Determinants of Compliance with Hotel and Restaurant Taxpayers in the Theory of Planned Behavior in the City of Denpasar

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Abstract. Taxation is one of the dynamic fiscal policy instruments. Along with the implementation of regional autonomy since 2001, the orientation of the implementation of regional government has shifted from the dependence of the central government to the ability of the regional government itself to develop the region towards community welfare through the excavation of Regional Original Revenue. One source of Regional Original Income (PAD) is derived from the results of regional taxes which include hotel and restaurant taxes. Local taxes use a self-assessment system so that there is a possibility that taxpayers do not comply with their tax obligations. This study examines the determinants of hotel and restaurant taxpayer compliance in the perspective of planned behavior in the city of Denpasar so as to increase the level of tax compliance. The population of this research is hotel and restaurant taxpayers in Denpasar City. The sampling method in this study used the stratified random sampling method with a total sample of 155 with details of 73 hotels and 82 restaurants. This study used a Structural Equation Modeling (SEM) analysis with the WarpPLS version 6.00 program used to test the hypothesis. The results of this study found that the perception of subjective attitudes has a positive effect on intention to obey, perceptions of subjective norms have a positive effect on intention to obey, perceived behavioral control negatively affects intention to obey while perceived behavioral control has a positive effect on taxpayer compliance and intention to adhere to positive influence towards taxpayer compliance.

Keywords: Land Tenure, Foreign Citizens.

1   Introduction

The rise of cases of avoidance and tax collection as a sign that the level of tax compliance is still low. This description is a phenomenon of the contradiction between the systems being implemented, namely the self-assessment system which during this decade cannot realize the main objective of tax compliance. The researcher was interested in analyzing taxpayer compliance, especially for hotel and restaurant taxpayers in Denpasar City. The city of Denpasar was chosen, because Bali Province is the main tourist destination in Indonesia and abroad, where Denpasar is the center of the capital. Thus, the center of business activities and accommodation related to tourism are mostly located in Denpasar City. Compliance with voluntary tax obligations is the backbone of the self-assessment system. [1]

[2] states that the behavior of taxpayers is better explored using a non-economic factor approach outside the economic approach. The focus on creating tax compliance that had been centered on the economic approach then shifted to the social psychological approach, to consider non-economic factors. [3] The social psychological approach is seen to provide a better understanding of the behavior of taxpayers. The psychological approach assumes that an individual is not independent, selfish, and only maximizes utility but they also interact with other humans according to attitudes, beliefs, norms, and roles.[4]

One theory that explains a person's psychological aspects and is often used as a reference for research in behavioral fields in order to explain why someone behaves in a certain way is the Theory of Planned Behavior. The theory of planned behavior shows that human actions are directed by three kinds of beliefs. The three types of beliefs are behavioral beliefs, normative beliefs and control beliefs. Overall trust behavior produces an attitude (attitude). Regarding the theory of planned behavior, someone with an opportunity orientation will consider attitudes, subjective norms and perceived behavioral control in shaping their intention to obey. [5]

This planned behavior theory has penetrated into various fields including taxation. In Indonesia, a lot of research has been carried out in the field of taxation using a theory of planned behavior. However, to the knowledge of research researchers that compliance with local taxes, especially the Hotel and Restaurant Tax within the framework of planned behavior theory is still very limited. Some researchers prove that empirically proving that the attitude of tax compliance, subjective norms, perceived behavioral control and perceptions of taxpayers on the government affect the intention to comply [6]. [7] in his research proves that perceptions of behavior control do not have a significant direct effect on tax compliance, but perceptions of behavioral control have a significant positive influence on intentions and financial conditions have a significant positive influence on tax compliance. [8] empirically proving that taxpayers' optimism has a positive effect on taxpayer compliance and the company's financial condition has an effect on taxpayer compliance.

Current research on tax compliance emphasizes the importance of the impact of non-economic factors on tax compliance. These non-economic factors come from two perspectives. The taxpayer's internal value perspective originates from family, cultural and religious values. This research focuses on professionals in the company in terms of experts in the field of taxation (professional tax) [9]. Research on corporate / taxpayer compliance based on the behavior of employees who handle taxes. The planned behavior theory model used in the study provides a significant explanation that the compliance behavior of taxpayers is strongly influenced by the Behavior Control Perception variable, optimistic attitude and subjective norms.

Knowledge of taxation affects the attitude of taxpayers [10]. Increased knowledge has significance for changing attitudes. The same study proved empirically that the optimism of taxpayers has an influence on taxpayer compliance [8]. An optimistic attitude can encourage taxpayer awareness. [11] show that in order to increase the awareness of taxpayers in paying taxes, they need to get a better understanding of tax regulations. [12] provides empirical evidence that the threat of punishment is less effective in deterring people who have strong intentions to comply with tax laws. Non-compliant taxpayers will have the desire or intention to commit tax evasion [13]

Subjective norms lead to perceived social pressure to carry out certain behaviors or not. subjective norms are formed from normative belief, namely the individual's belief in the normative expectations of an individual or other person who is a reference / which is considered important for carrying out a behavior. The surrounding people have an impact on the taxpayer itself. If people around are considered important and have a positive tax compliance, the taxpayer is obedient in paying taxes, and vice versa if the taxpayer has a negative attitude towards tax compliance, then the taxpayer will tend to avoid and embezzle taxes [13]

[14] prove empirically the perception of behavioral control and employee intention of the tax department which shows that attitudes, intentions and perceptions of individual behavior or behavior control have a positive influence on tax compliance. The intention to behave is determined by three determinants, namely behavioral beliefs, normative beliefs and control beliefs. Sequentially, behavioral beliefs produce attitudes and intentions toward positive or negative behaviors, normative beliefs produce perceived social pressure and control beliefs produce perceived behavioral control.

