CHAPTER III

RESEARCH METHODOLOGY

A. Research Object and Subject

The object of this research was education level, taxation knowledge, level of trust in government systems, moral norms, tax examination, tax consciousness in taxpayer compliance of personal tax reporting of online shopping entrepreneurs.

The sample in this study is online shopping entrepreneurs with certain criteria, namely where the business has been operating for 1 year and has revenues of less than 4.8 billion. This is because it is assumed that if someone already has income, someone must register as a taxpayer.

B. Data Type

This type of research used quantitative research method. The data obtained were in the form of numbers, scores, and analysis using statistics. The sources of data in this study are primary data or original data or new data. The data was obtained by distributing questionnaires containing questions related to research. The questionnaires were distributed online with website link form.

C. Sampling Technique

The sampling method used in this study was purposive sampling. According to Sugiyono (2010), purposive sampling is a sampling technique with certain considerations. According to Margono (2004), purposive

sampling is the selection of a group of subjects based on certain characteristics that are related to population characteristics that have been known previously. The criteria of the respondent based on purposive sampling in this research are: (1) Entrepreneurs engaged in online shopping business, (2) Online Shopping Entrepreneurs who have been operating for 1 year, and (3) Online Shopping Entrepreneurs who have a turnover of less than 4.8 billion in one tax year.

D. Data Collection Techniques

Data was collected by using primary data through questionnaire method. The respondents in the research were online shopping entrepreneurs whose businesses have been operating for 1 year. Questionnaires were sent via the website link. The questionnaire are divided into 2 (two) sections. Part 1 contained the identity of the respondent and part 2 contained the research instruments by measuring responses on the Likert scale to measure one's attitudes, opinions, or perceptions. The scale used started from a scale of 1 to 5 with information:

No	Explanation	Score
1	SS (Strongly Agree)	5
2	S (Agree)	4
3	N (Neutral)	3
4	TS (Disagree)	2
5	STS (Strongly Disagree)	1

E. **Operational Definition of Research Variables**

According to Sugiyono (2009), operational variable research is a concept that has a description of the variables specified in a study that are intended to ensure that the variables examined clearly can be set indicators.

1. **Dependent Variable**

According to Sugiyono (2009), the dependent variable is a variable that is influenced or which becomes a result, because of the existence of independent variables. The dependent variable of this study is:

a. Taxpayer Compliance (Y)

Taxpayer compliance is the fulfillment of tax obligations to make significant contributions to the country's government. Taxpayer compliance is an important aspect considering that the Indonesian taxation system adheres to a *self-assessment system* that in the absolute process gives the taxpayer the confidence to calculate, pay, and report taxes.

2. **Independent Variable**

The independent variable is a variable that influences or causes the change or the emergence of the dependent variable. The independent variables of this study are:

a. Education Level (X1)

According to Hasan (2005), education is an effort to develop human resources carried out systematically, pragmatically and tiered to

produce quality human beings who can provide benefits and at the same time increase their dignity.

b. Taxation Knowledge (X2)

According to Resmi (2009), knowledge and understanding of tax regulations is a process whereby taxpayers know about taxation and implement it in the obligation to pay taxes, as well as understand the General Provisions and Procedures for Taxation (KUP) which includes how to pay taxes, payment places, deadline for payment of fines and SPT reporting.

c. Level of Trust in the Government System (X3)

According to Sudharini (2016), trust in the system of government and law will encourage the willingness of taxpayers to pay taxes if the funds obtained from the tax collection are distributed equally to finance all the needs and expenditures of the state. The level of trust comes from the internal taxpayer itself.

d. Moral Norms (X4)

According to Salman (2008), moral aspects in taxation compliance include the moral obligation of a taxpayer in fulfilling the tax obligations and moral awareness held by the Fiscus in managing taxes. The moral obligation owned by the taxpayer will have responsibility for the financing of the country with the payment of tax.

e. Tax Examination (X5)

According to KUP Law No. 16 of 2009 Article 29 paragraph 1, explained that the implementation of the examination to test the fulfillment of taxpayer tax obligations is conducted by tracing the truthfulness of notices, bookkeeping or recording and fulfillment of other tax obligations compared to the actual business activities of taxpayers.

f. Tax Consciousness (X6)

According to Widayati and Nurlis (2010), tax consciousness is a human element in understanding reality and how to act or to respond to reality. When a high taxpayer awareness comes from the motivation to pay taxes, the awareness to pay taxes will be high and the state's income from taxes will increase.

F. Descriptive Statistics Test

According to Sugiyono (2014), descriptive statistic are statistic used to analyze data that is done by describing data that has been collected without the intention to make conclusion that applies to the public or generalization. Descriptive statistics provide presentation of data through tables, graphs, pie charts, pictograms, mode calculations, medians, mean (measurement of central tendency), decile calculations, percentiles, calculation of data distribution through calculation of averages and standard deviations, percentage calculations. In this study the presentation of data used the SPSS program version 16.0.

G. Data Instrument Quality Testing

1. Validity Test

According to Sugiyono (2014), validity is the degree of accuracy between data that occurs in the object of research with data that can be reported by researchers. Valid data is data that does not differ between the data reported by researchers with data that occurs in the object of research. The results of the study are said to be valid if there are similarities between the data collected and the actual data on the object under study.

According to Ghozali (2011), significant data can be seen from the asterisks contained in the Pearson correlation on each indicator, where the number is significant at the 0.05 level. If r count ≥ r table at 5% significance then item are considered valid, whereas if r count <r table then the item is considered invalid. The items used in data collection are valid items. All calculations were assisted with the SPSS program version 16.0.

