

TAX COMPLIANCE: SANCTION AND AWARENESS PERSPECTIVE OF MOTOR AND CAR OWNERS IN INDONESIA

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Abstract: The low awareness of motor vehicle taxpayers in Indonesia is in contrast to the motor vehicle tax revenue in the Bogor regency, which always exceeds the target. This study aims to reveal this phenomenon by involving the awareness variable and tax sanctions on taxpayer compliance. This study uses quantitative methods to 400 motor vehicle taxpayers. Research shows that tax awareness and sanctions have a significant effect on taxpayer compliance. This research has also succeeded in revealing that the determination of the target of motor vehicle tax revenue in the Bogor regency is appropriate.

Keywords: Motor Vehicle Tax, Local Revenue, Local Tax Revenue Target.

1. INTRODUCTION

Motor Vehicle Tax (PKB) is tax revenue that affects high regional income (LaMothe & Bobek, 2020). Efforts made to increase Motor Vehicle Tax (PKB) revenues have not been sufficient. The proof is, the number of taxpayers who have not paid motor vehicle tax is still high. Thirty per cent of the 130 million motor vehicle owners in Indonesia do not fulfil their tax obligations. This can be caused by the lack of awareness of taxpayers and the application of tax sanctions that have not been able to overcome taxpayer compliance in a country (Alasfour, 2019).

Bogor Regency is one of the areas with the number of motorized vehicles increasing every year. Table 1 shows the increase in the number of motorized vehicles in the Bogor Regency area by 30% from 2014 to 2018. In this regard, the target of motor vehicle tax revenue in the Bogor Regency area has always exceeded the target of tax revenue from 2014-2018. This phenomenon is contrary to what is experienced by Indonesia collectively, that 39 million Indonesians do not comply with their motor vehicle tax obligations. This study aims to prove that the taxpayer compliance phenomenon is caused by the awareness of taxpayers and tax sanctions. If it is not proven, it can be said that the Bogor district government is too low in setting the target for motor vehicle tax revenue.

Table 1 Number of motorized vehicles in Bogor Regency

Year	Unit
2014	1,255,250
2015	1,366,381
2016	1,504,670
2017	1,646,365
2018	1,608,457

This research will reveal the role of sanctions and awareness of taxpayer compliance in Indonesia, especially the Bogor regency. This research will reveal whether the compliance of taxpayers in Bogor regency is high, due to awareness and tax sanctions, or because the target setting is too low. Thus, this study will present the relationship between the variables tested to reveal the phenomenon of tax revenue that exceeds the target in the Bogor district, as well as how taxpayers see the perspective of sanctions to comply with tax obligations.

Table 2 Realization of Motor Vehicle Tax Revenue in Bogor Regency

Year	Target	Realization	Percentage of Achievement
2014	343,872,323,000	374,998,454,700	109.05%
2015	399,668,000,000	406,462,444,450	101.70%
2016	455,450,000,000	477,475,674,700	104.84%
2017	492,016. 000 000	526 243 190 750	106.96%
2018	583 072 000 000	623 539 206 900	106.94%

1.1. Sanctions and Compliance

The general provisions of taxation have been regulated in law (Hoy et al., 2020). In order for tax regulations to be obeyed by taxpayers, there must be strict tax sanctions for those who violate them. The existence of tax sanctions is a guarantee that taxpayers will obey the provisions of tax laws (Harju et al., 2020). In other words, tax sanctions are a deterrent so that taxpayers do not violate tax regulations. Thus, taxpayers must know tax sanctions so that taxpayers do not easily violate tax laws and regulations and can fulfil their tax obligations in a timely manner. Tax awareness and sanctions have a positive effect on taxpayer compliance in paying motorized vehicle taxes (Rosid et al., 2019).

1.2. Awareness and Compliance

Awareness of tax obligations for vehicle owners is the most dominant factor in tax compliance (Casais et al., 2019). Increasing knowledge of taxation and socialization of taxation are efforts that can be made to increase taxpayer awareness. Previous research revealed that taxpayer awareness, tax sanctions, tax knowledge and tax socialization had a positive effect on motor vehicle taxpayer compliance (Slemrod, 2019).

2. METHODS

The object of this research is the registered Taxpayer of motorized vehicle owners in Bogor Regency. The design in this study is a quantitative method with a causal relationship approach. This study uses 400 motor vehicle taxpayers as a sample.

