THE EFFECT OF SOCIALIZATION AND SANCTIONS ON TAXPAYER'S WILL FOLLOWING VOLUNTARY DISCLOSURE PROGRAM

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Abstract:
The Voluntary Disclosure Program is a continuation of the tax amnesty software to grant tax amnesty or write-offs. The purpose of this find out about was once to determine the impact of sanctions and socialization of Tax Amnesty on the willingness of taxpayers to participate in the Voluntary Disclosure Program. A whole of 133 individual taxpayers who participate in the voluntary disclosure program, information analysis uses WarpPLS to evaluate models starting from the outer model and inner model. The results showed that the willingness of taxpayers to take part in the voluntary disclosure application or quantity II tax amnesty was greater involved with being a concern to sanctions or fines if later there were findings from the Tax Service Office, but the socialization of the tax amnesty volume II used to be unable to make bigger taxpayers' willingness to pay taxes. participate in a voluntary disclosure program.

JEL: D31; H21; H27

Keywords: sanctions, socialization, willingness and PPS

1. Introduction

The Voluntary Disclosure Program (PPS) is a continuation of the Tax Amnesty Volume II application launched by the Indonesian government, Law Number 11 of 2016 regarding tax amnesty which consists of tax amnesty or the abolition of taxes that ought to be paid by disclosing property and paying a ransom. The law states that taxpayers solely want to expose assets and pay a tax ransom as a tax amnesty for property that have in no way been reported. Several countries that have carried out tax amnesty encompass Australia, Belgium, Canada, Germany, Greece, Italy, Portugal, Russia, South Africa, Spain, and the United States.

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The reason of PPS is to increase kingdom earnings from taxes, encourage capital and asset repatriation, transition to a new tax system, and improve tax compliance. The benefits obtained by using taking part in the PPS are sourced from the asset disclosure letter and its attachments can’t be used as the groundwork for investigation, investigation and crook prosecution of taxpayers. The PPS is advantageous from January 1, 2022 to June 20, 2022. The implementation of Tax Amnesty Volume II or PPS has two policies, the first policy is for tax amnesty participants who have now not disclosed assets in the 2016 tax amnesty and the second policy is for taxpayers who have now not participated in the tax amnesty with property come from earnings from 2016 to 2020, but have now not been pronounced in the 2020 Annual Tax Return (SPT).

Minister of Finance Regulation (PMK) Number 196/2021 regarding Procedures for Implementing PPS for taxpayers. In this regulation, there are 4 administrative sanctions for PPS participant taxpayers. The first sanction is the imposition of an profits tax (PPh) price of 35 percent for company taxpayers, 30 percentage for character taxpayers and 12.5 percentage for sure taxpayers, as nicely as a 200 percent sanction based totally on the tax amnesty law. The utility of sanctions applies if there are assets that have no longer been disclosed via PPS coverage I contributors or when registered in the Tax Amnesty Volume I in 2016. The 2d sanction is the imposition of 30 percent ultimate profits tax on additional internet belongings and sanctions in accordance with Article 13 of the Law on General Provisions and Procedures Taxation, this second sanction applies if the PPS policy II participant does no longer disclose all of his property till the voluntary disclosure application ends. The 1/3 sanction is the imposition of additional ultimate PPh between 3 and 7.5 percent, this sanction applies to PPS coverage I contributors who are protected in the category of default related to repatriation or funding until the time restrict for appropriateness or funding

PPS is held with the principles of simplicity, prison certainty and utilization to enhance voluntary compliance of taxpayers before regulation enforcement is carried out using a database from the AeoI automatic data exchange and ILAP information owned via the Directorate General of Taxes. Several tax amnesty research (Merkusiwati & Damayanthi, 2018), (Trisnasari et al., 2017), (Andriawan et al., 2017), (Luh & Vikana, 2018), the willingness of taxpayers have been broadly studied with quite a number studies ranging from: awareness, know-how and understanding; tax rates, tax socialization, service exceptional and others. However, new lookup has located (Hasanah et al., 2021) that taxpayers’ willingness to take part in the Voluntary Disclosure Program (PPS) is nonetheless uncommon because this program used to be launched from January 1, 2022 untill 30 June 2022, for this motive it is critical to habits an empirical learn about to decide the factors that have an effect on the willingness of taxpayers to participate in the Voluntary Disclosure Program (PPS) as a continuation of the government’s policy on tax amnesty.
2. Literature Review

