



ANALYSIS OF TAX COMPLIANCE BEHAVIORS OF MICRO, SMALL AND MEDIUM ENTERPRISES IN FULFILLING TAX OBLIGATIONS

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Abstract

This study aims to analyze the attitude of the taxpayers of Micro, Small, and Medium Enterprises (MSME) in paying taxes. This study uses the theory of planned behavior as a reference for analyzing the behavior of taxpayers. The research location is in Malang City, East Java Province, Indonesia. The data were collected using observation and interviews. The data analysis method used is descriptive. The results of this study indicate that attitudes toward behavior, subjective norms, and perceived behavioral control affect taxpayer attitudes. Lack of knowledge and perceptions of taxpayers is a form of attitude toward behavior that will be shown by taxpayers. In this case, the role of the tax authorities and family is a form of subjective norms and financial capability as a form of perceived behavioral control. The attitude of taxpayers who tend to be obedient or evasive depends on the amount of tax imposed on taxpayers that must be paid.

Keywords: Taxpayers, Tax Compliance, Theory of Planned Behavior, Micro, Small and Medium Enterprises

INTRODUCTION

Taxes are state financial instruments in collecting funds from the public for financing government operations in a country. Taxes also take the form of mandatory contributions for the people to the state as a form of public awareness and concern for the state. Taxes themselves are mandatory and compulsory because the portion of taxation, especially in Indonesia, is the most important part of the *APBN*. In the Law on General Provisions and Tax Procedures as regulated by Law of the Republic of Indonesia No. 16 of 2009, taxes are mandatory contributions to the state that are owned by individuals or agencies that are compelling based on law, without receiving direct compensation and used for state needs for the greatest prosperity of the people.

Every year, the percentage of state revenue through taxation continues to be pushed up. It proves that the country requires financial resources that are supported by taxes collected from the people through the tax authorities. The rapid development of infrastructure and the position of state debt are also the reasons for the government to continue campaigning to pay taxes. The position of state finances, which is indeed supported by tax revenues, will inevitably make the people have to pay taxes to the state. Tax extensification and intensification efforts are also methods used by the government to increase state revenue independently. These efforts will not be easy because, in addition to demanding the active role of tax officers, it must also be driven by the awareness and willingness of the taxpayers themselves.

Taxpayers themselves, according to the Law on General Provisions and Tax Procedures of the Republic of Indonesia No. 16 of 2009, are individuals or agencies, including taxpayers, tax-cutters, and tax collectors, who have tax rights and obligations in accordance with the provisions of tax laws and regulations. When viewed from the law, the tax subjects are those individuals and agencies, provided they have tax rights and obligations. Such individuals or agencies can be taxpayers, tax-cutters, and tax collectors.

The main key in tax revenue is the people in the sense that taxpayers are willing to pay and are well aware that the taxes paid will return to the people as well. Indeed, today it is still seen that the level of taxpayer compliance in paying taxes is still low. It is also the result of policies, phenomena, and events that occur in the government that make people apathetic towards taxation. Regulatory ambiguity also encourages taxpayers not to comply with tax laws. It leads to a decrease in tax compliance. Allingham and Sandmo (1972) deliver into the literature a broad discussion of tax compliance factors. As it is known that some problems are still relevant for further investigation. In theory, predicting that there is a positive relationship between tax rates and tax compliance, several empirical studies show that high tax rates reduce

tax compliance. With the assumption that the penalties awarded are proportionately calculated for tax evaders.

The definition of tax compliance includes voluntary payment of taxes in accordance with the spirit of the tax law (i.e. as a form of compliance in action), payment of taxes due to fear of fines and audits (i.e. as a form of compliance in submission), and paying taxes after regulating taxpayer activities to minimize tax liability by complying with tax laws and regulations (James & Alley, 2002; McBarnet, 2001). In the explanation, it is clear that a person's tax compliance that is based on volunteerism means that the person's or agency's awareness of taxation encourages him to pay taxes and comply with tax regulations. In the second review, it is stated that taxpayers pay because of the intervention of the law and investigations by the tax authorities. It also encourages taxpayers to pay taxes.

