



## International Journal of Economic Research

ISSN : 0972-9380

available at <http://www.serialsjournal.com>

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Volume 14 • Number 12 • 2017

### Analysis of Taxpayers and Understanding Awareness Increase in Compliance with Taxpayers Individual Taxpayers

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**Abstract:** The purpose of this research is to gain an overview of the analysis of the level of understanding and awareness of the taxpayer in improving taxpayer compliance. This research is a descriptive exploratory study. The population in this study across individual taxpayers registered in STO Dumai, as many as 85,000 taxpayers. Sources of primary data on obtained directly from the selected respondents. The method of analysis using multiple regression analysis. The variable in this study was measured using an ordinal scale. To meet the assumption in the use of multiple regression, data on change to interval scale with the help of Microsoft Excel, with successive calculation interval. This analysis is used for research that has more than one independent variable, used also to process and discuss the data that has been obtained, as well as to test the hypothesis. Research results that understanding taxation significant effect on tax compliance in KPP Pratama Dumai City. That means that if a person or a taxpayer acknowledge and understand and be aware of the rights and obligation that concerned will fulfill their obligations, especially in reporting the activities of the notification letter taxation in the form of an annual (SPT). A good understanding will assist and facilitate taxpayers to carry out tax obligations. The better understanding of the tax compliance of an individual taxpayer in the region will increase STO Dumai. The more obedient taxpayers in meeting their tax obligations will result in increasing state revenues from the sector. Consciousness Taxpayer significant effect on tax compliance in KPP Pratama Dumai City. This means that savvy taxpayers both the right and the tax obligations will cause the taxpayers to be more obedient in fulfilling mainly on taxation liabilities, the higher consciousness of the taxpayer, the compliance of an individual taxpayer in the STO Dumai to rise, it can also increase state revenues of the taxpayer on STO Dumai City.

**Keywords:** understanding, awareness, Tax Revenues, taxpayer, Self-Assessment Systems and taxpayer compliance.

## 1. INTRODUCTION

Within a few decades of development in Indonesia, prior to 1990, largely development, especially in the budget financed by the oil and gas sector, particularly oil. Oil and gas is a natural resource that is limited, therefore, over the years the role of oil and gas as a source of state revenue gradually replaced by other sources of potential that is from taxes. State revenues for 2015 are excellent sources of state, with the state tax collection may be able to finance prosperity of the people and country households. The development of state revenues from year to year increase, starting in 2008 revenues amounted to 67.10% of the sector, then in 2009 to 2012 respectively 73.04%, 74.90%, 80.45% and 75.25% of the total state revenue in the state budget.

Expectations state to taxpayers in fulfilling their tax obligations is very large, this is evidenced by the many suggestions and appeals from the government that the construction is financed from taxes. But in reality the appeal and this recommendation does not correspond with the wishes of the government, this can be seen from the realization of tax revenue that is never achieved, as in the following table.

**Tabel 1**  
**State Revenues in the State Budget Financing**

<i>Explanation</i>		<i>APBNP</i>			
		<i>until Dec 31, 2014</i>		<i>until Dec 31, 2015*</i>	
		<i>Trillion</i>	<i>%</i>	<i>Trillion</i>	<i>%</i>
State Revenue & Grants	Realization	1.550,6	94,8	1.91,5	84,7
	Budget	1.635,4	100,0	1.761,6	100,0
Tax Revenues	Realization	1.146,9	92,0	1,235,8	83,0
	Budget	1.246,1	100,0	1.489,3	100,0
Non-tax revenue	Realization	398,7	103,0	252,4	93,8
	Budget	386,9	100,0	269,1	100,0
expenditure	Realization	1.767,3	94,2	1.810,0	91,2
	Budget	1.876,9	100,0	1.984,1	100,0

*Sources:* <https://www.google.co.id/search?q=tabel+realisasi+penerimaan+pajak+2015>

In practice, the tax collection system in Indonesia is difficult to run as expected, because not all taxpayers fulfilling their tax obligations, there are not obedient and submissive meet the rules of taxation. Sadhani in Tarjo and Kusumawati (2006) explains that the level is still relatively low tax compliance is indicated by the small number of individuals who have a Taxpayer Identification Number (TIN) and report the SPT. The level of compliance in reporting the SPT is a major requirement for achieving the target of tax revenue. Moreover, in 2016 the Tax Directorate bear tax revenue target of Rp1.489,3 trillion, an increase Rp109,3 trillion compared to the target of tax revenue in the state budget in 2015 amounted to Rp1.380 trillion. However, the compliance level is still low SPT submission. Of the 75 million people who must have a Taxpayer Identification Number (TIN), only about 20 million registered have a TIN. Of these, only 10 million are reported SPT. This means that more than half of taxpayers do not report annual tax return tax. (Sulistyo, 2015).

