

## The impact of tax information system on individual taxpayer compliance with Tri Hita Karana culture as moderating variable

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### ABSTRACT

The purpose of this study is to examine and quantify the impact of the Tri Hita Karana culture as a moderating variable on individual taxpayer compliance with the tax information system. In order to analyze secondary data, this research uses documentation and primary data obtained from the distribution of questionnaires to individual taxpayers who are enrolled at the *Kantor Pelayanan Pajak Pratama* Tabanan in order to get an Annual Notification Letter. Simple random sampling is used to determine the research sample using the probability sampling approach, yielding a sample of 100 distinct taxpayers. Using SmartPLS 3.3.9, the Partial Least Squares (PLS) approach is used in statistical testing to evaluate the hypothesis. The study's findings demonstrate that both the tax information system and Tri Hita Karana culture have a strong and positive impact on individual taxpayer compliance. This means that the more cultural values that guide the lives of individual taxpayers are embedded, the tendency is to increase taxpayer compliance. Additionally, Tri Hita Karana culture can act as a moderator by lessening the correlation between the two variables. Individual taxpayers do not realize that cultural values perceive important things in the use of a system, which can weaken the use of the system.

Keywords: tax information system, Tri Hita Karana culture, taxpayer's compliance

### 1. Introduction

Tax receipts are a key element of the state's income in undertaking efforts to support and stimulate the movement of the country's economy. Registered taxpayers are expected to be disciplined and obedient in paying their tax obligations, thus being able to help the country's economy. Compliance in paying taxes is the foundation for receiving taxes as planned; their taxes can maximize their contribution to the development of the country. Indonesian tax receipts recorded at the Ministry of Finance have increased to Rp. 1597.8 trillion in 2021, and in 2022, they have been recorded as Rp. 2034.5 trillion above the target *APBN* for 2 years in a row [1]. Efforts toward the goal of tax receipt are not easy. This is not apart from the efforts of the *DJP* to increase compliance with tax obligations so that it can influence tax receipts optimally. The mandatory tax compliance level recorded in the *Kantor Pelayanan Pajak Pratama* Tabanan for the years 2018–2022 is displayed in [Table 1](#) below.

**Table 1.** Level of Compliance of SPT Reporting by Individual Taxpayers in KPP Pratama Tabanan

Year	Registered Individual Taxpayers	Individual Taxpayers Registered to Compulsory SPT	Individual Taxpayers Report SPT	Compliance Ratio
2018	120.671	51.972	42.869	82,48%
2019	130.433	56.574	47.532	84,00%
2020	197.857	70.106	54.492	77,73%

2021	203.814	69.509	65.126	93,69%
2022	213.125	56.361	51.610	91,57%

Source: KPP Pratama Tabanan (2023)

[Table 1](#) indicates that in 2022, the compliance ratio of individual taxpayers decreased compared to the previous year among those enrolled as mandatory *SPT* at *KPP Pratama Tabanan*. In response to this decline, the Direktorat Jendral Pajak has undertaken a strategic initiative aimed at tax reform, with a primary focus on enhancing the tax system. This reform incorporates digital technology, which is closely tied to the existing tax information system, streamlining tax administration processes for the convenience of taxpayers. However, while the tax information system facilitates these processes, it also introduces a potential vulnerability for tax evasion through data manipulation [\[3\]](#). To ensure that the tax information system is used with integrity and honesty, it necessitates the enforcement of both civil and criminal laws. As with any community, there are inherent cultural values that guide individuals in their responsibilities and behaviors. According [\[4\]](#), individuals are influenced by internal drives that influence their intention to comply with their obligations, namely by embedding cultural values in themselves as taxpayers. In other words, the more deeply ingrained Tri Hita Karana norms are, the more compliant taxpayers are in fulfilling their duties. Personal views can also impact the use of tax information systems. According to the Unified Theory of Acceptance and Use of Technology (UTAUT) by [\[5\]](#), individual beliefs, including the endorsement of the Tri Hita Karana culture, can significantly influence the acceptance and utilization of a system. This alignment with UTAUT suggests that cultural values can play a pivotal role in shaping individual attitudes and behaviours towards technology adoption. The urgency of this research aligns with prior studies that have explored the multifaceted factors affecting taxpayer compliance, encompassing both external and internal determinants. This research seeks to shed light on the interaction between the Tri Hita Karana culture and the tax information system, specifically how these elements collaborate to mitigate the system's impact on individual taxpayer compliance. In conclusion, the compliance levels among individual taxpayers in *Kantor Pelayanan Pajak Pratama Tabanan* declined in 2022. Our study aims to delve deeper into the operational aspects of how Tri Hita Karana values intertwine with the UTAUT framework, ultimately influencing taxpayer compliance within the context of the tax information system."

