



The Effect of Tax Planning Aspects and Tax Awareness to the UMKM Taxpayer Compliance (Study on Sme Tax Mandatory in Karawaci Area of Tangerang City)

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Abstract: The purpose of this study is to examine how much influence the formal aspects and material aspects of tax planning, tax awareness on tax compliance. The analytical method used is quantitative and analytic statistics used, namely multiple linear regression analysis. The population of this research is the SME taxpayers in the Karawaci region of the city of Tangerang. The sampling technique used is probability sampling. The results showed that the formal aspects of tax planning and the material aspects of tax planning affect the compliance of taxpayers, while tax awareness does not affect the compliance of SME taxpayers in the Karawaci region of Tangerang.

Keywords: Formal Aspects, Material Aspects, Tax Planning, Taxpayer Awareness, Taxpayer Compliance

INTRODUCTION

The government in 2016 has made a tax inclusion program. Tax inclusion is an attempt by the Directorate General of Taxes to be able to increase understanding of the importance of awareness of paying taxes for the community. "Taxpayers are still smaller because we see huge potential. Of the tax ratio is still below 15%. We are still struggling for the past 5 years 10-12%. And this means there is still a lot of potential to raise awareness of paying taxes," Sri mulyani (<http://www.detik.com>).

The phenomenon of tax avoidance cases as happened in Pontianak April 25, 2016. The Panel of Judges of the Pontianak District Court gave a one year sentence and a fine of Rp.377 million to YLT for criminal acts in the field of taxation. YLT is an individual taxpayer who has an electronics business. In the 2010 time period YLT did not report the Annual Income

Tax Return and the Annual Tax Return and allegedly caused state losses of Rp.4.2 billion (<http://www.pajak.go.id>).

The UMKM tax contribution of around Rp. 6 trillion a year is still very small compared to the revenue which has reached Rp. 1,300 trillion. The government in 2018 issued a policy Government Regulation No. 23 of 2018 which realized the final income tax rate for UMKM taxpayers from 1% to 0.5% which came into force in July 2018. "According to the Central Statistics Agency (BPS) as many as 50 million UMKM actors which contributes to 60% of GDP or around Rp.8,000 Trillion. If it is only 1% approached, it is Rp. 80 Trillion, so 0.5% should be Rp. 40 Trillion. Means that is now "captured" one seventh or about 15% of the existing potential "Yustinus Prastowo (www.okezone.com).

Simanjuntak and Mukhlis (2012) put it simply, taxpayer compliance is simply concerned with the extent to which taxpayers meet their tax obligations in accordance with applicable tax rules. According to Widodo (2010) the issue of tax compliance is an important issue throughout the world, both countries in developed countries and in developing countries. Because if the taxpayer is not compliant, it will cause the desire to avoid, avoid, smuggle, and tax negligence.

Taxpayers have an interest in the appropriate amount of tax, that is, the amount of tax legally does not violate the applicable tax laws and does not economically burden the company's finances, so that taxpayers try to pay as little tax as possible, because paying taxes means reducing the economic capacity of the obligatory tax. While the tax authorities have an interest in raising funds from the tax sector as much as possible, because the Government requires funds to finance government administration, which mostly comes from tax revenue.

This difference in interests causes taxpayers to tend to reduce the amount of tax payments, both legally and illegally. Efforts made by taxpayers to get the appropriate amount of tax by making tax savings legally is to do tax planning. According to John Hutagol (2007) if the taxpayer carries out tax management properly, then as a result he can be determined as a compliant taxpayer. So there is a relationship between tax planning carried out by taxpayers with taxpayer compliance in fulfilling their tax obligations. The formulation of the problem in this research is whether the formal aspects of tax planning, material aspects of tax planning and tax awareness affect the taxpayer compliance.

LITERATURE REVIEW

Compliance Theory

Taxpayer compliance according to Waluyo (2017) as a condition that taxpayers realize the need to meet tax obligations under conditions:

- a) Obligation to register to obtain NPWP
- b) Taxpayers understand all the provisions of tax legislation
- c) Fill out the tax form correctly, completely and clearly.
- d) Calculate the amount of tax owed correctly.
- e) Pay tax payable on time.
- f) Report Notification on time.

