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Taxpayer Compliance in SMEs Sector: A Theory of Planned Behavior

Abstract

The low level of taxpayer compliance is considered as one of the causes of not achieving Indonesian tax revenue target. One of the efforts of the government to optimize its tax revenue is collecting tax from Small Medium Enterprises (SMEs). Regarding this matter, the researcher is interested in researching taxpayer compliance through psychological approach, using the theory of Planned Behavior. This theory describes the effects of attitude on behavior, subjective norms, and perceived behavioral control on taxpayer compliance intent and behavior. This research used survey method at formal SMEs in Bali Province. The sampling method used was proportional random sampling and the data collected were analyzed using Structural Equation Model (SEM). The results show that the attitude towards behavior, subjective norms, and perceived behavioral control have effects on one's intention to comply with tax provisions. Perceived behavioral control variable has no direct effects on individual's behavior towards tax compliance while the variable of intention to comply with tax compliance behavior supports the theory of Planned Behavior.

Keywords: Compliance; Small Medium Enterprise; Taxpayer; Theory of Planned Behavior

JEL Classification: H24; H26; M41

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Abstrak

Rendahnya tingkat kepatuhan wajib pajak dinilai sebagai salah satu penyebab tidak tercapainya target penerimaan pajak di Indonesia. Salah satu upaya yang dilakukan pemerintah untuk mengoptimalkan penerimaan pajak adalah dengan mewajibkan sektor UMKM untuk memenuhi kewajiban perpajakan. Berdasarkan hal tersebut peneliti tertarik untuk melakukan penelitian kepatuhan wajib pajak UMKM menggunakan pendekatan psikologis yaitu Theory of Planned Behavior. Teori ini menguraikan pengaruh sikap terhadap perilaku, norma subyektif, dan kontrol atas perilaku terhadap niat dan perilaku kepatuhan wajib pajak. Penelitian ini menggunakan metode survei pada UMKM formal di Provinsi Bali. Metode pengambilan sampel menggunakan proportional random sampling. Analisis data menggunakan Structural Equation Model (SEM). Hasil penelitian menunjukkan bahwa sikap terhadap perilaku, norma subyektif, dan kontrol perilaku persepsian berpengaruh pada niat seseorang untuk mematuhi ketentuan perpajakan. Variabel kontrol perilaku persepsian tidak berpengaruh secara langsung pada perilaku kepatuhan pajak individu. Hasil pengujian atas variabel niat untuk patuh terhadap perilaku kepatuhan pajak mendukung Theory of Planned Behavior.

Kata Kunci: Kepatuhan; Usaha Mikro Kecil Menengah (UMKM); Wajib Pajak; Theory of Planned Behavior

Tax is the backbone of state's income – 70 percent of the state's income comes from taxation. One of the government's challenges in collecting taxes is difficulties of increasing awareness and responsibility of its citizens to pay tax. The low level of taxpayer compliance makes it difficult to achieve the tax targets of Indonesia during the last five years (Pajak.go.id, 2017).

Indonesian government strives to increase tax revenue through Government Regulation No. 46 the Year 2013 about Income from a Business Received or Obtained by a Taxpayer with Specific Gross Distribution. This regulation takes one percent of citizens' income that comes from their own business whose gross turnover does not exceed 4.8 billion rupiahs in one tax year. The business sector that is considered to have great potentials in tax revenue is Small Medium Enterprises (SMEs) that dominates the economy in Indonesia. It is, therefore, important to understand the role of SMEs business SMEs' attitude in obeying the regulations of taxation in Indonesia.

Collecting tax from SMEs is not an easy task. Some countries still consider SMEs as a hard-to-control sector regarding tax compliance. Furthermore, not all SMEs owners are registered as taxpayers and report their tax liabilities to the tax office.

This study focuses on various factors that influence taxpayer compliance and uses psychological approaches. This non-compliance behavior should be examined through non-economic factors that influence taxpayers' behavior (James, Murphy, & Reinhart, 2005). Currently, there has been a shift of attention – from economic approach to social psychology approach. This is considered appropriate to provide a better understanding of taxpayers' behavior (Pope & Mohdali, 2010).

