

FACTORS AFFECTING WILLINGNESS TO PAY TAXES ON INDIVIDUAL TAXPAYERS AT PRATAMA SURABAYA TEGALSARI TAX OFFICE

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ABSTRACT

Tax is one of the country's largest revenues and it also constitutes a form of self-reliance in financing the construction of a nation. The willingness of taxpayers in tax payments is important in tax collection. Therefore, when there is a lack of willingness to pay taxes, it will result in the indirect taxes which can be felt by the taxpayers. It is because the public have never known the existing concrete reward of money spent for paying the tax. This research uses several hypotheses to determine the effects of the variables in this study. The samples are individual taxpayers who are listed on Pratama Surabaya Tegalsari Tax Office and have a Taxpayer Identification Number as well as making payment on the Pratama Surabaya Tegalsari Tax Office. Linear regression analysis is used to test the research hypotheses. The result shows that the awareness of paying taxes has no effect on the willingness to pay taxes, while the knowledge and understanding of tax rules, a good perception of the effectiveness of the taxation system, and service quality affects the willingness to pay taxes.

Key words: *Willingness to Pay Taxes, Awareness of Paying Taxes, Knowledge and Understanding of Tax Rules, Good Perception of the Effectiveness of Taxation System, Service Quality.*

FAKTOR-FAKTOR YANG MEMPENGARUHI KEMAUAN MEMBAYAR PAJAK WAJIB PAJAK ORANG PRIBADI DI KPP TEGALSARI SURABAYA

ABSTRAK

Pajak merupakan salah satu pendapatan negara terbesar dan juga merupakan suatu bentuk kemandirian dalam pembiayaan pembangunan negara. Kemaun wajib pajak dalam pembayaran pajak merupakan hal penting dalam pengumpulan pajak. Oleh karena itu, ketika ada ketidakmaun membayar pajak, maka ini akan mengakibatkan pajak tidak langsung yang dirasakan para pembayar pajak. Hal ini karena masyarakat tidak pernah tahu keuntungan konkret apa untuk membayar pajak. Penelitian ini menggunakan beberapa hipotesis untuk menentukan pengaruh beberapa variabel dalam penelitian ini. Penelitian ini menggunakan sampel wajib pajak pribadi yang terdaftar di Kantor Pelayanan Pajak Pratama Surabaya Tegalsari dan memiliki Nomor Pokok Wajib Pajak serta melakukan pembayaran di Kantor Pelayanan Pajak Pratama Surabaya Tegalsari. Teknik analisis yang dipakai untuk menguji hipotesis penelitian adalah regresi linier. Hasil penelitian menunjukkan bahwa kesadaran membayar pajak tidak berpengaruh pada kemaun untuk membayar pajak, sedangkan pengetahuan dan pemahaman tentang peraturan pajak, persepsi yang baik terhadap efektivitas sistem perpajakan, dan kualitas layanan mempengaruhi kemaun membayar pajak.

Kata Kunci: *Kesediaan untuk Membayar Pajak, Kesadaran Membayar Pajak, Pengetahuan dan Pemahaman Peraturan Pajak, Persepsi Baik Efektivitas Sistem Perpajakan, Kualitas Pelayanan.*

INTRODUCTION

Tax is one of the country's largest revenues. It also functions as a form of self-reliance in financing the construction of the nation. Besides that, getting the tax is one of the government's efforts in running the tasks of government and development. In doing so, the government requires much funding. The country's foreign exchange receipts from exports are still insufficient compared to the amount of expenditures to finance governmental activities and development. So far, the government has been trying to explore the sources of funding, particularly from the nation's own abilities. One of them is derived from public contribution in the form of taxes. This indicates that taxation as one of the government activities related to the financial management of the State. The aim of the public contribution is to enhance the people's welfare through the betterment and the improvement of public services so that the equality and the improvement of the people's welfare can be achieved. It is also expected to be able to minimize the social gap among the people.

The efforts to achieve the target of tax do not always run smoothly. One thing to note is on the tax collection. There are several factors that make taxpayers unwilling to pay and report their tax obligations to the tax official. It can be seen from the total population of Indonesia reaching 238 million people, while as many as 110 million people already have jobs. However, of those who have jobs, only 55 million people are potentially being taxpayers and only 8.5 million people who are willing to submit their Annual Income Tax Return. It indicates that Indonesian people are still less aware of the function of taxation. Based on the existing facts, the government has recently sought ways to maximize revenue from taxes, especially on Individual Taxpayer.

