

Individual Taxpayer Opportunities on Tax Compliance: A Case Study in Tso Pratama Jakarta Matraman



Prianto Budi Saptono^{1*}, Muhammad Akbar Aditama²

¹Faculty of Administrative Sciences, Universitas Indonesia

²Tax Researcher Pratama-Kreston Tax Research Institute

Prianto.budi@gmail.com¹, Akbar.aditama@gmail.com²

*Corresponding author

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ABSTRACT

The Organisation for Economic Co-operation and Development (OECD) provides recommendations to improve taxpayer compliance in Indonesia by reducing tax avoidance practices. However, most of the research conducted in Indonesia currently discusses individual taxpayers' economic, psychological or moral factors, intending to encourage taxpayers to comply voluntarily. This research uses a quantitative approach with descriptive analysis techniques and linear regression models with the research located at the Jakarta Matraman Tax Service Office. The analysis results show that third parties as a form of supervision and closing the opportunity for individual taxpayers to avoid tax have a positive and significant effect of 73% on tax compliance. Every Taxpayer has an opportunistic attitude to avoid tax, but if there is supervision from a third party, then the Taxpayer tends to comply with his tax obligations. Thus, tax reporting by third parties can reduce the opportunity for taxpayers to avoid taxes and improve tax compliance.

1. INTRODUCTION

Referring to the OECD Economic Survey of Indonesia 2021 document, the OECD noted that tax efficiency in Indonesia is lower than in many G20 countries and ASEAN countries. This lower tax compliance is due to tax exemptions and lower rates. OECD Senior Economist Andrea Goldstein said Indonesia's tax revenues had been low even before the Covid-19 pandemic. Based on Table 1, explain the tax ratio of Indonesia's tends to decrease over the last five years. Except in 2018 tax ratio increased 0.8% and then went

down in the next year. According to Goldstein (2019), Indonesia has room to improve the current tax system. Efforts to combat tax avoidance and evasion also need to be continued. Until 2019, there are still few individual taxpayers who pay income tax. In 2019, the OECD recorded only 7.6 million individual taxpayers who paid taxes.

Table 1 Comparison of Indonesia's Tax Ratio (in Trillion rupiahs)

Year	Tax Ratio	Realization of Tax Revenue
2016	10,8%	1,283.6
2017	10,7%	1,339.8
2018	11,5%	1,315.93
2019	9,76%	1,332.06
2020	8,3%	1,070.0

Source: Directorate General of Taxes Performance Report, reprocessed

Based on Table 1, the contribution of individual taxes to tax revenues as a whole shows an increase in the ratio of income tax revenues from individual taxpayers compared to the total realized tax revenues. This data can indicate that the income tax contribution of individual taxpayers is starting to be optimal with its increasing tone over the last few years. Tax receipts from individual Taxpayers in Indonesia for 2016 consisted of Income Tax Article 21, Income Tax Article 25/29 for Individual Taxpayers, and 1% Final Income Tax for Micro, Small, and Medium Enterprises, which contributed around 14% to national tax revenue.

Table 2 Income Tax Contribution of Individual Taxpayers to Realization of Tax Revenue (in Trillion rupiahs)

Explanation	2016	2017	2018	2019	2020
a) Income Tax Art 21	109.15	117.8	13.96	148.63	140.78
b) Income Tax Art 25/29	5.3	7.8	9.41	11.23	11.56
c) Total Income Tax Art 21 and Art 25/29 [a + b]	114.45	125.6	144.37	159.86	152.34
d) Total Realization of Tax revenue	1,283.6	1,339.8	1,315.93	1,332.06	1,070
e) Ratio [c : d]	8.90%	9.37%	10.97%	12.00%	14.24%

Source: Directorate General of Taxes Performance Report, reprocessed

Rosdiana (2014) explains that the Withholding Tax System can be an option. This system is implemented in Indonesia by involving third parties for tax deductions. The first

country to use this tax system was the United States, and its goal was to get tax revenue during World War II. In Indonesia, the tax withholding system by third parties came into effect in 2010. Implementing this system was immediately seen in tax revenues in 2010, and 2011 which showed the contribution of the Withholding Tax System to tax revenues reached more than 50% (Pajak.go.id, 2012). Tax revenues from the income category are withheld or collected by third parties such as final income tax and Article 21 income tax as a savior of tax revenue until 2015 because they have a relatively significant contribution to overall tax revenue (Handoko, 2015).