One of the theories that explain psychological aspects and is often used to explain the reasons for one's behavior is Theory of Planned Behavior (Ajzen & Fishbein, 1980). The theory states that an individual's behavior in a society is influenced by

certain factors, deriving from certain reasons and appears in a planned way (Benk, Çakmak, & Budak, 2011). This theory often serves as a determinant of the behavior of technology users (Lu, Zhou, & Wang, 2009; Yousafzai, Foxall, & Pallister, 2010), ethical decision making (Buchan, 2005; Meng et al., 2014), and whistle-blowing (Park & Blenkinsopp, 2009; Zhang, Chiu, & Wei, 2009; Rustiarini & Sunarsih, 2017). Someone does something when he or she considers it as a positive behavior (attitude towards behavior), there is encouragement from the people who are considered important (subjective norms), and there is a belief to do so (perceived behavioral control) (Ajzen, 2001). The interaction of these three factors will determine the consistency of one's intention with his or her behavior.

The studies that used the Theory of Planned Behavior to examine tax compliance had been conducted in many countries such as United States (Bobek, Hageman, & Kelliher, 2013; Bobek & Hatfield, 2003), Canada (Trivedi, Shehata, & Mestelman, 2005), Turkey (Benk, Çakmak, & Budak, 2011), Australia (Langham, Paulsen, & Hartel, 2012), and Ghana (Razak & Adafula, 2013). In Indonesia, this theory was used in the studies conducted by Mustikasari (2007), Alim (2009), Hidayat & Nugroho (2011), Awaludin (2014), and Damayanti, Subekti, & Baridwan (2015). Previous researches used the taxpayers who are self-employed and corporate taxpayers as respondents, while this study used the SMEs owners as respondents. Thus, it is certainly open for a review conducted by other researchers.

Theory of Planned Behavior, which is a development of Theory of Reasoned Action, states that one's behavior is based on the intention possessed, influenced by attitude (attitude towards behavior) and subjective norms (Ajzen & Fishbein, 1980). Theory of Planned Behavior adds one construction that is perceived behavioral control. One can act based on intention only if he has control over his behavior (Ajzen, 1991). The model of Theory of Planned Behavior is shown in Figure 1.

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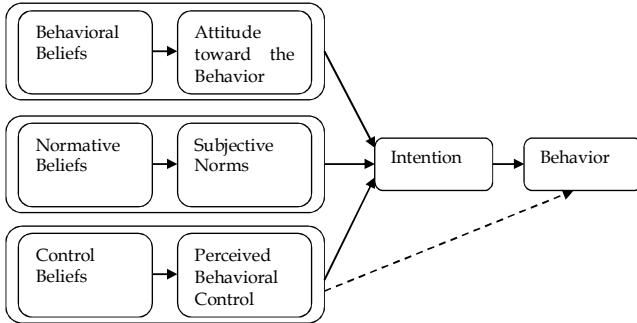


Figure 1. Theory of Planned Behavior

Source: Ajzen (1991)

Attitude towards behavior is an individual's positive or negative evaluation of certain objects, people, institutions, events, behaviors, or intention. Attitude towards behavior derives from beliefs of the consequence of behavior (behavioral beliefs). The behavior that results in positive outcomes causes an individual to have a positive attitude, and the behavior that results in negatives outcomes causes an individual to have a negative attitude vice versa (Ajzen, 2005).

Subjective norms are someone's perception of the behavior of the doer. Subjective norms are not only determined by a referent but also by the motivation to comply. If an individual believes that the referent approves him to act, he will feel social pressure to do the action, and vice versa (Ajzen, 2005).

Perceived behavioral control is individual's perception of behavior control. This variable is determined by individual's experience or others' experience. A person will do an action if he has considered it positive, there is social pressure to do it, and he has the confidence or an opportunity to do it (Ajzen, 2005).

An intention to do certain behavior is an individual's self-component that refers to the desire to perform the behavior. Behavior depends not only on intention but also on other factors such as availability of resources and opportunities to be conducted (Ajzen, 2005). The intention is formed by the attitude towards behavior, subjective norms,

and perceived behavioral control and behavior is a real action which is based on intention.

