Individual Taxpayer Characteristics and Taxpayer Knowledge: Exploratory Survey on Individual Taxpayers in Bandung City, Indonesia

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ABSTRACT
This research tried to test an influence on individual taxpayer characteristics toward tax knowledge. This research presents a study about the effect of various individual characteristics, namely, gender, age, education level and income level towards tax knowledge. Data was collected using a 19-question set-list questionnaire. Quantitative exploratory approach was selected as research method. The population in this research is individual taxpayers working as employees in Bandung City. A sample of 100 taxpayers was selected using simple random sampling. The results were then analyzed using multiple regressions analysis. The result showed that tax knowledge level in Bandung’s individual taxpayer is in 60,4% or classified as adequate. The results also showed that gender has no influence over tax knowledge, while age, education level, and income level have influence over tax knowledge. The overall model was considered fit, with all independent variables explaining 18.3% of dependent variables.

Keywords: age, education level, gender, income level, tax knowledge.

1. INTRODUCTION
Since 1983, Indonesian government has adopted the self-assessment system as its tax regime. Taxpayers are now obligated to calculate their own tax payable and submit tax returns that state the taxpayer calculations. There have also been several new procedures and regulations introduced in this era: tax payment, tax return submission, tax audit and tax litigation scheme. This tax system provides taxpayers with several obligations and rights, and taxpayers are assumed to understand and willing to oblige the tax rules and procedures.

Knowledge of taxpayers is essentially important, not only for taxpayers but also for citizens. Association of Chartered Certified Accountant – ACCA (2009) stated that the degree of interaction between taxation and operational decision making within a company provides an indication of the importance of tax knowledge to a company. But in contrast, ACCA (2009) also stated that only a small majority of corporate taxpayers (57%) in the United Kingdom agree that capturing internally generated tax knowledge is an important aspect of the tax function’s role.

Generally, adequate tax knowledge is essential of making higher tax compliance (Oladipupo and Obazee, 2016). Tax authority always deems that tax understanding and knowledge is important. Since 2002, tax reform in Indonesia tries to strengthen tax
knowledge. In 2002, the tax office introduced “Account Representative”, which functions to help taxpayers prepare tax administration, not by overriding the tax administration’s job from taxpayers, but instead by giving assistance and teaching materials so taxpayers knowledge can increase. Several tax centre also established by tax office and university, in order to increase public knowledge of tax administration. In year 2015, the Directorate General of Taxes in Indonesia established “Tax Education Year” in order to establish more compliant and educated taxpayers. One of the reasons to establish a tax education year is because of the still-low level of tax understanding and awareness among taxpayers. Another way to educate taxpayers, besides ordinary socialization and tax education, is introducing the reinventing policy, a policy used by taxpayers to report any flaws in their tax return; as a “reward”, the tax office will relieve all tax sanctions. This effort hopefully becomes a good experience and also a new way for taxpayers to learn more about the tax system without having to be afraid of tax sanctions.

Several efforts have been made to raise taxpayer understanding and awareness. One of the traditional efforts is to increase taxpayer knowledge about taxation. Taxpayer knowledge is perceived to positively affect tax compliance. Lack of tax knowledge and tax complexity contribute to non-compliance behaviour of taxpayers (Eriksen and Fallan, 1996; Loo, et. al 2009; Saad, 2014; Tan and Fatt, 2000). Palil’s (2010) research in Malaysia found evidence that taxpayer knowledge is associated with taxpayer compliance, and therefore, there is also a difference in taxpayer knowledge, according to their education levels and income. This difference, however, contributes to the non-compliance behaviour of taxpayers.

Tax knowledge had became a major problem of taxation in developing countries. Largest group of taxpayers in Indonesia is individual taxpayers. Currently, 70% of taxpayers are individual taxpayers, mostly working as employees, while some other taxpayers conduct businesses or independent personal services. Individual taxpayer knowledge in Indonesia is perceived to be varied. Some groups of taxpayers possess more knowledge compared to other groups. Pratama (2017) stated that to overcome the knowledge problem, the relevant institutions need to know the demographic characteristics of their stakeholders and tailor the education programme to them. The Directorate General of Taxes needs to identify which group has low tax knowledge and provide them with more support to increase their tax knowledge. Taxpayer knowledge varies across several characteristics. To foster more compliance of taxpayers, levels of tax knowledge need to be adjusted, so all taxpayers have optimum levels of tax knowledge.

