The Tax Compliance Factors in Individual Taxpayer Perspective

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**ABSTRACT**

This study aim of understanding of taxpayer compliance is important. For that, this study examines the effect of understanding tax regulations (UTR), tax digitalization (TDigi), and taxpayer awareness (TAWs) on taxpayer compliance (TC). A questionnaire was used for testing with 399 samples of individual taxpayers in Indonesia selected using simple random sampling. The data were analyzed using Structural Equation Modeling with Lisrel 8.8 statistical tool. It was found that Tdigi is the most significant determinant of TC, followed by UTR. Meanwhile, TAWs has no significant effect on TC. It is implied that TDigi plays an important role in increasing taxpayer compliance. Attribution theory is still very relevant today. The research findings reinforce attribution theory, that the public's perception of being tax conscious can be formed if the public understands that the taxes paid are used by the government for the welfare of the people and will return to them. The new finding from this study is that taxpayer compliance is not directly built from taxpayer awareness. Tax compliance must begin by providing an understanding for taxpayers of the importance of taxes. In addition, modernizing tax digitization will increase taxpayer compliance.

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1. INTRODUCTION

The government's largest revenue comes from taxes which are used for state spending. If the state revenue target is not achieved, most government programs cannot be implemented, or the government incurs debt to finance the program (Hermanto et al., 2022). Therefore, a country must strive to achieve the tax revenue target. By the ratio of 2020 income tax return reporting, which is only 78% of the total registered taxpayers. Despite an increase of 5% from the previous year, this figure is still below the target of DGT, 80% (Databoks, 2020). The realization value shows low taxpayer compliance from the aspect of the level of compliance in submitting tax returns. In fact, material compliance can increase with the validity of the data submitted (Mulyati & Ismanto, 2021). According to Sembiring (2021), the ratio for compliance in submitting annual tax returns has not increased significantly since 2018. In 2018, the tax reporting compliance ratio was only 71% or 12.55 million of 17.65 million registered taxpayers. Although in 2020, the tax reporting compliance ratio increased to 78%. However, the number of compliant taxpayers did not increase significantly from the previous year. In 2020, the number of compliant taxpayers was only 14.76 million out of a total of 19.01 million taxpayers.

Rotimi (2021) explains that tax compliance is one of the big problems for policymakers in developing countries. Meanwhile, compliance is an important aspect of self-assessment assessed. This system gives taxpayers the confidence to calculate, pay, and report their tax. Compliance is also a determining factor in achieving the tax revenue target (Triandani & Apollo, 2020). Tax Compliance (TC) is strongly influenced by many factors, such as government policies, knowledge and regulations, tax awareness, tax administration system, tax rates, taxpayer competence, taxpayer income, and taxpayer perception of tax sanctions (Anto et al., 2021). The problem of TC is closely related to the TAWs of carrying out tax obligations. Minister of Finance, Sri Mulyani, conveyed that the level of TAWs is still low. People still think that taxes are not an obligation, but a burden that must be paid to the state.

Wicaksono, (2020) explained that Public positive view of how the state spends taxes properly and provides quality public services is needed (Yayar et al., 2019). Wahyu and Santoso (2018) in their study explain the reasons why taxpayers do not comply with their tax obligations, one of which is the complicated tax administration. For example, taxpayers have to queue to submit their tax returns. Lack of understanding of tax regulations is also a trigger for public non-compliance. It requires the right approach to make taxpayers understanding taxes (Agustiningsih, 2016). They should know that each taxpayer has specific requirements for the tax system as per the business activity, size, location, form, and nature. Taxpayers are often not aware that their tax obligations can affect their operational and financial decisions (Bhalla, 2022). Hence, taxpayers try to reduce this impact through proper tax planning with their tax knowledge (Ignasius, 2019).