Research carried out by [\[6\]](#), [\[7\]](#), [\[8\]](#) showed that the existence of a tax information system can have a compliant effect on taxpayers. The differences between this research and this research are the research subjects, research objects, and data processing tools. Contradictory findings from research by [\[9\]](#) show that taxpayers' perception of compliance is unaffected by the use of information technology in the tax system. This research has differences in research objects, research subjects, and data processing tools. According to Tri Hita Karana cultural research by [\[10\]](#), sociocultural elements function as a person's means of understanding that something that is deemed significant is founded on their beliefs and thoughts, which are infused with a certain degree of spirituality. The research has similarities in using information systems related to Tri Hita Karana culture, but has different research subjects and research objects. Research by [\[11\]](#) stated that local cultural values have a positive influence on compliance with paying taxes. These studies have similarities in assessing the local culture of an area but have different research subjects and research objects. [\[12\]](#) stated that this culture has an influence on individual tax payer tax payment compliance. [\[13\]](#) research states that the values of local culture have an impact on people's compliance with carrying out their obligations. This research has differences in research subjects, research objects, and data processing tools for research data. Research by [\[14\]](#) stated that the philosophy of a region's local culture greatly influences the level of compliance with tax payments. According to research by [\[15\]](#), taxpayer compliance should provide benefits as a way of showing thanks to God (*Parahyangan*), bringing prosperity

to both the earth (*Pawongan*) and humankind (*Palemahan*) on a physical and mental level. The research techniques, subjects, and objects used in this study differ from previous ones.

Drawing from the existing literature and contextual information, the research aims to test the following hypotheses: (H1) Individual taxpayer compliance is positively and significantly impacted by the tax information system; (H2) Individual taxpayer compliance is positively and significantly impacted by Tri Hita Karana culture; and (H3) Individual taxpayer compliance is moderately impacted by Tri Hita Karana culture.

## 2. Method

For almost six months, the study was conducted at *Kantor Pelayanan Pajak Pratama* Tabanan. This study used a variety of methods for gathering data, including (a) surveys and (b) documentation. Subjects who participate in research are given questionnaires containing statements or questions in order to collect data. Through the analysis of readings, documents, notes, and archives, documentation is utilized to gather data that subsequently becomes data that is consistent with what actually occurred. The 56,361 individual taxpayers who are enrolled as required *SPT* at *KPP Pratama* Tabanan in 2022 make up the research population for this study. The sample for this study was chosen using random sampling techniques, and its size was calculated using the Slovin formula, which calls for 100 samples. The tax information system and Tri Hita Karana culture are the two independent factors examined in this study; taxpayer compliance is the dependent variable, and Tri Hita Karana culture is also a moderating variable. The operationalization of the Tri Hita Karana culture is pivotal to our investigation. Tri Hita Karana, a traditional Balinese philosophy, emphasizes the harmonious balance between humans, nature, and the divine. To operationalize this cultural concept, we collected data by assessing individual taxpayers' adherence to the core principles of Tri Hita Karana in their daily lives, particularly in the context of their financial and tax-related behaviours. Specifically, we evaluated their recognition and observance of cultural values, norms, and practices associated with Tri Hita Karana, such as their interactions with the community, reverence for nature, and spiritual commitments, and how these aspects intersected with their tax compliance. This operationalization allowed us to establish a concrete link between Tri Hita Karana cultural values and taxpayer compliance within the tax information system. By systematically assessing the practical incorporation of Tri Hita Karana into taxpayers' behaviours, we aimed to better understand how this cultural aspect interacts with the tax information system and its effects on individual taxpayer compliance

Use data analysis techniques to process the data after it has been gathered. In this study, a descriptive statistical data analysis technique was employed for data analysis. This is necessary so that it can offer a summary of the data that has been gathered. For the responses from the respondents, the mean category calculation will employ the subsequent class interval [16]:

Based on interval calculations with a maximum value of 5, a minimum value of 1, and a class interval of 5, the range calculation results for each category have a level of 0.8. [Table 2](#) provides a more thorough explanation of how the mean value scale for respondents' responses was determined.

