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Analysis of Taxpayer Compliance in Paying Motor Vehicle Taxes with the Fraud Hexagon Model

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Abstract. Tax is one of the largest incomes owned by Indonesia, one of which is Motor Vehicle Tax. In 2020, the number of motorized vehicles recorded was 20,221,821 motorized vehicles. However, in the reporting process, there are still many taxpayers who have not carried out their responsibilities and obligations. In this study, the researcher uses the Fraud Hexagon model which is used to analyze what factors affect taxpayer compliance in paying motor vehicle taxes in the West Jakarta area. The variables used in this research are Stimulus, Opportunity, Rationalization, Capability, Ego (arrogance), and Collusion. This study uses the SEM model and is processed using SMART PLS. The sample of this study was 182 taxpayer respondents who have motorized vehicles in the West Jakarta area. The results of this study found that the factors that affect taxpayer compliance in paying motor vehicle taxes in the West Jakarta area are influenced by Opportunity and Rationalization. These two variables have a significant influence on taxpayer compliance.

Keywords: *Internal Control System, Sales, Cash.*

A. INTRODUCTION

A country gets income, one of which comes from tax revenue. Tax funds are used by the State for the construction of various public facilities throughout the region. According to Faisal & Setiadi (2021): "Tax is an obligation required by the state which is owed by individuals or groups which has a coercive nature and is regulated in law. Laws governing matters related to taxation are regulated in KUP Law Number 28 of 2007 Article 1 paragraph 1.

Tax management is divided into two, namely Central Tax and Regional Tax. Central Taxes are managed by the Directorate General of Taxes (Dirjen Tax) and Regional Taxes are managed by the Regional Government. In Table 1, there is data on the number of motorized vehicles in the DKI Jakarta area. It can be seen from the increase, the number of motorized vehicles, especially motorcycles, has increased significantly from 2019 to 2020.

Table 1. Number of Motorized Vehicles by Type

Transportation type	Number of Motorized Vehicles		
	2018	2019	2020
Car	2,789,377	2,805,989	3,365,467
Bus	295,601	295,370	35,266
Truck	541,375	543,972	679,708
Motorcycle	8,136,410	8,194,590	16,141,380
Total	11,762,763	11,839,921	20,221,821

PKB is the largest regional income where the costs will be fully used for regional development in the province. Figure 1 shows the realization of regional taxes according to tax type in 2019 in the DKI Jakarta area, Motor Vehicle Tax (PKB) of 8.84% was in second place after Building Land Tax (PBB) (Akbar, 2020; Afika et al., 2023).

Figure 1. Realization of Regional Taxes by Type of Tax in 2019

Table 2 shows the amount of regional income generated through PKB in the DKI Jakarta area (Atmaja, Reynaldi, & Kuriawansyah, 2020; Gangl & Torgler, 2020). Table 1.2 explains that there are still realizations that are less than the set targets. Realization in 2019 was only 83%, in 2020 it has increased, but realization has not yet reached 100% (BeritaJakarta, 2020). This condition explains that the negligence of taxpayers in carrying out their obligations as taxpayers must be considered, because there are quite a lot of them.

Table 2. Total Revenue from DKI Jakarta regional PKB in 2019-2020

Year	Target	Reported (IDR)	Realization (%)
2019	8,800,000,000,000	6,700,000,000,000	83
2020	8,000,000,000,000	7,800,000,000,000	97.5
Minus 2,100,000,000,000			

In this study, researchers will examine what factors cause the lack of realization of Motor Vehicle Tax. This research uses the Fraud Hexagon model to find out what factors influence taxpayer compliance in paying taxes, especially motorized vehicle tax.

B. LITERATURE REVIEW

In this research, it is supported and based on several theories, including theories related to taxation and also theories regarding the Fraud Hexagon model. According to Setyawan (2020): "According to Article 1 of Law No. 28 of 2007 concerning general provisions and procedures for taxation, tax is a mandatory responsibility aimed at the state and is coercive in nature. Taxes are aimed at individuals and groups and are regulated based on legislation. Taxes will be fully managed by the government with the aim of maintaining people's welfare." Based on its function and use, it can be divided into four functions, namely budget, regulation, stability and income redistribution. According to Rizki (2018), there are four types of tax collection systems, namely Semiself Assessment System, Official Assessment System, Withholding System, Self-Assessment System.