Perception of behavioral control according to [5] is ease and perceived difficulty in performing behavior. Behavioral control perceptions directly related to the influence of perceived behavioral control in achieving behavioral goals will result in behavioral attention and will subsequently lead to behavior [15]. [7] prove that perceptions of behavioral control have no significant effect directly on tax compliance. Regarding that the perception of employees of the tax department on the control they have is not in accordance with the agency they serve. Both behavioral control perceptions have a significant positive influence on intention. It means that the higher the perception of the employee in the tax department on the control they have will encourage compliance with the fulfillment of tax obligations of the agency they serve.

The view on the importance of the role of the factors mentioned above motivates researchers to focus this research. Factors that are considered to influence tax compliance are: perceptions of behavioral control, optimism of taxpayers, subjective norms, and intentions as intervening variables. Based on this description, an in-depth study of the causes of non-compliance of taxpayers is needed so that the information produced can lead to the right decision makers for parties related to efforts to increase tax compliance. This study attempts to investigate a form of settlement model and new empirical evidence relating to the determinants of hotel and restaurant taxpayer compliance in the perspective of Planned Behavior Theory so that it can improve compulsory compliance as a Denpasar City government strategy in optimizing Regional Tax revenues as a source of financing.

This shows that if a tax professional has a high tax compliance intention, his corporate tax compliance is high as well as tax non-compliance behavior is a behavior based on the intention to disobey or the smaller the tax professional's intention to disobey.

This study examines the determinants of hotel and restaurant taxpayer compliance in the perspective of planned behavior in the city of Denpasar so as to increase the level of tax compliance. The population of this research is hotel and restaurant taxpayers in Denpasar City.

2 Research Methods

This type of research is using quantitative methods. The data used is primary data. Primary data is obtained by using a questionnaire that contains the opinion of the tax department staff about the indicator variables studied using the survey method. The population in this study is the number of hotels and restaurants in the city of Denpasar. By using multi-stage sampling and stratified random sampling, the number of samples was 155 by survey, namely 73 hotels and 82 restaurants.

The data analysis method used in this study is to use the WarpPLS 6.0 program. By using Structural Equation Modeling (SEM) with mediating effects, that is a relationship between exogenous and endogenous constructs through connecting or intermediate variables. This means that the influence of exogenous variables on endogenous variables can be directly but also through supporting variables or mediation. Hypothesis testing uses the WarpPLS 6.0 program. The assumption of WarpPLS is that it does not require the assumption of normal data distribution, because it has been fulfilled with the resampling method.

3 Data Analysis and Discussion

Of the 155 questionnaires distributed, questionnaires that returned and could be processed were 155 (100%). Deskriftif statistics are shown in the following table:

Table 1. Descriptive Statistics

Construk	N	Min	Max	Mean	Standard Deviation
Sikap Subjektif	930	4.00	7.00	5.1989	.81178
Norma Subjektif	930	4.00	7.00	5.5183	.63972
PBC	620	4.00	7.00	5.3435	.72774
Niat Patuh	930	4.00	7.00	5.2452	.80238
Kepatuhan Pajak	775	4.00	7.00	5.5006	.66836
Valid N (listwise)	620				

Source: Primary Processed Data, 2014

The construct built in this study shows a minimum score of 4 and a maximum score of 7. The average value is 5.1989 to 5.5183 with a standard deviation of 0.6392 up to 0.81178. Descriptive statistics show that the average respondent's answer is more than 5 for the overall construct, namely attitudes toward tax compliance, subjective norms, Perceive Behavior Control, Obedient Intention and Tax Compliance. This shows that respondents tend to have a positive attitude towards tax compliance, agreeing that people around tax payers support tax compliance, have a strong level of control in displaying obedient behavior, have a high intention to obey and have high compliance behavior.

