

THE INFLUENCE OF TAX COMPLIANCE COST IN CORPORATE TAXPAYERS AND TAX SERVICE QUALITY ON TAX EVASION (SURVEY STUDY IN KUPANG PRATAMA TAX SERVICE OFFICE)

Yayuk Putri Adoe
Elyzabet I. Marpaung

ABSTRACT

This study aims to determine how much the influence of tax compliance cost in corporate taxpayers and tax service quality on tax evasion at Kupang Pratama Tax Service Office. The data collection technique is carried out by surveying respondents through a questionnaire. The sample used in this study is 55 corporate taxpayers. The analysis technique used is multiple linear regression analysis. The results show that both partially and simultaneously, tax compliance cost and tax service quality have no effect on tax evasion.

Key words: Tax compliance cost, tax service quality, tax evasion.

PRELIMINARY

Indonesia's largest state revenue comes from the tax sector. From the tax revenue, it affects national development which makes Indonesia more advanced. National development is a collaboration between the society and the government, namely the tax fee paid by the society is given to the government, then the government manages the tax to carry out national development. Therefore, public awareness of the obligation to pay taxes must be increased for a better national development. Even though they do not receive direct compensation, people are obliged to pay taxes because they are coercive under the law and will be used for state needs for the greatest welfare of the people (source: [http // www.ilmuakuntansi.web.id](http://www.ilmuakuntansi.web.id)).

In fulfilling their tax obligations and rights, taxpayers incur a number of costs which are commonly known as compliance costs. According to Sanford V. Berg (2005: 15), tax compliance cost is defined as all costs outside the tax payable incurred by taxpayers in the process of fulfilling their tax obligations, starting from the taxation aspects of their investment to receive an appeal decision and pay off the tax payable. One of the efforts to improve taxpayer compliance is by providing good service to the taxpayers. Improving quality and service is expected to increase satisfaction for taxpayers as customers so as to increase compliance in the field of taxation.

The emergence of a phenomenon where the greater the tax compliance costs incurred by taxpayers; the more tax evasions happen in Indonesia every year. The increase in the tax evasion cases that occurred due to the ongoing process of the tax reform should be followed by the increase in tax services quality provided by the tax authorities.

Based on the background previously described, the problem formulations in this study are: (1). Do Tax Compliance Costs and Tax Service Quality Influence Tax Evasion partially? (2). Do Tax Compliance Costs and Tax Service Quality Influence Tax Evasion simultaneously? (3). How much is the influence of Tax Compliance Costs and Tax Service Quality on Tax Evasion partially? (4). How much is the effect of Tax Compliance Costs and Tax Service Quality on Tax Evasion simultaneously?

So the purpose of this study are : (1). To determine whether Tax Compliance Costs and Tax Service Quality have a partial effect on Tax Evasion. (2). To determine whether Tax Compliance Costs and Tax Service Quality influence Tax Evasion simultaneously. (3). To determine how much influence Tax Compliance Costs and Tax Service Quality have on Tax Evasion partially. (4). To determine how much influence Tax Compliance Costs and Tax Service Quality have on Tax Evasion actions simultaneously.

THEORETICAL BASIS

Tax Compliance Cost

According to Sanford v. Berg (2015: 15), tax compliance costs are defined as all costs that are excluding from the tax payable incurred by the taxpayers in the process of fulfilling their tax obligations, starting from the taxation aspect of their investment to receive an appeal decision and pay-off the tax payable.

Tax Service Quality

According to Kotler (2005: 153) in Kirana, Suhadak, and Maria (2013: 2) the definition of service quality is a model that describes the condition of customers in forming expectations for service from past experiences, word of mouth promotion and advertisements by comparing their services the expect with how they feel.

Tax Evasion

The definition of tax evasion according to Mardiasmo (2011) is the effort made by taxpayers to ease the tax burden by violating laws. Due to violating the law, this tax evasion act is carried out using illegal means. Taxpayers completely ignore the formal provisions of taxation they are obliged to do, falsify documents, or fill in the data incompletely and incorrectly.

Framework

In this study, the indicators used for tax compliance cost are actual cash outlay and opportunity cost of time (time used), while psychological cost is not used as an indicator because it is inversely proportional to actual cash outlay and opportunity cost of time (Arrabella and Yenni: 2012).

According to Parasurman in Lupiyoadi (2006: 182), there are 5 (five) dimensions of service quality, namely physical form (tangibles), reliability, responsiveness, assurance, and empathy. All of those things mentioned above, if they are not solid, they can affect tax evasion of the taxpayers (Safri Nurmanto 2008: 54).

Indicators of the tax evasion, according to M. Zain (2008: 51), are not submitting Tax Returns (SPT), submitting Tax Returns incorrectly, not registering or misusing NPWP or affirming Taxable Entrepreneurs (PKP), and not paying tax that has been picked up or cut.

