



The Impacts of Tax Examinations, Tax Sanctions and Tax Hostage (*Gijzeling*) on Taxpayers' Formal Compliance

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ABSTRACT

INFO ARTIKEL

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The purpose of this study is to determine whether there are impacts of tax audits (X1), tax sanctions (X2), and tax holdings (X3), on formal compliance of taxpayers (Y). The population in this study is the taxpayers registered with KPP Cibitung who live in RW 030 Tambun South. The samples consist of 100 taxpayers using an explanatory sampling method. This type of research is quantitative. The data analysis uses multiple linear regression analysis with SPSS version 25.0 program.

Based on data analysis, the results of this study indicate that partially tax audits (X1), tax sanctions (X2), and tax hostage (*gijzeling*) (X3) have a significant positive effect on taxpayers' formal compliance (Y). Meanwhile simultaneously tax audits (X1), tax sanctions (X2) and tax hostage (*gijzeling*) (X3) have significant positive effects on taxpayers' formal compliance of (Y), with an Adjusted R Square value of 0.444 or 44.4%.

Keywords: Tax Audits, Tax Sanctions, Tax Hostage (*Gijzeling*) and Taxpayer Formal Compliance

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INTRODUCTION

National development is currently ongoing and continuously aimed at improving the welfare of the people. To be able to realize this objective, it is necessary to consider the issue of development financing. One form of efforts to realize the independence of a nation is in the form of a tax that is used to finance the development so that it is useful for the common good (Waluyo, 2013).

Based on BPS data in 2018, the level of contribution of tax revenues to the government budget (APBN) averaged more than 75%, while in 2017 the level of tax revenue contribution reached 84.9%.

According to (Tiraada, 2013), it showed that domestic tax revenue has a contribution and is used as substantial support in national development and financing of state expenditures.

The realization of formal compliance of taxpayers is predicted to be not as active as material compliance which can be measured from the growth of tax revenue as of September 2018, which grew by 16.5%. The Directorate General of Taxes data shows that the realization of formal compliance up to September 2018 was 12.15 million taxpayers or 69.03% of the target set at 17.6 million taxpayers.

The problems that often occur are always related to tax collection where the citizens' willingness to fulfill their tax obligations is still low, especially not to tax arrears (Alfiyah & Latifah, 2017). Therefore, in order to reduce the high tax arrears, the tax audit, tax penalties, as well as tax hostage-taking (*gijzeling*) as the guidance and supervision of the taxpayers are needed to make sure obedient on the corridor of taxation (Surliani & Kardinal, 2014).

The examination carried out in the form of activities to collect and process data, information or evidence which are carried out objectively and professionally based on an examination standard to test compliance with the fulfillment of tax obligations and for other purposes, in order to carry out the provisions of tax legislation (Muljono, 2019). This is supported by the research conducted by (Kamila, 2010), (Setiawan, 2014), (Mutia, 2014), (Dewi & Supadmi, 2014), and (Primaguna, 2018), which explains that tax audits have a positive effect on the level of taxpayer compliance.

According to (Indriyani & Askandar, 2018) and (Winerungan, 2013), the other factors that can affect the level of taxpayers compliance are tax penalties imposed on the taxpayers who do not comply with the rules in the taxation law. The tax penalties imposed to taxpayers can be in the form of fines, higher interest, and hostage-taking.

Tax sanctions can also be said as a guarantee of the provisions of tax legislation (tax norms) that will be followed/obeyed/complied with. In other words, tax sanctions are a means of preventing taxpayers from violating taxation norms (Mardiasmo, 2018). This is supported by the research conducted by (Susmita & Supadmi, 2016), (Efendy, Handayani, & ZA, 2015), (Oladipupo & Obazee, 2016), which states that the firmness of tax sanctions has a positive and significant effect on taxpayer compliance.

