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The Effect of Taxpayer Awareness, Tax Socialization, Tax Penalties, Compliance Cost at Taxpayer Compliance with Service Quality as Mediating Variable

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Abstract

The purpose of this study is to examine the mediating of service quality on the relationship among taxpayer awareness, tax socialization, tax penalties, compliance cost and tax compliance. The survey was conducted on 100 tax payers of motor vehicles in Pekanbaru- Samsat office. data collected through the questionnaire technique. Data analyze was using multiple linear regression. The result of showed that service quality has a full mediating role in relationship between taxpayer awareness, tax penalties, compliance cost and taxpayer compliance. Conversely service quality has no mediating role in the relationship between tax socialization and taxpayer compliance. Implication of these findings will be discussed.

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Keywords: Taxpayer Awareness, Tax Socialization, Tax Penalties, Compliance Cost, Service Quality, Taxpayer Compliance

1. Introduction

Developing countries in general give high priority to economic development. In the construction of the necessary funds are relatively large, the necessary funding has increased over time. Source of funding comes from external as well as internal, external funds obtained from foreign loans but only temporary while the internal funds obtained from domestic sources of state revenue. Reduce dependence of external funds in the government's attempt to increase

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revenue sources from within the country. This means that all public expenditures should be financed from state revenues, ie revenue from tax and non-tax revenues (Jatmiko, 2006).

Efforts to maximize tax revenue not only relies on the role of DG Taxation and tax officials, but also takes an active role of the taxpayer itself. Changes in the taxation system of the *Official Assessment* into *Self Assessment*, gives credence taxpayers to register, calculate, pay and report its own taxation liabilities. It makes compliance and taxpayer awareness becomes a very important factor for success in terms of tax revenue

Motor vehicle tax is a local tax and is a potential source of revenue. However taxpayer compliance in paying taxes still has fluctuated in recent years so that local governments need to do optimization. Vehicle in question in this research is all-wheel drive vehicles used in the road, and driven by technical equipment such as motors or other equipment that serves to change a certain energy into kinetic energy of motor vehicles are concerned, including heavy equipment and large appliances are in operation using a motor and wheels and is not permanent, as well as motor vehicles operated (Zuraida, 2011)

Tax compliance is an important factor in the realization of the tax revenue target. The higher the tax compliance, the tax revenue has increased. Tax compliance includes compliance record or record business transactions, compliance reporting business activities according to regulations, as well as adherence to all the rules of taxation.

Compliance society as abiding taxpayers are closely linked to the public perception of the tax. Public perception itself is formed by two factors, the first is internal factors related to the characteristics of the individual itself and the second is related to external factors beyond the individual's own characteristics, usually related to the environment and situation.

Participation and awareness of the Taxpayer will pay tax obligations in will greatly affect tax compliance. Awareness of the taxpayer is a person of good faith to fulfill the obligation to pay taxes. If the taxpayer has implemented taxation liabilities are sincere and honest and realize how important taxes for the growth and development of the region, then there will be no non-compliance in paying taxes (Susilawati and Budiarta, 2013).

The application of tax penalties would have an influence on the taxpayer in fulfilling obligations imposed administrative. Imposition of administrative sanctions would be burdensome taxpayer even though there are not too many. Therefore, the taxpayer then trying to meet their tax obligations in order to avoid the imposition of administrative sanctions in the form of interest, fines, and penalties increased.

Taxpayer compliance is an important factor in the increase in tax revenue, for it needs to be studied intensively about the factors that influence taxpayer compliance, especially taxpayer vehicle. Because the tax compliance of motor vehicles will affect the income of the taxpayer area. The authors apply the research on tax compliance factor of this motor vehicle in the city of Pekanbaru, because the author's knowledge this research has not been done by using these variables. Therefore, the research is expected to add insight on motor vehicle tax and refine previous research.

2. Literature Review and Hypothesis

2.1 Taxpayer Compliance

Tax compliance is the willingness of taxpayers to meet their tax obligations in accordance with the applicable rules without the need for the holding of examinations, investigations, warnings or threats, in the application of sanctions both legal and administration (Gunadi, 2005).

The notion of tax compliance as a situation where the taxpayer meets all taxation liabilities. Thus, the taxpayer is abiding taxpayers who obey and fulfill and implement tax obligations in accordance with the provisions of tax legislation (Devano and Rahayu, 2006: 110).

2.2 Taxpayer Awareness

Consciousness is an element in human beings to understand the reality and how they act or behave towards reality. Jatmiko (2006) explains that consciousness is a state of knowing or understanding. Irianto (2005), Widayati and Nurlis (2010) describe some form of consciousness of paying taxes that encourage taxpayers to pay taxes. *First*, the realization that the tax is a form of participation in supporting development of the country. Knowing this, the taxpayer would pay taxes because they are not disadvantaged in tax collection is done.

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