The behavior studied in this research is tax compliance behavior. Tax compliance is very important to countries around the world because the tax is one of the sources of state income that is used to fund public needs (Ritsatos, 2014; Ibrahim, Musah, & Abdul-Hanan, 2015). Tax compliance refers to the fulfillment of all taxpayers' obligations based on tax law and regulations that apply (Palil & Mustapha, 2011). The government is responsible for ensuring that its citizens behave in accordance with the law of taxation (Kirchler, Hoelzl, & Wahl, 2008).

In Indonesia, the definition of tax compliance is found in the Letter No. 02/PJ/2008 concerning Procedures for Determination of Taxpayers with Certain Criteria. The criteria of taxpayers' compliance are: (1) timely submission of SPT in the last three years; (2) submission of SPT in the last year for the tax period January-November is not more than three taxes period; (3) SPT submission is not exceeding the time limit for submission of next tax period; (4) has no tax levy on all taxes, except to grant permission to install or postpone taxpayers; (5) financial statements audited by a public accountant or a government oversight body with un-qualified opinion for three consecutive years; and (6) have never been sentenced for committing a criminal offense based on ransoms a court that has had a permanent legal force within the last 5 years.

Although SMEs plays a big role in Indonesia's economy, not all of SMEs owners are willing to report their income and assets. This unwillingness is due to several reasons (Endrianto, 2015). First, most of the SMEs are home industries, whose owners do not understand and pay little attention to the taxation rules that apply. They follow the taxation rules only when they want to get a business permit or deal with banks, not because of their awareness.

Second, SMEs are private businesses that are run by individuals as self-employment. The people who are self-employed will be less honest in report-

ing their income that comes from their business activities. The inaccuracy of amount of the income reported is, among other things, caused by the condition in which tax office has no other data to compare the amount of the income that is reported by SMEs owners. Third, SMEs are dominated by informal businesses in which financial and transactions records are usually not made or incomplete. This condition makes tax officer difficult to get necessary information about tax compliance of SMEs owners. This is a challenge to the government to improve tax compliance of SMEs owners.

This study aims to analyze the effects of attitude towards compliance, subjective norms, and perceived behavioral control on intention and tax compliance behavior. Theoretically, this research is expected to contribute to the knowledge development about tax compliance particularly about psychological elements of taxpayers' behavior. Practically, this research is expected to be able to assist tax regulators to improve tax system to improve taxpayer compliance.

HYPOTHESES DEVELOPMENT

Attitude plays an important role in explaining individual's behavior in his environment including his obedience to taxation regulations. Attitude towards tax compliance encourages a person to have intention whether to obey or disobey the rules. Positive attitude results in tax compliance whereas negative attitude results in non-tax compliance (Marti et al., 2010).

Taxpayer attitudes toward tax compliance have a positive effect on intention to comply (Bobek & Hatfield, 2003). Non-compliance attitude has a positive effect on non-compliance intention (Mustikasari, 2007; Awaludin, 2014; Damayanti, Subekti, & Baridwan, 2015). Meta-analysis research indicates that attitude is one of the good predictors of taxpayer compliance (Marandu, Mbekomize, & Ifezue, 2015). Based on the description, the following hypotheses are formulated:

H₁: attitudes toward compliance have a positive effect on intention to comply

Subjective norms are understood as the significance of support of the taxpayer's community. The more significant support of the other taxpayers the stronger intention of a taxpayer to comply with tax regulations. Subjective norms are shaped by social pressure and influence of other individuals that are considered important such as family, colleagues, or leaders (Damayanti, Subekti, & Baridwan, 2015). A respected individual who has a positive attitude towards tax compliance will increase/ improve taxpayer compliance and vice versa.

Some studies have proved empirically that subjective norms have a positive effect on intention to comply (Bobek & Hatfield, 2003; Hai & See, 2011; Bobek, Hageman, & Kelliher, 2013; Jimenez & Iyer, 2016). The same results are also indicated by Cullis, Jones, & Savoia (2012), they proved that social norms increase one's intention to obey orders or rules. The existence of ethical beliefs (personal norms) and other individuals (subjective norms) who are close to a taxpayer will directly influence the decision of that individual to obey tax regulations (Bobek, Hageman, & Kelliher, 2013). In Indonesia, subjective norms variable has a positive effect on intention to obey the rules of tax law (Mustikasari, 2007; Damayanti, Subekti, & Baridwan, 2015). It can be concluded that subjective norms are the right predictor in meta-analysis studies on tax compliance (Marandu, Mbekomize, & Ifezue, 2015). Based on the description above the following hypothesis is:

H₂: subjective norms have a positive effect on intention to comply

Perceived behavioral control is the ease or difficulty that individuals perceive upon an action (Ajzen, 1991). The individual's decision to engage or not in behavior is determined by the degree of individual control (Bobek & Hatfield, 2003). Perceived behavioral control also describes the

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individual's experience and anticipation of the obstacles to be faced. This means taxpayer compliance is determined by past taxpayer's experience, as well as the obstacles that are experienced when performing tax obligations.

