Research Article

Taxpayer Compliance with Automatic Exchange of Information Modified with Deontology Ethics

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Abstract: Tax is the most important source of state revenue, it can be seen from the state budget (APBN). In order to be able to realize 100 percent of the income from the tax sector it is necessary to increase taxpayer compliance. Where currently Indonesia's tax and tax ratio revenue is still said to be below the target or should be received. So there needs to be a movement to be able to increase taxpayer compliance. The purpose of this study is the level of tax compliance with Automatic Exchange of Information (AEoI) by being moderated by deontology ethics. The object of this research is taxpayers registered in KPP in Bali. The data analysis technique used is the Moderated Regression Analysis (MRA) analysis. The results of this study indicate that deontological ethics reinforces the influence of AEoI on Taxpayer Compliance.

Keywords: Taxpayer Compliance, Automatic Exchange of Information (AEoI), Deontology Ethics

Introduction

Taxes are the most important source of state revenue. This can be seen from the 2018 state budget (APBN) of the total revenue of 1,894.7 trillion from tax revenue of 85 percent or 1,618.1 trillion and the rest comes from PNBP and grants. In 2019 tax revenue also still plays an important role in state revenue, where in 2019 tax revenue is targeted at 1,786.4 trillion. Seeing from the increase and role of tax revenue in each state budget, it is expected that tax revenue can be optimized. The achievement of the tax revenue target is strongly influenced by the compliance of taxpayers in meeting their tax obligations.

Indonesian Taxpayer Compliance is one of the keys to increasing tax revenue. Currently, tax compliance is still very low, because many taxpayers are not aware of fulfilling their tax obligations. The low compliance of taxpayers can be seen from the level of tax ratio in 2017 of 10.1 percent, very low compared to other countries, such as: Vietnam which reached 13.8 percent, and Malaysia and Thailand have reached above 15 percent (Nusantara.News, 2018).

Since 2016, the government has tried to improve taxpayer compliance by issuing the Tax Amnesty program, but based on data from the Director General of taxation, it shows that the tax amnesty program did not succeed in achieving the target (Cermati.com, 2017). According to the Head of the Cooperation and Public Relations Section of the Regional Office of the Directorate General of Taxes (DGT) of Large Taxpayers, Aditya Wibisono (2018), stated that from the target of 2 million tax amnesty participants, only 973,426 taxpayers submitted the SPH and from the illegal funds target Citizens Indonesia abroad is 4.000 trillion IDR, only around 1.000 trillion IDR in taxpayer funds revealed in tax amnesty. Thus, it can be said that the tax amnesty policy has not succeeded in bringing funds overseas.

The failure of the Tax Amnesty program also occurred in Bali, according to the data of DGT Bali taxpayers who took part in tax amnesty were 24,433 taxpayers or 3.5 percent of the total number of taxpayers registered at DGT Bali as many as 694,388 taxpayers. So that taxpayers have not followed the Tax Amnesty as many as 669,955 taxpayers or 96.5 percent (Detik.com, 2017). This shows that the level of tax compliance in Bali is still low or far from expectations.

After tax amnesty, in 2018 through the Directorate General of Taxes (DGT) the government implemented the Automatic Exchange System of Information (AEoI) facility between countries. AEoI itself is a taxpayer account information exchange system between countries. Through this system, the home country tax authority can track all taxpayers who open accounts in other countries automatically. The purpose of the AEoI is to prevent the practice of tax evasion and tax avoidance by taxpayers, who hide their income or financial assets abroad, to recover lost tax revenue and accountability between...
Based on the above problems related to the existence of AEoI in Indonesia, this study wants to examine the level of tax compliance with AEoI by being moderated by deontology ethics. Deontology ethics asserts that an action is considered good or bad based on whether the action is appropriate or not with obligations. Deontological ethics theory states that the obligation is not negotiable because it is a necessity.

**Literature Review**

**Automatic Exchange of Information (AEoI)**

Automatic Exchange of Information (AEoI) is a tax-related financial information exchange program, carried out periodically, automatically, and thoroughly (bulk). The financial information sent is the property of a foreign national who remains in one country and is sent to the tax authority of the country of origin of that citizen (Urínov, 2015). The exchange of financial data is not done arbitrarily, but rather is carried out between the tax authorities in each country. Every country that has joined the AEoI system will send and receive preliminary information, every year without having to submit special requests. So that with the AEoI, the Director General of Taxes can supervise and explore potential taxation through banking transactions conducted by taxpayers abroad.

