The Influence of The Tax Audit and Simplification of the Tax Return to Tax Planning and Tax Compliance of The Tax Payer in Jakarta

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THE INFLUENCE OF THE TAX AUDIT AND SIMPLIFICATION OF THE TAX RETURN TO TAX PLANNING AND TAX COMPLIANCE OF TAX PAYER IN JAKARTA

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Abstract:

This research aims to examine the influence of the tax audit and the simplification of tax return to the tax planning and the tax compliance of tax payer's in Indonesia. By path analysis and linear regressi with using SPSS 18 combined to LISREL 8.5, this study analiyze the questionnaire of primary data from 114 respondents. The result showed that. (1) The tax audit has positive influence amounting 8% and no significance to the tax planning but the simplification of tax return has positive influence amounting 43% and significance to the tax planning; (2) The tax audit and the tax planning have negative and significance influence amounting to -24% and -25% against the tax compliance; (3) The simplification of the tax return has negative and no significance influence amounting -18% against the tax compliance; (4) The first structural equation explained that the tax audit and the simplification of tax return variables are significance at α = 5 % against the tax payment; (5) The second structural equation also showed that the tax audit, the simplification of tax return, and tax planning variables are significance at α = 5% against the tax compliance. It can be concluded that the tax compliance is influenced by the tax audit and the tax planning.

Keywords: tax audit, simplification of tax return, tax planning, tax compliance, path analysis

INTRODUCTION

Tax compliance is still low is a problem faced by Indonesia since the reversal of the tax system of self assessment system became official in 1983. This is according to data from the Ministry of Finance (Kompas, May 22, 2013) which says that tax revenues actually still have a greater potential. But because of the lack of it causes a potential tax data

in a number of sectors that have not netted the fullest. Of the approximately 60 million who earn above tax payer individu taxable income is only about 25 million new tax payer paying taxes. Meanwhile, from about 5 million tax payer profit entity that has a new, approximately 520 thousand business entities that pay taxes.

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Tax payer voluntary compliance is a critical success factor for taxation. Andreoni, et al (1998) indicates that the non-compliance of society to pay taxes is a major problem in the self-assessment tax system. It takes law enforcement (tax enforcement) with the imposition of taxation lawful by the government to detect non-compliance can cause multiple effects so that people will obey voluntarily.

Research conducted by Palil and Mustapha (2011) in Malaysia indicate that the tax payer knowledge against the Tax Act is a major determinant influencing the compliance of the tax payer. The Internal Revenue Service (IRS) in 2009 defines compliance tax payer is the ability and willingness to pay tax voluntarily adhere to law, according to the income actually reported every year and paid taxes on time.

The formulation of factors affecting tax compliance by Kirchler (2007) consists of 4 main categories:

1. Economic factors, namely:
   a) Tax rate
   b) Tax audit
   c) Perceptions of government expenditures
2. Institutional factors, namely:
   a) Policy setting by the tax authorities of a country
   b) The simplification of the tax return
   c) Possible detected by the tax administration
3. Social factors, namely:
   a) Ethics and behavior
   b) The perception of fairness and fairness
   c) The effect of the allocation of political and government policy changes
   d) Effect of interested parties (referent groups)
4. Individual factors, namely:
   a) the financial ability of the individual/ society tax payer
   b) Awareness of the violation and penalty taxes

The research conducted by Palil and Mustapha (2011) to 588 female and 483 male respondents over the tax payer in Malaysia on factors of the independent variables that affect to the tax compliance, namely:

1. Probability audited by the tax authorities (significantly and positively affect compliance tax payer)
2. Perception of government spending (significant and positive impact on compliance tax payer)
3. Financial limitations of the tax payer (significantly and negatively affect compliance

tax payer)

4. The influence of the group determinant/ referent group (significantly and positively influence compliance tax payer)

5. The perception of fairness and fairness
6. Imposition of fines and the level of enforcement
7. Changes to current government policy
8. Government authority on tax policy
9. Factors tax knowledge

} not significant

In accordance with the conditions and the relevance of the implementation of the tax system is based on self-assessment in Indonesia, this study emphasizes the influence of tax audits, the simplification of the tax return to tax compliance are moderated by tax planning. Formulation the research the problem in the framework of the research is as follows:

1) Is tax audit directly affects to compliance tax payer.
2) Is tax audit directly affects to tax planning.
3) Is the effect of tax audit to compliance tax payer through tax planning.
4) Do the simplification of tax return directly affect to compliance tax payer.
5) Do the simplification of tax return directly affect to tax planning.
6) Do the effect of the simplification of tax return to compliance tax payer through tax planning.
7) Is tax planning directly affects to compliance tax payer.
8) Are tax audit and the simplification of tax return with tax planning as an intervening variable affect to compliance tax payer.

