



**THE ROLE OF TAX INCENTIVES ON THE RELATIONSHIP OF FACTORS
AFFECTING TAX COMPLIANCE****Oleh****Muhamad Safiq¹, Sultan Bhisri²****^{1,2}Accounting Study Program, Faculty of Business President University****Email: 1muhamadsafiq@gmail.com****Abstract**

At this time, the issue of tax compliance is an interesting topic to study, due to the decline in revenue vehicle tax in Bekasi City in 2021 even though the government has provided relief in the form of tax incentives. This happens because of a lack of awareness, moral obligation to the importance of paying taxes or it can also occur due to a lack of quality tax services and clear socialization to the community. This study aims to examine whether taxpayer awareness, taxpayer moral obligation, tax sanctions, tax socialization, and service quality affect taxpayer compliance with motorized vehicles moderated by tax incentives. This study uses a quantitative method with Google Forms to distribute questionnaires to respondents who are domiciled in Bekasi City. In this study, researchers obtained a sample of 242 respondents from a minimum sample of 200 respondents. Researchers used statistical analysis of Structural Equation Modeling (SEM) using the SmartPLS version 3.0 application. The results of this study indicate that tax awareness and tax sanctions have a positive and significant effect on tax compliance, while moral obligations, tax socialization and tax service quality do not affect tax compliance. Meanwhile, tax socialization moderated by tax incentives affects tax compliance positively and significantly. Meanwhile, tax awareness, moral obligation, service quality, tax sanctions do not affect tax compliance. In other words, tax compliance does not directly increase due to tax incentives. The limitations of this study are the lack of a large sample area and there are several other factors that can affect tax compliance, but are not included in the variables studied.

Keywords: Tax Awareness, Moral Obligation, Tax Sanction, Socialization, Quality of Service, Tax Incentive, Tax Compliance, Motor Vehicle Tax

PENDAHULUAN

Based on the Taxation Law No. 28 of 2007 concerning taxation, tax is a mandatory payment to the state due to its coercive nature or entity under the Act, without direct compensation, and is used for state purposes for the greatest prosperity of the people. There are many taxes that are imposed on the community, one of which is a motor vehicle tax that can be used or added to the state treasury. However, there are still some taxpayers who own motorized vehicles and are still negligent of their obligations to pay motorized taxes. This is proven by the decline in PKB in Bekasi City, where the current target realization is still reaching 46.15%, while the total target

realization is in Bekasi City. must reach Rp. 1.4 Trillion. Tax compliance is one of the important factors for state funding and revenue as well as regional income through taxes, which are useful for regional development, state development, community welfare, and public infrastructure development. There are several factors that affect tax compliance including tax awareness, moral obligation, tax sanctions, socialization about taxes, quality of tax services and tax incentives. In this study, a new variable is developed, namely socialization about taxation and also tax incentives as moderating variables that will be examined in this study. According to (Linda Nur Yunianti, 2019) Taxpayer compliance is the main barrier that can hinder

state revenues and become one of the government's most serious challenges in encouraging tax compliance, with the increasing number of motor vehicle taxpayers supposed to also increase the compliance of motor tax payments. Lack of compliance level, moral obligation to pay motor taxes and lack of public understanding of tax sanctions and tax incentives, can result in harm to the state, due to reduced state revenue from tax. On the other hand, the lack of quality of service can affect compliance with taxpayers, and there is a new factor that can affect taxpayer compliance, namely the lack of tax socialization to the community. The Objectives of this study are :

1. To analyze whether the tax awareness has an influence on motor vehicle payment compliance.
2. To analyze whether the moral obligations has an influence on motor vehicles payment compliance
3. To analyze whether the tax sanctions has an influence on motor vehicles payment compliance
4. To analyze whether the tax socialization has an influence on motor vehicles payment compliance.
5. To analyze whether the quality of service has an influence on motor vehicles payment compliance
6. To analyze whether tax incentives moderate the relation between taxpayer awareness and compliance to motor vehicle payments taxes.
7. To analyze whether tax incentives moderate the relation between moral obligations and compliance to motor vehicle payments taxes.
8. To analyze whether tax incentives moderate the relation between tax sanctions and compliance to motor vehicle payments taxes.
9. To analyze whether tax incentives moderate the relation between tax socialization and compliance to motor vehicle payments taxes.