Although there is no convincing evidence that enforcement of third-party reporting is more effective than self-reporting, these findings highlight a significant problem in tax avoidance practices. This critical note does not negate the main finding HJ Kleven (2009), that Denmark's overall low-income tax avoidance rate, shows that almost all taxable income taxpayers (95%) apply to third-party information reporting. Which the probability of detection is very high and tax evasion is providing almost nothing.

In contrast to the income component, which does not rely on self-reporting at all, the level of tax avoidance is quite large. Self-reported income, which represents only 5% of total Revenue, is responsible for 87% of detected tax evasion. That led taxpayers to conclude that overall, tax evasion in Denmark is low, not because taxpayers do not want to cheat, but because they do not cheat because of the widespread use of third-party reporting. (Kommer, 2015). Therefore, a tax system could reach individual taxpayers and supervise their tax obligations. The withholding tax system functions as a solution in closing the opportunity for individual taxpayers to evade.

2. LITERATURE REVIEW AND HYPOTHESIS

Opportunities for Tax Avoidance

Most of the research on tax compliance behavior focused on the willingness of taxpayers to comply or not to comply with their tax obligations. However, many taxpayers do not have the opportunity or the knowledge and resources to evade taxes. Therefore, the ability factor is also very decisive in understanding taxpayer compliance. Opportunity to avoid is the most crucial factor why taxpayers do not comply (Kommer, 2015). The opportunity function as a criminal loophole that allows tax evasion to occur. This tax evasion usually occurs due to weak internal control of tax authorities, lack of in-depth

oversight, and abuse of power. Taxpayers' opportunity for non-compliance is possible in countries that implement self-assessment tax collection mechanisms.

Individuals or business entities could be free to carry out their tax obligations, starting from registering themselves, calculating themselves, paying taxes, and paying taxes themselves. Creates an imbalance in providing information to the tax authorities by giving complete trust to taxpayers. In the tax self-assessment system, the tax authorities need an adequate monitoring system because otherwise, the non-compliance behavior of taxpayers opens up significant opportunities for tax evasion.

Research conducted by Fischer (1992) concluded that taxpayers could desire to cheat; fraud will not occur if the Taxpayer does not have the opportunity to do so. Feld (2002) argues for the importance of distinguishing between intrinsic motivation, where taxpayers comply with their tax obligations because of "civil virtues," and extrinsic motivation, where they pay because of the threat of punishment. He suggests increasing extrinsic motivation with more punitive enforcement policies could resolve intrinsic motivation by making people feel they pay taxes because they have to, not because they want to.

The IRS conducted the IRS study on the Taxpayer Compliance Measurement Program (TCMP). In the United States, from 1963 to 1998, random audit measures of tax non-compliance have provided some information on the details of non-compliance (Kommer, 2015). They showed that unreported income is significantly lower for income tax subject to third-party information (such as wages and salaries) than for revenue categories that are not third-party reporting (such as business revenue). More recent TCMP studies (1996 and 2006) show that income is subject to third-party withholding, and reporting has lower avoidance rates than those only subject to third-party reporting. The reliability of third-party information may differ depending on the reliability of sources of information (employer, a branch of social security, municipalities, chambers of commerce, banks, insurance companies, notaries, companies, (H.J. Kleven, 2009).

The company's role as a provider of third-party information indicates that factors the key to successful third-party-based tax enforcement is a combination of verifiable book evidence, which is common knowledge within the company and a large number of employees.