Based on the formulation of the problem, the purpose of this study was to:

1. To know the direct influence of tax audits to compliance tax payer;
2. To know the direct influence of tax audits to the tax planning;
3. To know the influence of tax audits to compliance tax payer through tax planning;
4. To know the direct influence of the simplification of tax return to compliance tax payer;
5. To know the direct influence of the simplification of tax return to tax planning;
6. To know the influence of the simplification of tax return to compliance tax payer through tax planning;
7. To know the direct influence of tax planning to compliance tax payer;
8. To know the influence of tax audits and the simplification of tax return with tax planning as an intervening variable to compliance tax payer.

LITERATURE STUDIES

The compliance of the tax payer is already a problem that arises from the presence of the tax laws. Andreoni, et al (1998) suppres the need for interaction patterns between the tax payer and the tax authorities. As bearers of power, seeking to maximize the tax authorities that the tax payer should pay tax according to the reporting and tax collection by the government properly. Consequently the tax payers are expected to comply voluntarily in fulfillment of tax obligations.

The self-assessment tax system requires that the compliance efforts for tax payer

where tax payer is to understand the tax system and the tax procedures, the ability of tax payer to understand the tax system itself, aware of the tax obligations that must be followed.

The grand theory underlying this study is the theory of motivation. The compliance behavior of people to doing or not of the activities in accordance with the applicable rules of law. While compliance to the tax regulations in implemention of the self-assessment systems is the behavior of tax payer in meeting their tax obligations in accordance with the tax law.

Treatment tax payer is strongly influenced by the taxpayer motivation to encourage and to induce the direct of the peoples behavior it self. The relationship between motivation and the tax payer behavior of the provision of the Tax Law can be reviewed independently by the studying structure of content theory and the assessment process theory.

According to the content theory approach, as proposed by Cherrington (1995:132-134), the self compliance of people is determined by factors such as interests or needs inherent in a person. These capable factors are directing, maintaining and stopping the behavior. The amount of tax to be paid voluntarily is that not violate the provisions of the tax law and not burdensome economic impact the tax payer.

While the process theory approach explains that a person's behavior in paying taxes is influenced by the regulations set by the government that can make people to be accommodated. On one side there is a climate that allows the tax payer motivated to comply with their tax obligations. On the other hand the government made a provision of taxation rules that apply sanctions in accordance with the principles of justice and the objectives to be achieved by tax policy.

Togler (2002) findings from experiments on tax payer compliance, it turns out the existence of a more intensive level of audit performed by the tax authorities will increase the tax payer compliance.

According to research conducted by Beron, et al (1988) concluded that the tax audit can improve the tax payer compliance becomes higher. Indirect effect of tax audits more measured in payment of withholding tax of employee who has income at the secondary level. Enforcement of rules to follow-up the results of the examination by the tax authorities can significantly improve tax payer compliance.

According to Mitton (2009) explained that the government's strategy to improve adherence tax payer compliance based on the findings and the imposition of sanctions, only a starting point and not the final destination. Improved tax payer requires approaches from various aspects that can motivate the tax payer behavioral to perform and reponsible to tax obligations.

