

The Analysis of Individual Behaviour of Corporate Taxpayers' Obedience: Tax Compliance Model (Study of Hotels in Malang and Batu)

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ABSTRACT

This study attempts to investigate the behaviour of corporate taxpayers' obedience of their tax compliance. Factors that influence the behaviour of corporate tax compliance in this study are tax planning motivation, tax lessening, quality of tax officers' service, tax planning, tax knowledge, and perceptions of fairness in tax system. This study is developing the previous tax compliance model. This study uses polled sample data of 136 finance accounting hotel employees in Malang and Batu which are the member of Hotel association in Malang and Batu. The collection of data used survey method. The data processed by smartPLS. The result of this study found the empirical fact that tax lessening, quality of tax officers' service, tax planning, tax knowledge, and perceptions of fairness in tax system influence the corporate tax compliance. Tax planning motivation does not influence the corporate tax compliance. The conclusion of this study is that taxpayers will practice the tax planning and obey the tax obligators if there are tax lessening, quality of tax officers' service, tax knowledge, and perception of fairness in tax system.

Keywords: individual behaviour, tax compliance, corporate taxpayers

1. INTRODUCTION

1.1 Background of Study

Tax compliance is an encouragement to carry the provisions or rules of taxation that are required or requested to be implemented (Tjondro, 2002). Tax compliance category accordance with the Minister of Finance Decree No: 235/KMK.03/2003, Directorate General of Taxation Decree No: KEP-213/PJ/2003, and Circular of the Directorate General of Taxation No: SE-13/PJ.331/2003 about Procedures for Determining taxpayer obedient among others taxpayer register, submitting the Notice Letter (SPT), calculating and paying the owed tax correctly, completely, and on time.

Tax compliance plays an important role to determine the amount of levied tax that managed by the Directorate General of Taxation (DGT). The higher the tax compliance, the higher of impact on tax increases. Tax revenue target achievement can be used as a source of funds for the government to finance state expenditures.

Indonesia tax reform is a fundamental change in all aspects of taxation that cover four aspects, which are (1) the quality of human resources (HR), (2) the general provisions of taxation, (3) the information system of taxation (SIP), and (4) tax services. The reform has not reflect the expected achievements of taxpayer compliance. This term can be seen in the ratio of tax revenue potential (tax coverage ratio) as an indicator of potential tax revenue and ratio of tax revenue performance (tax gap ratio) as a measure of tax revenues performance. The result of Kariyoto's previous study (2011) showed that in 2004, tax revenue of East Java III DGT Regional Office amounted to 67.98%, in 2005 amounted to 81.8%, in 2006 amounted to 92.36%, in 2007 and 2008 exceeded the respective targets that amounted to 101.49% and 100.92% of the existing potential. Even though there are some improvement, the performance of tax revenues of East Java III DGT Regional Office still cannot be called as good performance.

Along with the phenomenon of taxpayers' non-compliance above, Tarjo and Kusumawati (2006) asserts that taxpayers' non-compliance led to a reduction in tax income revenues and led to many interpretations. The practice of tax collection system by the taxpayer (self-assessment system) is difficult to run well as expected. Low tax compliance can be seen from the fluctuations in tax revenue DGT Regional Office in Indonesia.

The research of taxpayers compliance was done by many researchers, which conducted by Fischer et al. (1992), Fallan et al. (1995), Chan et al. (2000), and Carolina (2011). This research has two different focus with those research. *First*, there are similarities of variables which are the knowledge of taxation and the fairness of tax system. However, there are differences in the results between those three studies. Fischer et al. (1992) showed that the tax knowledge and the fairness of tax system affects the taxpayer compliance. Chen et al. (2000) research result showed that the knowledge of taxation do not affect the compliance of the taxpayer and fairness of the tax system affects the taxpayer compliance. Carolina (2011) research results were consistent with research result of Chan et al. (2000). Carolina (2011) examined the effect of tax knowledge and fairness perception of the tax system against tax corporate taxpayers' compliance that listed in KPP Madya Bandung. The result of research showed that tax knowledge does not affect the corporate taxpayers' tax compliance. Taxation and the fairness perception of the tax system affects the taxpayers' tax compliance. Thus, there were inconsistencies variable effect of tax knowledge against taxpayer's taxpayer of those three previous research.

Second, the different determinants of tax compliance from the three previous research above, tax compliance models had been developed based on advice (Fischer et al., 1992). The Fallan et al. (1995) research model examined the tax compliance construction by adding a tax planning variable as a mediating variable based on schemes thought of taxpayers' compliance construction.

Studies which conducted by Fallan et al. (1995) examined the influence of individual belief, administrative specialization and tax compliance professionalism agencies in the city of Trondheim. Individual confidence is the individuals' motivation to take action. Administration Specialization is the whole experience and the learning process. Professionalism is a competent individuals that suit to their field, focused, have good cooperation, and innovative. The study shows that the individuals' confidence, administrative specialization and professionalism that affect tax planning and tax planning affects that tax compliance.

There are differences in variables naming in a studies which by conducted Fallan et al. (1995). Fallan et al. using individual beliefs variable, administration specialization, and professionalism. This study uses a tax planning motivation, learning, and quality of service tax authorities' variable. However, based on a scheme of construction of taxpayer compliance thinking which to the main development of research models Fallan et al. (1995), it can be concluded that the differences in these variables naming still in accordance with a scheme of construction taxpayer compliance thinking, which means taxpayers know and understand the rules of taxation for the fulfilment of tax obligations.

Based on the studies above this study test the model of tax compliance empirically by combining a variable tax planning, tax knowledge, and fairness perceptions of tax system in the context of tax compliance and test a motivational variable tax planning, learning, and quality of service tax authorities in the tax planning context empirically. Those models as a development model of new research in the tax compliance context that will be tested empirically.

1.2 Statement of Problem

(1) whether the tax planning motivation affect against tax planning?; (2) whether the learning affect against tax planning?; (3) whether the service tax authorities quality affect the tax planning?; (4) whether tax planning affect the tax compliance taxpayers corporate?; (5) whether the tax knowledge affect the tax compliance taxpayer?; (6) whether the perception of fairness tax system affect the tax compliance taxpayer?

1.3 Purpose of Study

(1) To examine the tax planning motivation against tax planning; (2) To examine the effect of learning against tax planning; (3) To examine the impact of service quality to the tax planning authorities; (4) To examine the effect of tax planning against tax compliance taxpayers corporate; (5) To examine the effect of tax knowledge against the tax compliance taxpayer; (6) To examine the effect of the perception of fairness tax system against tax compliance corporate taxpayers.

1.4 Research Contribution

1.4.1 Theoretically Contribution

This research is the tax compliance development model by combining previous studies that examine the taxpayers' compliance. Previous research models were to test the influence of tax planning motivation, learning, and quality of service tax authorities variable on tax planning and tax planning variables influence the taxpayers' compliance. Model studies combined with studies that examined the effect of knowledge and learning on tax compliance of taxpayers. Thus, this research development and testing model were done by combining together these variables.

1.4.2 Practical Contribution

To improve tax compliance taxpayers corporate and tax planning practice (tax planning), tax officials need to consider several terms for taxpayers. The mention term are the other tax officials need to improve the acquiring taxation knowledge process (learning) on the taxpayers, authorities tax service t quality against taxpayers, taxpayer tax knowledge, and the fairness taxpayer perception on the taxpayer (fairness of the tax system perception).