The taxpayer can be grouped into corporate taxpayers and individual taxpayers (OP). Based on the data level of tax compliance over both WAP and Personal Agency, a picture that the low level of kepetuhan taxpayer in carrying out their tax liabilities so that state revenues do not meet the set target. For that to increase state revenue, especially the state budget, efforts should be made to make the tax compliance obligations in terms of taxation, ranging from registering, paying and reporting. Jamin research results (2001) revealed that the level of compliance is higher than the body WP WPOP. This can occur because the body WP are more likely to use consultants or hire employees who deal specifically with the problem of corporate tax. Individual taxpayer tend to take care of their own tax affairs.

From Table 2 clearly shows that the target of state revenue from taxes, can not be realized. This could be due to the lack of compliance of taxpayers in their tax obligations, as shown in Table 2.

**Tabel 2**  
**Empirical Conditions Taxpayer Compliance**

<i>No</i>	<i>Explanation</i>	<i>Person</i>	<i>Board</i>
1	Population	240 Million	22,6 Million
2	Active Work / Activity Domicile Fixed	110 Million	12,9 Million
3	Estimated earnings above PTKP/Agency Permanent Domicile	60 Million	5 Million
4	Taxpayers Registered	19,9 Million	1,9 Million
5	SPT Reported in 2011	8,8 Million	520 Thousand
6	SPT ratio Enterprises Dom to Agency Permanent (5: 3)	-	10,4 %
7	SPT personal ratio to Working above PTKP (5: 3)	14,7 %	-

*Sources:* Ministry of Finance Republic of Indonesia (2014).

For 2015 the level of compliance of individual taxpayers per 10 September 2015, only 56.36%. The figure is derived from the number of reporting Tax (SPT) individual taxpayers compared to the number of individuals possessing the Taxpayer Identification Number (TIN). (Pemeriksaanpajak.com, 2015)

Taxpayer Compliance is determined by understanding the taxpayer to the tax laws (Adiasa, 2013). Comprehension is a process of passage of a person's knowledge. Although the Directorate General of Taxation has tried to make the taxpayer and the public to easily understand and implement the tax obligations, but in fact there are some Taxpayers do not / have not implemented the tax obligations properly voluntarily (voluntary) because the taxpayer did not understand the terms / obligations in the field of taxation.

The study of tax compliance in meeting their tax obligations is important to continue to improve tax compliance. There are several factors such as service tax authorities in serving the needs of taxpayers, understanding and awareness of compulsory pajakmemiliki possibility of increasing taxpayer compliance in carrying out its obligations taxation. Supadmi (2010) mentions that in order to improve taxpayer compliance in meeting their tax obligations, tax service quality should be improved by the tax authorities. Therefore the quality of service needs to be improved to provide comfort and a good view of the taxpayer. Service tax officials were cooperative, honest, enforcing the rules of taxation, not complicate, and did not disappoint the taxpayer is expected to overcome the problem of tax compliance.

Then Utami *et al* (2012) found that the service tax authorities affect the level of tax compliance. However, a different result is shown in research Tryana A.M. Tiraada (2013), found that the service tax authorities do not give effect to the compliance of individual taxpayers. Subsequent research conducted by Tatiek Adiyati (2009) found that socialization terhadap tax laws affect tax compliance. However, different research Winerungan (2013), in a study conducted in KPP KPP Manado and Bitung found that socialization of taxation does not affect the individual taxpayer compliance. The other study was conducted by Cahyonowati *et al* (2012) stated that to increase tax compliance of individual taxpayers, tax authorities need to understand behavioral factors that can compile an effective tax policy. Making it easier for taxpayers in fulfilling their obligations perajakannya.

The other study was done was done Farid Syahril (2013), Surliani and Cardinal (2012) revealed that the level of understanding of the positive impact taxpayers and tax authorities Service Quality Environmental Compliance Penalties Taxpayers Tax Rate Taxpayer Taxpayer significant level of understanding on tax compliance. The level of understanding of taxpayers regarding the tax to be important in determining tax attitudes and behavior of taxpayers in meeting their obligations.

