

THE BEHAVIOR MEANING OF THE TAX PAYERS AFTER RECEIVING ENFORCEMENT LETTER

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ABSTRACT

The objective of this research is to find out and comprehend the causes of taxpayer disobedient and interpret the taxpayer behavior after receiving tax collection notice. According to Kelman Theory, there are three tax payer's obligations, which are: compliance, identification, and internalization. This research is developed by using hermeneutic phenomenology paradigm. Data collection and analysis techniques as recommended by Moustakas (1994). The research shows that the causes of disobedient attitude are financial trouble on taxpayers, the taxpayer does not understand tax regulation well, and lack of taxpayer interest in fulfilling tax obligation. Furthermore, the behavior analysis of tax payers after receiving enforcement letter is categorized as compliance. The motives of people paying tax, in socio-psychological perspectives are because of fear of reprisals for hiding and not paying their taxes. Such behavior means that enforcement letter is effective to make the tax payers who don't comply their tax obligation to pay their tax in a timely manner.

Keywords: tax payer behavior, enforcement letter, hermeneutic phenomenology

MAKNA PERILAKU WAJIB PAJAK SETELAH MENERIMA SURAT PAKSA

ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui dan memahami penyebab ketidakpatuhan wajib pajak serta menginterpretasikan perilaku wajib pajak setelah menerima surat tagihan pajak. Menurut Teori Kelman bahwa ada tiga perilaku wajib pajak, yakni *compliance*, *identification*, dan *internalization*. Penelitian ini dikembangkan dengan paradigma fenomenologi hermeneutika. Teknik pengumpulan dan analisis data sesuai rekomendasi Moustakas (1994).

Hasil penelitian menunjukkan bahwa penyebab ketidakpatuhan wajib pajak dalam melunasi kewajiban pajaknya, antara lain karena kesulitan finansial, kurang memahami peraturan perpajakan, dan kurangnya minat wajib pajak untuk menjalankan kewajiban pajaknya. Sementara itu, untuk perilaku wajib pajak setelah menerima surat tagihan pajak dapat dikategorikan sebagai perilaku *compliance*. Artinya bahwa motif orang membayar pajak dalam perspektif psikologi sosial karena takut dihukum bila menyembunyikan atau tidak membayar pajak. Dengan perilaku wajib pajak yang demikian memberikan makna bahwa penagihan dengan surat paksa sangat efektif untuk wajib pajak yang tidak mematuhi kewajiban pajaknya secara tepat waktu.

Kata-Kata Kunci : Perilaku Wajib Pajak, Penagihan Pajak, Fenomenologi Hermeneutika

INTRODUCTION

Obedient of taxpayers in paying tax is the strategic position in improving tax revenue. The taxpayer obedient can be seen from the behavior and awareness of the taxpayer himself. In fact there are still some tax arrears from the parties who do not have any awareness of paying tax that the tax is not paid off as it should. The amount of tax arrears in Tax Service Office “X” from time to time is increasing, as shown in Table 1.

Table 1
Data of Tax Arrears and Arrear Liquefaction Realization
and Amount of Tax Revenue in Tax Service Office “X”

Year	Year Initial Tax Arrears (IDR)	Arrear Liquefaction (IDR)	% Liquefaction	Tax Revenue (IDR)
2009	16.050.410.000	2.505.606.000	16%	269.894.493.740
2010	22.679.002.000	6.143.780.000	27%	342.385.220.000
2011	23.036.889.000	15.461.069.954	67%	431.520.210.000

Source: Tax Service Office “X”

By the increasing arrears, the causes need searching so that a problem resolution can be found. Beside that, the increasing arrears show the taxpayers disobedient and unawareness of paying tax. In relation to this case, Brotodiharjo (2003: 13) states that basically people tend to escape from tax obligation, and it happens in every country perpetually. Correspondingly, Kelman (1958: 51-56) states that the people’s motive in registering themselves as taxpayers in social psychology perspective are the followings:

1. Fear of lawsuit if one hides / does not pay tax. Kelman names the behavior by *compliance*;
2. The second motive is called *identification*, i.e. one pays tax because of pleasure and respect to government official, especially tax official;
3. The third motive is called *internalization*, i.e. one pays tax because of awareness that the tax is useful for himself and other people.

The country, in this case the General Directorate of Tax, of course wants people behavior in paying tax encouraged by *identification* and *internationalization* motive. Several programs have been conducted to implant the two motives to people, but if the taxpayer behavior is in the first motive, *compliance*, the taxpayer will be forced to pay tax with enforcement letter. To deal with the matter, the government made the Laws and Regulations Number 19 Year 2000 regarding General Provisions of Tax Procedure and Tax Collection with Enforcement Letter. The Laws and Regulation is expected to give awareness and obedient increasing motivation in tax sector. The tax collecting Laws and Regulations is also expected to give more emphasis on justice aspect in the form of interest balance between taxpayer and the country. The interest balance constitutes rights and obligations implementation of both parties which is unbiased, impartially, fair, and harmonious in the form (Purnawan, 2004).

