

# The Justice of Tax Amnesty and Tax Compliance: Empirical Study in Indonesia

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Received: July 8, 2020

Accepted: September 9, 2020

Online Published: November 30, 2020

doi:10.5430/ijfr.v11n6p116

URL: <https://doi.org/10.5430/ijfr.v11n6p116>

*This research was funded by Directorate of Career and Human Resources Competency, Ministry of Research Technology and Higher Education, Indonesia with grant number T/141/D2.3/KK.04.03/2019.*

## Abstract

The purpose of this article is to examine the effect of perceptions of justice in tax amnesties on post-amnesty tax compliance. The independent variables employed were distributive justice, procedural justice, and retributive justice, and the dependent variable is tax compliance. Measurement of the variables was based on five Likert scales, from (1) Strongly Disagree to (5) Strongly Agree. The results of the multiple regression analysis of 133 questionnaire answers indicate that tax amnesty justice has a significant positive effect on post-amnesty tax compliance. The variables of tax justice that have a positive effect on tax compliance are procedural and retributive justice, with regression coefficients of 0.248 and 0.237 respectively, at a significance level of 0.00. A fairer tax amnesty policy will improve tax compliance after the amnesty period. The tax authorities need to make improvements to create a more equitable tax amnesty policy in the future.

**Keywords:** tax justice, tax amnesty, tax compliance

## 1. Introduction

Tax amnesty is one of the interesting research topics in the taxation field. The amnesty program is a strategic policy to overcome the problem of state revenue. Based on the views of economists, it is the best solution to the problem of the state budget deficits after the cause of the deficit has been established (Pommerehne, 1991). Historically, there have been three reasons for governments to implement tax amnesty programs, namely (1) to increase revenue quickly, (2) to increase tax compliance in the future, and (3) to encourage repatriation (Baer & Le Borgne, 2008). The Indonesian government introduced a tax amnesty policy through Law No. 11 of 2016, with the goal is to attract funds from abroad and increase tax revenue through tax penalties.

Several studies on the results of the tax amnesty in various countries have been conducted. Research on the behavior of income tax evaders utilizing tax amnesty programs in California showed that higher marginal tax rates increase tax avoidance activities (Crane & Nourzad, 1990). Tax amnesty is a good and fiscally attractive alternative to negative sanctions against tax evasion (Pommerehne, 1991). In Bangladesh, the policy of including tax avoidance in the list of tax violations and with a history of money laundering was able to help prevent the transfer of illegal assets abroad (Laila, 2014). Research in Argentina on tax amnesty and foreign trusts recommended that the government should provide property protection to tax amnesty participants who had revealed foreign assets (Malumian, 2016). López Laborda and Rodrigo (2003) obtained a different result, namely that amnesty in Spanish did not affect tax revenues in the short or long term.

Research in Indonesia shows that tax amnesty increases the resilience of the national economy through the flow of funds that enter the country from taxpayers (Said, 2018). There are several reasons behind participation in tax amnesties, including the desire to secure assets so that business activities run smoothly, avoiding tax disturbances in running a business, settling arrears to have a quiet life, and fear of having to pay a 200% penalty (Setyaningsih &

Okfitasari, 2015). However, other findings show that tax amnesty is less effective in attracting funds from abroad. The amount of repatriation is still relatively small compared to the declaration of domestic assets, and 16.9% of commitments to the repatriation of funds have not yet entered Indonesia (Sayidah & Assagaf, 2019).

Several factors determine the success of a tax amnesty. If the time coincided with liberalization and increased income, tax evaders will respond to the amnesty (Bose & Jetter, 2012). The increase in tax revenue from amnesties depends on whether there have been amnesties in the previous period (Luitel & Sobel, 2004). Another factor is the principle of fairness in the tax amnesty policy. Law No. 11 of 2016 uses the principle of justice as one of the tenets of tax amnesty implementation, but an explanation of the application of the principle of justice is lacking. The implementation of the justice principle can encourage the government to achieve its regulatory objectives, namely benefit for all parties (Sayidah & Silalahi, 2015). Indonesia taxpayers have a low level of trust in the legal system and taxation, so the tax authorities need to make improvements to the taxation system so that the principle of justice is felt (Cahyonowati, 2011).

