

Culture towards Taxpayer Compliance with the Theory of Planned Behavior Approach

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Abstract

This study aims to analyze the theory of planned behavior with a cultural approach to taxpayer compliance. The cultural approach uses local culture from South Sulawesi, namely Siri Na Passe. The object of research is personal taxpayers who have businesses in South Sulawesi. This study was analyzed using structural equation modeling (sem) using a sample of 100 taxpayers in South Sulawesi. And the results of the study show that Attitude, Culture and Perceived Behavior have a positive influence on the taxpayer's intention to comply. Attitudes have a positive effect on taxpayer compliance, while culture and perceived behavior have no effect on taxpayer compliance. Intentions have an influence on taxpayer compliance. The results of this study are in line with the theory of planned behavior by [1].

Keywords

Attitude, Culture, Perceived Behavioral, Intention And Tax Compliance

INTRODUCTION

The tax sector is one of the most significant contributors to the state's overall revenue. Revenue from the tax sector has a relatively significant role in the state revenue and expenditure budget, where the task of it is carried out by the Directorate General of Taxes (DGT), which has the task of continuously increasing the revenue from the tax sector every year. [2] The DGT has the task of continuously increasing the revenue from the tax sector every year. The tax coverage ratio can be increased by expanding the number of taxpayers, and the tax compliance ratio can be increased by increasing taxpayer compliance. Both of these strategies are employed by the DGT, which is responsible for boosting government tax collections. Taxes are collected not only for taxpayers but also for the interest of people who are not required to pay taxes. The purpose of collecting taxes is to improve the welfare of all people by expanding and improving public services. Taxes are allocated not only for taxpayers but also for the interest of people who are not required to pay taxes. One of the tax goals is to lessen the difference between residents to achieve an even distribution of welfare, which is another one of the tax functions.

BACKGROUND

Even though it faces several issues, a nation must continue to develop. Indonesia is a nation that is currently working continually to expand its economy in a number of areas. Indonesia has encountered a number of economic issues throughout this period, including high inflation rates, rising global oil costs, rising product prices, a weakening of the rupiah against the US dollar, and a decline in consumer purchasing power.

The issue of taxpayer compliance continues to be a

fascinating area of study everywhere, including Indonesia. The still low tax percentage, which fluctuated over the course of five years and was just 8.33% in 2020, provides insight into Indonesia's degree of tax compliance. This information is shown in table 1.1 below.

Table 1. Tax Ratio in Indonesia

NO	Year	Ratio
1	2016	10,37
2	2017	9,89
3	2018	10,24
4	2019	9,76
5	2020	8,33

According to [3], fairness views impact taxpayer compliance in Malaysia, but only procedural justice conduct has a positive and substantial link with tax compliance. The issue of taxpayer compliance is still a global problem.

While [4] claims that the level of individual taxpayer compliance is positively influenced by the taxpayer's level of Lempu (honesty), this implies that if the taxpayer's level of Lempu (honesty) is high, the taxpayer's level of compliance for calculating, paying, and reporting taxes will also rise.

The authors use the Theory of Planned Behavioral approach to try to increase taxpayer compliance based on the aforementioned occurrence. The three main objectives of this study are to: (1) examine attitudes' effects on taxpayer compliance through intention; (2) examine cultural influences' effects on taxpayer compliance through intention; and (3) examine the influence of perceived control's effects on taxpayer compliance through intention.

REVIEW OF LITERATURE

Taxpayer Compliance

Compliance by taxpayers is The ability of the taxpayer to file the requisite tax returns in a timely manner, compliance with the established tax reporting standards, and accuracy in reporting tax responsibilities in line with the government's established regulations [5].

The Minister of Finance's circular letter with regulation number 192/PMK.03/2007 on the characteristics of compliant taxpayers in Indonesia provides the following explanation of tax compliance:

1. Submit the notice letter on time.
2. Do not have any tax arrears of any kind, with the exception of tax arrears for which a refund or payment extension has been granted.
3. For three years in a row, the financial accounts have been audited by a tax accountant or a government financial oversight body with an unqualified conclusion.
4. Never received a sentence for a tax-related crime in the previous five (five) years based on a court decision with lasting legal effect.

