

## The influence of effective communication strategy on consciousness and umkm taxpayer compliance

La influencia de la estrategia de comunicación efectiva sobre la conciencia y el cumplimiento del contribuyente

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### ABSTRACT

The aim of this research is to develop an antecedent model of local taxpayer compliance based on communication strategy. Some antecedent factors used in this research are effective communication strategies, tax knowledge, taxpayer awareness, and willingness to obey. To achieve these objectives, research with survey research design was conducted. The location of the research is the area of Banyumas Residency including Banyumas, Purbalingga, Cilacap and Kebumen. Research respondents are taxpayers in the ex-residency area, especially MSME's entrepreneurs. The survey instrument used is a questionnaire developed specifically for tax research. To develop and test the model to be generated, the analytical tool used is multiple regressions. The results of the study in this year showed that effective communication strategy has a significant and positive influence on taxpayer compliance. In addition, effective communication strategies can also increase the knowledge of taxpayer, the consciousness of the taxpayer and the desire to obey. Effective communication strategies have several important components: continuity of information delivery, appropriate use of print media, the accuracy and relevance of the information conveyed, and consider the needs of taxpayers.

**Keywords:** Tax, Small-Medium Enterprises, Compliance, Communication Strategy

### RESUMEN

El objetivo de esta investigación es desarrollar un modelo de antecedentes de cumplimiento de los contribuyentes locales basado en la estrategia de comunicación. Algunos factores antecedentes utilizados en esta investigación son estrategias de comunicación efectivas, conocimiento tributario, conciencia del contribuyente y disposición para obedecer. Para lograr estos objetivos, se realizó una investigación con diseño de la encuesta de investigación. La ubicación de la investigación es el área de Residencia Banyumas incluyendo Banyumas, Purbalingga, Cilacap y Kebumen. Los encuestados de la investigación son contribuyentes en el área de ex residencia, especialmente los empresarios de MIPYME. El instrumento de encuesta utilizado es un cuestionario desarrollado específicamente para la investigación fiscal. Para desarrollar y probar el modelo que se va a generar, la herramienta analítica utilizada es de múltiples regresiones. Los resultados del estudio de este año mostraron que una estrategia de comunicación efectiva tiene una influencia significativa y positiva en el cumplimiento de los contribuyentes. Además, las estrategias de comunicación efectivas también pueden aumentar el conocimiento del contribuyente, la conciencia del contribuyente y el deseo de obedecer. Las estrategias de comunicación efectivas tienen varios componentes importantes: la continuidad de la entrega de información, el uso apropiado de los medios impresos, la precisión y la relevancia de la información transmitida y las necesidades de los contribuyentes.

**Palabras clave:** Impuestos, pequeñas y medianas empresas, cumplimiento, estrategia de comunicación.

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## Introduction

The management of regional government in the era of regional autonomy should be followed by strong local finance support to implement and realize the local government programs, improving the welfare of the community through the development in the region. The availability of financing in running the local government organizations is a must. The availability of regional financial capability is deemed necessary to be improved by doing various efforts, one of which is to maximize the Regional Original Revenue through Regional Tax and Regional Retribution so that for the regional financing the government does not merely rely on the Fund for Basil (DBH) from the Central Government.

Regional revenue resources come from various factors, both internal and external sectors. One of the internal local resources is taxes. To maximize the tax revenue, we cannot just rely on the local government only (the management of the local tax) and the tax officials, but also the active participation of the tax payers themselves. Changes in taxation system from the Official Assessment to Self Assessment give the tax payers the trust to register, calculate, pay and report their own tax obligations. This makes taxpayer compliance and awareness very important factors in terms of achieving the tax revenue (Zulaekha, 2012).

In practice, however, the tax collection system in Indonesia is difficult to implement as expected. Yogatama (2014) states that the tax compliance level is still low. It is indicated by the small number of individuals who have the Taxpayer Identification Number (NPWP) and who report the SPT. Recent research issues related to tax compliance begin to consider social and psychological factors other than regulatory factors. This is based on the view that the tax compliance decision is a decision related to the moral contract between the taxpayer and the State, parts of which have to be paid for the use of public facilities, so that social and psychological approaches need to be considered in the implementation of tax regulation (Asnawi, 2009). In addition, context factors are also highlighted as a determinant of tax compliance. The contexts here are the eksternal factors (such as events, environments and policies) that may affect perceptions, attitudes and behaviors. It means that context factors are related to social and psychological factors, or in other words, the context factors can determine the social and psychological aspects of the taxpayers.

