

## THE IMPACT OF INTERNAL AND EXTERNAL FACTORS ON TAXPAYER COMPLIANCE

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### ABSTRAK

Gerakan *Tax Amnesty* yang telah selesai dilaksanakan boleh dikatakan memberikan dampak yang baik kepada penerimaan negara dari pajak. Kepercayaan diri pemerintah didukung oleh sosialisasi dengan bentuk iklan di hampir semua media. Penerimaan negara yang berasal dari pajak mengalami kenaikan sebesar 7% dari tahun yang lalu. Hasil tersebut menjelaskan bahwa adanya kesinambungan antara program pemerintah dan kesadaran masyarakat dalam hal kewajiban pajak seperti yang diatur undang-undang. Penelitian ini bertujuan untuk mengetahui dan menjelaskan pengaruh Faktor Internal dan Eksternal terhadap Kepatuhan Wajib Pajak. Penelitian ini menjelaskan bahwa Kepatuhan Wajib Pajak (WP) dipengaruhi secara parsial oleh Pemahaman WP akan aturan pajak dan Faktor Eksternal yaitu iklan dan pelayanan yang diberikan dari petugas pajak. Secara simultan kedua faktor tersebut juga memberikan pengaruh terhadap Kepatuhan WP dalam memenuhi kewajibannya dalam membayar pajak. Penelitian ini terdiri 110 sampel dengan menggunakan analisis regresi berganda (*multiple regression analysis*). Upaya meningkatkan sosialisasi baik dalam bentuk iklan misalnya dapat menjadi saran yang perlu dipertimbangkan seiring dengan anggapan WP bahwa informasi mengenai pajak akan mudah dipahami bila disampaikan melalui iklan. Penelitian selanjutnya dapat menggunakan variabel lain yang lebih spesifik dan juga perlu mempertimbangkan penambahan jumlah sampel.

**Kata Kunci; pajak, pemahaman, iklan, kepatuhan, Wajib Pajak**

### ABSTRACT

*The Tax Amnesty program that has been completed said to have a good impact on state revenue from taxes. Government confidence is supported by socialization in the form of advertising in almost all media. State revenue from taxes increased by 7% from a year ago. The results explain that there is continuity between government programs and public awareness in terms of tax obligations as regulated by law. This study aims to determine and explain the influence of Internal and External Factors on Taxpayers' (TPs') Compliance. This study explains that TPs' compliance is partially influenced by TPs' compliance understanding of tax rules and External Factors, namely advertising and services provided by tax officials. Simultaneously the two factors also have effects on TPs' compliance in fulfilling their obligations in paying taxes. This study consisted of 110 samples using multiple regression analysis. Efforts to improve socialization in the form of advertisements for example, can be a suggestion that needs to be considered along with TPs' compliance assumption that tax information will be easily understood if conveyed through advertisements. Future studies can use other variables that are more specific and need to consider increasing the number of samples.*