This research tries to describe any association between individual taxpayer characteristics and tax knowledge. This research presents the study of the effect of various individual characteristics towards tax knowledge. This research describes which factors influenced tax knowledge, according to four different criteria: gender, age, education level and income level. This research may contribute in giving current assessment about tax knowledge level in Indonesia taxpayer, in order to correctly specified which taxpayers category that need strong improvement of tax knowledge.

2. THEORETICAL REVIEW

2.1 Tax Knowledge

Tax knowledge can be defined as a basic tax knowledge that needs to be understood by taxpayers, so taxpayers can exercise all their rights and obligations (Mat Udin, 2015; Oladipupo and Obazee, 2016). Fallan (1999) stated that tax knowledge combines tax rules
and financial knowledge, so taxpayers can determine the economic consequences of taxes. Tax knowledge is essential in a country that has implemented a self-assessment system (Kasippilai, 2000). Tax is usually explained in a country’s law. In Indonesia, there are two kinds of laws: (1) formal tax laws, which regulate provisions and procedures of taxes, and (2) material tax laws, which regulate tax subjects, objects, bases for calculation and tariffs.

Most of taxpayers in Indonesia lack of tax knowledge. Small medium enterprise (SME) and individual taxpayers are groups that has low tax knowledge. Belay and Viswanadham (2013) stated that SME and individual taxpayer unintentionally committed mistake in their tax calculation and tax return filling. Big corporate taxpayer usually had access to high quality tax resources and staff, so the problem of tax knowledge is not severely happen in the big corporations.

Knowledge of taxation that must be known by taxpayers can be divided into several terminologies. Lai et al. (2013) explained those terminologies as: (1) nature of taxation concepts, (2) usefulness of taxation concepts and (3) other related concepts added to their understanding of the deep structure of the tax laws. Gore and Wong (1998) divided tax knowledge into two parts: procedural knowledge and declarative knowledge. Procedural knowledge is about “knowing how” (e.g., knowing how to compute a personal income tax). Declarative knowledge is about ‘knowing that’ (e.g., knowing that salary income is taxable). Muhammad Zain (2005) stated that core tax problems that must be taught to tax students are: (1) who the taxpayers are and (2) how much tax should be paid.

2.2 Individual Characteristics

Individual taxpayers in Indonesia have many differences in terms of social and economic conditions. The difference in the conditions led to different conditions of tax-related behaviour, including tax knowledge.

Traditionally, demographic characteristics of taxpayers are always examined to assess tax compliance behaviour. The Fischer model (Fischer et al., 1992) has been an important subject of research in many countries over the past couple of years. The demographic characteristics are age, gender and education (Jackson and Milliron, 1986). The Fischer model suggests that demographic variables indirectly affect taxpayer compliance by their impact on non-compliance opportunities, knowledge and attitudes and perceptions.

Besides demographical factors, several economic factors also affect tax knowledge. This economy factor – known in the Fischer model as non-compliance opportunity (Chau and Leung, 2009) – can affect taxpayers’ knowledge. Several variables in economic factors are: income level, income source and occupation.

2.3 Individual Characteristics and Tax Knowledge

2.3.1 Gender and Tax Knowledge

Different genders usually have different choices of like and interest. Some research has indicated that gender has a significant influence on tax knowledge. However, there is inconsistencies about what gender are having more tax knowledge. Fallan’s (1999) research tested tax knowledge on several taxpayers and found that men usually tend to score higher in the “masculine” subject; one of the subjects is tax laws. Kasipilaii and Jabbar (2003) stated
that women were responsive to tax compliance, particularly due to higher level of tax knowledge in women. Kastlunger et.al (2010) research showed that women were more compliant to man. This might be happen due to different ethical standard, risk propensity, and tax knowledge. Engida and Baisa (2014) stated that some previous research on gender and tax knowledge has stated that males know more about tax. Other studies revealed contradictory results or no significant difference at all. Research conducted by Gabriella (2012) indicated that females have greater tax knowledge than men. Research conducted by Richardson (2008) also stated that there is no association between gender, knowledge and also compliance. Since the previous research results are still inconsistent, this researcher formulate a hypothesis as follows:

\[ H_1: \text{Gender has significant influence on tax knowledge.} \]