One of the efforts undertaken by local tax managers to improve tax compliance is with communication and socialization strategies. In general, there are two communication and socialization strategies used, namely direct and indirect. Indirect communication and socialization strategies include promotion with various media such as advertising, banners, and making public figures as tax endorsers. Direct communication and socialization strategies include seminars, counseling, persuasive approaches, balls pick up, dialogues on local and national television and radio and gathering with taxpayers. Direct strategy is one form of context that can affect the perceptions, attitudes and behavior of the taxpayers. However, its significance of the influence of communication and socialization strategy on taxpayer compliance needs to be examined whether it is empirically improve taxpayer compliance or not.

Review on such matter is important to continuously improve taxpayer compliance. Some social and psychological factors such as taxpayer perceptions of tax services, tax-paying awareness, and knowledge of taxes can affect taxpayer compliance in performing their obligations as citizens. However, it also should be noted that the context factors (communication and socialization strategies) can affect the social and psychological aspects of taxpayers.

Many factors can affect taxpayers to be obedient. Some have significant effects and some have insignificant effects. Significant means that these factors have important roles to trigger compliance behavior of the taxpayers. These significant factors should be of concern to be taken into consideration in tax-related policies. Tax compliance decisions or non-compliance can be influenced by individual (psychological) internal factors and individual external factors. Internal factors include morality, ethics, fairness, awareness and understanding, whereas individual external factors are context factors such as tax policies, communication and socialization strategies.

Therefore, this study aims to empirically test these internal and external factors so that significant factors that affect taxpayer compliance can be known. In addition, this study also aims to determine the role of communication and socialization strategies that have been done by local tax managers to the level of taxpayer compliance, intention to be obedient, tax awareness and understanding of taxes. This study also aims to analyze the effectiveness of communication and socialization strategies that have been done by local tax managers covering aspects such as: accuracy, relevance, timeliness, and comprehension.

## Literature Review

### Communication Effectiveness

Effective communication is characterized by an unbiased transfer of information and can be understood by the

receiving person. There are three main components of the communication process: message senders, media, and message recipients. Communication process occurs when the sender provides information through certain media and the information is received by the recipient who then provides feedback to the sender through the media as well. In practice, communication process can be distorted by various disturbances (noise) which make it not effective. Communications are effective when they meet the following criteria: 1) Accurate, information has to be accurate (true) and the information presented has to be correct and error free. 2) Relevant (appropriate), relevant information has to give meaning to decision making. The information can reduce uncertainty and increase the value of a certainty. 3) Timely, information has to be available at the time needed, especially when solving important problems before the crisis situation becomes uncontrolled or loss of opportunity. 4) Complete, has to be able to present a complete picture of a problem or solution. However, information should not drown the information users in the sea of information (information overload), 5) Understandable, the information presented should be in a form that is easily understood by the decision maker.

### Tax Compliance

Tax compliance is that the taxpayers have a willingness to fulfill their tax obligations in accordance with the prevailing regulations without the need for a thorough investigation, warning or threats and legal and administrative sanctions, (Utami and Cardinal, 2013). Compliance can be interpreted as obedience, submission, and obedience and implementation of taxation regulations (Nurhayani and Minovia, 2013). Therefore, obedient taxpayers are those who are obedient and meet and carry out taxation obligations in accordance with the provisions of tax laws. Daniel, et al (2013) defines tax compliance as reporting individual income from employment, business revenue and other income to the government by paying taxes. Dharmawan (2013) states that taxpayer compliance will arise in the event of exchange with government, reciprocity from the government as compensation of tax paid.

Taxpayer compliance is divided into two types, namely formal compliance and material compliance. A taxpayer who has formal compliance means that he has already understood all tax provisions and executes them in accordance with the tax laws. On the other hand, a taxpayer who has material compliance means that he has been able to fill the SPT properly and correctly in accordance with the actual condition, submitting it to the tax office where he is registered before the deadline determined by the law (linga, 2013).

The obligations of a taxpayer (Mardiasmo, 2011) are: a) registering himself to obtain NPWP (Tax ID Number); b) reporting his business to be confirmed as PKP; c) calculating and paying taxes correctly; d) filling out the SPT properly and reporting it to the tax office (KPP) within the specified timeframe; e) conducting bookkeeping/recording; f) if inspected, shall show and lend books/notes, documents related to the objects subject to taxes and allowing officers to enter the premises for the smooth conduct of examinations; g) in the event of disclosure of account(s) when there is an obligation to be kept confidential, the secrecy obligation should be removed by request for inspection purposes. The taxpayer is said to be obedient when he has met the criteria of carrying out his obligations such as registering himself to the tax office (KPP), calculating and deducting the tax correctly, submitting the tax return and paying the tax arrears.