Some of the strategies that can be taken by the government for the success of tax payer compliance are:

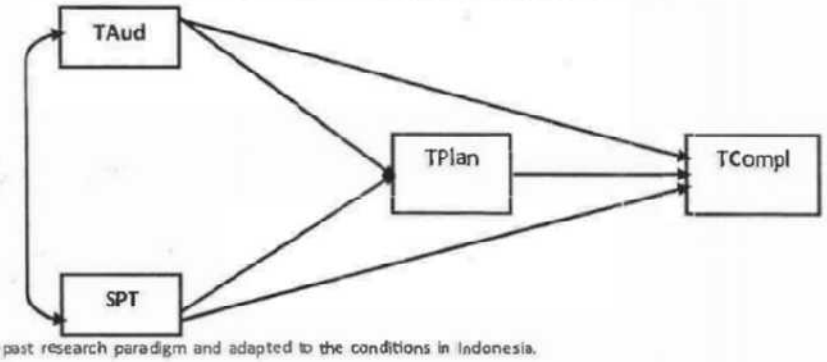
a. Give confidence to the public and emphasized to avoid actions that lead to non-compliance tax payer.
b. To simplify the form of individual income tax returns, especially returns so as to enhance adherence tax payer compliance independently.
c. To stir up public education to promote voluntary compliance with the continuously.

The tax payer compliance is critical of the results of a study conducted by Palil and Mustapha (2011), in promoting voluntary of the tax payer compliance. Emphasized that tax audit is to test the determinant factor that is based on self-assessment tax system is doing well. The research conducted by Yulianto (2009) to the individual tax payer in Lampung indicates that the maximum confidence given by the Government for the tax payer has not yet to improve compliance in paying taxes. Should be intensified optimization organization, the systems and values and attached to tax payer.

Research on the corporate tax compliance conducted by Mustikasari (2007), show that the tax professionals who are staff of the company, has a strong moral stance and affect the adherence to the implementation of the Tax Law. Persuasive action is required of the Government as to the tax payer obedient award, in the business of licensing facilities so as to improve the voluntary compliance of the tax payer. It was concluded that the government in this case the tax authority must reduce direct contact to the tax payer and implementing computer-based tax system, as well as an increase in the role of tax consultants to assist the tax payers in implementing the Tax Law.

Empirical studies conducted by Yaniv (1998) on the relationship between tax compliance and payment system/ prepaid tax installments throughout the system indicates that if prepaid tax installments guarantee that taxpayers get a refund, when it claimed at the tax return, then this may reduce the incidence of potential non-compliance tax payer. Researchers suggest that the system of payment of advance tax is an effective strategy to enforce rules that result in increased compliance in filling tax return of tax payer. This system also gives certainty to increase honesty to tax payer thereby can reduce the cost of allocation in detecting tax evasion committed by taxpayer.

Figure2.1 The Conceptual framework of research



Source: past research paradigm and adapted to the conditions in Indonesia.

Based on the conceptual of framework developed from the identification of problems and adapted to the purpose of the study, herewith the hypothesis developing or answer obtained while following:

H1: The tax audit directly affect to the tax payer compliance.
H2: The tax audit directly affect to the tax planning.
H3: The tax audit indirectly affect to the tax payer compliance through tax planning.
H4: The simplification of tax return directly affect to the tax payer compliance.
H5: The simplification of tax return directly affect to the tax planning.

H6: The simplification of tax return indirectly affect to the tax payer compliance through tax planning.
H7: The tax planning directly affect to the tax payer compliance.
H8: The tax audit and the simplification of tax return with tax planning as an intervening variable affect to the tax payer compliance.

RESEARCH METHODOLOGY

The method used in this study is a survey method with the causal approach (Sandjojo, 2011: 64). In connection with the study of the relationship between several causal exogenous variables on the endogenous variables model were analyzed using with path analysis with helping of a software program LISREL 8.5. Testing adapted to the nature of the data, especially primary data that is a reflection of the condition of the relevant circumstances in Indonesia.

The population is a lecturer of the Faculty of Economics, Tarumanagara University in Jakarta. The act of determining of sampling based on consideration of the ease of implementation of the primary data collection using purposive sampling method.

The sample size criteria that appropriate to the population to use in the testing approach by Ferdinand (2005:331) that is 10 to 25 times the number of independent variables. Because using of chi square criterian are vulnerable to the number of samples, then the alternative sampling ranged betweens 100-200. Based on operational considerations questionnaire research that has been deployed as many as 180 pieces. However, only 150 questionnaires were returned by the respondents. After fulfilling the criteria of validity and reliability of the questionnaire is as much as 114 questionnaires meet the criteria.

