

## The Effect of Motor Vehicle Tax Bleaching Program on Taxpayer's Behavior through the Mediation of Tax Paying Intention in Lampung Province

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### Abstract

Taxes are an instrument of state revenue so that various government efforts are made to increase taxpayer participation, one of which is through the tax whitening program. This study aims to analyze the effect of the tax whitening program organized by the Government of Lampung Province on the behavior of taxpayers either directly or through mediation of intention to pay taxes. The research subjects were determined by purposive sampling technique in order to obtain a sample of 65 taxpayers. Data analysis was carried out using the Partial Least Square method through the SmartPLS version 3.0 program. The results of the analysis show that: (1) the tax whitening program has a positive and significant effect on the intention to pay taxes, (2) the tax whitening program has a positive and significant effect on the behavior of taxpayers, (3) the intention to pay taxes has a positive and significant effect on the behavior of taxpayers (4) the intention to pay taxes can play a role in mediating the tax whitening program on the behavior of taxpayers.

### Keywords

tax whitening; intentions; taxpayer behavior



## I. Introduction

Taxes are mandatory levies for the people to pay and have become an important instrument for the survival of the state's economy because of their existence as the largest source of revenue. The state has the authority to enforce the obligations of the people (Sa'adah, 2018; Solichah, et al., 2019) so that various efforts made by the government to increase tax revenues. An increase in state revenue, one of which comes from tax receipts, is the result of increased government spending on state funding (Fitria, et al., 2019). The increase in tax revenue is directly proportional to the behavior of taxpayers who comply by paying their tax obligations.

The behavior of the taxpayer, in this case, is related to the taxpayer's actions to pay and pay off the tax that is his obligation. The behavior of taxpayers, in this case, is different from taxpayer compliance. Compliance, according to Oktaviani (2015), is the fulfillment of voluntary tax obligations by taxpayers to contribute to development (Oktaviani, 2015), whereas in this case, the behavior of taxpayers is to pay off motor vehicle tax dependents that have not been paid for several current periods, but with the whitening program, it is hoped that they will be able to pay their tax obligations.

The behavior of taxpayers to pay off their tax obligations cannot be separated from the taxpayer's intention to pay them. When the taxpayer does not have the good intention of paying, the taxpayer does not pay the tax that is his responsibility. In the theory of planned behavior (TPB), it is stated that "a person can act based on intentions if he has control over his behavior" (Ajzen, 2015). A person's intention to not comply with taxes has a positive and

significant effect on tax non-compliance behavior (Hidayat & Nugroho, 2010). However, intention does not affect taxpayer compliance (Oktaviani, 2015).

The abolition of administrative sanctions for motorized vehicle taxes is the cleaning up or revocation of sanctions in the form of money due to being late in paying motor vehicle taxes (Widajantie & Anwar, 2020). "This policy was published by the Governor with a specific timeframe, which is in about three months, and is also actively running for all motorized vehicle taxpayers in the province," Setiawan's judgment (2017) adds. Bleaching programs are frequently undertaken in Indonesian provinces, like Lampung Province, which is now conducting one from April 1 to September 30, 2021. On this basis, it is necessary to conduct a study to analyze the effect of the bleaching program implemented in Lampung Province on intention to pay taxes and its impact on the behavior of taxpayers who pay motor vehicle taxes.

## II. Review of Literatures

### 2.1 The Theory of Planned Behavior

The theory of planned behavior aims to provide a comprehensive framework for understanding the determinants of behavior (Ajzen, 2015). This theory was created for the purpose of marketing, but as science progressed, it was adapted for use in a variety of fields, and it is well-known in the field of social-psychological models. Three predictors form the basis of The Theory of Planned Behavior (Ajzen, 2015), that is:

"Behavioral views are beliefs regarding the possibility of a behavior occurring, as well as an attitude toward that conduct. Subjective norms related with normative views, which are ideas about normative expectations that form owing to the influence of others and the urge to agree to these expectations. Control beliefs, which linked to perceived behavioral control, are beliefs about the existence of factors that will support or hinder behavior performance."

