



Influence of Tax Knowledge, Socialization, and Sanction on The Decision To Participate In The Voluntary Disclosure Program With Intention As An Intervening Variable: A Case Study At Palembang Ilir Timur Tax Office



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Abstract

This research investigates the influence of tax knowledge, tax socialization, and tax sanctions on the decision to participate in the Voluntary Disclosure Program with Interest as an intervening variable at the East Ilir Palembang Pratama Tax Service Office. One hundred respondents completed questionnaires at the East Ilir Palembang Pratama Tax Service Office. The Partial Least Square Structural Equation Model (SEM-PLS) was the analysis technique. The findings indicate that tax socialization positively and significantly impacts Interest and the decision to participate in the Voluntary Disclosure Program. Other variables, such as tax knowledge and tax sanctions, were found to have no significant influence on Interest and the decision to participate in the Voluntary Disclosure Program. Notably, Interest directly influences the decision to participate in the Voluntary Disclosure Program positively and significantly. It is hoped that this research can be a reference for future research in terms of using variables for similar research.

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1 Introduction

Development is very important for the realization of the desires of the Indonesian people and nation. To finance state expenditures such as development expenditures with taxes is one of the functions of taxes as state revenue (Janges & Pangestu, 2021). Tax revenues account for 76.9% of Indonesia's total state income in 2021 and 78.9% in 2022 (Badan Pusat Statistik, 2022). Unfortunately, taxpayer participation in paying taxes is still uneven due to activities that have not been fully reported to the tax authorities Nurdin et al. (2019) which lead the government to implement the VDP through PMK No. 196/PMK.03/2021. VDP allows taxpayers to voluntarily disclose previously unreported tax liabilities, especially those related to income tax (Aladwani, 2018; Magee et al., 2008).

During the six month of VDP implementation period in Indonesia, as many as 247.918 taxpayers participated in the program. The realized value of assets disclosed by taxpayers was IDR 594.82 trillion and the income tax value deposited by taxpayers reaching IDR 61.01 trillion. Meanwhile, at the DJP Regional Office for South Sumatra and the Bangka Belitung Islands, of the 12 Pratama Tax Service Offices, Palembang Iir Timur Tax Office is the tax office with the largest number of taxpayers participating in the VDP, namely 1.824 taxpayers or 31,45% of the total number of taxpayers participating in the VDP in DJP Regional Office for South Sumatra and the Bangka Belitung Islands. Taxpayers will gain benefits by participating in VDP, one of which is that no assessment will be issued for 2016-2020 tax obligations, unless assets are found to be under-disclosed. To get these benefits, taxpayers are required to pay an amount of money calculated based on the net assets disclosed by the taxpayer. In this research, researchers equate the decision to participate in the VDP with a purchasing decision where in the purchasing decision a consumer makes an exchange between money or a promise to make payment with property rights or use rights for goods and services (Keller & Kotler, 2016).

According to Keller & Kotler (2016), there are five stages in the purchasing process, namely problem recognition, information search, alternative evaluation, purchase decision, and post-purchase behavior. The buying process initiates when the buyer recognizes a problem or need triggered by internal factors or external stimuli (Keller & Kotler, 2016). For taxpayers, concerns about sanction arise if they refrain from participating in the VDP (Rahayu, 2022). During the information search stage, consumers explore products both online and offline. This is also true for taxpayers, who acquire knowledge about the VDP through tax socialization. At this stage, consumers gain information about the program that will influence their purchase decisions. In the alternative evaluation stage, through experiences and learning, consumers form beliefs and attitudes that impact purchasing behavior. Consumers may also develop intention before deciding to buy during this stage.

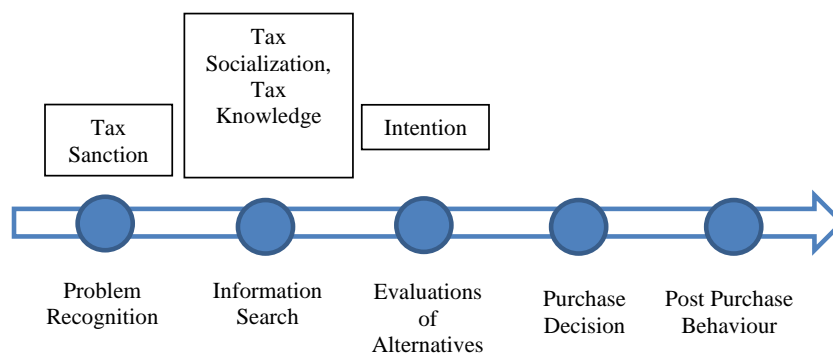


Figure 1. Purchasing Decision Process

Source: (Keller & Kotler, 2016)