The instrument primary data collection was a closed questionnaire. In each question the alternative answers to each question are provided as many as seven weighting score that can be measured according to the Likert scale adapted to the ordinal scale as proposed by Ferdinand (2005:214) proposed that the technique can be used to measure the ordinal data that based on the weighted scale.

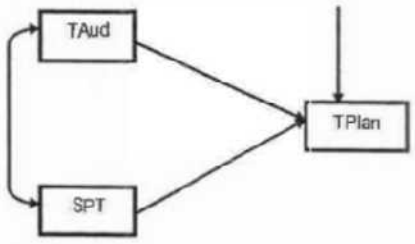
So that the data can be analyzed statistically the ordinal data must be transformed into interval data using the method of successive intervals (MSI). After the data is transformed, the scale has become an interval scale, meaning that data can be used in the path analysis model (path analysis). Analyzing of the data using path analysis with LISREL 8.5 can be provide estimates of the level of importance and significance of the causal relationship of exogenous and endogenous variables.

Operationalization of the research variables are as follows:

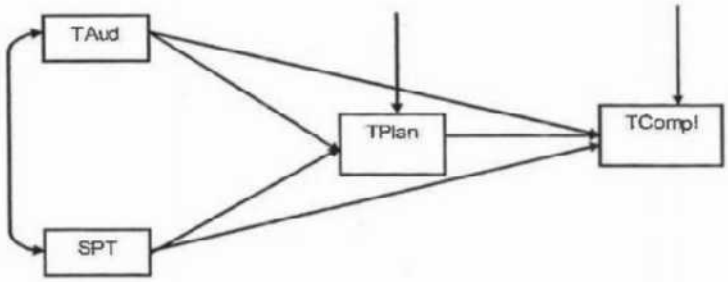
No	Variable	The concept of variable	Indicator	Scale
		Exegenous		
1	Tax audit (TAud) Dubin, 2004	The tax law enforcement action to verify the level of tax payer compliance.	• The efforts to increase the tax payer voluntary compliance. • The intensity of tax audits. • The efforts to change negative behavior into positive of tax payer in the paymentsof the tax. • The obligation of accounting and book keeping correctly.	Ordinal
2	The simplification of tax return (SPT) Palil and Mustapha, 2011	The form used by the tax payer to report of the tax object or not and payment of tax, or assets and liabilities in accordance with the provisions of the tax law	• Education and knowledge in submiting of the tax return. • Easy and simplification in filling tax return. • The subsequent of tax elucidation and socialization of the tax officials.	Ordinal
		Endogenous		
1	Perencanaan Pajak (TPlan) Hoffman, 1961	The action of the tax payer for not paying taxes in accordance with the provisions of tax law.	• Avoiding paying tax legally. • The level of tax knowledge to the provisions of the tax law. • Efforts to obtain tax savings through tax avoidance procedure systematically in accordance with the provisions of tax law.	Ordinal
2	Tax payer compliance (TCompl) Palil and Mustapha, 2011	The ability and willingness of the tax payers to report, to pay all kinds of taxes voluntarily to comply with tax law.	• Understanding the self assessment of tax law. • Comply with, report and pay taxes voluntarily. • Ability to accurately calculate, pay tax and report the tax to the tax office. • The requirement to pay taxes in accordance with the provisions of the tax law.	Ordinal

This research model is a structural equation model as described by Ferdinand (2005:329) with x1 and x2 are exogenous variables and y1 and y2 are endogenous variables. Using structural equation can be formulated as follows:

Equation 1 : TPlan = β1T.Aud + β2SPT + E1



Equation 2 : TCompl = β1TAud + β2SPT + β3TPlan + Ɛ2



where:

TAud = tax audit; SPT = the simplification of tax return; TPlan = tax planning; TCompl = compliance tax payer; β = exogenous and endogenous variables coefficients; Ɛ = error or regression residual value.