**Table 2.** Responden Category Scale Mean Value of Respondent Answers

No.	Mean Scale	Criteria
1.	1,00 – 1,79	Very low
2.	1,80 – 2,59	Low
3.	2,60 – 3,39	High enough
4.	3,40 – 4,19	High
5.	4,20 – 5,00	Very High

Source: Wirawan (2012)

### 3. Results and Discussion

The validity level of the study questionnaire is ascertained through the application of the validity test. Convergent validity and discriminant validity are the two approaches used in validity testing, according to [17]. The reliability of indicators in questionnaire statements is assessed using a reliability test. According to [17], Cronboach's Alpha and Composite Reliability are the two metrics used in reliability testing. The validity and reliability of the indicators derived from the questionnaire can be ascertained by examining the outcomes of the validity and reliability tests.

The loading factor value, which is more than 0,7, and the AVE value of all constructs, which is larger than 0,5, demonstrate the validity test measurement. This can indicate that the construct model satisfies the requirements of the validity test. The validity test's findings are presented below, namely in [Table 3](#) and [Table 4](#):

**Table 3.** Outer Loadings Values for Each Indicator

	Tax Information System (X)	Taxpayer Compliance (Y)	Tri Hita Karana Culture(Z)	Moderating Effect (XZ)
SIP*THK				2,217
SIP 1	0,838			
SIP 2	0,837			
SIP 3	0,887			
SIP 4	0,877			
SIP 5	0,872			
SIP 6	0,821			
SIP 7	0,900			
SIP 8	0,825			
SIP 9	0,837			
SIP 10	0,866			
SIP 11	0,845			
SIP 12	0,767			
SIP 13	0,843			
SIP 14	0,906			
SIP 15	0,819			
SIP 16	0,859			
SIP 17	0,831			
SIP 18	0,812			
KWP 1		0,808		
KWP 2		0,898		
KWP 3		0,912		
KWP 4		0,952		
KWP 5		0,932		
KWP 6		0,933		
THK 1			0,869	
THK 2			0,876	
THK 3			0,901	
THK 4			0,954	
THK 5			0,966	
THK 6			0,921	
THK 7			0,947	
THK 8			0,944	
THK 9			0,836	

Source: Processed primary data, year 2023

**Table 4.** Value of Average Variance Extractes (AVE)

	AVE	Terms.	Description
Moderating Effect (XZ)	1,000	> 0,5	Valid
Tax Information System (X)	0,723	> 0,5	Valid
Tax Compliance (Y)	0,965	> 0,5	Valid
Tri Hita Karana Culture (Z)	0,835	> 0,5	Valid

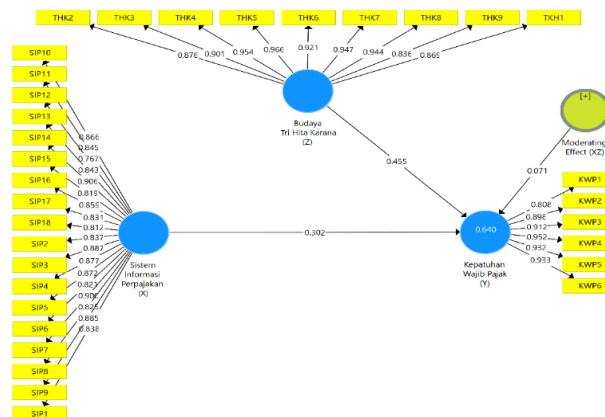
Source: Processed primary data, year 2023

The purpose of reliability testing is to determine how consistently respondents answer questions regarding a construct. If Cronboach's alpha and composite reliability scores are more than 0.7, the construct is deemed reliable. This indicates a high degree of reliability for the latent variable. Following the PLS Algorithm process, [Table 5](#) displays the reliability test results:

**Table 5.** Value of Cronbach's Alpha and Composite Reliability

	Cronbach's Alpha	Composite Reliability	Terms.	Desc.
Moderating Effect (XZ)	1,000	1,000	> 0,7	Reliabel
Tax Information System (X)	0,977	0,979	> 0,7	Reliabel
Tax Compliance (Y)	0,956	0,965	> 0,7	Reliabel
Tri Hita Karana Culture (Z)	0,975	0,979	> 0,7	Reliabel

Source: Processed primary data, year 2023



Source: Processed primary data, year 2023

**Figure 1.** Path Diagram of Validity and Reliability Test

[Table 6](#) displays the R-square value, which is 0.640. This indicates that the model meets the moderate criteria for classification. Individual taxpayer compliance can be influenced by the tax information system and Tri Hita Karana culture by 64% and can be influenced by other variables outside of this research by 36%.

**Table 6.** Value of R-Square

	R Square	R-Square Adjusted
Tax Compliance (Y)	0,640	0,629

Source: Processed primary data, year 2023

As each independent variable has a path coefficient value greater than zero, the hypothesis test results are shown in [Table 7](#), which suggests that each independent variable is moving positively towards the dependent variable. The research hypothesis is deemed acceptable by

the t-statistics value of  $> 1,65$  (alpha 10%), and the research data is deemed significant by the probability value of  $\leq 0,1$ .

**Table 7.** Bootstraping Result

	Path Coefficient	T-Statistics	P Values
Tax Information System (X) -> Tax Compliance (Y)	0,302	3,048	0,002
Tri Hita Karana Culture (Z) -> Tax Compliance (Y)	0,455	4,642	0,000
Tri Hita Karana Cultural (Z) of the Tax Information System (X) -> Tax Compliance (Y)	-0,071	2,316	0,021

Source: Processed primary data, year 2023

The tax information system is shown to have a positive and significant affect with a path coefficient value of 0,302 and a probability value of 0,002. With a t-statistics value of 3,048 it is possible to accept the hypothesis. Thus, testing this data can lead to the conclusion that taxpayer compliance can be positively and significantly impacted by the tax information system. This means that if taxpayers increasingly use tax information systems to support tax administration activities, there is a tendency to increase taxpayer compliance. The test results are in accordance with research conducted [6], [7], [18], [8], which stated that the tax information system can be said to be capable of providing an increase in mandatory tax compliance.

Tri Hita Karana culture has a path coefficient value of 0,455 and a probability value of 0,000, which shows that it has a positive and significant influence. It has a t-statistics value of 4,642 thus indicating that the hypothesis can be accepted. So, the conclusion from testing this data can indicate that the Tri Hita Karana culture can have a positive and significant influence on tax compliance. This means that the more cultural values that guide the lives of individual taxpayers are embedded, the tendency is to increase taxpayer compliance. The test results are in accordance with research conducted [11], [12], [14], [13], and [15] which states that the Tri Hita Karana culture can be said to be able to provide an increase in taxpayer compliance.

With a route coefficient value of -0,071, a probability value of 0,021, and a t-statistics value of 4,642, Tri Hita Karana culture moderation explains why the hypothesis can be accepted. This demonstrates that the relationship between taxpayer compliance and the tax information system can be moderated, if not weakened, by the Tri Hita Karana culture. Individual taxpayers do not realize that cultural values perceive important things in the use of a system, which can weaken the use of the system. The test results are contradictory to those carried out by [10], who state that socio-cultural factors define individual perceptions regarding information systems that can be influenced by important things around them based on the thoughts of individuals with a spirit of spiritualism.

#### 4. Conclusion

Conclusions can be made based on the analysis and discussion findings, which are as follows: (a) the tax information system positively affects individual taxpayer compliance; (b) Tri Hita Karana culture positively affects individual taxpayer compliance; and (c) Tri Hita Karana culture moderates by attenuating the relationship between the tax information system's influence and individual taxpayer compliance. In future research, it is hoped that we will be able to carry out different research locations, expand the scope of the sample so that it describes the scope of the research, and add different research variables to make the research more comprehensive.

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