Some researchers have studied justice and tax amnesty. Rechberger et al. (2010) examined the effect of perceptions of tax amnesty fairness on post-amnesty tax compliance. Their findings show that perceptions of fairness in tax amnesty affect post-amnesty tax compliance positively. A fairer tax amnesty policy can increase the honesty of taxpayers in disclosing income in the tax reporting period. Conversely, such a policy can also encourage non-compliance from usually compliant taxpayers if they feel the policy is unfair (Rechberger, Hartner, Kirchler, & Hämmerle, 2010). The negative effect of tax amnesty on tax compliance needs consideration; for example, by giving tax reductions to taxpayers who pay taxes regularly (Nar, 2015). After the tax amnesty period has ended, honest taxpayers may have feelings of injustice (Saracoglu & Caskurlu, 2011), believing that the tax amnesty was unfair because the tax authorities forgave those who had avoided taxes. They may be less motivated to pay taxes in the future. A structured tax amnesty policy must be able to maintain a balance between honest and dishonest taxpayers in order to increase tax income (Mikesell, 1986).

The importance of justice in tax amnesty policy encouraged the researchers to study taxpayers' perceptions of the principle of fairness in tax amnesty and tax compliance. The results of the study are expected to provide input to the government to improve policies in determining penalty rates, the allocation of funds used from the tax amnesty, and services to taxpayers. Moreover, the results of the study can enrich empirical evidence about the effect of justice in tax amnesties on compliance, and contribute to the development of related science, especially in the field of taxation.

## **2. Literature Review and Hypothesis**

### *2.1 Tax Compliance in Tax Amnesty*

Tax Compliance is the behavior of taxpayers to report their income by considering utility maximization based on cost calculations and tax savings (Erard & Feinstein, 2013). Several tax authorities such as IRS, ATO, and IRB 2009 define tax compliance as the ability and willingness of taxpayers to comply with tax laws, report the correct income every year and pay the amount of tax according to regulations on time (Palil, 2010). In Indonesia, based on the Regulation of the Minister of Finance Number 192/PMK.03/2007 concerning Procedures for Determining Taxpayers with Certain Criteria in the Context of Introductory Tax Overpayment Returns, there are four criteria for Taxpayer Compliance. First, taxpayers submit the Tax Return on time. Second, taxpayers do not have tax arrears for all types of taxes, except tax arrears that have obtained a license to pay taxes in installments or postpone. The three taxpayers have financial reports that are audited by a public accountant or government financial supervisory institution with an unqualified opinion for 3 (three) consecutive years. The fourth taxpayers have never been convicted of committing a criminal offense in the field of taxation based on a court decision that has permanent legal force for the last 5 (five) years.

The government has high hopes for its citizens to always be obedient in making tax payments. The results of tax revenue become the foundation for the government to move the wheels of government and finance various public goods. Multiple attempts have been made by the government to improve tax compliance and revenue. One of the measures taken is to issue a tax amnesty policy. The results of the study show that tax amnesty does not automatically encourage increased compliance (Sudarma & Darmayasa, 2017). Several factors influence tax compliance. Good tax knowledge, a complex tax system (Saad, 2014), external intervention in the form of tax penalties (Cahyonowati, 2011), gender (Kastlunger, Dressler, Kirchler, Mittone, & Voracek, 2010)(Kastlunger et al., 2010), and service quality (Ratnawati et al., 2019) affect tax compliance.

Tax amnesty will be able to increase tax income in real terms if there is no potential reduction in tax compliance in the future (Stella, 1991; Andreoni, 1991). Tax non-compliance reduces state revenue (Andreoni et al., 1998). Tax

amnesty that provides greater amnesty, namely a broad tax amnesty, not just fines for tax evasion, can increase compliance (Macho-Stadler et al., 1999). Forgiveness of penalties will motivate amnesty participation and become an essential consideration for taxpayers to comply (Fisher et al., 1989). The view of taxpayers is obedient that tax amnesty as a special gift from the government can damage the value of justice and cause audits and tax compliance to be ineffective (Saracoglu & Caskurlu, 2011).

