghana. *Journal Of Accounting And Taxation*, 5, 48-57.
- [2] Adam, K., Chris, Johnson., & Robert, Axtell 2007. An Agent-Based Model Of Tax Compliance With Social Networks. *National Tax Journal*, Ix, 589-610.
- [3] Adriana M, R., & Robert W, Mcgee 2012. Attitudes Toward Tax Evasion: A Demographic Study Of South African Attitudes On Tax Evasion. *Journal Of Economics And Economic Education Research*, 13, 13-58.
- [4] Alabede, O., Ariffin, Zz., & Kamil, Mi 2011. Individual Taxpayers Atttutes And Compliance Behaviour In Nigeria: The Moderating Role Of Financial Condition And Risk Preference. *Journal Of Accounting Taxation*, 3.
- [5] Ambra, B., Mauro, Giacomantonio., Birga M, Schumpe., & Lucia, Mannetti 2015. Intention To Pay Taxes Or To Avoid Them: The Impact Of Social Value Orientation. *Journal Of Economic Psychology*, 50, 22-31.
- [6] Angus, Y. E. A. 2016. Individual Tax Compliance In China: A Review. *International Journal Of Law And Management*, 58.
- [7] B. Charlene, H., & Steven E, Kaplan 2005. An Examination Of The Role Of Ethics In Tax Compliance Decesions. *The Journal Of The American Taxation Association*, 27, 39-72.
- [8] Bismark, A., & Dominic, Dzaka 2016. Determinants Of Tax Evasion: Empirical Evidence From Ghana. *Modern Economy*, 7, 1653-1664.
- [9] Braithwaite, V. 2003. *Taxing Democracy: Understanding Tax Avoidance And Evasion*, Ashgate Publishing Company.