### Tax Awareness

Awareness is a behavior or attitude towards an object that involves the assumption and feelings and the tendency to act in accordance with the object (Ritonga, 2011). Thus, it can be said that taxpayer awareness in paying taxes is a view or feeling that involves knowledge, belief, and reasoning with a tendency to act in accordance with the rules given by the system and the provisions off the tax (Utami and Cardinal, 2013). This tax awareness is not similar to obedience without being critical. The more people progress and the more government progresses, the higher is people awareness of tax. On the other hand, however, the more critical are the people. However, it does not mean they criticize the existence of tax as an instrument as before, but they are critical to the tax policies i.e. the tariff, subject and object expansion (Siat and Toli, 2013).

### Tax Knowledge

Tax knowledge is the process of changing the attitude and behavior of a taxpayer or a group of taxpayers in the effort of maturing people through the efforts of teaching and training. Knowledge of the tax laws of the society through formal and non formal education will have a positive impact on taxpayer's awareness to pay taxes. In the knowledge of taxation laws in the new tax system, taxpayers are given confidence to execute mutual national cooperation through the system of calculating, assessing, paying and reporting the tax payable himself or self assessment system.

With this system it is expected that taxpayers will understand the functions of tax payment. The understanding of taxpayers of tax regulations is the way of the taxpayers to understand the existing tax laws. Taxpayers who do

not understand the tax laws are clearly likely to become disobedient taxpayers. It is clear that the more taxpayers understand the tax regulations, the more taxpayers will understand the sanctions to be accepted when neglecting their tax obligations. The taxpayers who really understand will know the administrative sanctions and criminal related to the Letter of (Tax) Notification (SPT) and Tax ID Number (NPWP) (Julianti, 2014).

#### Willingness to Obey

Willingness is a strong desire in the heart to do something. Willingness or intention is an act that a person will do either positive or negative. In general, the taxpayers will act according to his heart's desire. Ajzen (1991) states that the more positive the individual beliefs of the result of an action and beliefs of other's normative hopes, and the greater the perceived control of a person, the stronger the intention of taxpayers in raising certain behavior.

#### Media Richness Theory

Media Richness Theory (MRT) was developed by Richard L. Daft and Robert H. Lengel (1984). This theory emphasizes the selection of appropriate communication media for the delivery of certain messages in order to avoid confusion. Based on MRT, communication media can be ranked and depicted continuously based on their ability to convey messages or information. The "richset" media is face to face, then the lower ones are audio visual, audio and text. Communication with face-to-face media will result in more comprehensive information and feedback audio-visual (video, television), audio (radio broadcast), and text (scrap, email, print

media and banner media). In addition MRT is also used to deal with uncertainty and obscurity. The "rich" media (ie direct face-to-face) is considered more appropriate to address equivocal situations that allow for the multi-interpretation of available information, while mediated media are used to reduce uncertainty (where the information is limited).

Daft and Lengel proposed four criteria for assessing media, namely immediacy, multiple cues, language variations, and personal sources. First, immediacy refers to the media's ability to provide information on a regular basis and enable rapid feedback. This criterion is very important for the communication process because the delay can cause important issues to be no longer appropriate. Second, diversity of cues refers to the ability to communicate messages through different approaches, such as body language, voice and intonation. Third, language variations indicate the ability of different words to improve understanding, ie variations in how to convey ideas and concepts through language symbols. Fourth, personal resources focus on the ability to show feelings and emotions. This personal source is important in order to deliver the message to the end user.

Richness Theory media is built on the assumption that the increased "wealth" of a media is related to social or physical presence. Although the media's ability to support multiple communication processes in the face-to-face context is important, there are dimensions to other media that are also worth taking into account, especially computer-facilitated communication innovations (eg email, voicemail and video conferencing) available after MRT emergence. Actually this is not a significant problem because the new electronic, audio, and video media are also compatible with the existing MRT framework. Some of these new media offer special capabilities not encountered on previous nonelectronic media and are able to provide more effective support for a more specific communication process than what has been suggested in the previous MRT. To take into account the growing potential of modern communications technology, Lodhia (2006) then adds other criteria for assessing the richness of this medium, namely multiple addressability, externally recordable, computer processable memory, and concurrency. The diversity of recipients refers to the ability to deliver messages simultaneously to multiple users. The external recording criteria are related to the media's ability to provide communications recording, including the ability to document (also modify) the communication process. Computerized computer memory means that information can be organized and managed electronically, for example, it can be obtained through the searching process. The last criterion, namely concurrency refers to the ability of the media to facilitate interaction between multiple users simultaneously.