Tax socialization is an effort made by the Directorate General of Taxes to grant understanding and preparation to the taxpayer neighborhood regarding the state-of-the-art tax data or products. According to Jendri Sunandar Saragih, Erwin Abubakar (2020), tax socialization is an effort from the Director General of Taxes to grant understanding, information, and practice to the public in time-honored and taxpayers in precise involving the whole thing associated to taxation and tax legislation. Rahayu et al. (2017) sustain that socialization can not solely extend information about taxes which can later have an affect on growing focus of taxpayers themselves. However, tax socialization is predicted to make bigger taxpayer compliance so that the quantity of tax income can extend according to the target. The varieties of tax socialization include: delivery thru formal or informal events; dividing it for certain age groups, companies of students and students, sure agencies of entrepreneurs, certain professional groups; socialization through digital media and print media. The technique of tax socialization have to meet the guidelines of good, correct and nice socialization, if tax socialization is carried out intensively and conveys clearly so that taxpayers can understand and understand statistics from tax socialization. Through intensive tax socialization, it can extend the information and grasp of taxpayers which in turn can extend the willingness and compliance of taxpayers.

Tax is a mandatory levy imposed on individual taxpayers and company taxpayers in accordance with their financial capabilities. Taxes are also a transfer of wealth from the community to the government as state income and are used to finance central and neighborhood authorities expenditures. The definition of tax according to Directorate General of Taxes (2007) is “tax is a obligatory contribution to the kingdom that is owed through an individual or entity that is coercive under the law, with no direct compensation and is used for nation purposes.” So, primarily based on the definition of tax carries elements: tax subjects, taxpayers, tax objects and tax rates. In phrases of taxation, it emphasizes the factor of coercion in its collection due to the fact if the Taxpayer does no longer document and pay taxes, it will be challenge to sanctions or fines. Darmayasa et al., 2016 affirm that taxpayers are of the view that paying taxes is very burdensome, however if the responsibility to pay taxes is no longer forced, no one will pay taxes. The outcomes of the study of Alm & Duncan (2014) show that the motivation of taxpayers to lift out their tax tasks is entirely due to the fact of concern of administrative sanctions and fines, fear of being examined, and the amount of tax rates. Verboon & van Dijke (2011) determined that a heavier degree of sanctions can expand tax compliance as lengthy as the manner is regarded honest by using the public.

Tax sanctions are a deterrent so that taxpayers comply with tax laws and regulations (Jendri Sunandar Saragih, Erwin Abubakar, 2020). Tax sanctions are tax sanctions as manipulate or supervision from the authorities to make sure that guidelines are obeyed by way of citizens so that there is no violation of pleasurable tax responsibilities by way of taxpayers. The imposition of sanctions that burden taxpayers
ambitions to furnish a deterrent impact so as to create tax compliance. Contribution of earnings from taxpayers is a considerable profits and has an extensive meaning for the development of the Republic of Indonesia.

Willingness is described as the will that exists in humans, to reap desires by means of considering reason, understanding and the voice of the day. Willingness can additionally be interpreted as an impulse from within that is conscious, based on issues of thoughts and feelings as well as the complete individual of a individual that causes things to do that are directed at achieving sure dreams associated to the desires of his life. So the thought of willingness to pay taxes can be interpreted as a price that is willing to be contributed via any individual who is determined by using regulations that are used to finance public expenses with the aid of the kingdom by means of now not getting reciprocal services (contra-achievements) at once (Septyana & Suprasto, 2019).