Based on a framework that refers to the theory and opinions of experts, as well as the phenomena that occur, it can be indicated that the tax compliance costs and the quality of tax can influence the tax evasion.

OBJECT AND RESEARCH METHOD

Research Object

According to Sugiyono (2011: 38), the definition of a research object is an attribute or nature or value of people, objects or activities that have certain variations that are determined by the researcher to be studied and then draw conclusions from. The objects in this study are Tax Compliance Costs, Tax Services Quality, and Tax Evasion by examining corporate taxpayers registered at the Kupang Pratama Tax Service Office, Palapa Street No. 8, East Nusa Tenggara.

Research Method

Sugiyono (2004: 1) states that research method is a scientific way to get data with specific purposes and uses. The research method used in this study is descriptive and verification methods using survey methods to test the hypothesis.

Population and Sample

According to Sugiyono (2011: 90) population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by the researchers to be studied and then draw conclusions from. Population is not only people, but also objects and other natural objects. In accordance with the variables of the proposed research title, the population in this study is the corporate taxpayers registered at the Kupang Pratama Tax Service Office (KPP).

Sample is the part of the number and characteristics of the population (Sugiyono, 2011: 91). If the population is large and it is impossible for the researcher to study everything in the population, for example because of limited funds, manpower and time; the researcher can use a sample taken from that population.

Sampling Technique

The sampling method used is nonprobability sampling, which is a method that does not provide equal opportunities or the probability for each element of the population to be selected as samples (Sugiyono, 2011: 120). The sample criteria in this study is Corporate Taxpayers who submit Tax Returns (SPT) at the Kupang Pratama Tax Service Office (KPP) for the 2015 Fiscal Year.

Data Collection Technique

According to Sugiyono (2013: 224), data collection techniques are the most strategic steps in research, because the main purpose of a research is to get data. In conducting the research, the authors can collect data in the following ways: (1). Field Research, while this field research is carried out as follows: (a). Observation, (b). Questionnaire, (2). Library Research.

Data Processing Technique

Data processing technique is the simplification of the data into a form that is easiest to read and interpret. The steps in carrying out the data processing are: (a). Editing, (b). Coding, (c). Tabulation, (d). Data Analysis.

Research Instrument Tests

(1). Validity Test, according to Sugiyono (2011: 177), is a valid instrument means the measuring instrument used to obtain data is valid. (2). Reliability test is a test to measure a questionnaire which is an indicator of a variable or construct (Ghozali, 2009).

Classic Assumption Tests

(1). Normality Test, (2). Multicollinearity Test, (3). Heteroscedasticity Test.

Data Analysis Methods

(1). Multiple Regression Analysis. (2). Partial Hypothesis Test (t-test). (3). Simultaneous Hypothesis Test (F-test). (4). Partial Regression Coefficient Testing. (5). Simultaneous Regression Coefficient Testing.

RESEARCH RESULTS AND DISCUSSIONS

Table 1: Validity Test of Variable X1

Question Item	Validity Test			
	Correlation	Criteria	Sig.	Conclusion
1	0,668	0,2656	0,000	Valid
2	0,490	0,2656	0,000	Valid
3	0,541	0,2656	0,000	Valid
4	0,581	0,2656	0,000	Valid
5	0,473	0,2656	0,000	Valid
6	0,574	0,2656	0,000	Valid
7	0,569	0,2656	0,000	Valid
8	0,500	0,2656	0,000	Valid
9	0,505	0,2656	0,000	Valid
10	0,598	0,2656	0,000	Valid

The table above shows that all question items for variable X1 have a correlation value greater than 0.2656 and the sig. values that are also less than 0.05. It can be concluded that the instruments for measuring the tax compliance cost variable are declared valid and can be used for the research.

Table 2: Validity Test of Variable X2

Question Item	Validity Test			
	Correlation	Criteria	Sig.	Conclusion
1	0,458	0,2656	0,000	Valid
2	0,558	0,2656	0,000	Valid
3	0,581	0,2656	0,000	Valid
4	0,513	0,2656	0,000	Valid
5	0,584	0,2656	0,000	Valid
6	0,641	0,2656	0,000	Valid
7	0,580	0,2656	0,000	Valid
8	0,677	0,2656	0,000	Valid
9	0,625	0,2656	0,000	Valid
10	0,571	0,2656	0,000	Valid

The table above shows that all question items for variable X2 have a correlation value greater than 0.2656 and the sig. values that are also less than 0.05. It can be concluded that the instruments for measuring the tax service quality variable are declared valid and can be used for the research.

