

# The Effect of Nationalism on Taxpayer Compliance in The Effort to Achieve Regional Economic Development

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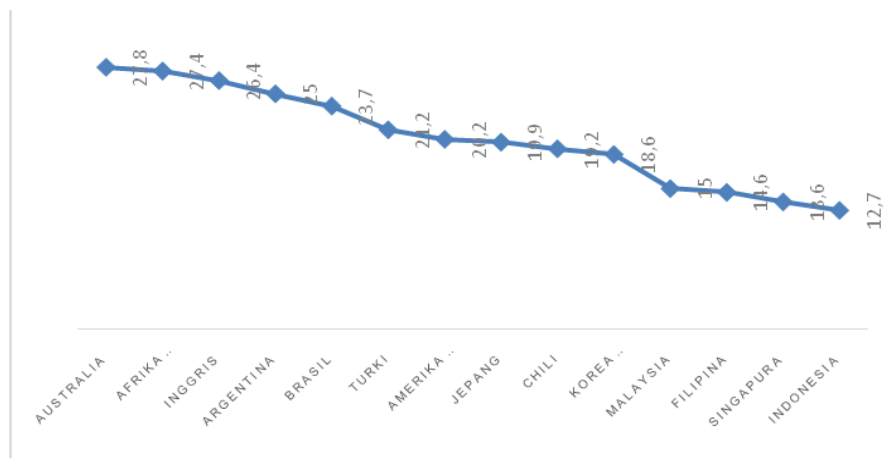
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**Abstract.** Taxes are one of the main priorities of the government in increasing economic growth. In this case, taxes provide the largest contribution to state revenue. Therefore, compliance in paying taxes is a very priority thing done by the government to improve the economy. This study's objective was to determine how nationalism affected taxpayer compliance with the sampling technique method, which involved basic random sampling. Registered taxpayers at KPP Pratama Sukabumi make up the sample. Through the SPSS version 28 test. The findings of this study indicate that nationalism has a major impact on tax compliance because the t-count value on the nationalism variable (X1) is  $4.792 > 1.98422$ , H<sub>0</sub> is rejected, while H<sub>a</sub> is accepted with a significant value of 0.001 0.05. This implies that the spirit of tax compliance is higher the more nationalistic a person is.

**Keywords:** Nationalism, Taxpayer Compliance, Economic Development

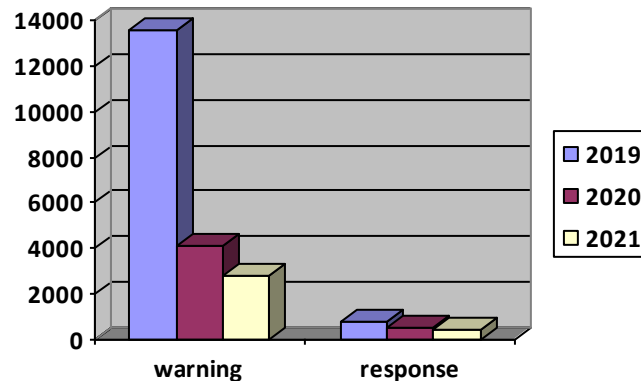
## 1 Introduction

Regional economic development is one of the priority agendas of every regional head. This economic development is directed at regional development so that economic growth can increase. This increase in growth can be influenced by the level of government spending (G), transfer payments (Tr), and taxes (T), which are known as fiscal policy instruments. Taxes are one of the main priorities of the government in increasing economic growth. In this case, taxes provide the largest contribution to state revenue. Therefore, compliance in paying taxes is a very priority thing done by the government to improve the economy.



Graph 1 Tax to GDP Ratio

Based on graph 1 Indonesia has a low rate of tax revenue. This comparison is seen from the tax to GDP ratio with a value of 12.7 percent. This tax ratio is to measure the government's ability to collect taxes from the total economy in other words it is used to assess the performance of tax revenues. This shows that tax compliance in Indonesia is lower than in other countries. In the regional research (2020) of the total 46.38 million taxpayers, only 14.7 million submitted annual tax returns.