Theory of planned behavioral

A person's behavior is based on their intentions, influenced by attitudes (attitudes against behavior) and subjective norms, according to the Theory of Planned Behavior, which is a development of the Theory of Reasoned Action [1]. Perceived Behavior was then added to the Theory of Planned Behavior (TPB), which was first introduced by [1] as shown in the following figure:

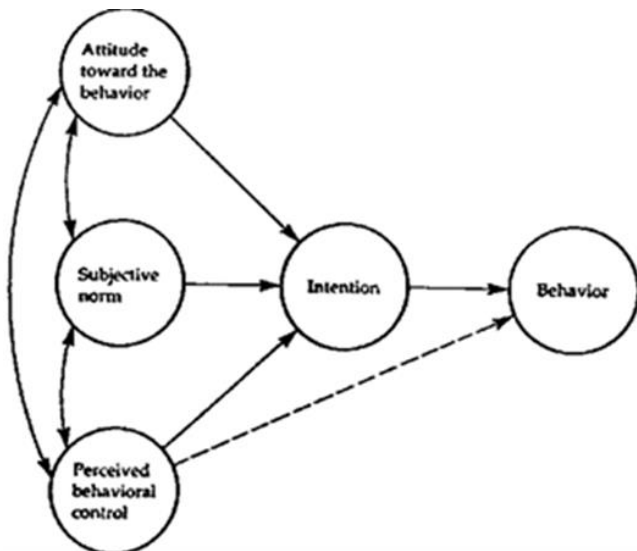


Figure 1: Model of Theory of Planned Behavior (TPB)

Studies testing tax compliance have been carried out in several nations, including the United States [6], [7], [8], include Turkey, [9] While in Indonesia, [10], [11], and [12] applied this idea in their research .

This cultural variable was then designated as one of the characteristics that affect taxpayer compliance in Chau and Leung's research, 2009, which added cultural variables to the

criteria for evaluating social and ethical norms. The picture below shows the model 13] presented.

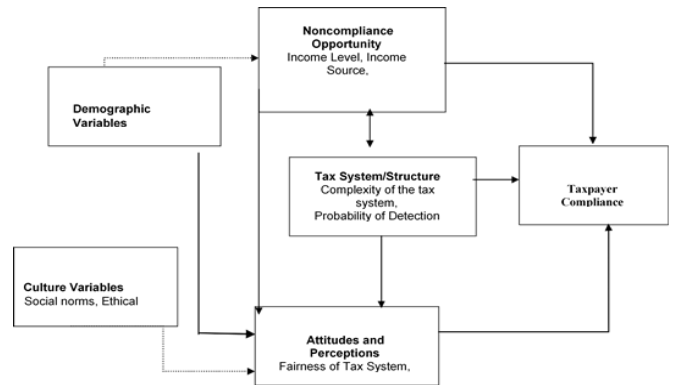
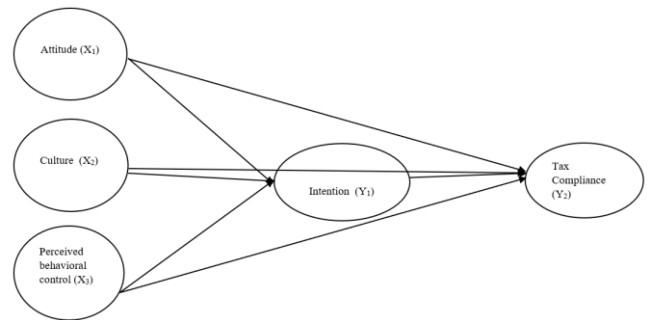


Figure 2: Model Chau and Leung

The Theory of Planned Behavior, developed in Indonesia by [14], describes how attitudes, subjective norms, and perceived behavior—which together make up planned behavior—are influenced by collectivism, cultural factors, and moral obligations. The findings of this research are presented in a book.