Meanwhile, (Santoso, 2014) explains that tax hostage (*gijzeling*) is a factor that affects the level of taxpayer compliance. The hostage-taking is the temporary restraint of the taxpayer by placing it in a certain place. This is the last action taken to provide a deterrent effect to taxpayers who do not fulfill their obligations (Agustinah, 2009). But according to the research conducted by (Wahyumurti, 2005), it found that hostage-taking has not provided a maximum deterrent effect to taxpayers.

LITERATURE REVIEW

According to the (*Undang-Undang No. 28 Tahun 2007*, 2009) Republic of Indonesia Act No. 28 of 2007, taxes are the outstanding contributions of taxpayers to the state owed by individuals/entities that are forcing based on the law by not getting reciprocity directly and used for the needs of the state for the maximum prosperity of the people.

Formal Taxpayer Compliance

According to (Rahayu, 2017), formal taxpayer compliance is a tax law that contains provisions on how to turn material tax law into reality in accordance with the provisions in tax laws.

Tax Audits

In accordance with the Article 1 of the KUP Law (Act No. 28 of 2007), a tax audit is a series of activities that collect and process data, information, or evidence that are carried out objectively and professionally based on an inspection standard to test the compliance with the fulfillment of tax obligations and for other purposes in the context of carrying out the provisions of tax legislation.

Tax Sanctions

According to (Mardiasmo, 2018) tax sanctions are guarantees that the provisions of tax legislation (tax norms), will be followed/obeyed /complied with. In other words, tax sanctions are a means of preventing taxpayers from violating taxation norms.

Tax Hostage (*Gijzeling*)

According to (Muljono, 2019), tax hostage (*gijzeling*) is the temporary restraint of a taxpayer' freedom by placing it in a certain place. The hostage is still carried out against the Tax Insurer which has been carried out prevention but does not result in the elimination of tax debt and the cessation of tax collection.

Research Hypothesis

- a. : Partially, tax audits have a positive effect on taxpayers' formal compliance.
- b. : Partially, tax sanctions have a positive effect on taxpayers' formal compliance.
- c. : Partially the tax hostage (*gijzeling*) has a positive effect on taxpayers' formal compliance.
- d. : Simultaneously tax audits, tax sanctions, and tax hostage (*gijzeling*) have positive effects on taxpayers' formal compliance.

RESEARCH METHODS

In this study the explanatory method was used, that is, the method is used both in large and small populations, but the data was taken from the samples and the population so that description and relationship between variables are found. The population in this study were all individual taxpayers who were registered at KPP Pratama Cibitung who live in RW 030 Tambun Selatan with total samples in this study consisted of 100 taxpayers.

The data collection techniques were carried out by giving a set of questions and statements to the taxpayers who are registered at KPP Pratama Cibitung and live at RW 030 Tambun Selatan. Measuring the answers in the questionnaire was done using a Likert scale. The analysis in this study used a multiple linear regression analysis by using SPSS version 25.0. The analysis used quantitative analysis techniques. In using quantitative analysis techniques, it was necessary to detail the operationalization of the research variables beforehand, as presented in Table 1.

Table 1. Operationalization of Variables

Variables	Indicators	Scale
Tax Audit (X ₁)	1 To test the compliance of taxation obligations fulfillment 2 Legal certainty existence 3 As a representation of taxation justice 4 Tax audit as coaching to create awareness in taxpayer compliance 5 Tax audit as supervision to create awareness in taxpayer compliance	Ordinal

Continued Table 1

Variables	Indicators	Scale
Tax Sanctions (X ₂)	Sanctions are imposed if the taxpayer themselves do not meet taxation obligations 1. obligations 2. As a guarantee of implementation followed /obeyed /complied with tax legislation (norm taxation) 3. As a means of preventing taxpayers does not violate taxation norms	Ordinal
Tax Hostage (Gijzeling)	Tax hostage provides a deterrent effect 1 effect 2 Tax hostage realizes the order of life taxpayers obey their rights and obligation Tax hostage as a compelling motivation 3 motivation for taxpayers to obey their rights and obligation to pay taxes	Ordinal
(X ₃)	1 Timely in delivering letters notifications for all types of taxes in the past two years 2 Do not have tax arrears for all types of taxes, unless they have been	

