



## Do Attitudes Towards E-Taxation Impact Tax Compliance?

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**Abstract:** This research aims to collect empirical data on the influence of e-tax perceptions and tax sanctions on compliance, using risk perception as a moderating factor. The data analysis was conducted using WarpPLS. The study sample comprised 34 taxpayers from the hotel, restaurant, and entertainment sectors. The findings indicate that risk preference did not affect the correlation between e-tax and tax sanctions on compliance in Banyuwangi. This highlights that the implementation of electronic taxation does not automatically enhance tax compliance. This is attributed to taxpayers' risk-neutral attitudes, who believe that risk does not materially impact their business operations. Consequently, e-tax and its associated sanctions are not viewed as viable to foster compliance. This study uniquely focuses on taxpayers' risk preferences as an internal factor, given their variability among taxpayers, particularly concerning e-tax adoption.

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## INTRODUCTION

Taxes represent a primary source of government revenue, consisting of obligatory charges or deductions, typically allocated towards a nation's economic progress. Parallel to national advancement, regional development is of equal importance. Local Governments seek to explore their potential financial resources, one such being the augmentation of Regional Original Revenue. This principle is embodied by the Banyuwangi Regency Government, a region in East Java Province known for its robust tourism potential. As such, the Banyuwangi Regency Government has mandated the implementation of e-tax on local taxes, such as Restaurant Tax, Hotel Tax, and Entertainment Tax, as per Regent Regulation No. 62.

E-tax, an online platform, enables taxpayers to avail of comprehensive tax services. It requires taxpayers to report each transaction, thereby promoting tax transparency (Hammouri & Abu-Shanab, 2017). Studies by Night and Bananuka (2020), Masari and Suartana (2019), and Obert et al. (2018) suggest a positive correlation between e-tax and taxpayer compliance. The Banyuwangi Regency has enforced e-tax adoption through Regent Regulation Number 62 of 2017. The most severe penalty for non-compliance is the cessation of business operations. Despite this, many local taxpayers in Banyuwangi have not adopted e-tax. This leads to a hypothesis that internal factors, namely taxpayers' risk preference (Alabede et al., 2011), could influence their willingness to defy regulations and disregard potential tax sanctions. Therefore, this study introduces risk preference as a novel element in research.

A taxpayer's risk preference serves as an internal component that can influence their tax behavior. This preference, rooted in an individual's characteristics, guides their decision-making process (Alabede et al., 2011). Torgler (2003) stressed the significance of a taxpayer's risk response. Risk preference is a critical element of tax compliance such as the prospect theory, which describes how individuals make choices between uncertain options (Chiu & Wu, 2011). The prospect theory's perspective on risk preference elucidates why taxpayers with high-risk propensity do not necessarily become non-compliant. If the taxpayer is a risk seeker, compliance may remain unaffected even in high-risk scenarios. Dewi and Mimba (2019) suggested that risk aversion could dampen the impact of administrative measures (like e-tax) on compliance, as some taxpayers are attracted to high-risk situations and often exhibit risk-taking behaviors. Sulistyani and Srminidarti (2017) argued that a tendency toward risk could lessen the effect of tax sanctions on compliance. The aversion to negative tax punishment, coupled with a preference for risk, can encourage taxpayers to adhere to tax regulations, implying that risk preference can enhance the impact of tax sanctions on compliance. Contrarily, Winerungan (2013), Ardyanto and Utaminingsih (2014), and Wahyuningsih (2019) posited that risk preference might not moderate the influence of tax sanctions on taxpayer compliance. This is attributed to taxpayers' neutral characteristics, suggesting that tax sanctions and associated risks are not decisive factors in enhancing compliance for certain taxpayers.

The theory of planned behavior provides a framework for understanding the relationship between risk aversion and the moderating effect of perception on e-tax and tax penalties on compliance. According to this theory, behavior is driven by intention, which is shaped by three elements: attitude, subjective norms, and perceived behavioral control (Ajzen, 1991). Attitude is influenced by an individual's belief about outcomes, while subjective norms reflect the pressure of societal expectations on one's actions. In this context, taxpayers may form intentions based on external pressure like tax penalties and internal factors such as risk preferences. Perceived behavioral control refers to the individual's perception of their ability to comply or not. These three considerations together determine taxpayer's intent, which in turn dictates their compliance behavior.