According to Widodo (2010) there are two types of tax compliance: 1) Formal Compliance, a condition where taxpayers fulfill their obligations in accordance with the provisions in applicable tax legislation. 2) Material Compliance, a condition where

the taxpayer substantively or substantially fulfills all the material provisions of taxation, that is according to the content and soul of the tax law. Material compliance can also include formal compliance. So, taxpayers who meet material compliance in filling income tax returns, are taxpayers who fill correctly, completely and clearly on the tax return in accordance with the provisions in tax legislation and submit / report it to the tax service office before and on time.

Siti Kurnia Rahayu (2017) tax compliance can be defined as a situation where taxpayers fulfill all tax obligations and carry out their tax rights. According to Vadde & Gundarapu (2012) tax compliance can be defined in a broad sense, as the ability and willingness of taxpayers for tax laws that are determined by ethics, the legal environment and other situational factors at certain times and opportunities. According to Inasius (2012) tax compliance is reporting all income and payment of all taxes by meeting legal, regulatory and court decisions.

Tax Awareness

Consciousness according to the big Indonesian dictionary is a state of understanding. And taxation is a matter of taxation. So tax awareness is a state of understanding about tax matters. Permatasari Aprilia (2012) tax awareness is a condition when taxpayers understand the tax provisions and implement them properly and correctly.

According to Nurlis & Widiyati (2010) indicators of paying tax awareness are:

1. Tax is a source of state revenue.
2. The tax paid can be used to support the country's development.
3. Delaying tax payments can be detrimental to the country.
4. Paying taxes improperly should be detrimental to the country.

Dimensions for awareness of taxpayers according to Pancawati (2011) are as follows:

1. Awareness that tax is a form of participation in supporting the country's development.
2. Awareness that delaying tax payments and reducing the tax burden is very detrimental to the country.
3. Awareness that taxes are determined by law and can be forced.
4. Paying taxes not according to what should have been detrimental would harm the country.
5. Tax collection is actually felt by themselves but not directly enjoyed by taxpayers.
6. Paying taxes will form a plan for the advancement of people's welfare.

According to Ilyas and Burton (2010) there are four things that are expected or demanded from taxpayers, namely:

1. Compliance taxpayers in paying taxes carried out with full awareness.
2. Responsibility of taxpayers in delivering timely notification.
3. Honesty taxpayers in filling out notification letters with the actual situation.
4. Provide more severe sanctions to taxpayers who do not obey / comply with the applicable laws and regulations.

Tax Planning

Waluyo (2018) tax planning as the use of tax law to reduce the tax burden paid, which is still in the corridor of tax law. At this stage of tax planning, the tax collection and research are carried out. The goal is to choose the type of tax saving action that will be taken.

According to Ilyas (2013) tax planning is the process of considering all relevant taxation factors with the aim of determining when, how, by and with whom transactions, operations and business relationships are carried out with a view to maintaining the tax burden imposed on an economic event (subject) and people (objects) who can be taxed to a minimum but can still achieve business, personal and other desired goals.

Tax planning stages according to Pohan (2014):

1. Analyze existing information
2. Make one or more possible models of the tax amount
3. Evaluate the implementation of tax planning
4. Look for weaknesses and improve tax plans again
5. Update the tax plan

According to Dennis Escoffier and Keren (2015), tax planning strategies:

1. Timing income and deduction
2. Income shifting
3. Changing the character of income

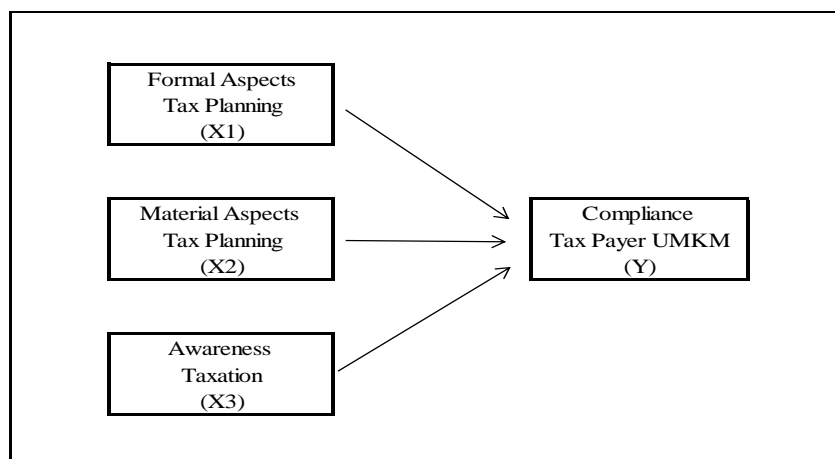
Formal aspects of tax planning

According to Suandy (2011) the formal aspect of tax planning is an administrative aspect of taxation obligations which includes the obligation to register to obtain a Taxpayer Identification Number and Confirmation Number of a Taxable Entrepreneur, bookkeeping or recording, calculating the tax intended to make tax cuts and collection, pay taxes, submit letters tax notifications and sanctions.