Research Masruroh and Zulaikha (2013) also found that understanding Taxpayers positive and significant impact on the level of individual taxpayer compliance. Likewise, the research conducted by Jatmiko (2006) that the awareness taxation positive effect on tax compliance. Based on research conducted by James and Alley (1999) of tax compliance is a complex subject with broad implications and affecting such compliance, there are two approaches, economics and behavior. The economic approach is usually in terms of penalties, sanctions given. While behavior can be based on the awareness factor and environmental factors that influence. Awareness taxpayer positive effect on tax compliance, which means that the taxpayer has a high tax awareness, understand the function and tax benefits, better understand people and the personal self, so that taxpayers will voluntarily pay taxes without any coercion. Thus, will increase taxpayer compliance. (Siti Musyarofah and Adi Purnomo, 2008).

Low tax compliance is considered by some phenomenon of the cases occurring in the world of taxation Indonesia recently made public and the taxpayer concerned to pay taxes. The condition can affect tax compliance, because taxpayers do not want to tax that has been paid abused by the tax authorities themselves. Therefore, some public and taxpayers evading taxes. One of the tax system adopted by the taxation Indoenasia namely self-assessment system which gives full trust to the taxpayer to calculate, calculate, deposit and report all taxes that become obligations. (Ratriana Dyiah Safri, 2013). This system was designed to measure the behavior of the taxpayer, ie how much the level of tax compliance in implementing the obligations fill out and submit the Notice (SPT) is true and correct, the higher the level of truth in calculating, the precision of deposit and submit the Notice (SPT) correctly and right, it is expected that the higher the level of tax compliance in implementing and fulfilling their obligations.

Chosen taxpayer tax compliance is important because it can lead to non-compliance of tax evasion efforts, resulting in fewer taxes contribute funds to the state treasury. Tax Office (KPP) Pratama Dumai is KPP which oversees the two regions, namely Dumai City and Rokan Hilir, Riau which is an area of coastal development digesa development needs, including the receipt of the taxpayer. The following conditions taxpayer compliance rate on STO Dumai calculated by comparing the number of active taxpayers with annual reported number of SPT, obtained respectively for the years 2012, 2013 and 2014 by 64%, 63% and 33%, with the level of compliance of each respectively 32%, 30% and 27% (STO Dumai, 2015). From this

data it can be seen that the level of compliance decreases. It is necessary for research to analyze noncompliance taxpayer in fulfilling the taxation obligation.

Although non-compliance included into the behavioral aspects, but WP body is an organization consisting of a group of individuals so that the analysis of behavior becomes more difficult. Therefore the goal of this research is focused on individual taxpayers registered in the STO Dumai. STO Dumai region covering Rokan Hilir and Dumai City Number largest individual taxpayer in Dumai City by 85,000 the number of taxpayers.

Problems that occur at this time is that the level of an individual taxpayer noncompliance in Dumai City are still high. Therefore, research on the factors that can increase an individual taxpayer compliance in Dumai City is indispensable. The present study will be carried out on the territory STO Dumai, because KPP has the number of individual taxpayers were quite large, and the KPP to two County and City Namely Rokan Hilir and Dumai City. As already described in the background, some previous studies have been done, but there are still many differences in the results.

Taxpayer Compliance is determined by understanding the taxpayer to the tax laws (Nirawan Adiasa; 2013). Tatiek Adiyati (2009) found that socialization to tax laws affect tax compliance. But the results are not the same as shown in the research Oktaviane Lidya Winerungan (2013), in a study conducted in KPP KPP Manado and Bitung found that socialization of taxation does not affect the individual taxpayer compliance. Different studies were also conducted by Siti Nurlaela (2014) Knowledge and understanding and awareness has no effect on the willingness to pay taxes. A good perception of the effectiveness of the tax system have a significant effect on the willingness to pay taxes.

The level of understanding of the taxation to be important in determining attitudes and behaviors taxation Taxpayers in carrying out its obligations in accordance with the legislation in force. Their understanding of taxation is expected to encourage compliance taxpayer to pay the tax due. The higher the knowledge and understanding of the taxpayer against the tax, it will be less likely to break rules Taxpayers are thus increasing the level of taxpayer compliance.