Hypothesis testing is performed in accordance with the exogenous and endogenous indicators that have been identified. The steps are as described in Gujarati (2003) and Ferdinand (2005:81) is:

The test of model assumptions as follow:

a. To test the validity of each of the questions that have scale interval variables, namely: tax audit, the simplification of tax return, tax planning and tax payer compliance by way of correlation score of item questionnaire with a total score. The correlation of each item with the total value of each variable is done by using the Pearson Product Moment correlation to determine which variables are valid or not. The results of the correlation compared with the correlation table for degree of freedom (df) = nk-1. Decision-making is done by comparing the value of r count with r table. Item statement as valid if the value is greater than the count r with r table.

b. To test the reliability of each question of the variables that have data interval scales, namely: tax audit, the simplification of tax return, tax planning and tax payer compliance, with a Cronbach's Alpha technique is measured based Alpha 0 to 5. If the value of Cronbach's Alpha > 0.6 then the item stated questions test can be done reliably and going further of the research.

c. To test the normality of the data, because the non-normal data can make the data be biased. (Ferdinand, 2005:332). The test of the normality data can be done through the Kolmogorov Smirnov test. The criteria are the data is not normally distributed if the probability value is lower than 5%. Processing of the data in this study conducted with the help of a computer using SPSS 18.

d. Perform the multicollinearity test: to determine whether there is a relationship (correlation) perfect or near perfect between the independent variables included in the model, namely a high correlation coefficient, or even one. To determine the presence or absence of symptoms of multicollinearity done by looking at the level of VIF (Variance Inflation Factor) through SPSS 18.If the tolerance value and VIF above 0.1 under 10, then the regression model is free of multicollinearity.

Testing of estimation model consists of:

1. Regression analysis models:
   - Test the hypotheses partially by using the t test. To test the hypothesis by compar-

ing the magnitude of the p-value and level of significant α = 0.05. Decision-making basis is as follows:

- If the p-value > α = 0.05 then H0 is accepted and Ha is rejected.
- If the p-value < α = 0.05 then H0 is rejected and Ha accepted.
- Test hypotheses simultaneously using the F test. If the number of research the results of significance < 0.05 then H0 is rejected and Ha accepted.

2. Test substructure according to structural equation 1 and 2 have been made. The criteria used to examine the correlations between exogenous variables corresponding Pearson correlation coefficient correlation criterion as in Sarwono (2007), namely:

Limit coefficient	Correlation
>0.75-1	The correlation is very strong
>0.5–0.75	Strong correlation
>0.25 –0.5	The correlation is strong enough
0–0.25	The correlation is very weak

Data processing to interpret the estimated model using LISREL 8.5 software and reflects the output hypothesis testing and substructure test.

RESULTS AND DISCUSSION

To test the validity of the questions used in the questionnaire research was conducted using analysis in SPSS 18. (table 4.1)

Table 4.1: The results of the validity test in interval scale variable

Variable	Item	R pearson product moment	R table	Discription
Tax audit	1	0.723	0.195	Valid
	2	0.682		Valid
	3	0.555		Valid
	4	0.641		Valid
	5	0.475		Valid
	6	0.659		Valid
	7	0.715		Valid
	8	0.577		Valid
	9	0.430		Valid
The simplification of tax return	1	0.598	0.195	Valid
	2	0.558		Valid
	3	0.763		Valid
	4	0.683		Valid
	5	0.564		Valid
	6	0.761		Valid
	7	0.757		Valid
	8	0.766		Valid
	9	0.508		Valid
	10	0.597		Valid
	11	0.663		Valid

Tax planning	1	0.690	0.195	Valid
	2	0.508		Valid
	3	0.494		Valid
	4	0.586		Valid
	5	0.418		Valid
	6	0.643		Valid
	7	0.495		Valid
	8	0.442		Valid
	9	0.659		Valid
	10	0.541		Valid
Tax payer compli-ance	1	0.599	0.195	Valid
	2	0.491		Valid
	3	0.564		Valid
	4	0.668		Valid
	5	0.444		Valid
	6	0.399		Valid
	7	0.695		Valid
	8	0.653		Valid
	9	0.569		Valid
	10	0.723		Valid

Source: Results of output of SPSS 18

The reliability testing of the research variables was done by using Cronbach's Alpha. The level of reliability with Cronbach's Alpha method was measured by alpha scale of 0 to 5. So the value of Cronbach's Alpha said to be reliable if the magnitude is greater than 0,600. Reliability test is done to the questions that have been declared invalid according to the results of testing the validity of the test. The test results show that all of the questions are reliable. The Cronbach's Alpha coefficient values ranged from 0.700 to 0.757 indicates that the question on all four variables of the tax audit, the simplification of tax return, tax planning and the tax payer compliance are reliable and give enough result to be used in testing of the research instrument. (table 4.2)