Kleven et al. has found that tax evasion is varied. It depends on the information environment. They found a shallow evasion rate between 0.2% and 0.9% across various income categories for third-party reported income. The avoidance rate they found for self-employed income subject to Thor reporting was only 0.9%. In contrast, they found a representative 11.6% percentage avoidance rate for total self-employed income Kleven et al. Concluding that their findings suggest that tax avoidance among the self-employed is more significant due to the information environment and non-entrepreneurs are more significant due to the information environment and not due to entrepreneurial aspects (such as the absence of deductions or preferences) (Kleven, 2011)

This finding is in line with the opinion of Slemrod (2007), who suggests that if taxable income is under third-party reporting, the level of audit poor proxy for the probability of detection in tax evasion. Systematic matching of information reports with income tax returns will reveal discrepancies and provide proof of detection. Thus, taxpayers who reportedly income tax only by third-party could not cheat on their taxes. Enforcement resources are better spent on third-party information reporting than traditional self-reported items audits (Self Assessment System). The researcher suggests any research and experimental to establishing a theory of tax enforcement centered on third-party reporting by companies and to explore the role of corporations in the tax system more generally ((Slemrod, 2007); (H.J Kleven et, 2009))

Withholding Tax System

The tax withholding system is a tax collection system that authorizes third parties to withhold or collect taxes owed by taxpayers (Mardiasmo, 2016). This tax withholding system is designed to obtain large amounts of tax revenue more quickly, does not require high costs, and is very effective for collecting income taxes. This system collects taxes directly when income is paid in the current year to collect tax receipts faster. In line with Nurmantu's statement that the tax deduction system facilitates and saves collection administration costs (administrative costs), taxpayers whose tax deducting feel comfortable because their obligations have been fulfilled, namely paying taxes. Rosdiana argues (2014) that the Withholding Tax System can be an option to reduce tax avoidance practices.

Tax Non-compliance

Everyone will always have the character to avoid taxes, from registering to paying taxes to avoid risk. Allingham and Sandmo (1972) also suggest that authorities use deterrent factors such as audits and fines as the only strategy to make individual taxpayers compliant. In line with this statement, Kirchler (2007) explains that the notion of tax non-compliance is that taxpayers fail to fulfill their tax activities starting from wrong calculations, untimely reporting, and concealment of real income.

Research from New Zealand conducted by Saad (2010) shows that the government needs to promote tax non-compliance, including tax knowledge and simple tax administration. Another study on tax non-compliance found that tax non-compliance strongly influences information about the imposition of the size or dimensions of business entities and the stimulus in taxation. These results become valuable information for tax institutions in a country by initiating breakthroughs by strengthening tax knowledge

Perceptions, attitudes, and behavior of taxpayers are part of various elements of tax non-compliance. Another finding conducted by Rosid et al. (2017) examines taxpayers' assessments of bribes having a solid impact and relationship for tax negligence. This paper advises the tax authorities in Indonesia that many taxpayers do not report their actual income or salary because of corruption's inherent and entrenched element. Other factors that make taxpayers non-compliant could be adult age, occupation, and the number of entrepreneurs in one household, which shows varying results among self-employed taxpayers. The information is beneficial for the tax authorities in developing policies. It approaches taxpayers with certain types of work and specific age groups, for example, through audit actions and strategies for entrepreneurial taxpayers, providing a way of hope for whether taxpayers experience a decrease in income (Herb, 2011).