1.4.3 Policy Contributions

DGT tax policy, for example, instructed all the DGT employees to increase tax knowledge through a variety of ways and learning (the knowledge acquisition tax process) for taxpayers. Through the efforts that made by the tax authorities, taxpayers can understand that the tax imposition on each taxpayer has to bear in accordance with their respective taxpayers or have been fair. In addition, DGT also need to instruct the service improvement in tax officials, tax officials' services quality, and the tax officials' behaviour on the taxpayer.

2. REVIEW OF RELATED LITERATURE

2.1. Theory of Planned Behaviour

Planning behaviour theory states that the emergence of behaviour is determined by individual behaviour intention. It is because the intention of behaving is a motivation that influence individual behaviour. The intention to behave indicates how much a person's desire to try or devise a plan. Strong intention to behave will influence the individual behaviour (Ajzen, 1991: 181).

Ajzen (1991: 188) revealed three determinants of intention to behave, which are (1) the attitude toward the behaviour, (2) subjective norm, and (3) perceived behavioural control. The third determinant showed *first*, the attitude of the individual's beliefs influence the individual behaviour, whether it is positive or negative behaviour. In this study, the attitudes towards tax compliance behaviour are how confident the taxpayer on the implementation of tax compliance and taxpayer evaluating the results of the tax compliance behaviour. Second, subjective norm is social influence perception in forming the behaviour. Someone could be affected or not affected by social influences. In this study, subjective norms are the beliefs about the taxpayer social influence strength or other factors in the environment that motivates taxpayers to make tax compliance or not perform tax compliance. Third, perceived behavioural control is the belief and the individual's perception of other factors beyond the individual that will affect individual behaviour. In this study, perceived behavioural control is the belief of taxpayers on how strong the supervision system carried DGT to minimize tax noncompliance or maximize tax compliance.

2.2. Agency Theory

Tax collection system used by the DGT is a tax collection system by the taxpayer. This system means to authorize taxpayers to determine the amount of tax payable annually accordance with the laws and regulations applicable tax by themselves. Taxpayers are given the trust to calculate, compute, pay, report, and account the amount of tax payable by themselves (Resmi, 2008:11-12)

Related to tax collection system by the taxpayer, agency theory explains that taxpayers who have income amount at liberty to do the tax collection system by the taxpayer by themselves. Therefore Allingham and Sandmo (1972) asserts there is a possibility to make a lower income report that supposed to, so there is a possibility of tax noncompliance.

The study results of Allingham and Sandmo (1972) showed that the taxpayer is assumed to have a number of assigned obligations and has the authority to decide the amount of income that have to be reported as taxable income with the aim of maximizing utility. Therefore, this study used agency theory to see the organizations that provide the widest opportunity for agents and principals to maximize his utility. Agency theory which provides a significant opportunity to agents in maximizing the

utility will have an impact to reduce tax compliance of taxpayers. It is necessary to reform to anticipate the impact of reducing tax compliance through tax planning practice based on tax regulations which may increase tax compliance of taxpayers. Also required tax reform accordance frame reform theory.

2.3. Theory of Bureaucracy Reform

The theory of bureaucratic reform explain that there are systematic efforts, integrated, and comprehensive to realize good governance. Good governance allows the mechanisms of state governance to maintain a constructive synergy between government, private, and community effectively and efficiently (Sedarmayanti, 2010:67).

Bureaucratic reform aim should to create good governance. Based on the Decree of the Minister of State Owned Enterprises (BUMN) No. EP-117 / M-MBU / 2002 on Implementation of Good Governance Practices in BUMN, there are the principles of good governance. Those principles consists of five aspects, which are transparency, independence, accountability, responsibility, and fairness. Good governance is intended to obtain the corresponding human resources needs of the organization, such as quality, competent, ethical, and high performance.

Bureaucratic taxation reform intended to make the tax structure more clearly in doing delegation function and to oversight also to make the fast, accurate, fair, consistent, and transparent tax service. Bureaucratic reform is also intended to improve compliance, awareness and participation of the taxpayer in the tax system, so as to increase the state tax revenue.

2.4. Tax compliance

Tax compliance of taxpayers is the awareness of the taxpayer to conduct the taxation for the taxpayer practice assumes that compliance is social norms and accordance with the laws and regulations applicable taxation to increase taxes as a source of state revenue. The tax compliance of taxpayers practice, among others registration to get a NPWP, compute, calculate, pay the amount of tax payable, SPT report and prepare the bookkeeping for corporate taxpayers. Some studies showed empirical evidence about the factors that influence the behaviour of tax compliance of taxpayers. These factors were (1) the planning system of taxation, (2) knowledge of taxation, (3) the perception of fairness of the tax system, and (4) other factors.

2.5. Tax planning

Tax planning is an effort to save tax by the taxpayer through the control of the company's transactions that have tax consequences by using legislation applicable tax. Tax planning practice is not only influenced by the implementation of tax planning practices framework, but also influenced by other factors. Some studies show empirical evidence about the factors that affect the practice of tax planning, among other factors (1) motivation, (2) learning, and (3) the service tax authorities.

2.6. Taxation Knowledge

Taxation knowledge is a learning tool in the form of tax information that is used taxpayers to comply with their tax obligations. Tax knowledge can be defined as one's insight about the concept of taxes, how much taxpayer's level of understanding of tax notion, NPWP property, tax benefits, tax system, the procedure of tax payment, and

reporting of tax returns as well as the consequences of not meeting tax obligations. This terms also supported by several studies that show empirical evidence about the effect of tax knowledge of the tax compliance of taxpayers.

If the taxpayer has sufficient tax knowledge, so the taxpayer is able to behave on taxation liabilities obediently. The behaviour such as checking the report becomes due taxes, calculating tax obligations, and delivering the SPT. While taxpayers have low tax knowledge, they tend to not know about for what, how, when, and to whom taxes must be paid. Therefore, the taxpayers who have high tax knowledge will fulfil the tax obligations, while taxpayers with low tax knowledge will neglect their taxation liabilities.

