

# Effect of Age, Gender, and Tax Rates on Tax Compliance (Case Study at KPP Pratama Jakarta Tanah Abang Dua)

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## Abstract

The purpose of this study was to determine the effect of age, gender, and tax rates on tax compliance with income level as a moderating variable at KPP Pratama Jakarta Tanah Abang Dua. This study uses a quantitative approach with an emphasis on testing theory by measuring numbers and conducting data analysis. The measurement model or outer model in this study is the convergent validity test, discriminant validity test, and reliability test. Tax compliance has a major impact on state revenues. This situation is in accordance with the compliance level data obtained from the Jakarta Tanah Abang Dua KPP Pratama, namely during 2017 to 2021 where the realization of Tax Compliance is still unstable from the Tax Compliance target. The results of this study indicate that Age and Tax Rates have a significant effect on Tax Compliance and Income Levels can moderate significantly, so the older a person is and one's belief in the currently set tax rate, the higher the level of Tax Compliance. While gender has a negative effect on tax compliance and income levels cannot be significantly moderated, the increase in tax compliance is not based on a person's gender.

Keywords: Age, Gender, Tax Rate, Tax Compliance, Income Level.

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## INTRODUCTION

Indonesia is a developing country that is actively developing in all fields, both in the economic, social, health and education fields. To realize the development of the country, the government must reconsider what steps can be taken to raise funds, so as to no longer rely on third-party funds. One way to raise government development funds is to increase government revenue streams so that development financing can be managed by itself. Government revenue can come from internal sources, namely Indonesian citizens, and from external sources such as foreigners or foreign tourists traveling in Indonesia.

When compared to previous years' achievements, it is clear that this year's achievements are still relatively low, as in the interactive chart above. This is because the figures obtained by the Directorate General of Taxes in previous years are the figures recorded at the end of the year. Meanwhile, this year's figure is a figure that has only been recorded until the first quarter. When compared to the period of March 31, 2021, this achievement increased by 0.03 percent. The number until March 31, 2022 has reached 74 percent of the achievement in 2021. For information, the number of tax return reporters until the end of 2021 reached 15.49 million WP. The formal compliance

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ratio in 2021 was the highest in the last 5 years. The amount of tax revenue depends on compliance with tax obligations. In Indonesia, taxpayer compliance is still very low. Public awareness of its tax obligations affects the level of compliance. The high level of public awareness encourages more and more people to fulfill their obligations to register as taxpayers, report and pay their taxes correctly, as a form of national and state responsibility.

Tax compliance is an activity that is obedient and aware of routine and annual payments and reporting in accordance with applicable tax regulations ([www.klikpajak.id](http://www.klikpajak.id)). When taxpayers are negligent in complying with these tax regulations, this has an impact on reducing state revenue, where increasing taxpayer compliance must be the main concern of the Director of Taxes ([www.klikpajak.id](http://www.klikpajak.id)). However, the facts show that the level of compliance of taxpayers in Indonesia is still said to be low as explained in Figure 1 above.

From the background of the problems that have been described, DGT research needs data are attached to the DGT E-Research website, and the research gap that it was found that researchers were interested in conducting a study entitled "The Effect of Age, Gender, and Tax Rate on Tax Compliance with Income Level as a Moderation Variable (Case Study of WPOP Registered at KPP Pratama Jakarta Tanah Abang Dua)".

The purpose of this study is to collect empirical data and analyze the impact of age on tax compliance, collect empirical data and analyze the impact of gender on tax compliance, as well as collect empirical data and analyze the impact of tax rates on tax compliance. In addition, this study aims to gain further understanding by obtaining empirical data and analyzing the impact of income level as a moderating factor on the relationship between age and tax compliance, gender and tax compliance, and tax rates and tax compliance.

## RESEARCH METHOD

This research uses exploratory research methods with a quantitative approach. The object of this study is the age, gender, and income level of Individual Taxpayers (WPOP) registered at the Jakarta Tanah Abang Dua Pratama Tax Service Office, as well as the tax rate currently set. The research plan and stages are described in Table 2, which includes proposal preparation, proposal seminar, data collection, data processing and analysis, and preparation of final report/final project. These stages are detailed in a gantt chart covering October 2022 to January 2023. The type of research used is quantitative, with the main data source coming from primary data. Primary data was collected through questionnaires given to WPOPs registered at KPP Pratama Jakarta Tanah Abang Dua. The study population included 13,933 WPOP, and samples were taken using a simple random sampling technique, calculated by the Slovin formula.