Tabel 3: Validity Test of Variabel Y

Question Item	Validity Test			
	Correlation	Criteria	Sig.	Conclusion
1	0,689	0,2656	0,000	Valid
2	0,675	0,2656	0,000	Valid
3	0,599	0,2656	0,000	Valid
4	0,725	0,2656	0,000	Valid
5	0,737	0,2656	0,000	Valid
6	0,623	0,2656	0,000	Valid
7	0,654	0,2656	0,000	Valid
8	0,678	0,2656	0,000	Valid
9	0,585	0,2656	0,000	Valid
10	0,708	0,2656	0,000	Valid

The table above shows that all items of variable Y have a correlation value greater than 0.2656 and the sig. value are also less than 0.05. It can be concluded that the instruments for measuring the tax evasion variable are declared valid and can be used for the research.

Reliability Test

Table 4: Cronbach's Alpha coefficient values

Variable	Cronbach's Alpha	Criteria	Conclusion
<i>Tax Compliance Cost</i>	0,734	0,7	Reliable
<i>Tax Service Quality</i>	0,743	0,7	Reliable
<i>Tax Evasion</i>	0,763	0,7	Reliable

Based on the results of the reliability test, the Cronbach's Alpha coefficient values of all research variables are greater than 0.7. It can be concluded that all questionnaire items are said to be reliable for measuring their respective variables.

Normality Test

Table 5: One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		55
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	3.64587508
Most Extreme Differences	Absolute	.140
	Positive	.107
	Negative	-.140
Kolmogorov-Smirnov Z		1.036
Asymp. Sig. (2-tailed)		.233

a. Test distribution is Normal.

Based on the table, it can be seen that the Asymp.Sig (2-tailed) value is 0.233. This value is greater than 0.05. It can be concluded that the data are normally distributed.

Multicollinearity Test

Table 6: Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
Tax Compliance Cost (X1)	0,999	1,001
Tax Service Quality (X2)	0,999	1,001

From the multicollinearity test results in the table above, it can be seen that the tolerance value of the two independent variables is greater than 0.1. Then the VIF value of the two independent variables is also less than 1.0. So it can be concluded that there is no multicollinearity among the independent variables above.

Heteroscedasticity Test

Table 7: Heteroscedasticity Test

Model	Coefficients ^a					
		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	45.658	8.308		5.495	.000
	TOTAL_TCC	.043	.147	.040	.293	.771
	TOTAL_TSQ	-.122	.139	-.121	-.882	.382

a. Dependent Variable: TOTAL_TE

If the significance value (Sig.) > 0.05, then there are no symptoms of heteroscedasticity. From the output above, the tax compliance cost variable has a significance value (Sig.) of 0.771, which is greater than 0.05. The tax service quality variable also has a significance value (Sig.) of 0.382 which is greater than 0.05. So it can be concluded that the two variables do not have heteroscedasticity symptoms because Sig. > 0.05.

Multiple Linear Regression Analysis

As in the coefficients table above, the multiple linear regression equation in this study is:

$$Tax\ Evasion = 45,658 + 0,043X_1 - 0,122X_2$$

The equation above can be interpreted as follows:

a = 45.658: this means that if the tax compliance cost (X1) and tax service quality (X2) are 0, then the tax evasion action (Y) will be 45.658. b1 = 0.043: this means that if the tax compliance cost (X1) increases by one unit, the tax evasion action (Y) will increase by 0.043 units. b2 = -0,122: this means that if the tax service quality (X2) increases by one unit, the tax evasion action (Y) will decrease by 0,122 units.

Partial Hypothesis Testing (t-test)

Based on the results of the t-test in the Coefficients Table, it can be concluded that: (1). Tax compliance cost variable shows the sig value. of 0.771 which is greater than 0.05; so that H01 is accepted, means that there is no partial influence of the independent variable on the dependent variable. The conclusion is that the tax compliance cost does not influence the tax evasion. (2). Tax service quality variable shows the sig value. of 0.382 which is greater than 0.05; so that H02 is accepted, means that there is no partial influence of the independent variable on the dependent variable. The conclusion is that the tax service quality does not influence the tax evasion.

Simultaneous Hypothesis Testing (F-Test)

Table 8: Simultaneous Hypothesis Testing (F-Test)

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.737	2	5.869	.425	.656 ^a
	Residual	717.790	52	13.804		
	Total	729.527	54			

The results of the calculation of the F-test in the table above shows that the calculated F value is 0.425 and the F-table value is 3.18 then F count (0.425) is smaller than F-table (3.18) means that H0 is accepted. For the sig. obtained is 0.656 where this value will be compared with the significant level (α) = 0.05. So, it can be seen that the significance value obtained (sig. 0.656) is greater than the significance level (0.05). Thus, H0 is accepted, means that there is no influence of all independent variables on the dependent variable simultaneously.