2.7. Justice Tax System

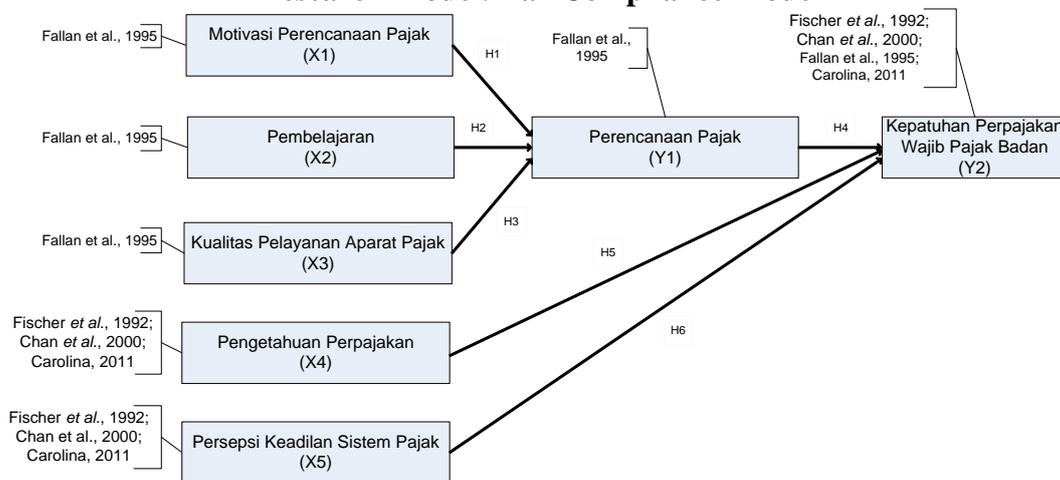
Fairness tax system is the result of an agreed compromise on the tax on each taxpayer based on the fundamental principles of taxation, the power bear a taxpayer principle, the tax laws, also the trust between the tax authorities and the taxpayer. Therefore, a fair tax system is a tax system that can improve the welfare of taxpayers and can be used to finance general expenditures of the state as development funds. It is also supported by several studies that show empirical evidence about the influence the perception of fairness of the tax system to tax compliance of taxpayers.

3. RESEARCH CONCEPTUAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

3.1. Research Conceptual Framework

Figure 3.1

Research Model: Tax Compliance Model



3.2. Hypothesis Development

3.2.1. Hypothesis about the Effect of Tax Planning Motivation against Tax Planning

Tax planning motivation related to self-will encouragement of the taxpayer that causes the behaviour or action in the form of businesses that looking for an alternative tax savings which not violate the provisions of the applicable tax legislation.

Based on research that has been conducted by Fallen et al. (1995) and Fraternes (2002), all researchers tested the effect of motivation on tax planning. The study results across these studies indicate that motivation affects tax planning.

Based on the psychological side of the taxpayer, by adapting the theory of planning behavioural which designed by Ajzen (1991), the taxpayer compliance influenced by internal factors. By the side of the agency relationship, the relationship between the DGT as principal and as agent of the taxpayer, by adapting agency theory stated by Jensen and Meckling (1976), allows the practice of tax planning. Planning behavioural theory and agency theory adapted to analogize tax planning as a behaviour that is influenced by the motivation of tax planning.

From the description above, the researcher proposed alternative hypotheses as follows: **H1:** Tax planning motivation affect tax planning positively.

3.2.2. Hypothesis about Learning Effect against Tax Planning

Jarvis et al. (2003: 4) argues that learning is a process of acquiring knowledge, skills, attitudes, values, beliefs, emotions, and essence. Learning is a process of transformation through observation and direct experience. The process of observation and experience into one of the activities of a person who considers that the behaviour is the result of learning.

Based on research that has been conducted by Fallen et al. (1995) and Mangoting (1999), all researchers tested the effect of learning on tax planning. The study showed that learning affects tax planning.

Based on the psychological side of the taxpayer, by adapting the theory of behavioral planning designed by Ajzen (1991), the taxpayer compliance influenced by external factors. In other words, external factors, learning as a process of acquiring knowledge can motivate taxpayers to carry out tax planning practices obediently in accordance with the legislation applicable tax.

Base on the side of the agency relationship, the relationship between the DGT as principal and as agent of the taxpayer, by adapting agency theory which stated by Jensen and Meckling (1976), allows the practice of tax planning. Planning behavioural theory and agency theory adapted to analogize tax planning as a behaviour that is influenced by learning.

From the description above, the researcher proposed an alternative hypothesis as follows:

H2: Learning can influence the tax planning positively.

3.2.3. Hypothesis about Apparatus Services Quality Impact against Tax Planning

Taxpayers' compliance to fulfil their tax obligations depend on how the taxman provides the finest quality services to taxpayers. At the time of low tax service, taxpayers are not satisfied with the service and tend to neglect the implement of tax planning that has been set in the corridors of the legislation.

Based on research that has been done Fallan et al. (1995), Jatmiko (2006), Pramushinta and Siregar (2011), Hardiningsih and Yulianawati (2011), and Alabede et al. (2011), all researchers tested the impact of tax authorities service quality against tax planning. The study results showed that service quality affects the tax authorities of tax planning.

Based on the relationship of bureaucratic reform, by adapting the theory of bureaucratic reform that defined by (Sedarmayanti, 2010: 67), tax planning practice is

influenced by the service tax authorities quality. Tax reform through improved service tax authorities quality influence the practice of tax planning. The taxpayer will be convinced that by improving the quality of services, it will support the tax authorities and the taxpayer's behaviour intention to carry out tax planning practices in accordance with the laws and regulations applicable tax.

Based on the agency relationship, the relationship between the DGT as principal and as agent of the taxpayer, by adapting agency theory stated by Jensen and Meckling (1976), allows the practice of tax planning. Planning behavioural theory and agency theory were adapted to analogize tax planning as a behaviour that is influenced by the quality of service tax authorities.

From the description above, the researcher proposed an alternative hypothesis as follows:

H3: service tax officials quality of can influence tax planning positively.

3.2.4. Hypothesis about The Influence of Tax Planning against Tax Compliance Taxpayer

Tax planning is a legal act which is still within the scope of taxation and does not violate the provisions of tax legislation. In considering a tax planning, the most important is a tax planner should know and understand correctly the new provisions and regulations and circulars which are interpretations and explanations or instructions regarding the implementation of the provisions contained in tax law (Chau and Leung, 2009).

Based on research that has been conducted by Clotfelter (1983), Fallan et al. (1995), Loo et al. (2009), Chau and Leung (2009), all researchers tested the influence of tax planning to tax compliance of taxpayers. The study results across these studies indicate that tax planning affects tax compliance of taxpayers.

Based on the agency relationship, the relationship between the DGT as principal and as agent of the taxpayer, to analogize agency theory which stated by Jensen and Meckling (1976), it allows the practice of tax planning. DGT provides possible opportunities to taxpayers through tax collection system by the taxpayer. Therefore, the relationship between the DGT and taxpayers is adapting the agency theory that allows for tax planning practices affecting tax compliance of taxpayers.

From the description above, the researcher proposed an alternative hypothesis as follows:

H4: Tax planning positive can influence tax compliance corporate taxpayers positively.

3.2.5. Hypothesis about The Influence of Knowledge Taxation against Taxation Taxpayer Compliance

Knowledge in the taxation field is a learning tool tax for taxpayers to implement legislation applicable tax. Carolina (2011) states that the tax knowledge is tax information. This information is used by taxpayer as a basis for action, such as making decisions and taking certain direction or strategy in connection with the implementation of their rights and obligations in the field of taxation.

Based on research that has been conducted by Fischer et al. (1992), and FallanEriksen (1996), Donnell et al. (2005), Supriyati and Hidayati (2008), Witono (2008), Loo et al. (2009), and Carolina (2011), all those researchers tested the effect of tax knowledge of the tax compliance of taxpayers. The study results showed that knowledge of taxes affecting tax compliance of taxpayers, except for the results of

studies Carolina (2011) which showed that knowledge of the tax does not affect tax compliance of taxpayers.

Based on the psychological of taxpayer, by adapting the theory of behavioural planning which designed by Ajzen (1991), it explained that external factors can affect tax compliance of taxpayers. In other words, external factors can motivate taxpayers to perform a behavior. This theory was adapted to analogize taxpayer tax compliance as a behavior that is influenced by knowledge of taxation.