### 2.2 Attribution Theory

The concept of attribution theory (Andreas & Savitri, 2015), "individuals as amateur psychologists who try to understand the reasons for events that occur in the face". Attribution theory introduced by Weiner states that this theory is one of the most influential contemporary theories (Waluyo, 2017). Attribution theory to try to find what causes what, or what motivates someone to do something. Attribution is an impression-making process that refers to how people explain the causes of the behavior of others or themselves. When individuals observe a person's behavior, it can be determined whether the behavior is caused internally or externally.

### 2.3 Intention to Pay Taxes and Behavior of Taxpayers

According to Oktaviani (2015), the individual's goal becomes the foundation for conduct, because action will not be developed if the individual has no aim. As developed in the TPB topic, the concept of intention and behavior is well-known in a variety of fields of science. In this situation, the notion of intention refers to taxpayers' proclivity to pay their obligations on motor vehicle taxes. In the Theory of Planned Behavior, it is stated that the direct antecedent of certain behavior is intention (Ajzen, 2015). The effect of intention on behavior depends on volitional control; people can be expected to act on their intentions only to the extent that they have sufficient control over the behavior in question. Tax non-compliance behavior according to Hidayat & Nugroho (2010) "behavior based on the intention to not comply with taxes, meaning that the smaller a person's intention to not comply with taxes, the less likely that person will behave disobediently", taxpayer

compliance can increase through taxpayer behavior (Kartini, et al., 2016). Thus, through the intention to pay taxes, it can shape the behavior of taxpayers to comply with tax provisions, for this reason, the hypothesis is formulated:

H1: Taxpayer behavior can increase through the intention to pay motor vehicle tax

#### **2.4 Tax Clearance Program and Intention to Pay Taxes**

Per. Gub No.44 (2017), explains "whitewashing or exemption from administrative sanctions is an exemption from administrative sanctions for motorized vehicle taxes that experience delays in payment of motor vehicle taxes". According to Widajantie & Anwar (2020), the concept of tax whitening is "a response from the government to urge taxpayers who have not paid off their responsibilities for paying vehicle taxes by removing fines for late payments within a certain period". Income Tax is a type of subjective tax whose tax obligations are attached to the relevant Tax Subject (Hendayana, 2021). Tax is a requirement that has been established by the state as a civic duty (Marpaung, 2020). Tax is a compulsory levy paid by the people to the state and will be used for the benefit of the government and the general public (Siregar, 2019). The existence of a program is an external factor that can encourage individuals to want to take action. This is in line with the attribution theory (Waluyo, 2017). In this case, the existence of a tax whitening program is suspected to be the cause of individuals (taxpayers) doing something to fulfill their tax obligations. Thus, it is assumed that the existence of a tax whitening program can increase the intention of taxpayers to make tax payments. For that reason, the hypothesis is formulated:

H2: Intention to pay motor vehicle tax can be increased through the tax refund program

#### **2.5 Tax Whitening Program and Taxpayer Behavior**

Tax whitening is one of the provincial government programs aimed at making it easier for motorized vehicle taxpayers to clear taxes that have become dependant without incurring administrative penalties. Taxpayers' issues with late payments of motorized cars in the past can be handled through this scheme by just paying the tax principal and avoiding fines for motorized vehicle delays. Through the tax whitening program, it can increase taxpayer compliance (Widajantie & Anwar, 2020; Rahayu & Amirah, 2018). Thus, it is assumed that the existence of a tax whitening program can make taxpayers behave to pay taxes, for that the hypothesis is formulated:

H3: The behavior of motor vehicle taxpayers can increase through the tax refund program

### **III. Research Methods**

This research is quantitative, namely research that tries to measure something accurately (Cooper & Schindler, 2014). This research design is a causality study, namely a research study conducted to establish cause and effect relationships between variables (Sekaran & Bougie, 2016). In this study, the population made up of motor vehicle taxpayers who do not pay their taxes within the time limits set by Lampung Province. Purposive sampling technique used to determine the sample. The information was gathered through the use of Google Forms to distribute online questionnaires. In this study, the data analyzed using Partial Least Square and the SmartPLS version 3.0 application. The following are the measurements for three variables.