The use of tax practitioner services will incur additional contingent costs that must be paid by taxpayers to practitioners to manage the insured tax that must be paid by taxpayers to a minimum. The Internal Revenue Service (IRS), in its letter through commissioner Murphy (1989), claims that contingency costs will increase taxpayer non-compliance. However, Philip & Sansing (1998), in their research stated differently; they find that non-compliance decreases if the contingency cost is allowed. According to them, this is due to the uncertainty of tax laws so that taxpayers need to consult tax practitioners. A fee is a private contract between the taxpayer and the tax practitioner in resolving this legal uncertainty. In their research, it is also stated that an optimal contract is a contract that provides incentives for tax practitioners to research and choose the position of a tax return report that suits the taxpayer. Also, contingency costs will improve the quality of tax practitioners in understanding tax cases that are consulted.

The tax itself has various functions in a country. First is the tax function as a budgeter, or as a source of funds allocated for financing government expenditures, such as the inclusion of taxes in the *APBN* as domestic revenue. Second, the regular function which is a tool to regulate and implement policies in the social and economic fields, such as being subject to higher taxes on liquor and luxury goods. This function shows that tax is an instrument to enforce justice and equity.

Another thing regarding taxation in Indonesia is that the ratio between the number of taxpayers and the number of residents as well as businesses is still very small. According to Gunadi (2005), the low tax ratio will have two implications, namely reflecting the low tax compliance and the low amount of tax collected compared to the existing tax base. From these results, it is projected that the government still has hopes of increasing tax revenues. It will result in several new regulations to gain greater revenues. According to Iswahyudi (2005), the Directorate General of Taxes as the competent tax authority in this country collects state

revenues from the tax sector to support the independence of *APBN* financing. The Directorate General of Taxes has full authority to collect taxes from the people to meet the financial needs of the budgeted State Budget.

The high number of regulations made by the tax authorities is indeed very good at supporting tax performance. But on the other hand, the level of tax avoidance also increases. This is due to the lack of transparency from the tax authorities regarding the use of these taxes. As explained above, the unclear taxation rules also make taxpayers reluctant to pay taxes. The tax authorities are too concerned about increasing the amount of tax revenue so they fail to appreciate those who are aware of paying taxes.

It needs special attention to those who knowingly and want to pay taxes to the state without having to be first inspected by the relevant authorities. This conscious and willing behavior is of course driven by something, both physically and psychologically. In psychology, a professor named Ajzen (1991) has issued a theory with several attributes or events that can cause someone to want to do something and behave. Ajzen (1991) explains that there are three psychological reasons for someone to do something, which are the attitude toward behavior, subjective norms, and perceived behavioral control. This theory is better known as the Theory of Planned Behavior. TPB itself is the result of the development of what was better known as the Theory of Reasoned Action.

The existence of *MSME* in Malang City is able to give a maximum contribution to tax revenue in the region. Entrepreneurs in the *MSME* sector have their tax obligations according to applicable regulations. *MSME* entrepreneurs are also regulated in the Law on General Provisions and Tax Procedures of the Republic of Indonesia No. 16 of 2009, which states that entrepreneurs are individuals or agencies in any form which in their business activities or work produce, import, and export goods, as well as carrying out trading businesses, utilizing intangible goods from outside the customs area, carrying out service businesses, or utilizing services from outside the customs area. However, on the other hand, tax revenue from the *MSME* sector has not yet reached its target. Therefore, this study aims to analyze the tax compliance behaviors of *MSME* in the regional economy.

LITERATURE REVIEW

Previous Studies

Many studies on tax compliance use the Theory of Planned Behavior as their research framework. This relates to the ability of this theory to analyze the behavior of taxpayers, in this case individuals, to pay taxes comprehensively. J-R. Fu et al. (2006) state that today the government benefits from technology in many ways. The important thing gained from the

understanding and impact for the citizens is the acceptance of government e-services, providing investment in technology, and the potential to save costs. Technological advances are very helpful in state governance. It does not rule out the possibility of taxation with e-filing in filling out tax data that can be done by taxpayers themselves (self-assessment).

J-R. Fu et al. (2006) in their research on the acceptance of electronic tax filing, a study on the intention of taxpayers stated that the results indicated that the tendency of taxpayers to focus on the usefulness of the electronic filing method and was quite pragmatic in developing general behavior towards using this method. Meanwhile, taxpayer awareness in filling in electronically is related to ease of use. Fu's research revealed that the use of electronic filing or e-filing with the Theory of Planned Behavior framework shows that taxpayer compliance is driven by the usefulness of the e-filing method so that taxpayers find it easier to fill in tax data.

