

Typlogy taxpayer

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TYPOLGY TAXPAYERS IN INDONESIA

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Abstract—Taxpayers feel that tax is a cost that reduces their economic power and thus, taxpayers show resistance through tax evasion. Therefore, tax authorities in Indonesia need to understand the behavior of taxpayers to anticipate their involvement in tax evasion. From this situation, this study aims to classify taxpayers into groups with similar behavior toward tax evasion. This classification is based on taxpayers intention and attitude as well as a combination of several factors: subjective norms, relations with tax authority, and distributive justice.

We used Cluster Analysis Method to analyze data in this study. This method classifies object or variable into several groups in which they have resembling attribute and characteristic. Data were collected using a self-administered questionnaire both from direct interviews and from the google form application.

Clustering results in five groups of taxpayers, namely Commitment, Sycophant, Submission, Offender, and Defrauder groups. The commitment is a group of taxpayers who obeys tax regulations voluntarily. The Sycophant are taxpayers who tend to take advantage of their good relations with the tax authorities in completing tax obligations. The Submission are taxpayers who initially want to commit tax evasion but in fact still choose to obey. Offender are taxpayers who commit tax evasion by exploiting weaknesses in tax regulations. The last group is Defrauder, namely taxpayers who have the intention to commit tax evasion from the beginning. The results of this study will show a pattern of similarities in taxpayer behavior that can help tax authorities in Indonesia to formulate tax regulations in anticipation of taxpayer evasion action.

Keywords— taxpayers; tax compliance; tax evasion; tax behavior

I. INTRODUCTION

Tax obligation does not talk about the taxation system only which includes three things, namely: tax policy, tax laws, and tax administration (Mansury, 1994, p. 37). But it also involves compulsory good behavior itself. Therefore, various scientific

perspectives, namely economics, psychology and law enforcement try to solve the secrets of tax compliance behavior.

The study of tax compliance often centers on an analysis of the factors that affect taxpayer compliance from various scientific perspectives. For example Whait (2012) who explained the factor that affects taxpayer compliance is sanctions. Or research by Epstein and Gang (2009) who emphasized economic factors, namely cost and benefit as taxpayer considerations in implementing tax compliance. Research by Lu, Huang, and Lo (2010) proved that three factors, namely the attitude of taxpayers, subjective norms and behavioral control affect the intention of taxpayers to obey. Yee, Moorthy, and Soon (2017) used the factors of trust, integrity and professionalism of tax officials as indicators of taxpayer compliance. Some of the studies above indirectly categorize taxpayer compliance behavior based on four categories, namely deterrence compliance, norms and ethic compliance, fairness compliance, and economic compliance.

Behavioral studies were also carried out by Braithwaite, Murphy, and Reinhart (2007), developed a tax compliance model based on what is called a motivational posture which is a collection of beliefs, attitudes, choices, interests, feelings that together communicate the level at which individuals accept regulator policies in principle and support the regulator's function in carrying out its duties. The study classified taxpayers based on five criteria, those are 1) commitment, it is compliant taxpayers with their own awareness, 2) capitulation, it is taxpayers are obedient but what they are, 3) resistance, it is taxpayers who are not compliant and do open resistance, 4) disengagement, it is taxpayers who show psychological separation from the taxpayers' authority, and 5) game playing, it is taxpayers who avoid tax by utilizing loopholes in tax regulations. While the tax authorities in Canada in a survey mapped six taxpayer compliance groups, namely: 1) altruistic compliers, namely taxpayers who are obedient and against fraudtaxation, 2) deferent compliers, it is compliant taxpayers because of reluctant, 3) pseudo compliers, it is pseudo-compliant taxpayers 4) situational non-compliers, it is compliant or non-compliant taxpayers are situational, 5)

potential non-compliers, it is potentially non-compliant taxpayers, and rebels compliers, that is non-compliant taxpayers (Kristiaji, Febriyanto, & Abiyunus, 2013). However, Alm (2013) realized that these perspectives have not been able to reveal the secret to answer the puzzle of taxpayer compliance behavior that has not been solve.

Typology study emphasizes the grouping of objects with the same characteristics. The Big Indonesian Dictionary defines typology as the science of character about the part of humans in groups according to their individual characteristics. Likewise, wikipedia explains typology as the study of grouping by type. For example the science of anthropology, the division of culture according to ethnicity, in the archeological science of objects classification according to their characteristics. In Malaysia, the research of Mohamad, Radzuan, and Hamid (2017) produced a typology of taxpayers based on tax arrears. Taxpayers who are not compliant and vulnerable to tax arrears are men (21) have high income.

In the context of this study, the typology of tax compliance is based on several factors, those are; Subjective Norms, Fairness, Perceived Tax Evasion (PTE), Technology, Tax Advances (TA), Tax Compliance, Tax Evasion. The purpose of this study is to divide taxpayers into several groups. In addition, to find out more about the factors that make up the classification of taxpayers into certain types.