## 2.2 Justice and Tax Compliance

The principle of justice has become a concern in the formulation of the tax amnesty policy. Justice, according to (Tyler et al., 1997), is not only a set of principles derived from an objective source, namely, we are holy, but also one that is in the mind of every individual. There are three types of justice, namely distributive, procedural, and retributive. Distributive justice is related to people's judgment that the allocation of results from a decision is fair or unfair justice following norms such as equality or equity (Verboon & Dijke, 2007). Distributive justice refers to the perception of the extent to which outcomes match standards, such as equality or equity implicitly. Procedural justice is fairness to the way results are distributed into groups. Retributive Justice justice related to how the authorities respond to violations of predetermined rules (Tyler et al., 1997). Wenzel (2002) uses three types of justice in the field of taxation.

Several studies have shown that tax justice can improve tax compliance. (Aktaş et al., 2019) found a relationship between taxpayer trust in the government and tax compliance through perceptions of tax fairness. Trust in government increases perceptions of tax fairness. Research (Rechberger et al., 2010) regarding the effect of perceived fairness from tax amnesty on post-amnesty tax compliance shows that perceptions of fairness in tax amnesty positively influence post-amnesty tax compliance. The more honest people will disclose income in the tax reporting period if the tax amnesty is fairer. The purpose of tax amnesty is whether to recover the lost tax value or to provide penalties for taxpayers by paying a fine. The government expects that the effective tax amnesty can reduce tax aggressiveness, namely the motivation of taxpayers to do tax evasion, both legally and illegally. The government can improve tax compliance by making policies that provide a sense of fairness to taxpayers. Distributive justice is proven to play a role in convincing taxpayers to obey the law (Verboon & Dijke, 2007). Distributive justice encourages voluntary tax compliance even in countries with different tax systems, namely Ethiopia and the United States (Dijke et al., 2019).

Another type of justice, namely procedural justice, based on research findings, can increase tax compliance (Dijke & Verboon, 2010; (Faizal et al., 2017). Procedural fairness has a positive correlation with trust (Faizal et al., 2017). Procedural justice encourages obligatory reluctance and reduces motivation for insubordination (Hartner et al., 2008). The government can use the principle of procedural justice in tax policy to prevent enforcing the rules and prevent tax disobedience. Empirically, threats, and coercion to taxpayers to increase compliance can reduce the legitimacy of tax authorities (Murphy, 2005). Taxpayers who receive procedurally fair treatment tend to assess the legitimacy of tax authorities positively (Murphy, 2008). Procedural justice can increase voluntary tax compliance (Gobena & Dijke, 2017; (Dijke et al., 2019).

Besides retributive justice and procedural justice, the third type of justice is retributive justice. Retributive justice relates to punishment for people who violate the rules following what the perpetrator believes deserves to be received (Wenzel et al., 2008). The concept of retributive justice is based on moral principles. A person who commits a mistake or a paradigmatically severe crime, is morally worthy of a punishment that deserves a proportionate fund (<https://stanford.library.sydney.edu.au>). If the offender receives the punishment accordingly, then the sentence will be significant to prevent further violations (Wenzel et al., 2008). Unfair punishment leads to averse taxpayers' attitudes, and perceptions of unfavorable retributive justice will increase tax distrust and non-compliance (Kirchler et al., 2008). Based on the description above, the hypothesis of this research is:

H1: The tax situation in tax amnesty affects tax compliance.

H1a: Distributive justice in tax amnesty affects tax compliance.

H1b: Procedural justice in tax amnesty affects tax compliance.

H1c: Retributive justice in tax amnesty affects tax compliance.

## 3. Research Method

The survey method was used to obtain taxpayers' perceptions of justice in tax amnesties and their perceptions of post-amnesty tax compliance. The survey was conducted by distributing online questionnaires to taxpayers.

### 3.1 Sample Selection

The population in the study consisted of taxpayers, both those who participated in the tax amnesty and those who did not. The researcher uses a convenience sampling method. A researcher can use convenience sampling when the population is large (Etikan, 2017). We distribute online questionnaires through several groups of WhatsApp. The researcher asked the willingness of the members of the WhatsApp group to answer the questions in the questionnaire. Respondents who volunteered to fill questionnaires were 133 people

### 3.2 Testing of Non-response Bias

This test aims to determine the significance of the differences in answers between respondents who completed the and those who did not (non-response). The questionnaire answers were divided into two groups, namely (1) an early response group and (2) a late-response group. The early response group comprised those are replying within one week, while the late response group replied after this period. A t-test performed testing of non-response bias.

