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EVALUATION OF TAXATION ASPECTS OF MARRIED WOMEN: CASE STUDY OF SEPARATION OF ASSETS (PH) STATUS AND/OR INQUIRING OF SEPARATE TAX OBLIGATIONS (MT)

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EVALUATION OF TAXATION ASPECTS OF MARRIED WOMEN: CASE STUDY OF SEPARATION OF ASSETS (PH) STATUS AND INQUIRING OF SEPARATE TAX OBLIGATIONS (MT)

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ABSTRACT

Article 8 of the Income Tax Law of Indonesia No. 36 of 2008 stipulates that the family is the smallest tax unit. The head of the family is responsible for fulfilling the tax rights and obligations unless a pre-marital agreement, such as Assets Separation/*Pisah Harta* (PH), is in place. In this condition, the husband and wife must carry out their respective tax rights and obligations. Married women without a separation agreement may perform this obligation separately from their husbands (*Memilih Terpisah*/MT) or jointly, with different treatments. Therefore, this study aimed to evaluate aspects of the taxation of married women by analyzing compliance with filling out marital status in the annual Income Tax Return (ITR) based on the OECD framework. To increase the reliability and validity of this study, data were collected using the triangulation method, which included data from *e-riset*, surveys, and interviews conducted with Individual Taxpayers (IT), tax consultants, and tax authorities. The result showed that individual taxpayers still exhibit non-compliance in filling out the marital status, limiting the need for equal treatment of married women with income from a single employer, irrespective of PH or MT status.

Keywords: *Family Tax Unit, Individual Tax, Prenuptial Agreement, Separate Filing, Tax Compliance*

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1. INTRODUCTION

The ratio of total tax revenue to Indonesia's Gross Domestic Product (GDP) in 2019 was 11.6%, below countries in the Asia Pacific, with an average of 21.0%. This is also below the average ratio of OECD member countries, which is 33.8% (OECD, 2021). The ratio in Indonesia remained relatively stable from 2007 to 2019, with the highest and lowest value of 13.0% and 11.0% in 2008 and 2009, respectively.

Indonesian tax revenue is dominated by corporate income tax at 32.32%, while personal income tax only contributes at 9.78%, when viewed from the structure. This is inversely proportional to the average tax revenue structure of OECD member countries, which is 24% and 10% contributed from IT and corporate, respectively (OECD, 2021). In Indonesia, based on the total number of taxpayers, Individual Taxpayers dominate at 91.21%, followed by Corporate and Treasurer, comprising 7.67% and 1.12%, respectively (DGT, 2021).

Tax revenue up to the fourth quarter of 2020 was supported by non-oil and gas income taxes, which contributed Rp 561.00 trillion or 52.33% (DGT, 2021). Meanwhile, personal and corporate income tax article 25/29 only contributed 1.08% and 14.47% of the total revenue in 2020. There is a significant difference in the potential to explore tax revenue from the IT side.

One of these potentials is in the issuance of PER-19/PJ/2014 concerning the form of the annual income tax notification form for IT and Corporate Taxpayer with instructions for filling them out. The net income of husband and wife, with a separation agreement (*Pisah Harta/PH*) and MT status, is subject to tax. The amount of tax that must be paid is calculated according to the ratio of their net income. From this calculation, there will be an increase in tariffs due to the combination of net income, affecting IT compliance (Nur, 2014). The potential for additional tax revenue can add to the contribution to income tax article 25/29 for individuals when IT compliance can be maintained (Anggarsari, 2011).

Appendix 1 shows the selection of marital status on the IT 1770 form in the annual Income Tax Return (ITR) using e-form, which is a medium for reporting tax. This is automatically filled with KK status when the IT is not married. Therefore, this study aims to evaluate aspects of the taxation of married women by analyzing compliance with filling out marital status in the annual ITR based on the OECD risk management framework on tax compliance.

There is still a study gap from previous studies related to the successful implementation of separate calculations by PER-19/PJ/2014 (Nur, 2014; Putri, 2019) and tax management on the selection of MT status (Nanda et al., 2017). This study is performed to fill in previous investigation by conducting additional analysis of compliance with filling status in the annual ITR of IT. It is expected to provide a limited contribution to increasing IT compliance on filling out marital status in the annual ITR. The Directorate General of Tax (DGT) plans to change its business processes by implementing a Single Identity Number (SID) as a Taxpayer Identification Number (TIN) and implementing the Core Tax Administration System (CTAS) in Indonesia. Therefore, the IT income tax article 25/29 revenue is expected to grow, and the scope is limited to compliance in filling out the status in the annual ITR. This study is also restricted to IT who are married and already have a TIN.