Willingness to pay taxes incurred in the taxpayer is also necessary. It means that it determines the extent of the taxpayer to comply with the provisions of the tax legislation. The willingness to pay is a value for

which an individual is willing to pay, sacrifice or exchange something to acquire goods or services (Dwi Indah Widaningrum 2007). Most of the people across the country will never enjoy fulfilling their tax obligations, and no one does without a grumble. Few are really willing and possess responsibility of financing country's governance (Sony Devano and Siti Kurnia Rahayu 2006 : 113), then in the absence of a sense of willingness in the taxpayers themselves to voluntarily pay taxes, efforts to maximize tax revenues sector cannot be achieved perfectly. According to Sanjaya in Tatiana and Priyo (2009), willingness to pay taxes is influenced by knowledge of taxation, perception of tax penalties, tax paying community awareness, perceptions of tax officials, and perception of ease in the implementation of the taxation system.

Since 1983, the taxation system in Indonesia has adopted a *Self Assessment Tax System* where the government entrusts the taxpayers to calculate, deposit and report their own tax obligation. This system replaced the previous one, *Official Assessment Tax System*. Self Assessment Tax System has mission and consequence to change attitudes (awareness) of the citizen to pay taxes voluntarily. (Harahap 2004: 43). Tax collection system using *Self Assessment* gives active roles to the taxpayers to calculate their own tax due, to deposit them, and to report their Annual Income Tax Return themselves. This system is concerned with the taxpayers' willingness to comply with their tax obligations (Sony Devano and Siti Kurnia Rahayu 2006: 113). To support the Self Assessment System, Directorate General of Taxation creates a supporting system that is expected to facilitate the taxpayers to pay their tax and to report their tax obligations easily. The facilities are *e-filing, e-SPT, e-NPWP, e-registration, drop box and e-banking*. The existence of these facilities is expected to be able to increase revenues in the tax sector and to create a positive perspective to the Directorate General of Taxation and to the tax itself.

Efforts made by the tax authorities would not run smoothly as expected if they are not supported by willingness to pay taxes from the taxpayers themselves. The willingness of the taxpayers to pay their tax obligations is important in the tax collection. Causes of unwillingness to pay taxes are principle in taxation, where the benefit of tax collection could not be enjoyed by the taxpayers directly. In fact, the people themselves do not like to pay taxes because they never know the concrete form of reward from the money being spent to pay taxes (Widayati 2010). An effort to increase the tax revenues is to provide qualified services to the taxpayers as customers. Improving the quality and quantity of services is expected to increase taxpayers' satisfaction as customers (Ni Luh Supadmi 2009).

There are many potential taxpayers who have not registered as actual taxpayers. Disobedience in paying taxes does not only happen on the employers but also has become common knowledge that there are also other professionals who are disobedient to pay taxes. It has been known that rules on taxation obviously state the obligation of the taxpayers to pay taxes. Otherwise they will be penalized firmly. However, it should be noted that violation can potentially occur in the field, such as a large-scale taxpayers who make deals with the tax administration officers to do the nominal amount of the tax reduction. The beneficiaries in this situation are the taxpayer and the tax administration officer, while the most disadvantaged party in this situation is the government. Onset of infringement actions is, one of them, due to the lack of awareness of both parties; the taxpayers and the tax officer.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Willingness to Pay Taxes

According to Tatiana and Priyo (2009) the concept of paying taxes is developed through two sub-concepts, they are the concept of willingness to pay and the concept of

taxes. First, the willingness to pay is a value for which an individual is willing to pay, sacrifice or exchange anything to acquire goods or services (Dwi Indah Widaningrum 2007). Second is concept of taxes. According to N.J. Feldmann (in Waluyo 2010: 2), tax is an achievement imposed unilaterally by and owed to the entrepreneur (according to the norms adopted in general), in the absence of contra-achievement, and are used solely to cover general expenses. While according to Rochmat Soemitro (Siti Resmi 2009: 1), tax is the citizen contribution to the state treasury under the Act (which can be enforced) with no reciprocal services (contra-achievement) directly demonstrated, and are used to pay for general expenses.

