

The Effect of Voluntary Disclosure Program Policy on Corporate Taxpayer Voluntary Compliance

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Abstract: The Low tax revenues are due to the low level of taxpayer compliance. As one of the efforts made by the government by passing a law called Harmonization of Tax Regulations. One of the program designs that can be used by the public and is expected to increase taxpayer awareness in their compliance with tax reporting and payments, and can increase state tax revenues by encouraging unreported assets, namely the voluntary disclosure program (VDP). This study aims to determine the effect of the voluntary disclosure program policy on corporate taxpayer compliance. This study analyzed primary data from a questionnaire distributed to 100 corporate taxpayers at KPP Pratama Badung Selatan. The sample underlying this study used a simple random sampling method and used the slovin formula in determining respondents. In this study, statistical testing with Partial Least Square (PLS) test equipment with SmartPLS 3.0 was used. The results of this study show that the voluntary disclosure program policy has a positive and significant effect on corporate taxpayer compliance. This research is expected to add insight to subsequent researchers and subsequent researchers can add other variables besides the variables of the voluntary disclosure program

Keywords: Voluntary Disclosure Program, Corporate Taxpayer, Taxpayer Compliance

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Introduction

Taxes are an important potential state revenue that is considered to be able to have an impact in improving development and services for a prosperous society (Utami & Osesoga, 2017). Taxes are the main contributor to state revenue used to fund the State Budget (Tinggi et al., 2019). Taxpayer compliance is believed to be an important point for the government and is one of the keys to the government's success in collecting tax revenues, because low tax compliance will have implications for reducing tax revenue (Handayani & Damayanti, 2018). Voluntary compliance of taxpayers has a relationship with how taxpayers assess the meaning of the tax itself, the existence of internal and external influences that are factors in the formation of a person's behavior in this theory (Aprila et al., 2019). The government has achieved the target of realizing tax revenues as seen from the Tax Performance Report in 2021. The tax revenue target is set based on the state budget target. Based on data obtained from KPP Pratama Badung Selatan, the number of targets and realization of corporate taxpayer revenues has decreased in 2021 which can be seen in Table 1.

Table 1. Target and Realization of Corporate Taxpayer Revenue at KPP Pratama Badung Selatan

Year	Target	Realization
2017	53.568.834.888	85.047.578.378
2018	58.628.554.000	160.174.237.962
2019	51.916.355.000	95.206.012.313
2020	46.359.017.000	53.495.840.574
2021	15.732.700.000	13.065.321.045

Source: South Badung Primary Tax Service Office, 2022

Based on table 1, it can be seen that in 2021 there is no achievement of the target set by KPP Pratama Badung Selatan. There are many factors that cause the non-achievement of this target, one of which is the compliance of taxpayers who have not been maximized (Setiawan, 2018). The decrease in taxpayer compliance also occurred in the KPP Pratama Badung Selatan, seen in the table of corporate taxpayer compliance levels from 2017 to 2021.

Table 2. Corporate Taxpayer Compliance Ratio at KPP Pratama Badung Selatan

Year	WP Agency	WP Body Reports SPT	Compliance (%)
2017	5.324	2.507	47,09%
2018	5.940	2.704	45,52%
2019	6.585	2.852	43,31%
2020	7.158	3.606	50,38%
2021	8.454	3.712	49,91%

Source: South Badung Primary Tax Service Office, 2022

Based on table 2, there is a decrease in the ratio of taxpayer compliance levels at the South Badung Primary Tax Service Office in 2021. Taxation knowledge of each taxpayer can have an influence in improving taxpayer compliance. Tax knowledge is knowledge of the rights and obligations of taxpayers regarding general provisions and tax procedures, as well as procedures for payment, collection and reporting of taxes (Axel & Mulyani, 2019).

The government has sought how to increase the level of voluntary compliance of taxpayers by issuing a tax amnesty policy in 1984 whose purpose is to overcome the taxpayer's problems, but the policy has less impact due to the low response of taxpayers (Diamastuti & Hardanti, 2019). Then the government continued the first tax amnesty period, namely from June 28 to September 30, 2016, the second period from October 1 to December 31, 2016, and ended in the third period from January 1 to March 31, 2017 (Ispriyarso, 2019). The implementation of tax amnesty in Indonesia is considered to have reaped success, especially from the receipt of ransom money derived from declarations, but repatriation is still unsuccessful. However, the number of tax amnesty participants is still not in line with government expectations. The negative side of the tax amnesty is the emergence of a sense of non-compliance for taxpayers because taxpayers hope for a tax amnesty in the future (Safri, 2020).