II. RESEARCH QUESTION AND LITERATURE REVIEW

2.1. Prospect Theory

Prospect Theory generally has the meaning people have concave value function toward profit but convex to loss. It means that people are more sensitive to prospective losses compared to prospective profits of the same magnitude. This theory was stated by Kahneman and Tversky (1979), where they provide behavior-based alternatives for decision making theory. The focus of this theory is on how decisions are taken (descriptive approach). Prospect Theory assumes that when calculating the value of an expected prospect in the future, individuals often increase or decrease their probabilities. Prospect theory is often (14)ciated with ethics adopted by someone. Ethics itself is defined as a normative system of behavior rules which is developed to provide guidance in social or interpersonal arrangements (Hogan, 1973). In the Prospect Theory is explained that individuals tend to have high sensitivity to losses compared to profits even in the same amount. Individuals will tend to make decisions that can provide higher certainty where their thought is influenced by the ethics they profess. This is because ethics forms the individual's mindset to make the most beneficial and good decisions for him or her. Likewise in implementing tax compliance, both prospect theory and ethics (3)l influence how taxpayers carry out their tax obligations. McGee (2006) highlights three basic views about the ethics of tax evasion, among of them are:

- tax evasion is considered unethical;
- There is never an obligation to pay taxes because the state is illegitimate and has no moral authority to take anything from anyone; and
- ttax evasion may be ethical in some situations and unethical in other situations.

From the explanation above, it can be concluded that individual behavior in carrying out their tax obligations has various forms of views. Each form of view has different results if it is associated with embezzlement or tax evasion. Taxpayers will tend to take decisions that benefit for taxpayers themselves. For example (26) in a profit situation, taxpayers who expect tax cuts will avoid risk and rarely decide to avoid taxes. However (1)er, in a loss situation, taxpayers who are in debt have a desire to reduce the amount of money owed and more often decide to avoid taxes (Chang et al., 1987; Cullis et al., 2006; Elffers and Hessing, 1997; Hasseldine and Hite, 2003; Kirchler and Maciejovsky, 2001; Lewis et al., 2009). What choices and actions that are chosen by a person will be influenced by several factors. Prospect theory and ethics are one of these factors, Individual will consider how beneficial if he or she makes a decision. In the next section will be explained the factors that influence taxpayers in making decisions regarding the implementation of tax obligations in detail.

2.2. Subjective Norms

Subjective Norms have an understanding of the influence from other people which was referred (Ajzen, 1991). Individuals or groups such as peers, coworkers, family and friends can have an impact on other people making decisions based on how they understand behavior, whether they will support it or not, and how far people are motivated to adopt themselves. (Beck and Ajzen, 1991). Subjective norms are divided into two parts, namely personal norms and social norms.

2.2.1. Personal Norms

Personal Norms discuss about one's (7)oral values, it can also be defined as standards or self-based expectations for behavior that flows from the values (7), a person self. (Cialdini and Trost [1998],160) were very influential in determining actions (Shwartz[1977]; Schwartz and Howard [1982]). Adherence to these norms allows individuals to feel good about their behavior and about themselves (Berkowitz [1972]; Schwartz [1977]). Personal norms can be defined as beliefs that are rooted about what someone should or shouldn't be done.

20 2.2.1. Social Norms

Social Norms can be said as norms that relate (3) to the surrounding environment, it can also be defined as “ (10) rules and standards that are understood by group members, and it guides and / or limits social behavior without the force of law. (Cialdini and Trost, 1998, p. 152). Through social norms, it can (13)ound several factors that influence the behavior of taxpayers. The first factor and the most influential factor is the personal moral beliefs of the Taxpayers themselves, along with their beliefs that are close and influenced by the surrounding environment (for example; friends and other important people). The second significant factor represents the comm (13)'s view of appropriate behavior. So it can also be said that social norms help to explain the intention of tax compliance. In add (25)n, through social norms, it can also be seen the cause of the level of tax compliance is higher or lower than what have been predicted every year.

2.3 Fairness

Wenzel (2002a) distributed justice into two types namely procedural fairness and distributive fairness. Social psychology studies examine more about the existing social dilemmas in determining priorities and cooperation of an individual. An individual needs to think about the impact of actions on society (Wenzel 2002a). This problem is not known in taxation. Taxpayers act on action which is able to give and create an impact on society. In this research, are going to discuss more about distributive and procedural fairness.

2.3.1 Distributive Tax Fairness

Distributive fairness refers to fair resources exchange which includes costs and benefits (Kirchler 2007) by comparing individual contributions and the results of contributions (Adam 1965). Resources include material or non-material, positive or negative such as tax burden. (Wenzel 2002a).

2.3.1.1 Horizontal Fairness (HF)

Horizontal fairness is an individual with the same income is taxed at the same rate or bears the same tax obligation. (Barjoiyai 1987). Horizontal fairness recommends that in order that income tax system is considered fair, taxpayers in the same economic position must pay the same amount of tax.