Given the importance of the role of taxes, the government takes various measures to increase and maximize the potential of taxation in Indonesia (DDTCNews, 2020). DGT has modernized the tax administration system based on IT. This modernization is believed to improve service quality and TC (Sari & Rejeki, 2021). According to Rahman et al. (2020), the effectiveness of TDigi depends on the government’s strategy to invite taxpayers to accept and use the services provided by the tax authorities. Taxpayers are encouraged to take advantage of the tax administration system renewal facility optimally by continuously providing knowledge on various current tax rules.
1.1. Understanding Tax Regulations (UTR) and Taxpayer Compliance (TC)

Nilla dan Widyawati (2021) explain that compliance means being submissive and obedient to the rules. Compliance is obeying in carrying out the rules that have been set (Subarkah & Dewi, 2017). According to Sari dan Rejeki (2021), tax compliance is the behavior of taxpayers in carrying out their tax obligations and exercising their rights under the applicable tax regulations. According to Kehelwalatenna dan Soyza (2020), TC is defined as the taxpayer's willingness to act in accordance with the tax regulations in force. There is no standard definition of TC. According to Khamis and Mastor (2021), there are two types of TC, namely administrative and technical compliance. Administrative rules for reporting tax returns and paying taxes on a timely basis. Meanwhile, TC relates to the calculation and payment of taxes based on the technical requirements of the provisions of tax laws and regulations. TC consists of three aspects, submission, payment, and reporting (Thursday & Mastor, 2021). According to Susyanti and Askandar (2019), TC is influenced by tax understanding and knowledge. Tax knowledge can simply be interpreted as the ability of taxpayers to understand tax laws and regulations. Pratama (2018) adds that tax knowledge is the level of knowledge of basic tax concepts consisting of tax regulations and financial knowledge to fulfill taxpayer obligations. Tax knowledge consists of procedural and declarative knowledge. Previous research from Newman et al. (2018) concluded that there is a relationship between tax knowledge and TC. It means that the level of tax knowledge increases with the increase in TC.

Ramadhan et al. (2019), mention UTR is how taxpayers understand tax regulations made by the government. This means that taxpayers know and understand well the general provisions and procedures for taxation. They understand how to make tax payments, where to pay taxes, report tax returns, and pay fines, and the deadlines for paying each type of tax and submit tax returns (Sifile et al., 2018). Knowledge and understanding of tax regulations is a process for taxpayers to apply their knowledge (Labangu et al., 2020). Therefore, taxpayers must know and understand the applicable tax regulations to carry out their tax obligations properly (Khairunnisa et al., 2021). Research related to the effect UTR on TC conducted by Sari and Rejeki (2021) shows that there is a positive and significant effect. This is in accordance with attribution theory where TC behavior can be determined from internal factors such as understanding and awareness, which can affect TC in carrying out their tax obligations. Internal behavior can be controlled by individuals or is not influenced by others such as personality, abilities, and awareness (Ayu et al., 2021).

1.2. Tax Digitalization (TDigi) and Taxpayer Compliance (TC)

TDigi is a form of modernization of the tax system to help taxpayers fulfill their tax obligations (Zakiyah & Indriastuti, 2020). According to Suwardi (2020), TDigi streamlines tax administration with Internet technology as the enabler. Digitalization encourages the tax service process to run smoothly, quickly, accurately, effectively, and efficiently (Muliyani & Fidiana, 2021). TDigi is integral to the modernization of the tax system in Indonesia. Digitalization can improve service quality and TC in fulfilling aspects of their tax obligations (Tambun & Muhtiar, 2019).

TDigi affects taxpayers' business relations and tax administration by improving or changing the business strategy. Utilization of digital technology can reduce tax compliance and administration costs. Digitalization can accelerate the settlement of tax disputes, which will increase TC. Thus, TDigi can make taxpayer information more transparent to tax administration. Digitization allows tax authorities to integrate tax administration with taxpayers' business data. Smarter digital technologies, such as artificial intelligence, are used to monitor consistency, track compliance,
and select audit targets more precisely. TDigi can improve the quality of supervision and data visibility which will lead to a more effective implementation of tax administration (Li et al., 2020). Said and Aslindah (2018) found that TDigi was positively correlated with TC. It means that the better tax digitization process will increase TC. TC is also affected by the technology. If the technology applied is easy to understand and to use, TC can also increase, and vice versa.

1.3. Taxpayer Awareness (TAWs) and Taxpayer Compliance (TC)

Awareness of paying taxes is a state where individuals know and understand how to pay taxes (Purnamasari & Oktaviani, 2020). TAWs is still very low due to taxpayers' ignorance about the form of compensation from the money they have spent to pay taxes (Purnamasari & Oktaviani, 2020). Research on the effect of TAWs on TC was also carried out by Ayu et al. (2021), showing a positive effect, meaning that the better TAWs will increase TC. This conception is in line with attribution theory, where TC behavior is determined by internal factors such as TAWs.