According to Wibisono (2018), AEoI between countries has a very important role in the taxation field, especially to increase state revenue from the taxation sector. It is not an easy thing to implement this AEoI because there are four elements that must be fulfilled by Indonesia, namely:

1. The availability of domestic legislation, both primary (regulations at the level of the law) and secondary (regulations under the law) in accordance with international standards, as assessed by the domestic legislative assessment of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum);
2. The availability of international agreements that contain agreements between competent authorities (CAA) to implement AEoI;
3. Availability of a data transmission system, which can facilitate the sending of data from financial institutions to the DGT, as well as from the DGT to partner countries / jurisdictions or vice versa;
4. Secured confidentiality and data safeguards (confidentiality and data safeguards) at DGT, which are assessed by confidentiality and data safeguards assessment.

**Theory of Ethical Deontology**

According to Kusuma & Dewi (2018), deontological ethics is an act that must have consequences, in this case the consequences of actions should not be considered. Good deeds are not seen from the results but because these actions must be done. Deontology emphasizes actions that are not legitimate because of their purpose. A good goal does not become a good thing. Deontology ethics asserts that in an action there must be consequences, in this case the consequences of an action must not be considered, the act of being good is not seen from the results but because the action must be done. (Agoes & Ardana, 2014) argues that moral norms are absolutely binding and does not depend on whether adherence to the norm brings favorable results or not.

Deontological concepts, namely: 1) This ethical system only emphasizes an action based on whether or not we must do the action, 2) What is called good in the true sense is only good will, all other things are called either limitedly or with conditions. 3) The will to be good, if acting because of obligation. 4) The act is done based on the obligation, acting in accordance with the obligation called legality.

Deontology Ethics Principle consists of three principles, namely: 1) For actions to have moral values, these actions must be carried out based on obligations; 2) The moral value of this action does not depend on achieving the objectives of the action but depends on the good will that drives someone to do the action, meaning that even if the goal is not achieved, the action has been judged good; and 3) As a consequence of these two principles, obligation is a necessary thing to do based on respect for universal moral law.

**Taxpayer Compliance**

According to the Indonesian dictionary, the term obedience is "obedience; obedience. Tax compliance is obedience, submission, and obedience, as well as implementing tax regulations (Ngadiman & Huslin, 2015). So an obedient taxpayer can be interpreted as a taxpayer who obeys and always complies with all tax obligations that he must carry out in accordance with applicable tax laws.

According to Siti (2010), tax compliance is "Actions of taxpayers in fulfilling their tax obligations in accordance with statutory provisions and regulations on the implementation of taxation in force in a country". In accordance with Regulation of the
Minister of Finance article 3, No. 192 / PMK.03 / 2007 Jo No.74 / PMK.03 / 2012 to be stipulated as compliant Taxpayer as follows:

a. Timely in delivering Notification Letter
b. Do not have tax arrears for all types of taxes, except tax arrears that have obtained permission to pay in installments or delay tax payments.
c. The Financial Statements are audited by a Public Accountant or supervisory agency

Government finances with a reasonable opinion without exception for 3 (three) consecutive years. Never convicted of committing criminal acts in the taxation field based on a court decision that has had permanent legal force within the last 5 (five) years.

Hypothesis

Effect of Automatic Exchange of Information (AEoI) on Compliance Level which is moderated by Deontology Level

Research conducted by (Andiani et al., 2017) states that the knowledge of the AEoI system has a positive and significant effect on individual tax compliance in paying and reporting taxes. This is supported by research (Kusuma & Dewi, 2018), namely the application of tax amnesty in the perspective of deontological ethics theory has gone well, because taxpayers have an obligation without seeing the good or bad outcome. The better the level of taxpayer knowledge about the AEoI information system and the level of compliance in paying taxes and withdrawing assets that are abroad, the better for the government in implementing the tax amnesty program. Based on the description, the hypotheses used in this study is: Automatic Exchange of Information (AEoI) affects the Compliance Level which is moderated by the Deontology Level.

Research Methods

This research takes place at the Tax Service Office (KPP) in Bali, this selection is based on the level of compliance of taxpayers registered at Bali KPP is still very low seen from the number of taxpayers who take part in the tax amnesty program. The determination of sample members is done by sampling techniques Accidental is a technique of taking sample members done at will or by chance, which is found in KPP in Bali.

Measurement of variables measured by Likert scale using a five-level scale, namely: Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5). The variables in this study are:

Taxpayer Compliance (Y) as the dependent variable, with the following indicators: Timely in delivering Notification Letter; Do not have tax arrears for all types of taxes, except tax arrears that have obtained permission to pay in installments or delay tax payments; The Financial Statements are audited by a Public Accountant or supervisory agency; Government finances with a reasonable opinion without exception for 3 (three) years in a row; Never been convicted of a criminal offense in the field of taxation based on a court decision that has had permanent legal force within the last 5 (five) years.

