"The complexity of tax regulations and principles of justice as determinants of taxpayer compliance: case of Indonesia"

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THE COMPLEXITY OF TAX REGULATIONS AND PRINCIPLES OF JUSTICE AS DETERMINANTS OF TAXPAYER COMPLIANCE: CASE OF INDONESIA

Abstract

This study aims to determine and analyze the determinants of the complexity of tax regulations and the principles of justice regarding taxpayer compliance in Indonesia. The study surveyed 148 individual taxpayers who are entrepreneurs of micro, small, and medium enterprises (MSMEs) using a Google Form. The results show that the complexity of tax regulations has a significant negative effect (–0.253) on taxpayer compliance, and the principles of justice (0.501) have a significant positive effect on taxpayer compliance. An R square shows that independent variables have a 45.5% influence on increasing taxpayer compliance. The degree of the correlation relationship between all independent variables is around 0.674. The results confirm the relationship between the complexity of tax regulations and the principle of justice and their effect on taxpayer compliance. Therefore, to increase taxpayer compliance, the government should put efforts into simplifying and explaining tax regulations. This can help reduce inadvertent errors, increase taxpayer confidence, and reduce the overall cost of complying with regulations. It is important to consider aspects of justice when designing and implementing the tax system. Efforts to increase transparency, reduce injustice, and make taxes applied proportionally can help strengthen taxpayer compliance and support the sustainability of state revenues.

Keywords	taxpayers, regulations, tax, justice, compliance, MSMEs, complexity, government
JEL Classification	M48, M41, K34

INTRODUCTION

Taxes have always been a priority for the government. The higher the tax revenue to finance operations and development, the lower the dependence on financing from other countries. The government can take various policies to encourage increased tax revenues and, most importantly, to encourage taxpayer compliance. The Indonesian government is aggressively trying to increase the tax ratio of its tax revenues.

In 2000, the tax ratio was 8.33%, increasing to 9.11% in 2021. Therefore, in 2022, Indonesia managed to record a tax revenue ratio from the taxation sector that reached double digits at 10.39%, and this value is seen as the government's success in generating tax revenues of IDR 2,034.5 trillion with a GDP of IDR 19,588.4 trillion. In 2024, the Indonesian government is targeting a tax-to-GDP ratio of 10.1%, which means an increase of 1% from the tax ratio in 2023, but the actual tax ratio showed an increase.

Even though there has been an increase in tax income, the tax ratio figure of 10.39% is still far below the standard set by the International Monetary Fund (IMF) of 15%. The importance of achieving this tax

ratio is also one of the target according to the sustainable development goals (SDGs). The IMF assessment will have a major influence on a country's financial credibility. The Indonesian government tries to increase the tax ratio from year to year.

Various regulations and policies always reap various public responses. Complex tax regulations can cause confusion among taxpayers, and efforts to avoid taxes will arise. The complexity of tax procedures is not making it easier to fulfill tax obligations; increasingly complex tax regulations threaten a country's tax revenues. Apart from the complexity aspect, various responses to tax policies always end up questioning the principle of justice. All aspects of fairness of income tax always seem to be put aside with the emergence of various tax regulations.

1. LITERATURE REVIEW

Knowing the tax ratio is crucial for assessing tax performance. The tax ratio is one way to measure a country's tax revenue performance. With a high tax ratio, the state revenue and expenditure budget can finance development with funds sourced from within the country. Injustice can occur when MSMEs and entities are at a loss but still must pay taxes, which are final. Modern tax administration systems, organizational procedures and strategies, and organizational structure dimensions do not always have an influence on taxpayer compliance (Suasa et al., 2021).

Dimensions of organizational culture have a negative and significant influence on taxpayer compliance (Parwati et al., 2021). The principles of justice and legal certainty regarding final income tax for small businesses show that income tax for MSMEs does not meet the principles of justice because it does not count their capacity. On the other side, Christian et al. (2019) found that the principle of justice is fulfilled for MSMEs through final tax because it is more practical and provides flexibility to use the gross method or through bookkeeping.