Based on the description, basically there are to matters to review, i.e. the increasing tax arrears which the causes need searching, and the behavior of taxpayer. Thus the purposes of this study are to find and comprehend the cause of taxpayer disobedient and interpret the behavior of taxpayer after receiving tax collection notice.

THEORITICAL FRAMEWORK

Taxpayer Behavior

Behavior is an activity that arises because of stimulus and response, and can be observed directly or indirectly (Sunaryo, 2004). Behavior occurs when there is something needed to cause a reaction, or so-called stimulus. Certain stimulus will produce a certain reaction or behavior. Meanwhile, Kelman (1958: 51-56) explained that there are three taxpayer behavior in social psychology perspective, the behavior of compliance, identification, and Internalization. Brotodihardjo (2003:13-14) added that the taxpayer's behavior tends to avoid or even resist the tax. There are two tax resistance, the passive resistance and active resistance. Passive resistance consists of barriers which complicate tax collection and are closely related to a country's economic structure, with the intellectual and moral development of the population and tax collection technique itself. Active resistance includes all efforts and actions that directly addressed to the tax authorities and aims to avoid such taxes done by avoiding themselves from taxes, tax smuggling and tax neglect.

People who have a great awareness of tax (tax consciousness) will be dutifully to pay taxes and fulfill tax obligations (Soemitro, 1991, 95). Behavioral avoidance of tax payments (tax avoidance) is similar to the behavior of tax evasion. The difference lies in the legal nature, although each still causes harm to the tax collection.

The difference between tax evasion and tax avoidance lies in the nature of tax evasion which is illegal and against the law. Tax avoidance is legal and does not intend to evade taxes, when tax laws changed and a tax payer responds more favorable consumption patterns in terms of tax to be paid. Economically, the tax avoidance behavior is done by changing the consumption choices, for example by not smoking then one would not bear the Value Added Tax on cigarettes.

Tax Collection

a. Definition of Tax Collection

The definition in Article 1 point 9 of Law Number 19 Year 2000 regarding collection enforcement letter is a series of actions for the person pays off taxes and fees to the tax debt by reprimanding or warning, implementing immediate collection, and giving enforcement letter, proposing prevention, executing foreclosure, implementing hostage, selling the properties which have been seized.

b. Stages of Tax Collection

It is the last way in collection in which the tax authorities through bailiff deliver or notify the State Tax Enforcement Letters to conduct auctions and foreclosure through the State auction office to property of taxpayers. Collection enforcement letter is known for its "hard" collection in the framework of Law Enforcement in the field of taxation. In the collection stage, Suandy (2006 : 41), the enforcement letter issued to alert taxpayers to settle tax debt, the tax collection phases include :

1) Reprimand Letter

If the tax debt listed in the tax bills, underpayment tax assessments letter, additional underpayment tax assessment letter is not paid until it passes 7 days of the due deadline (1 month from the date of issuance)

2) Enforcement Letter

Enforcement letter issued if the tax debt is not repaid by the payer taxes after passing 21 days from the date of the letter of reprimand, and the enforcement

letter is delivered by a state tax bailiff with collection enforcement that bear the cost of Rp. 25,000.00 (twenty five thousand dollars) tax debt must be repaid within 2 x 24 hours.

3) Foreclosure Letter

If the tax debt has not been repaid yet within 2 x 24 hours, forfeiture of the properties of tax payers will be done with the cost of the confiscation of Rp. 75,000,-

4) Auction

Within 14 days after the foreclosure, unpaid tax debts will proceed with the auction bidding through the state office. In terms of enforcement costs and the cost of implementing the confiscation has not been paid, would be charged together with the cost of advertising for the auction announcement in the newspaper and the cost of the auction at the time of the auction.

