

Taxpayer compliance level; influencing demographic factors

Deddy Sulestiyono¹, Maya Aresteria², Alfita Rakhmayani³

¹Administrasi Pajak, Sekolah Vokasi, Universitas Diponegoro

^{2,3}Akuntansi Perpajakan, Sekolah Vokasi, Universitas Diponegoro

Corresponding author: deddysulestiyono@gmail.com

Abstract

This research aims to find out how demographic factors influence the perception of compliance with MSME tax obligations. Data collection was carried out by distributing questionnaires and a sample size of 100 respondents. This research was conducted in Semarang City. Demographic factors studied include gender, age, education level, and income level. The results of this study show that male and female respondents have the same tax compliance, while age, education level and income level have an influence on the perception of MSME tax compliance.

Keywords: Tax compliance, MSMEs, gender, age, education level and income level

INTRODUCTION

A country can carry out national development if there are funds available to finance this development. The sources of funds or sources of revenue for a country can basically be divided into revenues originating from the internal and external sectors. One source of state revenue originating from the internal sector is taxes. According to Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures in Article 1 Number 1, tax is a mandatory contribution to the state that is owed by an individual or entity that is coercive based on the Law. -Laws without receiving direct compensation and used for state needs for the greatest prosperity of the people. Taxes have a very important role as the main source of state revenue, therefore the implementation of taxation is highly regulated in order to maintain state revenue (Lianty et al., 2017).

Taxes are the largest source of state revenue, so the government uses various ways to increase revenue from the tax sector. Innovations that have been carried out by the government include the sunset policy and tax amnesty programs (Suyanto & Endahjati, 2016). Taxes are contributions paid by the people to the state which are included in the state treasury, the implementation of which refers to the law and its implementation can be enforced without any remuneration. These contributions are used by the state to make payments for public interests (Mardiasmo, 2009) .

The government has implemented a series of efforts to increase tax compliance through the first tax reform which began in 1984 (Fidiana, 2018) .Taxpayer compliance (WP) is the fulfillment of tax obligations carried out by taxpayers in order to contribute to the development of the country, which is expected to be fulfilled voluntarily (Mandagi et al., 2014). Meanwhile, according to (Winerungan, 2013) defines tax compliance as a situation where taxpayers fulfill all tax obligations and exercise their tax rights, the context of compliance in this research means that taxpayers try to comply with applicable tax law regulations, either fulfilling obligations or implementing tax rights.

Taxes have a function that is very necessary for the Indonesian state. Where this function can provide input to state revenues to finance government expenditure (budgetary) and as a tool to regulate and implement policies in the social and political fields (regular) (Waluyo, 2013) . Compliance is stated by (Rahayu et al., 2010) as a climate of compliance and awareness of fulfilling tax obligations which is reflected in the situation: a) taxpayers understand or try to understand all provisions of laws and regulations; b) Fill out the tax form completely and clearly; c) Calculate the amount of tax owed

correctly; d) Pay taxes owed on time. Knowledge and understanding of tax regulations means understanding and understanding the KUP which includes how to submit a Tax Return (SPT), payment, place of payment, fines and deadlines for payment or SPT reporting (Official, 2009).

Gender is divided into two, namely men and women. The selection of the gender variable is based on the assumption that there are male and female MSME actors or owners. It is hoped that the involvement of two genders in this research will indirectly gain an understanding that also includes both genders. According to Deaux (in Setiawati and Zulkaida, 2007) the term "gender" refers to a psychological condition or social category that is associated with a person's biological condition.

Educational level is one of the processes by which a person acquires scientific theory. Different levels of education will give rise to different perceptions. The higher a person's level of education, the broader their understanding and knowledge, both theory and practice, of tax obligations. According to Badudu (1994) in Atika (2005), education is the process of changing the attitudes and behavior of a person or group of people in an effort to mature humans through teaching and training efforts.

Tax literature identifies factors, both economic and non-economic, that determine taxpayers' non-compliance decisions. Taxpayer attitudes and behavior are influenced by many factors, one of which is demographic factors. The research results concluded that various demographic factors were correlated with tax compliance behavior, such as age, gender, education level, income level, marital status and type of employment. Although the exact reason for the correlation is not yet known, knowledge about the correlation between demographic factors and tax compliance behavior is useful in developing strategies to increase taxpayer compliance.

Many studies provide different conclusions from other studies. Asante & Baba (2011) found evidence that in Ghana, gender can influence taxpayer compliance. Female taxpayers are more compliant than male taxpayers. This is different from research from Fitriyani (2014), where evidence was obtained that gender cannot influence the compliance of individual taxpayers in carrying out their obligations.