According to Salindeho (2022), increased TAWs will also increase TC in carrying out tax activities. Individuals will decide when they will behave. Awareness of tax obligations will make taxpayers feel the need to comply with tax regulations. The relationship between TAWs and TC has also been proven by Lestari and Wicaksono (2017). They reveal that TAWs has a positive effect on TC. TAWs in paying taxes timely will affect the level of TC. Awareness is a state of knowing, understanding, and feeling. Therefore, TAWs is a taxpayer's voluntary attitude to understand the meaning, function, and purpose of paying taxes (Lestari & Wicaksono, 2017). TAWs, according to Hediati and Dewi (2021), is the awareness of taxpayers to voluntarily pay off their tax obligations. TAWs is an internalization of the values of understanding and implementing tax regulations correctly and voluntarily. Taxpayers voluntarily calculate the tax amount correctly and pay off their tax payable. TAWs is a condition of knowing or understanding the obligations of citizens to taxes. Therefore, TAWs regarding tax payments is needed to increase TC (Hediati & Dewi, 2021).

1.4. Research Gap

The studies show that the influence of UTR is still being debated, such as the students of Hassan et al., (2021), Sari & Rejeki (2021), stating that there is an effect of UTR on TC. On the contrary, Ghani et al., (2020), Laura & Akhdi (2021), and Ramadhan et al., (2019) mention that UTR does not contribute positively to increasing TC. Other studies related to the effect of TDigi on TC have been carried out by Arumawati dan Mildawati (2021), Zakiyah dan Indriastuti (2020), and Tambun dan Muhtiar (2019), who found a positive effect. This is in contrast to the research of Etim et al., (2020) which reveals that TDigi has a negative effect on TC. Other research on the effect of TAWs on TC also remains debatable, such as the studies of Anggraini et al., (2021) and Ayu et al., (2021) showing a positive effect. On the other hand, Nilla dan Widyawati (2021) state differently that TAWs has no effect on TC.

According to Robbins and Judge (2017), Attribution theory explains the attitude of an individual and how to determine the source of that attitude, both internal and external. In this context, TC is strongly influenced by the internalization of values, attitudes that can be controlled such as ability, personality and awareness. In addition, TC is also triggered by external factors that arise when there is social interaction from the surrounding environment (Indaswari et al., 2021). This study is related to the field of management accounting which provides various perspectives on the factors that influence tax compliance, which becomes a literature gap to formulate the following research questions:
(i) Does understanding tax regulations influence taxpayer compliance?
(ii) Does tax digitization influence taxpayer compliance?
(iii) Does taxpayer awareness influence taxpayer compliance?

If so, which factor is the most dominant? These questions are important to be answered by conducting a survey of TC in Indonesia from the perspective of individual taxpayers.

2. METHODS

This research used quantitative approach. The research population were individual taxpayers. The respondents are taxpayers who have Tax Identification Number or TIN (Indonesian: Nomor Pokok Wajib Pajak; also known as NPWP). The sampling technique was simple random sampling. With a research population of 12.76 million registered individual taxpayers in 2022, the minimum samples with a 95% confidence level using the Slovin formula were 399 respondents. The data were ordinal with 5 Likert scales. To measure highly abstract variables, this research variables are rationalized into indicators that can be measured directly.

TAWs variable is operationalized into five indicators developed from the study of Muliari dan Setiawan (2011): (i) taxpayers know about tax provisions; (ii) taxpayers know that the tax is for state financing; (iii) taxpayers understand that tax obligations must be carried out in accordance with applicable regulations; (v) taxpayers are willing to calculate, pay, and report taxes correctly; (v) taxpayers calculate, pay, and report taxes without coercion.

UTR variable is operationalized into five indicators, developed from the study of Pramushinta (2015): (i) taxpayers have fulfilled the requirements to obtain TIN; (ii) taxpayers are aware of their tax rights and obligations; (iii) taxpayers understand the sanctions that will be accepted if they do not fulfill their tax obligations; (iv) taxpayers know and understand the tax rates that are their obligations; (v) Taxpayers know and understand the applicable tax regulations.

TDigi variable is rationalized into five indicators from the study of Husnurrosyidah dan Suhadi (2017): (i) taxpayers report their tax returns timely; (ii) taxpayers feel that the use of online tax applications speeds up tax calculation; (iii) taxpayers feel that online tax applications make the process of filling in data easier; (iv) taxpayers feel that online tax applications help to pay taxes; (v) taxpayers feel that the online tax application gives them the freedom to record data independently.