<p>Formal Compliance</p> <p>Taxpayer (T)</p>	<p>obtain permission to pay in installments or delaying tax payments</p> <p>3 Never sentenced for committing criminal offenses in the field taxation within a period of the last ten year</p> <p>4 In the past two tax years keep bookkeeping Referred to in the Act. No. 28 of 2007 Article 28 of KUP Law</p>	<p>Ordinal</p>
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According to Sugiyono (2017), the Likert scale is used to measure the opinions and perceptions of someone or a group of people about social phenomena. The indicator will be used as a benchmark for compiling instrument items using a scale. For the purposes of quantitative analysis, the answers will be given the following score:

- 5 = Strongly Agree (SA)
- 4 = Agree (A)
- 3 = Neutral (N)
- 2 = Disagree (D)
- 1 = Strongly Disagree (SD)

RESULTS AND DISCUSSION

Table 2
Description of Respondents Based on NPWP Ownership

		Amount
Valid	Yes	100
	No	0
	Total	100

Source: SPSS Output Version 25, 2019

Based on Table 2 above, it can be seen that the number of respondents based on NPWP ownership is 100 people with a percentage of 100%. On the other hand, there are no respondents who do not have a TIN.

Table 3
Description of Respondents by Gender

		Amount	Percent
Valid	Male	62	62.0
	Girl	38	38.0
	Total	100	100.0

Source: SPSS *Output* Version 25.0, 2019

In the above table, we can notice that the highest number of respondents based on sex is male, namely 62 people, while the respondents with female gender are 38 people.

Table 4
Description of Respondents by Age

		Amount	Percent
Valid	<25 years	56	56.0
	26-35 years old	23	23.0
	36-45 years	15	15.0
	> 45 years	6	6.0
	Total	100	100.0

Source: SPSS *Output* Version 25.0, 2019

Based on Table 4, it can be seen that the number of respondents by age <25 years 56 people, respondents aged 26-35 years 23 people, respondents aged 36-45 years 15 people, and respondents aged > 45 years 6 people.

Table 5
Description of Respondents by Type of Employment

		Amount	Percent
Valid	Civil servants	6	6.0
	Employee	55	55.0
	Entrepreneur	13	13.0
	Others	26	26.0
	Total	100	100.0

Source: SPSS *Output* Version 25, 2019

Based on the above table, it can be seen that the number of respondents based on the type of work. There are six people working as civil servants, 55 people as private employees, 13 people as entrepreneurs, and 26 people with other types of work.

Data Processing Results :

Table 6
Results of Multiple Linear Regression Analysis Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	,766	,372	
Tax Audits (X1)	,362	,099	,338
Tax Sanctions (X2)	,195	,095	,209
Tax Hostages (X3)	,257	,084	,279

a. Dependent Variable: Taxpayer Formal Compliance (Y)
Source: SPSS Output Version 25.0, 2019

Based on Table 6, the regression equation is obtained as follows:

$$\hat{Y} = 0.766 + 0.362 X_1 + 0.195 X_2 + 0.257 X_3 + e$$

It can be concluded that a constant value of 0.766 means that it shows tax audits (X1), tax sanctions (X2), and tax hostage (*gijzeling*) (X3) are positive so it can be said they are constant.

Table 7
Significant Test Results of Individual Parameters (Statistical t-Test)

Coefficients ^a			
Model		T	Sig.
1	(Constant)	2,058	,042
	Tax audits	3,652	,000
	Tax Sanctions	2,045	,044
	Tax hostage	3,061	,003

a. Dependent Variable: Taxpayers' Formal Obligation
Source: SPSS Output Version 25.0, 2019

T statistical test or significant partial test is used to test whether an independent variable has an influence or not on the dependent variable. Based on Table 6 above, it is known that the variable tax audit shows the value t count > t table (3.652 > 1.984) and a significant value of 0.000 < 0.05, so that H₁ is accepted, which means that the tax audit partially positive and significant impact on taxpayers' formal compliance.