A person can have various beliefs about a behavior or action, but when faced with a particular event or event, few of the beliefs that arise influence behavior (Miller, 1956). It is these few salient beliefs that are considered to determine a person's intentions and actions (Ajzen, 1991). Three prominent types of beliefs are distinguished as follows: behavioral beliefs which are assumed to influence attitudes toward behavior, normative beliefs which are the determining factors underlying subjective norms, and control beliefs which are the basis for perceived control over the behavior (Hidi, 2006; Kaish & Gilad, 1991).

Attitude toward behavior is an individual's attitude regarding a behavior that is obtained through beliefs regarding the consequences that can be produced by that behavior, which is called behavioral beliefs (Ajzen, 2020). Behavioral beliefs are a person's subjective possibility or chance that certain results or certain experiences will be obtained by carrying out a desired behavior. Individual attitudes towards VDP can be influenced by their level of tax knowledge. Normative beliefs relate to the possibility of an important individual or group as a reference approving or disapproving of carrying out a behavior (Ajzen, 1991). There are two types of normative beliefs: imperative and descriptive (Fishbein & Ajzen, 2010). These two types of beliefs play a role in the overall social pressure felt to carry out actions or are called subjective norms (Ajzen, 2020). An individual's decision to participate in a VDP may be influenced by their socialization experiences.

Control beliefs are defined as a person's subjective possibility that there will be certain supporting or inhibiting factors in a desired situation (Ajzen, 2020). These control factors include the abilities and skills required; the presence or absence of time, money or other resources; cooperation with others; And so on (Ajzen, 2020). Individuals' decisions to participate may be influenced by their perceived tax sanction. Prior research on factors influencing taxpayers' decisions to participate in the VDP with intention as an intervening variable has yielded inconsistent conclusions. Different studies have reported varying findings regarding the influence of tax knowledge, tax socialization, and tax sanction on the decision to participate in the VDP with intention as an intervening variable (Rose & Wolfe, 2000; Eriksen & Fallan, 1996).

Studies by Ali & Nasaruddin (2020); Wardani & Yunia (2023); Da'le' et al. (2017); Saragih et al. (2020); Nurfadilah et al. (2022); Merkusiwati & Damayanthi (2018) state that tax knowledge has positive influence on intention to participate in VDP. In contrast, research by Ermawati et al. (2018) suggests that tax knowledge has no significant influence on intention to participate in tax amnesty. On the other hand, Afifudin & Pramana (2018) claims that tax knowledge has a negative influence on intention. Similar inconsistencies exist in studies on the influence of tax socialization and tax sanction on intention and the decision to participate in the VDP. Therefore, this study addresses these gaps by investigating the impact of tax knowledge, tax socialization, and tax sanction on the decision to participate in the VDP with intention as an intervening variable at Palembang Ilir Timur tax office.

Conceptual Framework and Hypothesis

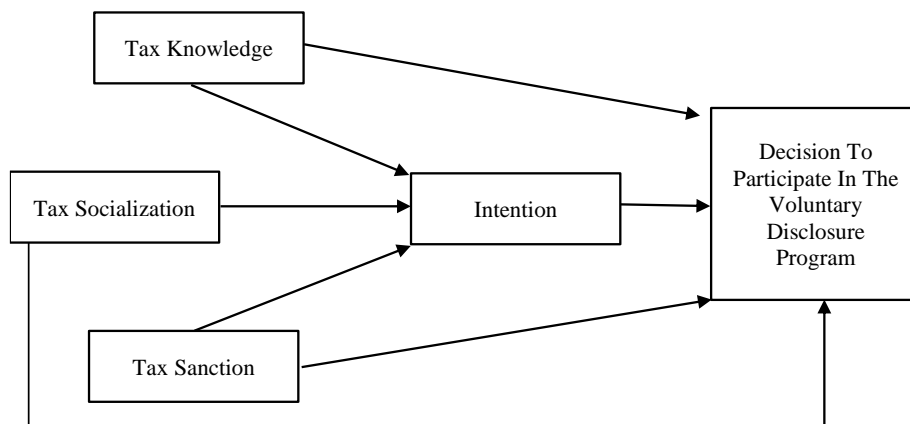


Figure 2. Conceptual Framework
Source: processed by researchers, 2023

Based on this conceptual framework, the hypothesis of this research is:

1. H1: Tax knowledge has positive influence on intention to participate in the Voluntary Disclosure Program
2. H2: Tax knowledge has positive influence on decisions to participate in the Voluntary Disclosure Program
3. H3: Tax socialization has positive influence on intention to participate in the Voluntary Disclosure Program
4. H4: Tax socialization has positive influence on decisions to participate in the Voluntary Disclosure Program
5. H5: Tax sanction has positive influence on intention to participate in the Voluntary Disclosure Program
6. H6: Tax sanctions has positive influence on decisions to participate in the Voluntary Disclosure Program

7. H7: Intention has positive influence on decisions to participate in the Voluntary Disclosure Program

2 Materials and Methods

This research employs a quantitative research design with a causal approach. The population of focus consists of all individual taxpayers registered at the Palembang Ilir Timur tax office. Sample criteria are defined by selecting taxpayers who have participated in the VDP at Palembang Ilir Timur tax office. The sample size for this research is 100 taxpayers. Primary data is collected through a questionnaire presented in Google Form format. The questionnaire is designed to gather information related to tax knowledge, tax socialization, and tax sanction that influence the decision to participate in the VDP with intention as an intervening variable. The distribution of questionnaires will be facilitated by officials at Palembang Ilir Timur tax office via email and WhatsApp (Newberry et al., 1993; Welch et al., 2005).

3 Results and Discussions

Table 1
Results of Direct Influence Analysis

	<i>Path Coefficients</i>	T Statistics
Tax Knowledge → Interest	0,028	0,211
Tax Knowledge → Decision	0,024	0,226
Tax Socialization → Interest	0,467	3,266
Tax Socialization → Decision	0,372	2,756
Tax Sanction → Interest	0,058	0,410
Tax Sanction → Decision	0,061	0,565
Interest → Decision	0,413	3,359

Source: processed from the questionnaire, 2023

Table 2
Results of Indirect Effect Analysis

	<i>Path Coefficients</i>	T Statistics
Tax knowledge → Interest → Decision	0,012	0,210
Tax socialization → Interest → Decision	0,193	2,412
Tax sanction → Interest → Decision	0,024	0,377

Source: processed from the questionnaire, 2023

Table 3
Total Effect Analysis Results

	<i>Path Coefficients</i>	T Statistics
Tax Knowledge → Interest	0,028	0,211
Tax Knowledge → Decision	0,036	0,316
Tax Socialization → Interest	0,467	3,266
Tax Socialization → Decision	0,565	4,840
Tax Sanctions → Interest	0,058	0,410
Tax Sanctions → Decision	0,085	0,734
Interest → Decision	0,413	3,359

Source: processed from questionnaire, 2023

Testing the variable of tax knowledge on intention directly shows a coefficient value of 0,028 with a significance value of 0,211 which is less than 1.96. The analysis results indicate that tax knowledge does not affect the intention to

participate in the VDP. The testing results indicate that Hypothesis 1, which states that tax knowledge has positive influence on intention to participate in the VDP, is not accepted. Testing the variable of tax knowledge on the decision to participate in the VDP directly shows a coefficient value of 0,024 with a significance value of 0,226 which is less than 1,96. The results of the analysis indicate that tax knowledge does not directly affect the decision to participate in the VDP. Testing the variable of tax knowledge on the decision to participate in the VDP indirectly through intention as an intervening variable shows a coefficient value of 0,012 with a significance value of 0,210 which is less than 1,96. The analysis results indicate that tax knowledge indirectly does not affect the decision to participate in the VDP. In total, testing the variable of tax knowledge on the decision to participate in the VDP shows a coefficient value of 0,036 with a significance value of 0,316 which is less than 1,96. The analysis results indicate that tax knowledge does not affect the decision to participate in the VDP. These testing results indicate that Hypothesis 2, which states that tax knowledge has positive influence on decision to participate in the VDP, is not accepted (Savitri, 2016; Gilardi & Wasserfallen, 2016).