TC variable is operationalized into five indicators developed by Muliari dan Setiawan (2011): (i) taxpayers fill out the tax returns forms correctly, completely, and clearly; (ii) taxpayers rarely receive warning letters; (iii) taxpayers calculate taxes correctly; (iv) taxpayers are accustomed to paying taxes on time; (v) taxpayers report their tax returns in a timely manner.

The data were collected by distributing questionnaire via Google Forms. The data from respondents’ answers were confirmed through interviews with several randomly selected taxpayers. The analysis was performed using the Structural Equation Modeling (SEM) approach. The data were processed using Lisrel 8.8. To ensure the quality of the instrument, validity, reliability, goodness of fit, and structural model tests were

3. RESULTS AND DISCUSSION

3.1. Descriptive Findings

The results in Table 1 from the average score of 399 respondents, the research findings can be explained as follows. First, the variable of UTR obtains an average score of 4.01. It means that most respondents agree that they have good understanding of tax regulations. Second, TDigi obtains an average score of 4.27. This means that most respondents agree that the online tax application is very good. Third, TAWs variable obtains an average score of 3.99. This means the
The majority of respondents agree that TAWs is good. Finally, TC variable has an average score of 4.10. It shows that most respondents agree that individual TC is good. Interestingly, although the perspective of individual taxpayers for the construct measures of UTR, TDigi, TAWS, and TC is already at a good level, not all constructs have a significant effect on taxpayer compliance in the context of this research. This discussion will be explained further. The table is shown as Table 1:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sample</th>
<th>Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. UTR</td>
<td>399</td>
<td>4.01</td>
</tr>
<tr>
<td>2. TDigi</td>
<td>399</td>
<td>4.27</td>
</tr>
<tr>
<td>3. TAWSs</td>
<td>399</td>
<td>3.99</td>
</tr>
<tr>
<td>4. TC</td>
<td>399</td>
<td>4.10</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

3.2. Instrument Validity Test Results

To ensure that the instrument is valid and reliable, the validity test was carried out on the latent variables. If it has a standardized factor loading (SLF) greater than .50, the result is good and acceptable (see Table 2) (Wijanto, 2015).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Standard Loading Factors</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Effect Of Understanding Tax Regulations (UTR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTR1</td>
<td>.74</td>
<td>Valid</td>
</tr>
<tr>
<td>UTR2</td>
<td>.75</td>
<td>Valid</td>
</tr>
<tr>
<td>UTR3</td>
<td>.69</td>
<td>Valid</td>
</tr>
<tr>
<td>UTR4</td>
<td>.76</td>
<td>Valid</td>
</tr>
<tr>
<td>UTR5</td>
<td>.87</td>
<td>Valid</td>
</tr>
<tr>
<td>Tax Digitalization (TDigi)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDigi1</td>
<td>.85</td>
<td>Valid</td>
</tr>
<tr>
<td>TDigi2</td>
<td>.77</td>
<td>Valid</td>
</tr>
<tr>
<td>TDigi3</td>
<td>.79</td>
<td>Valid</td>
</tr>
<tr>
<td>TDigi4</td>
<td>.84</td>
<td>Valid</td>
</tr>
<tr>
<td>TDigi5</td>
<td>.87</td>
<td>Valid</td>
</tr>
<tr>
<td>Taxpayer Awareness (TAWS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TAWS1</td>
<td>.79</td>
<td>Valid</td>
</tr>
<tr>
<td>TAWS2</td>
<td>.69</td>
<td>Valid</td>
</tr>
<tr>
<td>TAWS3</td>
<td>.97</td>
<td>Valid</td>
</tr>
<tr>
<td>TAWS4</td>
<td>.85</td>
<td>Valid</td>
</tr>
<tr>
<td>TAWS5</td>
<td>.73</td>
<td>Valid</td>
</tr>
<tr>
<td>Taxpayer Compliance (TC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TC1</td>
<td>.74</td>
<td>Valid</td>
</tr>
<tr>
<td>TC2</td>
<td>.69</td>
<td>Valid</td>
</tr>
</tbody>
</table>
3.3. Instrument Reliability Test Results

The instrument reliability test was carried out by calculating (i) construct reliability (CR) and (ii) average variance extracted (AVE). According to Hair et al. (2014), the reliability of the measurement model is good if it has a CR value greater than 0.70 and an AVE value greater than 0.50. The measurement results are shown in Table 3.

