The Effect Of Earning Rate And Tax Sanctions On Taxpayers' Compliance In Reporting Tax Annual Letter Of Notification For Private Taxpayers In The Area Of Medan Deli

Novien Rialdy
Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Sumatera Utara
Jl. Kapten Mukhtar Basri No. 3 Telp. (061) 6624567 Medan 20238
Correspondence Email: novienrialdy@umsu.ac.id

ABSTRACT

Medan Deli describes one of the districts in the city of Medan which is included in the authority of the Tax Office (KPP) Pratama Medan Belawan. Taxpayer compliance particularly individuals is still very low in the area of Medan Belawan. There are several aspects that affect the taxpayer compliance level, including the level of income tax payers and tax penalties.

There are three theories used in this study including theories about the level of income, the theory of tax penalties and theory of taxpayer compliance.

This research methods used in this study are quantitative approaches, type of exposure studies and the nature of study explanatory. The study populations were all individual taxpayers in Medan Deli district, amounting to 25. 650 taxpayers. The samples were 100 taxpayers.

The study showed that the level of earnings and tax penalty simultaneously affected taxpayers compliance as shown by F-observed (132,033) > F-table (3,09) and partially earning level affected taxpayers' compliance in which F-observed (4,744) > F-table (1,98472), and partially tax penalty affected taxpayers' compliance in which t-observed ((3,770) > t-table (1,98472).

This study concluded that the level of income and the tax penalty affect tax compliance in submitting the annual letter of notification (SPT) for individual taxpayers in Medan Deli area.

Keywords: Income Levels, Tax Penalty, Taxpayer Compliance

INTRODUCTION

State revenue is a deposit obtained by the state that is used for financing each government program. The State revenue source that will be used to finance these programs comes from a variety of parts, either external parts or internal parts. State revenue sources originating from external sections are the source of income or income from countries originating from overseas such as foreign aid as well as donations from other countries. While the revenue source of state originating from the internal is the acquisition or income of the country that originated in the of itself for example tax revenues (Zain, 2008). If the amount of state income derived tax is not fulfilled then how the national development will continue and go smoothly. This is a challenge for the Directorate General of Taxation to make every citizen deliver their annual SPT according to the due date. One of the rules implemented by Direkorat General tax should make this happen is to create a new program or renewal in the field of taxation that makes the system easier, faster, and practical to use. In this case, DJP innovate

innovations that create a tax governance program that has the purpose to facilitate the citizens during the care of its obligations (Waluyo, 2012). With the concept of modernization of taxation administration as mentioned above, the renewal programs are made of E-Biling, E-Filing, and E-Registration. These three illustrate the product of innovation carried out by the Directorate General of Taxation in order to increase the taxpayer discipline. Tax is a source of foreign exchange for a very important state income as well as a major acceptance for a country, not only in the country in Indonesia but also all other countries in the world. In the budget, taxes include the largest contributor of 83.7% of total state acceptance as a whole. Considering the importance of the tax role, in the acceptance for the State treasury and maintainer in particular the Directorate General of Taxation has implemented a wide range of improvements and services from various sectors to maximize state acceptance. As for the way that the Directorate General of Taxation while maximizing the country's acceptance, especially tariffs, is to issue various policies and facilities for taxpayers of both individual and corporate taxpayers in the calculation, deposit and delivery of notification letters.

Foundation Theory

Income level
(Ilyas, 2008), income is any additional economic power entered or obtained both from Indonesia and from outside Indonesia which is used both for investment and consumption.
(Chaerunnisa, 2010) which is the indicator of the earning rate as follows:
1. Tax Object
2. The amount of income
3. Income tax rate
4. Pay taxes owed accordingly
5. Long Taxpayer work
6. The greater the income earned the greater the tax to be paid
7. Transparency in reporting on unpaid taxes

Tax sanctions
(Mardiasmo, 2011), the tax sanction illustrates the guarantee that the provisions of the tax legislation (norm of taxation) will be obeyed/obeyed/adhered to. Or could in other words taxation sanctions is a Preventive equipment (preventative) so that taxpayers do not violate the tax norms (Rialdy, 2019).
There are 2 (two) types of tax fines, i.e. administration fines and criminal penalties. (Siahaan, 2010), the difference in the administrative fine and the criminal fine is:
1. The administrative fines are payments of state losses, especially those in the form of interest and hike.
2. Criminal penalties constitute torture or suffering. It is a final tool or legal fortress that is used Poatnika so that the taxation norm is obeyed. According to the provisions of taxation law, there are 3 (three) kinds of administrative sanctions, namely fines, interest, and Ascension.