2.3.2 Age and Tax Knowledge

Usually, taxpayers are exposed to tax mechanisms when they reach adulthood. Beginning tax payers are usually not familiar with taxation procedures and regulations, but as the time passes, taxpayers learn more procedures and regulations, and they naturally understand more than younger taxpayers. Previous research also found inconsistencies regarding age and tax knowledge. The research of Palil (2010) and Ross and McGee (2012a) stated that age positively influences taxpayers’ tax knowledge in Malaysia and Netherlands. Both research showed that older taxpayer had longer experience with tax administration which made them understand the tax administration, as the time passed by. Mamun et. al (2014) research, however showed there is negative association between age and tax knowledge. Engida and Baisa (2014) stated that there is a negative association between age and tax knowledge. Ross and McGee (2012b) in South Africa found that there is no relationship between age and tax knowledge. Since the previous research results are still inconsistent, this researcher formulates a hypothesis as follows:

\[ H_2: \text{Age has a significant influence on tax knowledge.} \]

2.3.3 Education Level and Tax Knowledge

People are more understanding about something if they are exposed to good education processes. Palil (2010) stated that educated taxpayers may be more aware of their responsibility as well as the sanctions to be imposed if they were not compliant with tax laws. All previous research results indicated that the influence of education level on tax knowledge is positive. Chan et al. (2000) and Mamun et. al (2014) suggested that those with a higher education level are more likely to have a higher level of moral development and higher-level attitudes towards knowledge and thus tend to comply more. However, research conducted by Engida and Baisa (2014) stated there is no influence between education and knowledge of taxpayers. Ross and McGee’s (2012c) research also showed that in six countries, the group most understanding about taxes was one of the groups with little or no formal education in Brazil, Russia and China, while the group that understands taxation in India and the US came
from the most-educated group. Based on previous research, this researcher draws a hypothesis as follows:

\[ H_3: \text{Education Level has a significant influence on tax knowledge.} \]

2.3.4 Income Level and Tax Knowledge

People with a higher income are usually more exposed to literature and knowledge base compared to people with a lower income. Previous research still showed several different result. Chau and Leung (2009) stated that almost all theoretical models indicate that as income rises, non-compliance increases over most ranges. This happen due to taxpayer behavior to paid less tax as taxpayer don’t want its wealth to be significantly reduced by tax payment. However, Hamm (1995) stated that as an income of taxpayers rises, the knowledge of taxpayers also increases. Jackson and Milliron’s (1986) research found that income level has a mixed and unclear impact on knowledge. Ross and Mcgee’s research (2012a, 2012b, 2012c) also found a significant influence between income level and tax knowledge of taxpayers. Based on previous research, this researcher draws a hypothesis as follows:

\[ H_4: \text{Income level has a significant influence on tax knowledge.} \]

3. METHODOLOGY/RESEARCH DESIGN

This research employed explanatory quantitative methods. The research objects are gender, age, education level, income level and tax knowledge. Data were collected by using a questionnaire consisting of 19 questions. To measure gender, the researcher used 0 and 1 to differentiate men (0) and women (1). To measure age, education level and income level, the researcher provided five choices of answers, which were stated in a range. The complete list of answers for these four variables are presented in the table below:

<table>
<thead>
<tr>
<th>Choice of Answers</th>
<th>Age</th>
<th>Education Level</th>
<th>Income Level per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt; 25 year</td>
<td>Elementary</td>
<td>&lt; Rp. 1.000.000</td>
</tr>
<tr>
<td>2</td>
<td>25 – 34 year</td>
<td>Junior High</td>
<td>Rp. 1.000.000 – Rp. 4.000.000</td>
</tr>
<tr>
<td>3</td>
<td>35 – 44 year</td>
<td>Senior High</td>
<td>Rp. 4.000.001 – Rp. 7.000.000</td>
</tr>
<tr>
<td>4</td>
<td>45 – 54 year</td>
<td>Diploma/Bachelor’s</td>
<td>Rp. 7.000.001 – Rp. 10.000.000</td>
</tr>
<tr>
<td>5</td>
<td>&gt; 55 year</td>
<td>Master’s/Doctoral</td>
<td>&gt; Rp. 10.000.000</td>
</tr>
</tbody>
</table>