Data collection techniques involve library research and field research methods. Library research is carried out by taking data or theories from scientific journals and internet information sources that are relevant to the title of the study. Field research involves direct observation, the use of questionnaires, and interviews to obtain primary data from respondents. The variables in this study involve bound variables (WPOP compliance), independent variables (age, gender, and tax rate), and moderation variables (income level). The measurement of all variables is carried out on a Likert scale. The operational definition of variables is described in detail, including dependent variables (WPOP compliance) and independent variables (age, gender, tax rate). The measurement of the dependent variable involves the timeliness of paying taxes, not

having tax arrears, and not violating tax regulations. Data analysis using Structural Equation Modeling (SEM) using Partial Least Square (PLS) software version 7.0. Analysis involves an outer model for validity and reliability, as well as an inner model for structural model evaluation. Test the hypothesis using a t-test with a significance criterion of 0.05.

## RESULTS AND DISCUSSION

Based on the measurement results of several model evaluation indicators, it was found that the Average Proportional Change (APC) value was 0.259, with a P-Value of  $0.025 < 0.05$ , indicating that the APC indicator met the model fit criteria. Likewise, the Average Reduction of Standardized Residuals (ARS) with values of 0.151 and P-Value  $0.030 < 0.05$ , as well as Average Absolute Reduction of Standardized Residuals (AARS) with values of 0.196 and P-Value  $0.002 < 0.05$ , indicate model fit. Furthermore, the Average Variance Inflation Factor (AVIF) with a value of 1.198, which is below the ideal limit of 3.3, also indicates the suitability of the model in the test. The results of the model evaluation show that the Average Partial Variance Inflation Factor (APVIF) obtained a value of 1.121, which is below the ideal limit of 3.3. This indicates that the APVIF indicator in the model fit test has met the fit criteria. Furthermore, Goodness-of-Fit (GoF) with a value of 0.331 indicates that the model fit is in the medium category. This evaluation illustrates that the model has an adequate level of fit, in accordance with the values of the indicators measured in the test.

Based on the results of the Convergent Validity Test, it can be seen that the indicators on all variables have a p-value of  $< 0.001$  and have a loading value above 0.30. For example, the indicator owned by the variable Tax Rate (TP / X3), namely X3.1 has a loading value of 0.728 which is above 0.30 and p-value  $< 0.001$ . So it can be concluded that all indicators in each variable above can be considered valid and have met the requirements of the convergent validity test. In addition, the variable will be said to be valid if it has an AVE value greater than 0.50. The results of the discriminant validity test can be seen from the following table:

**Table 1. Discriminant Validity Test Results**

	U	G	TP	Tph	KP
U	1	0,297	0,079	0,015	0,02
G	0,297	1	0,1	0,067	0,137
TP	0,079	0,070	0,594	0,056	0,025
Tph	0,015	0,067	0,056	0,463	0,214
KP	0,02	0,137	0,025	0,214	0,51

Source: WarpPLS 8.0 data processing results (January 2023)

In Table 9 it can be seen that the columns grayed out are the AVE values. All AVE values in each variable are greater than 0.50, namely value 1 on variable U (Age), value 1 on variable G (Gender), value 0.594 on variable TP (Tax Rate), value 0.563 on variable Tph (Income Level), and value 0.51 on variable KP (Tax Compliance). So it can be concluded that all variables used have met the requirements of the discriminant validity test. In addition, the discriminant validity test is said to be fulfilled if the variable AVE value is greater than the correlation value with other variables. For example, the AVE value of the age variable is 1, the value is greater than the correlation value with other variables namely 0.297, 0.079, 0.015 and 0.02. Composite Reliability Test results

that have a composite reliability value above 0.70, namely age (U) of 1, gender (G) of 1, tax rate (TP) of 0.864, income level (TPh) of 0.773, and tax compliance (KP) of 0.825. So it can be concluded that each variable in the questionnaire in this study is reliable and has met the requirements of the composite reliability test.

There are criteria that show that the questionnaire is reliable, namely the value of Cronbach's alpha is above or equal to 0.60 ( $\geq 0.60$ ). The results of Cronbach's alpha test can be seen from the following table:

**Table 2. Cronbach's Alpha Test Results**

U	G	TP	Tph	KP
1.000	1.000	0.765	0.627	0.790

Based on the table above, it can be seen that all variables have a value of Cronbach's alpha above 0.60, namely education level (P) of 1, environmental awareness (KL) of 0.72, willingness to pay consumers (KM) of 0.836, environmental knowledge (PL) of 0.639, and consumer confidence (KK) of 0.605. So it can be concluded that each variable in the questionnaire in this study is reliable and qualifies for Cronbach's alpha test.