Graph 2 Warning Letter Issue at KPP Pratama Sukabumi

Case study at the Sukabumi KPP Pratama, warning letters issued in 2019 before the pandemics were 13,540 letters but taxpayers responded to 830 letters. Taxpayer compliance is only 6% of the total taxpayers owed. This condition also occurred in 2020, 4,101 letters of reprimand were issued with a response of only 556 letters and in 2021, 411 taxpayers out of 2,817 responded, of which each taxpayer's compliance in responding to paying and reporting was only 13.5%, and 14.5%. of the total warning letters issued. The data shows that there is a very large gap that makes taxpayer compliance questionable.

## 2 Theory

Tax compliance is an act that describes being aware and obedient to the taxpayer's tax obligations by carrying out payments and reporting on periodic and annual taxation from a taxpayer who relates both to individuals and business entities[1]. There are two types of compliance, formal compliance and material compliance[2]. Tax compliance is the state in which taxpayers fulfill all of their tax duties and exercise their tax rights. Tax morale, which measures the strength of an individual's inherent incentive to pay taxes (nationalism), is strongly tied to tax compliance itself[3]. Therefore, it is crucial to understand the impact of the level of personal taxpayers' tax compliance so that tax reporting in Indonesia can meet the target.

Increasing state income is highly dependent on individuals paying taxes. Tax compliance is closely related to one's spirit of nationalism. This is a national understanding consisting of awareness and a spirit of love for the homeland, pride as a nation, and the meaning of maintaining the honor of the nation[4]. The relationship between nationalism and tax compliance has been investigated by several references. To increase tax awareness, the attitude toward nationalism must be increased[5]. The indicators of nationalism in tax compliance are (1) proud to be Indonesian people; (2) recognizing the diversity of the Indonesian people; (3) willing to advance the country; (4) willing to build a sense of brotherhood, with the spirit of unity; (5) willing to create a cooperative relationship; (6) have a sense of love for the Indonesian homeland; and (7) placing common interests above own or group interests[6].

Nationalism is related to tax compliance where which shows that the level of trust in the government and the law affects the behavior of taxpayers when fulfilling their tax obligations[6]. This influence will increase compliance, with a high level of compliance, the tax revenue will also be high. An increase in tax revenue will increase state revenue, which will be marked by an increase in GDP, and a positive economic growth rate and have implications for efforts to realize better regional development.

In Nigeria and Ghana tax revenues can be used to encourage economic growth with fiscal policy, there is a positive impact where taxes can be used for regional development [7]. In line with this research, in the long and short term, the role of taxes in China also has a positive relationship, where GDP and VAT have a positive and significant effect[8]. In Indonesia that while taxes are not the primary driver of the economy, changes to the tax structure can have an impact on long-term economic growth, As a result, it is advised to approach tax reform in Indonesia with an equitable distribution of the tax system[9].

Hypothesis

The hypothesis is a provisional response to the research problem formulation, where the research problem formulation is expressed as a series of queries[10]. According to this definition, it is deemed temporary because the solutions offered are only based on the pertinent theory and not yet on empirical evidence gathered through data collecting that took place in the field. The following are the study's hypotheses:

**Ha:** Nationalism affects Tax Compliance

**Ho:** Nationalism does not affect Tax Compliance

### 3 Research Methods

#### Population and Sample

At KPP Pratama Sukabumi, 44,137 individual taxpayers made up the study's population. Simple random sampling was the method of sampling that was employed in this study. the sample used is a registered taxpayer at KPP Pratama Sukabumi and to determine the sample using the Slovin formula with an inaccuracy allowance of 10%.

$$\begin{aligned}n &= N / (1 + (N \times e^2)) \\ &= 44.137 / (1 + (44.137 \times (0,1)^2)) \\ &= 99,77 \\ &= 100 \text{ responden}\end{aligned}$$

#### Data analysis technique

Descriptive quantitative research is the method employed, and SPSS v.28 is utilized for data analysis. The Simple Linear Regression analysis approach was utilized to analyze the data for this study. This is the formula for the simple linear regression model:

$$Y = \alpha + \beta X_1 + \epsilon$$

Where:

Y = Compliance variable

$\alpha$  = Constant

$\beta$  = Regression coefficient

X = Variable nationalism

$\epsilon$  = Standard error

### 4 Result and Discussion

#### Data Analysis Technique

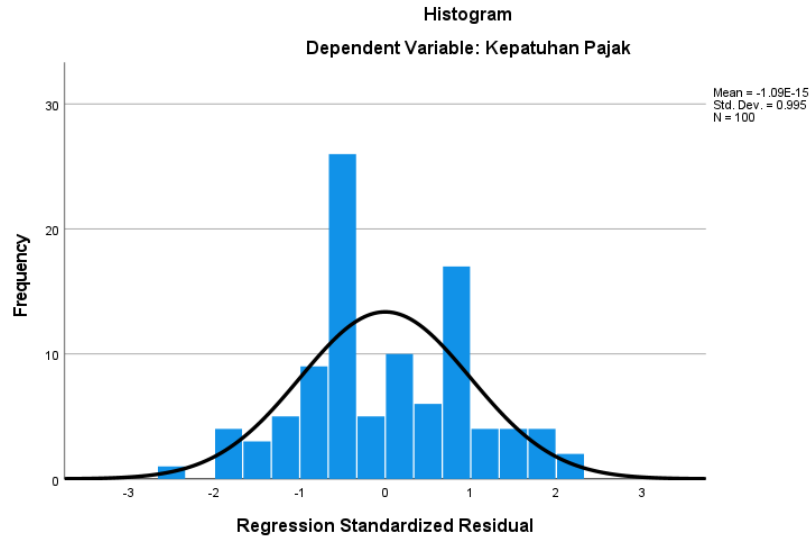
When all research data has been gathered, data analysis procedures are a step in quantitative research that aims to address the formulation of research questions and test put forth hypotheses[10]. Parametric statistics were employed in this study's data analysis method. Utilizing sample data, parametric statistics are used to examine population size[10].

##### 1. Test of Classic Assumption

In simple linear regression analysis using ordinary least squares (OLS), the classical assumption test is a statistical requirement test that identifies the estimation model that satisfies the requirements. Regression using the ordinary least square method will produce a best liner unbiased estimator if it meets the classical assumptions[11].

##### a. Test of Normality

In this study, the normality test is utilized to examine whether or not the research data's findings are normally distributed. Since normality can be determined by examining the histogram of the residuals or the unidirectional spread that follows the data (points) on the diagonal axis, the normality test is shown using the p-plot linear regression test.



Since the histogram graph in the image above is in the shape of a bell and is not tilted left or right, it may be inferred that the study's data are regularly distributed. As can be observed from the normality test results, the data mostly followed the diagonal line's direction and fanned out around it. Because the data conforms to the traditional assumption of the normality test, the results of the normality test can be used to determine if the regression model is regularly distributed or practicable.

**b. Test of Multicollinearity**

The multicollinearity test, which is the following test, is used to examine whether or not the regression model correlates with the independent variables. The tolerance value and VIF can be used to see the multicollinearity test (variance inflation factor). If the tolerance value is less than 0.10 and the VIF value is greater than 10, it is the cutoff value often used to identify the presence of multicollinearity[11]. The following table shows the results of the multicollinearity test:

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	9.948	1.638		6.074	<.001		
Nasionalisme	.220	.046	.436	4.792	<.001	1.000	1.000

a. Dependent Variable: KepatuhanPajak

The results of the multicollinearity test indicate that there are no signs of multicollinearity across independent variables because the VIF multicollinearity test values are less than 10.

**c. Test of Heteroscedasticity**

The heteroscedasticity test is the following procedure employed. The heteroscedasticity test is used to determine whether there is homoscedasticity or heteroscedasticity when there is an inequality in variance from the residuals between one observation and another observation in the regression model[11]. Using the Glejser Test, determine whether heteroscedasticity exists in this study. If the results of the sig test are greater than 0.05 or 5

percent, it can be said that this regression model does not contain heteroscedasticity. This test compares the significance of the Glejser test.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.587	.852		1.862	.066
	Nasionalisme	-.007	.024	-.029	-.290	.772

a. Dependent Variable: ABS\_RES

As can be observed from the aforementioned heteroscedasticity test results, the significant value of the nationalism variable (X1) is 0.772. As a result, it may be said that there is no sign of heteroscedasticity because the variable's significance is greater than 0.05.

