

CHAPTER III

RESEARCH METHODS

A. Subjects of The Research

The population for this study were all MSME Taxpayers (PPH Article 21 and PPh Final) in the City of Yogyakarta, Province of Special Region of Yogyakarta (DIY). Samples are MSME Business Actors as Taxpayers who already have NPWP (business and non-business personal taxpayers) because it is assumed that when the tax subject already has an NPWP, he/she has rights and obligations to counting, deposit, and report the tax in the taxation field.

B. Types of Data

Type of data in this study was primary data. Primary data is data that is obtained or collected by researchers directly from the subject itself. Primary data is also called original data or new data (Nazaruddin and Basuki, 2015). The data was obtained by distributing questionnaires containing questions related to research. Distribution of questionnaires can be done directly by visiting respondents and disseminating through website links.

C. Sampling Techniques

This research was conducted by purposive sampling which aims to get samples according to predetermined criteria. The criteria are

1. MSME that already pay taxes on PPH 21
2. MSME that already pay taxes on PPH Final

Taxpayers of MSME's who already have NPWP (business and non-business personal taxpayers) became sampling criteria because researchers assume that when the tax subject has an NPWP, the subject of tax has income exceeding the Non-Taxable Income (PTKP) and has the right and obligations (counting, depositing and reporting taxes) in the taxation sector.

D. Data Collection Techniques

The data is collected using a survey method in the form of a questionnaire instrument. The respondents of this research were MSME taxpayers, both corporate taxpayers and personal taxpayers in the city of Yogyakarta. The questionnaire was sent through a *website link* and direct questionnaire distribution. The questionnaire was divided into 2 (two) sections. Part I contains the respondent's identity and part II contains the research instrument with response measurements in the Likert scale 1 until 5 with information: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

E. Operational Definition of Research

1. Taxpayer Compliance

The dependent variable in this research study is Taxpayer Compliance. Definition of Mandatory Compliance according to Sidik (2010), states that: "Compliance with voluntary tax compliance (voluntary of compliance by the taxpayer) is the point of the self assessment system, where taxpayers has responsible for setting their own tax obligations with accurately and punctual in time to pay and report the tax.

The measurement on the compliance of MSME Taxpayer variable used 6 question items. Three question items related to taxpayer registration and the willingness to report the SPT of taxes and three items of questions related to the reporting and payment of taxes. The question of questionnaire was adapted from Pamuji (2014). With a little adjustment to the present reality. Measurement of responses in Likert scale 1 to 5 with information: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

2. Tariff

One of the independent variables in this study is Tariff. Tax rate is a percentage to calculate the amount of tax payable. According to Hilgard and Atkinson motivation theory that taxpayers motivate their own assessment of the applicable tax rate (1979), compliance of taxpayers to fulfill their tax obligations relating to tax rates can be classified into technical compliance which includes compliance in calculating the amount of tax that must be paid by the taxpayer.

Questions about tariffs were measured by adopting questions from the research of Ramdan (2014) with a number of 6 question items. The questions were about the influence of the rates given by the directorate general of Indonesian tax in determining tariffs for MSMEs. Measurement of responses in a Likert scale 1 to 5 with information: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

3. Socialization

The second variable of this research is taxation socialization. Tax socialization is an effort made by the Director General of Tax. It provides knowledge to the public and especially taxpayers in order to know about all matters regarding taxation, both regulations and taxation procedures through appropriate methods according to Susanto (as cited in Wahono, 2012).

The measurement of tax socialization variables used 8 question items. The questions were adapted from Pamuji (2014), regarding the socialization provided to Taxpayers, regarding the influence of counseling and socialization provided by the Directorate General of Tax. Measurement of responses used a Likert scale 1 to 5 with information: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

4. Control

According to Syafiie (2013) control or supervision is one of the functions in management to ensure that the implementation of work runs in accordance with the standards set in planning.

Different with Syafiie, Handoko (2013) said that supervision (control) is the discovery and application of means and equipment to ensure that the plan has been carried out in accordance with what has been determined". Examination Supervision System in the Decree of the Directorate General of Tax is a system of supervision of the implementation of tax audit activities using integrated information technology equipment.

The measurement of tax socialization variables used 4 question items. The question of questionnaire was adapted from Pamuji (2014), regarding the supervision and control given to taxpayers. Measurement of responses in a Likert scale 1 to 5 with information: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

5. Understanding of Taxation

According to Utomo (2011), knowledge of taxation is the ability of a taxpayer to know the tax regulations both a tax rates that based on the law to be paid and tax benefits that will be useful for their lives. With the knowledge of taxation, It will help tax compliance in paying taxes, so that the level of compliance will increase. Taxpayers who are knowledgeable about taxes will consciously obey paying taxes.