Table 3 Concept and measurement of variable

No	Variable	Concept	Indicator	Scale
1	Taxpayer Awareness (X ₁)	Taxpayer awareness is a person's good faith to fulfil the obligation to pay taxes based on a sincere conscience. The higher the level of taxpayer awareness, the better the understanding and implementation of tax obligations so as to increase compliance (Bruno, 2019).	<ol style="list-style-type: none"> 1. Awareness of tax rights and obligations. 2. Fulfill tax obligations. 3. Public trust in paying taxes for state and regional financing. 4. Encourage yourself to pay taxes voluntarily. (Nagel et al., 2019) 	Ordinal
2	Tax Sanctions (X ₂)	Tax sanctions are a guarantee that the provisions of tax laws and regulations (taxation norms) will be obeyed, obeyed or obeyed, in other words, tax sanctions are a deterrent so that taxpayers do not violate taxation norms (Güzel et al., 2019).	<ol style="list-style-type: none"> 1. The criminal sanctions imposed for violators of tax regulations are quite heavy. 2. The sanctions administrative imposed for violators of tax regulations are very light. 3. The imposition of quite heavy sanctions is one means of educating taxpayers. 4. Tax sanctions must be imposed on its customers without tolerance. 5. The imposition of sanctions for tax violations is non-negotiable. (Zhang et al., 2020) 	Ordinal
	Taxpayer Compliance (Y)	Taxpayer Compliance can be defined as a condition in which the Taxpayer fulfils all tax obligations and exercises his taxation rights (Noersanti & Susanti, 2019).	<ol style="list-style-type: none"> 1. Fulfil tax obligations in accordance with applicable regulations. 2. Taxpayers do not have tax arrears. 3. Pay taxes on time. 4. Taxpayers meet the requirements in paying their taxes. 5. Never violated any regulations. (Dobos & Takács-György, 2020) 	Ordinal

This study uses a questionnaire with a Likert scale with the interval used is 1 to 5. The research instrument test is using the Validity and Reliability Test. Test the research data with the Classical Assumption Test. Data analysis uses multiple linear regression. The tool used was SPSS version 22 software. The questionnaires were distributed directly and online with the help of digital forms.

3. RESULTS AND DISCUSSION

This study reveals the demographics of the respondents as the object under study. In Table 4, it can be seen that the distribution is based on the majority of respondents in each category. In the results, section will explain the findings that will reveal that taxpayer awareness and tax sanctions are factors that affect tax compliance of motor vehicle taxpayers in the Bogor regency.

3.1. Results

Table 4 Recapitulation of Respondent Characteristics

Criteria for Respondents	Characteristics	Number of People
Sex	Male	276
Age	19-35	211
Education	High School	238
Occupation	Private Employees	160
Income	2 million-5 million	234
Types of vehicles	Motorcycle	285
Ownership Time	5-10 years	197

All questionnaire instruments valid and reliable. All data were normal and did not occur multicollinearity and heteroscedasticity did not occur. This means that this research has passed the classical assumption test.

Table 5 Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	6.776	1.264			(Constant)	0.000
	5.361					
	Consciousness	0.154	0.045	0.169	3.417	0.001
	Penalties	3.707	0.049	0.191	0.182	0.000

a. Dependent Variable: Compliance

Based on Table 5, it can be seen that the value of the regression equation is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

$$Y = 6.776 + 0.154 X_1 + 0.182 X_2 + e$$

Table 6 Multiple Correlation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.516 ^A	0.267	0.259	2.212

a. Predictors: (Constant), Awareness, Sanctions

b. Dependent Variable: Compliance

Test results obtained t_{count} of taxpayer awareness of 3.417 and t_{value} of 1.965. Thus, $t_{\text{count}} > t_{\text{value}}$ (3,417 > 1,965) with a significant level of 0,000 < 0.05. This shows that taxpayer awareness partially affects motor vehicle taxpayer compliance in Bogor Regency.

The test results obtained by using the t test, t_{count} for tax penalties amounting to 3,707 and t_{value} of 1.965. It can be concluded that $t_{\text{count}} > t_{\text{value}}$ (3.707 > 1.965) with a significant level of 0.000 < 0.05. This shows that tax sanctions partially affect the compliance of motor vehicle taxpayers in Bogor Regency.