## 2. Test of Simple Linear Regression

To ascertain the impact of the independent variable on the dependent variable, a straightforward linear regression test was conducted. The following may be seen from the results of the coefficients produced from the SPSS output based on the results of testing the simple linear regression equation:

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.948	1.638		6.074	<.001
	Nasionalisme	.220	.046	.436	4.792	<.001

a. Dependent Variable: KepatuhanPajak

It is clear from the table above that the equation for basic linear regression is as follows:

$$Y = 9.948 + 0.220X$$

Information:

Y = Tax Compliance

X = Nationalism

From the preceding basic linear regression equation that the constant value of 9.948 illustrates that if the value of nationalism is 0.220, then Tax Compliance increases by 9.948. Assuming the regression coefficient value is a constant variable, a rise in nationalism of 1 will result in a 0.220 increase in tax compliance.

### 3. Test of Hypothesis

To ascertain the individual effects of the independent factors on the dependent variable, utilize the partial test or t-statistical test [11]. Since the level of significance is 0.05, it may be concluded that the independent factors had an impact on the dependent variable. On the other hand, if the significant value is greater than 0.05, it can be concluded that the independent factors in the study had no discernible influence on the dependent variable. The count hypothesis's findings are compared to the table value under the condition that the following choices are made:

1. Ho is rejected while Ha is accepted if  $t_{count} > t_{table}$
2. Ho is allowed while Ha is denied if  $t_{count} > t_{table}$

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.948	1.638		6.074	<.001
	Nasionalisme	.220	.046	.436	4.792	<.001

a. Dependent Variable: KepatuhanPajak

The t-count variable X has a value of 4.792 according to the t-test calculation. The table is 1.98422 and the significant level is 0.05 with  $df = n-1$ , where  $df = 100-1 = 99$ . The Nationalism variable (X1 t-count)'s value is  $4.792 > 1.98422$  if it is compared to the t-table value from the results of the table above. It may be inferred that nationalism has a considerable impact on tax compliance as H is refused while Ha is accepted with a significant value of 0.001 0.05.

### Discussion

#### The Effect of Nationalism on Tax Compliance

Nationalism is an understanding of the teachings of loving the nation and the country itself, namely the nature of nationalism which means more and more animating the nation. A nation's awareness has the power to forge, preserve, and perpetuate its identity, as well as its integrity, prosperity, and strength, as well as its sense of national identity [5]. The indicators of nationalism used are pride, willingness, solidarity, brotherhood, and love.

The more the spirit of nationalism that is owned, the more voluntary to pay taxes for the development of the country. As we know that taxes are the largest source of income for the state, and taxes are an inseparable part of the state budget. (Rp. 2,233.2 trillion) [12].

As a consequence of the study's findings, it can be deduced that the nationalist variable (X1) has a t-count value of  $4.792 > 1.98422$ , which means that H is rejected and Ha is accepted with a significant value of 0.001 0.05. The tax compliance variable is significantly affected by nationalism. The research completed by Abdul Rohim entitled "The Influence of Trust in Authority, Religiosity, Nationalism, and Modernization of the Administrative System on Individual Taxpayer Compliance." The findings indicate a significant and advantageous connection between nationalism and tax compliance. private person. This shows that the higher a person's sense of nationalism, the higher the tendency of that person to obey taxes.

### 5 Conclusion

Economic growth can be created with the compliance of each individual in paying taxes. Based on the research, nationalism and tax compliance have a favorable link. A sense of pride, a sense of togetherness, a sense of brotherhood, and a sense of love are some indicators that might lead to nationalism. Building indicators of nationalism can create a positive climate, it will automatically make every taxpayer pay taxes voluntarily. Tax

compliance can boost national income, which can then be used for the community's benefit to achieve regional economic development.

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