Material aspects of tax planning

Taxes are imposed on tax objects that can be in the form of circumstances, actions or events. The basis of tax calculation is the object of tax, so in the context of optimizing the allocation of funding sources, management will plan no more payments, because it can reduce the optimization of the allocation of resources and not less so as not to pay administrative sanctions which are a waste of resources. For that the tax object must be reported correctly and completely. Correct and complete tax object reporting must be free from various negative engineering.

This study seeks to explain the effect of aspects of tax planning and tax awareness, on the level of compliance of UMKM taxpayers. Based on literature review, the theoretical framework of thought models can be described in the figure below:



Picture 1. Framework
(Source: Author’s Processed)

DESIGN AND METHOD

Population & Sample

The population in this study was the SME taxpayer in the Karawaci Region of Tangerang City. The number of SME registered in the Karawaci area of Tangerang City until the end of 2019 is 320 SME. The technique for determining the number of research samples used in this study is the Probability Sampling technique. Respondents who will be used as samples in this study 177 respondents.

This study uses three independent variables and one dependent variable. The independent variable of this study is the formal aspects of tax planning, material aspects of tax planning, and tax awareness. While the dependent variable is taxpayer compliance. Data collection was carried out through direct research (questionnaire) to SME taxpayers in the Karawaci Region Tangerang City quantitative approach.

Method of analysis

The method used in this research is quantitative analysis. Data analysis was performed using multiple linear regression tests consisting of the statistical t test and the F statistical test to prove the hypothesis formed in the study and to see the level of significance. This research data processing uses IBM SPSS Statistics version 22. The analysis methods in this study include: T Test (Partial Test), F Test (Simultaneous Test), Determination Coefficient Test (R^2). Regression analysis was performed using the method of multiple linear regression analysis with the following equation model:

$$\text{Patuh : } Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

- Y = UMKM Taxpayer Compliance,
- α = constant number,
- $\beta_1, \beta_2, \beta_3$ = Regression Coefficient,
- X1 = Formal Aspects of Tax Planning,
- X2 = Material Aspects of Tax Planning,
- X3 = Tax Awareness,
- e = Error.

RESULT AND DISCUSSION

Description of Research Object

The study was conducted by distributing 180 questionnaires. The questionnaire was distributed according to the place of business that became the main research center, namely the Karawaci area of the city of Tangerang. Of the 180 questionnaires distributed, 171 (95%) returned questionnaires can be seen in the table below:

Tabel 1. Questionnaire Distribution Results

Description	The Amount Of Data
Number of questionnaires sent	180
Number of questionnaires that were not returned	9
Number of returned questionnaires	171
respon rate : $(171/190) \times 100\%$	95%

(Source : Primary data processed by researchers)

The sample is then classified according to gender, can be seen in the table below:

Table 2. Identification of Respondent by Gender

Jenis Kelamin	Jumlah	Persentase
Men	72	42%
Female	99	58%
Amount	171	100%

(Source : Primary data processed by researchers)

Based on gender grouping, it is known that Male respondents are 42% and Women are 58%.

Table 3. Identification of Respondent by Age

Age	Amount	Percentage
Less than 25 years	17	10%
26 - 35 years old	29	17%
36 - 45 years old	78	46%
46 - 55 years old	36	21%
56 years and above	11	6%
Amount	171	100%

(Source : Primary data processed by researchers)

Based on age grouping, respondents who dominated the ages of 36-45 years by 46%. This is because this age already has sufficient work experience and business establishment.