AEoI (X1) as an independent variable, with indicators as follows: Approval of the Avoidance of Double Taxes and for the Exchange of Information Regarding the Purposes of Taxation (Tax Information Exchange Agreement); The Convention on Joint Administrative Assistance in the Field of Taxation (Convention on Mutual Administrative Assistance in Tax Matters); Multilateral Agreement Between Authorized Officers for Automatic Exchange of Financial Account Information Exchange (Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information); Bilateral Agreement Between Authorized Officers for Automatic Exchange of Financial Account Information Exchange (Bilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information); Intergovernmental Agreement to Implement the Foreign Currency Tax Accounts Compliance Act; or Prevent tax avoidance and avoidance; Prevent the misuse of the Agreement on Double Taxation Avoidance by unauthorized parties; Obtain information related to fulfilling tax obligations of taxpayers.

Variabel etika deontologi (X2) sebagai variabel moderasi: Sistem etika ini hanya menenangkan suatu perbuatan didasarkan pada wajib tidaknya kita melakukan perbuatan itu. Yang disebut baik dalam arti sesungguhnya hanyalah kehendak yang baik, semua hal lain disebut baik secara terbatas atau dengan syarat: Kehendak menjadi baik, jika bertindak karena kewajiban; Perbuatan dilakukan berdasarkan kewajiban, bertindak sesuai dengan kewajiban disebut legalitas.

Analisis yang digunakan untuk menemukan tingkat kepatuhan wajib pajak adalah dengan analisis Moderated Regression Analysis (MRA). Pengujian dilakukan dengan dua tahapan, yaitu: uji asumsi klasik dan uji kelayakan model (goodness of fit). Analisis regresi ini merupakan aplikasi khusus regresi linear berganda dimana dalam persamaan regresinya mengandung unsur interaksi (perkalian...
results for each question had a cronbach's alpha of greater than 0.60, which means that all research instruments are declared reliable. If this instrument is used several times to measure the same object, it will produce the same data.

Classic assumption test
The research hypothesis was tested using Moderated Regression Analysis (MRA). Hypothesis testing with MRA can be done if it has passed the classic assumption test. The classic assumption test conducted in this study consists of three tests, namely:

1. Normality test: This test checks whether the data is normally distributed. The test results can be seen in Table 5.4.

<table>
<thead>
<tr>
<th>Normalitas Test</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>100</td>
</tr>
<tr>
<td>Parameters</td>
<td>.0000000</td>
</tr>
<tr>
<td>Most Extreme</td>
<td>3.07737784</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>.567</td>
</tr>
</tbody>
</table>

2. Multicollinearity test: This test checks for multicollinearity, where testing can be known from the value of tolerance and VIF. The test results can be seen in Table 5.5.

<table>
<thead>
<tr>
<th>Multicollinearity Test</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEoI</td>
<td>0.978</td>
<td>1.023</td>
</tr>
<tr>
<td>Etika Deontologi</td>
<td>0.978</td>
<td>1.023</td>
</tr>
</tbody>
</table>

3. Heteroscedasticity test: This test checks for heteroscedasticity. The test results show there are no statistically significant independent variables that affect the dependent variable with the value of Absolut Ut (AbsUt). These results can be seen in Table 5.6.

Table 5.4 Heteroscedasticity Test

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AEoI</td>
<td>0.978</td>
<td>1.023</td>
</tr>
<tr>
<td>2</td>
<td>Etika Deontologi</td>
<td>0.978</td>
<td>1.023</td>
</tr>
</tbody>
</table>

Results and Discussion

Characteristics of Respondents
Characteristics of respondents explained the general description of respondents who became the object of research. On the characteristics of respondents explained about the type of taxpayer, gender, employment and about tax amnesty. Characteristics of respondents can be seen that the respondent is dominated by corporate taxpayers with a percentage of 85 percent of 100 respondents, seen from the gender of the respondent dominated by men by 80 percent of the 100 respondents obtained, seen from the work of the respondent is dominated by private employees by 70 percent of 100 respondents, seen from the use of the tax amnesty facility, respondents are dominated by taxpayers who have used the tax amnesty facility with a percentage of 80 percent of 100 respondents.

Validity Test
In this study, testing was done using bivariate correlation between each indicator score with the total score (Correlation Coefficients Pearson). Correlation of factor scores with positive total scores and magnitudes above 0.3 is a strong construct and it is concluded that the instrument has good construction validity (Ghozali, 2013). Based on the test results it can be seen that the entire value of the correlation coefficient of this instrument is $r \geq 0.30$, so the research instrument can be said to be valid. So the research instrument can be used to test the research hypothesis because this instrument can measure what should be measured.