In light of these phenomena and Regent Regulation No. 62 of 2017, which mandates the implementation of e-tax for Restaurant Tax, Hotel Tax, and Entertainment Tax, this study seeks to investigate the role of risk preference in the relationship between e-tax and tax sanctions on tax compliance. Risk preference, an internal factor often overlooked by tax officials when formulating policies, has been observed to play a significant role in the implementation of e-tax in Banyuwangi. Despite the introduction of e-tax and associated tax sanctions, tax compliance has not significantly improved. Numerous local taxpayers are hesitant to implement e-tax in their business and are willing to risk tax sanctions. Given this inconsistency, this study aims to examine risk preference as an internal factor influencing tax compliance.

The key contribution of this study is to demonstrate that the introduction of electronic tax and increased revenue do not necessarily result in enhanced taxpayer compliance. Academically, the findings may contribute to the expansion of accounting studies in the field of taxation, particularly concerning the development of the Theory of Planned Behavior and Prospect Theory. For the government, this research could provide insights that may inform decisions to postpone or abolish the electronic tax and its associated sanctions.

## **LITERATURE REVIEW AND HYPOTHESES**

According to Ajzen (1991), the Theory of Planned Behavior explains behavior through intention, which is shaped by three factors. Lesmana, et al. (2018) further elaborated on these factors, Firstly, behavioral belief refers to the expected outcomes and their evaluation, which ultimately forms attitudes. Secondly, normative belief encompasses normative expectations and motivations, culminating in subjective norms. Lastly, control belief involves perceptions of elements that can either encourage or discourage behavior and belief about the strength of these elements, resulting in perceived behavior.

In light of these theoretical underpinnings, the Theory of Planned Behavior is pertinent to this research. Firstly, attitude is associated with tax sanctions, with taxpayers considering the potential

consequences of sanction violations. Secondly, subjective norms are linked to risk preferences, with taxpayers contemplating the pressures they may face. Lastly, Perceived Behavior Control is connected to the implementation of e-tax, with taxpayers assessing whether e-tax can facilitate more compliant behavior than manual methods.

Kahneman and Tversky's (1979) Prospect Theory explains that behavior can be peculiar and contradictory in decision-making. This occurs when an individual's goals and choices align, but the outcomes reveal differing behaviors. According to Julianti and Zulaikha (2014), an individual's frame of reference can influence their decision-making, and uncertainty can lead the individual to opt for the option with the highest expected utility.

Prospect Theory introduces a value function that illustrates gains with a convex curve, losses with a concave curve, and a stepper curve for a loss-leaning condition. This function posits that losses bear more weight than gains, causing individuals to experience a greater psychological impact from losses than gains. The theory emphasizes the importance of individual character. In the context of taxation, even if the risk preference is high, it is not guaranteed that the taxpayer will be non-compliant, particularly if the taxpayer is a risk seeker.

Drawing from Alabdallat's (2020) research, governments, especially in developing countries, should consider implementing transformations, one of which is e-tax. E-tax is a taxation mechanism that enables taxpayers to meet their tax obligations timely (Night & Bananuka, 2020). It enhances the tax system's effectiveness against both tax evasion and tax planning (Enachescu et al., 2019). E-tax records every transaction for tax transparency, reduces administrative costs due to online reporting, and has been selected to boost local compliance. The Theory of Planned Behavior explains perceived behavioral control as a factor that can either facilitate or hinder a belief. Taxpayers may perceive the implementation of e-tax as more convenient than manual methods due to its ability to streamline tax payments and reporting. Night and Bananuka (2020), along with Obert et al., (2018), Masari and Suartana (2019), and Khulsum and Waluyo (2019), have indicated that e-tax influences taxpayer compliance, demonstrating that the modernization of taxation through e-tax impacts taxpayer compliance.

H1: The perception of e-tax positively influences taxpayer compliance.