Table 3. Instrument Reliability Test Results

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Standard Loading Factors</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC3</td>
<td>.87</td>
<td>Valid</td>
</tr>
<tr>
<td>TC4</td>
<td>.91</td>
<td>Valid</td>
</tr>
<tr>
<td>TC5</td>
<td>.89</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

3.4. Goodness of Fit (GOF) Model Test Results

GOF analysis aims to ensure that the model built theoretically fits the data collected using a questionnaire. Ghozali (2014) explains that the size of GOF must meet the critical value of each indicator (see Table 4). The test results show that 8 out of 10 GOF indicators are fit, only one GOF is marginally fit, and one GOF is not fit. Overall, this research model is declared fit. It means that the research model has conformity with the data. The measurement results are shown in Table 4.

Table 4. GOF Model Test Results

<table>
<thead>
<tr>
<th>GOF Indicators</th>
<th>Cut of Value</th>
<th>Evaluation Value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chi-Square</strong></td>
<td>p-value</td>
<td>≥ .05</td>
<td>Not fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>RMSEA ≤ 0.08</td>
<td>.04</td>
<td>Good fit</td>
</tr>
<tr>
<td>NFI</td>
<td>NFI ≥ .90</td>
<td>.92</td>
<td>Good fit</td>
</tr>
<tr>
<td>NNFI</td>
<td>NNFI ≥ .90</td>
<td>.92</td>
<td>Good fit</td>
</tr>
<tr>
<td>CFI</td>
<td>CFI ≥ .90</td>
<td>.93</td>
<td>Good fit</td>
</tr>
<tr>
<td>RFI</td>
<td>RFI ≥ .90</td>
<td>.91</td>
<td>Good fit</td>
</tr>
<tr>
<td>IFI</td>
<td>IFI ≥ .90</td>
<td>.96</td>
<td>Good fit</td>
</tr>
<tr>
<td>SRMR</td>
<td>SRMR ≤ .05</td>
<td>.04</td>
<td>Good fit</td>
</tr>
<tr>
<td>GFI</td>
<td>GFI ≥ .90</td>
<td>.91</td>
<td>Good fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>.80 ≤ GFI &lt; .90</td>
<td>.82</td>
<td>Marginal fit</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)
3.5. Structural Model Test Results

Structural model analysis in this research was used to evaluate the parameter coefficient of the effect of an exogenous latent variable on the endogenous latent variable (Wijanto, 2015). It is to ensure that the hypothesized relationship in the conceptual model is supported by empirical data obtained from the survey results. The all hypotheses can be proven (see Table 5).

Table 5. Hypothesis Testing Summary

<table>
<thead>
<tr>
<th>Path</th>
<th>T-Value</th>
<th>Critical Value</th>
<th>Coefficient Determinant</th>
<th>Hypothesis Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTR → TC</td>
<td>3.69</td>
<td>1.64</td>
<td>0.37</td>
<td>Accepted</td>
</tr>
<tr>
<td>TDigi → TC</td>
<td>5.71</td>
<td>1.64</td>
<td>0.53</td>
<td>Accepted</td>
</tr>
<tr>
<td>TAWs → TC</td>
<td>1.39</td>
<td>1.64</td>
<td>0.09</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

a. UTR on TC has a significant t-value coefficient of 3.69, greater than 1.64. **Hypothesis 1 is accepted.**

b. TDigi on TC has a significant t-value coefficient of 5.71, greater than 1.64. **Hypothesis 2 is accepted.**

c. TAWs on TC has a t-value coefficient of 1.39, less than 1.64. **Hypothesis 3 is rejected.**

The influence of exogenous latent variables on endogenous latent variables was measured using structural model testing of the path coefficient values between latent variables and the results (see Table 5):

a. UTR on TC has a SLF of .37, which means that UTR has a significant positive effect of 37% in the simultaneous equation of this study.

b. TDigi on TC has a SLF of .53, which means that TDigi has a significant positive effect of 53% in the simultaneous equation of this study.

c. TAWs on TC has a SL of .09, which means that TAWs has no significant effect of less than 10% in the simultaneous equations of this study.