Reliability Test
Reliability test, a questionnaire said to be reliable or reliable if someone's answer to the statement is consistent or stable from time to time (Ghozali, 2013). The reliability test used the Cronbach Alpha ($\alpha$) statistical test and a construct or variable was said to be reliable if it provided a Cronbach Alpha value $> 0.60$. The reliability test results can be seen that each question has a cronbach's alpha of greater than 0.60 which means that all research instruments are declared reliable. If this instrument is used several times to measure the same object, it will produce the same data.
seen from the significance probability value for all variables greater than 0.05. These results prove that the regression model does not contain heteroscedasticity. The test results can be seen in Table 5.6

### Table 5.6
#### Heteroscedasticity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X1</td>
<td>0.29</td>
<td>0.065</td>
</tr>
<tr>
<td>X2</td>
<td>1.22</td>
<td>0.110</td>
</tr>
</tbody>
</table>

Source: Data Processed 2019

### Hypothesis testing

Based on the results of the classic assumption test, the hypothesis testing can be continued using MRA analysis presented in Table 5.7.

### Table 5.7
#### Hypothesis Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized coefficients (β)</th>
<th>t value</th>
<th>Significant value</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEoI (X1)</td>
<td>-2.817</td>
<td>-2.403</td>
<td>0.018</td>
</tr>
<tr>
<td>Etika Deontologi (X2)</td>
<td>-5.295</td>
<td>-2.516</td>
<td>0.014</td>
</tr>
<tr>
<td>AEoi pada Etika Deontologi (X1* X2)</td>
<td>0.171</td>
<td>2.755</td>
<td>0.007</td>
</tr>
<tr>
<td>Uji F</td>
<td>10.328</td>
<td>η Sig F = 0.000</td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Processed 2019

Based on Table 5.7, the regression equation can be arranged as follows:

\[ Y = a + b_1 X_1 + b_2 X_2 + b_3 X_1 * X_2 + \varepsilon \]  
\[ Y = 120,414 - 2,817 X_1 - 5,295 X_2 + 0,171 X_1 * X_2 + \varepsilon \]  

In the multiple linear regression equation with the interaction method (MRA) observing the goodness of fit (match test) by looking at the coefficient of determination of R2, the model feasibility test (F test) and the hypothesis test (t test) as follows. The coefficient of determination, the results of the analysis show that the adjusted R2 value is 0.220.

This means that 22 percent of WP (WP) compliance behavior variables can be explained by the AEoi and Deontology Ethics variables, while the rest are explained by other factors not included in the model.

Model Feasibility Test Results (Test F), the results of the analysis that the F significance value of 0.000 is smaller than α = 0.05. It means that the model used in this study is fit. Hypothesis results, based on the results of the analysis that: AEoi has an effect on tax compliance. The results of this hypothesis test indicate that the significance value of 0.018 <0.05; then AEoi can affect taxpayer compliance; Deontology Ethics reinforces the influence of AEoi on Taxpayer Compliance. Hypothesis one test results indicate that the value of the beta coefficient (b4) is 0.171 with a probability and significance value of 0.007 <0.05; then H1 is proven. Means that there is moderation of deontological ethics and reinforces the influence of AEoi on Taxpayer Compliance, then the first hypothesis can be accepted.

### Discussion

Based on the results of hypothesis testing it is known that deontological ethics reinforces the influence of AEoi on Taxpayer Compliance, indicating that the hypothesis can be accepted. The analysis shows that deontological ethics reinforces the influence of AEoi on Taxpayer Compliance. This result means that the deontology ethic will increase, so will the taxpayer compliance which is supported by AEoi.

The results of this study are in line with (Andiani et al., 2017), stating that the knowledge of the AEoi system has a positive and significant effect on individual tax compliance in paying and reporting taxes. This is supported by research (Kusuma & Dewi, 2018), namely the application of tax amnesty in the perspective of deontological ethics theory has gone well, because taxpayers have an obligation without seeing the good or bad outcomes. The better the level of taxpayer knowledge about the AEoi information system and the level of compliance in paying taxes and withdrawing assets that are abroad, the better for the government in implementing the tax amnesty program. A taxpayer should have an understanding of deontological ethics, that is, an action is considered good or bad based on whether the action is in accordance with or not with obligations. Because, the basis of good and bad actions are obligations. The deontology approach has been accepted in the context of religion and is now one of the most important ethical theories.
Deontology ethics emphasizes the importance of motivation, goodwill and strong character of the taxpayer.

**Conclusion**

Based on the test results and discussion, it was concluded that deontological ethics strengthens the influence of AEoI on taxpayer compliance. This shows that with the deontology ethics held by taxpayers and the Automatic Exchange of Information (AEoI) program can increase taxpayer compliance.

**References**