The significance level used in this study was 5%. Then the hypothesis will be accepted if the p-value is less than 0.05 ( $p\text{-value} < 0.05$ ). The value of the path coefficient is used to determine the direction of the relationship between variables. The value of the positive path coefficient indicates that there is a positive relationship between variables, and vice versa the value of the negative path coefficient indicates that there is a negative relationship between variables. Briefly described in the following table:

**Table 3. Hypothesis Test Results**

Influence	Path Coefficients	P-Value
U → KP	0.225	0.009
G → KP	-0.162	0.147
TP → KP	0.159	0.049
TPh*U → KP	0.197	0.020
TPh*G → KP	-0.065	0.256
TPh*TP → KP	0.144	0.049

Source: WarpPLS 8.0 data processing results (January 2023)

Based on table 3 above, it can be seen that there are 5 hypotheses that have a p-value below 0.05 (<5%) which can be concluded to have a significant effect and 1 hypothesis that has a p-value above 0.05 (5%) which can be concluded not to have a significant effect. The results of this study put forward six hypotheses that reflect the impact of several factors on tax compliance in KPP Pratama Jakarta Tanah Abang Dua. First, age (H1) was shown to have a significant positive influence on tax compliance, supported by a p-value of 0.009 (<5%) and a coefficient of 0.225. Second, gender (H2) was not shown to significantly affect tax compliance, because the p-value was 0.147 (>5%) with a coefficient of -0.162, so the H2 hypothesis was rejected. Furthermore, the tax rate (H3) proved to have a significantly positive effect on tax compliance with a p-value of 0.049 (<5%) and a coefficient of 0.159, validating the acceptance of the H3 hypothesis. Fourth, the income rate (H4) can moderate the effect of age on tax

compliance, as a result of a p-value of 0.020 (<5%) and a coefficient of 0.197, indicating acceptance of the H4 hypothesis. However, fifth, the income level (H5) cannot moderate the effect of gender on tax compliance, because the p-value is 0.256 (>5%) with a coefficient of -0.065, so the H5 hypothesis is rejected. Finally, the income rate (H6) was shown to moderate the effect of tax rates on tax compliance, supported by a p-value of 0.049 (<5%) and a coefficient of 0.144, confirming the acceptance of the H6 hypothesis.

The results of this study provide an in-depth understanding of the factors that affect tax compliance at KPP Pratama Jakarta Tanah Abang Dua. First, age analysis (H1) shows a significant positive influence on tax compliance, with older taxpayers likely to be more compliant. This finding is in line with the results of previous research by Prayoga & Yasa (2020). Second, in the context of the influence of gender on tax compliance (H2), the results of the study rejected the H2 hypothesis by showing that gender did not have a significant influence on tax compliance. Conversely, the tax rate (H3) has been shown to have a positive effect on tax compliance, indicating that the determination of a fair tax rate according to income can increase the level of tax compliance, according to Lazuardini's (2018) research. Fourth, the ability of income levels to moderate age to tax compliance (H4) is acceptable, suggesting that income levels play an important role in improving tax compliance, regardless of the age of taxpayers. This finding is in line with Dessy's (2017) research. However, fifth, in moderating the effect of gender on tax compliance (H5), income levels were not shown to have a significant role. This indicates that, regardless of gender and income level, tax compliance remains not significantly affected. Finally, an analysis of the ability of income levels to moderate tax rates against tax compliance (H6) showed positive results. That is, tax rates that are considered fair and in accordance with each individual's income level can improve overall tax compliance, according to the findings of Dessy's (2017) research.

## **CONCLUSION**

Based on research conducted at KPP Pratama Jakarta Tanah Abang Dua regarding the Effect of Age, Gender, and Tax Rate on Tax Compliance with Income Level as a Moderation Variable, several conclusions can be drawn. First, there is a significant positive influence between age and tax compliance, along with increasing taxpayer age. Second, the results showed that gender did not have a significant influence on tax compliance. Third, there is a positive influence between tax rates and tax compliance, suggesting that determining a fair tax rate according to income can improve tax compliance. Fourth, income levels have been shown to moderate the effect of age on tax compliance, with a high level of compliance regardless of the age of taxpayers. However, fifth, income levels are unable to moderate the influence of gender on tax compliance. Finally, income rates can moderate the effect of tax rates on tax compliance, suggesting that tax rates that are considered fair can improve tax compliance, regardless of income level. These findings make an important contribution in understanding the factors that affect tax compliance in such environments.

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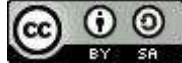
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