Based on the explanation of the two sub-concepts above, a definition for *the willingness to pay taxes* could then be developed. *Willingness to pay taxes* could be interpreted as an act or moral values of the taxpayers to voluntarily spend money (in accordance with applicable regulations) where the money would be used for the general purposes of the state, do not get a direct feedback from the state. It is also revealed in a study conducted by Tatiana and Priyo (2009) that *willingness to pay taxes* could be interpreted as a value that is willingly contributed to by someone (defined by regulation) that is used to finance public expenditures of the state without acquiring any direct goods or services.

Willingness to pay taxes is influenced by several factors, such as the condition of a country's system of tax administration, the service to the taxpayers, the enforcement of tax laws and the tax rates (Sony Devano and Siti Kurnia Rahayu 2006: 112). Furthermore, according to Sanjaya in Tatiana and Priyo (2009) the willingness to pay taxes is influenced by knowledge of taxation, the perception of tax penalties, public awareness of paying taxes, the perception of tax officers, and the perception of ease in the implementation of the tax system.

Based on the study (in Tatiana and Priyo 2009), forms and reasons of perception

which may indicate the willingness of the taxpayer to pay taxes are: (1) The taxpayer feels that the amount of tax to be paid is not burdensome, or at least according to income. The taxpayer would pay tax if the tax burden does not affect his economic capability significantly. (2) The taxpayer assesses that taxation sanctions have been implemented fairly. With this assessment, taxpayers will pay the tax, based on the belief that taxpayers who do not pay taxes will be penalized. (3) The taxpayer assesses that the utilization of tax has been correct. One of the tax usages is for the construction of public facilities. (4) The taxpayer assesses that tax authorities provide good service.

Research conducted by Cummings and Vasquez in 2005 (in Tatiana and Priyo 2009) showed that the perception of the taxpayers on the availability of any goods and services (facilities) for the public interest improves tax compliance where taxpayers' willingness to pay taxes included therein. Bintoro (in Tatiana and Priyo 2009) argued that psychological contract which was built by tax officials and taxpayers will have an impact on the tax moral formation that may affect the tax payer to pay taxes.

Based on the statements above, it could be explained that the moral stance in the form of desire or willingness to pay taxes is necessary considering that taxes are an absolute obligation to citizens, then it is necessary for the government to participate in enhancing the sense of love to the state earlier.

Awareness of Paying Taxes

The progress and development of this country could not be separated from the awareness of citizens in paying taxes. Public awareness of paying taxes is closely connected with the awareness to the state. According to Marihot (2010: 106) when the awareness to the state is less, then the people are less able to know and enjoy the importance of the nation and the water land, the national language, the security and order, to possess and enjoy the national culture and, in the end, when the awareness to the state

declines, sense of belonging and enjoying the benefits of government spending also declines, and therefore the awareness of paying taxes is also not thick.

Awareness is a state of knowing or understanding, while taxation is about taxes, so the tax is a state of awareness to know or understand about taxes (Agus 2006). Based on this statement, it could be revealed that the taxation awareness is related to the taxpayers in paying their tax obligations, reporting Tax Return, function and regulation along with the sanctions of the tax itself. In most communities, especially in Indonesia, the level of awareness of paying taxes is not quite good. It is supported by a statement of Soemarso (in Agus 2006) which states that low public awareness of taxation often becomes one of the reasons for many potential taxes to be captured. According to Suryadi (2006) there are four important indicators in raising awareness of the taxpayers; creating positive perception of the taxpayer on their tax obligation, studying the characteristics of the taxpayers, increasing taxpayers' knowledge on taxation, and providing tax counseling to the taxpayers.

An active role of the government to make people aware of the tax is required either in the form of routine counseling / socialization or in the form of intensive training. By doing so, public awareness in paying taxes can be increased, or the tax policy can be used as a tool to stimulate or excite Taxpayers to carry out and or raise awareness in paying the tax.