2. LITERATURE REVIEW

2.1. TAX COMPLIANCE

Compliance is crucial for taxpayers to fulfill their obligations, which include (OECD, 2004) (a) registering to obtain a TIN, (b) submitting tax reports on time, (c) reporting complete and accurate information, and (d) pay taxes owed on time. Meanwhile, failure to meet any of these criteria results in non-compliance. This study focuses solely on reporting accurate marital status information for IT.

Compliance or non-compliance is influenced by the behavior of taxpayers, which is summarized from the various literature. The literature is divided into two approaches, namely, an economic as well as a psychological and sociological perspective called the behavioral approach (James & Alley, 2002; OECD, 2004). The important economic factors are:

- a. Financial burden. There is a relationship between the amount of tax debt with compliance behavior. The behavior of adjusting reported data to avoid or reduce payment of tax debts tends to result in incorrect reporting when the debt is significant.
- b. The cost of compliance. The cost is related to the amount paid by taxpayers to fulfill the required obligations, such as the necessary time to prepare requirements for tax reporting, accountant service fees, or other indirect costs caused by the complexity of tax regulation. Furthermore, psychological burdens are included in this category, such as feeling stressed over tax obligations.
- c. Disincentives. Administrative and criminal tax sanctions have only a limited effect on taxpayers' compliance behavior.
- d. Incentives. This can have a positive effect on taxpayers' compliance behavior.

Behavioral factors affecting tax compliance are:

- a. Individual differences. This causes some taxpayers to comply, while others are not, and this is influenced by gender, age, education level, moral compass, industry, personality, environment, and personal ability to assess risk.
- b. Perceived inequity. Taxpayers who believe the existing system is unfair are more likely to be disobedient (Saad, 2012, 2014).
- c. Perception of minimal risk. Taxpayers may risk disregarding tax regulations when presented with the opportunity. For example, income not detected by the tax authorities due to the absence of reporting from third parties will tend to be subject to creative accounting.
- d. Risk-taking. Tax evasion is seen as a game to avoid liability and try not to get caught. This study will only focus on the financial burden, the cost of compliance, and perceived inequity because other factors are less relevant.

2.2. INCOME TAX

The tax system in Indonesia adheres to the family as the smallest tax unit. This has been regulated since the issuance of Income Tax Law No. 7 of 1983 until the last amendment in Law No. 7 of 2021. Furthermore, Article 8 states that all income or loss for a married woman is considered to affect the husband. The income of minor children is combined with the parents.

There is an exception for combining the income of a married woman only received from one employer and deducted from Article 21 Income Tax Law. The work has no connection with the business or independent work of the husband or other family members. The married woman's income is final and does not need to be combined with the husband.

PER-19/PJ/2014 requires IT to fill in marital status on the IT annual ITR. Following attachment II of the regulation regarding the instructions for filling out the IT annual ITR form, the marital status selected are:

- a. **KK:** When a couple file their taxes jointly, the wife can use the husband's TIN.
- b. **HB:** When a couple lives independently due to a court order, their income is taxed separately.
- c. **PH:** When a couple agrees in writing to separate their assets, the income is taxed separately.
- d. **MT:** When the wife selects to fulfill her tax obligations separately from the husband, their income is taxed separately.

Married women can exercise their tax rights and obligations separately from the husbands by selecting to be separated (MT). However, a distinction exists in the income tax calculation between individuals who select to be separated. Despite reporting income separately, married women with PH or MT status may be subject to an income tax charge based on the combined net income of the couple. This circumstance could lead to a higher tax burden, owing to the possibility of entering a higher layer of progressive tax rates.

The taxation system for married couples results in a marriage penalty or bonus. The penalty may include income tax (Alm et al., 1999). Studies examined the effect of the marriage penalty or bonus on couples' decisions to marry. The taxation system plays a significant role and can potentially influence these decisions (Barigozzi et al., 2019). The tax treatment of spouses has been a highly debated topic among economists and non-economists. Family taxation rules continue to differ significantly across countries, although there appears to be a trend toward a more individualized tax system. Family (or spousal) based schemes will be replaced by systems relying on the individual as the relevant tax unit. Therefore, the individual's tax liability is less dependent on the income of the spouse than before. Over the last few decades, this trend has been observed in most of the tax reforms in OECD countries (Cremer et al., 2012).