#### Attribution Theory

Individual perception of making judgments about others is strongly influenced by both the internal and external factors of the individual. Attribution theory is very relevant to explain the purpose. Attribution theory basically states that when individuals observe a person's behavior, they try to determine whether the behavior is caused by internal or external influences. Internally induced behavior is a behavior that is believed to be under the personal control of the individual itself, whereas the behavior that is externally caused is the behavior that is influenced from the outside. It means that the individual will be forced to behave because of the demands of the situation or the environment.

The relevance of attribution theory with this research is that a person is influenced by internal and external factors in determining obedient or non-compliant behavior in fulfilling his tax obligations. Internal factors that affect taxpayer compliance in paying taxes include: knowledge and understanding of taxpayers about tax laws, and awareness of paying taxes. Meanwhile, external factors that affect taxpayer compliance in paying taxes include tax policy, communication strategy and tax socialization.

**Social Learning Theory**

Social learning theory states that people can learn through direct observation and experience. Social learning theory assumes that behavior is a function of consequence and this theory also recognizes the existence of learning through observation and the importance of perception in learning. Individuals respond to how they perceive and define consequences, not on the objective consequences themselves. Four processes to determine the effect of a model on an individual (Robbins and Judges, 2013) are: first, the process of attention. Individuals learn from a model only when they recognize and devote attention to its key features. Second, the storage process. It is the process of remembering the action of a model after the model no longer exists. Third, motor reproduction. It is the process of turning observations into actions. The process of motor reproduction indicates that the individual can perform the activities exemplified by the model. Fourth, the reinforcement process. It is the process by which individuals will be motivated to display behaviors exemplified by model if positive incentives or rewards are provided (Robbins and Judges, 2013).

This theory of social learning is relevant to explain the behavior of the taxpayer in fulfilling his tax obligations. Someone will be obedient to pay taxes on time through direct observation and experience. Tax managers (DGT) can provide precise and clear information about tax policies.

**Research Hypothesis**

- H1a: Effective communication strategy has a significant positive effect on taxpayer awareness H1b: Effective socialization strategy has a significant positive effect on taxpayer awareness
- H1c: Tax knowledge has a significant positive effect on taxpayer awareness
- H2a: Effective communication strategies have a significant positive effect on the willingness to obey
- H2b: Effective socialization strategies have a significant positive effect on the willingness to obey
- H2c: Tax knowledge has a significant positive effect on the willingness to obey
- H3a: Effective communication strategy has a significant positive effect on tax compliance H3b: Effective socialization strategy has a significant positive effect on tax compliance H3c: Tax knowledge has a significant positive effect on tax compliance
- H4: Tax awareness has a significant positive effect on tax compliance
- H5: The desire to obey has a significant positive effect on tax compliance

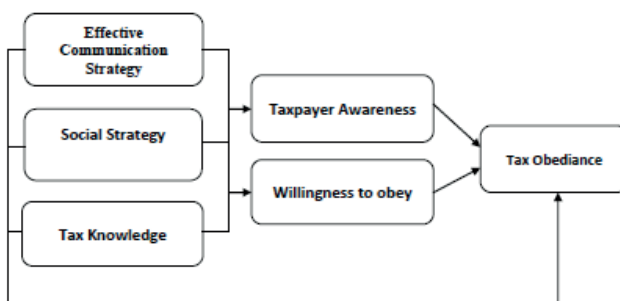


Figure 1. Interrelated Relationship Model

Research methods

Research Sample

Sampling method used is purposive sampling, that is the selection of respondents by using certain criteria to fit

the research objectives. Respondents of this study are taxpayers in the area of Banyumas Residency of Central Java which includes Banyumas, Cilacap, Kebumen and Purbalingga. Criteria of respondents are taxpayers who already have a minimum Tax ID Number (NPWP) period of three years. Taxpayers with these criteria are considered to have surveyed their tax compliance, attitudes and behaviors and the effectiveness of communication and socialization strategies undertaken by local tax managers can be observed. Other criterion of respondent is taxpayer doing private business. This criterion is used because tax compliance is still an important issue for entrepreneurs.