**Table 1.** Variable Measurement

Variable	Definition	Indicator	Code
Tax Clearance Program (X)	"A program organized by the provincial government in the context of exemption from administrative sanctions for motorized vehicle taxes that experience delays in payment".	Tax administration sanction exemption program	PPP1
		Rights and obligations	PPP2
		Community trust	PPP3
		Self-encouragement	PPP4
Intention to Pay Taxes (Y1)	"Tendency and desire of taxpayers to comply with their tax obligations".	Expect to pay Tax	NMP1
		Want to pay your taxes	NMP2
		Possibility of filing a tax return	NMP3
		Planning to make tax payments	NMP4
		Intend to make tax payments	NMP5
Taxpayer Behavior (Y2)	"Taxpayer awareness is shown by behavior/action to pay taxes voluntarily"	Complexity level	PWP1
		Lack of socialization of regulations	PWP2
		Heavy or light tax sanctions	PWP3
		Community morals	PWP4

Source: Adapted from (Rahayu & Amirah, 2018), (Flower, et al., 2017), (Manurung & Lutfi, 2009)

#### IV. Discussion

The participants of this study are motor vehicle taxpayers in Lampung Province who do not pay their taxes within the given time limit, a total of 65 taxpayers identified using a purposive sampling technique. The hypothesis was tested using partial least square analysis, which included both the outer and inner models in the evaluation.

##### 4.1 Outer Model Evaluation

These research indicators have met the convergent validity requirements with a loading factor value  $> 0.7$ , the discriminante validity requirements with an average variance extracted (AVE) value  $> 0.5$ , and the reliability requirements with CA & CR values  $> 0.7$ , according to the results of the outer model evaluation (Abdillah & Jogyanto, 2015). More information:

**Table 2.** Evaluation of Outer Model

Variable	Code	Loading Factor	Cronbach's Alpha (CA)	Composite Reliability (CR)	AVE
Intention to Pay Tax	NMP1	0.828	0.890	0.919	0.697
	NMP2	0.816			
	NMP3	0.814			
	NMP4	0.856			
	NMP5	0.850			
Taxpayer Behavior	PWP1	0.896	0.877	0.916	0.731
	PWP2	0.816			
	PWP3	0.882			
	PWP4	0.822			
Tax Clearance Program	PPP1	0.863	0.869	0.910	0.718
	PPP2	0.824			
	PPP3	0.861			
	PPP4	0.840			

Source: Processed data (2021)

Through the evaluation of the outer model, it is known that the five indicators used in measuring the intention to pay taxes are declared valid and reliable, as well as four indicators of taxpayer behavior and four indicators of the tax whitening program that have been declared valid and reliable so that they are valid to be used as research instruments.

#### 4.2 Inner Model Evaluation

The inner model is evaluated according to the value of R Square, predictive relevance (Q Square), and the following Goodness of fit.

**Table 3.** Evaluation of the Inner Model

	R2	R2 Adjusted	Q Square	Goodness Of Fit Model
Intention to Pay Tax	0.522	0.514	0.353	0.682
Taxpayer Behavior	0.778	0.771	0.554	