2.3.1.2. Vertical Fairness (VF)

Vertical fairness distinguishes individuals from different incomes. (Barjoiyai 1987). Total tax debt depends on the total income which can be received. Taxpayers with higher income must pay higher taxes and vice versa. if the income is higher, the proportion of taxes which must be paid is big.

2.3.1.3. Exchange Fairness (EF)

Exchange fairness is contributions exchange and benefits between taxpayers and government. This tax fairness dimension states that taxpayers will have a fair perception toward income tax system if the benefits received from the government are fair compared to their contributions. It can be said that taxpayers won't be willing to comply with tax laws if there is a perceived imbalance between tax contributions and the provision of public goods and services (Porcano cited in Hofmann, Hoelzl and Kirchler, 2008). Exchange with government requires that the behavior of taxpayers must be influenced by received benefits (Tan and Chin-Fatt, 2000, Leder, Mannetti, Holzl and Kirchler 2010).

2.3.2 Procedural Tax Fairness

Procedural fairness focuses on the perception of whether fair procedures and services are carried out by the authorities. (Murphy 2009; van Dijke & Verboon 2010). If the community considers that the method for distributing resources is fair, then procedural fairness can be said high (Kirchler 2007). In general, procedural fairness is an important factor in determining relationship between authority and public (De Cremer & Tyler 2007; van Dijke & Verboon 2010; van Dijke et al. 2010). If someone feels that authority is carrying out fair procedures, they have greater trust in authority. (Murphy 2004).

2.3.2.1 Quality Decision (QD)

The main issue concerns social discourse about taxes is tax fairness. Two types of tax fairness which have been widely studied are: distributive tax fairness and procedural tax fairness. Studies showed that the more

taxpayers are satisfied with the quality of public services, by balance among burden, received public goods and their tax obligations to the state, then it is going to be less they are willing to avoid taxes (Alm et al, 1992; Bosco and Mittone, 1997; Braithwaite, 2003; Cowell, 1992; Falkinger, 1995; Levi and Saks, 2009; Moser et al., 1995; Pocamo, 1988; Pommerel et al., 1994; Spicer and Becker, 1980; Verboon and van Dijk, 2007). The perception of fairness from involved formal procedures in making decision and quality treatment which has been felt by the tax authority is also able to encourages tax compliance. Then, more decisions which are free of bias, stable, neutral, respectful, sympathetic and honest, then it is less in the tendency to avoid taxes (Alm et al., 1993; Feld dan Frey, 2002, 2007; Levi and Saks, 2009; Murphy, 2003, 2004; Scholz and Lubell, 1998; Wenzel, 2006).

2.3.2.2. Quality Relation (QR)

Quality Relations (QR) is replacing service quality and / or customer satisfaction as the main source of superior performance and competitive advantage. Despite of growing body of research on QR, there is still a high level of ambiguity about the nature, determinants, and dimensions. According to Crosby et al (1990) QR is one of the higher order constructs, which is now widely accepted.

2.4. Perceived Tax Evasion (PTE)

One of perception which appears in the environment of taxpayers is if people believe that officers make equitable distributions, then they themselves are going to be more willing to contribute, while attempted tax avoidance is going to affect tax compliance negatively.

2.5. Technology

The current taxation system is influenced by technology. Slemrod (1990) argued that design in an optimal tax system requires consideration, not only through changes in tax collection technology but also regarding how technology can change the economic environment in which the government tries to collect income through tax revenue. Jenkins (1996, 13) noted in an initial review of technology and taxation in developing countries that "if we want to avoid a cycle of unfulfilled expectations, we need to have a clear strategy for administrative reform, which is far broader and more sophisticated than only implementing information technology."

2.6. Tax Advances (TA)

Tax Advances can also be interpreted as tax refund (restitution). Tax advances can occur when the tax owed is greater than the tax credit on taxes which have been already paid by the previous taxpayer (more paid) (investinganswer.com, 2018).

2.7 Tax Compliance

Tax Compliance is behavior of taxpayers both individuals and entities in complying with tax regulations to carry out tax administration (Nasucha, 2014). Tax compliance itself can be seen from how taxpayers have NPWP, calculate and deposit taxes which must be paid, report their tax returns completely on time, and pay tax in arrears. Taxpayer Compliance can be divided into two, those are formal compliance and material compliance (Rahayu, 2011). Formal compliance is when Taxpayers comply with all applicable tax laws. Whereas Material Provisions are when Taxpayers are able to fulfill all material tax provisions in accordance with the Taxation Law.

2.8 Tax Evasion

Tax Evasion is taxpayers behavior who embezzle taxes and give side effects from taxation which must be avoided as much as possible because it will give bad effect on the economy of country (Slemrod & Yitzahi, 2002). Tax evasion will give the same effect as discriminatory tax treatment toward homogeneous goods and cause price increases relatively toward goods produced by sector where tax avoidance is not possible. The optimal tax design must be taken into account by noticing that different taxes must be overcome with different levels. In addition, the principles of efficient tax design must be revised to take into account the possibility of a tax is able to be avoided as a result of the tax design (Richter & Boadway, 2005).