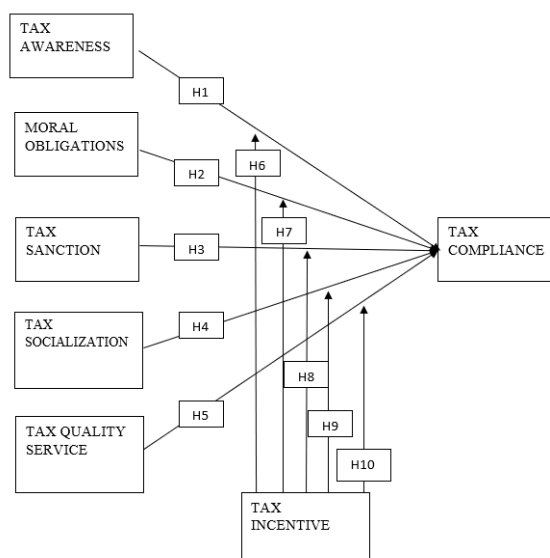
10. To analyze whether tax incentives moderate the relation between the quality of tax services and compliance to motor vehicle payments taxes.

Hypothesis Development

The Hypothesis in this study are as follows :

- H1: Awareness has a positively influence on motor vehicles payment compliance.
 H2: Moral obligations has a positively influence on motor vehicles payment compliance
 H3: Tax sanctions has a positively influence on motor vehicles payment compliance
 H4: Socialization of taxation has a positively influence on motor vehicles payment compliance
 H5: The quality of services has a positively influence on motor vehicles payment compliance
 H6: Tax incentives has a positively influence on motor vehicles payment compliance
 H7: Tax incentives can moderate the affect of moral obligation to taxpayer compliance
 H8: Tax incentives can moderate the effect of tax sanctions on taxpayer compliance
 H9: Tax incentives can moderate the effect of tax socialization on taxpayer compliance
 H10: Tax incentives can moderate the effect of tax service quality on taxpayer compliance.

Research Framework



RESEARCH METHOD

The researchers used quantitative methods and questionnaire methods. The rationale for using quantitative analysis is that quantitative analysis of the results of the phenomenon I am studying makes the findings more accurate and in sync with what is going on at the time. Aliaga and Gunderson (2002) in (Apuke, 2017) define quantitative research techniques as "the interpretation of a problem or phenomenon by collecting and analyzing numerical data using mathematical tools, especially statistics". Research uses quantities very effectively to answer questions in specific situations. The data in this study were obtained from primary sources based on first-party data collected by Arikunto (2013:172) in (Ega Dewi Sartika, 2021). The main data in this study are the quality of tax services and tax incentives for motor vehicle tax payment compliance, which is based on direct answers from respondents. Respondents in this case are motor vehicle taxpayers living in Bekasi City.

The statistical analysis tool SEM-PLS (Structural Equation Modeling) was used in order to be able to use a variant (Partial Least Squares) to test the significance and validity of the researchers' hypothesis. The purpose of PLS-SEM is to investigate whether there is a relationship or influence between constructs to assess predictive correlations. Because the researchers' assumptions about all factors affect taxpayer compliance simultaneously. According to (Peggy Jimenez, 2016), each variable in the study is a latent variable that cannot be directly assessed, and SEM-PLS effectively captures the effect of the latent variable on the dependent variable.

Outer Model

Construct Validity Test

According to (Hartono, 2011) Convergent validity refers to the idea that construction gauges should be closely connected. According to (Hengky Latan, 2012) The smartPLS application can be used to test the validity of reflected indicators. Based on each construction indicator's loading factor value. The loading

factor value for confirmatory research should be larger than 0.7, while the average variance inflation factor (AVE) value for exploratory research should be greater than 0.5., according to the rule of thumb for measuring convergent validity (Hengky Latan, 2012).

According to (Hartono, 2011) Discriminant validity refers to the idea of measuring different conceptions. How to use the indicator to assess the validity of the discriminant Check the cross loading value is reflective. Each variable's value must be bigger than 0.70 (Hengky Latan, 2012). Based (Hartono, 2011) This model has sufficient discriminant validity if the AVE root for each construction is bigger than the correlation between construction and other constructions in the model.

According to (Hengky Latan, 2012) At PLS-SEM, reliability testing is carried out in addition to validity testing. The instrument's reliability, precision, and consistency in assessing construction are demonstrated by rehabilitation testing. Cronbach's Alpha and Composite Reliability are two methods for measuring construction reliability utilizing reflected indicators.. The composite value of reliability must be more than 0.70 when analyzing construct reliability, according to the rule of thumb. However, using Alpha Cronbach to measure construct reliability will result in a lower number (under estimate), then composite reliability should be used instead (Hengky Latan, 2012).