1) Determination Coefficient Test (R^2)

Table 4. R2 Test

Model Summary^b

Model	R	R Square	Std. Error of the Estimate
1	.379 ^a	.143	2.857

a. Predictors: (Constant), Tax Awareness, Formal Aspects of Tax Planning, Material Aspects of Tax Planning

b. Dependent Variable: Compliance Tax Payer

Based on the results of the equation above means that the contribution of formal aspects of tax planning, material aspects of tax planning, tax awareness of taxpayer compliance is 37.90%. Based on the coefficient interval 0.25 - 0.50 is a sufficient level of correlation correlation strength, which means the ability of the independent variable in explaining the dependent variable is quite strong. While the rest is explained by variables outside the model such as skepticism of the taxpayer of the Karawaci area of Tangerang city regarding paying taxes for the progress and welfare of the people.

2) Test-F (Simultaneous Test)

Table 5. F Test
ANOVA^a

	Model	F	Sig.
1	Regression	9.322	.000 ^b
	Residual		
	Total		

a. Dependent Variable: Compliance Tax Payer

Based on the F Test in table 5, the Prob (F Statistics) result is 0,000. The value of using $\alpha = 0.05$ shows that the formal aspects of tax planning, the material aspects of tax planning, tax awareness simultaneously or together have a significant effect on taxpayer compliance ($0,000 < 0.05$). Based on the hypothesis Ho is rejected, which means that statistically the formal aspects of tax planning, the material aspects of tax planning and tax awareness simultaneously or jointly affect the taxpayer compliance ($\alpha = 0.05$).

3) Test - T (Partial Test)

Table 6. t Test
Coefficients^a

	Model	t	Sig.
1	(Constant)	3.775	.000
	Formal Aspects of Tax Planning	3.196	.002
	Material Aspects of Tax Planning	3.742	.000
	Tax Awareness	0.503	.616

a. Dependent Variable: Compliance Tax Payer

Based on the T Test in table 6, the results show that partially the formal aspects of tax planning affect the taxpayer compliance, the material aspects of tax planning affect the taxpayer compliance while tax awareness does not affect the taxpayer compliance.

Hypothesis testing has been carried out, it can be put forward several discussions below:

a) The formal aspects of tax planning affect SME taxpayer compliance

The results of this study are consistent with research conducted by Heru (2009) which concluded that the formal aspects of tax planning have a significant effect on taxpayer compliance. This shows that the level of understanding of the formal aspects of good tax planning can improve taxpayer compliance in carrying out tax obligations in accordance with applicable laws and regulations.

b) Material aspects of tax planning affect the taxpayer compliance of SME

The results of this study are consistent with research conducted by Triyani (2015) which concluded that the material aspects of tax significantly influence tax compliance. This

shows that the level of understanding of the material aspects of good tax planning can increase taxpayer compliance in carrying out tax obligations in accordance with applicable laws and regulations.

c) Tax awareness has no effect on SME taxpayer compliance

The results of this study are consistent with research conducted by Ria Lusiana (2015) concluding that tax awareness does not significantly influence tax compliance. The better understanding of taxpayers about the formal aspects and material aspects of tax planning, causes tax awareness to decrease. This is seen from the high skepticism of taxpayers in the Karawaci area of Tangerang about paying taxes for the progress and welfare of the people.

CONCLUSIONS AND SUGGESTIONS

Conclusions

Based on the results of research with multiple linear regression analysis, the conclusions of this study are:

1. The formal aspects of tax planning affect SME taxpayer compliance. This shows that understanding the formal aspects of tax planning for SME taxpayers in the Karawaci area of Tangerang City is quite good. A good understanding of the formal aspects of SME taxpayers can increase the level of taxpayer compliance.
2. Material aspects of tax planning affect SME taxpayer compliance. This shows that the understanding of the material aspects of SME taxpayer tax planning in the Karawaci area of Tangerang City is quite good. A good understanding of the material aspects of tax planning can help companies to save corporate tax burden and indirectly can increase taxpayer compliance.
3. Tax awareness has no effect on SME taxpayer compliance. This shows that the tax awareness of SME taxpayers in the Karawaci area of Tangerang City is still low. Low tax awareness, can cause tax compliance is also low. The level of tax compliance is still low, causing not optimal state revenue derived from SME taxes.

Suggestions

Based on the results of research that has been done, the suggestions that can be given are:

1. Suggested SME taxpayers who are in the Karawaci area of Tangerang city to be able to take part in taxation socialization, study the development of the taxation system and understand tax payments for the advancement and welfare of the people. So that awareness of taxpayers can increase and pay taxes in accordance with applicable tax regulations.
2. Future studies are recommended to use more than 3 independent variables to examine their effect on SME taxpayer compliance in the Karawaci area of Tangerang City.

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