Table 4.2: Results of reliability analysis

Variable	Count	Table	Discription
tax audit	0.795	0.600	reliable
the simplification of tax return	0.865	0.600	reliable
tax planning	0.736	0.600	reliable
tax payer compliance	0.743	0.600	reliable

Source: Results of output of SPSS 18

In accordance with the data analyzing of testing performed classical assumption. Test results using the Kolmogorov Smirnov normality of 0.707 (Ferdinand, 2005:290) indicates that no data has abnormal distribution in the annex which is an SPSS 18 output for testing the normality of the data. Based on the table of one-sample Kolmogorov-Smirnov test in

th appendix can be seen that probability value of 0.699. Because the probability value is higher than 0.05. Then this indicates that the data follow a normal distribution pattern.

Tests ouput of multicollinearity results in attachment there is no multicollinearity among the exogenous variables. So that the data used in the studies are feasible for hypothesis testing because VIF values were under 10. This indicates that there is no multicollinearity on exogenous variables.

The test consists of a regression equation:

Equation 1 sub-structure

Sub-structure regression model 1 is:

TPlan = 0.067*TAud + 0.34*SPT, Errorvar. = 0.19, R^2 = 0.22

(0.081) (0.074) (0.025)

0.82 4.60 7.45

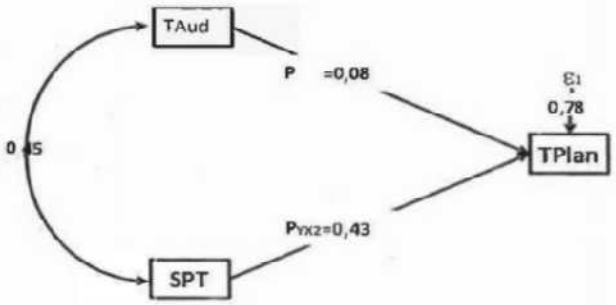


Table 4.3: Coefficient of sub-structure 1

Variable	Path coefficient	
tax audit	0,067	R^2=0,22
the simplification of tax return	0,34	

Based on the above table it can be concluded that together the two independent variables (tax audit and the simplification of tax return) give effect to tax planning by 22% (R2). While the remaining 78% are influenced by other factor than the two independent variables.

Partial hypothesis testing shows the following results:

H2: The tax audit directly affects to tax planning. From the results of calculation of the value of the path coefficient (βy1) of 0.0064 with tcount = 0.82 and ttable = 1.98. Since the value of tcount (0.82) < ttable (1.98) means that H2 is rejected, it is concluded that the tax audit has no direct influence on tax planning.

H5: The simplification of tax return directly affect to tax planning. The result of calculation shows that the value of the path coefficient (βY2) of 0.1849 with tcount = 4.60 and ttable = 1.98. Since the value of tcount (4.60) > ttable (1.98) means that H5 is accepted, it was concluded that the simplification of tax return directly affect to tax planning.

Table 4.4: Percentage Influence of Tax Audit and Tax Planning to the Simplification of tax return

Variable	Direct effect on tax planning	Indirect effect through		Total effect
		tax audit	the simplification of tax return	
Tax audit	0,64%	-	1,55%	2,19%
The simplification of tax return	18,49%	1,55%	-	20,04%

From the above table it can be seen that the direct effect of the tax audit to tax planning is equal to 0.08 x 0.08 x 100% = 0.64% and the indirect effect through the simplification of tax return is 0.08x0.45 x 0.43 x 100% = 1,548%. Therefore, the total effect is given of the tax audit to tax planning is equal to 2.188%. While the simplification of tax return directly influenced by the tax planning of 0.43 x 0.43 x 100% = 18.49% and the indirect effect through the tax audit is 0.43 x 0.45 x 0.08 x 100% = 1.548%. Thus the total effect of the simplification of tax return to tax planning is at 20.038%.