Tax sanctions serve as a tool to ensure taxpayers fulfill and comply with their tax obligations (Prena et al., 2019). If sanctions are detrimental, taxpayers are more likely to comply with tax regulations to avoid these sanctions. Moreover, the provision of information and the taxpayer's conditions also influence their acceptance of the sanction (Gemmel & Ratto, 2017). The presence of tax sanction regulations exerts external pressure on taxpayers, influencing their compliance.

The Theory of Planned Behavior identifies attitude, derived from beliefs about consequences, as a factor influencing perceived behavioral control. Taxpayers may consider the negative consequences of tax sanctions, which could lead to increased compliance. Empirical studies by Prena, et al. (2019), Fadzilah, et al. (2017), Yunus, et al. (2017), and Subarkah and Dewi (2017) have shown that the implementation of tax sanctions positively affects compliance.

H2: Tax sanctions positively affect taxpayer compliance

Risk preference, a personal characteristic or background, influences decision-making behavior (Alabede et al., 2011). The implementation of e-tax, which records all transactions, might make taxpayers feel monitored. Those with high-risk businesses may particularly take this into consideration, potentially decreasing compliance. According to Prospect Theory, risk preference could weaken the relationship between the implementation of e-tax and taxpayer compliance if the taxpayer is risk-averse with high-risk preference (Dewi & Mimba, 2019). The value function suggests that taxpayers may lean towards loss conditions as each transaction is subject to tax, potentially leading to lost customers. Dewi and Mimba (2019) suggested that risk preference could weaken the impact of e-tax, a tax administration reform, on taxpayer compliance.

H3: Risk preference can moderate the effect of the perception of e-tax on taxpayer compliance

The implementation of tax sanctions increases external pressure, thereby enhancing compliance. This effect may be strengthened by the risk each taxpayer faces. Prospect Theory suggests that this depends on the risk preference characteristic. Risk-averse taxpayers may be more compliant due to the adverse effects of sanctions. Subjective norms, reflecting the perception of social pressure to comply, can increase the social risk faced by taxpayers, thereby strengthening the role of risk preference in the impact of tax sanctions on compliance. Empirical research by Sulistyani and Srminidarti (2017) indicates that risk preference can moderate the effect of tax sanctions on taxpayer compliance.

H4: Risk preference can moderate the effect of tax sanction on taxpayer compliance

## METHODS

This study employs a quantitative approach with an explanatory research design, aiming to elucidate the influence of one variable on others. Specifically, the research examines the impact of perceptions surrounding e-tax implementation and tax sanctions on tax compliance, taking into account risk preference as a moderating factor. The units of analysis are e-tax users registered with the Banyuwangi Regional Revenue Agency (BAPENDA). The study population comprises 52 taxpayers enrolled with BAPENDA and using the e-tax system. A non-probability, incidental sampling method is employed, with 22 restaurant taxpayers, 7 hotel taxpayers, and 5 entertainment taxpayers willing to participate in the survey.

Based on the proposed Hypotheses, the study utilizes the following equation models:

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \epsilon_1 \dots\dots\dots(1)$$

$$Y = \alpha_2 + \beta_3 X_1 + \beta_4 X_2 + \beta_5 X_3 + \epsilon_2 \dots\dots\dots(2)$$

$$Y = \alpha_3 + \beta_6 X_1 + \beta_7 X_2 + \beta_8 X_3 + \beta_9 X_1 * X_3 + \beta_{10} X_2 * X_3 + \epsilon_3 \dots\dots\dots(3)$$

These equations present two regression models: multiple linear regression, as depicted in equation 1, which examines the variable e-tax (X1) and tax sanctions (x2) on tax compliance (Y); and equation 2, which includes the addition of risk preference (X3) to evaluate its moderating effect. To investigate the impact of this moderating variable, the study employs Moderated Regression Analysis (MRA). Equation 3, under the Moderated Regression Analysis (MRA) framework, is used to examine how risk preference moderation (X3) influences the effect of e-tax (X1) and tax sanctions (X2) on tax compliance.