Taxpayer compliance
The definition of obedience based on (official, 2008): "Compliance is interpreted as a obedience based on the hope of a reward and effort to avoid the punishment that may be dropped".
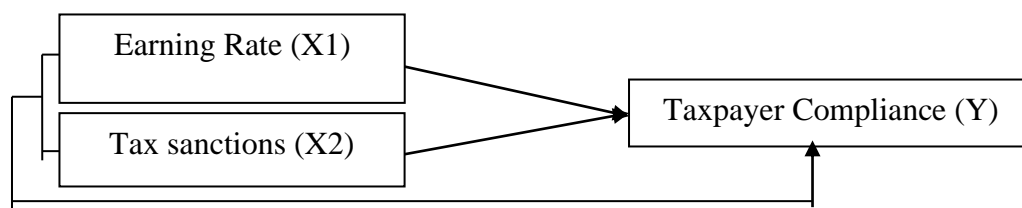(Henny Zurika Lubis, 2019) "The definition of taxpayer compliance is guilt and shame, the taxpayer's perception of fairness and justice the tax burden they bear, and the influence of satisfaction with government services". (Hani, 2010) says that: "Tax

compliance can be defined as a state in which the taxpayer satisfies all tax obligations and carries out its exposure rights".

Measurement of taxation compliance based on regulation of the Minister of Finance No. 74/PMK. 03/2012, taxpayers are entered into a compliant taxpayer if:

a) Timely in delivering the notification letter.

b) It has no tax arrears for all tax types.

c) Financial statements audited by public accountants or supervisory agencies Government
   finances.

d) Never be convicted of criminal acts in the field of Taxation.

Here is a skeleton of the thinking in this research:

```
┌─────────────────────────┐
│   Earning Rate (X1)     │───┐
└─────────────────────────┘   │      ┌──────────────────────────┐
┌─────────────────────────┐   ├─────▶│ Taxpayer Compliance (Y)  │
│   Tax sanctions (X2)     │───┘      └──────────────────────────┘
└─────────────────────────┘                      ▲
        │                                         │
        └─────────────────────────────────────────┘
```

Skeleton Figure Thought

RESEARCH METHOD

This type of research is exposure research. According to (Kuncoro, 2009), descriptive-proof research includes collecting evidence to be tested for hypotheses or answering questions about the last status of the research subject. Meanwhile, according to (Effendi, 2012), descriptive research is intended to carefully measure the problems of what is happening.

According to (Sanusi, 2014), decomposition research (explanatory or confirmatory) is to outline causal relationships and hypothesis testing. According to (Purwanto, 2011), the population is a combination of all the opportunities of people, objects, and other sizes that become objects of concern or a collection of all objects of concern. The population of the study is a taxpayer of the private person in the district of Medan Deli, which is 25,650 individual taxpayers.

According to (Arikunto, 2010), samples were partially or representatives of the population being observed.

During this research, the approach of associative studies, with the taxpayer population listed in KPP Pratama, Medan Belawan, used techniques and sampling carried out with random sampling, while collecting data using a list of questions given to 100 respondents (Sarwono, 2008). The process gathering evidence done during this research is a list of questions and interviews. The form and the source of research evidence to realize the primary evidence and secondary evidence (Wahyono, 2009). The description of the evidence uses a classic assumption test where three tests are normality tests, multicoloniearity tests and heteroskedastisity tests and multiple regression description. The description of multiple regression is performed to analyse the magnitude of association and influence of free factors (Santosa, 2005).

RESULTS AND DISCUSSIONS

Descriptive statistics

Descriptive statistics are required for the disclosure and explanation of one further evidence seen from mid calculation, the lowest calculation, the greatest calculations

and irregularities. There is a table explaining the results of research conducted by researchers at the KKP Pratam Medan Belawan:

Descriptive statistics table

	N	Minimum	Maximum	Mean	Std. Deviation
Earning Rate	100	16.00	62.00	45.4100	9.17407
Tax sanctions	100	23.00	58.00	42.5700	8.08947
Taxpayer Compliance	100	20.00	58.00	45.5000	7.76355
Valid N (listwise)	100				