Research Model

The research framework in this research is influencing the perceived opportunity to evade (X) variable on the individual taxpayer compliance (Y). According to Kommer (2015), the opportunity to avoid is the most crucial factor why taxpayers do not comply. This opportunity is used as a criminal loophole that allows tax evasion. That opportunity usually occurs due to weak internal control of tax authorities, lack of in-depth oversight, and abuse of power. Taxpayers' opportunity for non-compliance is possible in countries

that implement self-assessment tax collection mechanisms. Taxpayer Compliance Measurement Program (TCMP) studies provide unreported income is significantly lower for income categories subject to third-party information (such as wages and salaries) than the other side (such as business revenue) (H.J. Kleven, 2009). Thus, taxpayers who reported income tax only by third-party could not cheat on their taxes. Enforcement resources are better spent on third-party information reporting than traditional self-reported items audits (Self Assessment System). The researcher suggests any research and experimental to establishing a theory of tax enforcement centered on third-party reporting by companies and to explore the role of corporations in the tax system more generally ((Slemrod, 2007); (Kleven et, al, 2009).

3. RESEACH METHOD

The research approach used in conducting this research is quantitative. This research departs from a Phenomenon gap in Indonesia and proves the hypothesis about a fact. In analysis, the phenomenon requires a series of tests using numbers obtained from the questionnaire results, which will then interpret the data processed using the theory of opportunity for tax avoidance (perceived opportunity to evade). The study chose using a population of individual taxpayers registered at TSO Pratama Jakarta Matraman.

The explanation in this study used data interpretation from the Likert scale model with the results to measure individual attitudes or opinions. This study aimed to measure individual taxpayers' attitudes regarding the opportunity to avoid taxes and affect tax compliance. Furthermore, the questionnaire data that have been tabulated will be carried out several series of parametric tests by descriptive analysis and linear regression methods. The method chose to determine the relationship between the independent variable and positive or negative. So this study aims to measure the attitude of individual taxpayers regarding the opportunity to avoid taxes.

The population in this study were private individuals at TSO Pratama Jakarta Matraman. The researchers chose according to the problem raised in the study. Furthermore, the sampling technique used is non-probability sampling with accidental sampling (convenience sampling). This technique takes research samples based on chance. Anyone who meets by chance meets the researcher can be used as a research sample if that person has criteria that match the target respondent. Wardianto (2020), in his research,

stated that the number of taxpayers recorded at the Tanah Abang KPP was 28,000 Taxpayers, so the number of samples needed was 160 taxpayers. Rinrin (2020) added that research conducted at the Tax Service Office (TSO) Pratama Duren Sawit, East Jakarta, obtained 104 taxpayers. Furthermore, in their research, Ngadiman and Husein (2015) stated that the population in the study of individual taxpayers registered at the TSO Pratama Jakarta Kembangan was 38,790 individual taxpayers. Hence, the number of samples taken was 100 individual taxpayers.

The research location chose using the accidental sampling technique at TSO Jakarta Matraman. The research location chosen by the number of registered and compliant taxpayers paying taxes is higher than in other locations. The information is evidenced by comparing the respondents at TSO Tanah Abang TSO Jakarta Kembangan, and TSO Duren Sawit, ranging from 100-160 taxpayers. Then the researchers went directly to the field to distribute questionnaires. The researchers got a total of 180 respondents who were registered and accidentally met at the TSO Pratama Jakarta Matraman. So, the respondents' criteria came from individual taxpayers registered at TSO Pratama Jakarta Matraman, with a total of 180 individual taxpayers.

4. RESULT AND DISCUSSION

Result of Regression Analysis

This study uses the theoretical framework perceived Opportunity to Evade by Kleven et al. (2009), which states that the opportunity to allow tax avoidance is due to the weak internal control of the tax authorities, the absence of supervision. Depth, as well as abuse of power. The situation is possible because they are given the freedom to carry out their tax obligations, starting from registering themselves, calculating themselves, paying taxes, and paying taxes themselves. Report taxes owed. Based on the study results, it was found that individual taxpayers who were registered at TSO Pratama Jakarta Matraman agreed to the opportunity for tax avoidance if the Taxpayer carried out his tax obligations independently (Self Assessment System). It is necessary to use quantitative analysis to answer the research questions posed by using a linear regression analysis model. This proof is intended to test the variation of a regression model used in explaining the independent variable (X) to the dependent variable (Y) by testing the significance of the regression coefficient.