**Keyword; awareness, advertising, compliance, tax**

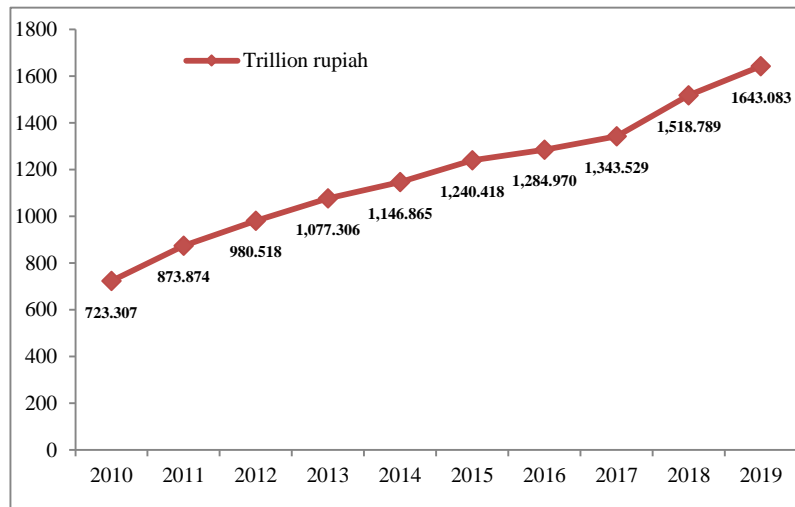
## INTRODUCTION

\*In 2019, the discourse regarding the Tax Amnesty program part II had a resonance (CNN Indonesia, 2019), which raised the pros and cons of the effectiveness of this program for various parties (Situmorang, 2019). Apart from all the pros and cons that occur, at least it can be explained that Tax Amnesty part I turned out to have an impact on Taxpayers (TPs) as well as from the aspect of state revenue. The confidence of the government is supported by the implementation of the socialization that can be seen in almost all media also directly goes to companies in Indonesia. The movement is carried out simultaneously and thoroughly. Based on data collected, state revenue from taxes has increased in at least the last 4 years, especially in August. In 2019 the achievement did not reach the target, although it has increased compared to the same previous periods. This increase indicates that there is continuity between government programs and public awareness regarding tax obligations, for example, as regulated in Law Number 16 of 2000 concerning General Provisions and Tax Procedures.

The government's confidence in collecting taxes from the community continues to increase. This was explained by President Joko Widodo where for 2018 revenues from the tax sector is targeted at 1,609.7 trillion rupiah (Sukmana, 2017). This target has increased by approximately 136 trillion rupiahs from the previous period (1,472.7 trillion rupiah). This target is considered quite high considering the tax amnesty program is no longer intensively implemented. Based on the data above, the performance of 2017 still leaves number of tax revenue targets that must be pursued. It did not end here, in 2018. In fact, it still leaves "homework" that must be completed in line with the achievement of tax revenue

from the tax sector only reaching 1,315.9 trillion rupiahs or still not reaching the target of 1,424 trillion rupiahs (Katadata, 2019).

Specifying again based on the data above, although in 2019 it has not yet reached the target, the results of the above performance are supported by the factors that are intensively implementing the tax amnesty program. In particular, the largest regional original income in Indonesia in 2018 was donated from 5 provinces namely Jakarta (43,3 trillion rupiah), East Java (18,5 trillion rupiahs), West Java (17,6 trillion rupiahs), Central Java (13,7 trillion rupiahs), and Banten (6,3 trillion rupiahs) (Kusnandar, 2019). Therefore, the selection of the DKI Jakarta area and the surrounding areas (Bogor, Depok, Tangerang and Bekasi) is a priority in this study to analyze the determinant of taxpayers' compliance. Meanwhile, looking at the comparison of the performance of tax revenues in previous periods, it shows quite different results in terms of tax revenue achievements for each period. Revenues in the period 2010-2018 are explained in figure 1.



**Figure 1. Comparison of Tax Revenue in 2010-2019**  
Source: Badan Pusat Statistik (2020)

In 2019 the revenue was quite good compared to the increase in the previous periods. The strategy of promoting tax awareness programs to the public seems to be considered likely to be successful. Dissemination of tax awareness is a powerful way to develop people's desire to fulfill their obligations in paying taxes. One form of socialization conducted by the government in promoting the tax movement is by advertising. Based on data from the Nielsen Indonesia research institute, the total cost spent on advertising spending in 2016 amounted to 134.8 trillion rupiahs. This figure experienced the good growth of 14%. Of this amount, ad spending for the needs of government and political organizations is the largest source of ad spending. Based on these data, their use is more directed for the purpose of publicizing government performance or in the form of information services to the public (Nielsen, 2017). Continuing into the third quarter of 2018, the government and

political advertising categories still dominate as the largest contributor to advertising spending, especially in television media, reaching 2.9 trillion rupiahs or growing by 40% from the previous period (Nielsen, 2018). This trend explains that the government still considers that advertising is one of the reliable media to socialize programs and work targets.

Advertising as information services to the public can be a powerful weapon for the government in relation to the achievement of tax revenue targets. Through tax advertising, the public is invited to better understand the meaning and benefits of tax in Indonesia. Not only that, taxes delivered through advertising can be a powerful reminder application to TPs in the process of fulfilling their obligations as TPs. This includes reminders (Wirtz, J., & Lovelock, 2016) regarding tax payment schedules, fines, and other regulated procedures and conditions.