The next theory is a theory related to Fraud Hexagon. According to Natasia et al. (2021): "Fraud is one of the fraudulent activities carried out intentionally by one party or group that violates the law or established provisions (illegal act)." Fraud is an act of fraud where the action is against the law or regulations with the aim of gaining personal or group benefit, where the action will harm other parties. This model was developed by Georgius Vousinas where there is the addition of 1 element, namely collusion. Figure 2 is an image of the Hexagon fraud model (Vousinas, 2019; Batrancea et al., 2019; Mascagni et al., 2021).

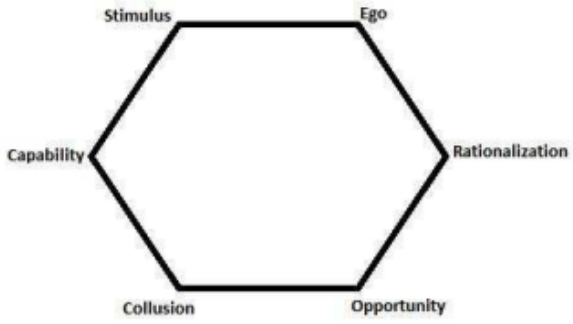

Figure 2. Fraud Hexagon Model

Fraud Hexagon consists of 6 elements (Vousinas, 2019; Carillo et al., 2021; Anto et al., 2021). The first element is Stimulus, which is the existing pressure to commit acts of fraud that are both financial and non-financial. The second element is Opportunity, namely the opportunity to commit an act of fraud. This opportunity is believed by the perpetrator that his fraudulent actions will not be detected by certain parties. The third element is Capability, namely the ability of an individual or group to commit fraud. The fourth element is Rationalization, in which the fraudulent act is related to justification, because the perpetrator sees and judges that the fraudulent act committed is right. The fifth element is the Ego which is known as arrogance or an attitude of superiority or greed (Sari & Nugroho, 2020; Taing & Chang, 2021; Slemrod, 2019). The last element is Collusion, namely the existence of an agreement between two or more parties with the aim of an unfavorable agreement that will harm third parties related to the rights they have (Antiyan, 2019; Enachescu et al., 2019).

C. METHOD

In this study, the data obtained from the survey will be used directly using a questionnaire. The data obtained will be processed using the SMART PLS software proposed by Hair, Hult, Ringle and Sarstedt (2017). This research will use respondents who are people who own motorized vehicles and live in the West Jakarta area. The model in this study will use Partial Least Square (PLS). PLS is a structural model known as Structural Equation Modeling (SEM) on the basis of Variance or Component (Ghozali & Latan, 2015). In this study will use a Likert scale with a scale of 6. In the SEM-PLS model, it will be analyzed from the outer model and also the inner model.

D. RESULT AND DISCUSSION

In this research, validity tests and reliability tests were carried out. This test is to measure the accuracy and consistency of an instrument (Sari, Dian Puji Puspita; Rahman, 2019). An instrument that can be said to be reliable, consistent or stable can be seen if the alpha value is more than 0.7. Validity and Reliability Tests can be seen in Table 3:

Table 3. Validity and Reliability Test Results

	Cronbach's Alpha	**rho_A**	**Composite Reliability**	***Average Variance Extracted***
Stimulus	0.520	0.534	0.805	0.674
Opportunity	0.754	0.861	0.857	0.668
Rationalization	0.604	0.632	0.832	0.713
Capability	0.751	0.805	0.887	0.797
Ego (Arogance)	0.484	0.489	0.794	0.659
Collusion	0.719	0.774	0.840	0.639
Taxpayer Compliance	0.786	0.794	0.861	0.608

Next is the path diagram test. The path diagram model can be seen in Figure 3:

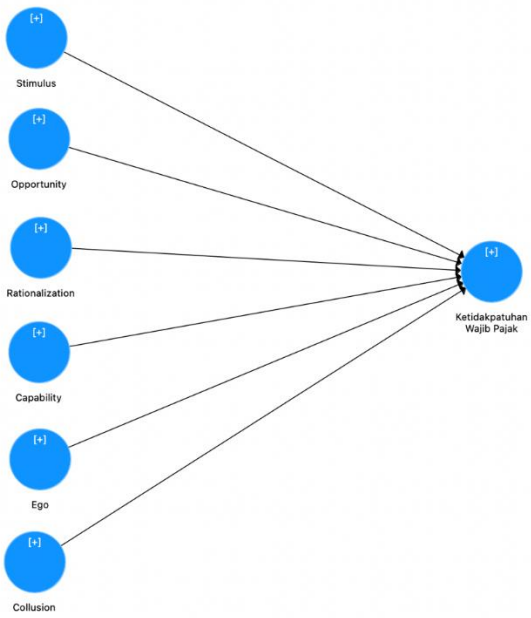

Figure 3. Path Diagram

The next measurement is to measure the outer loading value to measure convergent validity. In this research, 7 variables are used, where the variables in the Fraud Hexagon consist of 5 indicators and the Taxpayer Compliance variable consists of 4 variables. An individual reflexive measure is said to be high if it correlates more than 0.70 with the construct being measured (Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, 2017), if it is below 0.7 then the indicator can be deleted. Table 4 is the outer loading values that have been adjusted to the provisions of the indicator values.

Table 4. Outer loading

Indicator	Outer Loading	Indicator	Outer Loading
S1	0,860	**E1**	0,836
S4	0,780	**E2**	0,787
O1	0,728	**CO1**	0,712
O3	0,789	**CO2**	0,775
O4	0,922	**CO3**	0,900
R4	0,799	**KP1**	0,813
R5	0,888	**KP2**	0,739
C3	0,927	**KP3**	0,760
C5	0,857	**KP4**	0,806

The next test is testing the researcher's hypothesis. In the hypothesis testing process, you can see the reference for the path coefficient value where the value must be above 0.1. Then the T-Statistics value must be greater than 1.96, so that the hypothesis can be said to have a level of significance in hypothesis testing. Table 5 is the result of hypothesis testing.

Table 5. Hypothesis testing

Hypothesis	Path Relationships	Original Sample (O)	*T-Statistics*	Conclusion
H1	S → KP	0,168	1,924	Less Significant
H2	O → KP	0,178	2,342	Significant
H3	R → KP	0,293	3,061	Significant

H4	C → KP	-0,111	0,898	Less Significant
H5	E → KP	-0,118	1,334	Less Significant
H6	CO → KP	0,076	0,703	Less Significant

The results of this research after testing were carried out, it was found that Stimulus did not have a significant relationship with taxpayer compliance. Then opportunity has a significant influence on taxpayer compliance. This means that someone has the opportunity to commit fraud if that person has a position or chooses to fulfill personal interests and benefit unilaterally (Rahmayani & Prihatiningtias, 2020)(Musimenta, 2020).

Rationalization shows a significant influence on taxpayer compliance. Thoughts such as that by not paying motor vehicle tax do not harm yourself or others which makes taxpayers who do not pay tax and do not report it are not wrong. Capability, Ego and collusion have less significant influence on taxpayer compliance (Nguyen et al., 2020)(De Neve et al., 2021).

E. CONCLUSION

Through data processing using the hexagon fraud model and SMART PLS software version 3.3.9, this study confirmed valid and reliable measurement results based on outer loading, AVE, and cross loading tests, according to the theory of Hair, Hult, Ringle, and Sarstedt. The Fraud Hexagon model is used with Stimulus, Opportunity, Rationalization, Capability, Ego (arrogance), and Collusion variables as internal factors, and Taxpayer Compliance as external factors.

The main finding is that the financial or non-financial pressure induced by the Stimulus is not significant in influencing Taxpayer Compliance to pay motor vehicle tax. However, Opportunity has a significant effect, indicating that opportunities for fraud influence compliance. Rationalization also has a significant impact, suggesting that justification for non-paying taxes plays a role in the behavior. Capability, Ego (arrogance), and Collusion do not have a significant influence on Taxpayer Compliance. From this, it can be concluded that Opportunity and Rationalization play a crucial role in influencing taxpayer compliance, while other factors do not have a significant impact.

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