Tax knowledge was measured by providing a total of 15 True/False questions. Questions were divided into four parts: (1) tax calculations, including tax subjects, tax objects, tax tariff and tax base, (2) tax payment procedure, (3) tax reporting procedure and (4) general taxation provisions and procedures. Types of tax questions that were asked in this questionnaire on Indonesia Central Government Tax included: (1) income tax, (2) value added tax, (3) sales tax on luxurious goods, (4) land and building tax and (5) stamp duty. Local government tax was excluded from this questionnaire, since each local government has
different rules, so it is difficult to measure without a bias. Respondents selected True or False as an answer. Each correct answer was calculated as 1; each false or unanswered question was calculated as 0. Scores from each question were summarized to calculate the level of tax knowledge among the students. The scores varied from 0% (all questions answered incorrectly) to 100% (all questions answered correctly). To get a total score, the researcher used the following formula:

\[
\text{Tax knowledge level} = \frac{\text{Total score of each questions}}{\text{Number of questions}} \times 100\% \quad (1)
\]

Items in the questionnaire were tested for validity and reliability. The validity test was done by using the Pearson product moment test of correlation between the item score and the total score of items, and the reliability test was done using Cronbach Alpha calculations.

Individual taxpayers working as employees in Bandung City were selected as a population in this research. Individual taxpayers working as employees represent 60% of total individual taxpayers. Total of individual taxpayers in Bandung City is 3,077,345, based on data provided by the West Java Regional Tax Office. The researcher determined sample size by using the formula provided by Slovin, calculated as follows:

\[
n = \frac{N}{1+N\epsilon^2} \quad (2)
\]

With the margin of error at 10% and 3,077,345 total population (N), based on the formula, the required sample size is 99,099, rounded up to 100. This research successfully collected data from 100 taxpayers from Bandung City. Sampling was done by using simple random sampling, since there is no specific criteria needed to conduct this research.

Data analysis was done by using multiple regression analysis. Before proceeding to regression analysis, it must pass the classical assumption test, including normality, multicollinearity and heteroscedasticity. Normality test was done by using one – sample Kolgomorov Smirnov test; multicollinearity test was completed by examining Variance Inflation Factors (VIF), and heteroscedasticity was done by examining residual plot and Glejser test. Regression analysis produced the formula as follows:

\[
Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon \quad (3)
\]

Where:

- \(Y\) = Tax Knowledge
- \(\alpha\) = Constant
- \(\beta_1\) = Gender
- \(\beta_2\) = Age
- \(\beta_3\) = Education Level
- \(\beta_4\) = Income Level
- \(\epsilon\) = Error Term

To test significance of the model, including correlation and determination of the coefficient (R and R\(^2\)), \(F\)-test with significance level 99%, 95% and 90% was used. To test
whether the research hypothesis was accepted or rejected, \textit{t-test} with significance level 99%, 95% and 90% was used. All statistic calculations were assisted by SPSS Software Package Ver 23.0.

4. RESULTS & DISCUSSION

4.1 Descriptive Statistics

The researcher had collected data from 100 valid respondents. From 100 valid respondents, 54 were women and 46 men. Most of the respondents’ ages were between 25-34 years old. Most of the respondents also had an education level of a Diploma or Bachelor’s or higher (Master’s and Doctorate), and only a few respondents had an education level below a Diploma or Bachelor’s, and most of the respondents had an income range between Rp. 1,000,000 – Rp. 4,000,000 per month, although there was also a major group of respondents that had an income higher than Rp. 4,000,000 per month. Complete description of the data is as follows:

<table>
<thead>
<tr>
<th>Gender</th>
<th>f</th>
<th>Age</th>
<th>f</th>
<th>Education Level</th>
<th>f</th>
<th>Income Level Per Month</th>
<th>f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>46</td>
<td>&lt; 25</td>
<td>13</td>
<td>Elementary</td>
<td>0</td>
<td>&lt; Rp. 1,000,000</td>
<td>2</td>
</tr>
<tr>
<td>Female</td>
<td>54</td>
<td>25 – 34</td>
<td>42</td>
<td>Junior High</td>
<td>1</td>
<td>Rp. 1,000,000 – Rp. 4,000,000</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35 – 44</td>
<td>27</td>
<td>Senior High</td>
<td>8</td>
<td>Rp. 4,000,001 – Rp. 7,000,000</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45 – 54</td>
<td>14</td>
<td>Diploma/Bachelor</td>
<td>53</td>
<td>Rp. 7,000,001 – Rp. 10,000,000</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 55</td>
<td>4</td>
<td>Master’s/Doctoral</td>
<td>38</td>
<td>&gt; Rp. 10,000,000</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td>100</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