3.1 Structural Model Evaluation

The next step is to do structural evaluation (Inner Model) which includes the model fit test (model fit) R^2 coefficient path. To assess the results of a model it is said that the fit in the WarpPLS 6.0 program can be seen from the general results output. It can be seen from the fit indices and p-values showing 10 fit indicators, namely:
a. Average path coefficient (APC) has a value) $p < 0.05$
b. Average R-Squared (ARS) has a value of $p < 0.05$.
c. The Average Adjusted R-Squared (AARS) has a value of $p < 0.05$
d. Average Block Variance Inflation (AVIF) has a value of <5 and ideally 3.3
e. Average full collinearity VIF (AFVIF) has a value of <5 and ideally 3.3

f. Tenenhaus GoF (GoF) has a value of small> = 0.1, medium> = 0.25, large> = 0.36.
g. Sympson's Paradox Ratio (SPR) has a value of> 0.7 and ideally 1
h. R-Squared Contribution Ratio (RSCR) has a value> = 0.9 and ideally 1.
i. Statistical Suppression Ratio (SSR) is accepted if the value is> 0.7
j. Nonlinear Bivariate Causality Direction Ratio (NLBCDR) is accepted if the value> = 0.7

The following are the Fit and quality Indices model tables

<div align="center">Table 2. Model Fit and Quality Indices</div>

Model fit and quality indices	Indeks	p-value	Criteria	Description
Average path coefficient (APC)	0.159	P=0.011	P<0,05	Accept
Average R-Squared (ARS)	0.075	P=0.006	P<0,05	Accept
Average Adjusted R-Squared	0.060	P=0.113	P<0,05	Accept
Average Block Variance Inflation Factor (AVIF)	1.006	≤ 5 and	Ideal ≤ 3,3	Accept
Average Full Collonearity VIF	1.029	≤ 5 and	Ideal ≤ 3,3	Accept
Tenenhaus GoF (GoF)	0.148			Small
Sympson's paradox ratio (SPR)	1.000	≥0,7 and	Ideal = 1	Accept
R-Squared Contribution Ratio (RSCR)	1.000	≥0,9 and	Ideal = 1	Accept
Statictical Suppression Ratio (SSR)	1.000		≥0,9	Accept
Nonlinear Bivariate Causality Direction Ratio (NLBCDR)	1.000		≥0,7	Accept

Source: Primary Processed Data, 2014

In the statement above the value obtained from ten criteria has been fulfilled, so that it can be said that the model has met the requirements of the model fit. The images from the model estimation are as follows:
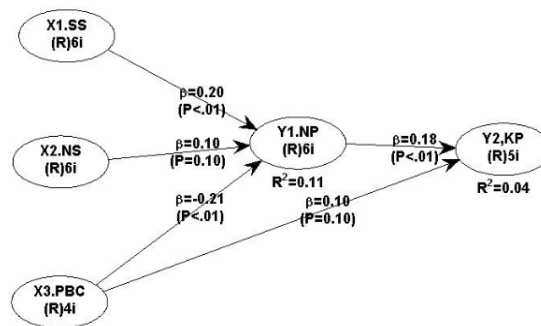

Fig. 1. Model Testing Results

The results of hypothesis testing using WarpPLS 6.0 can be generated as follows:

1. H1: The attitude of taxpayers has a positive and significant effect on intention to behave. Obtained coefficient value of 0.20 and p value <0.01 can be concluded significant at α = 1%

2. H2: Subjective Norms have a positive and significant effect on intention to behave. Obtained coefficient value of 0.10 and p value 0.10 <0.10 can be concluded significant at α = 10%

3. H3: Perceived Control Behavior has a positive and significant effect on intention to behave. Obtained coefficient value of 0.02 and p value 0.10 can be concluded significant at α = 10%

4. H4: Behavioral intention has a positive and significant effect on hotel, restaurant and entertainment taxpayer compliance. Obtained coefficient value of 0.18 and p value <0.01 can be concluded significant at α = 1%

5. H5: Perceived Control Behavior has a positive and significant effect on hotel and restaurant taxpayer compliance. Obtained coefficient value of 0.10 and p value 0.10 can be concluded significant at α = 10%

Supporting hypotheses 1 (H1), hypothesis 2 (H2), hypothesis 3 (H3), hypothesis 4 (H4) and hypothesis 5 (H5) this means that attitudes toward tax compliance, subjective norms, perceived behavioral control have a positive effect on intention to obedient. In addition, perceived behavioral control and intention to adhere to have a positive effect on tax compliance behavior.

4 Conclusion

The results of this study prove empirically that attitudes toward tax compliance, subjective norms and perceived behavioral control influence the intention to comply. Taxpayers who have a more positive attitude towards tax compliance, have a perception that there is a social environment pressure on tax compliance, have higher perceived behavioral control, and have a perception of a better government will have the intention to obey higher. This study also proved empirically that the intention to obey and control perceived behavior had an effect on the behavior of hotel and restaurant tax payer's compliance in Denpasar City.

This study provides recommendations on the importance of intention to comply in order to create tax compliance. The intention to obey itself is determined through attitudes towards tax compliance, subjective norms and perceived behavioral control. Noting this, the results of this study can be used by tax officials to pay more attention to the intention to comply with taxpayers.

This study has several limitations, namely research has a weak generalization aspect because it only applies in Denpasar City. Further research can develop samples not only in Denpasar but all regencies or cities in the province of Bali considering Bali as a world tourist destination, the problem of accommodation in the form of hotels and restaurants is not only centered in Denpasar. In addition, local wisdom variables can also be developed which can later be suspected as variables that affect hotel and restaurant tax compliance.

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