c . Tax Collection Procedures

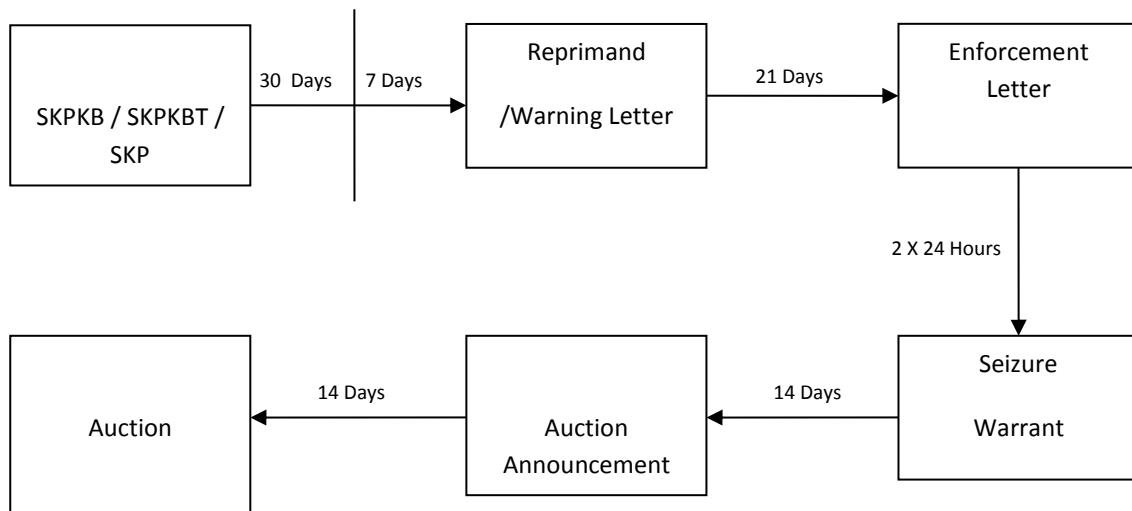


Figure 1.
Tax Collection Procedures
Source: Tax Service Office " X "

Based on Figure 1 on the procedure and time schedule of tax collection is described as follows :

- 1) The tax collection begins with the issuance of warning letter after 7 days from the due date of payment. Warning letter is not issued if the person has been approved for tax installment or tax payments delay.
- 2) If the tax debt has not been paid by the payer after passing 21 days from the issuance of the warning letter, a letter of enforcement will be issued.
- 3) If the tax debt has not been paid by the payer after passing the 2x24 hour from the enforcement letter notified, then a seizure warrant (SPMP) will be issued.
- 4) If the tax debt and collection expenses has not been paid by the person after passing 14 days from the date of the foreclosure, auction announcements will begin immediately.

- 5) If the tax debt and collection expenses has not been paid by the person after passing 14 days from the date of announcement of the auction, a sale of properties confiscated will be conducted through auction state office .

Tax collection can be carried out through:

- 1) Tax Collection using enforcement letter can be made if the amount of Tax Bills (STP), Underpayment Tax Certificate (SKPKB) , Additional Underpayment Tax Certificate and Amended Consent Decree, Objection letter, the Appeal decision which causes the amount of tax that should be paid increases or not or underpayment after passing the payment due date or signed by tax payer within a period of 1 month from the date issued.
- 2) Instant and Simultaneous Tax Collection
Collection is done instantly and at the same time under the following condition:
 - a) Tax Payers will leave Indonesia for a long time.
 - b) The Tax Payer transfers properties that are owned or controlled in order to stop or decrease the company's activities or the work being done in Indonesia
 - c) There are signs that the tax payer will:
 - i. Dissolve the business company
 - ii. Merge or split
 - iii. Transfer company owned or mastered
 - iv. Employs other forms of change. (signs means strong hints that the tax payer reduces or sells / transfers the properties so that no items will be confiscated.
 - d) The business company will be dissolved by the state .
 - e) There is a forfeiture of the tax payer properties by third parties or there are signs of bankruptcy.
- 3) The issuance of enforcement letter
Performed after 21 days from the date of the letter of reprimand, while the reprimand letter issued by the Tax Office after seven days from the payment due date.

d . Tax Collection Stages

The action begins with the issuance of tax collection warning letter after 7 days from the due date of payment .

- 1) The letter of enforcement is issued right after 21 days from the date of the warning letter.
- 2) Confiscation letter is issued right after 2 x 24 hours from the date the enforcement letter.
- 3) 14 days from the date of the seizure warrant, the announcement of the auction will begin immediately.
- 4) 14 days after the announcement of the auction, the auction is done by selling properties through auction office.

e . Tax Collection Expiration

Basically tax collection is expired within 5 years (Article 22 of Law No. 28 year 2007), but may be suspended if:

- 1) Letter of reprimand and enforcement letter are published.
- 2) There is a recognition of the debt from the tax payer either directly or indirectly.
- 3) Underpayment of tax certificate (SKPKB or SKPKBT) is published.

Enforcement Letters

a. Definition of Enforcement Letters

Under Law No. 19 of 1997 which has been converted into Law No. 19 of 2000, enforcement letters are enforcement warrant to pay the tax arrears and the cost of tax collection. The letters have the word " FOR THE SAKE OF JUSTICE UNDER ONE ALMIGHTY GOD " as its heading and have the same executorial power and legal standing as court decision which has permanent legal provisions.