Some empirical research results indicate the influence of perceived behavioral control on the intention to comply with the taxation rules (Bobek & Hatfield, 2003; Mustikasari, 2007; Razak & Adafula, 2013; Damayanti, Subekti, & Baridwan, 2015). Meta-analysis result on taxpayer compliance indicates that perceptual behavior control is a good predictor in research on tax compliance (Marandu, Mbekomize, & Ifezue, 2015). Based on the description, the following hypotheses are formulated:

H₃: perceived behavioral control have a positive effect on intention to comply

Perceived behavioral control does not only affect intentions but also has a direct effect on tax compliance behavior. The control of perceptions in the context of taxation refers to the level of controlling the taxpayer to perform certain behaviors such as reporting lower income, reducing the burden that should not be deducted from income, or other non-compliance behavior (Bobek & Hatfield, 2003).

Bobek & Hatfield (2003) and Langham, Paulsen, & Hartel, (2012) demonstrated that control of perceptive behavior influences tax compliance behavior. Research on tax compliance in Indonesia using Theory of Planned Behavior also empirically proves that the control of perceptive behavior affects tax compliance behavior (Mustikasari, 2007; Damayanti, Subekti, & Baridwan, 2015). Based on the description, the following hypotheses are formulated:

H₄: perceived behavioral control has a positive effect on intention to comply

The intention is the level of individual desire to try to execute an individual's behavior or busi-

ness planned to perform certain behaviors (Ajzen, 1991). The intention determines individual to do (or not to do) the behavior. The stronger the intention, the bigger the possibility of the individual to perform the individual behavior. Some empirical researches prove that intention to comply affects tax compliance (Blanthorne, 2000; Trivedi, Shehata, & Mestelman, 2005; Langham, Paulsen, & Hartel, 2012). In Indonesia, research on tax compliance also proves that intention to comply affects tax compliance behavior, or vice versa (Mustikasari, 2007; Hidayat & Nugroho, 2011; Awaludin, 2014;). Based on the description, the following hypotheses are formulated:

H₅: intention to comply has a positive effect on tax compliance behavior

METHODS

This research was conducted at SMEs located in Gianyar Regency, Bali Province. Based on demographic location, the biggest number of SMEs is in Gianyar Regency, which is 91.511 SMEs (Bali Business, 2016), or about 34.46 percent from all SMEs in Bali Province. The population of this study is 6.834 formal SMEs recorded at the Office of Cooperatives and Small and Medium Enterprises of Gianyar Regency. The number of samples is determined using Slovin formula because the population is relatively homogeneous, so no require stratifying. The number of SMEs sample as 398 SMEs which spread across seven districts in Gianyar Regency.

This is survey research that analyses the influence of attitude towards behavior, subjective norms and perceived behavioral control on taxpayer's intention and behavior to comply with taxation rules. The data were collected through questionnaires that were distributed to SMEs owners as the taxpayers. The sampling conducted was proportional random sampling, a sampling collection that is done randomly but with a certain proportion. The proportion was adjusted to the number of SMEs located in seven sub-districts of Gianyar District. The SMEs studied were selling silver handicraft,

groceries, budget hotel accommodation, handicrafts, paintings, and opening mini market.

The variables used in this study were measured by using an interval scale, i.e., five Likert Scale.

The questionnaires were adopted from the research conducted by Damayanti, Subekti, & Baridwan (2015). The definitions and indicators of variables are shown in Table 1.