#### Data Collection Method

This research was conducted by using survey research design and questionnaire as its instruments. The surveys were conducted in the Banyumas Residency area especially in Banyumas, Cilacap, Kebumen and Purbalingga. Questionnaires were given to selected respondents to be filled in and handed back to surveyors. The questionnaire contains a variety of statements that are closed and open. Closed statements consist of various statements about the taxpayer's perception of the effectiveness of communication and socialization strategies, tax awareness, tax knowledge, willingness to obey and tax compliance. In addition, the questionnaire also provides an open statements to accommodate respondents' opinions that are not covered in a closed statements.

#### Measurement of Variables

This study consists of five independent variables and one dependent variable. The independent variables consist of perceptions of the effectiveness of communication strategies (measured by 9 statement indicators) and socialization (measured by 8 statement indicators), taxpayer awareness (measured by 6 statement indicators), tax knowledge (measured by 9 statement indicators), and willingness to obey (measured by 7 statement indicators). Dependent variable used is tax compliance. Measurement of variables was done using instruments that have been done in previous research with some modifications tailored to the research setting. The scale used to measure the various variables is the Likert scale 5.

#### Analytical Tools

There are several analytical tools used in this study. Each analytical tool has its own purpose. The analytical tools used are descriptive statistics, validity and reliability test and the relationship between variables with multiple regression.

#### Descriptive Statistics

Descriptive statistics consists of the maximum, minimum, average and standard deviations scores of the respondents' answers to the completed questionnaires. The results of descriptive statistics were used to determine the levels of taxpayer perceptions of the effectiveness of communication strategies and socialization, and the levels of taxpayer desire to obey and the level of taxpayer compliance.

#### Validity and Reliability Tests

Validity and reliability tests are performed to test the instrument (questionnaire) used. The validity test is performed to test the suitability of the research instrument (question or statement items) with the constructs / variables to be measured (Sekaran, 2003). Instruments are declared valid if the indicator used truly represents the construct to be measured. If the instrument is declared valid means the measuring instrument used in the research is appropriate. The validity test used in this research is Confirmatory Factor Analysis (CFA). The size of the validity level of an indicator is expressed by the loading factor scores. Hair et al. (2010) states that an indicator is valid if it has a loading factor score of 0.5 or more and is very good when 0.7 or more. However, due to hypothesis testing using SEM, the validity test can be performed at the time of measurement of model testing which is a form of confirmatory factor analysis. In addition, to ensure that between the constructs are different from each other, then the discriminant validity was also tested.

Reliability test is performed to test the consistency of research instruments. A measuring instrument is reliable or reliable when producing consistent measurements under different conditions (Sekaran, 2006). Reliable means that with the same measuring instrument, and the same symptoms, but under different conditions and situations, measurements show consistent results. The reliability of the construct is assessed by calculating the instrument reliability index used (composite reliability) of the SEM model analyzed. Standard Loading is obtained directly from standardized loading for each indicator that is the value of lambda generated by each indicator. The limit value used to assess an acceptable level of reliability is 0.7.

## Hypothesis Testing

The influence among variables was tested by using multiple regression analysis. There are several steps to test the influence among these variables: first, testing the influence of demographic variables on tax compliance. Second, examining the effect of effective communication strategy, socialization strategy and tax knowledge on tax awareness. Third, examining the effect of effective communication strategies, socialization strategies and tax knowledge on willingness to obey. Fourth, testing the effect of effective communication strategy, socialization strategy and tax knowledge on tax compliance. Fifth, testing the consciousness of the taxpayer and the desire to comply with tax compliance.

## Research Result

### Result of Data Collection and Profile of Respondents

Respondents of this research are taxpayers of SME entrepreneurs in four areas, namely Banyumas, Purbalingga, Kebumen and Cilacap. The distribution of questionnaires was conducted in UMKM centers running their business. The total number of questionnaires distributed was 120 copies (each of 30 copies). The number of return questionnaires that can be used for data analysis is 75 copies coming from the four regions or 62.5 percent.