2.8. Previous Research Review

The results of studies on the relationship among tax standards, tax fairness and tax compliance raised the question of whether among taxpayers it was possible to distinguish groups with similar assessments about distributive and procedural tax fairness, personal and social tax norms, evaluation of other taxpayers behavior and similar experiences from tax benefits, and tax evasion. This approach is appropriate for the study of tax behavior proposed by Braithwaite (2003) and Torgler (2003). Braithwaite distinguishes five types of motivational postures against taxes: commitment, capitulation, resistance, disengagement and game-playing.

Commitment posture is based on a sense of moral obligation and treatment of paying taxes as an act of good intentions. In capitulation postures, collaboration with tax authorities is the result of their perception as representative of legitimate authorities. In resistance posture, the tax authority is considered to have a superfluous attitude "which oriented on" so that it encourages tax decisions based on this unpleasant situation. Resistance postures communicate strong opposition to the tax authorities; its source is dissatisfaction with tax system. Misalignment also reflects a negative attitude towards the tax authority and exacerbates social distance between taxpayer and tax authority. Game-playing focuses on finding ways to use tax laws to further individual benefits.

Study had shown that commitment, capitulation, resistance were related to voluntary tax compliance while disengagement and game-playing were related to tax compliance forcedly (Kirchler and Wahl, 2008). In addition, previous traditional research also sparked that attitudes of taxpayers often cannot be related to their behavior (Olson & Zanna, 1993). So when someone says a thing, it will often be different from the behavior that he or she did. It is similar with attitude of taxpayer who behaves as if obeying the rules, has not determined that the taxpayer is truly obedient to his or her tax obligations and does not do tax avoidance.

In contrast to previous studies, our study will focus on grouping taxpayers categorized by how they behave in carrying out tax compliance. The behavior is influenced by several variables, including Personal Norms (PN), Social Norms (SN), Distributive Tax Fairness, Horizontal Fairness (HF), Vertical Fairness (VF), Exchange Fairness (EF), Procedural Tax Fairness, Quality Decision (QD), Quality Relation (QR), Perceived Tax Evasion (PTE), Technology, Tax Advances (TA).

The division of taxpayer categories in Indonesia has not been clearly identified. While taxpayers in Indonesia often do tax avoidance and some of them do tax evasion. This is proven by the program which Indonesian government has just conducted, namely Tax Amnesty. Tax Amnesty was first carried out in 2016. According to Kemenkeu.go.id (2016), Tax Amnesty was carried out

with expectation there is a potential for revenue to increase in the National Budget (Indonesia: APBN) in this year or in later years which will make Indonesian State Budget more stable. If APBN is more stable in its revenue and government's ability to spend or for expenditure is also greater, it will automatically help a lot of development programs. In the process, many taxpayers are taking part in tax amnesty program, so it can be said that taxpayers in Indonesia have a tendency to carry out tax evasion or tax avoidance. By finding the available data, the formulation of problem in this study is typology of taxpayers in Indonesia.

III. METHODOLOGY

3.1 Analysis Model

In order to describe variables used in this study, therefore an analysis model was formed. The analytical model used in this research was quantitative data analysis with taxpayer and tax evader typology independent variables which were divided into Personal Norms (PN), Social Norms (SN), Horizontal Fairness (HF), Vertical Fairness (VF), Exchange Fairness (VF) EF), Quality Decision (QD), Quality Relations (QR), Perceived Tax Evasion (PTE), Technology, Tax Advances (TA), Tax Compliance, Tax Evasion. For the dependent variable used in this study was taxpayer. The analysis model of this research could be described in the following figure:

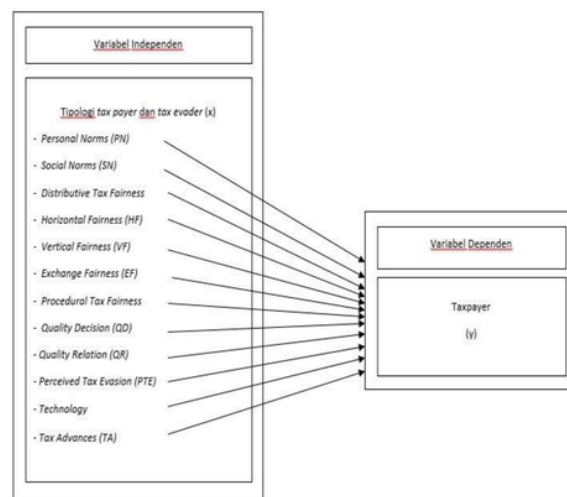


Figure 3.1 Analysis Model (Source: Result of Author's Processing, 2019)

3.2 Definition of Operational Variables

3.2.1 Independent Variable

In this research, tax payer and tax evader typologies had function as independent variables. Independent variable is free variable which affect dependent variable. The typology of tax payer and tax evader in this study was measured by Personal Norms (PN), Social Norms (SN), Horizontal Fairness (HF), Vertical Fairness (VF), Exchange Fairness (EF), Quality Decision (QD), Quality Relations (QR), Perceived Tax Evasion (PTE), Technology, Tax Advances (TA), Tax Compliance, Tax Evasion where each component would be reviewed based on the percentage of the results of the questionnaire distributed by the author.