3.2. Discussion

3.2.1 Tax Awareness of Tax Compliance

Based on the partial test results, Taxpayer Awareness has a positive effect on Motor Vehicle Taxpayer Compliance. The respondent's response regarding the tax statement is a form of community service to the state with results showing that the respondent strongly agrees (Enachescu et al., 2019). The statement regarding Paying Motor Vehicle Tax is a form of participation in supporting regional development by showing the results that the respondent strongly agrees with the statement.

From the results of the statement, it shows that taxpayer awareness affects motor vehicle taxpayer compliance and taxpayer awareness can increase motor vehicle taxpayer compliance to carry out their obligations as citizens by paying taxes correctly and on time (Batrancea et al., 2019).

Taxpayer compliance is certainly not formed by itself, in fulfilling compliance in paying taxes must be based on the Taxpayer's awareness. Awareness of taxation is a willingness to fulfil all its obligations. Taxpayers who have high awareness will carry out their tax obligations in accordance with applicable tax regulations, on the other hand, if taxpayers have low awareness, they will carry out their tax obligations not in accordance with all applicable regulations (Alm, 2019).

The results of this study indicate that taxpayer awareness has a significant positive effect on motor vehicle taxpayer compliance, this can be seen from the results of the t test conducted, the resulting value for the taxpayer awareness variable of 3.417 is greater than the t_{value} of 1.965. These results illustrate that taxpayer awareness affects motor vehicle taxpayer compliance in Bogor Regency, but this effect has not shown that the level of taxpayer awareness in Bogor Regency is good, because some respondents have a low level of awareness so they are not obedient in paying their taxes (LaMothe & Bobek, 2020).

The results showed that tax socialization, tax knowledge, service quality, tax sanctions and tax awareness had a positive effect on motor vehicle taxpayer compliance. In addition, it is also relevant to research conducted by (Alasfour, 2019; Hoy et al., 2020) With the results of the research showing that taxpayer awareness, tax knowledge, taxation sanctions and public service accountability have a positive effect on taxpayer compliance in paying motorized vehicle taxes.

3.2.1 Tax Sanctions on Tax Compliance

Based on the results of the partial test, Tax Sanctions have a positive effect on Motor Vehicle Taxpayer Compliance. The respondent's response regarding the statement I obey to pay motor vehicle tax because I do not want to be subject to sanctions which shows the result that the respondent agrees with the statement and the respondent's response regarding the statement The application of motor vehicle tax penalties must be in accordance with the applicable rules and regulations which show that the respondent strongly agrees with a statement of the application of these sanctions (Harju et al., 2020).

This condition shows that the tax sanctions that have been applied can make motor vehicle taxpayers obey in paying their taxes. Because not paying taxes on time will make taxpayers feel burdened. So according to the respondent's response, tax sanctions must be implemented properly so that the level of compliance in paying taxes increases (Rosid et al., 2019).

In terms of the application of tax sanctions, there are still respondents who do not agree with the sanctions being applied, but taxpayers still have to pay their tax obligations, because this has become the decision of the Directorate General of Taxes. In the regulations, sanctions for taxpayers can be in the form of administrative fines, interest and criminal sanctions. Tax sanctions are a guarantee that taxation (taxation norms) will be obeyed. In other words, tax sanctions are a deterrent so that taxpayers do not violate taxation norms.

The results of this study indicate that tax sanctions have a significant positive effect on motor vehicle taxpayer compliance, this can be seen from the results of the t test conducted, the resulting value for the tax sanctions variable of 3.707 is greater than the t_{value} of 1.965. These results illustrate that tax sanctions have an effect on motor vehicle taxpayer compliance in Bogor Regency.

The results of the study support the research conducted by (Bruno, 2019; Slemrod, 2019) The research results show that the socialization variables, service quality, and tax sanctions have a positive and significant effect on motor vehicle taxpayer compliance.

4. CONCLUSION

This research succeeds in proving that the achievement of tax revenue targets in Bogor Regency is due to the awareness of taxpayers in this area, as well as the successful application of sanctions that prevent taxpayers from violating tax regulations. This research answers the phenomenon of low motor vehicle taxpayer compliance in Indonesia, which may occur in other areas besides Bogor Regency. This research also shows that the Bogor district government has set an appropriate tax revenue target and is not undervalued.

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