Equation 2 sub-structure

Sub-structure regression model 2 is:

TCompl = 0.38*TPlan + 0.23*T.Aud + 0.15*SPT,Errorvar.= 0.19,R^2=0.35

(0.095) (0.081) (0.080) (0.025)

4.05 2.81 1.89 7.45

Table 4.5 : Coefficient of sub-structure 2

Variable	Path coefficient	
tax audit	0,23	R^2=0,35
the simplification of tax return	0,15	
tax planning	0,38	

Based on the above table it can be concluded that the two independent variables together (tax audits, the simplification of tax return and tax planning) gives effect to the tax payer compliance by 35% (R2). While the remaining 65% are influenced by factors other than the three independent variables.

Partial hypothesis testing shows the following results:

H1: The tax audit directly affect to the tax payer compliance. The result of calculation shows that the value of the path coefficient (βZ1) of 0.0576 with tcount = 2.81 and ttable = 1.98. Since the value of tcount (2.81) > ttable (1.98) means that H1 is accepted, it was concluded that the tax audit directly affects the tax payer compliance. It supports research of Toggler (2002) that the intensity of tax audit will increase compliance of the tax payer to meet their tax obligations.

H3: The tax audit indirectly affect to the tax payer compliance through tax planning. The result of calculation shows that the value of the path coefficient of 0.03 with tcount = 0.81 and ttable = 1.98. Since the value of tcount (0.078) < ttable (1.98) means H3 is rejected, it is concluded that the tax audit has no effect indirectly to the tax payer compli-

ance through tax planning.

H4: The simplification of tax return directly affect to the tax payer compliance. The result of calculation shows that the value of the path coefficient (βZ2) of 0.0324 with tcount = 1.89 and ttable = 1.98. Since the value of tcount (1.89) < ttable (1.98) means that H4 is rejected, it is concluded that the simplicity of tax return has no direct influence on tax payer compliance.

H6: The simplification of tax return indirectly affect to the tax payer compliance through tax planning. The result of calculation shows that the value of the path coefficient of 0.13 with tcount = 3.04 and ttable = 1.98. Since the value of tcount (3.04) > ttable (1.98) means that H6 is accepted, it was concluded that the simplification of tax return indirectly affect tax payer compliance through tax planning.

H7: The tax planning directly affect to the tax payer compliance. The result of calculation shows that the value of the path coefficient (βYZ) of 0.1225 with tcount = 4.05 and ttable = 1.98. Since the value of tcount (4.05) > ttable (1.98) means H7 is accepted, it was concluded that the tax planning has direct effect of to tax payer compliance.

H8: The tax audit and the simplification of tax return with tax planning as an intervening variable affect to the tax payer compliance. Based on the test results indicated significant effect simultaneously with the calculated F value of 19.951 which can be viewed in the attachment is greater than the value of F table at 2.68 at α =0.05 and degrees of freedom db1= 3 and db2 (nk-1)= 114 it means H8 accepted; were able to conclude that the simplification of tax returns with tax planning as an intervening variable effect on tax payer compliance. The test results showed statistically the same as the formulation of hypotheses developed from previous empirical research.

Table 4.6: Percentage effect of tax audit, tax planning, the simplification of tax return and tax payer compliance

Variable	Direct effect on tax payer compliance	Indirect effect through			Total effect
		tax audit	the simplification of tax return	tax planning	
Tax audit	5,76%	-	1,16 %	0,48%	7,40%
The simplification of tax return	-	10,8%	-	10,75%	21,55%
Tax planning	6,25%	-	-	-	6,25%

From the above table it can be seen that the direct effect of the tax audit to tax payer compliance is 0.24 x 0.24 x 100% = 5.76% and an indirect effect through the simplification of tax return 0.24 x 0.45 x0.43 x 0.25x 100% = 1.161% and an indirect effect through tax planning of 0.24 x 0.08 x 0.25 x 100% = 0.48%. Thus the total effect of the tax audit to tax payer compliance is equal to 7.401%. As for the variable the simplification of tax return indirect effect through the tax audit of 0.45 x 0.24 x 100% = 10.8% and an indirect effect through tax planning of 0.43 x 0.25 x 100% = 10.75%. Thus the total effect on tax payer compliance to the simplification of tax return is at 21.55%. Tax planning directly affect the tax payer compliance of 0.25 x 0.25 x 100% =6.25%.