Table 1. Results of Questionnaire Distribution

Questionnaire	Number	Percentage
Distributed	120 copies	
Return and Used	75 copies	62,50 %
Banyumas Regency	20 copies	16,67 %
Purbalingga Regency	20 copies	16, 67 %
Kebumen Regency	15 copies	12,50 %
Cilacap Regency	20 copies	16,67 %

Table 2. Descriptive Statistics

Item	Frequency	Percentage/ average	Deviation Standard
Sex:			
Male	50	66.7 %	
Female	25	33.3 %	
Type of Business:			
Trading	67	89.3 %	
Services	8	10.7 %	
Education:			
High School	49	65.5 %	
Diploma	5	6.7 %	
Bachelor	20	26.7 %	
Master	1	1.3 %	
UMKM Training			
Ever	70	93.3 %	
Never	5	6.7 %	
Socialization			
Ever	66	88 %	
Never	8	12 %	
Business Period	10.15		
Tax ID Number Period	6.55		
Research Variables:			
CommunicationStrategy		3.09	0.645
SocializationStrategy		2.38	0.684
Tax Knowledge		3.05	0.659
Tax awareness		3.56	0.569

Tax Willingness	3.72	0.667
Tax Obediance	3.27	0.671

Total respondents = 75

### Descriptive Statistics

Descriptive statistics contains data characteristics obtained including the frequency or presentation of demographic factors, the mean values of each variable and the standard deviation. Table 2 shows descriptive statistics that was processed before the validity and reliability test. The highest number of respondents is male that is 50 people and the rest are women of 25 people. Respondent business type is dominated by trading that is 89.3 percent while the rest is the service sector that is 10.7 percent. Most respondent's education is high school and bachelor degree. As many as 93.3 percent of respondents had never attended UMKM training and 88 percent had never followed the tax dissemination program. The average length of the business that have been carried out by the respondents is 10 years and holding the Tax ID Number (NPWP) for 6.5 years.

Table 2 also shows the average scores on each of the research variables that show respondents' perceptions of communication strategies, socialization strategies, tax knowledge, tax awareness, compliance and tax compliance. The average effective communication strategy score is 3.09 on a scale of 1 to 5. That is, respondents' perceptions of communication strategies run by tax managers at intermediate level are neither high nor low. The average score of effective socialization strategy is 2.38 on a scale of 1 to 5. That is, respondents' perceptions of the socialization strategies run by tax managers are at low levels. This shows that the socialization strategy has not been effective in accordance with the respondent's perceptions. The average score of tax knowledge, tax awareness, obedience and tax awareness are all above average on a scale of 1 to 5. Taxation awareness and willingness to obey have higher scores than other variables. This shows that respondents actually have the desire to comply with taxes and are aware of the importance of taxation. The respondents' tax knowledge scores are not high (only moderate). This is in line with the low score of tax dissemination strategy conducted on UMKM entrepreneurs.

### Instrument Validity and Reliability Test Results

Table 3 shows a summary of the validity and reliability test results. The result of validity test shows that the instrument used in this research is correct and reliable to measure the research variables. Only valid indicator items were used for subsequent data analysis that is hypothesis testing (relationships between variables).

Table 3. Validity and Reliability Test Results

No	Variables	Item	Cronbach Alpha
1.	Communication Strategy	8 items	0,850
2.	Socialization Strategy	7 items	0,847
3.	Tax Knowledge	9 items	0,859
4.	Tax Awareness	3 items	0,674
5.	Willingness to Obey	4 items	0,885
6.	Tax Obediance	5 items	0,891

Table 4. The Influence of Demographic Factors On Dependent Variables

Variables	Tax Awareness	Willingness To Obey	Tax Obedience
Business Type	(β)	(β)	(β)
	-0,115ts	-0,115ts	-0,115ts
Period of Business	0,264**	0,264**	0,264**
Period of Holding NPWP	-0,114ts	-0,114ts	-0,114ts
Sex	-0,055ts	-0,055ts	-0,055ts
Age	0,012ts	0,012ts	0,012ts
Education	0,090ts	0,090ts	0,090ts
UMKM Training	0,204ts	0,204ts	-0,020ts
Tax Socialization	-0,199ts	-0,199ts	0,168ts



$\beta$  = regression coefficient; \* $p < 0.05$ , \*\* $p < 0.1$ ; ns = not significant

### Hypothesis Test Results and Research Model

Hypothesis testing is done by using multiple regression analysis. Table 4 shows the summary of hypothesis test results to test the effect of demographic variables on the three dependent variables. The first stage of hypothesis testing is to examine the effect of demographic variables on the dependent variable consisting of tax awareness, obedience and tax compliance. The result of regression test showed that the business type had a significant negative effect on tax compliance ( $\beta=0.201$ ;  $p<0.05$ ), the length of business had a significant positive effect to the tax awareness ( $\beta= 0.264$ ;  $p<0.1$ ) and the willingness to obey ( $\beta= 0.360$ ;  $p<0.05$ ). Duration of holding NPWP has a significant positive effect on tax compliance ( $\beta= 0.269$ ;  $p<0.1$ ). The participation of tax socialization has a significant positive effect on tax compliance ( $\beta=0.245$ ;  $p<0.05$ ).