Table 1. Research Variables

Variables	Operational Definition	Indicators
Attitudes towards Compliance	It is a positive or negative individual's evaluation of certain objects, people, institutions, events, behaviors or intentions.	It consists of 10 statement items, i.e.: <ol style="list-style-type: none"> 1. Individual's consideration of the willingness to pay taxes is less than the actual obligation. 2. Consideration of individuals in establishing a reserve fund for a tax audit. 3. Individual considerations on non-transparent tax utilization. 4. Individual considerations regarding feelings disadvantaged by the tax system. 5. Individuals' consideration of a smaller cost of fiscal bribes than a savings tax. 6. Individual's perception of paying taxes is less than it should be. 7. Individual perception to establish a reserve fund for a tax audit. 8. Individual perceptions on the feeling of non-transparent tax utilization. 9. Individual perception of feelings disadvantaged by the tax system 10. Individual perceptions of the cost of bribes to the tax authorities are smaller than taxes that can be saved.
Subjective Norms	It is a factor outside the individual that shows a person's perceptions about the behaviors that are implemented.	It consists of 6 statement items, i.e.: <ol style="list-style-type: none"> 1. Family approval on tax compliance measures. 2. Friend approval of tax compliance measures. 3. Approval of colleagues on tax compliance measures. 4. Taxpayer's concern for family approval. 5. Taxpayer's concern for the approval of friends. 6. Taxpayer's concern for the approval of colleagues.
Perceived Behavioral Control	It is the individual's perception or ability to control the individual over a behavior.	It consists of 3 statement items, i.e.: <ol style="list-style-type: none"> 1. There is the possibility of examination by the tax authorities. 2. There is a possibility on the imposition of sanctions and penalties. 3. There is a possibility of reporting by a third party.
Intention to Comply	Is an individual component of an individual that refers to the desire to perform certain behaviors.	It consists of 3 statement items, i.e.: <ol style="list-style-type: none"> 1. The tendency to comply with the provisions of taxation 2. Decisions to comply with taxation requirements. 3. The desire to consistently comply with the provisions of taxation.
Tax Compliance Behavior	It is a real action that someone does base on the intention.	It consists of 3 statement items, i.e.: <ol style="list-style-type: none"> 1. Compliance with tax estimates. 2. Compliance with tax errors 3. Compliance with the tax treatment

In accordance with the model developed in this study, Structural Equation Model of the AMOS statistical package version 16 is used in analyzing the data. The use of SEM allows researchers to test the relationship between complex variables to obtain a comprehensive picture of the overall model (Ghozali, 2013).

RESULTS

The Response Rate of Questionnaire

This research utilized survey method by distributing a questionnaire to the owner of SMEs. The study has been conducted for three months starting from May to July 2017. Detailed returns on the questionnaire are presented in Table 2.

Table 2. Detailed Number and Rate of Returned Questionnaire

Activities	Number
Number of distributed questionnaires	398
Unreturned questionnaire	3
Returned questionnaire	395
Response rate(395/398) x 100%	99.25%
Incomplete questionnaire	10
Number of questionable questionnaires	385

This study distributed 398 questionnaires and 395 questionnaires were returned, or response rate of 99.25 percent. Of the 395 returned questionnaires, there were 10 respondents who did not fill out all the items completely concerning the proposed statement. Thus, the number of questionnaires that can be further processed is 385 questionnaires.

Description of Research Data

The following is the description of SMEs' characteristics based on the type of business, a form of business, gender, age, and education of SMEs own filling out and reporting SMEs tax obligation shown in Table 3.

Table 3. Characteristics of SMES

Characteristics	Percentage
Type of SMEs business:	22.08
a. Food, beverage and cigarette industries	29.87
b. Wood, bamboo and rattan handicraft industries	15.84
c. Metalcraft industry	32.21
d. Other handicraft industry	
Forms of SMEs business:	72.73
a. Individual	17.92
b. UD	5.97
c. CV	3.38
d. PT	
Gender of SMEs Owner:	
a. Men	60.78
b. Women	39.22
Age of SMEs Owner:	
a. ≤ 30 years old	8.31
b. 31-40 years old	38.18
c. 41-50 years old	37.66
d. > 50 years old	15.84
Education of SMEs Owner:	
UnderSenior High School	12.47
Senior High School	54.03
Academi	7.01
Bachelor	26.49
Postgraduate	-
Other	-
Average total sales per month:	
< IDR 2.500.000	28.31
IDR 2.500.000 - IDR 5.000.000	32.73
> IDR 5.000.000 - IDR 7.500.000	15.58
> IDR 7.500.000 - IDR 10.000.000	9.87
> IDR 10.000.000	13.51
The participants who created and reported SMEs tax obligation:	
Personal	82.08
Consultant	9.09
Tax Authority	1.04
Other	7.79