Le et al., (2020) found that what can influence taxpayer compliance in fulfilling tax responsibilities is the taxpayer's level of education and insight regarding tax itself. However, there are other research results which state that the degree of education cannot influence a person's compliance with paying taxes. Lai et al. (2013) and Strawczynski (2014) obtained research results that the level of education was unable to influence tax payment compliance.

Based on several research results and previous phenomena which explain the existence of empirical studies and empirical gaps, the researcher intends to carry out research with the title "**Taxpayer Compliance Level; Demographic Factors That Influence It**".

LITERATURE REVIEW AND HYPHOTESIS DEVELOPMENT

Literature Review

Theory of Planned Behavior

This theory explains that it is based on the assumption that Humans are rational creatures and use as much information as possible for him, systematically. People think about the implications of their actions before they decide to do or not do certain behaviors

Perception

Perception according to the Big Indonesian Dictionary (2008) is a direct response (acceptance) of something; uptake; the process of someone knowing several things through their five senses. Meanwhile, in a broader scope, perception is a process that involves previous knowledge in obtaining and interpreting stimuli shown by our senses (Martin, 1998 in Komar, 2005) or in other words, perception is a combination of external world factors (visual stimuli) and from ourselves (previous knowledge).

According to Davidoff (1981) in Komar (2005) perception is a complex and active work. Perception is said to be complex and active because although perception is a meeting between

cognitive processes and reality, perception is more influenced by consciousness, memory, thoughts and language. Based on several definitions of perception above, it can be concluded that each individual's perception of objects or events is very dependent on a different space and time frame. Perception has various different definitions according to the circumstances and time in which and when the object being perceived occurs. This difference is caused by two factors, namely a person's own factors (cognitive aspects) and external factors (visual stimulus aspects). A person's personal factors include attitudes, experiences, interests, etc. Meanwhile, external factors include circumstances, time, place, etc.

Robbins (1996) implicitly states that an individual's perception of an object is very likely to be different from another individual's perception of the same object. According to him, this phenomenon is caused by several factors:

- 1) Perceiving factors consisting of: attitudes, motives, interests, experiences, expectations.
- 2) Factors in the situation, consisting of: time, work conditions/place, social conditions.
- 3) Target factors, which consist of: novelty, movement, sound, size, background, and proximity.

Tax Compliance

Taxpayer compliance is a condition where the taxpayer knows, acknowledges, appreciates and obeys the applicable tax provisions and has the sincerity and desire to fulfill his tax obligations. Taxpayers are said to have awareness if:

- 1) Know the existence of tax laws and provisions;
- 2) Know the function of taxes for state financing;
- 3) Understand that tax obligations must be carried out in accordance with applicable regulations;
- 4) Understand the function of taxes for state financing;
- 5) Calculate, pay, report taxes voluntarily;
- 6) Calculate, pay, report taxes correctly;

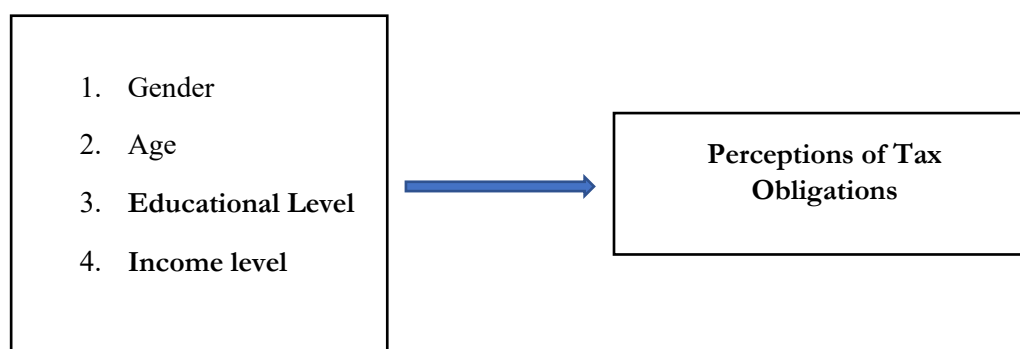
Taxpayer awareness in paying taxes is the taxpayer's behavior in the form of views or feelings involving knowledge, belief and reasoning accompanied by a tendency to act according to the stimulus provided by the tax system and provisions (Fikriningrum, 2012).

Tax Obligations

Tax obligations in this research are reflected in the situation (Devano in Supadmi, 2009) as follows:

- 1) Taxpayers understand or try to understand all provisions of tax laws and regulations.
- 2) Fill out the tax form completely and clearly.
- 3) Calculate the amount of tax owed correctly.
- 4) Pay taxes owed on time.