The strength gives executorial strength and provides the same legal position with grosse certificate, a civil court decision which already has permanent legal force. Thus, enforcement letter can be implemented directly without the help of court and can not be appealed. This is in order to achieve effectiveness and efficiency of tax collection which is based on an enforcement letter.

b. Contents and Characteristics of Enforcement Letters

1) The content of an enforcement letter

According to Law No. 19 of 2000, in terms of their contents, the letter contains the following:

- a) The basics of tax collection on "incident" which was adjusted based on Law No. 14 of 1970 article 4 to be "for the sake of justice based on the One Almighty God",
- b) The name of tax payer and sufficient information about the reasons on which the collection is based, pay orders (within 2 x 24 hours),
- c) An order to pay the tax signed by an authorized officer appointed by the Minister of Finance or Head of Region,
- d) The amount of tax debt/arrears.

2) Characteristics of enforcement letter

According to Law No. 19 of 2000, the characteristics of enforcement letter are as follows:

- a) Have the same legal force with grosse certificate of the judge 's decision in a civil case that cannot be appealed again to higher judge,
- b) Have binding legal force,
- c) Having a double function, namely to collect tax and non-tax charges,
- d) Can be proceeded with the foreclosure action or hostage-taking and prevention.

c. Enforcement Letter Issuance

In Act No. 19 of 2000 , enforcement letter is issued by the LTO if:

- 1) Tax payers do not pay off the tax debt after being noticed the letter of reprimand or warning letter or other similar letters.
- 2) Instant and simultaneous tax collection have been implemented toward the tax payers.
- 3) Basically, enforcement letter is issued after the letter of reprimand, or warning letter, or other similar letters issued by the LTO.
- 4) The decision of tax payer do not meet the conditions set forth in the agreement of tax installments or delay in payment.

The issuance of enforcement letter legally by the authorities is the main capital for the effective implementation of tax collection, because an enforcement letter gives authority to the collection clerk to execute a direct tax (parate executie) in the forfeiture of the properties of the tax payer and do direct sales or through an auction over the properties to pay the tax owed without going through the procedure in tax collection.

d . Enforcement Letter Notification Procedures

The enforcement letter is notified by bailiff by giving statements and submitting a copy of the letter to the tax payer. Notification of enforcement letter to the tax payer is done by reading out the contents of the letter carried by the bailiff and written in the report as a statement that the enforcement letter has been notified.

- 1) The enforcement letter toward the individual tax payer is notified to:
 - a) Tax payer who stays at home, place of business or any other place that allows.
 - b) Adults who live with or work with tax payer.
 - c) One of the heirs or executors who take care of the treasures.
 - d) The heirs, if the tax payer has died and the inheritance has been divided.
- 2) The enforcement letter toward business entity tax payer is notified by bailiff to:
 - a) The Board, chief of representative, branch manager, the person in charge, the owners of capital either in the business entity, in a dwelling or any other place possible.
 - b) Employees in the business entities if the bailiff does not meet any of the parties stated above (the board, chief representative , branch manager , the person in charge, owners of capital).
- 3) If the tax payer is declared bankrupt by the Commercial Court, the enforcement letter is notified to :
 - a) Curator
 - b) Judge of Supervision
 - c) Heritage Hall
- 4) If the business entity tax payer is dissolved or in liquidation, the enforcement letter is notified to :
 - a) The person or business entity that is charged to carry out settlement, or
 - b) Liquidator

RESEARCH METHOD

Type of Study

It is a qualitative study with phenomenology approach (Creswell, 2007: 57-62). This kind of study and approach is very appropriate since this study intends to interpret taxpayer behavior upon tax collection with enforcement letter. This interpretation of taxpayer behavior is appropriately conducted by this kind of study and approach because, according to Strauss and Corbin (2003), qualitative study is meant to gain knowledge regarding new and a little known matters, and can provide complex details regarding the phenomenon which is difficult to reveal by quantitative method. This study widely reveals the taxpayer motive in delaying tax payment and the taxpayer behavior in tax collection with enforcement letter.

Focus of Study

The focus of this study is to find out and comprehend the causes of taxpayer disobedient and interpret the taxpayer behavior after receiving tax collection notice. Comprehending the causes of taxpayer disobedient means understanding the causes why taxpayer does not pay tax punctually that the tax is in arrear. Interpreting the taxpayer behavior after receiving tax collection notice means interpreting each reason of taxpayer with tax arrears connected to Kelman's theory.

Key Informant

The key informants in this study are chosen by *judgment* (Marshall, 1996) because of relating to a certain specific sector in Tax Service Office “X” and also entity taxpayer receiving tax collection with enforcement letter. This study determined 6 (six) key informants as the followings:

Table 2
Key Informant

No.	Key Informant	Description
1.	Ningsih (disguised name)	CV. KU
2.	Marini (disguised name)	CV. LT
3.	Sinta (disguised name)	CV. TW
4.	Hasan (disguised name)	Head of Collecting Section
5.	Vijay (disguised name)	State Tax Court Bailiff
6.	Anton (disguised name)	Collecting Section Executor

Source: Processed data

The researcher determined taxpayers as key informants randomly based on enforcement letter delivered by tax court bailiff on June 12th 2012. According to the enforcement letter delivered by tax court bailiff, it is obtained 3 (three) entity taxpayers, i.e. CV. KU, CV. LT, and CV TW. The reason for choosing entity taxpayer is most taxpayers receiving enforcement letters from Tax Service Office “X” constituting entity taxpayers.