Based on calculations with the help of the SPSS 20.0 for windows program obtained as follows:

Table 3 Regression Coefficient Value

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 Constant	5,755	1,558		3,693	0,00
X Perceived opportunity to evade	0,779	0,35	0,855	22,035	0,00

Source: Adapted back by the author

The results obtained are included in the equation. The regression equation is obtained as $Y = 5.755 + 0.779X_1$. Based on the results of hypothesis testing with t-count and t-table test instruments, the t-count value on the Opportunity for Tax Avoidance (X) variable is 22.035 with a significance level of 0.000. Then the t-table value is 1.65346, so the t-count value > t-table value (22.035 > 1.65346). As well as reviewing the significance level of $0.000 < 0.05$, H_0 is rejected, and H_1 is approved. From this equation, it can be interpreted that third parties positively influence reducing opportunities for taxpayer avoidance, and efforts to improve tax compliance are proven true. Opportunity for Tax Avoidance variable has an individual and significant effect on tax compliance. As for knowing the magnitude of the influence of third parties on the opportunity for taxpayers to do tax avoidance, it is possible to review the analysis of the coefficient of determination and correlation coefficient. The calculation of the coefficient of determination of this study can be seen in the following Table 4.

Table 4 Result of Calculation of The Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Perceived opportunity to evade	.855 ^a	.732	.730	2.704

Source: Adapted back by the author

According to Table 4, the value of the correlation coefficient (R) is 0.855, and the "coefficient of determination (R Square)" is 0.732. It can be concluded that: there is a

relationship between the independent variable (opportunity in tax avoidance) on taxpayer compliance of 73.2%.

According to Sugiyono, the guidelines for interpreting the correlation coefficient are as follows:

0.00 - 0.199 = very low

0.20 - 0.399 = low

0.40 - 0.599 = moderate

0.60 - 0.799 = strong

0.80 - 1,000 = very strong

Based on the interpretation of the correlation coefficient above, the value of $r^2 = 0.732$ is in a solid relationship. It can be concluded that the opportunity for tax avoidance and taxpayer compliance has a strong relationship. The value of means the tax compliance variable ranges between 3.73 to 4.41 and has a value of 3.97 is included in the agreed category, namely $3.40 < x < 4.20$. The result shows that respondents have an attitude that agrees with the opportunity for tax avoidance so that tax non-compliance arises.

According to Kleven's (2011) research, taxpayers' dare to tax avoidance is influenced by several factors, including opportunities or opportunities and imperfect policies and tax administration of a country. The opportunity for tax avoidance has a positive effect on taxpayer non-compliance. The value is included in the agreed category, meaning that the Taxpayer agrees that a third party influences the Taxpayer's opportunity to do tax avoidance at TSO Pratama Jakarta Matraman.

However, third parties only withhold or collect the tax payable and deposit it to the tax office. However, the Taxpayer also should report evidence of tax withholding by third parties to the tax office to report the tax return. If the Taxpayer intentionally or unintentionally does not report the SPT, the Taxpayer does not comply, so the decision to fully fulfill the tax obligations remains in the Taxpayer's hands. That statement is also supported by research conducted by Nzioki and Peter (2014), where third parties have closed the opportunity for taxpayers to evade taxes. However, third parties do not influence tax compliance for homeowners in Kenya.

Furthermore, the implementation of tax obligations by being collected or withheld through a third party has an impact because it can close the opportunity for the Taxpayer to make more effective evasion of the categories of wages and salaries collected or deducted by the office where the employee works. This evidence is from the Taxpayer Compliance Measurement Program Study (TCMP) conducted by the IRS in the United States from 1963 to 1998, which measured tax non-compliance with random audits (Kommer, 2015). This study shows that underreported income is significantly lower for income categories subject to third-party information (such as wages and salaries) than those not subject to third-party reporting (such as business income).