Testing the correlation of each variable in the equation substructure showed the following results:

Table 4.7: Correlation of the sub-structure 1

Correlations

		TAud	SPT	TPlan
TAud	Pearson Correlation	1	.447**	.270**
	Sig. (2-tailed)		.000	.004
	N	114	114	114
SPT	Pearson Correlation	.447**	1	.465**
	Sig. (2-tailed)	.000		.000
	N	114	114	114
TPlan	Pearson Correlation	.270**	.465**	1
	Sig. (2-tailed)	.004	.000	
	N	114	114	114

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Results of output of SPSS 18

- Correlation between tax audit and the simplification of tax return is 0.447 are strong enough that the >0.25-0.5. Correlation is significant because the number of 0.000 sig < 0.05.
- The correlation between tax audits and tax planning amounted to 0.270 is strong enough that the >0.25-0.5. Correlation is significant because the number of sig 0.004 <0.05.
- Correlation between the simplification of tax return and tax planning is for 0465 are strong enough that the > 0.25-0.5. Correlation is significant because the number of 0.000 sig < 0.05.

Table 4.8: Correlation of the sub-structure 2

Correlations

		TAud	SPT	TPlan	TCompl
TAud	Pearson Correlation	1	.447**	.270**	.414**
	Sig. (2-tailed)		.000	.004	.000
	N	114	114	114	114
SPT	Pearson Correlation	.447**	1	.465**	.446**
	Sig. (2-tailed)	.000		.000	.000
	N	114	114	114	114
TPlan	Pearson Correlation	.270**	.465**	1	.497**
	Sig. (2-tailed)	.004	.000		.000
	N	114	114	114	114
TCompl	Pearson Correlation	.414**	.446**	.497**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	114	114	114	114

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Results of output of SPSS 18

- Correlation between tax audit and the simplification of tax return is for 0447 are strong enough that the > 0.25 - 0.5. Correlation is significant because the number of 0.000

sig < 0.05.

- The correlation between tax audit and tax planning amounted to 0.270 is strong enough that the> 0.25-0.5. Correlation is significant because the number of sig 0.004 < 0.05.
- The correlation between tax audit and tax payer compliance is equal to 0.414 is strong enough that the> 0.25 -0.5. Correlation is significant because the number of 0.000 sig < 0.05.
- Correlation between the simplification of tax return and tax planning is for 0465 are strong enough that the > 0.25- 0.5. Correlation is significant because the number of 0.000 sig < 0.05.
- Correlation between the simplification of tax return and tax payer compliance is equal to 0.446 is strong enough that the > 0.25 -0.5. Correlation is significant because the number of 0.000 sig < 0.05.
- The correlation between tax planning and tax payer compliance for 0497 is strong enough that the >0.25 - 0.5. Correlation is significant because the number of 0.000 sig < 0.05.

CONCLUSION

The model equations in the sub-structure 1 that is designed to test the effect of tax audits and the simplification of tax return to tax planning as well as sub-structure equation 2 to test the effect of variable tax audit, the simplification of tax return and tax planning through tax payer compliance has met the eligibility criteria of the rules of the research model. Among them have met the test of classical assumption of normality testing and special multicoliearity of the primary data and have passed the validity and reliability of each element of the questions of the variables.

Similarly, the results of hypothesis testing and suitability of the model results indicate that there is a tendency that tax payer seeks to doing tax planning in order to reduce or save on tax obligation to the tax authorities must increase audit significantly in order to raise the level of tax payer compliance in meeting their tax obligations.

The results of this study support the research of Palil and Mustapha (2011) who concluded that the degree of tax payer compliance can be raised through tax audit and the simplification of tax return. The limitation of the variables that have been identified and are not included in this research model of factors that influence tax payer compliance as stated in the background of this research to make results of research are less than optimal.

It is recommended for the next researchers in order to increase the number of research samples and populations of various cities in Indonesia so that be able to explain the phenomenon of the relationship between the factors that affect tax planning and tax payer compliance, so it can enrich research in the field of literature review on the compliance of tax payers in the self-assessment system of taxation.

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