The results of the research conducted by Bobek et al. (2007) stated that in their investigation of the tendency of taxpayers to expect tax returns, the taxpayers' behavior in taxation was based on their desire to avoid uncertainty or various possible underpayments. The pressure from peer-suggested perceptions and emotional awareness of the excitement of the refund could reduce anxiety. The research conducted by Bobek et al. (2007) used the Theory of Planned Behavior approach in their investigation. It can be concluded that uncertain avoidance behavior and the possibility of underpayment are manifestations of attitudes toward behavior. Meanwhile, the perception suggested by friends is a form of subjective norms. Thus, emotional awareness about feelings of joy when receiving returns is a form of perceived behavioral control.

Jones (2009) determines the potential tendency of trust in decisions on the use of tax compliance; the results show that efforts to approve the use of taxes, potential state income if individuals comply, fairness in the use of taxes, monetary attention to individuals, awareness of knowledge about the use of taxes, and social impacts are factors that are often mentioned by individuals in making the decision for tax compliance. This shows that individuals comply if there is a disclosure of information related to the use of taxes and if there are impacts that can be felt by them directly.

In contrast to Jones (2009), Benk et al. (2011) state that normative expectations of compliance and the number of fines or penalties have a significant impact on tax compliance, while the perception of equity in the taxation system does not have a significant impact. From several studies conducted by these experts who use the framework of the Theory of Planned Behavior, they provide various descriptions of individual compliance in behavior, especially in taxation. This study will use the Theory of Planned Behavior as the framework with an in-depth method and a qualitative design so that it is expected to provide a different picture from previous

researchers. Likewise, testing the findings of the previous researchers is still relevant to the current or not-current conditions, given the many existing findings.

Tax Compliance

Jackson and Milliron (1986) comprehensively identified fourteen key factors used by researchers in their research on tax compliance. Those factors are age, gender, education, income, status, peer influence, ethics, legal sanctions, complexity, relationship with tax authorities, sources of income, awareness of fairness in the tax system, possibility of audits, and tax rates. Fischer et al. (1992) divided the factors into four groups, namely demographics, possible non-compliance, perceptions and attitudes, and the tax system itself. The results of this division were further developed by Chau and Leung (2009) by adding cultural factors.

In 2008, SE-02/PJ/2008 was issued concerning Procedures for the Determination of Tax Payer with Certain Criteria as "derivatives" of the Regulation of the Minister of Finance No. 192/PMK.03/2007. The requirements for Obedient Taxpayers according to the Regulation of the Minister of Finance No. 192/PMK.03/2007 are as follows:

- a. Be on time in submitting the Annual Tax Return (*SPT*) for the last 3 years.
- b. Submission of periodic tax returns in the last year for the tax period January to November is not more than 3 tax periods for each type of tax and not consecutive.
- c. The late *SPT* as referred to in letter b has been submitted not later than the deadline for submitting the *SPT* for the next tax period.
- d. Do not have tax arrears for all types of taxes, unless you have obtained permission to pay installments or postpone tax payments, covering the situation on December 31 of the year prior to the stipulation as an Obedient Taxpayer and excluding tax arrears that have not passed the deadline for a settlement.
- e. The financial statements are audited by a public accountant or the government's audit agency with an unqualified opinion (*WTP*) for three consecutive years provided that they are prepared in a long-form report and present a reconciliation of commercial and fiscal profit and loss for taxpayers who are obliged to submit the Annual *SPT* and also the accountant's opinion on the audited financial report signed by a public accountant who is not currently under the supervision of a public accountant supervisory government agency.
- f. Never been sentenced for committing a criminal offense in the field of taxation based on a court decision that has permanent legal force for the last 5 years.

Allingham and Sandmo (1972) developed the theory of income tax evasion in a model. According to them, individuals are assumed to have a fixed income endowment and must report

their income to the government to regulate the amount of tax to be paid. The model is as follows:

$$D = D(I, t, p, f) \dots \dots \dots (1)$$

Notation D is the declared income or income level of the taxpayer who is willing to be reported at the tax rate (t). Unreported income is not taxed, but as a consequence, individuals would probably be audited with probability (p) with a fine/penalty of (f) they have to pay for any income that is not taxed. The individual will choose D to maximize the utility s/he expects from the evasion gamble.