Several studies that have an effect on the willingness of taxpayers to participate in tax amnesty are influenced by way of taxpayer awareness, taxpayer knowledge, tax provider services and tax sanctions (Merkusiwati & Damayanti, 2018) & (Trisnasari et al., 2017). The consequences of the study show: taxpayer awareness has a high-quality impact on the willingness of taxpayers to take part in the tax amnesty program; taxation socialization has a high-quality effect on the willingness of taxpayers to participate in the Tax Amnesty program; knowledge of taxation has a positive impact on the willingness of taxpayers to participate in the tax amnesty program. Andriawan et al. (2017) affirm that the results of the study show that the implementation of the tax amnesty program in Buleleng Regency can be stated to be pretty profitable given the high enthusiasm of Buleleng taxpayers to participate in the tax amnesty program. Taxpayers in Buleleng Regency additionally understand nicely the tax amnesty program. The participation of Buleleng taxpayers is pushed by using the existence of numerous elements such as: (1) concern of tax sanctions, (2) the existence of perceived benefits from the participation of taxpayers in the tax amnesty program, (3) grasp of taxpayers, (4) the existence of the function of tax consultants, (5) service from the tax authorities, (6) the affect of the environment round the taxpayer. Luh & Vikana (2018) lookup consequences show that understanding of tax regulations, perceptions of the effectiveness of the tax system, moral obligations, service quality, and tax sanctions have a effective effect on willingness to take part in tax amnesty.

3. Conceptual Framework and Hypotheses

The simple principle of Reasoned and Action concept is the theory that underlies the reason why a taxpayer behaves, the reason for this conduct comes from interior or exterior factors of the taxpayer himself. This reasoned action theory, when utilized to PPS participant taxpayers at the South Malang Primary Tax Service Office, desired to find out to what extent PPS individuals had the willingness to take part in PPS on the basis of having voluntary compliance due to the software of sanctions or fines or the affect of intensive socialization from the government.
Compulsory willingness in accordance to Merkusiwati & Damayantri (2018) states that tax amnesty sanctions or fines have an effect on the willingness of taxpayers to take part in Tax Amnesty. Dody Andriawan (2017) in his research suggests that the success of implementing tax amnesty in Buleleng Regency is pushed by way of a number of factors, one of which is the fear of taxpayers due to the application of sanctions. (Luh & Vikana, 2018), (Dewi & Noviari, 2017), (Septyana & Suprasto, 2019), (Putu & Darma, 2019) state that tax amnesty fines have an effect on the willingness of taxpayers to participate in Tax Amnesty, so based totally on lookup TSB.

H1: There is an impact of tax amnesty sanctions on the willingness of taxpayers to participate in the Voluntary Disclosure Program.

Intensive socialization in accordance to Rahayu et al. (2017) in addition to conveying information, knowledge and taxpayers can understand tax duties and guidelines which in flip can enhance taxpayer compliance. Elly, 2018 say in their research that outcomes exhibit that (1) taxation socialization has an effect on taxpayer compliance. Gde & Sayogaditya, 2019 affirm that tax amnesty socialization can enlarge public expertise about tax amnesty. With tax audits, taxpayers will take the initiative to take section in the tax amnesty, if all variables will amplify tax amnesty participation in the future, based on the lookup above.

H2: There is an effect of tax amnesty socialization on the willingness of taxpayers to take part in the Voluntary Disclosure Program.

4. Research Methodology

This study makes use of a quantitative approach with a unit of analysis for taxpayers who participate in the Voluntary Disclosure Program (PPS) or Tax Amnesty Volume II with an address period at the South Malang Primary Tax Service Office from 1 to 30 April 2022. The object of this lookup is the willingness of taxpayers to take part in PPS, socialization of tax amnesty and tax amnesty sanctions.