The variable tax penalties show the value t count > t table (2.045 > 1.984) and a significance value of 0.044 < 0.05, so that H₂ is accepted, which means partial tax penalties and significant positive effect on taxpayers' formal compliance. And for variable hostage (*gijzeling*) tax shows the value t count > t table (3.061 > 1.984) and significant value of 0.003 < 0.05, so that H₃ is accepted, meaning that partially tax hostage positive and significant impact on taxpayers' formal compliance.

Table 8
Simultaneous Test Results
(Test F)

ANOVA ^a			
Model		F	Sig.
1	Regression	27,344	,000 ^b
	Residual		
	Total		
a. Dependent Variable: Taxpayer Formal Compliance (Y)			
b. Predictors: (Constant), Hostage Tax (X3), Tax Audit (X1), Tax Sanction (X2)			

Source: SPSS *Output* Version 25.0, 2019

The simultaneous testing with F statistics aims to determine the effects of the independent variables (tax audits, tax sanctions, and tax hostage altogether on the dependent variable (taxpayers' formal compliance). The F test results can be seen in Table 7, which show that the value of F arithmetic (27.344) > F table (2.70) and the level of significance of 0.000 < 0.05, so that H₄ is accepted thus it can be said that the tax audit, sanctions tax and tax hostage altogether have positive and significant effects on the taxpayer's formal compliance.

Table 9
The Analysis Test Results of the Coefficient of Determination (R²)
Summary Model ^b

Model	R	R Square	Adjusted R. Square	Std. Error of the Estimate
1	,679 ^a	,461	,444	,38209

a. Predictors: (Constant), Tax Hostage Tax (X3), Tax audits (X1), Tax Sanctions (X2)

b. Dependent Variable: Taxpayer Formal Compliance (Y)

Source: SPSS *Output* Version 25.0, 2019

Based on Table 9, the results of the output of the summary model above can be seen the value of adjusted R square obtained a value of 0.444, meaning that 44.4% variation in the taxpayers' formal compliance variable can be explained by the variables of tax audit, tax sanctions, and tax hostage, while the rest is explained by other factors which were not included in the study such as initial proofs, tax investigation, tax fines, and confinement.

CONCLUSION

The conclusions that can be drawn from this study are as follows:

1. Based on partial hypothesis testing (t-test), it is obtained as follows:

1) Tax Audit (X₁)

The Tax udit shows the value of t arithmetic > t table (3.652 > 1.984) and has a significance value of 0,000 < 0.05. Based on these values, then H₁ is accepted,

which means that the tax audit partially has a positive and significant effect on taxpayers' formal compliance.

2) Tax Sanctions (X_2)

Tax sanction shows the value of t arithmetic $>$ t table ($2,045 > 1.984$) and has a significance value of $0.044 < 0.05$. Based on these values, then H_2 is accepted, which means tax penalties partially has a significant and positive effect on taxpayers' formal compliance.

3) Hostage (*Gijzeling*) Taxes (X_3)

Tax hostage (*Gijzeling*) indicates the value t count $>$ t table ($3.061 > 1.984$) and has a significance value of $0.003 < 0.05$. Based on these values, then H_3 is accepted; meaning, partially tax hostage has a positive and significant impact on taxpayers' formal compliance.

2. Based on simultaneous hypothesis testing, it shows that the value of F arithmetic ($27.344 >$ F table (2.70)) and the level of significance of $0.000 < 0.05$, H_4 is accepted. Thus, it can be said that the tax audit, tax sanction, and tax hostage (*gijzeling*) altogether have positive and significant effects on the taxpayers' formal compliance.
3. Based on the analysis, the coefficient of determination, it shows that the value of Adjusted R Square (R^2) is 0.444 . It means that 44.4% of the variable compliance can be explained by the variables of tax audit, tax sanctions, and tax hostage, while the remaining 55.6% ($100\% - 44.4\% = 55.6\%$) are influenced by other factors not included in this study such as preliminary evidence, investigations, fines, and confinement.

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