Irianto in Tatiana and Priyo (2009) outlines some forms of awareness in paying taxes. There are three main forms of awareness related to the payment of taxes, they are: (1) the awareness that taxes are forms of participation in supporting the country's development. By knowing this, the taxpayers are willing to pay taxes because they are not harmed from the tax collection. (2) The awareness that the delay in payment of taxes and the reduction of the tax burden is very detrimental to the country. Taxpayers are willing to pay taxes because they understand

that the delay in payment of taxes and the reduction of the tax burden impact on the reduced financial resources that could lead to the delays in development of the country. (3) The awareness that taxes are set by law and can be enforced. Taxpayers will pay taxes because tax payment has a strong legal foundation and is an absolute obligation of every citizen.

Based on the explanation above, awareness of paying taxes can be interpreted as a form of moral attitude which gives contribution to the state to support the development of the country and tries to obey all the rules set by the state and can be imposed on the taxpayers. In addition, awareness in meeting tax obligations is not only in technical matters just like auditing tax and tax rates, but it also depends on the willingness of the taxpayers to comply with the provisions of the tax rules (Sony Devano and Kurnia Siti Rahayu 2006: 113).

Knowledge and Understanding of Tax Rules

According to the research conducted by Widayati and Nurlis (2010), there are several indicators for taxpayers to know and understand the tax rules, they are: (1) Ownership of Tax Identification Number (TIN). Any taxpayers who have income must register to obtain TIN as a means for administrating taxes (2) Knowledge and understanding of the rights and obligations as taxpayers. If the taxpayers have understood their obligations as the taxpayers, then they will do it, one of which is to pay taxes. (3) Knowledge and understanding of tax penalties. Getting to know and understand the tax rules, the tax payers will get to know and understand the sanctions that will be accepted if they neglect their tax obligations. This will certainly encourage any obedient taxpayers to fulfill their obligations properly. (4) Knowledge and understanding of Non-Taxable Income, Taxable Entrepreneur, and Tax Rates. By knowing and understanding the applicable tax rate, it will encourage the taxpayers to be able to calculate their own tax liability cor-

rectly. (5) Taxpayers know and understand the tax rules through socialization by Tax Service Office. (6) Taxpayers know and understand the tax rules through taxation training they follow.

Good Perception of the Effectiveness of the Taxation Systems

Along with the increasing awareness of the public to pay taxes, changes and improvements or betterment are required in the modern administrative system based on the Regulation of the Minister of Finance No. 62/PMK.01/2009 on the Organization and vertical working procedure agencies of the Directorate General of Taxes on improving administrative order, effectiveness, and organizational performance vertical institutions in the Directorate General of Taxation which includes all lines of organizations operating nationally.

Based on the explanation, it is expected that the current tax system such as *e-SPT*, *e-filling*, *e-NPWP*, *e-registration*, *e-banking* and *drop box* and others can be more perfect and provide convenience to the taxpayer in paying or reporting tax liability and may give a good image or perception to things related to taxes, especially on the taxation system.

According to Widayati and Nurlis (2010), things that indicate the effectiveness of the current taxation system which can be felt by taxpayers are: (1) Reporting system through *e-Tax Return and e-Filing*. Taxpayers can submit tax report more easily and quickly. (2) Payment through *e-Banking* allows taxpayers to make payments anywhere, anytime. (3) Taxation through a *drop box* can be done in various places, not necessarily in the Tax Office where taxpayers are registered. (4) Regulation of taxation can be accessed more quickly through the Internet, without having to wait for the notification of the Tax Office where the taxpayers are registered. (5) TIN Registration can be done online through *e-Registration* of tax website. This will make it easier for taxpayers to obtain TIN faster.

Service Quality

Customer service is a combination of art and science, to learn how to create quality services is not enough to just have a theory or principle but the officials must be dare to practice the knowledge related to customer service behavior (Boediono 2003: 14). Good service is one of the important factors in creating customer satisfaction. A service can be good if the business carried on in accordance with what is expected. Quality service is a service that can provide satisfaction to our customers and remain within the service standards that can be accounted for and must be done continuously (Ni Luh Supadmi 2009). According to Liberti Pandiangan (2008: 5), demand for fast, easy, inexpensive, and accurate service is the hope of the community, as well as taxation.