This is evidenced by research Narita *et al.*, (2012) and Masruroh (2013) which states that the understanding of the taxpayer and a significant positive effect on tax compliance. Taxpayer awareness on taxation as a function of state financing is needed to improve taxpayer compliance. Awareness taxpayer in fulfilling the right and obligation is expected to realize improved quality and social welfare. Form of tax payments made by transparent implementation will increase the awareness of the whole society (Richard Burton, 2009). When people become aware of it to pay the tax would be voluntary and not forced. If the taxpayer awareness increases, the tax compliance will increase.

The other study was conducted Ketut and Setiawan (2011) found that awareness of taxpayers effect on taxpayer compliance reporting. Likewise, research done Tiraada (2013) states of consciousness taxation significant effect on tax compliance. With self assessment system, the understanding of taxation and taxpayer awareness plays an important role so that the taxpayer may exercise the tax obligations properly. Awareness taxpayer positive effect on tax compliance, which means that the taxpayer has a high tax awareness, understand the function and tax benefits, better understand people and the personal self, so that taxpayers will voluntarily pay taxes without any coercion. Thus, will increase taxpayer compliance. (Musyarofah and Purnomo, 2008).

The variables that are thought to affect the level of tax compliance based on the results of previous studies are the level of understanding of taxpayers and level of consciousness. From some of the variables that can improve taxpayer compliance, then that will be examined only two variables: the level of understanding and awareness of taxpayers, so it can be formulated the following research questions: 1) Is the level of understanding of taxpayer affect the compliance of individual taxpayers on STO Dumai, and 2) Is the level of awareness of taxpayers affect the compliance of individual taxpayers are on STO Dumai.

The purpose of this study to gain an overview of the analysis of the level of understanding and awareness of the taxpayer in improving taxpayer compliance. The results of this study are useful for the taxation so as to increase awareness of the taxpayer in performing their tax obligations, so as to increase state revenue from the tax sector.

## **2. RESEARCH METHODS**

### **2.1. Type of Methods**

The method used in this research is descriptive exploratory. According to Usman, 2009; Sirojuzilam *et al.*, 2016; Muda *et al.*, 2016; 2017; Tarmizi *et al.*, 2016; 2017; Lubis *et al.*, 2016; 2016 and Gusnardi *et al.*, 2016) that every research certainly descriptive (explain), this study included descriptive-explorative research. This descriptive study generally mempunyai characteristics as follows; (I) focusing on the problems that exist in the present or actual problems (ii) data collected initially prepared, described and analyzed.

This study consists of three variables, namely the taxpayer compliance, understanding and awareness of the taxpayers on their tax obligations. The third variable in this study was measured using an ordinal scale. To meet the assumption in the use of multiple regression, the data is converted to interval scale with the help of Microsoft Excel, with successive calculation interval.

### **2.2. Population and Sample Research**

The population in this study are all individual taxpayers registered in STO Dumai, as many as 85.304 taxpayers. With the enactment of the Tax Amnesty program by the government, it can be seen that the activity in seluruh KPP in Indonesia filled by the taxpayer. The researchers utilized the opportunity to deliver the questionnaires. According to researchers the number of questionnaires were obtained during the study to be sufficient for the purposes of data retrieval. Therefore, the number of samples for research with a margin of error of 10%.

Based on the calculations above, the number of samples taken in this study were 100 individual taxpayers. The sampling technique in this research is a convenience sampling technique. Convenience sampling technique is a sampling technique based on chance, that unit or subject available to researchers when data collection is done. The reasons for selecting the sampling technique is to simplify the process of sampling.

### **2.3. Types and Sources of Data**

The data used is primary data type. Primary data is data that comes directly from the source data collected specifically and directly related to the problems studied (Cooper and Emory, 2006; Dalimunthe *et al.*, 2016 and Nurzaimah *et al.*, 2016).

## **2.4. Method of collecting data**

Primary data were collected by questionnaire survey method using media (questionnaire). To measure the opinion of respondents used a five-point Likert scale, ie from number 4 to the opinion strongly agree (SS) and number 1 for strongly disagree (STS) (Muda and Dharsuky, 2016).

## **2.5. Analysis of method**

The method of analysis using multiple regression analysis. This analysis is used for research that has more than one independent variable, used also to process and discuss the data that has been obtained, as well as to test the hypothesis.