In the coefficient table, the relationship between each independent variables can be explained. This table shows that the tax compliance cost variable for corporate taxpayers has a positive relationship with the tax evasion action, which has a value of 0.341. In contrast, the tax service quality variable has a negative relationship with the tax evasion action, which has value of -0.121. The partial determination coefficient for the tax compliance cost variable is $(0.341)^2 = 0.116281$, while the rest of $(100\% - 11.6281\%) = 88.3719\%$ is influenced by another factors that are outside the model. The partial determination coefficient for the tax service quality variable is $(-0.121)^2 = 0.014641$, while the rest of $(100\% - 1.4641\%) = 98.5359\%$ is influenced by another factors that are outside the model.

Partial Correlation Coefficient

Table 9: The Result of Partial Correlation Coefficient

Model	Unstandardized Coefficients	Standardized Coefficients		t	Sig.	Correlations			
		B	Std. Error			Beta	Zero-order	Partial	Part
1	(Constant)	45.658	8.308		5.495	.000			
	TOTAL_TCC	.043	.147	.040	.293	.771	.037	.341	.240
	TOTAL_TSQ	-.122	.139	-.121	-.882	.382	-.120	-.121	-.121

Simultaneous Determination Coefficient

Table 10: Result of R Square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.127 ^a	.116	0.22	3.71533

The amount of R square in the table above shows that the magnitude of the influence of the independent variables on the tax evasion in Kupang Pratama Tax Service Office is 22%. The influence of other factors that are not observed by the researchers is $(100\% - 22\%) = 78\%$; which is influenced by factors that are outside this research model.

Discussion

Based on the test results, it shows that both partially and simultaneously the tax compliance cost and tax service quality have no influence on the tax evasion.

This test also has a different result with Lia's (2015) study entitled The Influence of Tax Compliance Costs for Corporate Taxpayers and Tax Services Quality on Tax Evasion (Survey Study at the Bandung Karees Pratama Tax Service Office). This research is conducted using multiple regression techniques and it can be stated that the tax compliance costs in the corporate taxpayers and tax services quality simultaneously influence tax evasion at the Bandung Karees Pratama Tax Service Office.

CLOSING

Based on the results of the research and discussion described in the previous chapters regarding the influence of tax compliance cost in corporate taxpayers and tax service quality on tax evasion actions at the Kupang Pratama Tax Service Office; the researchers draw the following conclusions: (1). The influence of tax compliance cost in corporate taxpayers and tax service quality on tax evasion partially. (a). Based on the t-test with a significance level of 0.05 or a confidence level of 95%, it can be concluded that the tax compliance cost variable in corporate taxpayers partially does not have a significant influence on the tax evasion. (b). Based on the t-test with a significance level of 0.05 or a confidence level of 95%, it can be concluded that the tax service quality variable partially does not have a significant influence on the tax evasion. (2). The result of the influence of tax compliance cost in corporate taxpayers and tax service quality simultaneously on tax evasion actions based on the F-test with a 95% confidence level; it can be concluded that the tax compliance cost variable in corporate taxpayers and tax service quality does not have a significant influence on the tax evasion. (3). The magnitude of the influence of tax compliance cost in corporate taxpayers and tax service quality partially on tax evasion actions, as follows: (a). The influence of tax compliance cost in corporate taxpayers on tax evasion is 11.6281%. (b). The magnitude of the influence of tax service quality on tax evasion is 1.4641%. (4). The magnitude of the influence of tax compliance cost in corporate taxpayers and tax service quality simultaneously on tax evasion is 22%. This shows that the two independent variables have an insignificant and a very low influence on tax evasion and the remaining amount of 78% is influenced by other factors.

SUGGESTIONS

The suggestions that can be given in connection with the research conclusions are as follows:

(1). It is suggested to the next researchers to add other independent variables that can influence tax evasion. (2). It is recommended that the next researchers research at other tax service offices, in order to compare the influence of the same variables on tax evasion that occurs at the different tax service office. (3). The magnitude of the influence of tax compliance cost on tax evasion actions based on research results, it is recommended for the Kupang Pratama Tax Service Office to continue to maintain the low tax compliance costs that must be borne by taxpayers, and to continue to improve technology in the tax administration system that makes it easier for taxpayers to fulfill their tax obligations. (4). The quality of tax services also has an inversely proportional effect on tax evasion actions, so it is suggested to improve the quality of tax servants further both in terms of the physical form, reliability, responsiveness, assurance and empathy of tax servants towards taxpayers, so that it will suppress the level of tax evasion action itself.

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Yayuk Putri Adoe
Faculty of Economics
Maranatha Christian University, 40164 Bandung, Indonesia
Email: adoeputri@gmail.com

Elyzabet I. Marpaung
Faculty of Economics
Maranatha Christian University, 40164 Bandung, Indonesia
Email: elyzabetm@yahoo.com