**Table 1. Government Advertising Spending (2018)**

Category	Government spending (trillion rupiah)
Face treatment	1,5
Cigarette	1,6
Hair care product	2,1
Online service	2,4
Government and political organizations	2,9

Source: Nielsen (2018)

It is not uncommon to find reasons for the lack of understanding of TPs regarding the taxes charged so that the level of compliance formed will be relatively small. The non-compliance is caused by intentional and unintentional actions (Ritsatos, 2014; Stack, 2015). On the other hand, there are also reasons caused by miscalculation and lack of tax knowledge (Palil, Malek, & Jaguli, 2016). Further, Boll (2015) states that tax evasion is categorized by commission and omission. Minimal understanding of the amount to be paid, due, fines imposed, and so on are factors that can be found in explaining the formation of community compliance as a TP. Tax justice factors and tax knowledges have an important role in determining tax compliance. Benk, Budak, & Cakmak (2012) explain the tax justice factors include general fairness, middle-income tax earners share/burden, the structure of tax rates, special provisions, and the equality/inequality taxation system.

These internal factors make up the level of awareness of TPs in carrying out their obligations as TPs in Indonesia. Other factors beyond those described above are the services provided by tax officials. Just like the services provided by service companies, quality in service that shapes customer satisfaction becomes a vital factor. The public will feel comfortable and happy in fulfilling their obligations as TPs if it can be supported by the excellent quality of tax officials. This not only forms

a positive awareness as a TP, but can also give a positive image to tax officials and tax institutions as institutions that are trusted to collect taxes imposed on the public (Tahar, A., & Rachman, 2014; Hardiningsih, P., & Yulianawati, 2011).

The next interesting thing is that not only individual taxpayers who want to get benefits from the tax obligations paid to the government, small and medium scale businesses, especially in East Java, also hope so (Mukhlis, Utomo, & Soesetyo, 2013). The principle of justice in rights and obligations must be felt by both sides of the obligations and rights. This effort is solely for the long-term sustainability of the tax compliance achievement program.

Some motivations for tax compliance could be explained from several things such as fears of being audited or getting punished. Besides social factors such as norms and the response of the surrounding environment becomes its own reasons. Research on social norm factors on tax evasion has also been investigated by (Cullis, Jones, & Savoia, 2012). However, the motivations would not be formed if it is only seen from personal morality factors such as sympathy/empathy in complying with taxes, guilt or shame (James, 2018). In relation to individual moral matters as a TP, similar research related to this matter has also been carried out by (Dulleck et al., 2016).

According to Trisnawati, E., & Putri (2014), excellent quality in providing

services from tax officers to TPs will have the effect of reducing the level of non-compliance of TPs in fulfilling their obligations (reporting and making deposits). This explains that the tax office is currently seen as a government office whose job is to collect tax funds from the public as TPs who prioritize quality and excellent services. It was further explained that excellent service delivery and quality can be measured by the presence of several factors such as politeness and trustworthiness.

Looking back at its term, various notions of tax are widely explained by experts. According to Waluyo (2014), taxes can be explained through the characteristics inherent in taxes, namely: (1) Tax collection is governed by laws which implementation can be forced, (2) Individual contra-achievement by the government cannot be demonstrated in terms of tax payments, (3) Tax collection is carried out by the government both central and regional, (4) Obtained tax is intended for government spending and public investment, (5) Tax can also aim as a regulator (budgeter). It was further explained that taxation has a character as a function of revenue and function of regulation. In the case of revenue, tax can be used as a source of funding for government expenditure, for example financing regulated in the State Budget (APBN). The second one as a regulating function can be explained as a function of regulating or implementing various policies such as social or economic fields.

Same as the explanation above, Resmi (2017) explains the characteristics found in the definition of tax, namely the existence of the strength of the law in tax collection, the individual's performance in tax payments cannot be demonstrated, in addition to the central government there is also the involvement of local governments in tax levies, government expenditure becomes the object of tax priority which is then followed by public investment. Meanwhile, according to (Mardiasmo, 2013), the elements contained in the

definition of tax are forms of contributions provided by the community addressed to the state, the existence of a binding law, no element without reciprocity, and the tax in its use is intended as household financing country. Based on the explanation of the tax definition above, it can be explained again that taxation is a form of levy that is required to TPs. In practice, the compulsory levies are regulated by law. In the process, the collected tax is intended for the state budget and other forms of public investment.

Tax can be seen based on the group. Mardiasmo (2013) explained that taxes can be grouped into three large groups, namely based on group groups and group characteristics. Based on class, tax can be seen as direct tax and indirect tax. The difference between the two taxes lies in the transfer of the tax burden itself whether individually or can be delegated to others. Furthermore, in the second group, taxes are seen as subjective and objective taxes. Subjective tax looks at the situation of the TP while objective tax does not look at the condition of the TP, an example of this type of tax is the sales tax on luxury goods. The third group of taxes are seen as taxes based on collection agencies. This type of tax can be seen as central tax and local tax. Local taxes are more focused on levies that apply in local government, for example: hotel, restaurant and entertainment taxes.