Theoretical Framework



Pict 2.1 Theoretical Framework

Research Gap:

Asante & Baba, (2011) found the conclusion that gender can influence taxpayer compliance in Ghana, while in Fitriyani's (2014) research it was found that gender has no effect on taxpayer compliance. Research by Lai et al (2013) and Strawczynski (2014) found the conclusion that level of education does not influence taxpayer compliance, while in research by (Le et al (2020) it was found that level of education influences taxpayer compliance.

Hipotesis**The Influence of Gender on Perceptions of Tax Obligations**

Gender is divided into two, namely men and women. There are many assumptions that gender differences can also mean differences in ability. Many factors influence differences in abilities based on gender. One of these factors is that men generally can think more rationally than women who still confuse thoughts with emotions. The socialization process tends to socialize women with domestic activities and feminine characteristics, causing a process of identifying public jobs that suit women's characteristics (Collins, 1991 in Setiawati and Zulkaida, 2007). This could mean that there are differences in the perceptions of MSME actors of different genders regarding tax obligations.

H1: Gender influences MSMEs' perception of compliance with obligations taxation

The Influence of Educational Level on Perceptions of Tax Obligations

Having a higher education can make someone rich in information, especially about taxes, and learn a lot about the ins and outs of taxes during their education. Rodriguez-Justicia & Theilen (2018) explained that tax knowledge plays a vital role. Tax education should be obtained by every taxpayer, so that every taxpayer has better knowledge about taxation. This can be interpreted as if taxpayers have gained sufficient knowledge about taxes, then compliance in fulfilling tax responsibilities will also increase. Le et al (2020) found that what can influence taxpayer compliance in fulfilling tax responsibilities is the taxpayer's level of education and insight regarding tax itself.

H2: Education level influences perceptions of compliance with MSME tax obligations

The age on Perceptions of Tax Obligations

In the Theory of Planned Behavior (TPB), age is believed to influence the level of tax compliance due to beliefs about the possible outcome that younger taxpayers have a higher level of compliance compared to older taxpayers. The age of the taxpayer influences tax compliance, in fact younger people are more compliant with the current tax regulations compared to older people.

H3: Age influences perceptions of compliance with MSME tax obligations

The income level influences on Perceptions of Tax Obligations

Income according to Kurniati and Fevrieria (2011) is any additional economic capability received or obtained by a taxpayer, whether originating from Indonesia or outside Indonesia, which can be used for consumption or to increase the wealth of the taxpayer concerned, in whatever name and form. In the Theory of Planned Behavior (TPB), income level is believed to influence the level of tax compliance due to beliefs about the possible outcome that taxpayers with high income levels have higher levels of compliance compared to taxpayers with lower income levels.

H4: Income level influences perceptions of compliance with tax obligations

This research is a qualitative descriptive research, namely a mixture of qualitative and quantitative, using data analysis techniques used, namely data reduction, presentation and conclusion drawing techniques. The population in this research is all MSMEs in Central Java. The sample in this research was taken using a purposive sampling method, namely a sampling technique with certain considerations. The criteria used are MSMEs with a turnover above IDR 4,800,000,000.

The type of data used in the research is subject data, because the aim of this research is to determine the level of compliance of MSME actors with the tax obligations that must be carried out by these MSME actors as a contribution to the country's economic development.

The data collection method in this research uses the following method: Observation is a method carried out with rules for systematically researching and recording observations. The interview method is a question and answer method between two parties, namely the interviewer and the source, to obtain data, information or opinions. The data collection technique is carried out by giving a set of questions or statements to the subjects who are used as respondents. In this research, a sample of 100 MSMEs in Central Java was taken

The data analysis techniques used are descriptive statistical analysis, reliability testing, questionnaire results, and regression analysis. The questionnaire was distributed to determine the level of taxpayer compliance of MSME actors with their tax obligations and involved 100 respondents.

RESULTS AND DISCUSSIONS

Data collection was carried out by researchers by distributing questionnaires online and offline by visiting the samples directly. The sample categories can be seen in the following table.

Tabel. Gambaran Umum Responden

Karakteristik		N=100
Age	<35 th	20
	35-40th	35
	40-45th	32
	> 45 th	13
Gender	Female	58
	Male	42
Educational Level	SMA	20
	D3	12
	S1	55
	S2	13
Income Level	<500jt	4
	500jt - 1 M	60
	>1 M	36

Reliability Test

Reliability Test is a tool for measuring a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable or reliable if a person's answers to statements are consistent or stable over time. Reliability measurements in this research were carried out using One Shot or just one measurement: here the measurement is only done once and then the results are compared with other questions or measure the correlation between answers to questions. SPSS provides facilities for measuring reliability with the Cronbach Alpha (α) statistical test. A construct or variable is said to be reliable if it provides a Cronbach Alpha value > 0.70 .