Tjahjono in Kautsar (2008) explains that one of the leading roles in the operational units of the Tax Office in providing quality service to taxpayers is through Integrated Service Center. Elements of service quality include:

1. Service Procedure

In providing services to taxpayers as provided in the Circular of the Director General of Taxation Number SE-09/PJ.9/1995 on Taxation and Information Systems Implementation Handbook for Public Service, then a few things to note:

- a. Services are compatible with the determined standards and procedures.
- b. Priority of friendliness, smoothness, transparency, and clarity in delivering information and services to taxpayers.
- c. Services are easy, precise, fast, and professional.
- d. Fair service and at no charge.
- e. Responsive, effective and high working culture is required.
- f. Taxpayer Satisfaction is the responsibility of the Tax Office.

2. Organization

The formation of the Integrated Service Center in the Tax Office, in conjunction with the implementation of Taxation Information System set by the Director General of Taxa-

tion Circular No. SE-09/PJ.9/1995 dated October 20, 1995, clarifies the responsibility of administrative tasks, information, and services to taxpayers in the Integrated Service Center which becomes the responsibility of the Section Head of *TUP*, while the tasks of providing data and technical issues related to computers is the responsibility of the Section Head of *PDI*.

3. Human Resources

Appointment of officers who serve in the Integrated Service Center is carried out through the Memorandum of the Head of the Tax Office conducted every month, taking into account the following matters:

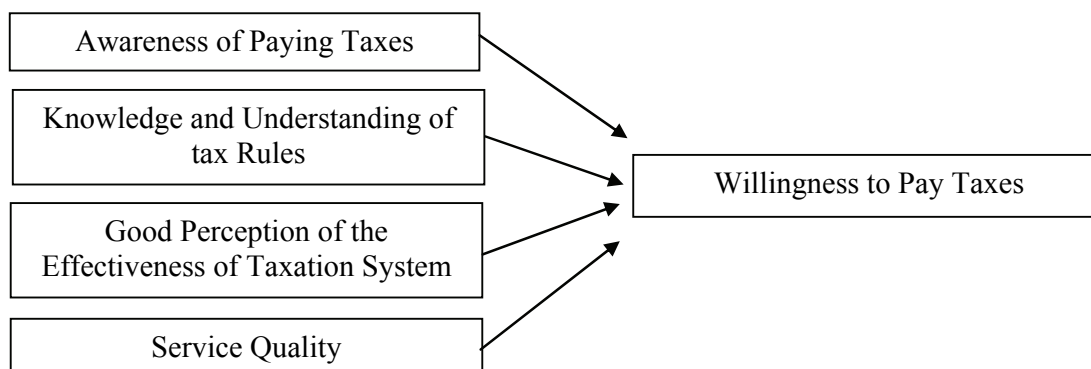
- a. Having attractive and friendly appearance.
- b. Having sympathetic attitude and behavior.
- c. Having high integrity and dedication.
- d. Having ability to communicate and operate computer well.
- e. Having adequate knowledge in the field of taxation for those who are placed on the information desk.
- f. Having ability in appointing responsible daily / weekly coordination.

4. Facilities and Infrastructure

In the study conducted by Ni Luh Supadmi (2009), one of the efforts to improve tax compliance is to provide good service to taxpayers. Improving the quality and quantity of services is expected to be able to increase taxpayer satisfaction as a customer.

Service Quality to taxpayers is an important factor for the Tax Office to increase the willingness to pay taxes on taxpayers so that state revenues through taxation sector can be much more. Providing good service to the taxpayers means that the taxpayers will continue to meet their obligations to pay taxes then the taxpayer will be pleased and find it more convenient as well as assisted in the settlement of their tax obligations. It is certainly not out of the vital roles performed by each of the tax officers. Tax officer is required to serve any taxpayer with good manners, to have respect to the taxpayer as a customer, and to have expertise and knowledge in the field of taxation which would support service quality performed by the tax

Figure 1
Framework of Thought



officer to the taxpayer. In addition, the equipment owned by the tax office would also be required, such as; a means of communication, computer, nice waiting room, the queue number, and other supporting equipment.

The underlying framework of this study can be illustrated in Figure 1. The hypothesis is structured as follows:

H1: Awareness of Paying Tax affects on Willingness to Pay Tax.

H2: Knowledge and Understanding of the Tax Rules affect Willingness to Pay Tax.

H3: Perceptions of the Effectiveness of a Good Tax System affect on Willingness to Pay Tax.