Resmi (2017) explains the taxation grouping based on class, character traits and institutions. Based on class, tax can be explained as direct tax and indirect tax. In this case, direct tax is a form of tax that is borne by the TP himself while indirect tax is a tax that cannot be delegated to third parties. The second group is seen based on its nature, where taxes are divided on subjective taxes and objective taxes. The difference in character of the nature of this tax lies in the object such as circumstances or deeds. Examples of these two types of taxes are income tax, value added tax, and land and building tax. The last tax group is the tax seen from the relevant government

agencies which can be distinguished from state and regional taxes. Both of these taxes are taxes levied by the government whose use is specific to the interests of the central government or regional government.

In a more diverse scope, taxpayers are by nature subject to compliance costs in Australia, namely gross monetary compliance costs and psychological costs. Gross monetary compliance costs are related to the actual money paid, costs that may be incurred over time and other resources as a result of complying with tax laws. Psychological costs are costs incurred as part of the impact of stress and anxiety due to compliance with tax laws (Lignier, Evans, & Tran-Nam, 2014). Based on this it can be explained that there are actually variable costs that make up the tax compliance. The complexity of tax compliance can also be seen from determining the complexity of the income tax level and the level of tax compliance costs themselves (Marcuss et al., 2013). The complexity of tax compliance costs especially for SMEs can also be found in Canada, South Africa and the United Kingdom where they are regressive and increasing over time (Evans et al., 2014).

### **Conceptual Framework**

In general, the services provided will provide a form of loyalty stimulus to customers. In relation to tax payments, this form of compliance is one of the results of customer satisfaction from the services provided. But on the different side it turns out that the services provided by tax officials can also not have an impact on the compliance of TPs in carrying out their obligations (Tahar & Rachman, 2014). The same result was also done by Trisnawati, E., & Putri (2014) who explained that the services of the tax apparatus did not affect the compliance of TPs. Awareness of TPs in understanding their obligations to tax has an influence on TP compliance (Tahar, A., & Rachman, 2014). Advertising as a form of government strategy in achieving tax targets does not affect the compliance of TPs in understanding their compliance as

TPs (Tahar, A., & Rachman, 2014). One of the successes of tax compliance can be determined from the behavior of taxpayers (Luca, Richard, & Jaime Vázquez Caro, 2012) in carrying out obligations related to taxation. Different results were done by Trisnawati, E., & Putri (2014) which explained that advertising actually had an effect on TP compliance. Understanding TPs will have an impact on the tax compliance of society as a TP (Waluyo, 2014).

Waluyo (2014) in his research explained that both partially and simultaneously understanding TPs and tax advertising factors had a significant effect on TP compliance. This research was conducted at the East Tangerang Pratama Tax Office (KPP) involving TPs for Land and Building Tax registered at the East Tangerang Tax Office (KPP). Tests conducted by using an error rate of 5% and this multiple regression analysis also explains that the variation of the free variable can explain the variation of the rate is 21.5%. This indirectly explain that there are still 78.5% of other factors that can also influence the influence variable, namely TP Compliance. Other indications can also explain that the use of sample characters and research areas can also provide diversity of results in the same scope of discussion.

In this study, internal factors in question are factors originating from individual TPs who influence the level of compliance as a TP. Therefore, internal factors used in this study are TPs' awareness of tax. According to Trisnawati, E., & Putri (2014), the awareness of TPs can form TP compliance in carrying out their obligations such as paying taxes. This can also explain, the pattern of positive behavior of TPs can be seen from the high and low awareness of TPs in reporting and paying taxes as their role as TPs.

The rules of the law on taxation are sometimes not infrequently perfected. Changes to the rules sometimes make TPs fall into error and tend to result in a misunderstanding of the current taxation

rules. The condition of TPs to endeavor to understand, find out, and carry out influences the obligation to comply with the responsibilities as TPs (Elfin, E., Sabijono, H., & Warongan, 2017). The understanding of tax regulations can be one of the benchmarks for TPs in completing tax obligations (Mahfud, Arfan, M., & Abdullah, 2017). However, decisions in carrying out TPs obligations based on existing risk preferences have not been able to make an impact as a reinforcing factor in the relationship between understanding and TPs compliance (Adiasa, 2013). Based on this explanation, hypothesis 1 in this study:

**H1: TPs' compliance is significantly influenced by internal TP factors.**

The TPs' compliance approach to taxation is not seen from the perspective of TPs' compliance with the applicable rules. External factors, such as advertisements turned out to be able to attend to complete information on understanding TPs to carry out their obligations. Ibrahim (2007) explains that the form of advertising contains aspects of the promotion of goods or services in the process where payment is made. Advertising is one part of the marketing mix in the service industry that can be explained in the form of broadcast, print, outdoor, direct marketing, online-based marketing (Wirtz, J., & Lovelock, 2016).