The equation (1) shows that there is a demand for declared income that depends on I, t, p, and f. Here, D increases together with the increase in the audit probability (p) of detection or penalty rate (f). Meanwhile, the impact of the charge (t) and income (I) depends on the individual's response towards risk. Cowell and Gordon (1988) revealed the addition of another factor in tax compliance of the previous model by adding government expenditure (G). Government expenditure is a representation of the government's transfer activities that a taxpayer may receive.

Theory of Planned Behavior (TPB)

The theory of an individual's intentions and behavior has long been developed by a psychology professor named Icek Ajzen and his colleague Martin Fishbein in 1967. The Theory of Planned Behavior (TPB) is a form of development of the Theory of Reasoned Action (TRA). The improvement of this theory is due to the lack of empirical evidence obtained when applying the Theory of Reasoned Action (TRA) to individual behavior that is not under the individual's control. The difference between the two theories used is the middle factor that affects individual behavior.

In the theory of planned behavior, the factor is the individual's intention to show a given behavior. The intention here is assumed as a record of the motivational factors that have an impact on behavior. According to Ajzen (1991), individual behavior is influenced by attitude toward the behavior, subjective norms, and perceived behavioral control. The theory is known as the Theory of Planned Behavior (TPB). This theory is a theory with the main focus on an individual's intention to perform certain behaviors. The intention is considered as a medium to see the motivational factors that influence behavior. The intention is an indication of someone's courage and how much effort an individual will put into doing a behavior.

The Theory of Reasoned Action states that two factors determine instances, such as personal attitudes and subjective norms (Fishbein and Ajzen, 1975). The difference between TRA and TPB is an additional third determinant of behavioral intention, which is perceived

behavioral control (PBC). There are two factors of PBC; control beliefs (beliefs about the ability to control) and perceived power (perceptions about the power you have to do a behavior). PBC indicates that someone's motivation is influenced by how s/he perceives the level of difficulty or the ease to show behavior. TPB is based on the fact that humans are rational creatures and use information that is possible for them systematically. Individuals will consider the implications of their actions before they decide to do or not do certain behaviors. Attitude is the antecedent of behavioral intentions. It is a positive or negative belief to present certain behaviors. These beliefs are called behavioral beliefs. The stronger the individual's intention to perform certain behaviors, the more successful s/he is in doing it.

The intention is a function of beliefs or essential information about the tendency that representing certain behaviors will lead to better and specific results. Over time the intention can change, it is because of the longer the distance between the intention and the behavior, the greater the tendency for a change in intention is. Each individual will show behavior when s/he intends and positively assesses the behavior. Setiadi (2010: 214-215), in his book entitled *Consumer Behavior Concepts and Implications for Marketing Strategy and Research*, writes that attitude is also called the most specific and indispensable concept in contemporary social psychology. Attitude is also one of the most significant points that marketers use to understand consumers.

The definition of attitude was first stated by Thurstone (1928). He saw attitude as a simple concept; the amount of influence of a person has or against an object. Several years later, Allport (1961) proposed a broader definition, namely, "The attitude of a mental and nervous about readiness to respond, organize through experience and have a direct or dynamic influence on behavior.". The definition put forward by Gordon Allport implies that attitude is studying the tendency of someone who responded consistently to an object that s/he liked or disliked.

In Ajzen (1991), the subjective norms are a function of beliefs, particularly, individuals agree or not to show the behavior. Beliefs that are in subjective norms are also called normative beliefs. In which an individual will perform a behavior when seeing other people and feel eager to do that behavior. In the Theory of Planned Behavior, it takes into account that all behaviors are not under control and that these behaviors are at some point in continuity from being completely under control to totally out of control.

In short, the TPB answers the problems that the Theory of Reasoned Action (TRA) has not solved. TRA only assumes that all individual behavior is under the control of the individual himself. It suggests that individuals may have full control of the behavior that is shown if there

are no obstacles in doing it. In extreme situations, individuals may not be able to control behavior because there is no possibility to do it.