3.2.1.1. Personal Norm (PN)

Measurement use a survey with six statements which are measured or assessed by Likert Scale (5 scale) where 1 is "disagree" and 5 is "agree". One of statement sample in this measurement is "in my opinion is receiving salary without taz deduction is a violation" (disagree-agree). The results of the assessment of six questions will be added up and divided by the total question (6). The number which becomes the result of calculation above is the Index Personal Norms (Index PN). Large indexes illustrate that taxpayers have very high norms or moral obligations in paying taxes and do not have the potential to carry out tax evasion. While the index with low numbers illustrates that taxpayers do not have norms or feel that moral obligations towards taxes are not the main thing or important thing and have the potential to carry out higher tax evasion.

3.2.1.2. Social Norms (SN)

Measurement use a survey by using five statements which are measured or assessed by Likert Scale (5 scale) where 1 is "disagree" and 5 is "agree". One of statement sample in this measurement is "According to others is receiving salary without tax deduction is a violation" (disagree-agree). The results of five statements assessment will be added up and divided by the total of questions (5). The number which becomes the result above is Index Social Norms Index (Index SN). Index with large numbers illustrates that the environment or people around taxpayers have very high norms or moral obligations in paying taxes and do not have potential to carry out tax evasion. While the index with low numbers illustrates that the environment or people around taxpayers do not have moral norms or obligations in paying taxes and tend to have potential to carry out tax evasion.

3.2.1.3. Horizontal Fairness (HF)

The measurement use a survey with the statement "Taxpayer with the same amount of income as I pay (1: less, 5: more) than I paid" which is measured or assessed by a Likert Scale (5 scale). The results of exist numbers are an evaluation of taxpayers against other taxpayers with the same income level.

3.2.1.4. Vertical Fairness (VF)

Measurement use a survey with the statement "Taxpayers with a higher amount of income pay taxes (1: lower, 5: higher) than I paid" which is measured or assessed by Likert Scale (5 scale). The results of exist numbers are an evaluation of taxpayers against other taxpayers with higher income levels.

3.2.1.5. Exchange Fairness (EF)

Measurement use a survey with four statements which are measured or assessed by a Likert Scale (4 scale) where 1 is "disagree" and 4 is "agree". One of statement sample in this measurement is "The amount of tax which I pay is proportional to the benefits provided by the government" (disagree-agree). The results of four statements assessment will be added up and divided by the total of questions (4). The numbers which become the result of calculation above is Index Exchange Fairness (Index EF). Index with large numbers illustrates that taxpayers feel the tax they pay has been reciprocated with fair benefits by the state. While the low numbers illustrate that taxpayers feel the tax they pay is not comparable with the benefits they get from the state.

3.2.1.6. Quality Decision (QD)

Measurement use a survey with five statements which are measured or assessed by Likert Scale (5 scale) where 1 is "disagree" and 5 is "agree". One of statement sample in this measurement is "The decision taken by the

Tax Officer is for public interest" (disagree-agree). The results of the assessment of five statements will be added up and divided with the total of questions (5). The numbers which become the result of calculation above is Index Quality Decision (QD Index). Large indexes illustrate that taxpayers feel happy or satisfied with decisions made by the DGT or tax officials. While low numbers illustrate that taxpayers are not satisfied or not happy with the decisions taken by the DGT or tax officials because of considered detrimental.

3.2.1.7. Quality Relation (QR)

Measurement use a survey with five statements which are measured or assessed by Likert Scale (5 scale) where 1 is "disagree" and 5 is "agree". One of statement sample in this measurement is "The decision taken by the Tax Officer is for public interest" (disagree-agree). The results of the assessment of five statements will be added up and divided by the total of questions (5). The numbers which become the result of calculation above is Index Quality Decision (QD Index). Large indexes illustrate that taxpayers feel happy or satisfied with decisions made by the DGT or tax officials. While low numbers illustrate that taxpayers are not satisfied or not happy with the decisions taken by the DGT or tax officials because they are considered detrimental.

3.2.1.8. Perceived Tax Evasion (PTE)

Measurement use a survey with 2 questions which are measured or assessed by Likert Scale (5 scale) where 1 is "Never" and 5 is "Always". One of statement sample in this measurement is "As a taxpayer, you increase costs that reduce taxable income" (never - always). The results of the assessment of two questions will be added up and divided by the total of questions (2). The numbers which become the result of calculation above is the Index Perceived Tax Evasion (Index PTE). Index with large numbers illustrates that the environment or people around taxpayers have an indication or often do tax evasion while low numbers illustrate that the environment or people around taxpayers have no indication or are not involved in tax evasion. This can affect the behavior of taxpayers to participate in the majority of votes.