The source of tax that is expected to be a source of state revenue is income tax. Darussalam et al. (2020) noted that one type of tax applied by many countries is income tax. Individual taxpayers, corporate subjects, undivided inheritance tax subjects, and permanent establishments in Indonesia can contribute as sources of income tax (Frey & Feld, 2002). Primasari and Hendrani (2022) defines income tax as a tax imposed on tax subjects or imposed on income received and earned in one tax year.

If a country's tax ratio is high, it is almost certain that the government of that country will rely on its state revenue and expenditure budget to encourage and carry out development. The better and higher the country's tax ratio, the more the country can reduce dependence on development financing through debt. A country's economic foundation will be stronger if most of its spending sources come from taxes. Therefore, a stronger reliance on taxes to finance the country's economy means that the country will be less dependent on external parties and can reduce debt by utilizing its domestic tax potential. In Indonesia, the institution that collects and administers tax revenues is the Directorate General of Taxes, which has a self-assessment system.

In carrying out its tax obligations for taxpayers, Indonesia applies the self-assessment system. This system requires taxpayers to be active in calculating, paying, and reporting their taxes. Tax officials will carry out the role of an official system to verify reports submitted by taxpayers. The Directorate General of Taxes' active role in exploring tax potential and implementing the principles of justice can be seen in the presence of various tax regulations. For example, in 2018, the government issued Government Regulation Number 23 regarding the imposition of a tariff of 0.5% on small business turnover. The harmonization of tax regulations and voluntary disclosure were launched in 2022.

In Indonesia, laws and regulations governing income tax, both as laws and government regulations, have been issued several times. Law Number 36 of 2008 is the last law issued. These policies are applied to encourage increased revenue from the tax sector, including increasing taxpayer compliance, i.e., tax amnesty, voluntary disclosure, and harmonization of tax regulations (Budak & James, 2018).

Three indicators measure taxpayer compliance: calculating the tax owed, paying or depositing the tax owed, and submitting an annual report on their tax obligations (Assiddiq, 2023; Palilu & Totanan, 2022; Parwati et al., 2021; Pusparini, 2022). Many frequent changes in tax regulations can make it difficult for taxpayers to understand them, although the aim of issuing tax regulations by the government is to provide convenience and relief in fulfilling taxpayers' tax obligations. According to Hoppe et al. (2017) and Primasari and Hendrani (2022), tax complexity leads to difficulties for taxpayers in reading, understanding, and complying with tax regulations. This is in line with the OECD (2018) that complex and frequently changing tax policies can make it difficult to achieve taxpayer compliance.

Tax complexity can be caused by seven factors (Hoppe et al., 2017; Noreen & Kristanto, 2021): frequent changes in tax regulations; complex calculations are required; detailed regulations; loads of documentation to be prepared; complicated and long tax forms; incomprehensive regulations; tax regulations cannot be predicted to be implemented correctly.

Therefore, variable complexity and intricacy of tax regulations determine taxpayer compliance.

Fairness means not taking sides with one party or standing above all interests, in this case, the interests of all Indonesian people. The principle of justice is an essential factor in the design of taxation systems and policies. The principle of justice will primarily consider the carrying capacity of taxpayers and the potential income they will receive through their income (either through work or through business). Tax equity means that taxpayers practice subsidies and contribute (fair share) to finance government expenditure.

The principle of justice (equity) means that the state or government will not act discriminatory in collecting taxes. The state acts equally toward all taxpayers. There is equality in implementing tax obligations (Anggoro & Aprilian, 2020). Suasa et al. (2021) found that the principle of justice is mainly determined by the legal certainty of taxes. This shows that fairness is not only because of the taxpayer's ability to bear taxes but also requires attention from a legal perspective.

According to Mangoting (2001), the principle of tax justice can be observed from two perspectives: vertical justice (vertical equity) and horizontal justice (horizontal equity). Vertical justice connotes that whoever receives more must give more, and vice versa. Meanwhile, horizontal justice means that the same income will result in the same amount of tax. The difference between the two principles of justice is from the subject or taxpayer aspect and the object aspect, namely income. Several measures to determine the ability to pay are: income; consumption; and wealth (Kemenkeu, 2019; Resmi, 2019; Setiadi, 2022).