The research employs a Likert scale to measure variables, using indicators deemed appropriate for the study. The dependent variable in this research is tax compliance, which refers to the ideal state where a taxpayer adheres to tax regulations and accurately, honestly, and promptly reports their income (Devos, 2014). This measurement for the variable of taxpayer compliance in Banyuwangi is based on Setiawan and Meliana's (2017) indicators, encompassing two dimensions - administrative compliance and technical compliance. The independent variables in this study are the perception of the e-tax implementation and tax sanction. The perception of e-tax implementation refers to taxpayers' views on the e-tax system, a tax system facilitating taxpayers to report each transaction and thus, ensuring tax transparency (Hammouri & Shanab, 2017).

This variable is measured according to Hammouri and Shanab's (2017) indicator, which consists of two dimensions: Ease of Use and Usefulness. Tax sanctions, the other independent variable, are tools to deter taxpayers from violating tax regulations, thereby facilitating compliance (Fadzilah et al., 2017). This variable is measured based on Alfiyah and Latifah's (2017) two dimensions: benefit of sanctions and technical sanctions. The moderating variable in this study is risk preference, an individual characteristic that influences decision-making behavior (Alabede et al., 2011). This variable, measured using indicators by Setiawan and Meliana (2017), encompasses four dimensions: finance risk, safety risk, job risk, and social risk. The measurement of these variables is depicted in Table 1:

**Table 1. Measurement of Variables**

Variables	Indicator	Reference
Perception of E-tax Implementation (X <sub>1</sub> )	<ul style="list-style-type: none"> <li>- The e-tax system instructions are straightforward to understand (X<sub>1.1</sub>)</li> <li>- It is easy to become skilled at operating the e-tax system is easy (X<sub>1.2</sub>)</li> <li>- The e-tax system enhances business control (X<sub>1.3</sub>)</li> </ul>	Hammouri & Shanab (2017)
Tax Sanction (X <sub>2</sub> )	<ul style="list-style-type: none"> <li>- Tax sanctions are essential for fostering taxpayer compliance (X<sub>2.1</sub>)</li> <li>- Implementing tax sanctions can provide a deterrent for non-compliant taxpayers (X<sub>2.2</sub>)</li> <li>- Tax sanctions should comply with existing regulations (X<sub>2.3</sub>)</li> <li>- Taxpayers will face tax sanctions if they breach applicable regulations (X<sub>2.4</sub>)</li> </ul>	Alfiyah & Latifah (2017)
Taxpayer Compliance (Y)	<ul style="list-style-type: none"> <li>- Possession of a Regional Taxpayer Identification Number (Y<sub>1</sub>)</li> <li>- On-time submission of Regional</li> <li>- Compliance in paying due taxes (Y<sub>3</sub>)</li> <li>- Absence of tax arrears (Y<sub>4</sub>)</li> <li>- Maintenance for bookkeeping in line with tax law stipulations (Y<sub>5</sub>)</li> </ul>	Setiawan & Meliana (2017)
Risk Preference (X <sub>3</sub> )	<ul style="list-style-type: none"> <li>- Taxpayer's bankruptcy will impact Taxpayer Compliance (X<sub>3.1</sub>)</li> <li>- A sales decline for taxpayers will influence compliance (X<sub>3.2</sub>)</li> <li>- Occupational Safety will affect Taxpayer Compliance (X<sub>3.3</sub>)</li> <li>- Taxpayers engaged in more than one profession will impact Taxpayer Compliance (X<sub>3.4</sub>)</li> <li>- Alterations in Local Government Policy will affect Taxpayer Compliance (X<sub>3.5</sub>)</li> </ul>	Setiawan & Meliana (2017)

**Source: Developed from various journals**

The data analysis technique employed in this research uses Partial Least Squares (PLS), implemented through the software tool WarPLS 7.0. PLS is a structural equation model (SEM) that is variance or component-based (Ghozali & Latan, 2012). SEM is a multivariate analysis type, which applies statistical methods to analyze variables simultaneously. Model testing in PLS includes the testing of the outer model, inner model, and hypothesis. For the outer model, validity and reliability tests are performed on reflective indicators. The assessment criteria for the outer model include convergent validity, discriminant validity, Average Variation Extracted (AVE), and Composite Reliability testing. The inner model is evaluated through the Goodness of Fit test to ascertain model fit and quality. Following the fulfillment of criteria for both outer and inner models, the final step is to test the research hypotheses.