In the income level variable with the sample amount 100 respondents had the smallest data of 16, while the most 62, averaging 45.41 and standard deviation as much as 9.17.
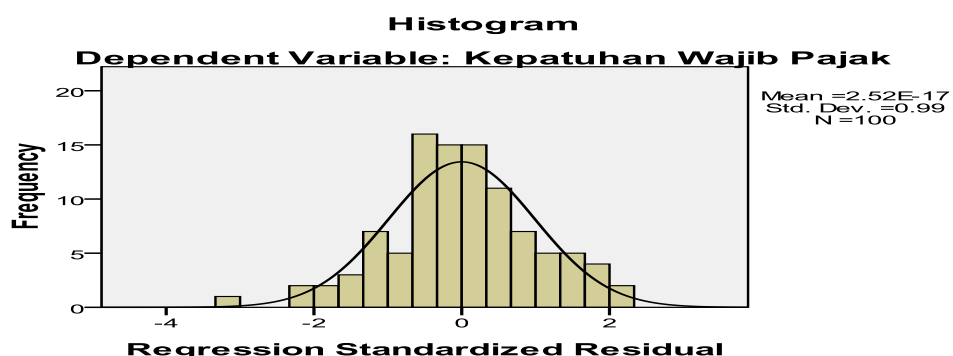
In tax sanctions variables with a sample amount of 100 respondents had the smallest data of 23, while the most 58, averaging 42.57 and standard deviation as much as 8.09.

As for the taxpayer compliance variable has the smallest data as much as 20, the most 58, mid as much as 45.50 as well as a deviation of 7.76.

Classic assumption Test Result
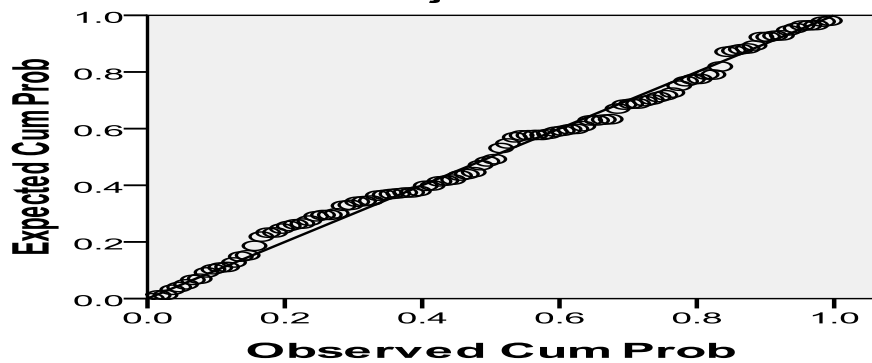### Test normality

Test the normality of the data is implemented in order to determine the remainder that is left unallocated normally. A regular form of regression is a shape that has a residual value that is normal. This means that research, need to try the normality of residual numbers, requires a Kolmogorov-Smirnov test (K-S) with a significance rate of 5%. It can also be observed in the diagram analysis below through the histogram test and the Normality Probability Plot below.

Histogram

Dependent Variable: Kepatuhan Wajib Pajak

Mean =2.52E-17
Std. Dev. =0.99
N =100

Frequency

Regression Standardized Residual

Histogram Chart

Based on the image above can be observed histogram diagram, it can be decided that the histogram diagram provides a skewed distribution form. The histogram Diagram does not show the normal distribution form.

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Kepatuhan Wajib Pajak

Normal Chart PP Plot

Based on curves like the shape above, it can be seen that the dots spread around the diagonal line, so that can be drawn conclusions above the curve of distribution normally then it can keep the assumption of normality.

Multicolinearity Test

Below the impact of the output along with applying SPSS of multicolinearity tests conducted:

Multicolinearity table

	Collinearity Statistics	
Model	Tolerance	VIF
1 (Constant)		
Earning Rate	.256	3.907
Tax sanctions	.256	3.907

Sourced in multicolinearity test count the result that the tolerance value of the entire free variable is the level of income and tax sanctions domiciled above 0.10 then the value of small Variance Inflation Factor of 10. Therefore, it can be withdrawn that the variable is free regardless of the fact of multicolinearity.