### 3.3 Variables

The research variables included dependent, independent, and control variables. The dependent variable was tax compliance, and the independent variables distributive justice, procedural justice and retributive justice. The control variables were the respondents' characteristics, including gender, age and income.

### 3.4 Tax Compliance as the Dependent Variable

Measurement of the tax compliance (COMPL) variable was made using a five-point Likert scale, from (1) Strongly Disagree to (5) Strongly Agree. The questionnaire indicators were designed based on three regulations of the Minister of Finance of the Republic of Indonesia, adapted to the context of tax compliance after tax amnesty. These were:

- a) Number 192 / PMK.03 / 2007 concerning Procedures for Determining Taxpayers with Certain Criteria in the Framework of Returning an Excessive Tax Payment.
- b) Number 74 / PMK.03 / 2012: concerning the Procedure for Determination and Revocation of Taxpayer Determination with Certain Criteria to Return.
- c) Number 39 / PMK.03/2018 concerning Procedures for Returning An Excess Tax Payback.

The questionnaire indicators for tax compliance include:

1. After participating in the tax amnesty, taxpayers will submit tax returns on time in the following years.
2. After participating in the tax amnesty, taxpayers will pay all types of taxes following the regulations in the following years, and will not be in arrears, unless they have obtained permission to pay in installments or to delay payments.
3. After participating in the tax amnesty, taxpayers will be motivated to ask the public accountant to audit their financial statements and to obtain an unqualified opinion in the following years.
4. After participating in the tax amnesty, taxpayers will not commit criminal acts in the field of taxation in the following years.

### 3.5 Distributive, Procedural and Retributive Justice as Independent Variables

Three types of justice were used as independent variables, adopted from Wenzel (M. Wenzel, 2002), and adjusted to the tax amnesty context. The questionnaire indicators were on a five-point Likert scale, from (1) Strongly Disagree to (5) Strongly Agree.

There were two indicators of distributive justice (DISTR):

1. I think the tax amnesty penalty is fair.
2. In my opinion, the benefits and penalties from tax amnesty are comparable.

Procedural justice (PROC) had four indicators, namely:

1. In my opinion, the tax representative (account representative) has treated tax amnesty participants well.
2. In my opinion, the tax representative (account representative) has provided reliable assistance and suggestions to tax amnesty participants.
3. In my opinion, the tax representative (account representative) has given sufficient time to the tax amnesty participants in terms of consultation.

4. In my opinion, the tax authority has provided sufficient and good quality information about the tax amnesty.

Retributive justice (RETR) had two indicators:

1. In my opinion, the tax amnesty penalty paid is proportional to the tax avoidance that has been committed.
2. In my opinion, the government has imposed administrative sanctions (200% of unpaid or underpaid income tax) which are in line with the violations committed on taxpayers who did not take part in the tax amnesty and have been found to have avoided tax.

### 3.6 Characteristics of Respondents as Control Variables

Participation in the tax amnesty, education, gender, age, and income was used as control variables. Participation in the tax amnesty (PART) was a dummy variable, namely (1) if there was participation, and (0) if there was no participation. Gender (GENDER) was categorized into two groups, namely (1) male and (2) female. Level of education (EDU) was categorized into five groups, namely (1) senior high school, (2) undergraduate, (3) Master’s, (4) doctorate and (5) others. The age variable (AGE) used a ratio scale, while income (INCOME) was categorized into (1) <Rp. 10 million, (2) Rp. 10 - 20 million and (3) Rp. > 20 million.