H4: Service quality affects on Willingness to Pay Tax.

RESEARCH METHOD

Research Design

Research is the development of science in a way to process information that is expected to solve the problem. The research covers;

a. Deductive research is the type of research that aims to test the hypothesis through validation theory or to test theory application in specific circumstances. The data testing results are used as the basis for concluding the study, supporting or rejecting the hypothesis developed by theoretical study. This deductive research is an example of the type of research that uses quantitative paradigm (Nur and Bambang 1999: 23).

b. Research in terms of the primary data

sources where the data of the researchers are obtained through direct observation from the original source. Primary data are collected by the researcher intended to answer the research questions either verbally or in writing. There are two primary data collection techniques, i.e. through media of interviews or questionnaires (Nur and Bambang 1999: 152).

Identification of Variables

Variables used in this study are the Awareness of Paying Taxes, Rules and Understanding of Tax Rules, Good Perception of the Effectiveness of the Taxation System, Service Quality and Willingness to Pay Taxes.

1. *Dependent variables* are:

WPT = Willingness to Pay Taxes

2. *Independent variables* are:

APT = Awareness of Paying Taxes

RUTR = Rules and Understanding of Tax Rules

PETS = Good Perception of the Effectiveness of Taxation System

SQ = Service Quality

Population, Sample and Sampling Technique

The population used in this study is the individual taxpayers who are registered and who make payments and reporting at Surabaya Tegalsari Tax Office. The sample in this study is limited to the criteria of individual taxpayers who hold Tax Identification Num-

ber (TIN), registered, make payments and submit their reports at Surabaya Tegalsari Tax Office. The technique used in this study is purposive sampling, ie sampling technique with specific considerations (Sugiono 2004: 78). The considerations are:

1. Owning TIN
2. Registered at Pratama Surabaya Tegalsari Tax Office.
3. Making payment and reporting taxation at Pratama Surabaya Tegalsari Tax Office.

DATA ANALYSIS AND DISCUSSION

The subjects examined in this study are respondents who make payment and report their taxation at Surabaya Tegalsari Tax Office. Sampling is conducted based on predefined criteria sample in this study. The criteria used as the sample in this study are individual taxpayers who have TIN and make payments and report at Tegalsari Surabaya Tax Office.

Based on the data collected from the results of the questionnaires at Surabaya Tegalsari Tax Office, as many as 86 questionnaires which have been distributed to the individual taxpayer respondents only 72 questionnaires that could be processed and a total of 14 questionnaires could not be used because the respondents who fill out the questionnaires are not taxpayers (not having TIN).

Validity Test

Validity test is used to measure whether or not a valid questionnaires. A questionnaire is considered valid if the questions on the questionnaire are able to express something that is measured by the questionnaire. The validity of the test can also be done through bivariate correlation between each indicator score with a total score of constructs, in other words if each indicator to the total score of the construct shows significant results. It can be concluded that each question is a valid indicator (Imam Widodo 2006: 46). From the test results indicate that the results of all the questions in the questionnaire related to variable of awareness of pay-

ing taxes, knowledge and understanding of tax rules, a good perception of the effectiveness of the taxation system, quality service, and willingness to pay taxes proved valid correlations with a significance value of less than 0.05.

Reliability Test

Reliability Test is a tool to measure a questionnaire which is an indicator of the variables or constructs. The reliability test is conducted using Cronbach's Alpha statistical test. Imam Gozali (2006: 41). The results show that the magnitude of Cronbach's Alpha on variable of awareness of paying taxes, knowledge and understanding of tax rules, a good perception of the effectiveness of the taxation system, quality service, and willingness to pay taxes is greater than 0.6, thus questions in the questionnaire are reliable.

Data analysis is performed using multiple regression analysis to determine the effect of paying taxes awareness, knowledge and understanding of the tax rules, a good perception of the effectiveness of the taxation system, and the quality of service to the willingness to pay taxes. The test results through SPSS version 16 shows $Y = 5.095 + 0.032 X1 + 0.196 X2 + 0.179 X3 + 0.130 X4$.