## RESULTS AND DISCUSSION

### Outer Model Findings

The outer model analysis involves an assessment to ascertain whether the data satisfy the validity (convergent validity test, discriminant validity test, and average variance extracted test) and reliability criteria (composite reliability test). Two criteria are used for convergent validity testing, namely loading > 0.70 and p-value <0.05. Loading between 0.40 and 0.70 is deemed acceptable if the average variance extracted (AVE) and composite reliability are within the AVE criterion limits. As per Table 2, indicator Y.1 falls under the consideration criteria as it is below 0.7. Indicator Y.1 will be retained if the AVE and composite reliability are within the acceptable limits. For discriminant validity testing, the cross-loading value of the latent variable must be higher than the other latent variables. Table 2 illustrates that each indicator's cross-loading correlation value with its latent variable is the highest than others, indicating that each indicator aptly reflects its latent variables.

**Table 2. Convergent and Discriminant Validity Test**

Variables	E-tax	Tax Sanction	Compliance	Risk Preference	P-Value
X1.1	<b>(0.919)</b>	0.088	-0.111	0.135	<.001
X1.2	<b>(0.890)</b>	-0.177	-0.119	0.076	<.001
X1.3	<b>(0.904)</b>	0.085	0.230	-0.213	<.001
X2.1	0.000	<b>(0.893)</b>	0.064	0.136	<.001
X2.2	-0.166	<b>(0.906)</b>	-0.039	-0.098	<.001
X2.3	-0.091	<b>(0.765)</b>	0.074	-0.419	<.001
X2.4	0.248	<b>(0.885)</b>	-0.089	0.324	<.001
Y.1	0.154	0.103	<b>(0.676)</b>	0.295	<.001
Y.2	0.021	-0.044	<b>(0.924)</b>	-0.078	<.001
Y.3	-0.135	-0.025	<b>(0.912)</b>	-0.014	<.001
Y.4	-0.186	0.201	<b>(0.763)</b>	-0.077	<.001
Y.5	0.011	0.016	<b>(0.794)</b>	-0.212	<.001
Y.6	0.184	0.187	<b>(0.719)</b>	0.157	<.001
X3.1	-0.086	-0.274	0.369	<b>(0.744)</b>	<.001
X3.2	0.392	-0.079	-0.071	<b>(0.880)</b>	<.001
X3.3	-0.110	0.128	0.097	<b>(0.749)</b>	<.001
X3.4	-0.129	0.117	-0.347	<b>(0.816)</b>	<.001
X3.5	-0.350	0.094	-0.002	<b>(0.866)</b>	<.001

Source: Researcher's Processed Data

An AVE value above 0.5 on a variable is deemed valid. Table 3 indicates that the Average Variance Extracted (AVE) for each latent variable exceeds 5%, signifying the validity of all latent variables. Further, table 4 shows that each variable has a composite reliability value of more than 0.70, demonstrating the reliability of all latent variables. Ultimately, because the AVE and composite reliability are still within the acceptable limits or criteria, indicator Y.1 is retained as an indicator of the latent variable.

**Table 3. Average Variance Extracted (AVE) Metrics**

Variables	AVE
Perception of E-tax Implementation (X <sub>1</sub> )	0.818
Tax Sanction (X <sub>2</sub> )	0.746
Tax Compliance (Y)	0.646
Risk Preference (X <sub>3</sub> )	0.661

Source: Researcher's Processed Data

**Table 4. Composite Reliability Assessment**

Variables	Composite Reliability	Result
Perception of E-tax Implementation (X <sub>1</sub> ) 0.931	Reliable	
Tax Sanction (X <sub>2</sub> )	0.921	Reliable
Tax Compliance (Y)	0.915	Reliable
Risk Preference (X <sub>3</sub> )	0.907	Reliable

**Source: Researcher’s Processed Data**

This study has undergone rigorous testing, resulting in a valid and reliable outer model. Following the outer model assessment, an inner model test was conducted to ensure that the utilized data adhered to the fit model criteria. The results, as displayed in Table 5, reveal an APC value of 0.0218<0.05 and an ARS value of P<0.001, meeting the fit model criteria. This indicates that the independent variables aptly explain the independent variables. Moreover, the AVIF yields a value of 2.097, signifying the absence of multicollinearity among the independent variables and the moderators.