From the description above, the researcher proposed an alternative hypothesis as follows:

H5: Taxation Knowledge can influence taxpayers' compliance corporate.

3.2.6. Hypothesis about The Influence of Fairness Tax System Perception against Taxpayers' Compliance Corporate

Fair taxation system is taxpayer' compliance behaviour to meet their tax obligations. Based on research that has been conducted by Fischer et al. (1992), Chan et al. (2000), Richardson (2006), Azmi and Perumal (2008), Carolina (2011), and Farrar (2011), all those researchers tested the influence of fairness the tax system against taxpayers' compliance corporate. The study results showed that the perception of fairness of the tax system affects taxpayers' compliance corporate, unless the results of the study Benk et al. (2011) which shows that the perception of fairness of the tax system does not affect the tax compliance of taxpayers.

Based on the psychological side of the taxpayer, by adapting the theory of behavioural planning designed Ajzen (1991), explained that external factors can affect tax compliance of taxpayers. In other words, external factors can motivate taxpayers to perform a behaviour. This theory was adapted to analogize taxpayers' compliance corporate as a behaviour which is influenced by perceptions of fairness of the tax system.

From the description above, the researcher proposed an alternative hypothesis as follows:

H6: fairness tax system perception can influence taxpayers' compliance corporate positively.

4. RESEARCH METHODS

4.1. Population and Sample

The population of this study were all employees of the accounting and hotel finances in Malang and Batu which registered as Union of Malang and Batu hotel. Hospitality in Malang and Batu selected as the research object because the two cities as a tourism city which became a tourist destination for tourists and foreigner. This led to the rapid development of hotel business in both cities. Empirical evidence also shows that the 4th spot revenue (PAD) of Malang and Batu came from the hospitality business for 5 years in a row from 2006 to 2011 (Revenue Malang and Batu, 2012). The study population is some 356 employees of the accounting and hotel finances that include in 190 employees at the five-star hotel and 166 employees in the hotel unclassified.

The unit of analysis of this study is the individual employees of the accounting and hotel finances that listed in the Union Malang and Batu Hotel. Researchers chose the unit of analysis for employees of the accounting and finance perpetrators of accounting and finance activities of the hotel. One of the activity of financial and

taxation hotel is taxation activity. There are more than one individual within a department of accounting and finance. Therefore, to explain the behaviour of individuals on compliance corporate taxpayers in tax compliance models are represented by individual employees of the accounting and finance.

Sampling technique that used in this research was stratified random sampling. A stratified random sampling is random sample selection that begins with classifying the population into sub-populations based on specific characteristics of the elements of the population (Indriantoro and Supomo, 2011: 125). This study population stratification was based type hotel on the decision of the Directorate General of Tourism, Post and Telecommunications No. 22 / U / VI / 1978, that the five-star hotel and not five-star hotel. Star hotels that is using the star symbol between 1 to 5 stars, while the opposite of it is referred as unclassified hotel.

Samples of this study were employees of the accounting and finance hospitality in Malang and Batu which registered in the Union of Malang and Batu hotel. Sample selection of the sample was because employees of the accounting and finance hotel know at once understand taxation, especially on the management of the hotel-related taxes and taxpayer compliance. Researchers followed the advice of Sekaran (2006: 131) for using disproportionate stratified random sampling. The sampling procedure in this study was because the star hotels have better employees of accounting and finance than hotels without stars.

Researchers also followed the advice of Roscoe (in sekaran and Bougie, 2010: 296-297) based on *rules of thumb* in determining the sample size. The sample size is more than 30 and less than 500. In the multivariate study (including multiple regression analysis), the sample size should be several times (preferably 10 times or more) greater than the number of variables in the study. This study variable number 7. The researchers did not use a sample of 70, but using a sample of 140 because the researchers avoided a number of questionnaires that would not be processed. This research took 140 stratified sample includes 125-star hotels and 15 hotel without stars.

4.2. Data Collection Method

Data collection techniques that used in this study was survey data collection techniques. The data source of this study was the primary data source that was distributing questionnaires to employees of the financial accounting and hospitality in the Malang and Batu city which are registered in the Union of Malang and Batu Hotel. The questionnaire was developed by Fallan et al. (1995) and Carolina (2011). The researchers modified the questionnaire items to measure the construct statement taxpayer compliance.

Furthermore, the researcher tested the validity and reliability test questionnaires through the pilot test. The pilot test was conducted with a total of 54 questionnaires were distributed to non-sampled, which are employees of the accounting and finances hotels which listed in the Union of Malang and Batu Hotel. Researchers chose non-sample because these employees as doers who know at once understand the accounting and financial activities of the hotel, especially on the management of the hotel-related taxes and taxpayer compliance.

The trial questionnaire was conducted by researcher at the time of the pilot test. The test is conducted to 2 of the 30 non-sampled to tested respondents further understanding in each item that statement which was made in the questionnaire.

the Influence measurement of tax planning, learning, and quality motivation variable of tax authorities service on tax planning, and the impact of tax planning, tax knowledge, and perceptions of fairness of the tax system to tax compliance corporate taxpayers in this study using a Likert scale of 7 points, which are: (1) Strongly Disagree; (2) Disagree; (3) Somewhat Disagree; (4) Neutral; (5) Somewhat Agree; (6) Agree; and (7) Strongly Agree.

4.3. Analysis method

The statistical method that used in this research to tested the hypothesis which proposed in this study was Partial Least Square (PLS) with the help of program SmartPLS ver. 2.0 M3. The reasons of using PLS were: (1) The appropriate statistical method used to test the predictions of the effect of the relationship between the latent variables in a model; (2) PLS can be run on samples with a small amount, do not require normal distribution of data, and can test research model with the basic theory of weakly (Hartono, 2011: 57-58), (3) can combine the PLS regression and factor analysis in one statistical techniques (Hartono, 2011: 128).

4.4. Model Specifications

Outer models describing the relationship between the block indicators with latent variables (construction). *Inner models* describing the relationship between the constructs that are built based on the substance of the theory. The equation of inner models in the study are:

$$\eta_1 = \gamma_1 \xi_1 + \gamma_2 \xi_2 + \gamma_3 \xi_3 + \zeta$$

$$\eta_2 = \gamma_4 \eta_1 + \gamma_5 \xi_4 + \gamma_6 \xi_5 + \zeta$$

Description:

η_1 = endogenous latent variables

η_2 = endogenous latent variables

ξ_1 = construct motivation of tax planning

ξ_2 = construct learning

ξ_3 = construct quality service tax officers

ξ_4 = construct knowledge of taxation

ξ_5 = construct perceptions of tax system fairness

γ_1 = coefficient of tax planning motivation

γ_2 = coefficient learning

γ_3 = coefficient of service tax officers quality

5. FINDINGS AND DISCUSSIONS

5.1. Findings Pilot Test

Before to the deployment of actual data in the field, researcher conducted a pilot test in order to test the validity and reliability of 50 questionnaire item. The pilot test was conducted on 44 accounting and finance employees from 32 different hotel included 11 star hotels and 21 hotel unclassified. Results of the pilot test showed four questionnaire items that do not meet the requirements of reliability and validity. This is because the value of outer loading and cross loading less than ± 0.30 , respectively as attached in Appendix 6 and Appendix 7 (Hair et al. In Hartono, 2011: 71). Therefore, researchers remove the four-item questionnaire on the 50 item questionnaire, further testing of the 46 item questionnaire.