3.2.1.9. Technology Involvement (TI)

Measurement use a survey with six statements which are measured or assessed by a Likert Scale (5 scale) where 1 is "disagree" and 5 is "agree". One of statement sample in this measurement is "The use of information technology in the taxation system increases my trust in the government" (disagree-agree). The results of the assessment of six statements will be added up and divided by the total of questions (6). The numbers which become the result of calculation above is Index Technology Involvement (Index TI). Large indexes illustrate that taxpayers agree with the application of technology and consider that technology is very helpful both in efficiency and transparency. While low numbers illustrate that taxpayers do not agree with the application of technology with an indication there is something hidden.

3.2.1.10. Tax Advances (TAd)

Measurement use a survey with four questions divided into two parts. Part A is measured by 2 questions (Have you received tax refunds in last 2 years?; Do you tend to find More Pay in SPT reporting?) And measured by Yes (1) or No (0). Part B is measured by 2 questions (Do you have to pay additional taxes in the last 2 years?; Are you likely to find Underpayment in SPT reporting?) And measured by Yes (1) or No (0). Difference from Amount A minus Amount B will be Index Tax Advances (Index TAd). Indexes with numbers close

to 2 or positive indicate the existence of effect of tax advances or the existence of restitution. While numbers approaching -2 or negative indicate no effect of tax advances because the majority of taxpayers experience underpayment.

3.2.1.11. Tax Compliance (TC)

Measurement use a survey with nine statements which are measured or assessed by Likert Scale (5 scale) where 1 is "disagree" and 5 is "agree". One of statement sample in this measurement is "I will not decrease my income in order that income tax decreases, then use it for other costs" (disagree-agree). The results of the assessment nine statements will be added up and divided with the total of questions (9). The numbers which become the result of calculation above is Index Tax Compliance (Index TC).¹⁷ Indexes with large numbers illustrate that taxpayers have a high level of tax compliance while low numbers illustrate that taxpayers have a low level of tax compliance.

3.2.1.12. Tax Evasion

Measurement use a survey with three statements which are measured or assessed by indicators Yes (1) and no (0). One of statement sample in this measurement is "I have ever earned income and not reported to the tax office" (Yes-No). The results of the assessment of three statements will be added and divided by total of questions (3). The numbers which become the result of calculation from above is Index Tax Evasion (Index TE). Indexes with large numbers illustrate that taxpayers have the potential to carry out tax evasion while low numbers illustrate that there is no potential for taxpayers to carry out tax evasion.

3.2.2 Dependent Variable

In this study, taxpayer functions as dependent variable.²⁷ Dependent variable is dependent variable which is influenced by the independent variable. In measuring the taxpayer use the results of a questionnaire distributed by the author.

3.3 Type and Data Sources

The type of data used in this study was quantitative data in the form of questionnaire results which were distributed and then processed. The object used in this study was taxpayers who conducted business and free work in the territory of Indonesia. Therefore, the data in this study were obtained from the results of the questionnaire distributed via the link. The data taken in the form of a questionnaire containing typology of taxpayers.

3.4 Data Collection

Collecting data in this study were obtained from the results of questionnaires that had been distributed and journals obtained from several websites where became sources and references in writing this research.

3.5 Population dan Sample

This research was conducted to 101 taxpayers who did business and free work in the territory of Indonesia. Sampling used a purposive sampling method, where samples were taken used certain criteria, those were:

1. Taxpayers who conducted business and free

work

2. Taxpayers who conducted business and free work in the territory of Indonesia
3. Taxpayers who have TIN (Indonesia: NPWP)
4. Taxpayers who calculated, deposit and report taxes which must be paid.

IV. RESULT

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Table 4.1 Number of Cases in each Cluster

Number of Cases in each Cluster		
Cluster		
	1	35.000
	2	19.000
	3	22.000
	4	12.000
	5	13.000
Valid		101.000
Missing		1.000

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Table 4.2 Distance between Final Cluster Centers

Distances between Final Cluster Centers					
Cluster	Commitment	Defrauder	Offender	Submission	Opportunist
Commitment		2.665	2.948	3.344	2.981
Defrauder	2.665		2.428	4.365	2.671
Offender	2.948	2.428		2.455	2.711
Submission	3.344	4.365	2.455		3.772
Sycophant	2.981	2.671	2.711	3.772	

Data analysis in this research was carried out in two stages. The first step was cluster analysis using K-cluster. The second stage gave the naming for each formed cluster based on the definition of each variables which were collected in each cluster. K-cluster analysis was used to identify the group of taxpayers. Data processing differentiates groups of taxpayers into five groups. It could be seen through Table 4.1 that most respondents were classified into the first cluster (N = 35). The next sequence was the third cluster (N = 22), the second cluster (N = 19), the fifth cluster (N = 13) and finally the fourth cluster (N = 12). The respondents in Table 1.1 were obtained from filling out the questionnaire distributed via Google Form.

Table 4.2 illustrates the distance of differences between clusters. This difference is caused by several variables as a result of respondents' answers. From table 4.2 the most distant difference lied between the Submission cluster and Defrauder cluster. That is because there are different reasons for addressing tax obligations.