Concept of Perceived Opportunity to Evade

Tax evasion has been a classic problem for a long time and remains there today. The causes of tax avoidance practices can be explained through the concept of the fraud triangle by Donald Cressey in the early 1950s (1950), (1) There is an opportunity for fraud, and (2) rationalization of the planned violation. Morales et al. (2014) explain the concept of opportunity mentioned by Cressey. If a person commits an Action, he must always have felt the possibility of committing fraud. The same applies to tax evasion. An evasion practice necessarily involves some kind of opportunity that individuals perceive to avoid and poses an obstacle to tax compliance.

Most of the research on tax compliance behavior is focused on the willingness of taxpayers to comply or not to comply with their tax obligations. However, many taxpayers do not have the opportunity or the knowledge and resources to evade taxes. Therefore, the ability factor is also very decisive in understanding taxpayer compliance. Opportunity to avoid is the most crucial factor why taxpayers do not comply (Kommer, 2015). This finding follows Tacket et al.'s (2006) statement that if the individual does not have the opportunity for fraud, there may not be a fraudulent practice. In the context of taxpayer compliance, the fraudulent practice in question is the practice of avoidance by individuals to reduce or even eliminate the tax burden owed. This opportunity is used as a criminal loophole that allows tax evasion. The opportunity usually occurs due to weak internal control of tax authorities, lack of in-depth oversight, and abuse of power. Taxpayers' opportunity for non-compliance is possible in countries that implement self-assessment tax collection mechanisms. A person or business entity is given the freedom to carry out their

tax obligations, starting from registering themselves, calculating themselves, paying taxes, and paying taxes themselves, so non-compliance arises.

Most people think tax non-compliance is the opposite of tax compliance. However, this is not an intentional or unintentional act committed by the Taxpayer (Allingham, 1972). However, Jackson and Milliron (1986) argue that the failure factor of a person or business entity to carry out its tax obligations under tax regulations properly is due to a complicated understanding or different interpretation of business processes and tax regulations. From the results of their research, Allingham and Sandmo (Income Tax Evasion: A Theoretical Analysis, 1972) argues that no one wants to pay taxes sincerely (voluntary compliance). This finding is supported by the explanation of Feld (2002). Feld explains that everyone has an internal motivation to avoid taxes, such as reducing the amount of income reported to the tax office compared to the amount of income received, hoping that the tax burden owed to be paid will be smaller. In the context of individual income taxes, some taxpayers have more opportunities to avoid taxes than others. For example, it is easier to successfully evade taxes concerning cash income than goods with a paper trail (Pomeranz, 2015). Thus, the opportunity to evade may be limited through the use of third-party withholding and information reporting (Dugan, 2019).

Withholding at source involves the retention of some tax before it is paid to the Taxpayer, reducing the Taxpayer's liability to avoid paying more (but increasing the opportunity for the withholder to run away with tax money) (Service, 2016). Information reporting involves a paper trail that makes payments visible to tax authorities: taxpayers receive information reports containing amounts paid and other information (Lederman, 2007). Taxpayers can omit the amount included in the information report from returns, but simple document matching is likely to detect it (Buttonow, 2017). That clear transparency should prevent tax evasion.

Furthermore, IRS statistics support the intuitive notion that as the information the IRS has on income items declines, voluntary compliance also declines:

**Table 5 Reported and Withheld Revenue by Third Parties and
Estimated Voluntary Compliance Rate**

Types of Revenue	Estimated Voluntary Compliance Rates
Revenues include in third-party information reporting and withholding	99%
Revenue included in third-party information reporting	93%
Revenues included in some third party information reporting	81%
Revenues with little or no information reporting by third parties	37%

Source: Internal Revenue Service, 2016

The Internal Revenue Service (2016) findings show a relationship between the types of income included in the authority of third parties to report information and make deductions with types of income that are little or not reported and withheld by third parties. It is explained in Table 5 that there is a decrease in the estimated level of voluntary compliance when individual income is not fully reported and deducted by third parties.