3.5.1. The Influence of UTR on TC

The results of the study show that from the taxpayer's point of view, the influence of UTR on TC is large. This explains the relationship between the research variables and the attribution theory that internal factors can influence TC in carrying out its tax obligations. These findings support the research of Hassan et al., (2021), Sari & Rejeki (2021). These findings imply that DGT must increase taxpayer understanding of tax regulations if it wants to increase TC in carrying out its tax obligations.
Practically, DGT has to make a strategy to increase TC. Can adopt several strategies by providing tax socialization. This is an effort to provide information to the public about tax regulations. This can be done in the form of socialization activities for prospective taxpayers, outreach activities for new taxpayers, and registered taxpayers.

3.5.2. The Influence of TDigi on TC

Another finding is that TDigi influences TC. Its behavior is also affected by the technology they use. If the tax system technology is easy to understand and to use, it can be a stimulus in increasing taxpayer compliance; otherwise, it can be the cause of the decline in TC. The results of this study are in line with those of Arumawati dan Mildawati (2021), Zakiyah dan Indriastuti (2020), and Tambun dan Muhtiar (2019) showing that TDigi provides convenience and tangible benefits for taxpayers, and ultimately becomes a stimulus in increasing TC in carrying out their tax obligations. For this reason, it is recommended that DGT immediately accelerate the modernization of the core system in a comprehensive and sustainable manner so that tax services can be better, faster and more accurate. These services include services to assist taxpayers in fulfilling their tax obligations. DGT is required to continuously improve the quality of the tax system by making several changes, both in terms of business processes and technology. One such modernization is the integration of the core tax system. Development of the tax core, including improving the performance of the SPT reporting system module, the tax payment module, the SPT withdrawal module, the latest online-based tax regulation updating module, and the registration module. In this new normal era, digitalization technology is the backbone of services, whether we like it or not, which will force DGT to change several services from alluring to bold, such as extending electronic certificates and registering new NPWP.

3.5.3. The Influence of TAWs on TC

Interestingly, this study found that the effect of TAWs on TC was not significant. It is revealed that TAWs can be formed if the public understands that the taxes paid are used by the government for people's welfare and will return to them. Low tax awareness is also caused by the other factor, namely external pressure. The results of this study are in agreement with the findings of Nilla dan Widyawati (2021) in which TAWs is not the main factor that influences TC. From this finding, it is suggested that DGT can increase TAWs by educating taxpayers about tax sanctions. Taxpayers will receive sanctions if they do not carry out their tax obligations according to tax regulations. DGT must continue to disseminate the types of sanctions in the tax law, namely administrative and criminal sanctions. If they violate these regulations, they will be subject to administrative sanctions, such as interest penalties and fines. The criminal sanctions can be in the form of imprisonment. To increase TAWs about tax sanctions, DGT must carry out continuous and well-planned socialization and education. DGT can also give a shock therapy by publishing the maximum sanctions such as imprisonment and confiscation of assets.

4. CONCLUSION

This study can prove two of the three hypotheses. First UTR influences TC. UTR can improve TC in paying taxes, reporting their tax returns timely, as well as filling out the tax return form correctly, completely, and clearly. Second, TDigi influences TC. The implementation of e-billing, e-filling, e-registration, and other electronic services help taxpayers carry out their tax obligations. Finally, TAWs is the least influential factor on TC.

TAWs is not essential and is easily influenced by external factors. This shows the low awareness of tax payments is due to the non-optimal compliance of taxpayers with applicable
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tax regulations; thus, a new strategy is needed to educate taxpayers regarding the importance of paying taxes and provide strict sanctions to those who do not comply. The very low TAWs can also be caused by the fact that taxpayers do not know the form of compensation they get after they pay taxes. This is an obstacle in increasing their awareness to carry out their tax obligations. This research has proven that, of the three determinant factors that influence TC, TDigi is the biggest determinant followed by understanding of tax regulations. Meanwhile, TAWs does not significantly influence TC in carrying out their tax obligations.

This study only uses survey data to analyze the problem. Each respondent may have different understanding of the instrument used. Although validity and reliability tests have been carried out, this bias potential cannot be avoided. In-depth interviews were not conducted. The researcher only confirmed some answers that can be understood by the respondents. It is recommended that future researchers use observation and interviews with experts to enrich and deepen the analysis of the result discussion.

5. REFERENCES


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