There are two approaches that can measure tax fairness: the benefit principle and the ability to pay. From the perspective of tax fairness, progressive tax rates are the best because they are based on the principle of ownership and enjoyment of wealth and income. However, imposing taxes that are directly linked to benefits can increase costs (Halim et al., 2020; Rahayu, 2013). Examples include land and building tax, luxury goods tax, toll road tax, or motor vehicle tax. These taxes provide enjoyment but do not directly correlate with the infrastructure; those who pay a lot and those who pay a little will enjoy the same facilities, for example, roads, city parks, bridges, and other public facilities.

Taxpayer compliance is the taxpayer's willingness to comply with tax regulations issued by the government (Andreoni et al., 1998; Basri, 2016; Christian et al., 2019; Wardani et al., 2015). Implementation of a self-assessment system, expecting taxpayer compliance, is a genuine dilemma for tax institutions because the tax authorities give full confidence to taxpayers in fulfilling their tax rights and obligations.

Noreen and Kristanto (2021) stated that taxpayers can report the tax owed with a nominal amount that corresponds to their tax obligations according to applicable regulations. So, tax compliance is a situation where taxpayers fulfill all their tax rights and obligations (Sudjana, 2020). All taxpayers must have an identification number. Citizens who already have an identification number automatically have the right to calculate the tax owed to them. Taxpayers report tax obligations in the annual publication letter. Basically, taxpayer com-

pliance can be seen from procedural, administrative, formal, and material aspects (Darmayasa & Setiawan, 2016; OECD, 2018).

Once the measure for determining the ability to pay can be assessed, another problem that needs to be resolved is how to link this ability to pay with the taxes that must be paid. The principle of justice determines that a person generating a large income must also pay greater taxes. On the relative side, someone will not refuse to pay taxes if they get commensurate returns, such as restaurant and hotel taxes and import taxes.

The principle of justice is reflected in the determination of the minimum living costs borne by taxpayers through the determination of non-taxable income through marital status, number of dependents, and income of the wife or husband. This means that the principle of justice for a taxpayer is vertical. Namely, the tax burden under the object or the same level of income will result in the same tax. Horizontally, the amount of tax to be paid is equivalent to the income received, and the same tax is subject to the same tax rate. Such an imposition would be considered fair tax.

There are three dimensions of the principles of vertical and horizontal justice, namely: vertical equality, namely the relationship between tax impositions on different incomes; horizontal justice, namely the relationship between tax charges and sources of income; geographical justice, namely tax charges, must be fair between residents in various regions.

Therefore, income, source of income, and geography are the basis for establishing the principle of fairness in taxes. These three factors will influence the value of assets, transfer of wealth, and increase in asset value. The study seeks to determine whether the complexity of tax regulations and the principles of justice influence taxpayer compliance. Based on the literature review, the hypotheses are as follows:

H_1: *The complexity of tax regulations influences taxpayer compliance.*

H_2: *The principle of justice influences taxpayer compliance.*

2. METHODOLOGY

The research data were collected via a survey and analyzed using statistics, namely multiple linear regression analysis (Ghozali, 2016; Sugiyono, 2018) because there are two independent variables. The object of this analysis includes the complexity of tax regulations, the principles of justice, and taxpayer compliance. The population consists of individual taxpayers who are entrepreneurs of MSMEs in Central Sulawesi, Indonesia. According to Sugiyono (2012), samples are withdrawn based on the specified population area. Data were collected online using WhatsApp and Google Forms and offline by directly meeting taxpayers who were willing to fill out the questionnaire provided.

This multiple linear regression is used to predict the increase or decrease in the influence of an independent variable on the predicted value of the dependent variable:

$$Y_i = a + b1 \cdot X1_i + b2 \cdot X2_i + \varepsilon_i, \qquad (1)$$

where Y_i = taxpayer compliance; a = constant; $b1$, $b2$, = regression coefficient; $X1_i$ = complexity of tax regulations; $X2_i$ = principle of justice; ε_i = epsilon or nuisance variable, meaning the values of the variable others that are not included in this equation.

The determinant function $R2$ is used to measure the ability to explain the independent variable simultaneously with the dependent variable. Normal $R2$ value is between $0 < R2 > 1$. The determinant coefficient value $R2$ is used to see the percentage level of influence of the independent variable (X) included in the regression equation model on the dependent variable (Y). There is a good value of $R2$ if the value is equal to or close to 1.