The tax knowledge mean result is 9.06, or on average, a taxpayer can answer correctly 9.06 questions out of 15 questions, or 60.4% correct. Standard deviation is 2.98. The maximum is 15 answers correct out of 15 questions (100% correct), and the minimum is 1 out of 15 questions correct (0.07% correct answers). The majority of respondents have average to high tax knowledge. Detailed results are described in following table:

<table>
<thead>
<tr>
<th>Number of Correct Answers</th>
<th>Number of Answers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 2 (Very low)</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td>3 – 5 (Low)</td>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>6 – 8 (Average)</td>
<td>29</td>
<td>29%</td>
</tr>
<tr>
<td>9 – 11 (High)</td>
<td>36</td>
<td>36%</td>
</tr>
<tr>
<td>12 – 15 (Very High)</td>
<td>22</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.2 Multiple Regressions Analysis

Before the data were analyzed using multiple regressions, validity and reliability tests were performed and showed that all questions are valid and reliable. Classical assumption was also done, and all data passed classical assumption tests. The result of classical assumption is presented as follows:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Normality (Sig. Value)</th>
<th>Multicolinearity (VIF)</th>
<th>Glejser Test (Sig. Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td>1.036</td>
<td>0.150</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>1.311</td>
<td>0.804</td>
</tr>
<tr>
<td>Education Level</td>
<td></td>
<td>1.474</td>
<td>0.629</td>
</tr>
<tr>
<td>Income Level</td>
<td></td>
<td>1.843</td>
<td>0.915</td>
</tr>
<tr>
<td>Tax Knowledge</td>
<td>0.200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interpretation</td>
<td>Normal</td>
<td>No Multicolinearity</td>
<td>No Heteroscedasticity</td>
</tr>
</tbody>
</table>

Notes:
1. Normality test was conducted on unstandardized residual. To be deemed normal, the significance value must be higher than 0.05.
2. To be free of multicolinearity, the VIF must be between 0.1 to 10.
3. To be free of heteroscedasticity, the significance value must be higher than 0.05.

The regressions analysis is presented in the table as follows:

<table>
<thead>
<tr>
<th>Information</th>
<th>Score</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$r$ Value</td>
<td>0.428</td>
<td></td>
</tr>
<tr>
<td>$R^2$ Value</td>
<td>0.183</td>
<td></td>
</tr>
<tr>
<td>F-value</td>
<td>5.333</td>
<td>0.001 ***</td>
</tr>
<tr>
<td>$\alpha$</td>
<td>3.102</td>
<td></td>
</tr>
<tr>
<td>$\beta_1$ coefficient</td>
<td>0.685</td>
<td>0.225</td>
</tr>
<tr>
<td>$\beta_2$ coefficient</td>
<td>-0.689</td>
<td>0.029 **</td>
</tr>
<tr>
<td>$\beta_3$ coefficient</td>
<td>1.202</td>
<td>0.021 **</td>
</tr>
<tr>
<td>$\beta_4$ coefficient</td>
<td>0.576</td>
<td>0.072 *</td>
</tr>
</tbody>
</table>

Notes:
***: significant at 99%, $\alpha = 1$
**: significant at 95%, $\alpha = 5$
*: significant at 90%, $\alpha = 10$

The regression equation is as follows:

$$Y = 3.102 + 0.685X_1 - 0.689X_2 + 1.202X_3 + 0.576X_4 + \varepsilon \quad (4)$$

From the regression equations above, interpretations are as follows:
1. The alpha (α) or Constant is 3.102, indicating that if there is no independent variable added into the model, the score of tax knowledge will be 3.102.

2. Gender or Beta – 1 (β₁) is 0.685. Since the coefficient is positive, and this is a dummy variable, we can interpret that women have more tax knowledge compared to men.