Based on the type of business, most of SMEs in handicraft industry (32.21 percent) such as relief art and stone statue, bone, and coconut shell. Most of SMEs are individual business (72.73 percent). Regarding ownership, most SMEs are owned and managed by men (60.78 percent) who are on 31-50 years old and have senior high school background. The average amount of SMEs sales in each month is

2,500,000 to 5,000,000 rupiahs (32.73 percent). About its tax obligations, most SMEs owners do their tax obligations in filling out and reporting tax obligation (82.08 percent).

Test of Validity and Reliability

The results test of validity and reliability of instrument show that the instruments used are valid and reliable, as shown in Table 4.

Table 4 shows the results of validity and reliability test. The validity test using Pearson Correlation Test which yields item-total correlation coefficient value. This value reflects the consistency between scores of items with overall scores that can be seen from the magnitude of the correlation coefficient between each item with the overall score. The results of validity test show that five variables in this study have a greater value of the item-total cor-

relation coefficient than 0.3. It means that all items used are valid. Similarly, the reliability test results are performed using Cronbach’s Alpha value. The test results show that Cronbach’s Alpha value for all variables is greater than 0.70 which means that the variables used in this study have been reliable.

Hypothesis testing

Table 5 shows that the research model has fulfilled the criteria specified. The ratio of chi-square/degree of freedom (df) of 5.151 and probability value (p) of 0.101 indicates that this research model has fulfilled the criteria specified. Other values also reach the recommended threshold value (gfi= 0.904, cfi= 0.998, rmsea= 0.069, agfi= 0.901, tli= 0.947). The result of hypothesis testing shows that this study supports H₁, H₂, H₃, and H₅, but does not support H₄.

Table 4. Validity and Reliability Test Results

Variables	Correlation of Item-Total Variables Correlation	Cronbach Alpha
Attitudes towards Compliance	0.360-0.790	0.817
Subjective Norms	0.815-0.936	0.937
Perceived Behavioral Control	0.810-0.966	0.880
Intention to Comply	0.834-0.916	0.830
Tax Compliance Behavior	0.877-0.981	0.965

Table 5. Hypothesis Testing Results

Variables	Std Est	S.E	S.R	P	Note
Intention to Comply<--- Attitudes towards Compliance	0.386	0.099	0.906	0.000	Accepted
Intention to Comply<--- Subjective Norms	0.280	0.052	0.906	0.000	Accepted
Intention to Comply<--- Perceived Behavioral Control	0.063	0.023	0.729	0.006	Accepted
Tax Compliance Behavior<--- Perceived Behavioral Control	0.080	0.044	0.823	0.675	Rejected
Tax Compliance Behavior<--- Intention to Comply	0.055	0.026	0.075	0.038	Accepted
Model Feasibility Criteria	Value	Note			
Probability (P > 0.05)	0.101	Good			
Chi-Square (Low value)	5.151	Good			
GFI (GFI ≥ 0.90)	0.904	Good			
CFI (CFI ≥ 0.90)	0.998	Good			
RMSEA (RMSEA ≤ 0.08)	0.069	Good			
AGFI (AGFI ≥ 0.9)	0.901	Good			
TLI (TLI ≥ 0.9)	0.947	Good			

DISCUSSION

Attitude is defined as a supportive feeling or the opposite feeling toward something. This feeling arises from an individual's evaluation of his/her belief in the results that may be obtained when performing certain behaviors (Hidayat & Nugroho, 2011). Attitudes toward behavior are individual evaluations positively or negatively to objects, people, institutions, events, behaviors or intentions. Attitudes toward behavior are derived from belief in the consequences of such behavior that ultimately affects the individual's intention to behave. A positive attitude toward tax compliance will create tax compliance and vice versa. Taxpayers who have the attitude that tax evasion is a profitable thing will have high intention to comply (Kirchler, Hoelzl, & Wahl, 2008). Positive attitudes of taxpayers on taxes benefit will increase the intention to fulfill its obligations. The higher attitudes toward tax compliance behavior, the higher individual's intention to comply. The results of this study support previous empirical research (Bobek & Hatfield, 2003; Mustikasari, 2007; Damayanti, Subekti, & Baridwan, 2015).