### 3.7 Analysis Model

Multiple Linear Regression was used to analyze the data. The regression equations were:

Model 1

$$\text{COMPL} = \beta_0 + \beta_1 \text{JUSTICE} + \beta_2 \text{TA} + \beta_3 \text{INCOME} + \beta_4 \text{GENDER} + \beta_5 \text{AGE} + \beta_6 \text{EDU} + \varepsilon.$$

Model 2

$$\text{COMPL} = \beta_0 + \beta_1 \text{DISTR} + \beta_2 \text{PROC} + \beta_3 \text{RETR} + \beta_4 \text{TA} + \beta_5 \text{INCOME} + \beta_6 \text{GENDER} + \beta_7 \text{AGE} + \beta_8 \text{EDU} + \varepsilon.$$

Where

COMPL = tax compliance; DISTR = distributive justice; PROC = procedural justice; RETR = retributive justice; GENDER = gender; AGE = age, INCOME = income;  $\beta_0$  = constant,  $\beta_1 \dots \beta_5$  coefficients of the independent variables;  $\varepsilon$  = error.

## 4. Results and Discussion

### 4.1 Demographics of the Respondents

For two months researchers have collected 133 answers of the online questionnaire from respondents. Table 1 shows the respondents' demographics.

Table 1. Demographics of respondents

Demographic	Description	N	%
Age	20 -30 Years	53	40
	31- 40 Years	22	17
	41- 50 Years	44	33
	51- 60 Years	9	7
	➢ 61 Years	5	3
Level of Education	Senior High School	16	12.0
	Undergraduate	80	60.2
	Master’s	30	22.6
	Doctor	6	4.5
	Others	1	0.8
Gender	Male	73	45
	Female	60	55
Monthly Income	< Rp. 10 million	88	66.2
	Rp. 10 million – 20 million	29	21.8
	>Rp. 20 million	16	12.0
Participant in Tax Amnesty	Yes	21	16
	No	112	84

Source: SPSS Output (2019)

One hundred thirty-three respondents with varied demographics answered the questionnaire. 90% were aged under 50, which shows that the respondents were taxpayers who were still productive. More than half of the respondents, 60%, were educated to the undergraduate level, with the number educated to the Master's level quite high, at 30%. There were 10% more female respondents than male ones. Most respondents had an income of less than Rp.10 million. 16% participated in the tax amnesty.

#### 4.2 Descriptive Statistics

The descriptive statistics of the questionnaire answers are given in Table 2.

Table 2. Descriptive statistics

	Minimum	Maximum	Mean	Std. Deviation
COMPL	1.75	5.00	3.4793	.67983
DISTR	1.00	5.00	3.1992	.78803
PROC	1.50	5.00	3.3910	.65240
RETR	1.00	5.00	3.0714	.75664
JUSTICE	1.75	5.00	3.2206	.55609
Valid N (listwise)	133			

Source: SPSS Output (2019).

Table 2 shows that respondents' answers to the tax compliance (COMPL) and justice variables had an average minimum value of 1.75, or close to 2. This figure shows that only a few respondents strongly disagreed with post-amnesty tax compliance and tax amnesty justice. In general, respondents answered "disagree" to "strongly agree" to this question. The average value of respondents' answers for all variables was above three, which means they agreed with the fairness of tax amnesty and tax compliance after it.

#### 4.3 Results of the Non-response Bias Test

The results of the non-response test show that the answers of respondents who sent answers at the beginning of the period were not different from those of respondents who completed the questionnaire at the end. The questionnaire answers received can represent all the respondents. The T-test results are as follows:

Table 3. Independent sample test

	Mean Difference	Std. Error Difference	t	df	Sig. (2-tailed)
Equal variances assumed	.047	.129	.368	131.000	.714
Equal variances not assumed	.047	.138	.344	64.220	.732

Source: SPSS Output, (2019).

#### 4.4 Validity

Tables 4 to 7 show the results of the validity tests of variable tax compliance, distributive justice, procedural justice, and retributive justice.

Table 4. Validity statistics of tax compliance variable

	COMPL1	COMPL2	COMPL3	COMPL4	COMPLT
COMPLT	.758*	.780*	.917*	.917*	1

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

Source: SPSS Output (2019)

Based on Table 4, all the correlation coefficient values between items COMPL1 and COMPL4 to the total (COMPLT) are greater than 0.3, ranging from 0.758 to 0.917, with a significance level of 1%. Therefore, the questionnaire items for the tax compliance variable are valid.