Wirtz, J., & Lovelock (2016) also explains that advertising is the initial stage where contact and marketers can create contact that forms the level of awareness, inform, persuade, and at the same time remind users of the communication message delivered. The impact of the message to be conveyed by a company or product or service can also be made through forms of strategies from outside the organization such as promotional strategies or getting word of mouth, online-based social networking, online-based media, and traditional media. These forms of strategy are usually outside the control

of marketing. The effectiveness of advertising is obtained by systematic planning and calculation. According to Schiffman, L. G., & Wisenbelt (2015), the effectiveness of advertising especially in the form of social media campaigns should consider the following: (1) Determine the campaign objectives and approach strategies to be used; (2) Checking the existing platforms and determining the forms that will be used to achieve the existing targets; (3) Making campaign contents related to internal and external sources; (4) Examining the strategy model that will be used in the form of social media which then considers the costs needed in achieving the goals; (5) Measuring the effectiveness of existing campaigns.

Specifically regarding tax ad content, Christian (2017) in his research explained that a tax advertisement can partially affect TPs' compliance as long as the tax advertisement is informative not that has entertainment dominance or too much emphasis on advertising value. The informative advertising characters in this study reflect the advertising content that is delivered can provide clear information, aired in the right period, the selection of appropriate media, the information is complementary to existing tax information. This study shows that the factors used can explain the relationship with the dependent variable (TPs' compliance) of 35.3%. Although it is relatively low, this research is able to explain in detail the character of tax ad content that can have an impact on TPs' compliance.

Using the factors of Tax Officer Services, Tax Advertisements, and TP Awareness, Trisnawati, E., & Putri (2014) states that advertising and awareness affect the compliance of TPs while the service of tax officers does not have an effect on TP compliance. This can explain that the sample character used in this study is not affected by external factors, namely the service of tax officials in determining TP compliance in the study area. External factors that actually exert influence are

through advertising. While looking at the factors used are awareness of TPs directly influence the compliance of TPs. From the indications, the character of the sample used in the study is still influenced by internal and external factors of TPs. This also looks at the adjusted R square, which shows a figure of 99% which explains the variation of the free variable in influencing the dependent variable.

Faizin, M. R., Kertahadi, & Ruhana (2016) used the independent variables of the property tax socialization, TP understanding, and TP awareness. The results of the study explained that the TP's socialization and awareness factors positively and significantly had an effect on TPs' compliance. While understanding gives an influence but it is not significant. There is an indication of the lack of frequency of information dissemination regarding tax in the sample character areas used in the research, so that information and knowledge regarding tax has not been conveyed to TPs. Simultaneously, this study explains that all independent variables that exist together have an influence on TP compliance. On the other hand, supervision can not be denied has an important role in tax compliance especially for newly founded firms (Gangl, Torgler, Kirchler, & Hofmann, 2014). Programs of tax training as a socialization strategy might be more effective for some individuals (Román, Congregado, & Millán, 2013).

Another external factor called service can be explained as a form of individual behavior that aims to provide information, motivation or facilities to others where the aim is to provide a form of comfort or satisfaction (Tahar, A., & Rachman, 2014). The achievement of meeting the TP obligation target should be motivated by maximum and quality services that can provide satisfaction to the community by providing predetermined service standards (Hardiningsih, P., & Yulianawati, 2011). Excellent service can support the achievement of user expectations which also enables the

formation of user satisfaction (Christian & Nuari, 2016). Waluyo (2014) and Trisnawati, E., & Putri (2014) explained that the effect of advertising can have an effect on TPs compliance to meet its obligations, plus if tax advertisements submitted to the public are informative (Christian, 2017). On the other hand, although understanding influences TPs compliance, this effect is still insignificant (Faizin, M. R., Kertahadi, & Ruhana, 2016). Based on this explanation, the hypothesis 2 in this study:

**H2: TPs' compliance is significantly influenced by external TPs' factors.**

The relationship between TPs' understanding of tax information factors through advertising seems to be a complementary package to foster TPs' enthusiasm to carry out its tax responsibilities. Faizin, M. R., Kertahadi, & Ruhana, (2016) and Waluyo (2014) explained that between internal factors and external factors on tax had an influence on TPs' compliance in fulfilling its obligations. Different things were actually successfully investigated by Tahar, A., & Rachman (2014) who explained that simultaneous internal and external factors had no effect on TPs' compliance. This is due to the service factor of tax officers who cannot influence TPs' compliance in paying taxes.

Internal and external factors are used by Tahar, A., & Rachman (2014) in explaining the effect on TPs' compliance. Internal factors such as awareness of TPs have an influence on TP compliance. In contrast to internal factors, external factors such as the services of tax officers and advertisements do not influence the compliance of TPs. This research was conducted in the city of Surakarta using multiple regression analysis methods at an error rate of 5%. Variation of free variables used in this study explained the dependent variable at a rate of 20.6%. Based on the explanation, the third hypothesis in this study as follows:



**H3: TPs' compliance is significantly influenced by internal and external TPs' factors simultaneously.**

Based on the explanations above, the following table 2 will explain the definitions and indicators used in this study.

**Table 2. Definition of Variables**

Factors	Definition	Indicator
TP Compliance	Conditions, where TPs carry out their obligations in taxation and at the same time, carry out their rights in taxation as stipulated in the Act	1. TPs pay on time 2. TPs pay the exact amount 3. TP's willingness to pay sanctions
TPs' Understanding (Internal)	A process, deeds and efforts to understand matters relating to taxation as a TP	1. Understanding TPs regarding Property Tax 2. Property Tax payment procedures 3. Sanctions in the Property Tax
Advertisement (External)	A form of communication consisting of information about taxes that aims to invite TPs to fulfill their obligations to pay taxes	1. Content of advertisements 2. Frequency shows/appears
Tax Officer Services (External)	Providing tax information services in the form of communication intended to provide tax understanding to TPs	1. Human resource quality 2. Taxation Provisions 3. Tax information system

Source: Waluyo (2014), Trisnawati, E., & Putri (2014)

## RESEARCH METHOD

### Sample Techniques and Data Collection

In order to provide more focused and in-depth results, the researcher provides several limitations in this study. The variables used in this study are internal factors, namely the understanding of TPs for taxes and external factors consisting of advertising and tax services provided to the public as TPs. Population is the overall character, subject, or region that will be determined in accordance with the research. In this study the population

character used is the TP in the area of Jakarta, Bekasi and Tangerang who already have experience of carrying out their obligations as a TP. This study uses a total sample of 110 TPs. The sample is determined by the number of indicators multiplied by 10 (Hair, J. F., Black, W. C., Babin, B. J., & Anderson, 2010). Samples are taken randomly according to the area population's character described above. Based on the data collection process, total of the respondent is 110 consisted of 61 respondents (55,45%) located in the West Jakarta Tax Office (KPP) (Grogol, Tomang, Slipi, Palmerah, etc.), 24 respondents (21,82%) came from the KPP

Serpong & Tangerang, 15 respondents (13,64%) came from the South Jakarta KPP area, 10 respondents (9,09%) were from the North Jakarta KPP area, and the rest were scattered from the East Jakarta, Central Jakarta and Bekasi KPP areas. The questionnaire uses statement items given to respondents with a Likert 1-5 scale and multiple regressions with SPSS 22.0 is used as a tool for analysis.

## RESULT AND DISCUSSION

### Descriptive Statistics Results

This study explains that the sample included in this study consisted of respondents with female of 39.09% (43 people) and respondents with male of 60.91% (67 people). It also explains that the representation of the sample used in this study is dominated by TPs with males. The background of the respondent based on age has a profile that is respondent above 50 years of 15.45% (17 people), a group of 20-30 years age ranges of 10.91% (12 people), groups the age range of 31-40 years was 27.27% (30 people) and the group with an age range of 41-50 years was 46.36% (51 people). This explains that the involvement of respondents in this study was dominated by respondents with 41-50 years age groups. This data also explain that the respondents measured are from workers or professional practitioners with relatively long experience paying taxes.