- [10] Daniel Ho., B. W. 2008. Issues On Compliance And Ethics In Taxation: What Do We Know? *Journal Of Finance Crime*, 15, 369-382.
- [11] Donna D, B., & Richard C, Hatfield 2003. An Investigation Of The Theory Of Planned Behaviour And The Role Of Moral Obligation In Tax Compliance. *Behavioral Research In Accounting*, 15.
- [12] Donna D, B., & Robin, R, Radtke 2007. An Experiential Investigation Of Tax Professionals Ethical Environments. *The Journal Of The American Taxation Association*, 29, 63-84.
- [13] Donna D, B., Amy M, Hageman., & Charles F, Kelliher 2013. Analyzing The Role Of Social Norms In Tax Compliance Behavior. *Journal Business Ethics*, 115, 451-468.
- [14] Ern, C., Loo., Chris, Evans., & Margaret, Mckerchar 2010. Challenges In Understanding Compliance Behaviour Of Taxpayers In Malaysia. *Asian Journal Of Business And Accounting*, 3, 145-161.
- [15] Himawan, A. 2016. Data "Panama Papers" Bisa Bocor, Inilah Sebabnya. *Suara.Com*.
- [16] Ho D, W. 2008. Issues On Compliance And Ethics In Taxation: What Do We Know? *Journal Of Finance Crime*, 15, 369-382.
- [17] Jo Anne, L., Neil, Paulsen., & Charmine E.J, Hartel 2012. Improving Tax Compliance Strategies: Can The Theory Of Planned Behaviour Predict Business Compliance? *Ejournal Of Tax Research*, 10, 364-402.
- [18] Joel, S. 2007. Cheating Ourselves: The Economic Of Tax Evasion. *Journal Of Economic Perspectives*, 21, 25-48.
- [19] Martin, F., & Eike B, Kroll 2016. The Effects Of Rewards On Tax Compliance Decisions. *Journal Of Economics Psychology*, 1-38.
- [20] Michael, P., & Aloys, Prinz 2013. Behavioral Dynamic Of Tax Evasion-A Survey. *Journal Of Economic Psychology*, 1-17.
- [21] Mohamad, A. 2014. Faktur Pajak Fiktif Merajalela, Negara Berpotensi Rugi Rp 1,5 T. *Merdeka.Com*, Senin, 7 April 2014.
- [22] Palil, M. R., Akir, M. R., & Ahmad, W. F. B. A 2013. The Perception Of Tax Payers On Tax Knowledge And Tax Education With Level Of Tax Compliance: A Study The Influences Of Religiosity. *Asean Journal Of Economics, Management And Accounting*, 1, 118-129.
- [23] Peggy, J., & Govind S, Iyer 2016. Tax Compliance In A Social Setting: The Influence Of Social Norms, Trust In Government And Perceived Fairness On Taxpayer. *Advances In International Accounting*, 43, 1-10.
- [24] Rahman, A. 2008. Kasus Penggelapan Pajak Asian Agri Kembali Diungkit. *Gresnews.Com*, Sabtu, 8 Mei 2016.
- [25] Rahmawati., S. S., Ibrahim 2015. An Appraisal Of The Tax Evasion And Tax Avoidance System In Indonesia. *Jurnal Akuntabilitas*, 8, 121-132.
- [26] Raihana, M., Khadijah, Isa., & Salwa Hana, Yusoff 2014a. The Impact Of Threat Of Punishment On Tax Compliance And Noncompliance Attitudes In Malaysia. *Procedia-Social And Behavior Research*, 164, 291-297.
- [27] Raihana, M., Khadijah, Isa., & Salwa. Hana, Yusoff 2014b. The Impact Of Threat Of Punishment On Tax Compliance And Non-Compliance Attitudes In Malaysia. *Procedia Social And Behavioral Science* 164, 291-297.
- [28] Rashedul, H. 2014. The Tendency Toward Tax Evasion In Bangladesh. *World Journal Of Social Science*, 4, 149-161.
- [29] RI 2007. Undang-Undang Nomor 28 Tahun 2007 Tentang Ketentuan Umum Dan Tata Cara Perpajakan. *In: Pajak*, D. J. (Ed.).
- [30] Theresia W, D., Sutrisno., Subekti, Imam., & Baridwan, Zaki 2015. Trust And Uncertainty Orientation: An Efforts To Create Tax Compliance In Social Psychology Framework. *Procedia Social And Behavioral Science* 211, 43, 909-924.
- [31] Tijani, O., Muhtala., & Mathias, Ogundeji 2013. Profissionals Perspektive Of Tax Evasion: Some Evidence From Nigeria. *Journal Of Accounting And Finance*, 1, 35-41.
- [32] Viswanath, U., Trivedi., Mohamed, Shehata., & Bernadette Lynn 2003. Impact Of Personal And Situational Factors On Taxpayer Compliance: An Experimental Analysis. *Journal Of Business Ethics*, 47, 175-197.
- [33] Wadim, S., & Inna, Cabelkova 2015. Religion, Culture And Tax Evasion: Evidence From The Czech Republic. *Religions*, 6, 657-669.
- [34] Yulia, W., Alan, Lowe., Stuart, Cooper., & Melina, Manochin 2015. Bureaucratic Reform In Post-Asian Crisis Indonesia: The Directorate Of Tax. *Critical Perspectives On Accounting*, 43, 909-924.

Author Profile



Assosiation

Supriyati is P.hD Student in Airlangga University and Lecturer in STIE Perbanas Surabaya . Her field of research is Financial Accounting, Auditing and Tax. She served as Lecturer in STIE Perbanas Surabaya and she is Member of Indonesian Public Accountan



Bambang Tjahjadi is Profesor in Accounting Departement, Airlangga University. He did Doctoral degree in Field of Research Management Accounting and Behaviour Accounting. He is Member of Certified Management Accountant (CMA) Australia and Head of Study Doctoral Program in Universitas Airlangga



I Made Narsa is Profesor in Accounting Departement Airlangga University. His field of Research is Management Accounting and Behaviour Accounting. His last Education is Graduation from Doctoral Program. He is Head of Library Department in Universitas Airlangga Surabaya



Heru Tjaraka is Lecturer in Accounting Departement Airlangga University. His field of research is Financial Accounting and Tax. He graduated From Doctoral Program.