Data analysis technique used is Multiple Linear Regression analysis using SPSS. The purpose of the multiple linear regression analysis was to determine the effect of the independent variable in this study is an understanding of taxation and taxpayer awareness of the dependent variable is the taxpayer compliance. The formula that is used as follows:

$$Y = a + b_1x_1 + b_2X_2 + e$$

## **2.6. Descriptive statistics**

Descriptive statistical analysis is used to provide a picture of the variables studied, including the value of the average (mean), the minimum value, maximum value and standard deviation value of research data. More used Test Validity Test is used to measure whether or not a legitimate or valid questionnaires.

## **2.7. Classical assumption**

Classic assumption test consists of data normality test, autocorrelation test, heteroscedasticity test and multicollinearity test. However, because the data used is the cross section data, the autocorrelation test was not conducted.

## **2.8. Hypothesis testing**

To test the effect of each independent variable used in this study partially used  $t_{\text{test}}$  with significance level of 5%. In this study, the hypothesis was tested using the  $t_{\text{test}}$ . Meanwhile research model testing will be conducted by  $F_{\text{test}}$  with a significance level of 5%. Data analysis was performed using SPSS.

# **3. RESULT AND DISCUSSIONS**

## **3.1. Validity and Reliability Test Results**

Before the data results of the questionnaire were analyzed further, first tested the validity and reliability of the measuring instrument research to prove whether the measuring instruments used have validity (validity) and reliability (reliability) to measure what is supposed to be a measuring function, namely to test whether the questionnaire has been carefully and precisely measure what you want measured in this study. Testing the validity of using the product moment correlation point statement which declared

invalid if the correlation coefficient point statement 0.30 (Kaplan-Saccuzzo, 2005). Then the reliability test using Cronbach alpha and the result is declared reliable if the reliability coefficient greater than 0.70 (Kaplan-Saccuzzo, 2005).

Based on test validity and reliability, the correlation coefficient of each item statement greater than 0.3 indicates that the questionnaire used is valid in measuring variables so that each can be used in subsequent analyzes. Then the reliability coefficient of the three variables is also larger than 0.70 so it can be concluded that the questionnaires have reliability in measuring the variables respectively.

### 3.2. Descriptive Analysis Answer/Respondents

Understanding of taxation is measured using four indicators and operationalized into 10 (ten) the questions. Based on the answers of 100 respondents obtained a description of taxation understanding individual taxpayers who are in the STO Dumai on average 79 out of 100 people an individual taxpayer who is in the region STO Dumai already have a good understanding of taxation. Most of an individual taxpayer who is in the region STO Dumai do not understand about the sanctions that will be accepted if the taxpayer deliberately left the SPT. Instead most of an individual taxpayer who is in the region STO Dumai understanding of the function of Taxpayer Identification Number.

Furthermore, awareness of the Taxpayer measured using four indicators and operationalized into 12 (twelve) point statement. Based on the results of the responses of 100 respondents obtained a description awareness of individual taxpayers who are in the STO Dumai, most respondents chose the answer agree, but there are still many respondents chose the answer does not agree. This means that an individual taxpayer in the STO Dumai more conscious than those who do not have awareness.

Taxpayer Compliance was measured using three indicators and operationalized into eight (8) point statement. Based on the results of the responses of 100 respondents obtained a description of taxpayer compliance can be seen at most respondents chose the answer is often, but there are still many respondents chose the answer is rarely. This means that an individual taxpayer in the STO Dumai more obedient than less adherent.

### 3.3. Hypothesis testing

Furthermore, in accordance with the purpose of research, which is to examine the effect of taxation understanding and awareness of the taxpayer to tax compliance, it will conduct a series of quantitative analysis that is relevant to the purpose of research using multiple linear regression analysis. Mathematically the functional relationship between taxation understanding and awareness of the taxpayer to tax compliance in the STO Dumai can be formulated as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + e$$

Explanation

Y	: Taxpayer Compliance	X <sub>1</sub>	: understanding of taxation
a	: Constanta	X <sub>2</sub>	: Taxpayer Awareness
b <sub>1,2</sub>	: Regression coefficients	e	: error



Before testing the hypothesis, first performed classical assumption test to test the validity or the validity of the regression model estimation results. Some classical assumptions that must be fulfilled so that the conclusions of the regression results are not biased, such as normality test, test multicollinearity (for multiple linear regression), heteroscedasticity test and autocorrelation test (for the data in the form of time series). In this study, only three assumptions mentioned above were tested because the data collected did not contain elements so that the time series autocorrelation test was not conducted.