The controlling factors consist of internal factors and external factors. To overcome the limitations of the TRA, Ajzen added the intention antecedent in the TPB; Perceived Behavioral Control (PCB). This antecedent refers to the individual's perception that anything he does or not is under control. Considering that a person will not perform a behavior if he does not have the opportunity or the support to do so, even though s/he has a positive attitude and his/her meaningful people will agree with him/her. The basic concept is that PBC can influence behavior directly or indirectly through intentions. The direct approach is the alignment of perceptions from PBC to behavior through actual control and control of one's behavior.

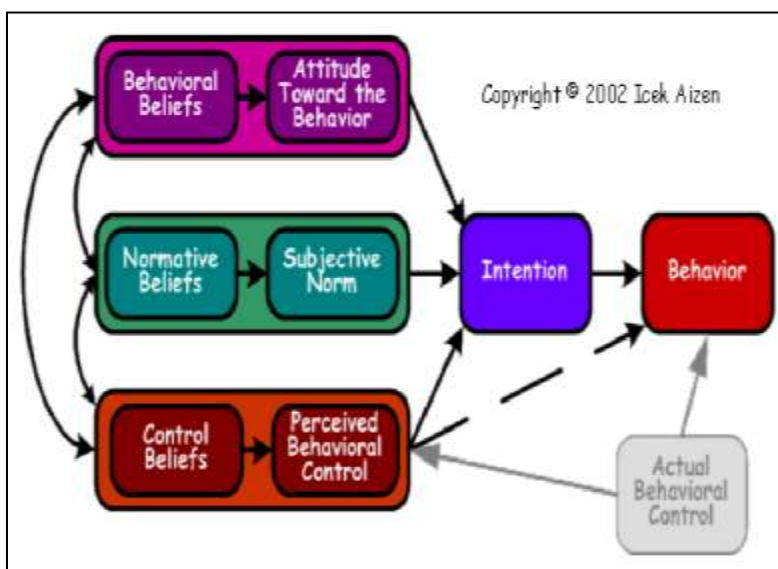


Figure 1. Cycle of Theory of Planned Behavior

Source: Ajzen (2002)

RESEARCH METHOD

The type of this research is quantitative research, with a research focus on MSME participants. The sampling method used was purposeful sampling in which this technique was used to determine the sample that was suitable for the problem and following the research. Respondents in this study were 5 (five) MSME business actors who work as food sellers in various locations in Malang. The research location is in Malang City, East Java Province, Indonesia. Methods of data collection using field observations and in-depth interviews. The method of data analysis used is the descriptive method; data grouping, data exposure, data analysis, and concluding.

RESULTS

Description of Respondents

In this study, 5 essential respondents became accurate sources and factual data in the field. The descriptive profile of respondents is as follows.

Table 1. Identity of Respondents

Name	<i>Coding</i>	Gender	Age (years old)	Business type	Period	Daily income
Suwito	D1	Male	51	Warung Bakso (meatball stall)	5 years	+/- IDR. 300 thousand
Marni	D2	Female	60	Warung Makan (food stall)	+/- 30 years	IDR. 500 thousand– IDR. 1 million
Sugiyati	D3	Female	42	Warung Pecel (Pecel stall)	5-7 years	IDR. 300 thousand– IDR. 500 thousand
Sautari	D4	Female	46	Warung Makan (food stall)	8 years	IDR. 300 thousand– IDR 600 thousand
Karto	D5	Male	51	Warung Bubur (congee stall)	12 years	IDR. 300 thousand– IDR. 400 thousand

From the respondent's identity table, the age range of the respondents is very varied and classified as adulthood. Hence, the information provided is valid as a form of response to questions. In terms of the type of business, it is very diverse, with an average length of more than 5 years. Daily income also reflects the cycle of the business economy they do as mentioned above. This diversity can be said to be the sufficiency of data for researchers to interpret answers as research results and conclusions that can be drawn.

The framework of the analysis of this research uses a reference theory of planned behavior with its three antecedents. The results of the research are as follows,

Attitudes Toward Behavior

Attitudes Toward Behavior is the attitude shown by a person towards what s/he likes or dislikes in showing a behavior. This attitude statement is influenced by Behavioral Belief and Evaluation. The first antecedent relates to individual beliefs about an attitude to do so that these beliefs concern what is believed. In other words, this first factor is the basis for an individual to do something. Then, evaluation is an attitude that considers the advantages and disadvantages of

doing something. Therefore, wisely said that individuals are very rational in doing something by thinking about the positive and negative sides. Regarding the attitude of taxpayers in paying taxes, especially in Malang City MSMEs in the food stall business sector, all respondents only recognize two forms of taxes that must be paid, such as motor vehicle tax (*STNK* and license plate) and land and building tax. From the results of research conducted on SME taxes, all respondents have almost one answer that "there is no business tax."

