Factors Affecting E-Commerce Merchant Taxpayer's Compliance In Indonesia

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ABSTRACT
The purpose of this study is to prove the influence of tax knowledge, tax sanctions, taxpayer awareness, and tax socialization on the level of taxpayer compliance of e-commerce merchants. The population in this study is sellers. The research method uses the Statistical Package for the Social Sciences (SPSS) with the classical assumption test and multiple linear regression analysis, while the development and hypothesis testing uses a partial test and a coefficient of determination (R2) test. The results of the study, the tax knowledge variable affects taxpayer compliance, tax sanctions affect taxpayer compliance, taxpayer awareness affects taxpayer compliance, and tax socialization affects taxpayer compliance, namely traders registered on e-commerce platforms. The positive regression coefficient indicates that the better tax knowledge, tax sanctions, tax awareness, and tax socialization will make taxpayers more obedient.

Keywords: Knowledge of Taxation, Tax Sanctions, Taxpayer Awareness, Tax Socialization, Taxpayer Compliance.

INTRODUCTION
E-tremendous commerce's growth in recent years has made it an attractive business opportunity in the world of marketing. According to A.T. Kearney, the Indonesian e-commerce market reached US$ 1.3 billion in 2013 with a population of about 240 million people. Indonesia is a potential market for e-commerce business. Recorded internet users in Indonesia got 39 million, of which about 5 million or 12% of them use the internet as a means of transacting. Asia, particularly China and ASEAN, remains a promising market for e-commerce growth. From 2013 to 2017, e-commerce growth in ASEAN is expected to reach 25%, which is still considerably higher than the market growth in the United States, which is only 11%, and European Union countries, which is only 10%.

According to David Baum (1999), E-commerce is a dynamic set of technologies, applications, and business processes to connect companies, consumers, and society through electronic transactions and the electronic exchange of goods, services, and information.
Currently, buying and selling online e-commerce is in great demand by the public. It causes many people to sell on e-commerce applications. In 2018, the Central Statistics Agency recorded 24.82 million e-commerce transactions in Indonesia. The transactions came from 13,485 e-commerce businesses with a transaction value of 17.21 trillion rupiahs. In 2019, e-commerce transaction activity itself cannot be underestimated. The transaction value generated in each province is also considered sufficient to add to the regional economy.

In this tax regulation related to the Tax Treatment of Trading Transactions through Electronic Systems (e-commerce), providers of marketplace platforms must have a Taxpayer Identification Number and a Taxable Entrepreneur. Even if marketplace platform providers meet the criteria for small entrepreneurs, they need to be formed as Taxable Entrepreneurs.

Tax is a mandatory contribution to the State-owned by individuals or entities whose collection can be forced without earning a monetary reward. It is utilized to meet the needs of the state to ensure the maximum possible prosperity for its citizens (Law of the Republic of Indonesia Number 28, 2007). According to (Kamus Besar Bahasa Indonesia, 2015), obedience means being obedient or obedient to the rules. Tax compliance is an action taken by taxpayers to meet their tax responsibilities under the rules and regulations governing taxation in effect in a given nation (Ministry of Finance of the Republic of Indonesia Regulation 554/KMK.04/, 2000). Tax compliance is the most important thing for all developed and developing countries. It is due to avoid taxpayers who do not comply with tax regulations. If that happens, it will indirectly cause the desire to commit avoidance, evasion, smuggling, and tax evasion. The impact of these actions will reduce state tax revenues.

The Ministry of Finance claims that Indonesia's e-commerce business is overgrowing based on statistics collected from the Tax Directorate General. Only a few e-commerce sellers have already obtained a Taxpayer Identification Number. Based on the data obtained by the Tax Directorate General included, 1,600 samples (e-commerce sellers) were tried, of which 600 were not identified, and 1,000 were identified. Of the 1,000 new business sellers, 620 who already have a Taxpayer Identification Number, most of those who already have an NPWP have reported it, but it is not known that the report was under the facts that occurred at the time of the transaction (www.kemenkeu.go.id). Various factors, including influence taxpayer compliance tax knowledge, tax sanctions, taxpayer awareness, and tax socialization.

According to Wijayanti et al. (2015), Knowledge of taxation is a process where taxpayers understand and know about regulations and laws and tax procedures and apply them to carry out tax activities such as paying taxes, reporting tax, and so on. If someone understands and understands taxation, there will be increased taxpayer compliance.