Descriptive statistical results obtained from this study also explained that overall the respondents gave the smallest measurement number that is 1 to 5. The overall average value was still above 3.63 which when associated with the measurement scale used, then the number explained that on average the whole respondent gave a measurement number with a range of 3-4. Furthermore, the standard deviation numbers in descriptive statistics explain the diversity of respondents involved to provide measurement values in the study. The standard deviation in this study ranges from

0.651 to 0.907. The greater the measurement of the standard deviation that is formed, the more formed the diversity of respondents from all the characteristics of respondents determined for this study.

### Validity, Reliability and Conformity of Model Structure

This test shows that all the items in this study were valid and reliable. It was further explained that the results of the validity test in this study was above 0.1874 for all items. The number is based on the R-table which has a lower number which can explain that all items are declared validly. Internal variable, namely understanding shows the number P1 = 0.763; P2 = 0.864; P3 = 0.841. Variable X2, namely the External Factor which includes advertising and service shows the number P4 = 0.764; P5 = 0.630; P6 = 0.687; P7 = 0.784; P8 = 0.731. Y variable (TPs' Compliance) shows the number P9 = 0.693; P10 = 0.704; P11 = 0.533. These results explain that the instruments used can measure the characteristics of the measured variables, namely Tax Understanding, Socialization in Advertising, Tax Officer Services and TP Compliance. According to Hair, Black, Babin, & Anderson (2010) reliability has at least a minimum Cronbach's Alpha of 0.6. All variables (Internal Factors = 0.856; External Factor = 0.801; TPs' Compliance = 0.805) explain that the construct used in this study can be declared reliably.

As a predictive analysis, the relationship between dependent variable and independent variables was explained by multiple regression using SPSS 22.0 where  $TP\ Compliance = 6,245 + 0,327\ Internal\ Factors + 0,111\ External\ Factors + e$ . The coefficient of determination is 0.341 (R-square) which means that variations in TP compliance factors in paying taxes can be explained by variations in TPs' understanding of taxes, tax advertising and service of tax officers by 34.1 percent, where other remaining factors were not included in this study.

### Hypothesis testing

Significance test explains that the number of the error rate on the value of *t* of Internal Factors obtained is 2.128, and because the value of sig Internal Factors (0,000) is less than 0.05 (positive), the

Internal Factor has a positive effect on TP Compliance in paying tax. Likewise, external factors are 2.055 for *t* value and 0.042 (sig smaller than 0.05 and positive) which means that TP Compliance is influenced by External Factors.

**Table 3. Coefficient**

<i>Model</i>	<i>t</i>	<i>Sig</i>
Constant	6,749	0,000
Internal Factors	2,128	0,000
External Factors	2,055	0,042

Source: SPSS 22.0, n=110

This study explains that TPs' understanding of applicable tax rules is an important factor in influencing compliance with TPs' obligation to pay taxes. Matters relating to the aspects of TPs' understanding of tax rules are the understanding of TPs regarding taxes, tax payment procedures, to the sanctions that apply in taxes to be a factor forming TPs' understanding of tax rules. Based on the data obtained aspects of understanding of payment procedures become the most dominant aspect that provides the forming influence for TPs' understanding of the applicable tax rules. This explains that the rules that change over time are still considered to be obstacles for TPs. Rules that change tend to change procedures. The next aspect is the imposition of sanctions. This is a scourge that apparently still has an impact on TPs. TPs' tendency to find out about the latest rules regarding taxes is still based on the risk of applicable sanctions. The decision to increase understanding of tax is better than having to do with sanctions imposed for non-compliance with TPs' responsibility. The results of this study explain that **Hypothesis 1 is accepted** and at the same time the results of this study support the results of previous studies conducted by Waluyo (2014), Trisnawati, E., & Putri (2014), and Tahar, A., & Rachman (2014).

External factors that include advertising and tax officer services in this study explain that there is an influence of these external factors on TPs' compliance in paying taxes. Tax payments seem to be supported by advertising factors as tax reminders (for example: payment schedules, payment procedures, and calculation of the amount of tax to be paid). TPs in this study that advertising has an important role in helping TPs to fulfill their obligations in paying taxes. The dominant aspect of advertising factors based on the data obtained is about the content or content delivered by tax advertisements. This has become important for TPs to be able to absorb all forms of changes or adjustments related to TPs. Clarity and accuracy are important factors for TPs. This is in line with the results of research conducted by Christian (2017) who explains that tax advertisements will provide an effective effect for TPs to fulfill their obligations if the advertised content is entertained, minimal to entertain and does not directly contain elements of advertising value directly. This explains that TPs still consider tax advertising as a form of government advertising to emphasize more informative nature. The next factor in advertising that shapes TPs' understanding of tax compliance is the frequency with which the tax advertisement appears. Advertising strategies may be one of the