Hasil Uji Reliabilitas

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,843	,876	4

The table above shows that the Alpha value is 0.876, this means the Alpha value is > 0.70 so the data in this study meets the reliability requirements.

Coefficient Variabel test

Model		Coefficients ^a				Collinearity Statistics		
		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-5,321	,551		-9,659	,000		
	Gender	,046	,025	,125	1,833	,600	,475	2,103
	Edu Level	,071	,024	,189	3,024	,003	,569	1,758
	Age	,138	,022	,456	6,230	,000	,414	2,414
	Income Level	-,126	-,024	-,305	5,181	,000	,638	1,567

a. Dependent Variable: Compliance

From the test results, it was found that the significance value for the Gender variable was 0.600, which means that there is no significant relationship between Gender and compliance with tax obligations for MSMEs, for the Education Level, Age and Income Level variables, the significance value is smaller than 0.05, meaning that these variables have a significant influence on compliance with tax obligations. For the income level variable, it has a value of B -0.126 , meaning that the influence of income level has a negative influence on the compliance of tax obligations.

The Influence of Gender on Perceptions of Compliance with MSME Tax Obligations

There is no difference in tax compliance between male respondents and female respondents as indicated by the p-value (Asymp. Sig) of 0.60 which is greater than 0.05 so it can be stated that H1 is rejected. The results of the correlation test show that gender has an insignificant effect ($p > 0.05$). These results are in line with research conducted by Al-Mamun et al. (2014). They found that there was no difference in tax compliance between men and women. They concluded that this was because there were similar perceptions between men and women regarding tax obligations and the benefits of taxes. Although the results of this study are different from the results of research by McGee and Smith (2007) which found that women have a higher level of tax compliance than men.

The Influence of Education Level on Perceptions of Compliance with MSME Tax Obligations

The level of education influences tax compliance as seen from the difference in the number of taxpayers with higher education compared to those with low education as shown by Asymp. The Sig value of 0.003 is smaller than 0.05 so it can be stated that H2 is accepted. This research shows that taxpayers with higher education starting from Bachelor's and Master's levels have the perception that taxes have an important impact on state development financing, this makes the sample with the characteristics of this level of education have a high perception of tax compliance. It can be concluded that taxpayers with higher education are more compliant than taxpayers with lower education, so that the level of education influences the level of tax compliance. The results of this research are in line with the research of Al-Mamun et al (2014) and Mulyani (2020).

The Influence of Age on Perceptions of Compliance with MSME Tax Obligations

Age has an effect on tax compliance as seen from the difference in the number of younger taxpayers compared to older taxpayers as indicated by the Asymp value. The Sig value of 0.000 is less than 0.05 so it can be stated that H3 is accepted. The research results show that age influences tax compliance. The results of this research are the same as research conducted by Al-Mamun et al (2014) and Mulyani (2020) which stated that there were differences between young and old taxpayers. They concluded that young taxpayers were more compliant than older taxpayers. In this study, the age group with the greatest influence on tax compliance was the 35-40 year age group at 35% and the <35 year age group at 20%, which is included in the young category. This research explains that the number of younger

taxpayers is 55% and older taxpayers are only 45%. This is because people at a young age receive more socialization and are open to tax information so that the younger age range tends to have a better perception of fulfilling tax compliance in accordance with applicable tax laws.

The Influence of Income Level on Perceptions of Compliance with MSME Tax Obligations

Income level influences tax compliance. It can be seen that there is a difference in the number between taxpayers who have low income levels and taxpayers who have high income levels as shown by Asymp. The Sig value of 0.000 is smaller than 0.05 so it can be stated that H4 is accepted. The B value of -0.126 means that the influence of income level has a negative effect on the perception of compliance with MSME tax obligations. A low level of income will make taxpayers more compliant with tax matters because it is considered that taxpayers with low income are more afraid of being subject to sanctions. This is in line with the results of research by Mulyani (2020) where taxpayers with higher income levels tend to be non-compliant with tax obligations, and taxpayers with lower income levels tend to have high compliance because they are afraid of being subject to sanctions if they do not comply with taxes.

CONCLUSIONS

Based on the research results, it can be concluded that demographic factors have an influence on the perception of compliance with MSME tax obligations. MSMEs that have tax obligations are MSMEs with a turnover of more than 500 million. This makes demographic factors play a role in fulfilling tax obligations. MSME actors have diversity according to age level, education level, gender and income level. Each demographic level has its own level of compliance. According to data processing carried out on the sample, gender has no influence on compliance with MSME tax obligations. Other demographic factors such as age, education level and income level have a significant influence on perceptions of compliance with tax obligations.

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