Table 5. Validity statistics of distributive justice variable

	DISTR1	DISTR2	DISTR T
DISTR T	.909*	.911*	

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

Source: SPSS Output (2019)

Based on Table 5, the correlation coefficients between DISTR1 and DISTR2 to the total (DISTR T) are greater than 0.3, namely 0.909 and 0.911, with a significance level of 1%. The questionnaire items for the distributive justice variable are, therefore, valid.

Table 6. Validity statistics of procedural justice variable

	PROC1	PROC2	PROC3	PROC4	PROCT
PROCT	.823*	.906*	.797*	.616*	1

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

Source: SPSS Output (2019)

Based on Table 6, all the correlation coefficient values between items PROC1 to PROC4 to the total (PROCT) are greater than 0.3, ranging from 0.616 to 0.906, with a significance level of 1%. Consequently, the questionnaire items for the procedural justice variable are valid.

Table 7. Validity statistics of retributive justice variable

	RETR1	RETR2	RETR T
RETR T	.794*	.848*	

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

Source: SPSS Output (2019)

Based on Table 7, the correlation coefficients between items RETR1 and RETR2 to the total (RETR T) are greater than 0.3, namely 0.794 and 0.848, with a significance level of 1%. Therefore, the questionnaire items for the distributive justice variable are valid.

#### 4.5 Reliability

Reliability was tested by calculating the Cronbach’s alpha values. The reliability test results are as follows:

Table 8. Validity of statistics

Cronbach's Alpha	N of Items
0.901	5

Source: SPSS Output, (2019).

Based on Table 8, the value of Cronbach’s Alpha is 0.901, which is greater than 0.6. This shows that the question items in the fairness questionnaire on tax amnesty and tax compliance are valid.

4.6 Correlation

The correlation coefficient shows the degree of relationship between one variable and another. Partial correlation was used to determine the relationship between the tax compliance variable and the distributive, procedural and retributive justice variables. Five control variables were included, namely, income, education level, age, gender, and participation in the tax amnesty programme. The correlation coefficient values for each variable are shown in Table 9.

Table 9. Correlation matrix

	DISTR	PROC	RETR	JUSTICE
COMPL	.317*	.339*	.339*	.463*

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

Source: SPSS Output (2019)

The correlation coefficient between tax compliance as the dependent variable and the distributive, procedural, and retributive justice independent variables has a positive sign and is statistically significant at the 1% level. These results indicate that if the level of justice perceived by taxpayers increases, the level of tax compliance also increases. The degree of relationship between tax compliance and the three variables is approaching 0.5. This figure shows a moderate level of relationship between the tax compliance variable and the distributive, procedural, and retributive justice.

4.7 Results of Regression Model 1

The results of testing regression model 1 are shown in Table 10. The equation of regression model 1 is:

$$COMPL = \beta_0 + \beta_1JUSTICE + \beta_2 TA + \beta_3 INCOME + \beta_4GENDER + \beta_5AGE + \beta_6EDU+ \epsilon.$$

Table 10. Effect of justice on tax compliance

	Model 1	
	Coefficient	Sig.
Constant	1.582	0.000*
Justice	.579	0.000*
Participation in Tax Amnesty	-.282	.074
Income	-.070	.417
Gender	-.010	.930
Age	.008	.141
Education	-.043	.597
Adj. R <sup>2</sup>	.202	
F-Statistics	6.481	
Prob. F-Statistics	0.000	
Total Obs.	113	

\*Correlation is significant at the 0.00 level (2-tailed).

Source: SPSS Output (2019)

Table 10 shows that the regression model with tax compliance as the dependent variable and justice as the independent variable, together with participation in tax amnesty, income, gender, age, and education are statistically significant at the 0.1% level, with F-statistics at 6.481. All of these variables together affect tax compliance. This model has a coefficient of determination (Adjusted  $R^2$ ) of 0.202, which means that the ability of the justice variable in explaining the variability of the level of compliance is 20.2%. The results of the individual regression coefficient tests show that only the justice variable had a significant positive effect on tax compliance. Increasing fairness in tax amnesties will increase the level of tax compliance. All the control variables partially do not affect tax compliance. Post-amnesty compliance is not influenced by participation in tax amnesties, income level, gender, age or education level. Taxpayers who participate in tax amnesties and non-taxpayers with different levels of income, education, age, and sex have the same perception of tax amnesty fairness and tax compliance.