Based on the F test results in Table 1, it can be explained that the F count is 10,384 more than F table 2.50 ($df = 67, n = 4, \alpha = 0.05$), with a significance probability 0.000. Because F count is greater than F table and the significance probability is smaller than 0.05, it can be stated that the model of regression equation is fit or it can be concluded by accepting H1. When it is seen from the results of adjusted R square, it is obtained 0.346, this means that 34.6% of variation in willingness to pay taxes can be explained or can be affected by variations of the four independent variables, while the rest ($100\% - 34.6\% = 65.4\%$) described by other causes outside the model.

Based on the results of statistical tests t in Table 2, it can be described in the following:

Table 1
Testing Results Adjusted R Square

Model	R	R Square	Adjusted R Square	Std Error of the Estimate
1	.619 ^a	.383	.346	1.367

a. Predictors: (Constant), Service Quality, Awareness of Paying, Good Perceptions of the Effectiveness of Taxation System, Knowledge and Understanding of the Tax Rules.

b. Dependent Variable: Willingness to Pay Taxes

Table 2
Results t Statistic Test

Model	Unstd. Coefficients		Std. Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	5.095	1.826		2.791	.007
Awareness	.032	.085	.040	.381	.704
Knowledge	.196	.089	.277	2.214	.030
Perception	.179	.077	.264	2.326	.023
Service	.130	.056	.250	2.342	.022

1. Testing between Awareness of Paying Taxes and Willingness to Pay Taxes indicates t count = 0.381 is smaller than t table 1.996 ($df = 67$, $\alpha = 0.05$), from the table it is also obtained a significance of 0.704, which means the significance $>$ of 0.05. This suggests that the Willingness to Pay Taxes could not be affected partially by Awareness of Paying Taxes or interpreted by accepting H0.

2. Testing between Knowledge and Understanding of the Tax Rules and Willingness to Pay Taxes indicates t value = 2,214 is greater than t table 1.996 ($df = 67$, $\alpha = 0.05$), from the table it is also obtained a significance of 0.030, which means significance $<$ 0.05. This suggests that the Willingness to Pay Taxes could be affected partially by Knowledge and Understanding of Tax Rules or interpreted by accepting H1.

3. Testing between Good Perception of Effectiveness of the Taxation and Willingness to Pay Taxes indicates t value = 2.326 is greater than t table 1.996 ($df = 67$, $\alpha = 0.05$), from the table it is also obtained a significance of 0.023, which means significance $<$ 0.05. This suggests that the Willingness to Pay Taxes could be affected partially by Good Perceptions of the Effectiveness of Taxation System or interpreted by accepting H1.

4. Testing between Service Quality and Willingness to Pay Taxes shows t value = 2,342 is greater than t table 1.996 ($df = 67$, $\alpha = 0.05$), from the table it is also obtained a significance of 0.022, which means significance $<$ 0.05. This suggests that the Willingness to Pay Taxes could be affected partially by Service Quality or interpreted by accepting H14.

Discussion

This section discusses the theoretical analysis of the findings. The discussion is based on empirical and theoretical findings and previous studies relevant to the research conducted. To facilitate the discussion on the analysis, the influence of each independent variable on willingness to pay taxes is also described.

Tax is one of the country's largest revenues. It also functions as a form of self-reliance in financing the construction of the nation. Besides, tax is one of the government's efforts in running the governmental activities and development. In doing so, the government requires much funding. The country's foreign exchange receipts from exports are still insufficient compared to the amount of expenditures to finance governmental activities and development. So far,

the government has been trying to explore the sources of funding particularly from the nation's own abilities, one of them is derived from the community contribution in the form of taxes.

The results of statistical test claim that Awareness of Paying Taxes has no effect on the Willingness to Pay Taxes. This is consistent with the results of research conducted by Widayati and Nurlis (2010). The level of awareness of taxation in Indonesia, especially in terms of paying taxes is still lacking. It is due to principle of taxation itself where tax collection results cannot be directly enjoyed by the taxpayers. Such assumption causes the lack of awareness of paying taxes. In addition, it depends on the willingness of the taxpayers themselves, to what extent taxpayers are willing to comply with tax rules.

The results of the study on the variables of Knowledge and Understanding of the Tax Rules and a Good Perception of the effectiveness of the Taxation system, affect significantly on the Willingness to Pay Taxes. Thus, it is consistent with the results of research conducted by Wdayati and Nurlis (2010), except for the variable of Good Perception of the Effectiveness of the Taxation System on the research results of Widayati and Nurlis (2010) which declare no effect.

