

THE EFFECT OF TAXPAYER AWARENESS ON TAXPAYER'S COMPLIANCE (CASE STUDY : UMKM USERS OF E- COMMERCE BEC IN BANDUNG CITY)

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DOI: <https://doi.org/10.37178/ca-c.23.1.298>

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Abstract

In this study to find out how the effect of taxpayer awareness on taxpayer compliance (a case study on UMKM using E-Commerce BEC in Bandung City). Data in this study were obtained from UMKM taxpayers who use E-Commerce BEC in Bandung City who are willing to become respondents. This study uses source of primary data and secondary data by conducting direct research by distributing questionnaires to many as 52 respondents. The results of this study indicate that taxpayer awareness has a positive and significant effect on taxpayer compliance in paying taxes because the higher taxpayer awareness, the higher taxpayer compliance.

Keywords: Taxpayer Awareness, Taxpayer Compliance, E-Commerce, UMKM

Introduction

Indonesia has begun to prioritize the digital economy sector as one of the potential sectors to be developed, especially during the pandemic Covid-19, known as e-commerce. The development of the number of business e-commerce users in

this case acting as producers, the more producers e-commerce, the more goods and services that are traded online, so the greater the potential for transactions that will occur.

Indonesia's tax system adheres to a system self-assessment. However, the rules for collecting individual taxes are still not very binding on taxpayers, so there is still minimal awareness of taxpayers to pay their taxes. Not all business people in E-Commerce understand tax regulations and awareness paying, this certainly affects taxpayer compliance in complying with tax regulations that have been set. The E-Commerce market is growing rapidly in Indonesia as stated by The Directorate General of Taxes, Ministry of Finance. There are a handful of players E-Commerce who just have a Taxpayer Identification Number (NPWP). Of those who already have NPWP, only most of them report but it is not known whether the reports are in accordance with the fact or not. [1]

The government encourages UMKM entrepreneurs to enter the digital world to encourage Indonesia's economic growth. However, this makes UMKM entrepreneurs turn to social media as a means to sell just to avoid collecting taxes. Whereas tax collection from transactions E-Commerce ambitions to put into effect justice for all taxpayers, both conventional organizations aren't any different, both can be an issue to tax cost according to the provisions of the relevant tax laws[2-4].

Literature Review

Taxes

Taxes are taxpayers' contributions owed to the state, either individuals or entities which are coercive under the law, without receiving direct repayment and are used for the advantage of the state and the prosperity of the human beings according to law no. 28 of 2007[5-8].

Taxpayer Compliance

According to [9] the conditions of a taxpayer when he fulfills all his tax obligations and exercises his taxation rights or behaves according to the regulations is referred to as taxpayer compliance.

Taxpayer Awareness

The situations wherein the taxpayer understands and implements his tax provisions successfully and of his personal volition constitutes the awareness of the taxpayer. [10] said that taxpayers who've awareness are people who realize the existence of legal guidelines and tax provisions, realize the function of taxes, calculate, pay, report taxes willingly and efficiently. [10] concludes that the criteria for taxpayers who're tax aware of their taxation in the system self-assessment are: (1) In obtaining a NPWP, taxpayers must actively and independently register themselves at the local KPP, (2) Taxpayers take their own SPT form at the local KPP, (3) Taxpayers calculate and report themselves the amount of income tax payable through filling out a SPT. Taxpayers deposit and report SPT forms actively and independently and on time, without having to be billed by the tax authorities[5, 11-15].

Hypothesis Development

In line with the theoretical basis described previously about the tax, size of the tax will determine the capacity of the state budget, both in financing state expenditures, development and routine state financing. Taxpayer awareness is a condition in which the taxpayer knows, understands, and implements tax provisions correctly and voluntarily without being forced to pay his taxes. According to [16] awareness is a state of information and understanding. According to him taxpayer awareness of the taxation function as financing is needed to improve taxpayer compliance, so taxpayer awareness also has a advantageous impact on taxpayer compliance. Taxpayer

compliance is a situation wherein the taxpayer fulfills all tax obligations and carries out his taxation rights. Compliance is also law-abiding behavior.