Subjective norms are the perception of social pressure to do or not to engage in behavior (Ajzen, 1991). The higher subjective norms perceived by the taxpayer on tax compliance the higher the intention of the taxpayer to comply. Individuals who get support from respected people as well as from the community to comply with the tax rules these individuals will increase their compliance intentions. If the people around the taxpayers who are considered important have a positive attitude towards tax compliance, the taxpayer will obediently pay taxes. These results support previous results (Bobek & Hatfield, 2003; Mustikasari, 2007; Hai & See, 2011; Cullis, Jones, & Savoia, 2012; Damayanti, Subekti, & Baridwan, 2015; Marandu, Mbekomize, & Ifezue, 2015; Jimenez & Iyer, 2016).

Perceived behavioral control is defined as the perceived ease or difficulty of an individual for a

behavioral action (Ajzen, 2005). Perceived behavior control determines an individual's intention to engage in a behavior, which is influenced by the individual's experience and the anticipation of the obstacles encountered. The higher control of perceptive behavior, the higher intention to comply (Bobek & Hatfield, 2003; Mustikasari, 2007; Benk, Çakmak, & Budak, 2011; Razak & Adafula, 2013; Damayanti, Subekti, & Baridwan, 2015; Marandu, Mbekomize, & Ifezue, 2015).

Although perceived behavioral control has a direct influence on taxpayer intention to comply, the results of this study indicate that perceived behavioral control does not affect tax compliance behavior. This means that even if the individual has an intention to behave in a certain way but the new intention will be behavioral if the reality on the ground makes it possible to do so (Hidayat & Nugroho, 2011). Frequently, the behavior that arises is not the original intention because the conditions do not allow individuals to do their intention. Thus, the results support that perceptual control behaviors did not affect the behavior of non-tax compliance. The behavior of individual tax compliance is not solely influenced by perceptions of their control (Hidayat & Nugroho, 2011).

Perceived behavioral control in this research relates to the examination of taxes, the implementation of sanctions and penalties, and reporting by third parties. The taxpayer's trustworthiness rate on the performance of tax authority will affect the behavior of the perceived control. Moreover, the majority of SMEs in this study is an individual business, so their behavior is determined by their emotional and rational perception of taxation, which is not their expertise. This condition causes SMEs owners tend to have more opportunities to not comply with the regulations due to their unbelief on the tax authorities.

The intention is individual's desire level to execute an individual's behavior or business planned

to perform certain behaviors (Ajzen, 1991). The stronger the individual's intention to behave, the more likely the individual is involved in the behavior. The results of this study support previous research which states that the intention to obedience has a positive effect on tax compliance (Trivedi, Shehata, & Mestelman, 2005; Mustikasari, 2007; Hidayat & Nugroho, 2011; Langham, Paulsen, & Hartel, 2012; Awaludin, 2014).

CONCLUSIONS AND SUGGESTIONS

Conclusions

Based on the results of the tests conducted, it can be concluded that attitudes toward behavior, subjective norms and control of perceptible behavior affect one's intention to comply with the provisions of taxation. Nevertheless, perceived behavioral control variables have no direct effect on individual tax compliance behavior. The test results on intention to comply and tax compliance behavior support the theory of planned behavior.

Suggestions

This research has some limitations. First, this study has inherent limitations because it uses primary data obtained through questionnaires. There is a possibility of differences in perceptions between researchers and respondents because they cannot clarify each other's statements. Research becomes more representative when it is combined with interviews so that the perception of respondents can be further investigated.

Secondly, the number of SMEs samples is 385 SMEs that are not categorized based on micro, small and medium scale. The next research is expected to be able to stratify based on three business scale since each business scale has different respondent characteristics, so it has the possibility of causing bias in research result.

Third, tax compliance behavior is a complex phenomenon involving various factors. This research only uses non-economic factor that is the individual psychological owner of SMEs. Researchers are further advised to consider economic factors, such as the level of education, income, tariffs, or tax sanctions.

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