Factors that Determine Tax Compliance: Case Study on Tax Payers in Jabodetabek, Indonesia

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Abstract
While tax serves as a primary national revenue, the data released by the directorate general of tax in 2013 revealed that the level of tax compliance still remained low as indicated by tax ratio and tax gap. This study aimed at analyzing factors influencing tax paying compliance. Income rate, knowledge, moral and perception on corruption occurrences are influencing variables of individuals’ attitude towards tax. Accordingly, individuals’ attitude will determine their compliance level in paying tax. The population of this study was taxpayers registered at taxation offices in JABODETABEK. 387 taxpayers were randomly selected. Data was collected through questionnaires. This research employed SEM to analyze the model. The findings showed that income rate, knowledge, moral and perception on corruption occurrences influenced individuals’ attitude towards tax paying. Tax knowledge appeared as the most dominant variable influencing taxpayers’ attitude. A number of government policies needed reconsideration as implied in the findings.

Keywords: Tax compliance, Tax compliance model, Attitude towards tax.

Contribution of study
This study benefited current taxation system in Indonesia through constructive recommendations. One of which is to reconsider the amount of penalty charged to taxpayers for tax arrears.