The statement was given by respondents D1 and D2. Meanwhile, another response stated that he just knew that there was a business tax from researchers. It shows that the lack of knowledge of individual taxation encourages the statement of the individual's attitude. However, positive viewpoints were given by respondents D2, D3, and D4. Although they are taxed, they hope that later the clarity of use and the amount of the tax will not be too high considering the ebb and flow of their business. This statement leads to behavioral beliefs or their basic beliefs that encourage a positive attitude towards taxes. Also, the statement which states that "the amount of tax should not be too high considering the small revenue of the business" indicates that the respondent has evaluated the advantages and disadvantages they will get as following government policies related to taxation, especially SME tax.

In conclusion, Attitudes Toward Behavior are affected by taxpayers' knowledge of taxation and their perceptions of taxation. Knowledge of taxation encourages the public, especially taxpayers, to realize how important taxes are and the types of taxes they should pay to the state. Meanwhile, the perception of taxpayers on taxation encourages a positive stimulus for their willingness to pay taxes. It is influenced by the number of tax rates set and the transparency of the use of taxation. As stated by respondent D2, there were several cases of budget misappropriation or corruption by government officials.

Subjective Norms

Subjective norms are the second antecedent after the attitudes toward behavior. Normative beliefs and motivation to comply have influenced the subjective norms. Normative belief is an encouragement given by people who influence people whether they agree or not to show behavior. So that when the influential person agrees, the person will show the behavior s/he wants. Motivation to comply is motivation to fulfill the demands or expectations of the influential person. Subjective norms can be said as social pressure to meet social expectations in manifesting behavior.

Regarding the attitude of taxpayers to taxation, whether taxpayers accept the tax regulations, in this research, it is found that the tax authorities and their families strongly agree that taxpayers pay taxes. The impetus from the tax authorities showed that the statement from

D2 claimed that when he received a tax letter from the government, D2 immediately paid the taxes. According to respondent D2, when he does not pay taxes, respondent D2 feels ashamed of the neighborhoods and villages. Consequently, social pressure is the Subjective Norm that affects a person's behavior.

In contrast to respondents D2 in paying taxes, respondents D1 and D5 wait for the due time to pay taxes. It is conveyed because the business they are running is still relatively small and troublesome. However, by waiting until the due date, respondents D1 and D5 stated that they used the available time to collect money to pay the tax. In this case, respondents D1 and D5 performed behavior and showed such attitudes because they were intimidated with some fines they would receive when they were due. It is in line with Benk et al. (2011) stated that normative expectations of compliance and the number of fines or penalties have a significant impact on tax compliance. It is what encourages them to pay on the due date.

Another factor is the reminder from family as expressed by respondents D2, D3, and D4. Respondent D2 stated that paying vehicle tax was usually cued by his child. Meanwhile, respondents D3 and D4 announce the same thing, especially tax on vehicles, their husbands who reminded them. These intentions from the family, in this theory, are classified as normative beliefs. It means that they are driven by influential people around the individual and motivated to fulfill these expectations.

Perceived Behavioral Control

Perceived behavioral control is the third antecedent that is related to the awareness of individual behavior. It is influenced by two things; control beliefs and perceived power control. Control beliefs are beliefs about resistance and ease of doing something. So that when people have a lot of conveniences and a few obstacles, intentionally, the individual will perform the behavior. Perceive power control is the ability of how much an individual tries to show his behavior amidst the beliefs he has held. Those two can motivationally influence perceived behavioral control. It means that the belief is also led by past experiences. Both are experienced by the individual or by other people.