Base on the theories and research above, it is suspected that taxpayer awareness has an effect on taxpayer compliance, the following is a picture of the framework chart by researchers to facilitate research:

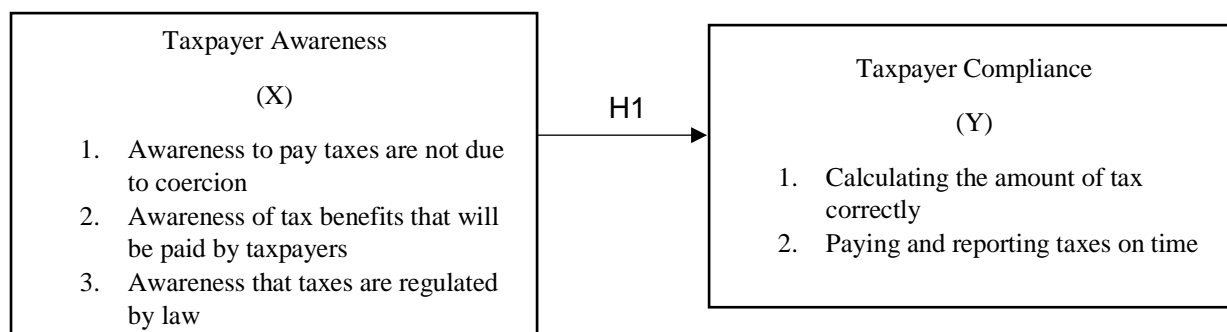


Fig. 1 Flow Chart Framework

Source: Harahap (2004:43)

From the framework above, the author propose a hypothesis. The hypothesis put forward by the author is as follows:

H1 = Taxpayer Awareness (X) has an effect on Taxpayer Compliance (Y) on UMKM Users of E-Commerce Bandung Electronic Center in Bandung City.

Methodology

The research approach used is a descriptive qualitative approach using primary and secondary information. The source of the data is received based on statements in the form of questionnaires filled out by respondents, UMKM Taxpayer users of E-Commerce BEC in Bandung City.

There are 52 people samples in this observe, the scale used is a Likert Scale designed to observe how strongly the issue agrees or disagrees with statement on a 5-point scale with arrangement.

The information analysis method used a simple linear regression version with the SPSS 25.0.

The model used is as follows:

$$Y = a + bX.$$

Description:

Y = Taxpayer Compliance

X = Taxpayer Awareness

a,b = Constant

This study aims to examine the effect of taxpayer awareness on taxpayer compliance UMKM users of E-Commerce BEC in Bandung City

Result and Discussions

Table 1

Taxpayer Awareness Validity Test Results (X) and Taxpayer Compliance Validity Test Results (Y)

Table 1

Validity Test			
Item Questions	Average Correlations (r-count)	r-table	Information
X1-X9	0,618	0,273	Valid
Y1-Y9	0,654	0,273	Valid

Source: Output result SPSS Ver. 25.0

The table above shows the results indicate all statements X and Y have value r-count greater than r-table so the statement for variable X and variable Y declared valid and can be used for further research.

Reability Test

Table 2 Taxpayer Awareness Reliability Test Results (X) and Taxpayer Compliance Reliability Test Results Reliability Statistic Table 2

Reability Test	
Cronbach's Alpha for X ,783	Cronbach's Alpha for Y ,808

The outcomes of reliability test on the taxpayer awareness variable (X) and taxpayer compliance variable (Y) above can be seen that Cronbach's Alpha on this variable is higher than the basic value of 0.783 and for variable Y is 0.808. Where the basic value is 0.60, the result is $0.783 > 0.60$ for variable X and $0.808 > 0.60$ for variable Y proving that all questions in the questionnaire for the variable (X) and variable (Y) specifically taxpayer awareness are declared reliable.

**Hypothesis Test
Partial Test (t-test)**

Targets to decide whether or not there is a partial (own) impact given by the independent variable (X) on the dependent variable (Y). The t test is used to decide whether the independent variable has a significant impact on the dependent variable. The test uses a significance level of 0.05 and 2 sides [17, 18] In this study, the t test will review the partial impact of the dependent variable (taxpayer compliance) on the dependent variable (taxpayer awareness). If t count > t table and significance < 0.005, the conclusion is that the independent variable has a partial influence at the dependent variable [19, 20] The outcomes of the t test in this study are as follows:

$$\begin{aligned}
 T \text{ table} &= t(\alpha/2 ; n-k-1) \\
 &= t(0.05/2 ; 52-1-1) \\
 &= t(0.025;50) \\
 &= 2.00856
 \end{aligned}$$