The simulation does not prove causality between the types of income reported and withheld by third parties and those reported independently by individuals. Nevertheless, this simulation may indicate an effort to improve tax compliance by giving third parties the authority to report information and withhold income received by individuals. This action is by the concept of the speed bump, where a system is formed structurally, which aims to monitor and prevent individuals from making mistakes.

In this context, it means a structural system that acts as a deterrent to taxpayers from avoiding tax. Without structural features, enforcement typically relies on monitoring to prevent violations in the context of driving, which often involves police officers. However, law enforcement can also use monitoring devices such as radar or cameras to detect evaders (Lederman, 2019). This system involves a third party (generally someone who has no ties to the Taxpayer) and helps monitor taxpayer compliance. The IRS estimates timely and voluntary tax payments concerning income subject to withholding of 99% (Service, 2016).

The Role of Third Parties in Tax Compliance

Three options can achieve tax compliance: (1) Taxpayers comply with their tax obligations voluntarily (Voluntary Compliance), (2) Taxpayers comply with tax obligations

due to law enforcement carried out by tax authorities (Law Enforcement), and (3) Taxpayers comply with their tax obligations because they can not do tax avoidance or can also be referred to as creative compliance because they inadvertently comply with tax obligations.

Most of the research on taxpayer compliance behavior is based on three factors, namely, economics, psychology, and legal awareness. However, few studies discuss the ability of taxpayers to find opportunities for non-compliance. This withholding or collection system by a third party closes the opportunity for the Taxpayer not to report the income or income earned because the third party has withheld or collected it. Then the third party also should report the withheld income or income and provide proof of deduction to the Taxpayer.

Therefore, the Taxpayer cannot avoid paying the tax office's tax because a third party has withheld it. Thus, taxpayers comply to fulfill their tax obligations by reporting the tax withheld on the withholding evidence into the tax return. The Taxpayer unconsciously has complied, even though the Taxpayer had the intention to disobey at the beginning. Taxpayer compliance is the (voluntary) willingness of taxpayers to fulfill tax obligations by applicable regulations without violating obligations so that there is no need for examination, investigation, and legal or administrative sanctions (Gunadi, 2005).

Meanwhile, Rahayu (2010) divides two types of compliance: formal and material compliance. Formal compliance is a requirement for taxpayers to fulfill their tax obligations—formal obligation. Following the applicable provisions in the Law on General Provisions of Taxation, Material compliance is a condition when the taxpayer has complied with the material provisions of taxation in substance regarding the tax law. Suppose the taxpayer has submitted the Annual Income Tax Return before or on March 31. Taxpayers can be said to have fulfilled material compliance if the Taxpayer has filled out the Tax Return honestly, ultimately, and correctly following the General Taxation Provisions and submitted the tax return to the registered TSO before the deadline for fulfilling tax obligations independently.

However, there is a condition that the taxpayer has met the formal requirements. However, the contents in the tax return do not necessarily meet the material requirements. Thus, the predicate of formally compliant taxpayers is when they are disciplined and

obedient in paying taxes. Even though the tax payment has a small nominal, it will get the predicate of an obedient taxpayer compared to taxpayers who are in arrears in payment even though the tax payable has a large nominal (Rahayu, 2010).

Feld (2002) suggests that everyone has an internal motivation to avoid taxes, such as reducing the amount of income reported to the tax office compared to the received amount, hoping that the tax burden owed to paying will be smaller. In addition to the practice of reducing income reporting, there are also tax avoidance practices such as not paying taxes at all in the hope of not reducing the income received (take-home pay). This is an attitude of seeking opportunities (opportunistic) for every taxpayer to avoid tax. However, if there is supervision from a third party (outside the tax office and Taxpayer), the taxpayer tends to comply with his tax obligations.