**Inner Model Findings**

**Table 5. Goodness of Fit Test**

Model Fit	Criteria	Result
Average Path Coefficient (APC)	p<0.05	0.018 (Accepted)
Average R-Squared (ARS)	p<0.05	p<0.001 (Accepted)
Average Variance Inflation Factor (AVIF) <i>ideally ≤3.3</i>	<i>Acceptable ≤5;</i>	2.097 (Ideal)

**Source: Researcher’s Processed Data**

The testing of the outer and inner models indicates that the data are suitable for hypothesis testing. As shown in Table 6, perceptions of e-tax implementation significantly influence taxpayer compliance, with a p-value of less than 0.001. Given that the p-value is less than 0.05, Hypothesis 1 (H1) is accepted. The coefficient of 0.588 implies that the perception of e-tax implementation enhances taxpayer compliance by 59%. Conversely, the tax sanction variable, with a p-value of 0.181 (greater than 0.05), leads to the rejection of Hypothesis 2 (H2), indicating that tax sanctions do not significantly influence taxpayer compliance. The R-squared value of 0.448 suggests that 45% of the variance in taxpayer compliance can be explained by the perception of e-tax implementation and tax sanctions, indicative of a good model. The Q2 value of greater than 0 demonstrates a model with good predictive relevance.

**Hypothesis Testing**

**Table 6. Results of Hypothesis 1 and Hypothesis 2 Tests**

$Y = \alpha_1 + 0.588X_1 + 0.148X_2 + \varepsilon_1 \dots\dots\dots(1)$					
Hypothesis	Path Coefficients	Std. Errors	P-value	R <sup>2</sup>	Q <sup>2</sup>
The Perception of E-tax Implementation (X <sub>1</sub> ) → Taxpayer Compliance (Y)	0.588	0.130	<0.001		
Tax Sanction (X <sub>2</sub> ) → Taxpayer Compliance (Y)	0.160	0.180			
R <sup>2</sup>				0.448	
Q <sup>2</sup>					0.452

**Source: Researcher’s Processed Data**

Hypothesis 1's results suggest that the perception of e-tax implementation enhances taxpayer compliance. This is because taxpayers who incorporate an e-tax system into their business will be automatically monitored, which minimizes tax evasion. Moreover, the ease of reporting and paying taxes within a certain period can be achieved through direct e-tax. This convenience leads taxpayers to perceive e-tax implementation as more efficient, thereby increasing compliance. Ajzen's (1991) theory of planned behavior suggests that perceived behavioral control, which implies individual beliefs, can foster or hinder obedient behavior. The findings indicate that taxpayers perceive the ease of using e-tax and of behaving obediently. This perception can bolster e-tax implementation to enhance taxpayer compliance. The study's results are also supported by respondent characteristics. The largest group of respondents, accounting for 58.8%, is those with undergraduate degrees. A high level of education often reflects a good understanding of tax regulations, including the modernized tax system (Tyas, 2013). Additionally, as religion advocates obedience to the government, factors like religiosity may influence these findings. Previous research has also reported that e-tax implementation affects taxpayer compliance (Night & Bananuka, 2020), aligning with findings from Obert et al., (2018), Masari and Suartana (2019), and Khulsum & Waluyo (2019).

The findings of Hypothesis 2 indicate that tax sanctions do not significantly impact taxpayer compliance. This suggests that taxpayers do not agree with the current application of tax sanctions. Taxpayers perceive the sanctions for e-tax violations, as stipulated in the Regent Regulation Number 62 of 2017, to be inconsistent with the actual situation. This is because only 52 taxpayers have adopted e-tax, while others have not for various reasons, including issues with internet connectivity and capability. Consequently, taxpayers deem the implementation to be unfair or prematurely applied. Furthermore, the Theory of Planned Behavior's attitude factor posits that individuals contemplate the potential consequences of their actions (Ajzen, 1991). Taxpayers will consider the nature and magnitude of the outcomes if they violate or comply with regulations. Regional taxpayers in Banyuwangi perceive that the tax sanction is either unjust or not yet ready for implementation, leading them to disregard the potential consequences, thus rendering the tax sanction ineffective in promoting taxpayer compliance. This finding is further supported by the respondents' characteristics. The majority of respondents are relatively young, with 52.9% aged between 26-35 years and 32.4% aged between 18-25 years. Tyas (2013) suggests that older taxpayers are more likely to comply, implying that younger taxpayers may not take sanction issues seriously. This result contradicts the findings of Prena, et al. (2019), Fadzilah, et al. (2017), Yunus, et al. (2017), and Subarkah & Dewi (2017). In their research, respondents believed that tax sanctions imposed on violators serve as educational tools, thus fostering increased compliance.