5.2. Field Findings: Demographic Data Description of Respondents

Respondents were the individuals who work in the hospitality Malang and Batu incorporated in the Union Malang and BatuHotel. The number of hotels listed in the Union Malang and BatuHotel2012 when the collection is the 97 hotels. Each hotel is represented by accounting and finance employees. Some of the questionnaires were returned unusable. This is because the sample is not complete and is not serious in answering. Not serious in answering the questionnaire known sample of two negative statements contained in the questionnaire.

The majority of respondents were, 41% is the staff, the male gender was 89%, aged 41-50 years, respondents last education is S1, the respondent has work experience in over 3 years, and experienced in the field of accounting and finance is over 10 years old, Minority respondents were, 24% is the other part, the female gender is 11%, over the age of 60 years, the last education respondents are D1, respondents had experience working under one year, and experienced in the field of accounting and finance are under 5 years old.

5.3. Model Evaluation

5.3.1. Testing Phase 1: Before Indicators Constructs Modification

Convergent validity. There is a construct that has an AVE value and communality values less than 0.50 which were tax knowledge. Indicators which have outer loading value less than 0.50 were X47, X48, X410, X412, and X416. Hartono (2008: 31 and 60) found only indicator that has a value of less than 0.50 outer loading can be removed from the construction for this indicator which is not contained to construct representative. However, researchers should not remove the indicator which has a value of 0.50 to 0.70 along the outer loading and communality AVE score greater than 0.50. Therefore the only indicator of X47, X48, X410, X412, and X416 are removed from the measurement model because it has the outer loading less than 0.50.

Discriminant validity. Based on the value of cross loading, there are five indicators that have cross loading value less than 0.50. The indicator were X47, X48, X410, X412, and X416. Hartono (2008: 31 and 60) found only indicator which has a value of cross loading less than 0.50 which can be removed from the construction because the indicator was not contained to construct representative. Therefore the only indicator of X47, X48, X410, X412, and X416 are removed from the measurement model because it has the cross loading of less than 0.50.

Reliability. Reliability indicates the accuracy, consistency, and accuracy of a measuring instrument in measuring. There is a construct that is the motivation of tax planning that has Cronbach alpha values of less than 0.6. By rule of thumb or a composite value of Cronbach alpha reliability must be greater than 0.7 even if the value of 0.6 is acceptable (Hair et al. In Hartono, 2011: 72). It also expressed by Salisbury et al. (In Hartono, 2011: 72) that the composite reliability rated better in estimating the reliability of a construct. This proves empirically that each construct was reliable.

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estimating the reliability of a construct. It proved empirically that each construct was reliable.

5.3.2. Testing Phase 2: After Indicators Constructs Modification

Convergent validity. AVE and communality value whole construct is more than 0.50. Thus, the AVE and communality value have met the rule of thumb used to test convergent validity (Chin in Hartono, 2011: 71). This indicates that the data was valid for subsequent testing.

Discriminant validity. Discriminant validity test results based on the value of cross loading on appendix 10 is a cross loading value of each indicator constructs have a higher value or to gather in a predetermined construct. This proved empirically that each construct predict indicators on the block they are better than the indicator in the other block.

Reliability. There was a construct that was the motivation of tax planning that has a value of more than 0.60 composite reliability and Cronbach alpha values of less than 0.60. Salisbury et al. (2002) in Hartono (2011: 72) states that the composite reliability rated better in estimating the reliability of a construct. Thus, each construct was reliable.

R Square (R²). Tax planning of R² value was 0.34 and taxpayer compliance R² is 0:47. It explains that the construct of tax planning can be explained 34% through tax planning constructs of motivation, learning, and service quality of tax officials, the remaining 66% is explained by other variables outside the model. Taxpayer compliance construction can be explained 47% through the construct of tax planning, tax knowledge, and tax system fairness perceptions, the remaining 53% is explained by other variables outside the model.

Goodness of fit (GOF). R² Tax Planning (Y1) at the value of 0.34 and R² Taxation Taxpayer Compliance (Y2) at the level of 0.47. GOF formula Tenenhaus et al. (2005) in Hartono (2011: 89) is as follows:

$$\sum \sqrt{\text{communality} \times R^2}$$

GOF which was calculated using the formula of Tenenhaus et al. (2005) in Hartono (2011: 89) amounted to 0.99. Thus, it can be concluded that the structural model without the moderating variable and the moderating variable is fit, because the GOF value was more than 0.90.

5.3.3. Hypothesis Test Results

Table 5.1
Hypothesis Test Results

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T-Statistics	Result
(H ₁) X ₁ → Y ₁	0.0442	0.0629	0.0790	0.0790	0.5595	Rejected
(H ₂) X ₂ → Y ₁	0.1615	0.1585	0.0824	0.0824	1.9594	Acceptable
(H ₃) X ₃ → Y ₁	0.4811	0.4799	0.0844	0.0844	5.6974	Acceptable
(H ₄) Y ₁ → Y ₂	0.1699	0.1692	0.0832	0.0832	2.0410	Acceptable
(H ₅) X ₄ → Y ₂	0.3954	0.4070	0.0853	0.0853	4.6357	Acceptable
(H ₆) X ₅ → Y ₂	0.2272	0.2201	0.1026	0.1026	2.2146	Acceptable

Source: Processed data

Description: X1 = Tax Planning; X2 = Learning; X3 = Tax Service Authorities Quality; X4 = Taxation Knowledge; X5 = Perception of Tax Justice System; Y1 = Tax Planning; Y2 = Taxation Taxpayer Compliance.

5.4. Discussion of Test Results Hypothesis

5.4.1. Discussion of the Influence Tax Planning Motivation against Tax Planning

The hypothesis testing results this study were the construct of motivation were not influence the tax planning practices of tax planning corporate. The results of this study were not support some of the results of previous studies, which showed that tax planning motivation influence tax planning practices.

Several previous studies: *first*, in the type of taxpayer context, research locations, and different demographics respondents are corporate taxpayers in the city of Trondheim. These types of studies companies are local companies or small and medium enterprises. Fallan et al. (1995) tested the influence of individual confidence to compliance corporate taxpayers in Trondheim city. The study shows that individual's beliefs influence tax planning and tax planning influence tax compliance.

Second, in the type of taxpayer context, research sites, and a different demographic that the majority of respondents were individual taxpayers have resided for more than six years in the city of Bengkulu with incomes of more than two million rupiah per month. Fratnesi (2002) tested the influence of inherent factors to the individual taxpayer to the successful tax revenue planning in the city of Bengkulu. The study sample did not distinguish between self-employed individual taxpayers and non-self-employed individual taxpayers. The results of this study were motivated taxation awareness influence the success of tax revenue planning in the Bengkulu city.