The test results for normality using the Kolmogorov-Smirnov test obtained significance value of 0.988. Due to the significant value of the Kolmogorov-Smirnov test is still greater than the error rate of 5% (0.05), it was concluded that the regression model with normal distribution. Then, the test results showed no correlation multicollinearity strong enough among the independent variables, where VIF of two independent variables still smaller than 10 with a tolerance value greater than 0.1 so that it can be concluded there are no symptoms multicollinearity between the two independent variables. Last results heteroscedasticity test using test Spearman rank indicates that the residuals (errors) that emerged from the regression equation have the same variance (no heteroscedasticity), this is indicated by the significant value of correlation between the two variables independent of the absolute residuals (ie 0.075 and 0.213) are still more greater than 0.05.

### 3.4. Multiple Linear Regression Analysis

To test the effect of taxation of understanding ( $X_1$ ) and awareness of the Taxpayer ( $X_2$ ) on tax compliance (Y) used multiple linear regression analysis. Based on the results of data processing using software SPSS for windows obtained the regression results taxation understanding and awareness of the taxpayer to tax compliance as in Table 3.

**Table 3**  
**Regression Analysis (Coefficients)**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	,187	,223		,840	,403
taxation of understanding	,008	,001	,436	6,423	,000
awareness of the Taxpayer	,670	,081	,561	8,260	,000

a. Dependent Variable: tax compliance

Sources: Processed Data (2016).

Through unstandardized coefficients values contained in Table 8 may be established regression equation taxation understanding and awareness of the taxpayer to tax compliance as follows:

$$Y = 0,187 + 0,008X_1 + 0,670X_2$$

In these equations can be seen that the regression coefficient is positive understanding of taxation which means the better understanding of the tax compliance of an individual taxpayer in the region will increase STO Dumai. Likewise regression coefficient is positive awareness of the taxpayer which means higher awareness of the Taxpayer then an individual taxpayer compliance in the region will increase STO Dumai.

### 3.5. Significance test

To prove whether the taxation understanding and awareness of the Taxpayer effect on tax compliance either simultaneously or partially then tested significance. Testing begins with F test and then precede t test.

#### (a) Simultaneous Testing

It is hypothesized that the taxation understanding and awareness of the Taxpayer simultaneously influence on tax compliance. Based on the processing results as presented in Table 4 can be seen the value  $F_{Test}$  61.142 with a significance value close to zero. Then the value of  $F_{table}$  at a significance level of 5% ( $\alpha = 0.05$ ) and degrees of freedom 2 and 97 is equal to 3.09. Because  $F_{Test}$  (61.142) is greater than  $F_{table}$  (3.09), then the error rate of 5% was decided to reject  $H_0$  so  $H_a$  is accepted. It can be concluded that taxation understanding and awareness of the Taxpayer simultaneously affect the compliance of an individual taxpayer in the region STO Dumai.

**Tabel 4**  
**Anova For Simultaneous Testing (Anova<sup>a</sup>)**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	7,965	2	3,983	61,142	,000 <sup>b</sup>
Residual	6,318	97	,065		
Total	14,284	99			

a. Dependent Variable: tax compliance

b. Predictors: (Constant), awareness of the Taxpayer, taxation of understanding

Sources: Processed Data (2016).

#### (a) Partial Test

Value table is used as the critical value in the partial test (t test) of 1.985 obtained from table t at  $\alpha = 0.05$  and degrees of freedom 97 for testing in both directions. Value of  $t_{test}$  statistics contained in Table 3 will then be compared with the value  $t_{table}$  to test whether the independent variables being tested have a significant effect or not. Based on the results of such processing are presented in Table 4 was obtained  $t_{count}$  of variable understanding of taxation amounting to 6,423 with significance value  $< 0.001$ . Because  $t_{count}$  (6,423) is greater than  $t_{table}$  (1.985), then the error rate of 5% was decided to reject  $H_0$  so  $H_a$  is received. It can be concluded that the understanding of the tax effect on tax compliance. These test results provide empirical evidence that the better understanding of taxation will make compliance an individual taxpayer in the STO Dumai higher.  $T_{count}$  of variable taxpayer awareness of 8.260 with a significance value  $< 0.001$ . Because  $t_{count}$  (8.260) is greater than t table (1.985), then the error rate of 5% was decided to reject  $H_0$  so  $H_a$  is received. It can be concluded that the awareness of the Taxpayer effect on tax compliance. These test results provide empirical evidence that higher awareness of the Taxpayer will make compliance an individual taxpayer in the STO Dumai higher.