On October 29, 2021, the President of the Republic of Indonesia passed the Draft Law on the Harmonization of Tax Regulations (RUU HPP) into Law (UU). The issuance of Law Number 7 of 2021 concerning harmonization of tax regulations (HPP Law) is valid in stages starting from January 2022. One of the draft programs of the HPP Law that can be used by the public and is expected by taxpayers to be more aware of their obligations for reporting and paying taxes is the voluntary disclosure program (VDP). Taxpayers who as participants in the program must pay a certain rate on Income Tax (PPh) based on the amount of property disclosed

Voluntary Disclosures, among others, can be avoided from administrative sanctions (for taxpayers who participate in the Tax Amnesty) and non-issuance of tax provisions. The Voluntary Disclosure Program will be held for 6 (six) months from January 1, 2022 to June 30, 2022. This policy provides conditions for corporate taxpayers. Corporate taxpayers who can participate in this program are only those who participated in the previous tax amnesty program, this is because corporate taxpayers are considered compliant and are better able to complete their obligations, that way the scheme two facility is given only to individual taxpayers who have never participated in the tax amnesty. However, corporate taxpayers who are active in reporting or paying taxes at KPP Pratama Badung Selatan are still low compared to the total registered taxpayers, so with the data in the field the number of taxpayers realized is still small or has not reached the target, this indicates that corporate taxpayers registered with KPP Pratama Badung Selatan are still not compliant in paying or reporting their taxes.

This program can improve compliance if taxpayers consider it a last resort. This is in accordance with what has been stated by Hasanah et al., (2021) tax amnesty volume 2 or the voluntary disclosure program is predicted

to be successful with a record of maximum socialization, there is no perception that the tax amnesty endangers honest taxpayers, and the view of this taxpayer is the last tax amnesty so that there is a fear of not paying taxes and being hit by fines. Meanwhile, research conducted by Murweni & Gunardi., (2018) stated at a glance, in the short term it can be seen that the 2016 tax amnesty program has a significant impact on corporate tax compliance, but both in Indonesia and in countries that have implemented the tax amnesty program have not been able to conclude with certainty whether the implementation of the tax amnesty program can be used as an indicator in increasing tax compliance for their citizens.

Method

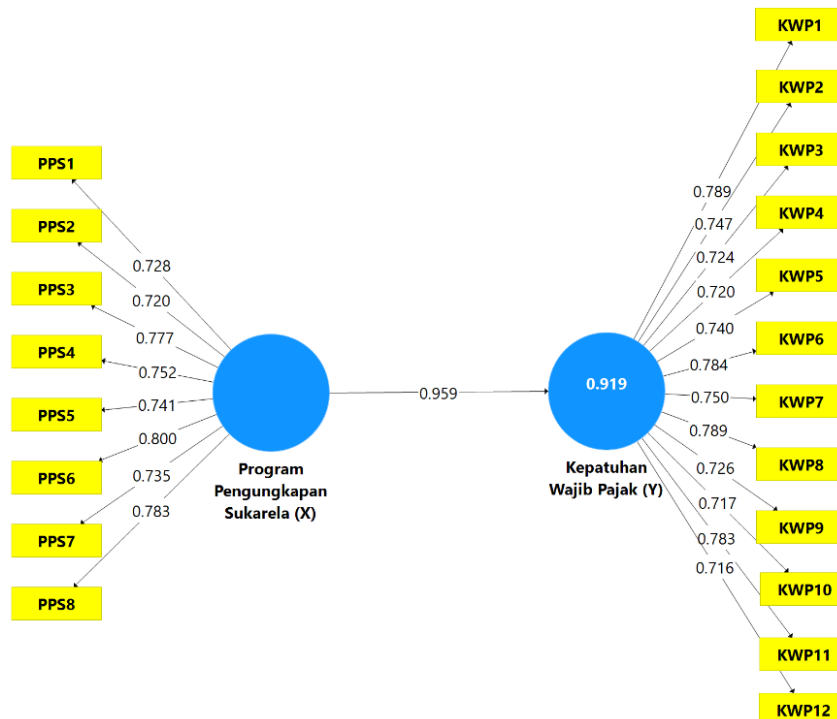
This study used quantitative research methods by selecting a population and then taking samples to collect data. The data has been collected using research data instruments and analysis is carried out, Primary data from questionnaire distribution. The questionnaire in this study used a 5-point Likert scale to differentiate each response or opinion from the respondents. Respondents to this survey were a sample selected according to the criteria of the population of all corporate taxpayers registered with the KPP Pratama Badung Selatan, determined by simple random sampling. The study sample was calculated using the slovin formula, which resulted in 100 taxpayers as a research sample. In this study, the questionnaire was submitted through the e-Research application and distributed directly to respondents by the KPP Research Field of South Badung Primary. The analysis technique in this study used Partial Least Square (PLS) which was operated through the SmartPLS 3.0 program.