Heteroskedastisity Test

Here is the result of the test hetoroskedastisity as follows:

Scatterplot

Dependent Variable: Kepatuhan Wajib Pajak

178
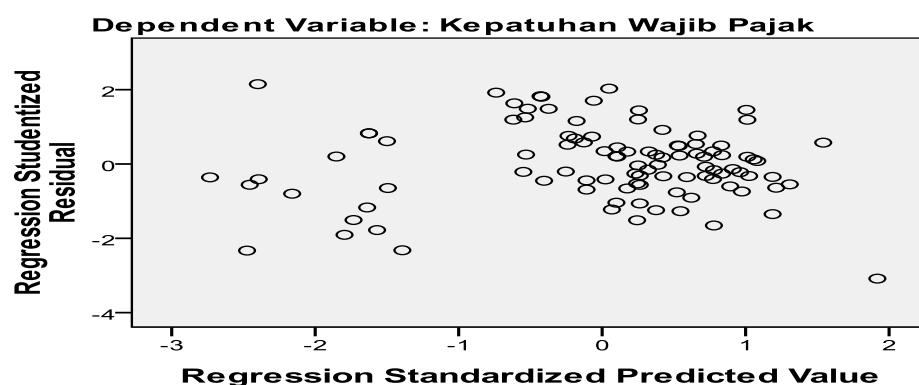
Scatterplot Images

Based on the image indicates that the data pattern spreads randomly where this data pattern is between the Y axis and 0. Heteroskedastisity test can also be done using Glejser test. The following are the results of Glejser:

Table of Glejser Test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.702	1.324		5.062	.000
Earning Rate	-.047	.053	-.172	-.889	.376
Tax sanctions	-.034	.060	-.109	-.566	.573

Sourced in the list above shows that the number of significance at the income level and the tax sanctions above 5% or 0.05 is not a significant value of each high variable of 0.05, then it does not apply heteroskedastisity to this research, can be seen the probability value (Sig) for the income level variable is 0.376 and the tax sanctions variable is 0.573.

Research Data Analysis Results
The description is intended to make understanding the impact of free variables on bound variables. The following makes multiple regression tests:

Multiple regression analysis table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1(Constant)	10.511	2.213		4.749	.000		
Earning Rate	.418	.088	.494	4.744	.000	.256	3.907
Tax sanctions	.376	.100	.392	3.770	.000	.256	3.907

Sourced in the list above, can be evidenced coefficient according to the equation of regression from the research, which can be a comparative level of mathematics as follows:

$$Y = 10.511 + 0.418 X1 + 0.376 X2$$

A comparison of multiple written linear regression shows a value of a = 10.511 which is meaningful if the free variable is not present then the taxpayer's compliance is 10.511, with a value of $\beta 1 = 0.418$ X1 indicating that if the income level increases 1 then it will provide a taxpayer's compliance of 41.8%. In addition, it also shows nial $\beta 2 = 0.376$ X2 indicates that if the tax sanctions are penetrated 1 then it is about to raise the taxpayer compliance at 37.6%.

Coefficient of determination of hypotheses
The number of coefficient of determination is around zero and one.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.855ᵃ	.731	.726	4.06523

Table Coefficient of determinations

Sourced on a list of Adjusted R Square tables amounting to 0.726 which means 72.6% of the independent variable i.e. taxpayer compliance can be explained for income level variables and tax sanctions. While the difference is 27.4% influenced by different variables that are not used research time

Simultaneous hypothesis testing (test F)
        The output result for the F test can be seen on the list such as:

Test Result Table F

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4363.970	2	2181.985	132.033	.000ᵃ
Residual	1603.030	97	16.526		
Total	5967.000	99			

Sourced calculation above, that F_{count} is 132.033 hence the number F_{table} is 3.09 and the result shows that the $F_{count} > F_{table}$ which means that simultaneously the variable income level as well as tax sanctions in this research has a special impact on the taxpayer

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
(Constant)	10.511	2.213		4.749	.000		
Earning Rate	.418	.088	.494	4.744	.000	.256	3.907
Tax sanctions	.376	.100	.392	3.770	.000	.256	3.907

compliance time giving the annual notice to the personal taxpayers in Medan Deli area.

Partial hypothesis testing (test-T)
        Next will be presented results output to test t
Table Test T

From the table will, and successfully described as follows:
1. Income level variable partial hypothesis test
        Can be seen the calculated T_{number} of 4.744 increased from the value of T_{table} of 1.98472 at the value of 0.05 alpha, meaning that is obtained by 0.000 smaller than 0.05 because of the conclusion that the hypothesis is acceptable which means the income level according to a partial has an important impact on the taxpayer's compliance time giving the annual notice to the taxpayer in Medan Deli area.

2. Tax sanctions variable partial hypothesis test

Can be seen the calculated T_{number} 3.770 increased by the value of T_{table} of 1.98472 with an alpha value of 0.05, meaning that is obtained by 0.000 smaller than 0.05 because of the conclusion that the hypothesis is acceptable which means tax sanctions according to partial impact on taxpayer compliance in providing an annual notice to the personal taxpayers in Medan Deli area.