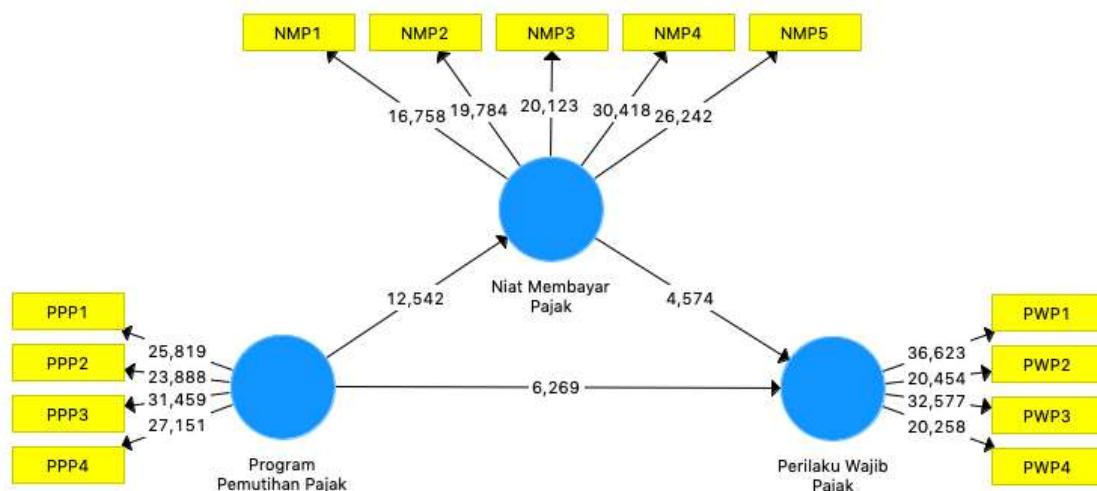
Source: Processed data (2021)

A high R2 value indicates that the construct explained by the latent variable in the structural model that points through the path relationship of the improving structural model. (Hair, et al., 2014). The value of R2 = 0.514 means that the variance of the tax whitening program variable can contribute to explaining the variance of taxpayers' intention of 51.4% (medium). The R2 = 0.771 value indicates that the variance of the tax whitening program variable and the intention to pay taxes may explain 77.1 percent of the variance in taxpayer behavior (substantial) (Hair, et al., 2014).

The tax whitening program variable has a big relevant prediction on the intention to pay taxes, and the tax whitening program variable and the intention to pay taxes have a large relevant prediction on taxpayer behavior. (Hair, et al., 2014). Meanwhile, with a Goodness of Fit model score of 0.682, the model that links the tax whitening program variable on taxpayer behavior with the placement of intention to pay taxes as a media variable is either extremely appropriate or not. fit (Abdi, et al., 2016).

#### 4.3 Hypothesis Test

Analysis of the structural model the following are the coefficient values, t-statistics, and p-values produced by the Partial Least Square through Bootstrapping method.



**Figure 1.** Structural Model  
Source: Processed data (2021)



Provisions in making a hypothesis based on the statistical value of t at a significance level of 5%, the statistical value of  $t > 1.96$  and  $p\text{-value} < 0.05$  is said to have a significant effect (Abdillah & Jogiyanto, 2015). Hypothesis test results:

**Table 4. Hypothesis Test**

	Original Sample	Sample Mean	Standard Deviation	t statistics	P-value	Note.
Intention to Pay Taxes -> Taxpayer Behavior	0.398	0.397	0.087	4,574	0.000	Significant
Tax Clearing Program -> Intention to Pay Tax	0.722	0.727	0.058	12,542	0.000	Significant
Tax Clearing Program -> Taxpayer Behavior	0.551	0.554	0.088	6,269	0.000	Significant
Tax Clearing Program -> Intention to Pay Taxes -> Taxpayer Behavior	0.287	0.288	0.065	4,395	0.000	Significant

Source: Processed data (2021)