Inner Model

The structural model is evaluated in the second step of model evaluation (Inner model). The value of R-Square and Significance are two component elements that become criteria in the assessment of the structural model (Inner model). According to (Hartono, 2011) The level of variation in the change in the independent variable to the dependent variable is measured using the R-Square value. Meanwhile, according to (Hengky Latan, 2012) Models with R-Square values are 0.75, 0.50, and 0.25, respectively, strong, moderate, and weak. In

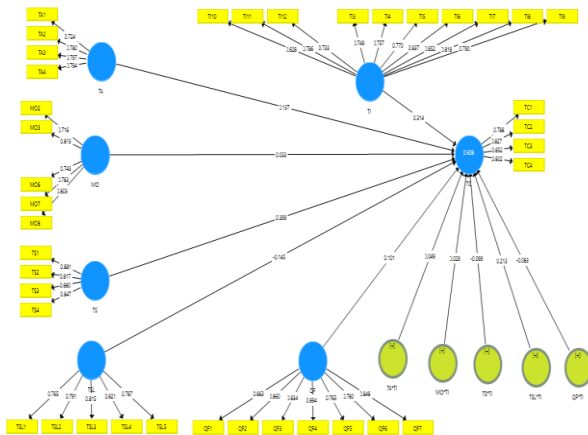


addition, significance is the assessment criterion of the second structural model (inner model). Variance inflation factor (VIF) is often used to analyze the collinearity of formative indicators. A VIF value of 5 or more indicates concern with predictor construct collinearity (Hair, Risher, Sarstedt, & Ringle, 2019)

RESULT AND DISCUSSION

Descriptive Analysis

Descriptive Statistic	T A (X 1)	M O (X 2)	TS (X 3)	TS L (X 4)	QF (X 5)	TI (Z)	TC (Y)
Min	8	12	4	5	7	18	9
Max	30	40	20	25	35	60	30
Mean	25,67	33,95	17,49	16,35	27,13	48,74	25,36
St. Deviation	3,63	5,05	2,85	5,10	5,69	8,27	3,74



Convergent is designed to determine whether there is a relationship between variables in a design model. Variance tests for loading factors and extracted means (AVE) are good starting points for finding convergent validity. The optimal load factor value according to (Hair Jr, Ringle & Sarstedt, 2010) is to keep the extracted mean variance (AVE) value above 0.50 and the composite reliability above 0.70, if the load value exceeds the unsatisfactory requirements, it should be deleted Standard Specification. After removing

the elements TA5, TA6, MO1, MO4, MO5, TI1, TI2, TC5, TC6, from the chart data, the values of all indicators are above 0.70. Based on these results, we can conclude that all constructs show significant convergent validity.

Average Variant Extracted

Variable Construct	AVE
Tax Awareness	0,600
Moral Obligation	0,597
Tax Sanction	0,743
Tax Socialization	0,634
Quality of Service	0,699
Tax Incentive	0,629
Tax Compliance	0,699

Each variable in the table above has an Average Variance Extracted (AVE) value greater than 0.50, indicating that all variables passed the convergent validity test.

Discriminant Validity

	MO	MO TI	QF	QF TI	TA	TA TI	TC	TI	TS	TS TI	TSL	TSL TI
MO	0,772											
MO TI	-0,392	1,000										
QF	0,448	-0,208	0,836									
QF TI	0,211	0,695	-0,100	1,000								
TA	0,575	-0,275	0,434	-0,172	0,744							
TA TI	-0,260	0,788	-0,161	0,643	-0,366	1,000						
TC	0,575	-0,262	0,462	-0,206	0,551	-0,221	0,818					
TI	0,567	-0,263	0,624	-0,340	0,555	-0,239	0,634	0,793				
TS	0,686	-0,399	0,431	-0,281	0,566	-0,330	0,706	0,620	0,857			
TS TI	-0,370	0,793	-0,258	0,623	-0,323	0,733	-0,383	-0,311	-0,586	1,000		
TSL	0,308	-0,112	0,608	-0,075	0,294	-0,116	0,302	0,542	0,345	-0,187	0,796	
TSL TI	-0,140	0,568	-0,092	0,736	-0,152	0,515	-0,097	-0,269	-0,251	0,584	0,018	1,000

As indicated in the table above, the AVE root value is bigger than the correlation value among latent variables. This indicates that the idea has a high degree of discriminant validity.