To assess respondents' answers to the statements of each research variable, the study employed the score value according to Sugiono (2018). The score value is divided into five categories: a score value of 1.0-1.8 is very low, a score value above 1.8-2.6 is low, a score value above 2.6-3.4 is moderate, a score above 3.4-4.2 is high, and a score above 4.2-5.0 is a very high category.

3. RESULTS

The indicator complexity of tax regulations has 21 statement items. Table 1 shows the respondents' answers to determine the value of each tax regulation complexity statement.

The statement item with the highest average value is statement no. 8 (Taxpayers feeling that the tax regulations are not very detailed), with an average value of 3.93 in the high category. This statement shows that tax regulations are not yet detailed for taxpayers. The average value of the tax regulation complexity variable is 2.10, which is in the low category. In fact, taxpayers do not always follow changes in tax regulation, as shown by only 1.79 points. This shows that the complexity of tax regulations for taxpayers has a low correlation with the compliance of taxpayers who were respondents in this study. The low correlation is an indication sign that the more complex a rule, the more difficult it is for taxpayers to comply. On the other side, a simple rule will be easier for taxpayers to apply despite taxpayers stating that the current tax regulations are not detailed.

Six statement items were used to measure the principle of justice as perceived by taxpayers in Central Sulawesi Province. Table 2 shows the respondents' answers on the principles of justice statements.

Table 1. Frequency of tax regulation complexity

No.	Strongly Agree			Agree			Undecided			Disagree			Strongly Disagree			Mean
	N	Score	%	N	Score	%	N	Score	%	N	Score	%	N	Score	%	
1	0	0	0	2	8	1	12	36	8	84	168	57	50	50	34	1.79
2	0	0	0	4	16	3	36	108	24	60	120	41	48	48	32	1.97
3	2	10	1	9	36	6	20	60	14	81	162	55	36	36	24	2.05
4	0	0	0	6	132	4	44	156	30	78	156	53	20	20	14	2.24
5	0	0	0	9	36	6	47	141	32	68	136	46	24	24	16	2.28
6	0	0	0	7	28	5	46	138	31	73	146	49	22	22	15	2.26
7	3	15	2	4	16	3	30	90	20	84	168	57	27	27	18	2.14
8	24	120	16	94	376	64	26	78	18	4	8	3	0	0	0	3.93
9	0	0	0	7	28	5	19	57	13	86	172	58	36	36	24	1.98
10	0	0	0	0	0	0	15	45	10	90	180	61	43	43	29	1.81
11	0	0	0	5	20	3	21	63	14	86	172	58	36	36	24	1.97
12	0	0	0	10	40	7	22	66	15	77	154	52	39	39	26	2.03
13	0	0	0	5	20	3	25	75	17	85	170	57	33	33	22	2.01
14	2	10	1	5	20	3	22	66	15	87	174	59	32	32	22	2.07
15	0	0	0	2	8	1	22	66	15	93	186	63	31	31	21	1.97
16	0	0	0	5	20	3	32	96	22	83	166	56	28	28	19	2.09
17	0	0	0	0	0	0	27	81	18	94	188	64	27	27	18	2.00
18	0	0	0	5	20	3	22	66	15	84	168	57	37	37	25	1.97
19	0	0	0	6	24	4	16	48	11	82	164	55	44	44	30	1.89
20	0	0	0	4	16	3	15	45	10	78	156	53	51	51	34	1.81
21	0	0	0	7	28	5	16	48	11	70	140	34	55	55	37	1.83
Average																2.10

Table 2. Frequency of the principles of justice

No.	Strongly Agree			Agree			Undecided			Disagree			Strongly Disagree			Mean
	N	Score	%	N	Score	%	N	Score	%	N	Score	%	N	Score	%	
1	24	120	16	80	320	54	36	108	24	4	8	3	4	4	3	3.78
2	20	100	14	56	224	38	56	168	38	12	24	8	4	4	3	3.51
3	24	120	16	52	208	35	60	180	41	12	24	8	0	0	0	3.59
4	20	100	14	68	272	46	56	168	38	4	8	3	0	0	0	3.70
5	24	120	16	92	368	62	32	96	22	0	0	0	0	0	0	3.95
6	24	120	16	96	384	65	28	84	19	0	0	0	0	0	0	3.97
7	32	160	22	84	336	57	32	96	22	0	0	0	0	0	0	4.00
Average																3.79