Technique of Data Collection

The data collection was conducted in three techniques, i.e. in depth interview, documentation, and observation. The in depth interview was implemented to the key informants determined before. The documentation was conducted by collecting data of the taxpayers with tax arrears and the taxpayers charged with enforcement letters in Tax Service Office “X”. The observation was done by directly seeing the taxpayers receiving enforcement letters. The data collection process in this study refers to recommendation of Moustakas (1994: 180-182) about data collection in phenomenology study, i.e.:

1. Data Collection Preparation

- a. The researcher reviewed the statement of problem and the purpose of study. The purpose of this study is to find out and comprehend the causes of taxpayer disobedient and interpret the taxpayer behavior after receiving tax collection notice.
- b. The researcher analyzed the existing literature and study significance in accordance with the statement of problem and the purpose of study. The outline related to the taxpayer behavior and interpretation was made by the researcher to ease the next step.
- c. The researcher developed some matters related to the participants that will be the key informants. The researcher ensured that the participants can be interviewed at agreed time and place, and the interview can be recorded and published.
- d. The researcher examined, comprehended, and tried to develop the interview guideline made before. It is because the interview and discussion were conducted unstructured in order to get as natural result as possible.

2. Data Collection Implementation

- a. The researcher involved in *epoche* process as a technique to create as natural condition as possible. In Kholmi's study (2010: 43), this process is named by phenomenology crystallization. The *epoche* process conducted by researcher was by revealing the phenomenon of increasing tax arrears and taxpayer behavior upon tax collection using enforcement letter. In this process, the researcher separated his prejudice and belief that might affect participant comments.
- b. The researcher restrained the questions until the essential matter found in the form of pure experiences of the participants or more known by *bracketing the question*. In this study, the researcher refrained to ask about something while the participant was telling about the reason for delaying tax payment and the behavior when receiving enforcement letter.
- c. The researcher conducted interview to gain information and data about the reason for delaying tax payment, and interpret the behavior when receiving enforcement letter. The interview was implemented to all key informants by unstructured and informal in depth interview guided by interview general guidelines.

Data Validity

The data validity of this study was examined by *credibility* and *transferability* (Senton, 2004). *Credibility* is conducted by source triangulation, method triangulation, and theory triangulation (Hussein, 2009). *Transferability* is conducted by making report of study result in parsimony, in detail, systematically, and reliably.

Data Analysis

The data analysis in this study was conducted by the steps developed by Moustakas (1994: 180-182), i.e.:

- a. The researcher organized all data or thorough image regarding experience phenomena collected. The data organization was conducted by collecting all interview data about taxpayer opinion receiving enforcement letter, and Tax Service Office "X" official related to collecting section.
- b. The researcher read thoroughly and made side note about necessary data and then coded the data. The necessary data to be coded is the data directly related to the reasons for tax payment delay and taxpayer behavior when receiving tax collection notice with enforcement letter.
- c. The researcher found and grouped the statement interpretation felt by the participants by *horizontalizing*, i.e. each statement was initially treated as having same value. After that, statement that was irrelevant with the topic and the repetitive and overlapping statements and questions were omitted, so it remained *horizons* (textural interpretation and forming element of phenomena which did not deviate). The data unrelated to the reasons for tax arrears and taxpayer behavior was omitted or *reduction*.
- d. The statements were then collected into interpretation unit, and the writing illustration about how the experiences happened. The interpretation unit made contained about key informants opinion about the interpretation of causes of taxpayer doing tax payment delay and the interpretation of taxpayer behavior when receiving tax collection notice with enforcement letter. In this process, the data was more specified as intended by the researcher.
- e. After that the researcher developed overall description of the phenomena in order to find out the essence of the phenomena. The researcher then developed *textural*

description (about phenomena happened to the key informants) and *structural description* (explaining how the phenomena happened). The essence of taxpayer behavior interpretation phenomena was developed in this section and the essence interpretation was searched.

- f. The researcher provided narratively information about taxpayer behavior interpretation essence in accordance with the investigated phenomena.
- g. The researcher arranged overall report upon the interpretation of taxpayer behavior upon tax collection with enforcement letter.