The second and third equations are tested to determine the impact of risk preference as a moderating variable and its type of moderation. As per Table 7, equation (2) shows that risk preference has a p-value of 0.012, which is less than 0.05, indicating that risk preference influences taxpayer compliance. Consequently, the moderating variable can act as an independent variable. Model (3) provides the results of hypotheses 3 and 4 and identifies the type of moderation in this study. The p-values for H3 and H4 are 0.137 and 0.157, respectively, implying that risk preference did not moderate the impact of the perception of e-tax implementation or tax sanctions on taxpayer compliance. Hence, the risk preference variable is a type of predictor variable.

Hypothesis 3's results indicate that risk preference does not moderate the impact of perceptions of e-tax implementation on taxpayer compliance. This aligns with the Prospect Theory, which asserts that individual or taxpayer backgrounds vary, leading to different risk experiences (Juliанти & Zulaikha, 2014). This concept is referred to as risk preference. The theory posits that an individual's nature can determine the risk, either strengthening or weakening it. The findings reveal that risk preference does not moderate the effect of e-tax implementation perception, which is supported by questionnaire results indicating that taxpayers are risk-neutral. Additionally, Tyas (2013) suggested that younger taxpayers tend to be willing to take risks, which supports this outcome. The majority of respondents, 52.9%, are relatively young (aged 26-35 years), and they are not overly concerned with the issue of consequences. This study concurs with

Tambun and Witriyanto (2016), who stated that risk preference does not moderate the effect of e-tax implementation perception on taxpayer compliance. However, this result contrasts with Dewi and Mimba's (2019) study, where respondents had high-risk preferences and were risk seekers, thus weakening the effect of e-tax implementation on taxpayer compliance. In contrast, this study's respondents are risk-neutral and view e-tax implementation as merely a formality because not all taxpayers have implemented it.

**Table 7. Results of Hypothesis 3 and Hypothesis 4 Tests**

Model (2)						
Hypothesis		Path Coefficients	Std. Errors	P-value	R <sup>2</sup>	Q <sup>2</sup>
Perception of E-tax Implementation (X1) → Taxpayer Compliance (Y)	0.530	0.134	<0.001			
Tax Sanction (X2) → Taxpayer Compliance (Y)	0.112	0.163		0.248		
Risk Preference (X3) → Taxpayer Compliance (Y)		0.347	0.146	0.012		
R <sup>2</sup>					0.562	
Q <sup>2</sup>						0.565
Model (3)						
Hypothesis		Path Coefficients	Std. Errors	P-value	R <sup>2</sup>	Q <sup>2</sup>
Perception of E-tax Implementation (X1) → Taxpayer Compliance (Y)	0.583	0.131	<0.001			
Tax Sanction (X2) → Taxpayer Compliance (Y)	0.139	0.161	0.196			
Risk Preference (X3) → Taxpayer Compliance (Y)		0.340	0.146	0.013		
Perception of E-tax Implementation * Risk Preference (X1 * X3) → Taxpayer Compliance (Y)		-0.176	0.158	0.137		
Tax Sanction * Risk Preference (X2 * X3) → Taxpayer Compliance (Y)		-0.162	0.159	0.157		
R <sup>2</sup>					0.580	
Q <sup>2</sup>						0.586