Table 3. Frequency of taxpayer compliance

No.	Strongly Agree			Agree			Undecided			Disagree			Strongly Disagree			Mean
	N	Score	%	N	Score	%	N	Score	%	N	Score	%	N	Score	%	
1	24	120	16	64	526	43	56	168	38	4	8	3	0	0	0	3.73
2	24	120	16	72	288	49	48	144	32	4	8	3	0	0	0	3.78
3	28	140	19	84	336	57	32	96	22	4	8	3	0	0	0	3.92
4	52	260	35	80	320	54	16	48	11	0	0	0	0	0	0	4.24
5	52	260	35	76	304	51	20	60	14	0	0	0	0	0	0	4.22
6	56	280	38	68	272	46	20	60	14	4	8	3	0	0	0	4.19
7	44	220	30	68	272	46	28	84	19	8	16	5	0	0	0	4.00
8	44	220	30	84	336	57	12	36	8	8	16	5	0	0	0	4.11
9	40	200	27	80	360	54	20	60	14	8	16	5	0	0	0	4.03
Average																4.02

The statement with the highest average value is statement no. 7 (The tax that you pay is according to the level of wealth you have), with a value of 4.0 in the high category. This shows that the taxes paid by taxpayers are according to the income they receive. The average value for the principle of justice variable is 3.79. This shows that the principle of justice for taxpayers' perceptions is already at a good level.

Taxpayer compliance is measured with nine statement items, providing overviews of taxpayers in Central Sulawesi Province. Table 3 shows the respondents' answers to determine the values of taxpayer compliance statements.

The statement with the highest average value for the taxpayer compliance variable is statement no. 4 (Taxpayers know where to pay the taxes), with a value of 4.24. The average value for this variable is 4.02, which is in the good category. This shows that taxpayers have a high level of compliance.

Table 4 shows the results of the validity assumption test for all tax regulation complexity statements.

From the validity test, statement no. 8 is found invalid. So, this statement is excluded from the next multiple regression testing. The elimination of the statement was carried out because the r-calculated value of this statement was smaller than 0.1348, namely 0.433 < 0.1348. Next, Table 5 shows the results of the validity assumption test for all principle of justice statements.

Table 5. Validity of the principle of justice statements

No.	Statement Items	Pearson Correlation
1	$X_{2.1}$	0.804
2	$X_{2.2}$	0.839
3	$X_{2.3}$	0.879
4	$X_{2.4}$	0.830
5	$X_{2.5}$	0.851
6	$X_{2.6}$	0.834
7	$X_{2.7}$	0.812

The validity test of all statements of the principle of justice variable obtained an R-value (Pearson correlation) greater than the r-table of 0.1348. Therefore, all statement items can be included in the next multiple regression. Table 6 shows the re-

Table 4. Validity of the tax regulation complexity statements

No.	Statement Item	Pearson Correlation	No.	Statement Item	Pearson Correlation
1	$X_{1.1}$	0.666	12	$X_{1.12}$	0.650
2	$X_{1.2}$	0.683	13	$X_{1.13}$	0.699
3	$X_{1.3}$	0.613	14	$X_{1.14}$	0.743
4	$X_{1.4}$	0.522	15	$X_{1.15}$	0.766
5	$X_{1.5}$	0.627	16	$X_{1.16}$	0.686
6	$X_{1.6}$	0.607	17	$X_{1.17}$	0.708
7	$X_{1.7}$	0.793	18	$X_{1.18}$	0.890
8	$X_{1.8}$	-0.433	19	$X_{1.19}$	0.780
9	$X_{1.9}$	0.812	20	$X_{1.20}$	0.724
10	$X_{1.10}$	0.567	21	$X_{1.21}$	0.721
11	$X_{1.11}$	0.671	–		

sults of the validity assumption test for all taxpayer compliance statements. Table 7 shows the reliability of all variables.