Table 3

Partial Hypothesis Test Result			
Model		Unstandardized Coefficients	Sig.
1	(Constant) Awareness	11,403 ,674	,004 ,000

a. Dependent Variable: Compliance

Table 4

Partial Hypothesis Test Result			
Variable	t-count>t-table	Sig.<α	Information
Taxpayer Awareness	6.705>2.00856	0.000<0.05	Significant

Primarily based at the extensive value of the above coefficient, the sig value is $0.000 < 0.05$ so it is able to be concluded that the taxpayer awareness variable (X)

has an impact on taxpayer compliance (Y). With the outcomes of the partial test, it is regarded that the impact of Taxpayer Awareness (X) on Taxpayer Compliance (Y) shows a t count of 6.705 with a significance used by researchers of 0.000. Which means that the hypothesis (h) protected in this observe which “Taxpayer Awareness has a significant effect on Taxpayer Compliance” is accepted.

Simple Linear Regression Analysis Test Result

To reply the studies hypothesis, the impact of Taxpayer Awareness on Taxpayer Compliance was tested using simple linear regression analysis.

Table 5

Simple Linear Regression Analysis

Model	Variable Entered	Variable Removed	Method
1	Awareness b	.	Enter

b. Dependent variable: Compliance

c. All requested variables entered

The output of the first part, the table above describes the variables included and the methods used by researchers in this study. In this case, the variables included are the taxpayer awareness variable as the independent variable and taxpayer compliance as the dependent variable and the technique used is the enter method.

Table 6

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,688a	,473	,463	2.617

a. Predictors: (Constant), Awareness

The output of the secondary component or model summery, the table above explains the value of the correlation or relationship (R) value, that is 0.688. From the output, it can be received the coefficient of determination (R Square) of 0.473 which means that the impact of the independent variable or taxpayer awareness on the dependent variable of taxpayer compliance is 47.3%.

Table 7

ANOVA

Model		F	Sig.
1	Regression	44.953	,000b
	Residual		
	Total		

a. Dependent Variable: Taxpayer Compliance

b. Predictors: (Constant), Awareness

The third output is ANOVA in which from the table above it may be seen that the calculated F value is 44.953 with a significant level of $0.000 < 0.05$, the regression version may be used to be expecting the participation variable or in other is an influence of the awareness variable (X) on the compliance variable (Y).

Based on the table above, we obtain a simple linear regression equation as follows :

$$Y = a+bX$$

$$Y = 11,403+0,674X$$

Wherein, for every 1% increase in taxpayer awareness, the taxpayer compliance value will increase by 0,674 and the regression has a positive value, which means taxpayer awareness has a super impact on taxpayer compliance.

Discussion

In this study, it could be visible that the research used a validity test to find out whether or not the statement distributed were valid to 52 respondent on the variables of taxpayer awareness (X) and taxpayer compliance (Y) and acquired valid results for each statement. This study also uses a reliability test to determine whether the statement is reliable or not, and reliable results are obtained for each statement of the variable X and Y. Based on outcomes of simple linear regression testing carried out on this observe, in the fifth table the model summary it can be seen that the significance of the correlation value or relationship r is 0.688 and also while regarded from the coefficient of the dedication (R Square) is 0.473 this means that the impact of taxpayer awareness on taxpayer compliance is 47.3%. In the sixth table, it is able to the F count is 44.953 with a sig level of $0.000 < 0.05$, so the linear regression version can be used to expect participant variable or in different phrases, there's an impact of the taxpayer awareness variable (X) on taxpayer compliance (Y). The output of the coefficient suggest that the constant (a) value is 11.403 even as awareness value (b) or the coefficient of regression is 0.674 so that the regression equation is obtained:

$$Y = a+bX$$

$$Y = 11.403 + 0.674X$$

Wherein:

- The constant of 11.403 means that the consistent value of the compliance variable is 11.403; and
- The regression coefficient of X is 0.674 which states that for each 1% addition to the value of taxpayer awareness, the value of taxpayer compliance will increase by 0.674 and the regression coefficient is positive so it could be said that the route of the have an effect on of the variable X on Y is positive.

Conclusion

It can be concluded based on our test data and the results of statistical tests carried out in the SPSS ver. 25.0 test tool that taxpayer awareness has a significant impact on taxpayer compliance with a percentage of 47.3%. Where the research hypothesis is accepted, specifically the awareness of taxpayers has an impact on taxpayer compliance.

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