ABSTRACT

An Investigation of Factors Affecting Tax Professionals’ Compliance Behavior in Corporate Tax Reporting

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This study was conducted in Surabaya, East Java. The respondents of the study are tax professionals who have at least one year experience as tax professionals in the manufacturing industry. One hundred and fifty four tax professionals participated in this study. The data was analyzed using Structural Equation Modelling (SEM) with Amos version 4.01.

The findings of this study show that: (1) the effect of supportive corporate environment on tax professional’s compliance behavior is positive and significant; (2) the effect of complexity of the tax law on tax professional’s compliance behavior is insignificant; (3) the effect of complexity of the tax law on costs of noncompliance is positive and significant; (4) the effect of trust on tax professional’s compliance behavior is insignificant; (5) the effect of trust on costs of noncompliance is negative and significant; (6) the effect of risk of audit adjustment on tax professional’s compliance behavior is positive and significant; (7) the effect of risk of audit adjustment on costs of noncompliance is positive and significant; (8) the effect of financial stress on tax professional’s compliance behavior is negative and significant; (9) the effect of financial stress on costs of noncompliance is insignificant; (10) the effect of compliant individual profile on tax professional’s compliance behavior is positive and significant; (11) the effect of costs of noncompliance on tax professional’s compliance behavior is negative and significant.

Key words: supportive corporate environment, complexity of the tax law, trust, financial stress, risk of audit adjustment, compliant individual profile, costs of noncompliance, compliance behavior.