DATA ANALYSIS AND DISCUSSION

The finding of the study was obtained from the study process combining the data collection techniques by in depth interview, observation, and documentation. The study process was supported by *credibility* and *transferability* for data validity. *Credibility* was conducted by source triangulation, method triangulation, and theory triangulation. The source triangulation was conducted by *member check* between taxpayer informant and Tax Service Office “X” official. The method triangulation was conducted by *cross check* between the result obtained from interview with taxpayers and the result of documentation about tax regulations. Theory triangulation was conducted by comparing the result of study and the theory used, in this case Kelman’s theory (1958). *Transferability* was conducted by making research report which is complete, detailed, systematic, and reliable, one of them by presenting the original interview excerpt from key informants in the research report. Based on the study process, the results of this study are:

1. The Reason for Taxpayer Disobedient in Paying Tax Arrears Off

To find out the reason for taxpayer disobedient in paying tax arrears off, the researcher conducted interview with three taxpayers on Tuesday, June 12th 2012, among others:

- a. Ningsih (disguised name), the official of tax administration department of CV. KU, Taxpayer Identification Number: 02.XXX.XXX.X-643.000, a company in Gedangan District Sidoarjo Regency running in other large trading sector.
- b. Marini (disguised name), the director of CV. LT, Taxpayer Identification Number: 03.XXX.XXX.X-643.000, a company in Gedangan District Sidoarjo Regency running in computer and office machine retail trading sector.
- c. Sinta (disguised name), the director of CV. TW, Taxpayer Identification Number: 02.XXX.XXX.X-643.000, a company in Buduran District Sidoarjo Regency running in advertising sector.

Horizons and Interpretation Unit

Based on the result of interview with taxpayers receiving enforcement letter from Tax Service Office “X”, it was formed *horizons* and interpretation unit explaining the reason for taxpayer disobedient in paying debt off in Tax Service Office “X”. *Horizons* as form of textural interpretation and forming element of phenomena which did not deviate and the interpretation unit explain about how the phenomena happened. The followings are the reasons for taxpayer disobedient in paying tax off:

a. Financial trouble on taxpayers

In business development, financial flux and reflux often happen. The inability to anticipate business development will result in serious trouble. Business sector

trouble often attacks companies causing operational trouble, liquidity trouble, and even leading to bankruptcy which is difficult to avoid.

CV. KU found it difficult to pay tax because of the existence of new VAT regulation which the VAT payable period is when taxable goods/service submission, whereas in time of submission, there were no payment from partner yet so the VAT could not be paid on time. The following is the interview result:

“I know about the Taxation Assessment Notice due date. I have not paid because of the inexistence of fund.” **(Excerpt of interview with Ningsih (disguised name), the official of tax administration department of CV. KU on June 12th 2012)**

Based on the interview data with Ningsih (disguised name), the researcher conducted method triangulation by *cross checking* the document of new VAT regulation, i.e. the Laws and Regulations Number 42 year 2009. It was evident that the VAT regulation was changed, i.e., for previously, VAT payable period was no later than the end of following month or in time of payment if the payment before the end of following month (Article 2 verse (1) of Regulation of General Director of Tax number PER-159/PJ./2006), while for now, in time of submission or payment if the payment before submission (Article 13 verse (1a) of the Laws and Regulations number 42 year 2009).

Regarding the financial trouble as a reason for taxpayer disobedient in paying tax off, the researcher then conducted source triangulation by *member checking* to Tax Court Bailiff of Tax Service Office “X”. The following is the opinion of Vijay:

“That’s true, before I delivered enforcement letter, I had called the taxpayer to tell about the enforcement letter delivery, the taxpayer usually conveys the problems. CV KU stated that there was no fund yet to pay tax arrears off.” **(Excerpt of interview with Vijay, the Tax Court Bailiff of Tax Service Office “X” on June 15th 2012).**

b. The taxpayer does not understand tax regulation well

Taxpayers are given full trust to conduct self assessment to fulfill their tax obligations. However, in fact, there are still many taxpayers who do not do it well. By issuing Tax Collection Notice, Tax Deficiency Notice, and Additional Tax Deficiency Notice as the basic of implementing active tax collection is one of taxpayer faults, such as not reporting or late reporting Tax Collection Notice, late in paying tax, or deficient in paying tax. The following is the opinion from Marini (disguised name), the Director of CV. LT:

“In time of managing Tax Collection Notice, I was told by an official at counter to consult AR, he said that I must manage a letter, but it was unfinished because it was delegated to my brother. Since I have proposed an objection, due to my nescience, I feel having no obligation. I have never received any invoice and Tax Collection Notice from partner, so I do not know that I must pay VAT. Because when I asked, my partner said that it had been paid, and I asked for it but I never received any.” **(Excerpt of interview with Marini (disguised name), the Director of CV. LT on June 12th 2012).**

Based on the interview result, it was found that CV. LT did not pay tax because of the nescience about tax regulation. CV. LT did not know that the transaction with partner (in this case one of government treasurers) VAT payable. After sale and purchase transaction, the government treasurer did not collect VAT and did not tell about VAT obligation.