Tax sanctions guarantee that tax laws and regulations (tax norms) will comply with tax laws and regulations. Or maybe the taxpayer does not violate tax norms (Mardiasmo, 2011). Sanctions in taxation can be grouped into two categories, namely administrative sanctions and criminal sanctions. Taxpayer awareness is when the taxpayer understands or knows his tax rights and obligations. Understanding taxpayers on the magnitude of the role played by the taxation sector as a source of state financing is essential to increase taxpayer compliance (Nugroho, 2006). Tax socialization is the Tax Directorate General's endeavor to educate the
public, particularly taxpayers, on taxation, regulations, and procedures using appropriate ways (Rimawati, 2013).

Previous research results are still pro and contra with existing theories. Namely: Research conducted by Nugroho (2016) shows that tax knowledge affects taxpayer compliance. It contradicts Hardiningsih's (2011) research; it demonstrates that taxpayer compliance is unaffected by tax knowledge. Ngadiman's (2015) study shows that tax sanctions affect taxpayer compliance. It contradicts Maryati's (2014) research, which shows that tax sanctions do not affect taxpayer compliance. Jotopurnomo's (2013) study shows that taxpayer awareness affects taxpayer compliance. It is contrary to research conducted by Nugroho (2016) which shows that taxpayer awareness does not affect taxpayer compliance. Research conducted by Dharma (2014) shows that tax socialization affects taxpayer compliance. It contradicts the research undertaken by Herryanto (2013), which shows that tax socialization does not affect taxpayer compliance.

LITERATURE REVIEW

Employee Performance Review

E-Commerce

E-commerce is a dynamic combination of technologies, apps, and business processes that connect businesses, customers, and society through electronic transactions and information sharing (Baum, 1999). The beginning of e-commerce entering Indonesia was in 1996 when the originator and early innovation provider was Dyviacom Intrabumi or D-Net. Then, other e-commerce began to emerge, such as olx and the popular ones now are Shopee, Tokopedia, Bukalapak, and Lazada. This development is overgrowing because, with the existence of e-commerce, sellers and buyers get various conveniences and practicalities.

Taxation

According to the official website of the Tax Directorate General of the Ministry of Finance, the contribution of a taxpayer to the state-owned by an individual or business that is coercive under the law is known as taxation. Taxation can also be interpreted as a mandatory contribution obligation, and if you avoid this, you can be subject to sanctions under the law. The tax system in Indonesia adheres to a self-assessment system. The self-assessment system is a tax collection system that gives taxpayers the confidence to calculate, calculate, pay, and report the taxes owed themselves (Waluyo, 2007). The tax has four functions: the budget, the regulating, the stability, and the income retribution.

Knowledge of taxation entails understanding the notion of general provisions in taxation and the many forms of taxes that apply in Indonesia, ranging from tax subjects, tax objects, tax rates, and tax calculation to tax recording and reporting (Setiyani et al. l, 2018).

According to the KUP Law, tax sanctions are sanctions given to taxpayers who do not meet the tax law provisions. Tax sanctions can be threatened or given to taxpayers and tax officials to third parties who violate or commit crimes. Tax sanctions are divided into two types: administrative sanctions and criminal sanctions. Administrative sanctions are enforced
in fines, interest, and increments based on the severity of the infractions or errors done by the parties involved. Meanwhile, criminal penalties such as fines, incarceration, and imprisonment are applied based on the violations and crimes committed by the parties involved.

Taxpayer awareness is a condition in which the taxpayer understands or knows his tax rights and obligations. Awareness of taxpayers on the magnitude of the role played by the tax sector as a source of state financing is very much needed to increase taxpayer compliance (Nugroho, 2006).

Tax socialization is the Tax Directorate General's effort to use appropriate tools to educate the general public, particularly taxpayers, on taxation, regulations, and processes (Rimawati, 2013). This socialization is essential because the public, especially taxpayers, has a sense and desire to fulfill their tax obligations. It is encouraged because taxpayers are equipped with the understanding and knowledge of taxation obtained from earlier socialization. Therefore, the socialization of taxation can increase the amount of tax revenue.

Taxpayer compliance is defined as the act of a taxpayer fulfilling all of their tax duties and exercising their taxation rights (Safri Nurmantu, 2010). The achievement of the tax collection target is contingent on taxpayer compliance. The higher the level of compliance among taxpayers, the higher the tax revenue, and vice versa. As a result, the Tax Directorate General's critical mission should be promoting taxpayer compliance and spurring employee performance so that they have the ability, dedication, understanding, and responsibility as the State's administration in the field of taxation.