RESEARCH METHODOLOGY

In order to confirm a causal relationship and to assure the independence of various variables, this study employs quantitative research with the goal of evaluating the hypothesis (hypothesis testing). Incorporating the Theory of Planned Behavior method with one of the South Sulawesi cultures' traditional knowledge is the goal of this research:



RESULTS AND DISCUSSION

In order to investigate the link and influence of cultural variables in South Sulawesi using the Theory of Planned Behavior approach, primary data was processed using the SEM-PLS method.

Table 2. Research Summary and Testing of the Researcher's Hypothesis

	Researcher Hypothesis	Results
H1	The mindset of the taxpayer has a considerable impact on their intention to comply	Be accepted
H2	The taxpayer's intent to comply is significantly influenced by culture	Be accepted

H3	The taxpayer's intention to comply is significantly influenced by their perceived behavior.	Be accepted
H4	Attitudes on tax compliance have a big impact.	Be accepted
H5	Culture has a big impact on how taxpayers comply with the law.	Rejected
H6	Perceived behavior has a big impact on taxpayer compliance.	Rejected
H7	The impact of purpose on taxpayer compliance is substantial.	Be accepted

A high composite reliability score in the analysis using smart PLS denotes good consistency of each indicator in the hidden variable to measure that variable. The variable has strong internal consistency if the composite reliability criterion value is > 0.7 .

Table 3. Score Composite Reliability

	Composite Reliability
Intention	0.923
Tax Compliance	0.873
Culture	0.929
Perceived behavioral control	0.909
Attitude	0.897

According to the above table, the values of the four reliability constructs that make up the composite reliability are: Attitude (0.897), Compulsory Compliance (0.873), Perceived Culture (0.929), and Intention (0.923). The five constructs were found to have strong internal consistency with a composite reliability rating of > 0.70 .

The Average Variance Extracted (AVE) value reveals that the variance value for each build indicator that this variable may capture is greater than the variance resulting from measurement mistakes. AVE value expected to be > 0.5 . Intention 0.751, Mandatory Compliance 0.633, Culture 0.724, Perceived 0.666, and Attitude 0.635 are AVE value constructs. The table below displays the complete results.

Table.4. Score Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Intention	0.751
Tax Compliance	0.633
Culture	0.724
Perceived behavioral control	0.666
Attitude	0.635

Discussion

1. The test results support the suggested hypothesis. Thus, empirical evidence supports the concept that attitude significantly influences a taxpayer's intention to comply.

2. The test results support the suggested theory. Thus, it is possible to empirically demonstrate the claim that culture has a major impact on a taxpayer's inclination to comply.

3. The test results support the suggested theory. Thus, it is

possible to demonstrate the premise that Perceived has a major impact on the taxpayer's intention to comply.

4. The experiment's findings support the hypothesized theory. Thus, it is possible to empirically support the notion that attitudes about tax compliance have a major impact.

5. The test findings demonstrate that the stated theory is not supported. Therefore, it is impossible to demonstrate the notion that culture has a major impact on tax compliance.

6. The test findings demonstrate that the stated theory is not supported. With n, it is therefore impossible to demonstrate the claim that there is a considerable perceived behavioral influence on tax compliance.

7. The experiment's findings support the proposed theory. Thus, it is possible to empirically demonstrate the notion that intention has a considerable impact on tax compliance.

CONCLUSION

Studying taxpayer compliance has long been an interesting topic in practically every nation. This study aims to promote culture, one of the South Sulawesi native wisdom. And it can be demonstrated from research using the [1] theory of planned behavioral approach for cultural variables, where researchers replaced one variable supply from TPB, that culture has a significant impact on taxpayers' intentions to comply. However, this is different from culture's impact on tax compliance, which was found to be unaffected by culture in this study. It is interesting for scholars because today does not correspond to [15] and [3]. It claims that culture affects tax observance.

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