Third, in the type of taxpayer context, research sites, and different respondents demographic that individual taxpayers in the Holy City that a majority of more than 40 age years, male gender, and S1 degree. Dewi (2011) tested the taxpayer perception on the income taxation. Samples of this study was the number of individual taxpayers who have business in the Kudus City. Researchers did not perform tests on individual taxpayers who did not have a business (non-self-employed) in the Kudus City. The results of this study were tax planning motivation influence tax planning and tax planning influence tax compliance.

Fourth, in the types of company size context, research location, and different demographic respondents which were small and medium enterprises in Jombang East Java had a large number of dependents that a majority of two to five people in one household with primary and secondary education levels. Sulistiyono (2012) examined the effect of motivation taxpayers on tax compliance in paying income tax planning. The study was conducted by researchers at individual taxpayers entrepreneurs engaged in the kind of small and medium enterprises. The results of this study were motivation affect taxpayer compliance.

Based on several studies above, there are differences in the type of taxpayer context, research location, firm size type and the respondents' demographics of this study with several previous studies. Taxpayer type in this study were starred or not star hotel which were registered hospitality taxpayer in the Union Malang and Batu Hotel. Taxpayer type in this study were different with another previous study (Fratnesi, 2002). Type of taxpayer in the study Fratnesi (2002) and Dewi (2011) is an individual taxpayer.

The location of this study was the City of Malang and Batu. The location of this study was different from the previous studies. Fallan's et al. (1995) location studies was in the city of Trondheim, Fraternali's location study (2002) was in the city of Bengkulu, and study of the Dewi (2011) was in the Kudus City.

Type of company size of the study were the star hospitality star and unclassified. Company size type of this study was different with the firm size type in previous studies (Sulistiyono, 2012). Type of company size in Sulistiyono study (2012) is a small and medium enterprises.

Respondents demographics of the study were the majority of respondents was 76% with S1 degree. Demographics of respondents of this study differs from previous studies demographics (Sulistiyono, 2012). Demographics of respondents Sulistiyono study (2012), which was 56.7% primary and secondary education.

Based on some of the differences in the context of this study with previous studies. Differences in the context of the taxpayer includes the type and location of research. The results of this study were the tax planning motivation does not influence tax planning.

The results of this study was supported by Torgler (2003) which proved empirically that the education background level affect the taxpayers' motivation to fulfil their tax obligations. In addition, according to Jabbar and Jeff (2008), the company size type is one of the companies' characteristics that influence taxpayer compliance behaviour. Company size type such as industry, foreign ownership, multinational corporations, the public sector, the private sector, as well as small and medium enterprises. Chau and Leung (2009), and Alabede et al. (2011) also mentions demographic conditions taxpayer such as education levels can influence the motivation to behave obedient taxpayers against tax. This was reaffirmed by the late (1999) and Palil and Mustapha (2011) which states that the tax compliance behaviour is also influenced by outside factors of the research model.

Thus, it is believed that there are differences in the results of this study with the results of previous studies. The difference was reinforced by the results of studies that have been done by Torgler (2003), Jabbar and Jeff (2008), Chau and Leung (2009), Alabede et al. (2011), Alm (1999), and Palil and Mustapha (2011) who concluded that tax compliance behaviour is also influenced by outside factors of the research model.

5.4.2. Discussion about the influence of Learning Against Tax Planning

The test results obtained empirical evidence that the hypothesis of this study is accepted. This means that the higher learning, the higher the tax planning of corporate tax planning practices. The results of this study support previous studies which showed that learning can influence tax planning practices.

Some of the studies which was mention was, *first*, in the kind of corporate taxpayers in the city of Trondheim context which was conducted by Fallan et al. (1995), which examined the influence of administrative specialization on tax compliance body. Testing was conducted by researcher at a number of corporate taxpayers which engaged in small and medium enterprises. The study showed that the administration specialization influence tax planning.

Second, in the context of the individual taxpayers and corporate taxpayers in Surabaya type which was conducted by Mangoting (1999), which examined the factors that affect tax planning. Testing was conducted by researchers at a number of individual taxpayers and corporate taxpayers. The results of this study learning tax planning

practice individual taxpayers and corporate taxpayers. Learning tax planning to make taxpayers aware any cracks in tax laws that can be used to perform tax planning practices.

Third, in the type of taxpayer and research at a different location individual taxpayers in the Kudus City context. Dewi (2011) examined the antecedents of the perception of the taxpayer on the taxation of income. The study was conducted by researcher at the individual taxpayers who are registered and have a business in the Kudus City. The results of this study were learning can influence tax planning.

Several studies have been conducted to obtain empirical evidence that learning can influence tax planning. Tested of learning on tax planning has been carried out in the context of the taxpayers types and research different locations. This study obtained empirical evidence which was consistent with previous studies. Thus, it can be concluded that learning can influence tax planning.

5.4.3. Discussion of the Influence Apparatus Tax Service Quality against Tax Planning

The test results obtained empirical evidence that the hypothesis of this study was accepted. This means that the higher service quality, the higher the tax planning practices authorities of companies in accordance with the legislation applicable tax. The results of this study support previous studies which showed service quality influence the tax planning practices authorities.

Several previous studies which were: *first*, in the context of taxpayer types and the different studies location were the corporate taxpayers in the Trondheim city of. Fallan et al. (1995) tested the influence of professionalism on tax compliance body. Professionalism is an individual who provides quality of service according to the field, focused, have good cooperation, and innovative. The study shows that the professionalism affects tax planning.

Second, in the types of taxpayers context and research at a different location individual taxpayers in the city of Semarang. Jatmiko (2006) tested the effect of service tax authorities on tax planning in the city of Semarang. The study was conducted by researchers at the individual taxpayer effectively in Semarang. The results of this study was the service tax authorities can influence tax planning individual taxpayers.

Third, in the type of taxpayer same context but the different research sites context that individual taxpayers in Yogyakarta. Pramushinta and Siregar (2011) tested the effect of the tax authorities for compliance services tax planning on an individual taxpayer. The results of this study are the tax authorities can influence compliance services tax planning.

Fourth, in the tax planning context and research different locations which were tax planning compliance in the taxes payment in the Tahunan and Jepara district. Hardiningsih and Yulianawati (2011) tested the factors that influence the willingness to pay taxes. The study was conducted by researchers at the 94 respondents with convenience random sampling technique in the District Annual SPT Jepara district which reported in 2009. The results of this study is the quality of the service tax authorities affect the willingness to pay taxes.

Fifth, in the types of establishments context and different countries; a model taxpayer compliance public sector in Nigeria. Alabede et al. (2011) tested a model taxpayer compliance public sector in Nigeria. The results of this study is the service tax authorities tax planning practices quality of can influence public sector.

Sixth, in the types of taxpayers context the same but the context of different research sites that individual taxpayers in the Kudus City. Dewi (2011) tested the antecedents of the perception of the taxpayer on the taxation of income. This research was conducted by investigators at individual taxpayers registered and have a business in the Kudus City. The results of this study is the quality of the service tax authorities can influence the tax planning.

Several studies have been conducted to obtain empirical evidence that service quality can influence the tax authorities against tax planning. Testing the service tax authorities quality on tax planning had been carried out in various cities in Indonesia and Nigeria as well as in the context of the types of taxpayers, tax planning, types of institutions and different countries. This study obtain empirical evidence is consistent with previous studies. Thus, it can be concluded that tax authorities service quality can influence the tax planning.