**E-Commerce Taxation**

The government has issued Regulation of the Minister of Finance Number 210/PMK.010/2018 concerning Tax Treatment of Trade Transactions through Electronic Systems. The government does not set a new type or tax rate for e-commerce players. This regulation further explains the tax payment procedures and procedures to provide administrative convenience and encourage tax compliance of e-commerce actors in order to create equal treatment with conventional business actors.

The main points of the regulations in Number 210/PMK.010/2018 are as follows:

1. For sellers and service providers who sell through the marketplace platform.
2. Obligations of marketplace platform providers.
3. Share e-commerce outside the marketplace platform.

**The Effect of Tax Knowledge on Taxpayer Compliance**

Knowledge of taxation is one of the keys for taxpayers to be willing to deposit their taxes. With knowledge, taxpayers are indirectly educated and encouraged to carry out their obligations and become obedient taxpayers. According to Wijayanti et. al, (2015) knowledge of taxation is a process where taxpayers understand and know about regulations and laws and tax procedures and apply them to carry out tax activities such as paying taxes, reporting taxes, and so on. Meanwhile, according to Carolina (2009) tax knowledge is tax information that can be used by taxpayers as a basis for acting, making decisions, and to take certain directions or strategies in relation to the implementation of their rights and obligations in the
field of taxation. This is supported by previous research, Rahayu (2010) states that an adequate level of public tax knowledge will make it easier for taxpayers to comply with tax regulations.

Hypothesis 1: Knowledge of taxation affects taxpayer compliance on e-commerce sellers.

The Effect of Tax Sanctions on Taxpayer Compliance

Tax penalties are designed to make people fearful of breaking the law. If taxpayers believe that penalties will affect them more, they will pay their taxes (Jatmiko, 2006). Tax sanctions ensure that tax laws and regulations (tax norms) are obeyed, adhered to, and followed. In other words, tax penalties serve as a deterrent to ensure that taxpayers do not break tax laws (Mardiasmo, 2011). Tax compliance is measured using the concept of how significant tax penalties encourage taxpayer behavior to pay taxes. According to previous research by Januar et al. (2017), taxpayers' opinions toward tax fines impact compliance.

Hypothesis 2: Tax sanctions affect taxpayer compliance with e-commerce merchants.

The Effect of Taxpayer Awareness on Taxpayer Compliance

The characteristics of taxpayers can be reflected by the community's cultural, social, and economic conditions that will shape the behavior of taxpayers, which is reflected in the level of public awareness in paying taxes. This statement implies that the community must fulfill state commitments by paying taxes freely and with full awareness to put the spirit of mutual help or national solidarity into action to strengthen the national economy (Susanto, 2012). It is supported by research conducted by Mahaputri et al. (2016) showed that taxpayer awareness positively affects taxpayer compliance. As a kind of national and state duty, increased public knowledge will encourage more people to fulfill their obligations to register as taxpayers, report, and pay taxes accurately. According to the findings, the higher the amount of taxpayer knowledge, the higher the level of taxpayer compliance.

Hypothesis 3: Taxpayer awareness affects taxpayer compliance with e-commerce sellers.

The Effect of Tax Socialization on Taxpayer Compliance

Tax socialization is the Director-General of Taxes' effort to educate the public, especially taxpayers, about all elements of taxation, including regulations and processes, through appropriate means (Rimawati, 2013). According to Pasca et al.’s (2015) research, the influence of tax socialization on taxpayer compliance is significant. The enhancement of taxpayer compliance will be aided by tax socialization. This aligns with Winerungan's (2013) notion that with fewer incentives, the socialization provided will negatively influence the poor level of comprehension, leading to lower taxpayer compliance.

Hypothesis 4: Tax socialization affects taxpayer compliance with e-commerce sellers.