If we look in Submission cluster, taxpayer tends to continue to

carry out tax obligations even though most of the variables show negative numbers. Meanwhile, if we look in Defrauder cluster, most of the variables show a positive number but the taxpayer still conducts tax evasion. From these results it can be concluded that the distance of difference between clusters is far adrift due to opposing results both in terms of numbers to an indication of the purpose of the cluster.

If we look in the lowest difference in distance, it's resulted offender cluster and defrauder cluster have the highest similarity. This is caused due to both of clusters are found there are similarities in behavior although there are differences in reasons for doing the behavior. In the

offender cluster, taxpayers directly in front of the public do tax avoidance. The behavior itself is supported by the results of the numbers on each variable which indicate the value is not so high in the tax compliance variable, while in tax evader variable is produced a high enough value. On the other hand, in defrauders cluster, taxpayers do tax avoidance in secret. As explained earlier, the numbers on defrauder variable mostly show positive results which show that in terms of justice, morals, norms, and the quality of tax officials have supported taxpayers to obey. But in reality, taxpayers in defrauder cluster still do tax avoidance. So it can be concluded that both of clusters only have differences in the way they show their behavior in avoiding taxes.

Final Cluster Centers					
	Cluster				
	<i>Commitment</i>	<i>Defrauder</i>	<i>Offender</i>	<i>Submission</i>	<i>Opportunist</i>
Perceived Tax Evasion	2.7	4.0	3.6	2.3	4.0
Horizontal Fairness	2.9	3.9	2.7	2.0	2.2
Vertical Fairness	3.9	4.3	3.0	1.9	2.5
Exchange Fairness	2.829	2.772	2.682	2.000	3.000
Tax Evasion	.8	2.8	2.4	1.1	2.8
Personal Norms	4.171	3.877	3.356	3.639	4.282
Tax Advances	-.3	-.1	.0	-.1	-.5
Social Norms	3.7	3.7	2.9	3.1	4.3
Quality Decision	3.9	3.7	2.9	2.7	4.1
Quality Relation	4.089	3.961	3.148	2.896	4.163
Tax Compliance	3.997	3.608	3.141	2.926	3.530
Technology Involvement	4.181	3.956	3.492	3.417	4.487

Cluster Cimmittment

Commitment is a condition where a person dedicates himself to carry out a certain obligation or activity without coercion from the surrounding environment. In this cluster, taxpayers are classified into their behavior who have a willingness to carry out tax obligations on their own willingness. This can be seen from the level of tax compliance which is very high (Tax Compliance: 3.997) if compared to other clusters. Measurement of taxpayer compliance itself can be seen through the openness of taxpayers related to income which is earned and the accuracy of calculating income tax which must be paid. In addition, taxpayers also have social morals (Social Norms: 3,7) and high individual morals (Personal Norms: 4,171) as measured from social environmental beliefs and taxpayers themselves that paying taxes is part of the responsibilities which must be done. Taxpayers feel justice in various aspects such as benefits obtained from the government (Exchange Fairness: 2,829), the same amount of tax debt (different) among fellow taxpayers with the same income (different) so that in tax payment taxpayers do not feel disadvantaged (Horizontal Fairness: 2,9; Vertical Fairness: 3,9). Social influence has an important role in shaping someone's compliance.

Compliance that is formed not only with himself or herself but also with social considerations can minimize doubts and demands from the authorities (Suharyanto, 2018). It can be concluded that taxpayers are reluctant to do tax avoidance because it is supported by various variables and is realized at a low level of tax avoidance.

Cluster Defrauder

Defrauder is a behavior where someone commits fraud by deceiving others. In this cluster, taxpayers are classified in behavior which pretends to comply with tax obligations, while in fact they avoid tax obligations. This can be seen from the high level of compliance (Tax Compliance: 3,608) as evidenced by the openness of the Taxpayer related to the income earned. Taxpayers also have a good relationship and high trust in decisions taken by tax officials (Quality Relations: 3,961; Quality Decision: 3,7) which can be seen from the integrity of tax officials and their decisions related to public interests. But on the other hand, taxpayers in this cluster actually do Tax Evasion (Tax Evasion: 2.8) which can be seen from the taxpayers maximize costs that may be deducted by violating applicable tax regulations. So it can be concluded that taxpayers look obedient because

they report all their income but instead use costs that should not be deducted to avoid paying taxes. In addition, a good relationship with tax officials is also used by taxpayers to facilitate taxpayers avoiding their tax obligations. From there it appears that taxpayers only pretend to be obedient but in reality they are not.

Cluster Offender

Offender is a behavior where someone commits an illegal act. In this cluster, taxpayers are classified into behavior which does not carry out tax obligations properly. This can be seen from the absence of contradictory results such as the Defrauder cluster, it is clear that the level of fairness (Horizontal Fairness: 2.7; Vertical Fairness: 3.0; Exchange Fairness: 3.2) and tax compliance (Tax Compliance: 3,141) have a fairly low value. These results indicate that taxpayers deliberately do not calculate and report their income honestly and believe that taxes paid among taxpayers are unfair. Likewise with lower individual and social morals (*Personal Norms*: 3,356; *Social Norms*: 2,9) compared to other clusters which show that the surrounding environment and taxpayers feel that paying taxes is not their responsibility. Therefore it can be concluded that in this cluster Taxpayers do tax avoidance openly because they believe that complying with tax obligations is not their responsibility.