Results and Discussion

1. Evaluation of the Measurement Model (Outer Model)

a. Convergent Validity

Convergent Validity has a relationship with the principle that the gauge-ngukur (manifest variable) of a construct must have a high correlation. The use of convergent validity in measuring the reliability of each indicator, where the loading factor > 0.70 . Loading factors of 0.50 to 0.60 are still acceptable in scale development stage research by looking at the results of the correlation output between the indicator and its construct (Ghozali, I., & Latan, 2015).



source: primary data processed in 2022

Figure 1. Path Diagram

b. *Discriminant Validity*

The results in table 2 show that each variable produces an AVE value greater than 0.50, so all variables used are declared valid.

Table 2. Average Variance Extracted (AVE)

	AVE	AVE Terms	Information
Voluntary Disclosure Program (X)	0,570	>0,500	Valid
Taxpayer Compliance (Y)	0,562	>0,500	Valid

Source: Primary data processed in 2022

c. *Reliability Test*

The results in table 3 show that each variable produces a value greater than 0.70, so all variables used are declared reliable.

Table 3. Cronbach's Alpha and Composite Reliability

	Cronbach's Alpha	Composite Reliability	Condition	Information
Voluntary Disclosure Program (X)	0,892	0,914	>0,700	Reliable
Taxpayer Compliance (Y)	0,929	0,939	>0,700	Reliable

Source: Primary data processed in 2022

2. *Structural Model Evaluation (Inner Model)*

Table 4 shows the R² value showing the R² value of the Taxpayer Compliance (Y) variable of 0.919. Based on these results, it can be concluded that the Voluntary Disclosure Program (X) has an influence of 91.9% or is strong on Taxpayer Compliance (Y).

Table 4. R Square

	R Square	Ajusted R Square
Taxpayer Compliance (Y)	0,960	0,959

Source: Primary data processed in 2022

3. *Hypothesis Test*

The significant rate used was 5% with a T-statistical value of 1.96. The T-statistical value > 1.96 indicates that the hypothesis is accepted, while if the T-statistical value < 1.96 indicates the hypothesis is rejected.

a. *Direct Influence*

Table 5. Path Coefficient (Bootstrapping)

	Original Sample (O)	T Statistics	P Values
Voluntary Disclosure Program (X) Taxpayer Compliance (Y)	0,959	114,724	0,000

Source: Primary data processed in 2022

Table 5 shows that the voluntary disclosure program for taxpayer compliance yielded a coefficient of 0.959 and a T-statistic of 114.724. The magnitude of the coefficient value of 0.959 describes the existence of a positive influence and the T-statistical value of 114.724 > 1.96 which means that there is a significant influence. Based on these results, it can be concluded that the Voluntary Disclosure Program affects Taxpayer Compliance positively and significantly.

4. Discussion

The voluntary disclosure program has a positive and significant influence on Corporate Taxpayer Compliance. The results of the test are supported by the theory of attribution of the confidence of corporate taxpayers registered at KPP Pratama Badung Selatan to influence their interest in fulfilling tax compliance by utilizing the voluntary disclosure program that has been set by the government. Attribution theory is relevant to explain a taxpayer's ability to participate in the Voluntary Disclosure Program by declaring his property and paying a ransom that is associated with the taxpayer's perception of making judgments on the tax itself. This research is supported by Muflihah (2021) stated that the better the implementation of tax amnesty at each Primary Tax Service Office in the city of Bandung, the more compliance of corporate taxpayers. This research is also supported by research conducted by Pratiwi & Marlinah (2021) which proves that the tax amnesty program has succeeded in increasing taxpayer compliance, especially individuals, to pay their taxes and similar programs can be rolled back to increase tax revenues, especially individual taxpayers. The voluntary disclosure program is expected to provide benefits for both taxpayers and the state in order to achieve the tax revenue targets that have been set. Therefore, the policy of implementing a voluntary disclosure program is expected to be more successful than the tax amnesty program in 2016-2017.

Conclusion

Based on the analysis and discussion conducted, it can be concluded that the voluntary disclosure program policy has a positive impact on corporate tax compliance. This means that judging from the indicators in this study, the higher the level of awareness and motivation possessed by taxpayers and the better the implementation of the voluntary disclosure program so that the tendency of taxpayer compliance will be higher. For further research, it is recommended to add additional study variables so that the subject of investigation can be explained from different perspectives.

Through programs or facilities that have been provided by the government, it is hoped that corporate taxpayers have voluntary tax compliance by further increasing awareness and motivation regarding the objectives and rules that apply so that what is expected from the implementation of the programs provided is appropriate and for KPP Pratama Badung Selatan further improves the provision of information about ongoing programs or policies regarding the objectives and requirements in the program, so that taxpayers are more familiar with the programs provided by the tax authority

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