2. Reliability Test

According to Sugiyono (2014), reliability regarding the degree of consistency and stability of data or findings. In a positivistic or quantitative view, data are declared reliable if two or more researchers in the same object produce the same data at different times. The reliability of a variable construct is said to be good if it has a *Cronbach's Alpha*

value > 0.70. Conversely, the reliability of a variable construct is said to be not good if it has a *Cronbach's Alpha* value < 0.70.

H. Classic Assumption Test

The classic assumption test aims to determine and test the feasibility of a regression model that will be used in the study. Classic assumption test also aims to ensure that there is no multicollinearity in the regression model used, heteroscedasticity, and ensure the data used are normally distributed. The following is an explanation of the classic assumption test used in this study:

1. Normality Test

According to Ghozali (2011), normality test aims to test whether a regression model, the dependent variable, and the independent variable have a normal distribution or not. A good regression model is where the data distribution is normal or near normal. In principle, normality can be detecting by looking at the spread of data (points) on the diagonal axis of a graph or by looking at the histogram of the residuals. The bases for decision making are:

a. If the data spread around the diagonal line or the histogram graph show a normal distribution pattern, then the regression model meets the normality assumption.

b. If the data spread far from the diagonal and do not follow the direction of the diagonal line or the histogram graph does not show a normal distribution pattern, then the regression model does not meet the assumption of normality.

According to Priyatmo (2010), a statistical test that can be used to test residual normality is the Kolmogorov-Smirnov non-parametric statistical test (K-S), with the test criteria:

a. If the significance value > 0.05, then the data are normally distributed.

b. If the significance value < 0.05, then the data are not normally distributed.

2. Multicollinearity Test

According to Purnomo (2008), Multicollinearity test aims to test whether there is a correlation between independent variables. In a good regression model, correlation does not occur between independent variables. If the independent variables are correlated with each other, then these variables are not orthogonal. Orthogonal variable is an independent variable whose correlation value between fellow independent variables is equal to zero. To detect the presence or absence of multicollinearity in the regression model can be seen from:

a. Tolerance Value

b. Variance Inflation Factor (VIF)

According to Ghozali (2011), a low tolerance value equals the highest VIF value (because VIF = 1 / Tolerance), the cut-off value commonly used to indicate multicollinearity is a tolerance value < 0.10 or equal to a VIF value > 10 and there is no multicollinearity in the regression model if the tolerance value > 0.10 or equal to VIF < 10.

3. Heteroscedasticity Test

According to Ghozali (2006), heteroscedasticity test aims to test regression models. If in a regression model there is variance inequality from the residual one observation to another observation, it is called heteroskedasticity. In research, regression models can be said to be good if there is no heteroscedasticity. A Glejser test can be used to detect the existance of heteroscedasticity, which is by the absolute residual value of the free variables. If the variable is free significantly, (ρ-value < 0.05) it affects the residual absolute variable then there is an indication of the occurrence of heteroskedastisity.

I. Hypothesis Testing

1. Multiple Linear Regression Test

This analysis is used to predict how the state of the dependent variable when the number of independent variables is more than two. In this study, multiple linear regression analysis was used to prove the extent of the relationship of the influence of education level, level of trust in the government system, taxation knowledge, moral norms, tax examination, and tax consciousness on compliance with taxpayer reporting. Data analysis used the Multiple Regression model, with the formula:

$$TPC = a + b_1\,EL + b_2\,TK + b_3\,LT + b_4\,MN + b_5\,TE + b_6\,TC + e$$

Explanation :

TPC   : Taxpayer Compliance
a   : Constanta

b_{1-6}	: Regression Coefficient
EL	: Education Level
TK	: Taxation Knowledge
LTGS	: Level of Trust in Goverment System
MN	: Moral Norms
TE	: Tax Examination
TC	: Tax Consciousness
e	: Residual Error

2. **Coefficient of Determination R_2**

According to Ghozali (2006), This adjusted R_2 test measures how much the model's ability to explain the variation of the dependent variable. The adjusted R_2 value is used because there are more than two independent variables in this study. Adjusted R_2 is between 0 and 1. More closer to the 1, the ability of an independent variable to explain the dependent variable is higher. A small value indicates the ability of independent variables to explain variations in the dependent variable is very limited.

3. **Simultaneous Significant Test (F-test)**

According to Ghozali (2011), F test is conducted to determine the effect of independent variables simultaneously on the dependent variable, whether the effect is significant or not. Several criteria to test the hypotheses using F-test are:

a. Quick look : If the F value is greater than 4 then Ho can be rejected at a 5% confidence level. In other words, we accept the alternative hypothesis, which states that all independent variables simultaneously and significantly influence the independent variables.

b. Compare the calculated F value with the F value according to the table. If the calculated F value is greater than the table F value, then Ho is rejected and accepts Ha.

4. Partial Significant Test (t-test)

According to Ghozali (2011), t statistical test is useful for testing the influence of each independent variable partially on the dependent variable. To find out whether there is an influence of each of the independent variables partially on the dependent variable can be seen from the 0.05 level of significance. The criteria of t-test is :

1. If Sig < alpha 0,05 and the coefficient β positive, hypotheses is accepted.

2. If sig < alpha 0,05 and the coefficient β negative, hypotheses is rejected.

3. If sig > alpha 0,05, hypotheses is rejected.