The results illustrate that taxpayers, especially at Surabaya Tegalsari Tax Office, understand and know the tax rules, the rights and obligations as obedient taxpayers and are willing to submit tax report correctly, completely, timely as well as the desire to have a TIN (for those who do not have). For those who already have TIN, taxpayers are expected to be more maximal in carrying responsibilities. And so, with the presence of an integrated system of taxation that would certainly be able to affect the willingness of taxpayers to meet their obligations easily and quickly without having to go to Tax Office where the taxpayer is registered. The benefit derived from the system is the increasing public confidence in the taxation, the image of the Directorate General of

Taxes can also be increased in the presence of such systems.

According to respondents, Directorate General of Taxes' policies on modern tax administration system which utilize the development and information technology progress are; *e-Filling*, *e-SPT*, *e-Registration*. These services make the taxpayers feel convenient. Thus, it can be concluded that the implementation of a modern tax administration system is to achieve the four main goals. These goals are such as equitable revenue optimization, increase on voluntary compliance which also includes the willingness, administrative efficiency, the formation of a good image and high public trust.

Results of the research on Service Quality variables significantly influence the Willingness to Pay Taxes. This is consistent with research conducted by Ni Luh Supadmi (2009) that service quality is a service that can provide satisfaction to customers and remain within the service standards that can be accounted for and must be done continuously. With the improvement of service quality it is expected to be able to foster a sense of awareness to the people to pay taxes which would then give a positive effect on the state revenues. The increased tax revenues, especially on individual which has been the belle of state revenues, can provide positive meaning for the development of the country. Increased state tax revenue can be used as an important element of the assessment that the performance of the organization with all service quality and the performance of employees have already shown good results.

CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study aims to examine the effect of Awareness of Paying Taxes, Knowledge and Understanding of the Tax Rules, Good Perceptions of the Effectiveness of Taxation System, and Service Quality to the Willingness to Pay Taxes on individual taxpayers at Surabaya Tegalsari Tax Office. The samples used in this study are 72 respondents who are registered at Surabaya Tegalsari Tax Office.

It is proved that Awareness of Paying Taxes, Knowledge and Understanding of the Tax Rules, Good Perception of the Effectiveness of the Taxation system, and the Service Quality have different evidences. In fact, among those variables, only Awareness of Paying Taxes which does not affect the Willingness to Pay Taxes, while the other three variables provide test results affecting the Willingness to Pay Taxes. In addition, it can also be concluded as the following.

1. Awareness of Paying Taxes does not affect the Willingness to Pay Taxes.
2. Knowledge and Understanding of the Tax Rules affect the Willingness to Pay Taxes.
3. Good Perception of the Effectiveness of Taxation System affects the Willingness to Pay Taxes.
4. Service Quality affects the Willingness to Pay Taxes.

It has some difficulties to find such as:

1. Tax Office for getting information on the data of individual taxpayers because it is still considered confidential document for the Tax Office.
2. Questionnaires to the respondents due to the busyness of the respondents, the refusal of the respondent to fill out questionnaires, and some respondents are afraid to fill out the questionnaire as it relates to taxation.
3. The number of people who report or pay the taxes not for the taxpayers themselves, but rather by a representative to pay and report the taxes of the taxpayers concerned.

It is recommended that the researcher increase the number of respondents and also broaden the scope of research. It is expected to get appropriate answers and results of the research. Besides that, they should also perform research testing by adding independent variables such as tax rates which can affect the quality of the research to be better. They not only use the methods of questionnaires distribution alone in getting research data, but also give interviews in order to explore more accurate information, and on the composition of the question for the fourth variable is advisable to be changed. Based on the test results of t-test, variable of Aware-

ness of Paying taxes has no effect on the Willingness to pay taxes. It is clear that the level of public awareness is still lacking in paying taxes. Tax Office party is advised to be more active and hard working to socialize mindful attitude in paying taxes to the public. This socialization can utilize advertisements on television, radio and newspaper as well as other media. If necessary the Directorate General of Taxation regularly holds events that educate and entertain the public to have an awareness of taxation. This could be done also by socialization in certain professions by inviting leaders of certain professional circles.

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