### 3.6. Coefficient of Determination

The coefficient of determination is the coefficient used to determine the influence of the independent variable on the dependent variable changes. The coefficient of determination obtained from the processing using software SPSS for windows as presented in Table 5 below:

**Table 5**  
**Coefficient of Determination (Model Summary<sup>b</sup>)**

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	,747 <sup>a</sup>	,558	,549	,25522

(a) Predictors: (Constant), awareness of the Taxpayer, taxation of understanding

(b) Dependent Variable: tax compliance

*Sources:* Processed Data (2016).

In Table 5 above can be seen the determination coefficient (adjusted R Square) of 0.549 indicates that 54.9% adherence changes an individual taxpayer in the region can be explained STO Dumai or caused by taxation understanding and awareness of the Taxpayer. In other words, taxation understanding and awareness of the Taxpayer simultaneously giving the effect of 54.9% on tax compliance. While the remaining 45.1% is the influence of other factors beyond the understanding of taxation and taxpayer awareness.

#### **4. DISCUSSION**

Based on the results of the study showed that the understanding of taxation and awareness Taxpayers significant effect on tax compliance either partially or simultaneously, this means that if a person or a taxpayer acknowledge and understand and be aware of the rights and obligation that concerned will fulfill their obligations, especially in reporting SPT activity in the form of taxation. If the taxpayer has reported activity or taxation liabilities, in accordance with a system that embrace the taxation in Indonesia, namely Self Assessment Systems, so that the taxpayer can be expected to be honest, really complete, and clearly in charge with the SPT. With more obedient taxpayer according to tax compliance criteria refer to characteristics obedient taxpayer according to the Ministry of Finance Regulation 192/PMK.03/2007 including the timely filing (SPT) and do not have tax arrears for all types of taxes.

Effect of a partial understanding of taxation to tax compliance is also very significant. This means that savvy taxpayers in both the right and the tax obligations will cause shall be more obedient in fulfilling mainly on taxation liabilities. Then partially also the awareness of taxpayers significantly influence the awareness of taxpayers, this indicates that the more there is greater awareness of taxpayers about the tax function, tax obligations that must be implemented in accordance with applicable regulations, the taxpayer also understand the tax function for state financing, calculating , pay, report the tax voluntarily, calculate, pay, and report taxes properly.

##### **4.1. Understanding the influence of Taxation against Taxpayer Compliance**

Descriptively an individual taxpayer who is in the region STO Dumai already have a good understanding of taxation. Most of an individual taxpayer who is in the region STO Dumai not understand about the sanctions that will be accepted if the taxpayer deliberately left the SPT.

Results of testing the hypothesis in this study show that an understanding of the tax laws have a significant effect on tax compliance. This is due to the taxpayer on STO Dumai City on average have a good understanding of taxation so we can say the level of tax compliance is high. With high taxpayer perception is expected to further enhance understanding of existing tax regulations so as to increase the

country's development through taxation. The results are consistent with research conducted by Pravitasari Narita *et al.*, (2012) and Masruroh (2013), concluded that the understanding of the taxpayer and a significant positive effect on tax compliance. Understanding of taxation is a dominant factor on tax compliance, because the understanding of which is owned by the taxpayer can improve taxpayer compliance to meet the tax obligations, namely enroll when opening a business to obtain a TTN with the time period specified, fulfill the rights and obligations as Payer Taxes, knowing the tax penalty that would be obtained if it does not fulfill its obligations and pay tax in accordance with predetermined rates.

Understanding the influence of taxation owned by the taxpayer on tax compliance can be explained by the theory of attribution. In attribution theory, understanding the taxpayer about tax laws are internal causes because it is under the control of the taxpayer itself. The level of understanding Taxpayers different will affect the assessment of each taxpayer to behave obedient in implementing tax obligations (Masruroh Siti Zulaikha, 2013).