5.4.4. Discussion About The Influence of Tax Planning Against Taxpayer Compliance

Result of test which obtained empirical evidence that the hypothesis of this study is accepted. This means that the higher fulfilment of tax obligations in tax planning practice, the higher the tax compliance rate taxpayer. The results of this study support previous studies that showed that tax planning practices can influence the behaviour of taxpayers compliance.

Several previous studies: *first*, in different country contexts that individual taxpayers in four states, namely Virginia, Kentucky, Indiana, and Michigan. Clotfelter (1983) tested the effect of the taxation on the behaviour of individual tax compliance planning system. The study was conducted by researchers at two different groups, which were individual taxpayers under the age of 30 years and an individual taxpayer over 65 years. The study was conducted in four states, namely Virginia, Kentucky, Indiana, and Michigan. The results of this study is the planning system of taxation affect the behavior of individual tax compliance.

Second, in the context of the types of taxpayers and the location of different studies are corporate taxpayers in the city of Trondheim. Fallan et al. (1995) examined the effect of tax planning agency on tax compliance. The study was conducted by researchers through a survey of corporate taxpayers to consider the type of firm size, small and medium enterprises. The study shows that tax planning affects tax compliance.

Third, in the different countries context ; individual taxpayers in Malaysia. In addition to the compliance context different taxes that tax factors and factors rather than taxation. Loo et al. (2009) tested the behaviour of an individual taxpayer compliance in Malaysia. The study was conducted by researchers through a survey of individual taxpayers by considering several factors such as taxation systems include tax assessment, tax structures, knowledge of tax and attitudes towards taxes, as well as factors rather than tax include marital status, number of dependents, and income levels. The results of this study is the planning system of taxation affect the behaviour of an individual taxpayer compliance in Malaysia.

Fourth, in the country context and different tax compliance context which is a model of tax compliance Fischer Model in America. Chau and Leung (2009) tested the model of tax compliance Fischer Model. The study was conducted by researcher at a

number of individual taxpayers in America. The results of this study were tax planning system can influence the tax planning practices decisions.

Fifth, in the types of taxpayers and research at a different location context of the individual taxpayers in Kudus City. Dewi (2011) examined the antecedents of the perception of the taxpayer on the taxation of income. The study was conducted by researchers at individual taxpayers who are registered and had a business in the Kudus City. The results of this study were tax planning affects an individual taxpayer compliance.

Several studies have been conducted obtain empirical evidence that tax planning affects tax compliance of taxpayers. Testing of tax planning affect taxpayers compliance have been conducted in various countries, types of taxpayers and taxpayer compliance context models are different. This study obtained consistent empirical evidence with previous studies. Thus, it can be concluded that the tax planning affects tax compliance corporate taxpayers.

5.4.5. Discussion about The Influence of Taxation Knowledge Against Taxpayer Taxation Compliance

The test results obtained empirical evidence that the hypothesis of this study was accepted. This means that the higher the level of tax knowledge of taxpayers, the higher the tax compliance rate taxpayer. The results of this study supported previous studies which showed that tax knowledge affect the behaviour of tax compliance of taxpayers.

Several previous studies: *first*, in different country contexts that individual taxpayers in America. Fischer et al. (1992) tested the tax compliance behaviour in the United States. The study was conducted by researcher at classified the respondents into two groups based on their level of income, namely the individual taxpayer to lower middle class and individual taxpayers group of upper middle class. The results of this study were taxation knowledge affect the tax compliance behaviour.

Second, in the classification of different respondents context which were not classified the respondents based on income levels. Eriksen and Fallan (1996) tested the knowledge of taxation and taxpayer behaviour. The study was conducted by researchers at a number of individual taxpayers in America. The results of this study were taxation knowledge affect the taxpayer behaviour to make an assessment as well as meeting their tax obligations.

Third, in the taxpayer and the location of different studies context which was an individual taxpayer in America. Donnell et al. (2005) tested the effect of tax knowledge against individual taxpayers' compliance. The study was conducted by researchers through the experiments of tax practitioners in America. The results of this study are knowledge of taxation affect the compliance of individual taxpayers.

Fourth, in the taxpayer and the location of different studies context were corporate taxpayers in KPP at East Sidoarjo. Supriyati and Hidayati (2008) tested the effect of tax knowledge against taxpayers' compliance. The study was conducted by researchers through a survey taking into account the business areas corporate taxpayers. The results of this study were taxation knowledge affect taxpayer compliance.

Fifth, in the taxpayer and the location of different studies context that individual taxpayers and corporate taxpayers in KPP Surakarta. Witono (2008) tested the effect of tax knowledge against tax compliance. The study was conducted by researchers through a survey taking into account the taxpayer who works in Public Accounting Firm (KAP). The results of this study were taxation knowledge affect taxpayer compliance.

Sixth, in the different countries context which was individual taxpayers in Malaysia. In addition to the different taxes compliance context which were tax factors and non-taxation factors. Loo et al. (2009) tested the behaviour of an individual taxpayer compliance in Malaysia. The study was conducted by researcher through a survey of individual taxpayers by considering several factors such as taxation systems include tax assessment, tax structures, knowledge of tax and attitudes towards taxes, as well as factors rather than tax include marital status, number of dependents, and income levels. The results of this study was the taxation knowledge level affect the individual taxpayers' compliance in Malaysia.

Several studies have been conducted and it got empirical evidence that taxation knowledge affect taxpayers' compliance. The testing of taxation knowledge affect taxpayers compliance have been conducted in various countries, types of taxpayers, and the context of the classification of different respondents. This study obtain empirical evidence is consistent with previous studies. Thus, we can conclude that the knowledge of taxation affecting tax compliance corporate taxpayers.

5.4.6. Discussion about The Influence of Perceived Fairness Tax System Against Taxpayer Compliance

The test results were obtained empirical evidence that the hypothesis of this study was accepted. This means that the higher the perception of fairness taxpayer, the higher the tax compliance rate taxpayer. The results of this study supported previous studies that showed that the perception of fairness of the tax system affects the behaviour of taxpayers compliance.

Several previous studies: *first*, in the classification of respondents and different countries context, namely the classification of the respondents based on income levels in the United States. Fischer et al. (1992) tested the taxpayer compliance behaviour. The study was conducted by researcher at classifies respondents into two groups based on their level of income, namely the individual taxpayer to lower middle class and individual taxpayers group of upper middle class. The results of this study is fairness taxes perception affect taxpayer compliance behaviour.

Second, in the different countries context which were in the United States and Hong Kong. Chan et al. (2000) tested the tax compliance development model in the United States and Hong Kong. The study was conducted by researcher at the taxpayer who has been studying in college. The study was conducted at four different universities in the US which were at two universities and two universities in Hong Kong. Researcher chose respondents who filled out a questionnaire earnestly as the embodiment of tax compliance decisions an individual taxpayer. The results of this study was the fairness taxes perception affect taxpayer behaviour decisions.

Thirdly, in the different countries context which was in Hong Kong. Richardson (2006) tested the effect of tax justice dimension to the tax compliance behaviour. The study was conducted by researchers at the business school graduate students from two universities in Hong Kong. The results of this study were justice taxes affect tax compliance behaviour.