Based on CV. LT reason, the researcher conducted source triangulation by *member checking* to Tax Court Bailiff of Tax Service Office “X” and the following is his opinion:

“That’s also true that CV. LT did not understand the tax regulation, CV. LT has contacted the concerned *Account Representative* to consult about tax obligation.” **(Excerpt of interview with VHK, the Tax Court Bailiff of Tax Service Office “X” on June 15th 2012)**

c. Lack of taxpayer interest in fulfilling tax obligation

Until now, people interest in paying tax still does not reach the expected level yet. Commonly people are still cynical and do not believe the tax existence because they think that it is like burdensome tribute, many difficulties in payment, people nescience about what and how tax is, and difficult to calculate and report it. The following is opinion from Sinta (disguised name), the Director of CV. TW:

“I know about the Taxation Assessment Notice due date. I have not paid because I did not intend to pay yet. If I am forced, I will pay.” **(Excerpt of interview with Sinta (disguised name), the Director of CV. TW on June 12th 2012).**

CV. TW received enforcement letter from Tax Service Office “X” because it did not pay Tax Collection Notice/Taxation Assessment Notice on time. Based on the interview, CV. TW did not intend to pay tax in accordance with Tax Collection Notice/Taxation Assessment Notice. They will pay if there is enforcement. It proves that enforcement letter as active collection from Tax Service Office “X” is effective enough to collect tax debt. The researcher then conducted source triangulation by *member checking* to the Tax Court Bailiff of Tax Service Office “X”. Upon the reason, the Tax Court Bailiff commented that:

“That’s true. There are some cooperative and not cooperative taxpayers in paying tax. CV. TW is one of not cooperative taxpayers.” **(Excerpt of interview with Vijay, the Tax Court Bailiff of Tax Service Office “X” on June 15th 2012).**

In connection with taxpayer obedient, the researcher then conducted method triangulation by *cross checking* to the existing document in Tax Service Office “X”, and it was obtained that CV. TW did not implement the tax obligation well, among others it did not include Annual Tax Return 2010 and 2011.

2. The Taxpayer Behavior after Receiving Enforcement Letter

Based on the interview with the three taxpayers, it is found out that after receiving enforcement letter, the taxpayers were willing to pay the tax arrears off. They planned to pay the tax arrears off by installment. The following is opinion from CV. KU:

“Yes, I am willing to pay tax debt. I planned to pay it in installments; I have conveyed it in 6 month installments.” (**Excerpt of interview with Ningsih (disguised name), the Tax Administration Department official of CV. KU on June 12th 2012).**)

The second opinion was conveyed by CV. LT. The following is the opinion:

“I must discuss it first with my brother. If the tax debt can be paid in installments, I will pay it in installments.” (**Excerpt of interview with Marini (disguised name), the Director of CV. LT on June 12th 2012).**)

The third opinion was delivered by Sinta (disguised name), the Director of CV. TW, she said that she would pay the tax debt. Even CV. TW has once paid the tax debt in installment, but then it was not continued.

Based on the opinions of the three taxpayers, it was interpreted that the taxpayers were willing to pay tax after receiving tax collection with enforcement letter. Based on this interpretation, the researcher conducted the existing *theory triangulation*, i.e. Kelman’s theory (1958). The result was that the taxpayer awareness after receiving enforcement letter was appropriate with Kelman’s theory (1958), i.e. *compliance* behavior, not *identification* or *internalization* behavior. The *compliance* behavior states that people’s motive in registering as taxpayer and paying tax in social psychology perspective because of fear of lawsuit when hiding or not paying tax. Enforcement letter has the same executorial power and law position as the court decision which has permanent law power. So its power is the same as court decision.

DISCUSSION

1. Reason for Taxpayer Disobedient in Paying Tax Arrears Off

There are three reasons for taxpayer disobedient in paying tax arrears off, i.e. financial trouble, nescience of tax regulation, and disobedient of taxpayers.

a. Financial Trouble

Credit payment congestion from partner often becomes the reason for company experiencing financial trouble. The company more concerns about the company cash health rather than the fulfillment of obligations including tax obligation. This taxpayer behavior is naturally happened considering most people concern tax as additional burden which has no feedback. The taxpayer experiencing liquidity trouble, financial trouble, or experiencing any condition beyond his ability that can not pay tax on time can propose installments or delay to Tax Service Office.