Table 6. Validity of taxpayer compliance statements

No.	Statement Items	Pearson Correlation
1	$Y_{1.1}$	0.798
2	$Y_{1.2}$	0.815
3	$Y_{1.3}$	0.759
4	$Y_{1.4}$	0.621
5	$Y_{1.5}$	0.703
6	$Y_{1.6}$	0.840
7	$Y_{1.7}$	0.820
8	$Y_{1.8}$	0.840
9	$Y_{1.9}$	0.825

Table 7. Reliability of research variables

No.	Research variables	Cronbach's Alpha
1	Complexity of Tax Regulations	0.943
2	Principles of Justice	0.922
3	Taxpayer Compliance	0.921

Based on reliability tests on all research variables, Cronbach's Alpha was greater than 0.6. All research variables can be included in the multiple regression testing. Multiple linear regression analysis with the SPSS version 25 was used to determine the influence of the complexity of tax regulations and the principles of justice on taxpayer compliance.

Table 8 shows the regression coefficient values obtained from the results of the multiple linear regression analysis. The regression model equation that describes the magnitude of the influence of the complexity of tax regulations and the principles of justice on taxpayer compliance is as follows:

$$Y = 2.635 - 0.253X_1 + 0.501X_2 + \varepsilon. \qquad (2)$$

The multiple linear regression equation provides an illustration of the magnitude of the influence of the independent variable on the dependent variable. The negative sign of the regression coefficient for the complexity of tax regulations (X_1) indicates an influence in the opposite direction. The value −0.253 means that when the complexity of tax regulations decreases by one unit, taxpayer compliance will increase by 0.253. Meanwhile, the principle of justice (X_2) has a positive sign and shows a unidirectional influence. The constant value (α) of 2.635 indicated the variables of complexity of tax regulations and principles of justice (X_1). The regression coefficient for the complexity of tax regulations (X_1) is −0.253 and has a negative sign. This means that for every change in the value of one unit in the tax regulation complexity, assuming the other variables remain constant, the value of taxpayer compliance (Y) will decrease by 0.253. On the other side, if the complexity of tax regulations decreases by one unit, taxpayer compliance will increase by 0.253. The regression coefficient for the principle of justice (X_2) is 0.501 and has a positive sign. This means that for every one-unit change in the principle of justice, assuming the other variables are constant, taxpayer compliance (Y) will increase by 0.501. The principle of justice has a significant positive influence on taxpayer compliance.

An R square value of 0.455 means that changes in the two independent variables will have an influence of 45.5% on increasing taxpayer compliance, while the remaining 54.5% accounts for other variables not included in this research model. The correlation coefficient (R) indicates the degree of closeness of the relationship between all independent variables. The correlation coefficient (R) value in this study is 0.674, which means that the correlation relationship between the independent and the dependent variable is 0.674. Based on the correlation coefficient interpretation guidelines (Sugiyono, 2016), the results can conclude that the relationship between the complexity of tax regulations and the principle of justice on taxpayer compliance is strong.

Table 8. Multiple linear regression analysis

No.	Independent Variable	Regression Coefficient	t-count	Sig.
1	Complexity of Tax Regulations (X_1)	−.253	−3.264	0.001
2	Principles of Justice (X_2)	0.501	7.678	0.000
	Constant = 2.635; Multiple R = 0.674	R Square = 0.455; Sig F = 0.000; α = 0.05		

4. DISCUSSION

The complexity value of tax regulations, with an average of 2 based on respondents' answers, is at a low level. This means that when tax regulations change, taxpayers will not have difficulty remaining compliant in fulfilling their tax obligations. All the changes in tax regulations are toward making things simpler and easier for taxpayers.

Simplification and ease in regulations, tax calculations, more detailed regulations, clarity of documents that must be prepared, filling in formulas, comprehensive regulations, and the ability of the tax authorities to provide explanations to taxpayers are necessary. The results are in line with Andreoni et al. (1998) and Totanan et al. (2018), who state that taxpayer compliance can be achieved from various perspectives. This could be from a regulatory perspective, from an ethical and employment aspect, and from the tax organization itself.

Based on the respondents' answers, a high value of the principle of justice was obtained. This means that taxpayers still think that the taxes they pay provide benefits and are in accordance with their abilities. Mangoting (2001) stated that justice in the taxation system in Indonesia is that whoever has a large economic capacity must also pay large taxes. This system is referred to as the theory of bearing force. Likewise, the opinion of Suasa et al. (2021) is that the principle of equality in paying taxes is an indication of the application of the principle of justice.