The types of records used in this study: 1) Quantitative data, specifically facts acquired from questionnaires which were then quantified the use of a Likert scale with a scale of 1 to 5 with the provisions of a value of 5 for solutions from respondents who answered strongly agree and a cost of 1 for the answers of respondents who answered strongly disagree. The variety of questionnaires received in the commentary length acquired a complete of 137 individual taxpayers, then from that range solely 133 questionnaire results can be analyzed due to the fact 4 taxpayers are now not eligible to be analyzed due to the fact some of the questions had been now not filled in via the respondents. Data evaluation the usage of WarpPLS version 7.0 to evaluate the model: a). Outer mannequin (convergent validity, discriminant validity, composite reliability; b) Inner mannequin by way of determining the R-Square, interpretation of Q2 and the magnitude of Q2 is equivalent to the coefficient of whole willpower.
5. Result and Discussion

This lookup used to be carried out at the State Land Agency of Malang City, the findings of this learn about have been grouped into:

5.1 Respondent Profile

This research was conducted at the South Malang Primary Tax Service Office, East Java, Indonesia. The findings of this find out about are exceptional as follows:

1) Individual Taxpayers (WPOP) who submitted Tax Amnesty Volume II amounted to 133 taxpayers.
2) 29 WPOPs who submitted corrected SPTs and 104 WPOPs who submitted PPS for the first time.
3) 117 WPOPs who stuffed out the questionnaire acted as tax cutters and 16 taxpayers as attorneys for individual taxpayers.

The summary of test results is presented as follows:

a) Evaluation of Measurement Model
   - Convergent validity.

Table 1: Loading and Cross Loading Test Results

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Cross - Loading</th>
<th>P - value</th>
<th>type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sanctions PPS (Snk_1)</td>
<td>0.764</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td></td>
<td>Sanctions PPS (Snk_2)</td>
<td>0.813</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td></td>
<td>Sanctions PPS (Snk_3)</td>
<td>0.778</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td></td>
<td>Sanctions PPS (Snk_4)</td>
<td>0.808</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td></td>
<td>Sanctions PPS (Snk_5)</td>
<td>0.782</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td>2</td>
<td>Socialization PPS (Soz_1)</td>
<td>0.855</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td></td>
<td>Socialization PPS (Soz_2)</td>
<td>0.821</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td></td>
<td>Socialization PPS (Soz_3)</td>
<td>0.833</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td>3</td>
<td>Willingness to follow PPS (will_1)</td>
<td>0.715</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td></td>
<td>Willingness to follow PPS (will_2)</td>
<td>0.762</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
<tr>
<td></td>
<td>Willingness to follow PPS (will_3)</td>
<td>0.761</td>
<td>&lt;0.001</td>
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<tr>
<td></td>
<td>Willingness to follow PPS (will_4)</td>
<td>0.773</td>
<td>&lt;0.001</td>
<td>Reflective</td>
</tr>
</tbody>
</table>

Source: Results of data analysis (2022).

Based on Table 1, the PPS sanctions variable consists of 5 indicators, the PPS socialization variable consists of three indicators and the willingness of taxpayers to take part in the PPS consists of four indicators, of the twelve indications in the variables in this find out about are reflective and have a move loading cost < 0.05 which capacity that symptoms of all variables have met the assumption of convergent validity.

- Composite Reliability
Based on Table 2, it is acquired that composite reliability of the variable PPS sanctions (Snk), PPS socialization (Soz) and willingness to take part in PPS (Will) indicates a composite reliability price > 0.7, meaning that the variable indicators have a correct reliability composite (Hair et al., 2014).

b) Inner Model

The effects of information evaluation are presented in desk 3 based on the criteria of the goodness of the model, showing that the model built is good, specifically the APC value with p < 0.001, ARS with p < 0.001 and AARS with p value < 0.001 which means that the mannequin shaped by using the Voluntary Disclosure Program sanctions and The socialization of the Voluntary Disclosure Program has a desirable and sizeable effect on the willingness of taxpayers to participate in the Voluntary Disclosure software according to APC, ARS and AARS. The AVIF cost of 1,021 capacity that the mannequin built is ideal, while the AVIF fee of 4,565 is good. For the GoF value, the fee of 0.731 is covered in the giant category. The effects of the SPR price of 1,000, RSCR of 1,000; which shows that the model constructed is appropriate and the SSR is 1.00 which shows that the mannequin is correct and NLBCDR is obtained a value of 0.750 which indicates that the model fashioned is applicable and ideal. While R Squared (R2) with a price of 0.849 which capacity that the variables of Sanctions and PPS socialization collectively can affect the willingness of taxpayers to take part in the Voluntary Disclosure software via 84.9%,
while the final 15.1% is influenced through variables outside of sanctions and socialization of the Voluntary Disclosure Program.