RESEARCH METHODS

This study uses an explanatory approach that aims to connect or explain between two variables and aims to prove a hypothesis or test a theory (Zulganef, 2008). The number of research samples was 100 people with the sampling criteria, namely traders who were registered on the e-commerce platform. The data collection procedure used a questionnaire
with the sampling method using purposive sampling. Purposive sampling is a non-random sampling technique where the researcher determines the sampling by determining the specific characteristics that are in accordance with the research objectives so that it is expected to be able to answer research problems (Arikunto, 2013). This study uses the Statistical Package for the Social Sciences (SPSS) with classical assumption test and multiple linear regression analysis, while the development and hypothesis testing uses partial test and coefficient of determination (R2) test. The research analysis technique uses an inferential statistical analysis approach where the analysis used to analyze the data is a summary of all methods related to the analysis of some of the data and then arrives at forecasting or drawing conclusions about the entire parent data (population).

RESULTS AND DISCUSSION

Research result

Validity Test Results
Based on the results of data processing using product moment correlation (r), the results of the validity test are obtained as follows.

Table 1 Validity test results

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Statement item</th>
<th>r&lt;sub&gt;count&lt;/sub&gt;</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation knowledge</td>
<td>Item 1</td>
<td>0.418</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 2</td>
<td>0.598</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 3</td>
<td>0.588</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 4</td>
<td>0.580</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 5</td>
<td>0.490</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 6</td>
<td>0.396</td>
<td>Valid</td>
</tr>
<tr>
<td>Tax sanctions</td>
<td>Item 7</td>
<td>0.538</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 8</td>
<td>0.475</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 9</td>
<td>0.502</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 10</td>
<td>0.381</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 11</td>
<td>0.478</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 12</td>
<td>0.555</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 13</td>
<td>0.427</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 14</td>
<td>0.505</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 15</td>
<td>0.468</td>
<td>Valid</td>
</tr>
<tr>
<td>Taxpayer's awareness</td>
<td>Item 16</td>
<td>0.484</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 17</td>
<td>0.558</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 18</td>
<td>0.503</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Item 19</td>
<td>0.501</td>
<td>Valid</td>
</tr>
<tr>
<td>Taxation socialization</td>
<td>Item 20</td>
<td>0.524</td>
<td>Valid</td>
</tr>
</tbody>
</table>
In Table 1 can be seen the correlation coefficient (R) of each statement greater than the critical value of 0.30. The results of this test indicate that all statements are valid and worthy of use as a research measuring instrument, and can be continued in the next analysis.

**Reliability Test Results**

Based on the results of processing using the Cronbach's Alpha method, the results of the reliability test results of each variable are as follows.

**Table 2 Reliability Test Results**

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Cronbach's Alpha</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation knowledge</td>
<td>0,766</td>
<td>Reliable</td>
</tr>
<tr>
<td>Tax sanctions</td>
<td>0,792</td>
<td>Reliable</td>
</tr>
<tr>
<td>Taxpayer's awareness</td>
<td>0,722</td>
<td>Reliable</td>
</tr>
<tr>
<td>Taxation socialization</td>
<td>0,824</td>
<td>Reliable</td>
</tr>
<tr>
<td>Taxpayer compliance</td>
<td>0,871</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

In table 2 above, it can be seen that the value of the reliability of the five variables questionnaire is greater than the critical value of 0.70. The results of this test indicate that all submitted statements have been reliable so it can be concluded that the questionnaire used to measure the five variables have provided consistent results.

**Discussion**

**The Effect of Tax Knowledge on Taxpayer Compliance**

Table 4 shows that the tcount value of 3,415 is more significant than ttable 1,985, and the significance value is less than 0.05, based on the results of hypothesis testing. With a 5% mistake rate, it was decided to reject Ho and approve Ha. As a result, their knowledge of taxation influences e-commerce businesses' tax compliance.
Tax socialization is the Tax Directorate General's endeavor to educate the public, particularly taxpayers, on taxation, regulations, and procedures using appropriate ways (Rimawati, 2013). It will help to promote taxpayer compliance through tax socialization. According to Winerungan (2013), the lack of socialization incentives will impact the poor level of comprehension, resulting in less compliance by taxpayers.

**The Effect of Tax Sanctions on Taxpayer Compliance**

Based on the hypothesis testing results in table 4, $t_{count}$ 3,624 is higher than table 1,985, and the significance value is less than 0.05, it was determined to reject Ho and accept Ha at a 5% error rate. As a result, it may be argued that tax penalties impact e-commerce merchants' compliance with the law.