Table 5 shows a summary of hypothesis test results of independent variables to the dependent variable which is the second to fifth stage testing. The second stage is testing hypothesis 1a, 1b and 1c. The result of regression analysis shows that communication strategy ( $\beta=0.190$ ;  $p>0.05$ ) and socialization strategy ( $\beta=0.044$ ;  $p>0.05$ ) have no significant effect to tax awareness, while tax knowledge positive significant effect on tax awareness ( $\beta=0.401$ ;  $p<0.05$ ). That is, hypotheses 1a and 1b are not supported whereas hypothesis 1c is supported.

Table 5. Hypothesis Test Results

Variables	VariablesTax Awareness ( $\beta$ )	Willingness to Obey ( $\beta$ )	Tax Obediance ( $\beta$ )
Communication Strategy	0.190ts	+0.346*	0.461*
Socialization Strategy	-0.044ts	-0.032ts	0.058ts
Tax Knowledge	+0.401*	+0.274*	0.360*
Tax Awareness	-	-	0.516*
Willingness to Obey	-	-	0.399*

$\beta$  = regression coefficient; \* $p < 0.05$ , \*\* $p < 0.1$ ; ns = not significant

The third stage is testing hypothesis 2a, 2b and 2c. The result of regression analysis showed that communication strategy had a significant positive effect on willingness to obey ( $\beta= 0.346$ ;  $p<0.05$ ); socialization strategy did not have significant effect to desire to obey ( $\beta=-0.032$ ;  $p>0.05$ ), and tax knowledge had a significant positive effect on the desire to comply ( $\beta= 0.274$ ;  $p<0.05$ ). That is, hypotheses 2a and 2c are supported while hypothesis 2b is not supported. The fourth stage is testing hypothesis 3a, 3b and 3c. The result of regression analysis showed that communication strategy had a significant positive effect on tax compliance ( $\beta=0.461$ ;  $p<0.05$ ). Socialization strategy had no significant effect on tax compliance ( $\beta= 0.058$ ;  $p>0.05$ ), and taxknowledge is significantly positive to tax compliance ( $\beta= 0.360$ ;  $p<0.05$ ). That is, hypotheses 3a and 3c are supported whereas hypothesis 3b is not supported. The fifth stage is the testing of hypotheses 4 and 5. The result of regression analysis shows that the consciousness of the taxpayer ( $\beta=0.516$ ;  $p<0.05$ ) and the willingness to obey ( $\beta=0.399$ ;  $p<0.05$ ) have a significant positive effect to mandatory compliance. That is, hypotheses 4 and 5 are supported. Figure 2 shows the visualization of hypothesis test results based on the regression analysis summarized in table 5.

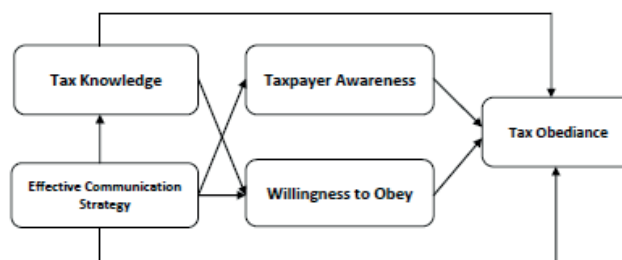


Figure 2. Interrelated Relationship Model After Hypothesis Testing

## Discussion

The results showed that tax compliance in Banyumas residency area was determined by several important variables, namely: taxpayer awareness, willingness to obey, tax knowledge and effective communication strategy. Effective communication strategies undertaken by tax managers play an important role because these variables do not only determine tax compliance directly, but also the tax knowledge, awareness of taxpayers and the desire of taxpayers to be obedient.

An effective communication strategy is characterized by several indicators including: the continuity of the information provided, the use of various print media, the delivery of information through the socialization program, the information provided to the community is accurate and relevant, the information is provided in accordance with the need, and the information provided is complete and easy to understand. If an effective communication strategy meets these indicators, it will produce positive consequences in the form of increasing the tax knowledge of the UMKM taxpayers, raising the awareness of taxpayers and taxpayer compliance.