c) Analysis of Hypothesis Test

**Figure 1:** Output Results of Mediation and Moderation Test

Based on the effects of the statistics analysis output obtained: a) the impact of PPS sanctions on the willingness of taxpayers to participate in PPS with a coefficient of 0.91 with a p-value <0.05 meaning that the Sanctions of the Voluntary Disclosure Program (PPS) affect the willingness of taxpayers to take part in the Voluntary Disclosure Program or Tax Amnesty Volume II, b) the influence of PPS socialization has no impact on the willingness of taxpayers to participate in the Voluntary Disclosure Program (PPS) or Tax Amnesty Volume coefficient of 0.06 and p-value 0.26 > 0.05, which means that PPS socialization cannot explain its impact on taxpayers' willingness to follow PPS.

6. Discussion

6.1 The Effect of PPS Sanctions on the Willingness of Taxpayers to Participate in PPS

The effects of the find out about point out that there is an affect between the sanctions for imposing the Voluntary Disclosure Program on the willingness of taxpayers to participate in PPS. Based on the effects of statistical checking out for the PPS sanctions variable (Snk) with a magnitude price of 0.01 < 0.05. Thus, Ho1 is rejected and Ha1 is accepted, so it is concluded that the PPS sanctions variable has a extensive and sizeable effect on the willingness of taxpayers to comply with PPS, which means that taxpayers' issues are higher if they do not participate in the voluntary improvement application which has a cut-off date from January 1 to June 30, 2022.

The results of this study support those carried out by (Luh & Vikana, 2018), (Septyana & Suprasto, 2019), (Dewi & Noviari, 2017), (Putu & Darma, 2019) which state that tax sanctions affect the willingness of taxpayers to file tax amnesty. The results of this study contradict those conducted by means of Anik (2019) which shows the outcomes that tax sanctions have no impact on the willingness of taxpayers to raise out tax obligations.
6.2 Effect of PPS Socialization on Taxpayers Willingness to Participate in PPS

The consequences confirmed that there used to be no effect between the socialization of the Voluntary Disclosure Program (PPS) on the willingness of taxpayers to apply for the Voluntary Disclosure Program. Based on the check results for the PPS socialization variable (Soz) with a magnitude value of 0.26 > 0.05. Thus Ho1 is regularly occurring or Ha1 is rejected, so it can be concluded that the PPS socialization variable has no impact on the willingness of taxpayers to take part in the Voluntary Development Program, that means that although how intensive the socialization is carried out by the government, it does not have an effect on taxpayer compliance.

The effects of this study aid lookup performed by way of (Fauzi et al., n.d.), (Sipahutar & Siringoringo, 2020) which states that PPS socialization has no impact on taxpayers who will practice for Tax Amnesty. The results of this study contradict those conducted by Fauzi et al., (n.d.), Elly (2018), Gde & Sayogaditya (2019) which affirm that the socialization of tax amnesty can increase the willingness of taxpayers to apply for tax amnesty.

7. Conclusion

These effects can be concluded that the PPS sanctions substantially affect the willingness of taxpayers to observe for Tax Amnesty Volume II, because taxpayers have worries that with the Voluntary Disclosure Program which has a restricted time, if they do not participate in the voluntary disclosure program, they will be difficulty to higher sanctions or fines. Meanwhile, PPS socialization does not affect the willingness of taxpayers to participate in the voluntary disclosure program. This shows that taxpayers who apply for a voluntary disclosure application (PPS) when submitting PPS are no longer influenced by way of the PPS socialization that has been carried out through the government, they are even more worried about getting fines or sanctions.

Conflict of Interest Statement

The author declares there is no conflict of interest

About the Author

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References