b. Nescience of tax regulation

People’s unawareness to find out and update their knowledge about tax regulation is one of taxpayer behavior that obstructs tax obligation fulfillment in Indonesia. It is also appropriate with the writing of Ancok (2004) that one of the factors that cause tax avoiding behavior is nescience about tax regulation. It is true that people are not interested in tax regulation because they think that tax regulation is troubled and there is no direct benefit for them. Each socialization regarding tax regulation either conducted by Tax Service Office “X” at the office or at villages in Tax Service Office working area has been attended by a few taxpayers. Even the new taxpayer socialization conducted after taxpayers

receiving Taxpayer Identification Number is not responded at all by taxpayers. The main reason of taxpayers in managing Taxpayer Identification Number is only as one of the requirements to complete business entity formation like CV or PT or the requirements of credit proposal to the Bank without knowing the rights and obligations of tax, so after the main purpose is reached, the taxpayer ignores the tax obligation. Related to the taxpayer behavior of unwillingness to attend any socialization or to update tax regulation knowledge in fact harms that taxpayer himself. When a regulation is promulgated, there is no reason to have no idea about the regulation.

c. Lack of Taxpayer Interest in Fulfilling Tax Obligation

The lack of taxpayer interest in fulfilling tax obligation can be observed from taxpayer obedient rate. Commonly taxpayer obedient rate of Tax Service Office “X” in implementing the tax obligation can be seen in the following table:

Table 3
Obedient of Annual Tax Return Submission by Taxpayers
at Tax Service Office “X”

No	Year of Tax Return	Total of Taxpayers Registered at Year Initial	Total of Submitted Annual Tax Return	Percentage
1.	2009	54.570	31.170	57,12%
2.	2010	66.457	30.808	46,36%
3.	2011	74.217	32.699	44,06%

Source: Tax Service Office “X”

Based on Table 3, the comparison between the total of taxpayers registered at year initial and the total of submitted Annual Tax Return is very far different. It shows the taxpayer disobedient and unawareness in fulfilling the tax obligation. The total of increasing taxpayers is not balanced with the taxpayer obedient. Whereas ignoring tax obligation such as submitting Annual Tax Return can be charged to sanction in accordance with the Laws and Regulations regarding Tax.

The existence of corruption cases by tax official also causes people’s unwillingness in paying tax. People think that there is no need to pay tax if it will be corrupted by tax officials. All citizens in this country consider tax as scourge and burden. It occurs soon a thought on how to obscure it. Commonly it does not happen to all levels of society, such as rich people, officials and people representatives, intellectual people, and businessmen. It happens because the citizens fell that there is no direct benefit. Tax is considered as force from government. Actually it is not so. Tax is tightly connected to people prosperity or human life quality. If they want prosperity, the prosperity must be built by the citizens’ awareness to pay tax. Tax is the artery of development done by government.

2. Taxpayer Behavior after Receiving Enforcement Letter

In accordance with Kelman’s theory (1985) that the taxpayer behavior after receiving enforcement letter can be included to *compliance* behavior. This behavior explains that the citizens are willing to register as taxpayers and pay tax because of fear of lawsuit. If it is reviewed from the perspective of tax awareness and obedient rate, this behavior is the worst compared to *identification* and *internalization*

behavior. Of course the best behavior in *internalization*, i.e. people pay tax because of awareness that the tax is useful for themselves and other people. This behavior is expected by government, in this case General Directorate of Tax, and becomes the General Directorate of Tax work program to implant awareness at the early age. Many work programs have been conducted, one of them is tax introduction at primary and secondary schools. The next behavior is *identification*; people pay tax because of pleasure and respect to government officials especially tax officials. If it is more deeply interpreted, this behavior is in the center position between internalization and *compliance* behavior. It means that people do not have any awareness to pay tax, but they do not intend to violate the law.

The study result that the taxpayer behavior is included to *compliance* behavior means that taxpayers having tax arrears must be collected by enforcement letter. The enforcement letter having law force will force taxpayers to pay tax debts off. Although it is the last choice to implant tax awareness to taxpayers, but considering the behavior, then tax collection with enforcement letter can be conducted and legal in accordance with the Laws and Regulations.

CONCLUSION AND RECOMMENDATION

Based on the study result, it can be concluded that the reasons for taxpayer disobedient in paying tax arrears off are financial trouble, nescience to tax regulation, and lack of interest in fulfilling tax obligation. The taxpayer behavior after receiving enforcement letter can be included to *compliance* behavior, i.e. people's fear of lawsuit when not registering as taxpayers and implementing tax obligation. This behavior is included to the worst behavior compared to *internalization* and *identification* behavior.

This study recommends that it is necessary to conduct more intensively socialization to taxpayers regarding the rights and obligations of tax, especially regarding the rights and obligations in paying tax debt off. It needs implementing considering that one of Tax Service Office duties is to provide service that, among others, can be conducted by providing socialization to taxpayer society, cooperating with regional government, and providing socialization by any written and electronic media. Tax collection with enforcement letter need increasing with the expectation that taxpayer obedient will be better, so the taxpayers can have awareness in implementing the tax obligation.

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