Tax knowledge owned by the taxpayer itself will trigger taxpayer awareness and tax compliance. A knowledgeable taxpayer means he understands tax matters including the rights and obligations of the taxpayer, taxable and non-taxable incomes, proposing and making Tax ID Number (TIN), calculating, reporting and payment of taxes in accordance with applicable rules, tax penalties, and tax arrears settlement procedures. Someone who understands various things about taxation will not feel worried and afraid associated with the tax because he already knows the rules and procedures. Therefore, taxpayers who understand about taxation will easily run the tax procedure. This convenience will then trigger taxpayer compliance. Understanding of rules, procedures and calculations will make the entrepreneurs of UMKM confident in carrying out tax obligations. Based on richness theory (MRT) media, rich communication media including voice, messaging and video components will be able to convey information more fully than print or audio. Communications strategies will be effective and have a positive impact on taxpayers' awareness and compliance when the information is conveyed using "rich" media, thus meeting the criteria of accurate, complete and easily understood information. Accurate, complete and easy to understand information, of course, will improve one's knowledge. That is, tax managers should be careful in designing strategies and communication media used as this will determine the level of taxpayer knowledge. The selection of appropriate media will determine the level of taxpayer's knowledge.

On the other hand, the relevance of attribution theory with the results of this study is that a person in determining obedient or non-compliant behavior in fulfilling his tax obligations is influenced by internal and external factors. Internal factors that affect taxpayer compliance in paying taxes include: knowledge and understanding of taxpayers about tax laws, and awareness of paying taxes. Meanwhile, external factors that affect taxpayer compliance in paying taxes include tax policy, communication strategy and socialization taxation. Communication strategy itself is actually very decisive knowledge of taxes which will then have a positive impact on awareness, the desire to be obedient and taxpayer compliance. Tax manager is an external factor that can push internal factor of taxpayer through effective communication strategy. On the other hand, the results of this study indicate that the socialization strategy undertaken by tax managers has no significant influence to increase tax knowledge, tax awareness and tax compliance. This happens because socialization merely conveys information in general so it can not provide accurate, complete and easy to understand information. Finally, the understanding of taxes does not increase which in turn has no impact on tax awareness and compliance. Socialization by using printed and electronic media is usually one way and can not guarantee the understanding of the targeted party. Based on social learning theory, the target of socialization can not receive complete and comprehensive information because of its one-way nature. The result is an inadequate understanding of taxation because people only know and have no significant impact on tax awareness and compliance.

## Conclusion

The main purpose of this study is to produce compliance model of taxpayers so that it can be used as the basis of policy to increase local tax revenue. The result of hypothesis testing shows that taxpayer compliance is determined by tax awareness, willingness to obey, and tax knowledge. The important result of this study is the positive impact of effective communication strategies undertaken by tax managers. Such communication strategies can trigger tax knowledge which then has a positive

impact on tax awareness, the desire to comply and ultimately taxpayer compliance. The results of the research specifically show some conclusions as follows: First, the respondents used in the research are UMKM entrepreneurs because they have a significant contribution on the development of regional economic growth. Secondly, the respondents' perceptions of communications strategies conducted by tax managers tend to be moderate or not too high, while respondents' perceptions of socialization strategies tend to be low. Thirdly, the taxpayers in the ex-residency of Banyumas (in this case the entrepreneurs of UMKM) have dutiful wishes and high tax awareness. They just do not have enough knowledge of taxation. Fourth, hypothesis test results show that communication strategy has a significant positive effect on the desire to obey and tax compliance, while the socialization strategy has no significant effect on tax awareness, the desire to comply and tax compliance. Fifth, tax knowledge plays an important role because it has a significant and positive impact on tax awareness, the desire to obey and tax compliance. Tax knowledge itself is determined by an effective communication strategy. Taxpayer awareness and willingness to obey have a significant positive effect on tax compliance.

Based on the results of the study, effective communication strategies play an important role to improve taxpayer compliance. In addition, an effective communication strategy will also increase tax knowledge, tax awareness and trigger a desire of the taxpayers to obey. Therefore, some recommendations are related to the development of effective communication strategies to convey various tax information and policies to taxpayers are as follows: First, the delivery of tax information to taxpayers should be done continuously and not just incidental. Second, the use of print media such as brochures, newspapers and pamphlets to convey information should be more intensive and informative. Third, the socialization program should consider the targetted taxpayers because the taxpayers have different characteristics. Fourth, the delivery of information about taxation should consider the accuracy, completeness and relevance with taxpayers who are the targets of receiving information. Fifth, the information submitted to the taxpayers should consider the needs of taxpayers so that it can be more focused and intensive.

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