Fourth, in the different countries context which was Malaysia. Azmi and Perumal (2008) tested the effect of tax justice dimension the tax compliance behaviour. The study was conducted by researchers at the individual taxpayers in Malaysia. The results of this study were common justice as fairness dimension taxes affect individual taxpayers' compliance behaviour in Malaysia.

Fifth, in the types of taxpayers and the location of different studies context which were corporate taxpayers in the city of Bandung. Carolina (2011) tested the effect of the fairness of the tax system perception to tax compliance corporate taxpayers. The study was conducted by researcher through a survey of 54 corporate taxpayers listed in KPP Madya Bandung. The results of this study was the fairness of the tax system perception affects the taxpayer tax compliance.

Sixth, in the different countries context which was in Canada. In addition, in the different tax compliance context which based on the tax regulations Canadian government. Farrar (2011) tested the fairness of tax perception on tax regulations Canadian government. The study was conducted by researchers at a number of individual taxpayers in Canada. The study was based on Canadian government policy on the imposition of income tax rates in 1997 and 2000. The results of this study was the fairness taxpayer perception on tax regulations affect the behaviour of tax compliance.

Several studies have been conducted and it obtained empirical evidence that the perceived fairness of the tax system affects taxpayers' compliance. Testing fairness of the tax system perceptions affects tax compliance of taxpayers have been conducted in various types of taxpayers, state, and classification of different respondents as well as the context of a different taxpayer compliance which was social control taxpayer compliance behaviour. This study obtained empirical evidence which was consistent with previous studies. Thus, it can be concluded that the perceived fairness of the tax system affects the taxpayer tax compliance.

5.5. Discussion about Testing Mediation Variables : Tax Planning

In this study, the researcher conducted tests of learning and service quality variable tax authorities on tax compliance taxpayer which was mediated by the variable of tax planning. This is due to researchers suspect the existence of an intervening variable between the dependent variable and independent variables. Which mean, the influence of the independent variables did not affect directly the dependent variable but through the process of transformation represented mediating variables (Baron and Kenney in Hartono and Abdillah, 2009: 117-121).

The independent variable in this test was a learning and quality of service tax authorities. The dependent variable in this test was the taxpayer compliance. Mediating variable in this test was a tax planning.

The results showed that the mediating effect of tax planning did not mediate the full quality of service tax authorities to corporate taxpayers' compliance. However, the results showed that the mediating effect full mediate tax planning learning on tax compliance corporate taxpayers. Learning and quality of service tax authorities influence directly and indirectly to the taxpayer compliance.

5.6. Study Implications

Constructs used in this study were taken from several previous studies (Fallan et al., 1995 and Carolina, 2011). Previous studies used the theory of planned behaviour to explain the factors that affect tax compliance corporate taxpayers. Based on the results of statistical tests, the implications of the study results to improve tax compliance corporate taxpayers and practice of tax planning is affected by (1) learning, (2) quality of service tax officials, (3) tax knowledge, and (4) the perception of fairness of the tax system. These have been described in the following description.

1) Learning

The tax authorities should improve their knowledge about the use of taxpayers' taxes as a source of revenue for the state government for development fund. On the other hand, the tax authorities should also increase taxpayer awareness of the role of the taxpayer in the tax collection system that determine the achievement of tax revenue plan.

2) Tax officers service quality

The tax authorities must improve the tax authorities' service quality on taxpayers. Improved quality of tax authorities' service through counselling by tax officials includes the service, quality of service, and the behaviour of tax officials. Services tax authorities such as the ability to be a good officer. Tax officers' service quality were a good example of administrative procedures. The behaviour of tax officers like discipline and honesty tax authorities. If the quality of the service tax authorities are met, then the tax authorities can provide comfort for the taxpayer.

3) Taxation Knowledge

Tax authorities must improve the knowledge of the taxpayer which is the tax is a contribution to the state of society that must be paid to the welfare of society. Thus, the tax authorities should also increase knowledge of the taxpayer such as the implementation of the tax collection system by the taxpayer, restitution, taxpayer accounting, taxation, SPT, SPT delivery of corporate income tax, the calculation of tax payable, tax base and fiscal reconciliation. Moreover, the tax authorities should improve the understanding of corporate tax payers to oblige staff brevet tax financial background and use the services of a tax consultant.

4) The perception of fairness tax system

The tax authorities should increase awareness of the taxpayer that the amount of its taxable income in accordance with the taxpayer's ability to pay based on the amount of income tax. Moreover, the tax authorities must improve taxpayers' perception of fairness tax system through increased awareness of the taxpayer that the number of dependents such as administrative costs, general expenses, and cost of sales will affect taxation. The tax authorities should also increase the understanding of taxpayers that the imposition of a flat rate for corporate income tax to reflect fairness.

6. CONCLUSIONS AND STUDY LIMITATIONS

6.1. Conclusions

The results of this study showed that tax compliance corporate taxpayers affected by tax planning, tax knowledge, and perceptions of fairness of the tax system and tax planning tax planning influenced by motivation, learning, and quality of service tax authorities. In this study, taxation knowledge dominantly influence tax compliance taxpayer compared to the construct of tax planning and the perception of fairness of the tax system, as well as the quality of service tax authorities over tax planning dominant influence compared to the construct of learning.

Taxation knowledge affect the taxpayer compliance because taxpayers have a basis to implement the tax obligations, so the taxpayers will behave obediently in accordance with applicable tax regulations. Tax planning affects tax compliance taxpayer because the taxpayer makes tax planning practice in a structured and does not conflict with the tax laws in force, so that the taxpayer behaves obediently in accordance with prevailing tax regulations in implementing tax planning practices at the company. Fairness of the tax system perceptions affects the taxpayer compliance

because taxpayers feel the tax has been fair or appropriate to bear or earning power of each taxpayer.

Quality of care affect the tax planning authorities because the taxpayer will receive a variety of information, guidance, and knowledge of the tax authorities, which led to the planning practices of the taxpayer in accordance with applicable tax regulations. Learning affects tax planning because the taxpayer knows a structured process of tax planning practice starting from planning to evaluation practices of tax planning in accordance with applicable tax regulations.

This study did not manage to prove empirically which was tax planning is influenced by tax planning motivation. Motivation does not affect the tax planning tax planning because someone feels unmotivated taxpayers do tax planning is to minimize the tax burden to obtain the expected profit and liquidity.

This study is in the context of individual behavioural compliance taxpayer compliance models. Thus, in the context of this study concluded that the taxpayer would implement tax planning practices and obey performing all the tax obligations if there is learning, quality of service tax officials, tax knowledge, and perceptions of fairness of the tax system.

6.2. Study Limitations and Suggestion

Researcher realized there were limitations to this study. To further study the limitations need to be refined. Limitations of this study was there was minimal number of indicators to be used as interpretation, which was the motivation constructs tax planning using only two indicators. Yet according to Hartono and Abdillah (2009: 165) rules of thumbs on the number of indicators to be used as a justification of the results of the PLS should be a minimum of three indicators.

Related to this case, it is suggested further studies may seek an increased number of indicators used in testing the model as was done by Fischer et al (1992) and Chan et al (2000). They have done a study of tax compliance by expanding the tax compliance models that cover other important theories and test compliance of tax on tax regulations and different taxpayers' policies.

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