CONCLUSIONS

Conclusion

The results are sourced from reviews and discussions that have been outlined in the previous chapter, that researchers draw conclusions as follows:

1. The earning rate of a partial has a significant effect on the taxpayer's compliance in providing an annual notice to the personal taxpayers in the Medan Deli area.
2. The tax sanctions are partially important to the taxpayer's compliance in giving the annual notice to personal taxpayers in Medan Deli area.
3. The level of income and tax sanctions in the simultaneous effect on the taxpayer's compliance in giving the annual notification letter to the personal taxpayer in the Medan Deli area.

Advice

The suggestions that can be given are:

1. For people in Medan Deli area, especially those who become taxpayers of individuals at the Medan Belawan Primary Tax Service office, are expected to provide and report their annual SPT properly and completely without any hidden in any form. Considering the role of tax which is the source of foreign exchange for the most important country and also the most important for a country to be used in the interests of the people and the country.
2. For KPP Pratama Medan Belawan in which Medan Deli region becomes the territory of its authority, it is expected to improve the performance in guiding the community in delivering and reporting and checking the results of annual SPT reported for taxpayers especially private persons to avoid the taxpayer's non-compliance.
3. Create the next researcher, expected to expand the research site by expanding the research variables and by extending the research area, for example in a city or in a KPP primary and other Madya KPP.

REFERENCES

Arikunto, S., 2010. Research procedure a practical approach. 14 Penyunt. Jakarta : Rinekas
    Cipta.
Chaerunnisa, 2010. Analysis of income level influence and tax sanctions on compliance of
    taxpayers in Address notice (SPT) annual for private person taxpayers in West
    Jakarta region. Journal of Syarif Hidayatullah State Islamic University, pp. 41-90.
Effendi, S. &. T., 2012. Survey research methods. 3 Penyunt. Jakarta: PL3ES.
Hani, S., 2010. INFLUENCE OF COMPANY'S CHARACTERISTICS ON TAXPAYER
    COMPLIANCE. ACCOUNTING AND BUSINESS RESEARCH JOURNAL, 10 (1),
    pp. 1-16.
Henny Zurika Lubis, M. A. H., 2019. Influence on modernization of taxation administration

On personal taxpayers ' compliance in SPT reporting (empirical study at KPP

PRATAMA Medan Petisah). Bandung, Proceedings FRIMA.

Ilyas, W. B. &. R. B., 2008. Tax law. 4 Penyunt. Jakarta: Salemba Empat.

Ilyas, W. B. &. R. S., 2012. Taxation of complete discussion based on legislation and latest

rules of implementation. 1 Penyunt. Jakarta: Mitra Wacana Media.

Kuncoro, M., 2009. Research Methods for Business & economics. 3 Penyunt. Jakarta:

Erlangga.

Mardiasmo, 2011. Taxation. 16 Penyunt. Yogyakarta: Publisher Andi.

Purwanto, S., 2011. Statistics for Modern Economics and finance. 2 Penyunt. Jakarta:

Salemba Empat.

Resmi, S., 2008. Taxation: Theory and cases. 4 Penyunt. Jakarta: Salemba Empat.

Rialdy, N., 2019. Personal Taxpayers ' Compliance Analysis with Regards to Tax Amnesty

Policyprimary Tax Service Office in Medan City. Yogyakarta, AIBPM.

Rustiyaningsih, S., 2011. Factors influencing taxpayers ' compliance. Journal of the Catholic

University Widya Mandala Madiun, pp. 44-54.

Santosa, P. B. &. A., 2005. Analysis statistics with Microsoft Excel & SPSS. 1 Penyunt.

Yogyakarta: Andi.

Sanusi, A., 2014. Business Research Methodology. 4 Penyunt. Jakarta: Salemba Empat.

Sarwono, J. &. T. M., 2008. Business Research for decision making. 1 Penyunt. Yogyakarta:

Andi.

Siahaan, M. P., 2010. Elementary tax law, Indonesian taxation basic concept. 1 Penyunt.

Yogyakarta: Graha Ilmu.

Wahyono, T., 2009. 25 statistical analysis models with SPSS 17. 1 Penyunt. Jakarta: Elex

Media Computindo.

Waluyo, 2012. Tax accounting. 4 Penyunt. Jakarta: Salemba Empat.

Zain, M., 2008. Tax management. 3 Penyunt. Jakarta: Salemba Empat.