Tax penalties are designed to make people fearful of breaking the law. If taxpayers believe that penalties will affect them more, they will pay their taxes (Jatmiko, 2006). Tax sanctions ensure that tax laws and regulations (tax norms) are obeyed, adhered to, and followed. In other words, tax penalties serve as a deterrent to ensure that taxpayers do not break tax laws (Mardiasmo, 2011). The notion of how substantial tax consequences promote taxpayer behavior to comply with taxes is used to measure taxpayer compliance. Previous research by Januar et al. (2017) shows that taxpayers' attitudes on tax penalties impact compliance.

**The Effect of Taxpayer Awareness on Taxpayer Compliance**

Based on the hypothesis testing results in table 4, $t_{count}$ 3,509 is higher than table 1,985, and the significance value is less than 0.05, it was chosen to reject Ho and accept Ha at a 5% error rate. As a result, it can be inferred that taxpayer knowledge impacts e-commerce merchant compliance.

Taxpayer awareness affects taxpayer compliance. The characteristics of the taxpayer can be reflected by the community's cultural, social, and economic conditions, which will shape the taxpayer's behavior, which is reflected in the level of public awareness in paying taxes. It follows the self-assessment system adopted in the tax system in Indonesia. The self-assessment system is implemented to provide confidence for the public in depositing their taxes. Consequently, the people must know the procedures for calculating taxes and everything related to tax compliance regulations (Kurnia, 2010). This research is in line with the study conducted by Mahaputri et al. (2016) and Jotopurnomo (2013), who show that mandatory taxes affect taxpayer compliance.

**The Effect of Tax Socialization on Taxpayer Compliance**

Table 4 shows that $t_{count}$ 3,492 is higher than table 1,985, and the significance value is less than 0.05, based on the findings of hypothesis testing. With a 5% mistake rate, researchers opted to reject Ho so that Ha might be accepted. As a result, taxes socialization impacts taxpayer compliance with e-commerce firms.

Tax socialization is the Tax Directorate General's endeavor to educate the public, particularly taxpayers, on taxation, regulations, and procedures using appropriate ways (Rimawati, 2013). Tax socialization is the Tax Directorate General's endeavor to educate the public, particularly taxpayers, on taxation, regulations, and procedures using appropriate
ways (Rimawati, 2013). Through tax socialization, it will help improve taxpayer compliance. It is under the opinion of Winerungan (2013) that the lack of socialization incentives provided will impact the low level of understanding so that it affects the reduced compliance of taxpayers.

CONCLUSION AND RECOMMENDATIONS

Conclusion
Based on the results of the study of the influence of tax knowledge, tax sanctions, taxpayer awareness, and the socialization of taxpayer's taxpayer compliance, then at the end of this study can be drawn conclusions as follows:

1. Knowledge of taxation affects taxpayer compliance, namely sellers registered on e-commerce platforms. The positive regression coefficient indicates that better tax knowledge will make taxpayers more obedient.

2. Tax sanctions affect taxpayer compliance, namely merchants registered on e-commerce platforms. The regression coefficient is positive, indicating that the heavier the tax sanctions, the more obedient taxpayers will be.

3. Taxpayer awareness affects taxpayer compliance, namely sellers registered on e-commerce platforms. The positive regression coefficient indicates that the higher the taxpayer's understanding, the more obedient the taxpayer will be.

4. Tax socialization affects taxpayer compliance, namely sellers registered on e-commerce platforms. The positive regression coefficient indicates that the better the socialization of taxation, the more obedient taxpayers will be.

Recommendations
Based on the results of the study and the limitations of the study. So the suggestions that will be given by researchers, among others:

1. Further research is suggested that taxpayers should be more active in seeking information about tax knowledge in Indonesia, either by coming directly to the nearest Pratama tax office or looking for information online by accessing the www.djponline.pajak.go.id site or through their official Instagram. @ditjenpajakri, so it is recommended that taxpayers can expand their knowledge of taxation regarding tax, the applicable tax system, perform tax calculations correctly, and perform tax reporting on time.

2. For the Tax Directorate General office, it is expected to increase socialization to taxpayers regarding applicable tax regulations in raising taxpayer awareness because there are still many e-commerce merchant taxpayers who do not have a TIN and do not know the tax reporting system that applies in Indonesia. The questionnaire results show that taxpayers still have low awareness of doing tax reporting. So socialization is expected to increase the awareness of taxpayers to carry out their tax reporting obligations correctly and adequately.

3. For further researchers interested in conducting research in the same field, it can add the dependent variable that possibly influences taxpayer compliance. Additional researchers
are advised to increase the number of samples or select a different population so that the study can generalize well.

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