#### 4.8 Results of Regression Model 2

Regression model 2, as explained in the research method, has the following equation:

$$\text{COMPL} = \beta_0 + \beta_1 \text{DISTR} + \beta_2 \text{PROC} + \beta_3 \text{RETR} + \beta_4 \text{TA} + \beta_5 \text{INCOME} + \beta_6 \text{GENDER} + \beta_7 \text{AGE} + \beta_8 \text{EDU} + \varepsilon.$$

The results of the tests on the regression model are shown in Table 11.

Table 11. Effects of distributive justice, procedural justice, retributive justice on tax compliance

	Model 2	
	Coefficient	Sig.
Constant	1.593	.000
Distributive Justice (DISTR)	.109	.187
Procedural Justice (PROC)	.248	.004
Retributive Justice (RETR)	.237	.007
Participation in Tax Amnesty (TA)	-.213	.144
Adj. $R^2$	.215	
F-Statistics	10.031	
Prob. F-Statistics	.000	

The previous testing of regression model 1 showed that justice influences tax compliance, while the results of testing regression model 2 show that the procedural justice and retributive justice variables affect it. Another type of justice, distributive, does not affect tax compliance. Taxpayers feel that the rates and benefits of tax amnesty, which are indicators of distributive justice, do not affect the level of tax compliance after a tax amnesty. Taxpayers feel that procedural justice, which includes good treatment from tax officials, who provide reliable advice and give sufficient time for consultation and information, is important and can increase compliance after a tax amnesty. The amount of penalty and administrative sanctions, which are indicators of retributive justice, also influence the level of compliance with tax amnesties.

#### 4.9 Discussion

The tests on regression model 1 show that tax amnesty fairness significantly affects post-amnesty tax compliance. These results indicate that the government could improve tax compliance in the future through a tax amnesty program that is built fairly. The testing of regression model 2 shows that distributional justice (horizontal justice) does not have a significant effect on tax compliance. Taxpayers become compliant in fulfilling their tax obligations, not because they benefit from the tax amnesty program. The results of these exploratory studies show that taxpayers join tax amnesty programs for reasons of asset safety, freedom from inspection, and peace of mind in running their business (Setyaningsih & Okfitasari, 2015). The results of the study contradict the view that taxpayers evaluate penalty rates and the distribution of tax revenue in deciding to become tax compliant (M. Wenzel, 2002). This finding also fails to prove the proposition that people will disclose unpaid taxes if they benefit from the tax amnesty and believe that the government uses tax revenue for distribution purposes (Bose & Jetter, 2012). The testing of

procedural justice and retributive justice variables shows different results. Procedural justice during the tax amnesty and retributive justice period increased the level of post-amnesty tax compliance.

The procedural justice used in this study has four indicators. The first of these is the treatment from tax officers of tax amnesty participants. Tax officials who treat taxpayers kindly and non-discriminatively will make a positive impression and encourage taxpayers to comply. The tax apparatus must give a good impression to the taxpayer when providing services and conducting audits. The results of the study, which indicate that taxpayers take part in tax amnesties because they want to be free from harassment by tax officials (Setyaningsih & Okfitasari, 2015), must be followed up by policy. The government needs to create service standards that are in line with the expectations of taxpayers so that they feel happy to consult with officials and have the motivation to comply voluntarily.

The second indicator of procedural justice is the provision of reliable advice from the tax apparatus. The taxpayer's trust in this in providing input related to tax amnesty will increase the level of compliance. Taxpayers will be motivated to reveal the problem of disclosure of assets and repatriation of funds in a tax amnesty if they believe the tax apparatus will give advice that is not misleading. The tax apparatus must comprise honest people who do not use extortion to make taxpayers obey. The results of this study are consistent with findings that show that trust in tax authorities reinforces the positive influence of procedural fairness on voluntary tax compliance (Dijke & Verboon, 2010).

The third indicator of procedural justice is the provision of sufficient time to consult in the tax amnesty period. A tax apparatus that gives taxpayers enough time to consult about their problems in the tax amnesty process will encourage them to follow the advice given. Tax authorities provide account representatives whose numbers are sufficient to serve taxpayers. Account representatives can provide explanations freely to help taxpayers complete procedures following the tax amnesty. Amnesty is a better way to solve taxation problems than inspection (Franzoni, 2000).