mainstays for the government to develop awareness to pay taxes. The frequency of the appearance of tax advertisements in various print, electronic, indoor, and outdoor socialization media increasingly needs to be increased. TPs, in this case, is indicated that the more often tax advertisements appear in the media used, the more often TPs are reminded of the understanding of its obligation to pay taxes. This also indicates that the more often it appears, the more it will be remembered. The next external factor related to this research is the service of the tax man. Basically, the service industry will prioritize the services provided to users. Factors such as the clarity of information provided, the speed of the process of paying taxes and hospitality in serving can serve as a driving force (attraction) of TPs to be more willing to fulfill their obligations in paying taxes. Good and pleasant impressions and experiences received by TPs from the tax service will be able to be an incentive for people to obey their obligations as TPs. Overall external factors in this study have an influence on TPs' compliance in paying taxes. These results explain that **Hypothesis 2 in this study is accepted.** The results of this study also partially support the results of research conducted by Waluyo (2014), Trisnawati, E., & Putri (2014), (Christian, 2017).

Based on the tests, it can be explained that the point of error occurs if the calculated F value of 27.662 is 0.000 where this number is smaller than 0.05. This can be interpreted that the independent variables together are able to explain the changes in the dependent variable or in other words the model is declared fit. Therefore, the results of this study prove that TP compliance in paying taxes is influenced by internal and external factors simultaneously.

Simultaneously, this study explains that internal factors and external factors simultaneously influence TPs' Compliance in carrying out its tax obligations. Based on what has been explained above that internal

factors (understanding tax) and external factors (advertising and service of tax officials) both influence each other on TPs' compliance in fulfilling their tax obligations. This also explains that the TPs' output in making payments on time will be determined to some extent from the effectiveness of the advertising factor and the excellent service provided to the TPs. In addition, the tendency to over or underpaid can be prevented by efforts to increase TPs understanding of the amount of tax that must be paid and the socialization of advertisements and explanation of information from tax service officers. This will make the tax payment process will be shorter and not long-winded. Mistakes and mistakes can be avoided if the two parties synergize, namely TPs' own understanding of taxation and external factors which include advertising and service of tax officials. However, not a few TPs who intentionally or unintentionally violate the rules will be given sanctions. Understanding the actual sanctions can also be avoided along with TPs finding out about fines or sanctions that apply to tax negligence for TPs. Dissemination in the form of advertisements that also inform sanctions should be considered appropriate to provide insight and lessons for TPs to always comply with applicable tax rules and run any rules that might have been socialized many times. **The result of this study accepts Hypothesis 3.** The result of this study also explains that this study is in line with by Waluyo (2014) and Trisnawati, E., & Putri (2014).

## CONCLUSION

Based on the results and discussion above, the conclusions of this study are TP compliance in paying taxes is positively influenced by internal factors. Awareness of carrying out obligations as taxpayers. As citizens it is fitting to carry out their existing obligations, one of which is tax. As citizens who expect that the budget absorption from the tax sector is maximum.

This aims to realize the mapping of aspects of the economy, development, structuring, restructuring or supporting improvements in various sectors.

The second conclusion is TP compliance in paying taxes is positively influenced by external factors. As with internal factors, external factors have a role in supporting taxpayer compliance. The excellent service provided by tax officials support factors for the public as taxpayers to not worry or be afraid in reporting taxes. Clarity of information about tax rules and provisions that misunderstood by the public as taxpayers conveyed with certain approaches. Dissemination to the public in the form of advertising is still one of the ideal forms in the delivery of informative tax information.

The last point for this conclusion is TP compliance in paying taxes is positively influenced by Internal Factors and External Factors together. Integration between internal and external factors might be carried out optimally. This means that all aspects both related to knowledge and information absorption for the public about taxes and factors where tax socialization in various forms might be one of the determining factors in supporting the success of tax absorption by the government. This also means that the government through the tax directorate not only expects public awareness of its obligations as taxpayers, although the government expects to stay active in carrying out information dissemination programs on taxes in various forms, such as educative, informative and informative public service announcements. entertaining to avoid formal impressions so that they are more acceptable in all forms of society.

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