The measurement of Understanding of taxation variables used 7 question items. The questions were adapted from Pamuji (2014), concerning supervision given to taxpayers. Measurement of responses used a Likert scale 1 to 5 with information: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

F. Data Analysis

1. Instrument Quality Test

a. Validity test

Test of Validity is a test to measure the level of reliability and validity of measuring instruments used. The instrument is valid when the measuring instrument used can obtain valid data or what should be

measured (Sugiyono, 2004 in Nazaruddin & Basuki, 2015). The results of this study were valid when there were similarities between the data collected and the actual data and by comparing the value of loading factors from the table component matrix, if the component matrix on each item shows results above 0.5 then the item means it is valid, if it shows less than 0.5 then the item is invalid.

b. Reliability Test

Reliability testing is the process of ensuring the extent to which testing or measurement of a study remains consistent after repeated testing of objects under the same conditions. The results of the study can be said to be reliable if they provide the same consistent results. A study indicates that reliability is adequate if the Cronbach alpha coefficient is greater than 0.60.

c. Classical Assumption

Classic assumption test is used to test and find out the feasibility of the regression model used in this study. This test is conducted to ensure that the regression model used does not contain multicollinearity, heteroscedasticity and residual data normally distributed (Afandi, 2016).

d. Normality Test

Data that is considered good is if the residual data is normally distributed. Normality test is useful to determine the residual data that has been collected normally distributed or taken from a normal

population (Nazaruddin and Basuki, 2017). The test of Normality used in this study used the Kolmogorov-Smirnov statistical test. The criteria of this test if the value of *Asymp.sig* (2-tailed) is greater than 0.05 or 5%, it can be concluded that the residual data is normally distributed (Nazaruddin and Basuki, 2017).

e. Multicollinearity Test

Multicollinearity test is used to test whether the regression model is found to have a correlation between independent variables. A good regression model does not have a correlation between independent variables. The detection of multicollinearity can be seen from the value of *Variance Inflation Factors* (VIF) with testing criteria, ie if $VIF < 10$ or tolerance value $> 0,1$, there is no multicollinearity between independent variables (Nazaruddin and Basuki, 2017).

f. Heteroscedasticity

The heteroscedasticity test examines the similarity of variants of residuals in all observations from the research regression model (Nazaruddin and Basuki, 2017). Heteroscedasticity test is carried out to determine the existence of deviations from the classical assumption requirements in the regression model, because in the regression model, there is a condition heteroscedasticity is not found. The heteroscedasticity test in this study used the test of *park*. The criteria for this test are if the significance value is > 0.05 then there is no heteroscedasticity.

g. Autocorrelation Test

An autocorrelation test is conducted to test whether there is a correlation between residuals in one observation with another observation (Nazzarudin and Basuki, 2017). If there is a correlation, then the problem is called autocorrelation. Research data is good if it is not affected by autocorrelation. To detect the existence of autocorrelation, this research used Durbin-Watson (DW test) or $du < 4-du$.

2. Hypothesis Testing

a. Testing Multiple Regression Analysis

Data analysis used the Multiple Regression analysis, with the formula:

$$TC = \alpha + \beta_1 T + \beta_2 S + \beta_3 C + \beta_4 U + e$$

Where:

| | |
|----|-----------------------------|
| TC | = Tax Compliance |
| T | = Tariff |
| S | = Socialization |
| C | = Control |
| U | = Understanding of Taxation |
| e | = error |

b. In hypothesis test is done through

1) Descriptive Statistics

Descriptive statistics is used to determine the effect of Tariff, Socialization, Control, and Understanding of Taxation on taxpayer compliance. The measurements used in this study are minimum values, maximum values, *mean*, and standard deviation.

2) Determination Coefficient Test (R^2)

This test is useful for finding out how the independent variable explains the dependent variable. R^2 can be seen by looking at the Adjusted value R^2 , to find out the value, R^2 must be changed in percentage. The remaining percentage shows how depends the dependent variable on the unexamined variables.

3) Partial Test (T Value Test)

The purpose of this test to explain the independent variables simultaneously the dependent variable. This test can be seen using a level of significance ($\alpha = 5\%$). The hypothesis criterion is accepted if the significance value is $<\alpha$ and the regression coefficient is in the same direction of the hypothesis direction.

4) Simultaneous Test F (F Value Test)

The purpose of this is to find out the effect of independent variables simultaneously on the dependent variable. If the value is sig <0.05 , independents variable is able to change the dependent variable.