#### 4.4 Influence of Intention to Pay Tax on Taxpayer Behavior

The results of the analysis with PLS obtained a statistical t value of 4.574 and a p-value of 0.000. It can be seen that the statistical value of  $t > 1.96$  and  $p\text{-value} < 0.05$  then H1 is declared accepted, meaning that the intention to pay taxes affects on the behavior of taxpayers pay off motor vehicle taxes. This supported by the coefficient value of 0.398, which shows that as the value of the intention to pay taxes rises, so does the conduct of taxpayers, implying that the intention to pay taxes leads to the payment of motor vehicle taxes. The TPB theory presented by Ajzen (2015), the intention is a direct antecedent of behavior. The intention according to Otaviani (2015) becomes the basis for behavior, because individual behavior does not materialize if the individual does not have the intention to act (Oktaviani, 2015). The individual's intention to disobey taxes is low, then the possibility of that individual behaving disobediently is also lower (Hidayat & Nugroho; 2010). Thus, it proven that individuals who have the intention to pay motorized vehicle taxes will tend to have tax-paying behavior, especially when the provincial government organizes tax whitening programs.

#### 4.5 The Effect of the Tax Whitening Program on Intention to Pay Taxes

The results of the analysis with PLS obtained a statistical t value of 12,542, and a p-value of 0.000. It can be seen that the statistical value of  $t > 1.96$  and  $p\text{-value} < 0.05$  then H2 is declared accepted, meaning the tax whitening program affects the intention to pay an motor vehicle tax. The coefficient value of 0.722 confirms this conclusion, indicating that as the value of the tax whitening program variable rises, so does the intention to pay taxes, implying that adopting the tax whitening program can enhance the intention to pay motor vehicle taxes. This result is in line with the attribution theory (Waluyo, 2017), a person's intention to carry out an activity is based on internal and external factors that cause it, in this case, an external factor, namely the existence of a tax whitening program that causes taxpayers to have the intention to pay taxes. Thus, it is proven that the existence of a tax whitening program can increase the intention of taxpayers to pay motor vehicle taxes.

#### 4.6 The Influence of the Tax Whitening Program on the Behavior of Taxpayers

The results of the analysis with PLS obtained a statistical t value of 6.269 and a p-value of 0.000. It can be seen that the statistical value of  $t > 1.96$  and  $p\text{-value} < 0.05$  then H3 is declared accepted, meaning the tax whitening program affects on the behavior of taxpayers to

pay off motor vehicle taxes. This supported by the coefficient value of 0.551, which indicates that when the value of the tax whitening program variable increases, so does the behavior of taxpayers, implying that the tax whitening program encourages taxpayers to pay off their motor vehicle taxes. These results are in line with several studies which state that the motor vehicle tax whitening program affects the behavior of taxpayers to comply with the provisions in tax regulations (Widajantie & Anwar, 2020; Rahayu & Amirah, 2018).

The results of the analysis also show that the tax whitening program has a significant effect on the behavior of taxpayers through mediating the intention to pay taxes, this can be seen from the statistical t value.  $4.395 > 1.96$  and p-value  $0.000 < 0.05$ . Thus, through the tax whitening program carried out by the Lampung Provincial Government, it can increase the intention of taxpayers to pay taxes so that in the end, the behavior of taxpayers to pay off motor vehicle taxes has increased significantly.

## **V. Conclusion**

### **5.1 Conclusion**

Through the results of the analysis and discussion that have been described, it can be concluded that the tax whitening program has a significant effect on the behavior of taxpayers in paying motor vehicle taxes in Lampung Province, either directly or through the mediation of intention to pay taxes. These results prove that the intention to pay taxes has a significant effect on the behavior of taxpayers and as a mediation between the tax whitening program on the behavior of taxpayers in paying motor vehicle taxes in Lampung Province.

### **5.2 Limitations**

The study's disadvantage is that the sampling was done using purposive sampling, which is not recommended when the goal is to generalize because purposive sampling interpretation only applies to populations with similar features to this study.

### **5.3 Suggestions for Further Researchers**

For research that will generalize widely, it is expected to use a random sampling technique. The value of R Square interprets that this research model is still very potential for development such as by adding other predictors such as tax knowledge and tax socialization.

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