Cluster Submission

Submission is a condition where someone is forced to do a certain activity or obligation. In this cluster, taxpayers are classified in their behavior, who are determined to pay taxes, even though the level of fairness and relationship with tax officials tends to be low (Horizontal Fairness: 2; Vertical Fairness: 1.9; Exchange Fairness: 2; Quality Relations: 2,896; Quality Decision: 2.7). This shows that the surrounding environment and taxpayers feel that between taxpayers are not subject to the same or unfair amount of tax. In addition, taxpayers feel that tax officials do not have integrity and do not prioritize the public interest in decision making. In the tax evasion cluster level is also classified as very low (Tax Evasion: 1.1) but on the other hand tax compliance also does not show high results (Tax Compliance: 2,926) so it can be said that the taxpayers in this cluster do not violate regulations in carrying out their tax obligations but also does not report all of their income honestly. It also can be assumed by the delay in payment of the tax itself due to factors related to poor tax officials. Other things can also be caused by the injustice between wages received by someone and the obligations which must be paid, so that causing doubts or unwillingness to pay obligations. However, because taxpayers have good morals (*Personal Norms*: 3,639; *Social Norms*: 3,1), taxpayers in this cluster still do taxpayers.

Cluster Opportunist

Opportunist is a behavior where someone uses a situation to get profit. In this cluster, taxpayers are classified in their behavior which utilizes their relationship with tax officials and sees the behavior of other taxpayers as a reason to avoid their tax obligations. This can be seen from the magnitude of the responsibilities of tax officials in carrying

out their duties in serving the public and the high view of taxpayers to estimate income which is not reported by looking at another people's behavior (Quality Relations: 4,163; Quality Decision: 4.1; Perceived Tax Evasion: 4). In this cluster it can be said that the Taxpayer and the environment where the Taxpayer is located has a correct view of the norm or rule (*Personal Norms*: 4.282; *Social Norms*: 4.3). But the taxpayers decide to do something based on what is observed from the environment. When the taxpayer feels that there is no fairness between the wages received and the obligations that must be paid, the taxpayers in this cluster will choose to carry out a tax evasion. There is a theory that can strengthen the assumptions of the author, namely Social learning theory that comes from psychology. Social learning theory is based on the idea that a person learns from interactions between that person and others in a social context. Separately, by observing other people's behavior, people develop similar behavior. After observing other people's behavior, people assimilate and imitate that behavior, especially if their observational experience is positive or includes rewards that are received well in relation to the behavior carried out. According to Bandura, imitation involves the actual reproduction of observed motor activity (Bandura 1977).

V. CONCLUSION

This study classifies taxpayers based on several variables, namely; Personal Norms (PN), Social Norms (SN), Distributive Tax Fairness, Horizontal Fairness (HF), Vertical Fairness (VF), Exchange Fairness (EF), Procedural Tax Fairness, Quality Decision (QD), Quality Relations (QR), Perceived Tax Evasion (PTE), Technology, and Tax Advances (TA). The independent variable helps in classifying taxpayers according to the main characteristics of the group. Based on the results of classification carried out by researchers, taxpayers are divided into 5 groups namely; Commitment, Sycophant, Submission, Offender, and Defrauder. Commitment Taxpayer is a taxpayer who complies with tax regulations voluntarily. Sycophant Taxpayer is a taxpayer who tends to utilize good relations with the tax authorities in completing tax obligations. Submission Taxpayer is a taxpayer who tends to want to avoid taxes but in fact still chooses to obey. Taxpayer Offender is a taxpayer who utilizes the weaknesses of taxation provisions to do tax avoidance. Defrauder Taxpayer is a taxpayer who from the beginning has the intention to conduct tax avoidance aggressively. The results of the study prove that the prospect theory influences the behavior of taxpayers. Taxpayers are classified into what clusters relate to how the attitude of taxpayers is influenced by the mindset when carrying out tax obligations. This research is expected to be a reference for the tax authorities in planning what policies should be taken to overcome differences in the characteristics of taxpayers when carrying out their tax obligations. In addition, due to data limitations and the scope of the study, further research can be developed by adding samples to obtain more accurate data.

1. Prospect theory that was conclude was not so.

Supposedly, the result of this study prove the existence of the prospect theory which states that...

2. Based on the background above, the formulation of problem in this study is how the typology of taxpayers in Indonesia.
3. Do not use what policy, what the implications of this research is to provide convenience to regu

regulators in determining the tax policy by understanding the taxpayer compliance behavior.

4. Weaknesses of this study and at the same time also for the next research is to increase the number of samples so that they can show better categorization.

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