The level of understanding of high taxpayer would make the taxpayer chose to behave obedient in implementing tax obligations. A good understanding will assist and facilitate taxpayers to carry out tax obligations. The higher the level of understanding of the taxpayer, the taxpayer compliance will also increase. Other studies with similar results to this study is the research conducted by Ghony (2012) which states that the knowledge of the taxpayer significant effect on tax compliance area.

The results of the research that is connected with the theories of taxation that is highly related to the theory of them with attribution theory. In this theory, according to Robbins (1996) in Jatmiko (2006) states that when individuals observe a person's behavior, they are trying to determine whether it was caused internally or externally. Internally caused behavior is behavior that is believed to be under the control of private individuals themselves, whereas externally induced behavior is behavior that is influenced from the outside, which means that the individual will be forced to act because of the situation. (Adiasa, 2013).

#### **4.2. Effect of Awareness Against Taxpayer Taxpayer Compliance**

Results Descriptive respondents Individual Taxpayers who are in the STO Dumai largely chose the answer agree, but there are also respondents who chose the answer does not agree. This means that an individual taxpayer in the STO Dumai more conscious than those who do not have an awareness of taxation.

The results showed that awareness of the Taxpayer significant effect on Mandatory compliance. The results are consistent with research conducted by Tirada (2013) which states of consciousness taxation significant effect on tax compliance. The more an individual taxpayer realized on taxation either on their rights and obligations eat the greater the potential for an acceptable state, This is consistent with the findings of Jatmiko (2006) that public awareness is low often be one of the low tax revenue or number potential taxes that can not be captured by the state.

Awareness owned Taxpayers included in the high category. Taxpayers are aware that paying taxes is the absolute duty as citizens defined by the Act and as a form of participation in supporting development of the country, where a delay payment of taxes and reduction of the tax burden is very detrimental to the country which led to a reduction of financial resources and could lead to delays in construction country. The desire to pay taxes can increase if there is a positive outlook that emerged from the taxpayer. Form of

tax payments made by transparent implementation will increase the awareness of the whole society (Richard Burton, 2009). When people become aware of it to pay the tax would be voluntary and not forced.

To achieve tax compliance, need to be grown continuously awareness of taxpayers to meet tax obligations in accordance with applicable regulations. The higher the awareness Taxpayers Taxpayers will result in behavior that more closely on tax obligations that must be paid. High awareness emerged of their motivation taxpayer to pay its obligations. If the awareness is high then the taxpayer to pay tax compliance would be high.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

### **5.1. Conclusion**

Based on the results of research and discussion on the analysis of the understanding and awareness of taxation Taxpayers in improving tax compliance in Dumai City STO can be concluded that:

1. Understanding taxation significant effect on tax compliance in KPP Pratama Dumai City. That means that if a person or a taxpayer acknowledge and understand and be aware of the rights and obligation that concerned will fulfill their obligations, especially in reporting activities in the form of tax returns. A good understanding will assist and facilitate taxpayers to carry out tax obligations. The better understanding of the tax compliance of an individual taxpayer in the region will increase STO Dumai. The more obedient taxpayers in meeting their tax obligations will result in increasing state revenues from the sector.
2. Awareness Taxpayers significant effect on tax compliance in KPP Pratama Dumai City. This means that savvy taxpayers both the right and the tax obligations will cause shall be more compliant in meeting mainly about the tax obligations, the higher consciousness of the taxpayer, the compliance of an individual taxpayer in the STO Dumai will increase, it is also able to raise state revenues taxpayer on STO Dumai City.

### **Further Research**

- 1) For the STO Dumai to improve tax compliance, it is necessary to consider the factors of understanding and awareness of taxation.
- 2) understanding of factors have the greatest influence on tax compliance, so these factors should receive special attention.
- 3) As for how to improve compliance in the WP include providing information and counseling that objective so improve the knowledge of the taxpayer. The existence of the right knowledge can make to become more obedient taxpayers in meeting their tax obligations.

### **5.2. Research limitations**

Lack of knowledge, cost, time and effort to make this research can not be separated from the limitations, so it needs to be careful in interpreting the results. The weakness in this study, among other things:

- 1) The study was limited to an individual taxpayer (WPOP) so can not describe the tax compliance in general, given that the taxpayer is also nothing in the form of the body, and between WPOP and WP Agency have different characteristics.
- 2) Simultaneously the results of this study can be used to explain the tax compliance of 61.14%. Thus, this research has not been able to give a comprehensive picture about the tax compliance for their other variables not examined in this study.

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