The government has the authority to use taxes as a source of income and development and must use them efficiently and effectively. The results of multiple regression show that the influences of the complexity of tax regulations and the principles of justice simultaneously have a significant effect. This shows that to increase taxpayer compliance, the government must issue simpler and easier tax regulations and follow the principle of justice that taxpayers feel.

The results show that when the complexity of tax regulations is lowering, taxpayer compliance will increase. No matter how complex the tax regulations are, changes must be socialized to taxpayers. This socialization becomes a bridge for taxpayers to better understand changes in regulations (Safrina et al., 2018). This can be an incentive for taxpayers to be

more compliant with tax regulations. The tax authorities should provide opportunities for taxpayers to follow changes in tax regulations so that taxpayers continue to find it easy to fulfill their tax obligations even though changes in tax regulations occur.

Changes in tax regulations should make it easier for taxpayers to calculate, pay, and report their taxes. By understanding clear and detailed regulations, taxpayers will feel that it is easy to prepare all tax documents for reporting and fill in tax formulas. Moreover, tax authorities should provide explanations to taxpayers. This finding is in line with Wulandari and Budiaji (2017) that taxpayer compliance in fulfilling their tax obligations is influenced by fairness and tax structure. The tax structure is based on the subject and object of the tax, while direct reciprocity and personal interests have no effect on tax obligations.

Based on the value of the principle of justice derived from the respondents' answers, a high score was obtained. This principle of justice does not have a significant influence on taxpayer compliance. Taxpayers have not experienced the benefits of paying taxes, and the taxes paid have not been in accordance with their capabilities (Totanan et al., 2018).

The principle of justice was measured with two indicators, namely the benefits of paying taxes and the ability to pay taxes. Respondents' answers were concluded to have a high average value. The government, in utilizing taxes as a source of income, must be able to provide benefits to the community, efficiently use them, and improve facilities and infrastructure. In terms of tax payments, the tax paid by the taxpayer must be in accordance with the income received, the minimum level covered, and the wealth owned.

The application of the principle of justice in tax collection is in accordance with the theory of carrying. Taxpayers who receive the same amount of income may pay different taxes according to differences in dependents. Taxpayers who have larger expenses or dependents will pay lower taxes. This is in accordance with the implementation of non-taxable income.

The results are in line with Suasa et al. (2021), who researched the principles of justice in tax collection by analyzing Government Regulation No. 23 of 2018 concerning income tax. The findings show that the

implementation of these regulations has fulfilled the principle of justice because there is legal certainty for the implementation of taxes for every taxpayer and the reduction in rates from 1% to 0.5%. Suasa et al. (2021) found that tax fairness influences taxpayer compliance. Here, the principle of justice in taxation is from the perspective of the law or tax subject and tax object. The taxes are imposed on the same subjects, and the tax burden is in accordance with the tax object.

CONCLUSION

The study aimed to assess the factors affecting tax compliance in Indonesia. The results show the complexity of tax regulations has an R square value of 0.455. This means that 54.5% is affected by the other variables not included in this study. The complexity of tax regulations and the principles of justice simultaneously influence taxpayer compliance with a multiple R value of 0.674. The increasing complexity of tax regulations can make it difficult for taxpayers to understand their obligations correctly. Unintentional errors in tax reporting may arise. Taxpayers may experience difficulties in complying with complex tax regulations because they require in-depth knowledge and a good understanding of these regulations.

Taxpayers tend to be more compliant with the tax system when they see the rules applied are fair. This means that tax imposition must take account of the ability to pay and the services received. The principle of justice also influences taxpayer behavior related to tax avoidance and evasion. If taxpayers perceive the system as unfair, they may be inclined to take action to minimize their tax liability.

This study has several implications. The government should create low complexity of tax regulations because complexity of tax regulations has a negative effect on taxpayer compliance. Therefore, reducing the complexity of tax regulations will increase taxpayer compliance. In Indonesia, the executive and legislative authorities issue the regulations. The consensus of executive and legislative bodies must arrange for less complexity in tax regulation.

AUTHOR CONTRIBUTIONS

Conceptualization: Chalarce Totanan, Jamaluddin, Femilia Zahra, Muh. Ilham Pakawaru.
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