**Source: Researcher's Processed Data**

The results of hypothesis 4 suggest that risk preference does not moderate the impact of tax sanctions on taxpayer compliance. In the theory of Planned Behavior, Ajzen (1991) identified subjective norms as a factor that causes taxpayers to consider social pressure. A sanction becomes a form of social pressure for tax-compliant behavior, and taxpayer's social risk preference could potentially strengthen this effect. However, this study's findings differ from this theory. The primary reason supporting this result is the perceived unfairness of the sanction imposed, as only 52 taxpayers have implemented e-tax, leading taxpayers to question the sanctions and disregard social risk. This study aligns with Ardyanto and Utaminingsih (2014) and Wahyuningsih (2019), who state that risk preference does not moderate the effect of tax sanctions on taxpayer compliance. However, this finding contradicts Sulistyani and Srminidarti's (2017) research, which asserts that assertiveness can enhance compliance, thereby allowing risk preference to strengthen the impact of tax sanctions on compliance. In contrast, the sanctions imposed are perceived as uneven and unproven, so taxpayers of any preference will neither weaken nor strengthen compliance.

The sanction is viewed merely as a formal basis, shaping taxpayers' perception that the sanction is not yet ready for implementation.

The research contributes theoretically and practically. On a theoretical level, it examines Ajzen's (1991) Theory of Planned Behavior, specifically the factor of perceived behavioral control, which posits that individual beliefs can either facilitate or hinder obedient behavior. However, this theory does not strongly support subjective norms regarding sanctions in the rules for implementing e-tax because, despite the presence of sanctions for taxpayers who do not apply e-tax, they still dare not apply e-tax. This behavior aligns with Kahneman and Tversky's (1979) Prospect Theory, which asserts that behavioral actions depend on the nature of individual or group risk-taking. The research confirms that, due to the risk-taking nature of taxpayers in this study, the sanctions imposed will not affect compliance. On a practical level, this research can serve as an evaluation for the Banyuwangi Regional Revenue Agency. The findings reveal that the characteristics of their Regional Taxpayers tend to be risk-takers, suggesting that their policy of tax sanctions may not be the most effective strategy for implementation.

## CONCLUSION

The study demonstrates that the perception of e-tax implementation influences taxpayer compliance. It suggests that e-tax is easy and acceptable in line with perceived behavioral control, as taxpayers tend to understand modernization tools. Moreover, characteristics such as religiosity, which advocates obedience to the government, may impact the findings. However, tax sanctions do not affect taxpayer compliance. This aligns with the theory of planned behavior on the attitude factor, which states that attitude is influenced by the belief in consequences or sanctions. Taxpayers perceive that tax sanctions are not visible. Furthermore, the respondents are predominantly young, thus they are less sensitive to tax sanctions. Meanwhile, risk preference does not moderate the effect of e-tax implementation on taxpayer compliance. E-tax requires taxpayers to report each transaction, making them consider their risk preferences. Taxpayers tend to be risk-neutral, so risk has no effect on their business. Moreover, the factor of religiosity allows taxpayers to avoid sanctions that do not follow religious regulations, according to some respondents' perceptions.

The implication of this research contributes to the understanding that the introduction of electronic tax and increased revenue does not necessarily improve taxpayer compliance. Academically, the results can be used to advance accounting studies in the field of taxation, particularly in the development of the theory of planned behavior and prospect theory. Additionally, this information may assist the government in considering the postponement or elimination of the electronic tax and its associated sanctions.

There were some limitations in this study. The use of an accidental sampling technique may have led to a sample of respondents who tend to be risk-neutral, preventing risk preference from moderating the effect of e-tax implementation perception on taxpayer compliance. Furthermore, the respondents in this study were taxpayers registered with the Banyuwangi Regional Revenue Agency (BAPENDA) who have implemented e-tax, excluding many taxpayers who have not yet implemented it. As for recommendations, this research suggests the need for rewards for taxpayers, as the implementation of sanctions has proven ineffective as a deterrent. Taxpayers in this study demonstrated a risk-neutral disposition, indicating their willingness to take risks in violating tax regulations. Thus, rather than focusing on tax sanctions, it is recommended that the government adopt a positive approach, such as rewarding taxpayers who comply with e-tax. For further research, it may be beneficial to include non-e-tax compliant taxpayers in the sample and to employ qualitative research methods to better understand the reasons for non-compliance with tax regulations. This could potentially include adding a component to the study that explores the relationship between religiosity and tax compliance.

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