In this study, respondent D2 said that the awareness of paying taxes existed by financial capabilities. So that it is easy for D2 to make tax payments when the payment is about the due even though it is not yet due. It shows that the stable level of business of respondent D2 also encourages the ability to pay taxes on time intentionally without any difficulties in paying them. In contrast to respondent D2, their awareness of paying taxes, respondents D1, D3, D4, and D5 are the opposite. In paying taxes, especially their vehicles, they meet financial problems. The tendency made these respondents put off to pay the tax until the due date. At least it is not

overdue unless they have to pay a fine that will overwhelm them. In fact, according to the D3, if there was no money yet, he would prefer to wait for the tax relief process than asking for a loan. In conclusion, their awareness of paying taxes is because of the financing of their business. When their business is running smoothly and industrious, they will pay on time, along with a better business financial condition. However, if the tax payment comes and the income of their business is low, they tend to behave in postponing tax payments until the financial is stable for paying taxes.

Tax Attitude

Attitudes towards taxation performed by taxpayers are divided into two; compliance and tax evasion or avoidance. These two characteristics are, of course, driven by many things that make individuals in the sense of taxpayers do something. It is related to this research that the statements of taxpayers like respondents D1, D3, D4, and D5, show a fairness attitude in taxation even though they are in unfortunate financial conditions.

In contrast to other respondents, the D2 respondents in this study showed attitudes of the evasion of taxation. It is related to the results of the research that in avoiding the amount of taxes, the respondent D2 divides assets with existing family names. That behavior is due to a large number of assets that they have collected, and the business is running well. However, respondent D2 did not show fairness. The division of names in this property results in the amount of tax imposed on each name divided and small if the tax rate is required. On the other hand, this behavior indicates that respondent D2 is evading the imposition of a progressive tax that he should have paid. If it has been divided into many names, the amount of progressive tax cannot be imposed on the taxpayer.

The attitude of taxpayers in taxation is, of course, the first one is affected by the number of tax rates that will be imposed on taxpayers. It encourages taxpayers to obey or circumvent existing regulations. Thus, trying to find loopholes in tax regulations to avoid the high tax rates being imposed. The Internal Revenue Service (IRS), in his letter through commissioner Murphy (1989), claims that contingent costs will increase taxpayer non-compliance. Meanwhile, in a small range, in the sense that a society whose financial condition is not very good, it shows a fair attitude towards taxation. Although in quotes, the amount of taxes they pay is not very large. The number of taxes is also related to the ability to pay those who have been acknowledged by the tax authorities. The following is a diagrammatic illustration of the factual taxpayer behavior.

CONCLUSION

The attitude of the taxpayer in paying taxes is affected by many factors. Lack of knowledge of taxation encourages an ignorant attitude and does not understand taxation. It indicates that the role of the tax authorities in campaigning and socializing taxation is still low. On the other hand, the complexity and the large number of tax regulations that cannot be easily distinguished by the public encourages an attitude that tends to avoid or avoid taxes. Thus, the lack of knowledge of taxation and the perception of taxpayers towards the tax authorities is a form of attitude toward behavior shown by taxpayers. The second encouragement of attitude is a form of subjective norms through the tax authorities and family. The impetus for the tax authorities is related to tax notification, fines, and social sanctions that taxpayers will receive if they do not pay taxes. Meanwhile, family encouragement is an effort to comply with taxes when it has entered the payment period. Two of them work together to become a social pressure that the terms of the theory are the form of subjective norms.

The awareness of paying taxes is driven by the financial ability of taxpayers. It is in terms of theory as a form of perceived behavioral control. This awareness concerns how much taxpayers can control themselves by considering their ability to pay taxes. Therefore, taxpayers choose to obey or evade taxation. In general, the taxpayer's attitude in paying taxes is determined by the amount of tax they have to pay; so that taxpayers choose to obey or avoid taxation. The importance of the role of the tax authorities and a set of taxation tools is the main thing in the enforcement of a justice tax.

SUGGESTIONS

To enhance taxpayer compliance of MSME sector business actors, taxation agencies in the regions can conduct tax socialization and education for the public more profoundly. Tax socialization and training can be delivered both formally and informally. The presence of tax officers from tax agencies can make it easier for taxpayers to get complete information about taxation aspects in MSME business activities. Tax socialization and education activities also involve volunteer workers for the millennial generation, to support the achievement of taxpayer compliance for the entire community. Also, tax socialization and education can be presented to various communities as well as in the formal educational institutions. Education and outreach regarding tax obligations, tax rates, tax objects, and tax subjects. In subsequent studies, researchers can expand the research area to other MSME groups that are developing in the regional economy. The types of MSME business actors can also be expanded to the fields of processed food, handicrafts and clothing.

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