Reability Test

Variable Construct	Composite Reliability	Cronbach's Alpha
Tax Awareness	0,857	0,777
Moral Obligation	0,881	0,830
Tax Sanction	0,917	0,879



- sense of moral obligation think positively and do good things while avoiding immoral behaviors don't have a significant impact on their tax compliance.
3. Tax sanctions have a large and favorable impact on taxpayer compliance. This shows that the harsher the sanctions, the more likely taxpayers are to pay their taxes and follow the rules.
 4. tax socialization has a negative and significant effect on tax compliance. This is due in large part to the fact that although tax socialization can motivate people to obey the law and pay their taxes, taxpayers do not really understand the essence of socialization and are still not aware of it.
 5. The quality of tax services has no bearing on motor vehicle taxpayers' compliance. The higher the level of taxpayer compliance, the better the service given. Meanwhile, the lower the quality of services provided, the lower the degree of compliance among taxpayers. However, in this study, the quality of tax services has little impact on taxpayer compliance, owing to poor taxpayer awareness. Improving the quality of tax services will not have a significant impact on taxpayer compliance.
 6. Tax awareness moderated by tax incentives has no effect on taxpayer compliance. because the taxpayers are not very aware and they think if there is or no tax incentives will not be very helpful in paying taxes. Therefore, tax incentives will not have much effect in moderating tax awareness on tax compliance.
 7. Moral obligations moderated by tax incentives have no effect on taxpayer compliance. tax incentives as a moderating variable do not affect the relationship of moral obligation to taxpayer compliance because understanding tax incentives by taxpayers will not increase their moral obligations which will not.
 8. Tax sanctions moderated by tax incentives have no effect on taxpayer compliance. Because, based on tax penalties, taxpayers believe that tax incentives are ineffective and have no impact on compliance.
 9. Tax socialization moderated by tax incentives has a beneficial and substantial impact on taxpayer compliance. Because taxpayers will realize the need to pay taxes if they are given a solid and correct understanding through socialization.
 10. service quality moderated by tax incentives has no significant effect on taxpayer compliance. This means that tax incentives have no significant effect on the relationship between service quality and taxpayer compliance.

REFERENCES

- [1] Apuke, O. D. (2017). Quantitative Research Methods : A Synopsis Approach. *Kuwait Chapter of Arabian Journal of Business and Management Review*, DOI:10.12816/0040336.
- [2] Ega Dewi Sartika, N. A. (2021). PENGARUH INSENTIF PAJAK KENDARAAN BERMOTOR SELAMA PANDEMI COVID 19 TERHADAP KEPATUHAN WAJIB PAJAK KENDARAAN BERMOTOR DI SULAWESI SELATAN. *Jurnal Analisa Akuntansi dan Perpajakan*, <https://doi.org/10.25139/jaap.v5i2.4144>
- [3] Hair Jr, J. F., Ringle, C. M., & Sarstedt, M. (2010). Partial Least Squares Structural Equation Modeling: Rigorous Applications, Better Results and Higher Acceptance. *ELSEVIER*, Volume 46, Issues 1–2, February–April 2013, Pages 1-12.
- [4] Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. (2019). When to use and how to report the results of PLS-SEM. *Emerald insight*, DOI:10.1108/EBR-11-2018-0203.



- [5] Hartono, J. (2011). *Konsep dan aplikasi structural equation modeling berbasis varian dalam penelitian bisnis*. Yogyakarta: UPP STIM YKPN.
- [6] Hengky Latan, I. G. (2012). *Partial least squares : konsep, teknik dan aplikasi SmartPLS 2.0 M3 untuk penelitian empiris*. Semarang: Badan Penerbit Universitas Diponegoro.
- [7] Linda Nur Yuniarti, N. K. (2019). THE INFLUENCE OF AWARENESS, MORAL OBLIGATIONS, TAX ACCESS, SERVICE QUALITY AND TAX SANCTIONS ON TAXPAYER COMPLIANCE IN PAYING MOTOR VEHICLE TAX. *Journal of Accounting and Strategic Finance*, Vol.2 No.1 June 2019, pp. 1-13 , DOI: <https://doi.org/10.33005/jasf.v2i1.20>.
- [8] Peggy Jimenez, G. S. (2016). Tax compliance in a social setting: The influence of social norms, trust in government, and perceived fairness on taxpayer compliance. *ScienceDirect*, DOI: 10.1016/j.adiac.2016.07.001.
- [9] Wong, K. K.-K. (2013). Partial Least Squares Structural Equation Modeling (PLS-SEM) Techniques Using SmartPLS. *Marketing Bulletin*, https://www.researchgate.net/publication/313697374_Partial_least_squares_structural_equation_modelling_PLS-SEM_techniques_using_SmartPLS.



HALAMAN INI SENGAJA DIKOSONGKAN