3. Age or Beta – 2 (β₂) is -0.689, indicating that if there is an increase of 1 in age, the tax knowledge decreases by 0.689. It can also be interpreted that increasing in age decreases tax knowledge.

4. Education Level or Beta – 3 (β₃) is 1.202, indicating that if there is an increase of 1 in education level, the tax knowledge increases by 1.202. It can also be interpreted that increasing education level increases tax knowledge.

5. Income Level or Beta – 4 (β₄) is 0.576, indicating that if there is an increase of 1 in income level, the tax knowledge increases by 0.576. It can also be interpreted that increasing in income level increases tax knowledge.

4.3 Discussions and Implications

This research has several interesting results. All independent variables in this research can explain only 18.3% of tax knowledge. It means there are still more variables that may affect tax knowledge that are not analyzed in the model. Overall, the model was considered fit, with the F-test that has a significant value of 0.001 (less than 0.01).

Hypothesis 1 is rejected, since the significance value is 0.221. It is shown that gender does not influence tax knowledge, although from the positive coefficient, it means that women are more knowledgeable in taxes than men. This result is similar with Richardson’s (2008) research and Tehulu and Dinberu’s (2014) research. Their research also stated that there is no association between gender, knowledge, and also compliance. The possibility of this result may come from the fact that in Indonesia, neither men nor women have superiority in tax knowledge. Each taxpayer has the same rights and obligations, without any difference by gender.

Hypothesis 2 is accepted, since the significance value is 0.028. The coefficient sign is negative, meaning that older taxpayers tend to have lower tax knowledge, or younger taxpayers tend to have higher tax knowledge. This result is similar with Engida and Baisa (2014), who stated that there is a negative association between age and tax knowledge. This is perhaps caused by the fact that most younger taxpayers are better educated than older taxpayers, so the younger taxpayers know much more about tax, while the older taxpayers tend to forget or at least are not updated on taxation knowledge.

Hypothesis 3 is accepted, since the significance value is 0.023. The coefficient sign is positive, meaning that more-educated taxpayers tend to have higher tax knowledge. This result is similar with previous research conducted by Palil (2010), Chan et al. (2000) and Ross and McGee (2012a, 2012b, 2012c), in which they all stated that tax education is positively associated with tax knowledge. The higher the education, the more explanation about taxes the taxpayers receive, not just about basic calculations and tariffs, but also regulations, procedures, sanctions, and tax management.

Hypothesis 4 is accepted, since the significance value is 0.067 (significant at α = .1). The coefficient sign is positive, meaning that taxpayers that have higher incomes tend to have higher tax knowledge. This result is similar with previous research conducted by Chau and Leung (2009) and Hamm (1995). The higher the income, the more need for taxpayers to
understand how to manage their tax calculations, especially in the self-assessment system. Another reason is because the taxpayers with higher incomes can have more access to literature, knowledge base and information sources regarding taxes, making their tax knowledge higher than the taxpayers with lower incomes.

5. CONCLUSIONS

From the research conducted, it is concluded that the tax knowledge of taxpayers in Bandung City is affected by age, education level and the income level of taxpayers. Younger taxpayers have higher tax knowledge compared to older ones; more highly educated taxpayers and also those with higher income levels have higher levels of tax knowledge. Gender, however, does not influence tax knowledge. Tax knowledge of taxpayers in Bandung City is 60.4%, which can be classified as adequate. It needs some improvement, so in the future, it can be increased to a better level.

Several suggestions can be made for a stakeholder. The Directorate General of Taxes can consider increasing tax education for low-income taxpayers and older taxpayers, since they still lack knowledge compared to other groups. Higher education institutions may consider providing taxation curricula to all its majors, not just to business studies majors.

This research is also not without limitation. This research only takes individual taxpayers working as employees, so the results wouldn’t be sufficient to justify the tax knowledge of individual taxpayers not working as employees. Future research should insert individual taxpayers that open businesses or independent personal services, so it can create a comparison between each group of individual taxpayers. Several demographic variables were also not inserted, such as occupations, field of work, taxpayer tenure and several demographic variables. The next research may insert the variables that are not inserted in this research. And, finally, this research result may represent Bandung City only. Future research may expand the scope to more provinces or Indonesia as a whole, so it can portray a more-representative model of tax knowledge.

REFERENCES