Therefore, when the office where the individual taxpayer works as a third party withholds or collects the income received by the taxpayer, it can close the opportunity. This system of withholding or collection by third parties can also apply to withholding or collecting income tax art 21 for employees. The system can also apply to entrepreneurs and entrepreneurs, in line with Kleven et al.'s (2009) findings, which clarify the main problems in tax avoidance with a case study in Denmark. This finding shows that low-income tax evasion rates are low, with tax compliance reaching 95% on income reported by third parties due to the very high probability of detection. An individual taxpayer gets the wages or income needed to be withheld or collected by a third party. The Taxpayer cannot avoid or manipulate the amount of income received.

In the context of the role of third parties in the implementation of entrepreneurs and entrepreneurs, it applies through VAT deductions by taxable entrepreneurs. Further explanation, a third-party withholding or collection system is also implemented for income tax art 22 and art 23. In this type of tax, a third party (the Taxpayer's counterpart) also has the authority to calculate, collect or withhold, report to the tax office and provide proof of deduction to the Taxpayer.

5. CONCLUSION

Based on the results of data analysis on the opportunity for taxpayers to avoid tax in terms of the theoretical framework of opportunity in tax avoidance (Perceived Opportunity to Evade). The analysis results show that third parties as a form of supervision and closing

the opportunity for individual taxpayers to avoid tax have a positive and significant effect of 73% on tax compliance. Every Taxpayer has an opportunistic attitude to avoid tax, but if there is supervision from a third party, then the Taxpayer tends to comply with his tax obligations. Thus, tax reporting by third parties can reduce the opportunity for taxpayers to avoid taxes and improve tax compliance.

In line with Feld (2002), taxpayers' motivation to comply with their tax obligation is because of the threat of punishment. The importance of distinguishing between intrinsic motivation, where taxpayers comply with their tax obligations because of "civil virtues," and extrinsic motivation, where they pay because of the threat of punishment. Feld (2002) suggests that increasing extrinsic motivation with more punitive enforcement policies could resolve intrinsic motivation by making people feel they pay taxes because they have to, not because they want to. Based on the results of data analysis, finding that taxpayers feel they have no opportunity in tax manipulation when third parties carry out tax reporting.

Alingham and Sandmo (1972) have stated, a third party has a role as a supervisor and an extension of the tax authority to reach out to taxpayers to encourage them to comply with their tax obligations and close the opportunity for taxpayers to avoid taxes. Even though third parties have suitable duties and functions, the tax office also needs to pay attention to the implementation of withholding or collection made by third parties. That is because there is a possibility for third parties not to deposit taxes owed that have been withheld or collected to the tax office. Meanwhile, the study of compliance in corporate Taxpayer, anatomy of compliance shows that firms are relatively compliant with third-party information on the extensive, intensive, and payment margin (Brockmeyer, A & Marco, 2016)

Therefore, even though third parties assist the tax office, it is necessary to pay close attention so that the tax has been withheld deposit without any deductions. The critical condition for deceptively withholding information are specified and critically addressed (Marta, D, 2020). The withholding information can occur in income categories subject to third-party information such as wages and salaries. That is because third parties have the authority to withhold or directly collect income received by taxpayers—accepted by taxpayers and authority to withhold or collect without waiting for the individual Taxpayer's approval. It is proven that one solution to encourage taxpayer compliance can be to use the

role of a third party who has the authority to withhold or collect taxes owed. It may close the opportunity for taxpayers to not comply with their tax obligations, and empirically proven if the Taxpayer does not have the opportunity to disobey, it can encourage taxpayer compliance.

6. LIMITATIONS AND SUGGESTIONS

The research chose purposive sampling to have an impact on determining respondents who did not explain their income group, education, or other factors that might affect the respondents' assessment in answering the questionnaire. Recommendation to the further research could use a purposive sampling technique to determine respondents from certain income groups or groups of respondents from specific education in answering the questionnaire.

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