Testing the variable of tax socialization on intention directly shows a coefficient value of 0,467 with a significance value of 3,266, which is more than 1,96. The analysis results indicate that tax socialization has positive influence on intention to participate in the VDP. The testing results indicate that Hypothesis 3, which states that tax socialization has positive influence on intention to participate in the VDP, is accepted. Testing the variable of tax socialization on the decision to participate in the VDP directly shows a coefficient value of 0,372 with a significance value of 2,756 which is more than 1,96. The analysis results indicate that tax socialization directly has positive influence on the decision to participate in the VDP. Testing the variable of tax socialization on the decision to participate in the VDP indirectly through intention as an intervening variable shows a coefficient value of 0,193 with a significance value of 2,412 which is more than 1,96. The analysis results indicate that tax socialization indirectly has positive influence on decision to participate in the VDP. In total, testing the variable of tax socialization on the decision to participate in the VDP shows a coefficient value of 0,565 with a significance value of 4,840 which is more than 1,96. The analysis results indicate that overall, tax socialization has positive influence on decision to participate in the VDP. These testing results indicate that Hypothesis 4, which states that tax socialization has positive influence on decision to participate in the VDP, is accepted.

Testing the variable of tax sanction on intention directly shows a coefficient value of 0,058 with a significance value of 0,410 which is less than 1,96. The analysis results indicate that tax sanction does not affect intention to participate in the VDP. The testing results indicate that Hypothesis 5, which states that tax sanction has positive influence on intention to participate in the VDP, is not accepted. Testing the variable of tax sanction on the decision to participate in the VDP directly shows a coefficient value of 0,061 with a significance value of 0,565, less than 1,96. The results of the analysis indicate that tax sanction does not directly affect the decision to participate in the VDP. Testing the variable of tax sanction on the decision to participate in the VDP indirectly through intention as an intervening variable shows a coefficient value of 0,024 with a significance value of 0,377 which is less than 1,96. The analysis results indicate that tax sanction indirectly does not affect the decision to participate in the VDP. In total, testing the variable of tax sanction on the decision to participate in the VDP shows a coefficient value of 0,085 with a significance value of 0,734 which is less than 1,96. The analysis results indicate that tax sanction does not affect the decision to participate in the VDP. These testing results indicate that Hypothesis 6, which states that tax sanction has positive influence on decision to participate in the VDP, is not accepted.

Testing the variable of intention in the decision to participate in the VDP directly shows a coefficient value of 0,413 with a significance value of 3,359 which is more than 1,96. The analysis results indicate that intention has positive influence on decision to participate in the VDP. The testing results indicate that Hypothesis 7, which states that intention has positive influence on decision to participate in the VDP, is accepted.

Table 4
Coefficient of Determination Test Results (R Square)

	R-square value Adjusted R-square value	R-square value Adjusted R- square value
Interest	0,258	0,235
decision	0,516	0,495

Source: processed from questionnaire, 2023

Based on the results of the coefficient of determination (R Square) in Table 4, the explanations are as follows:

1. The adjusted R Square value for the intention variable is 0,235, categorized as weak. This value can be interpreted as tax knowledge, tax socialization, and tax sanction influence intention to participate in the VDP by 23.5%. The remaining 76.5% is influenced by other factors not examined in this study.

The adjusted R Square value for the decision variable is 0,495, categorized as moderate. This value can be interpreted as tax knowledge, tax socialization, tax sanction, and intention influence decision to participate in the VDP by 49.5%. The remaining 50.5% is influenced by other factors not examined in this study.

4 Conclusion

Based on the research and analysis conducted, the following conclusions can be drawn:

1. Tax knowledge does not affect intention to participate in the Voluntary Disclosure Program at Palembang Ilir Timur tax office.
2. Tax knowledge does not affect the decision to participate in the Voluntary Disclosure Program at Palembang Ilir Timur tax office.
3. Tax socialization has positive influence on intention to participate in the Voluntary Disclosure Program at Palembang Ilir Timur tax office.
4. Tax socialization has positive influence on decision to participate in the Voluntary Disclosure Program at Palembang Ilir Timur tax office.
5. Tax sanction does not affect intention to participate in the Voluntary Disclosure Program at Palembang Ilir Timur tax office.
6. Tax sanction does not affect the decision to participate in the Voluntary Disclosure Program at Palembang Ilir Timur tax office.
7. Intention has positive influence on decision to participate in the Voluntary Disclosure Program at Palembang Ilir Timur tax office.

Conflict of interest statement

The authors declared that they have no competing interests.

Statement of authorship

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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