The fourth indicator of procedural justice is the provision of information and the dissemination of clear and good quality tax amnesty processes. Information and tax amnesty socialization has a positive effect on post-amnesty tax compliance. Taxpayers feel that the tax authority has conducted socialization and provided sufficient information. This finding supports the results of research in one of the tax service offices in Indonesia, which shows that the tax apparatus has conducted counseling and socialization of tax amnesty in various places and used various media (Khotijah, Pitoewas, & Yanzi, 2017). Providing sufficient information will increase taxpayer knowledge of tax amnesty. The results show that tax amnesty knowledge has a positive influence on tax compliance (Dewi & Merkusiwati, 2018).

Furthermore, retributive justice positively influences tax compliance. There are two indicators of retributive justice. The first is whether the tax amnesty penalty paid is proportional to the tax avoidance that has taken place. Taxpayers who have already paid the penalty and feel that the amount is proportional to tax avoidance will comply in the post-amnesty period. Changes in behavior to compliant taxpayers are following the view that states that tax compliance behavior as an individual decision under risk (Alm et al., 2012). The second indicator is administrative sanctions (200% of unpaid or underpaid income tax), which are comparable with violations committed, to taxpayers who do not take part in tax amnesty and are proven to have avoided tax. People will be obedient if forced. These findings support the proposition which explains that people who decide to be in the informal sector (the underground economy) and are not monitored will not be obedient. However, they will comply if the tax authorities find out and force them to register as taxpayers (Bose & Jetter, 2012). The success of tax amnesty is predicted to increase if the tax authority gives higher penalties to detected tax evaders (Pommerehne, 1991).

## 5. Conclusion

The research aimed to examine the effect of taxpayer perceptions of tax amnesty fairness and its effect on post-amnesty compliance. The researchers adopted the notion of tax justice proposed by Wenzel, namely distributive justice, procedural justice, and retributive justice (M. Wenzel, 2002). These three types of justice became the independent variables, while the dependent variable was tax compliance. All the variables were measured by a questionnaire based on a Likert scale. Five control variables were also included in the regression equation; these were the dummy variables of participation or non-participation in the tax amnesty, age, education level, income, and gender. The five control variables did not have a significant effect on post-amnesty tax compliance.

The analysis shows that distributive justice in tax amnesty does not significantly affect post-amnesty tax compliance. Taxpayers do not consider penalty rates and the benefits derived from tax amnesty when deciding whether to become compliant taxpayers in the next period. This finding contradicts the view regarding the effect of horizontal justice in tax amnesty on tax compliance (M. Wenzel, 2002). The testing of procedural and retributive justice in tax amnesty

shows that both variables have a positive influence on post-amnesty tax compliance, at a significance level of 1%. The results of this study imply that the tax authority needs to pay attention to procedural issues in tax amnesty to increase the level of subsequent tax compliance. The tax apparatus needs to increase the equality of treatment of taxpayers in following the tax amnesty procedure. Small taxpayers should get the same treatment as large ones in terms of hospitality, consultation time, advice, and information. The tax authorities can improve service standards for tax amnesty procedures, making them simpler and easier for taxpayers. Also, retributive justice in tax amnesty affects tax compliance. Fines and administrative sanctions that are more balanced with violations committed by taxpayers will increase post-amnesty compliance.

## 6. Limitations and Suggestions for Further Research

This study has several limitations. First, the researcher used three aspects of justice in tax amnesty, namely distributive justice, procedural justice, and retributive justice. Future studies could explore other aspects of justice in a qualitative study. Second, the researchers used the indicators of the Regulation of the Minister of Finance of the Republic of Indonesia as the basis for developing the indicators of post-amnesty tax compliance. Future studies could explore the dimensions of tax compliance from tax experts. Third, the snowball sampling method was used, which might not represent the overall characteristics of the taxpayer. Future studies could use other sample selection methods, such as stratified random sampling, to increase the level of sample representation. Fourth, the study only uses the justice variable in tax amnesty to examine post-amnesty compliance levels. Future studies could include other variables, thereby increasing the coefficient of determination.

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