Indonesian Law Number 1 of 1974 concerning marriage, Article 29 paragraphs 1, 3, and 4, clarified by the Constitutional Court through a decision number 69/PUU-XIII/2015, stipulates that before or during the marriage bond, both parties with mutual consent can submit a written agreement legalized by the marriage registrar or notary. This becomes effective at the time of marriage unless stated otherwise in the Marriage Agreement. Once the marriage agreement is made, it can only be altered or canceled with the mutual consent of both parties and only when the change or cancellation does not affect the rights of a third party. The agreement may cover issues related to marital property or other matters.

Married women with a written agreement regarding the separation of income and assets must register themselves to be given a TIN after meeting the subjective and objective requirements by statutory provisions. This is regulated in government regulation number 74 of 2011, which has been changed by government regulation number 50 of 2022 concerning Procedures for the Implementation of Rights and Fulfillment of Tax Obligations.

2.3. PREVIOUS RESEARCH

Nur (2014) analyzed the impact of the issuance of PER-19/PJ/2014 on the combined income tax rate and its impact on the compliance level of IT. Furthermore, when a married woman has a source of income from only one employer and already has a unique TIN at the beginning of the fiscal year but does not cancel or merge with the husband at the time of reporting the 2014 annual ITR, she will be considered to have selected to handle the tax rights and responsibilities separately (MT). The couple's net income is taxed based on the sum of net income and the amount of tax paid by each husband and wife is calculated according to the ratio of their net income. There is also the effect of increasing tariffs due to income pooling on the compliance of IT.

Putri (2019) researched the implementation of income tax policy for separate taxation rights and obligations of husband and wife, using in-depth interviews and a literature review. The study found that the policy did not meet William N. Dunn's evaluation criteria of effectiveness, efficiency, equity, adequacy, responsiveness, and accuracy. However, the two studies did not mention compliance with filling out marital status in married individuals' annual ITR.

The study is structured as follows, Introduction, Theoretical Framework, Data Collection Method and Data Analysis, Organizational Profile, Results and Discussion, Conclusion, and Recommendations.

3. RESEARCH METHOD

3.1. RESEARCH DESIGN

This study used a mixed method of quantitative and qualitative analysis. The analysis involved using quantitative methods to analyze data obtained from the Directorate of Tax Data and Information (DTDI) and questionnaires. In addition, this study also utilized qualitative methods by conducting interviews to gather more in-depth information. Qualitative data were more useful when the study is exploratory and focused on one or a small number of cases (Gerring, 2017). Ellet (2018) divided the case studies into decision-making, evaluation, and problem diagnosis. This study used an evaluation approach to address compliance issues.

The triangulation method was used to collect data from various sources, including interviews, to increase reliability and validity (Cresswell & Cresswell, 2018). It was the idea of viewing an object from several perspectives and increasing the accuracy of the results (Neuman, 2014).

Data were initially collected from questionnaires to IT with marital status by nonprobability sampling and then confirmed through interviews. In addition, interviews were conducted with tax consultants related to more technical questions that IT did not understand. Analysis of the questionnaire data and interviews was then carried out for confirmation through interviews with the DGT, which in this case was represented by the Directorate of Tax Regulations II (DPP II) at the main office, Account Representative (AR), and Functional Tax Counselor (TC) at KPP Cengkareng. Interviews made with all participants except IT used the purposive sampling method.

Semi-structured interviews were conducted for data collection, and the method obtained results broader than answering research questions but were within the appropriate corridor (Rabionet, 2011). Data results from the questionnaire were analyzed using a descriptive technique and described without generalizations (Sugiyono, 2018). The Microsoft Excel application was used to process the collected questionnaire data. The results were first transcribed before conducting data reduction. The interview results were then summarized in tabular form or quotations from the informant's statements. Meanwhile, reconstruction was carried out by connecting the themes and making interpretations of meaning.

3.2. DATA COLLECTION

Requests for data were submitted through eriset.pajak.go.id with service number 05764-2022 on July 06, 2022. Applications were approved by letter number S-2614/RISET/PJ.09/2022, dated August 30, 2022. The data obtained determined the study object accompanied by considerations of convenience to reach the location. Due to limitations in gender identification within the main DGT data, only a portion of the obtained data can be utilized. Once the study object was identified, a request for an interview and location data was resubmitted through eriset.pajak.go.id.

The object is the work area of KPP Pratama Jakarta Cengkareng (KPP Cengkareng), which covers the entire Cengkareng District. The selection was based on the highest number of IT from 2016 to semester one of 2022 among all KPP under the West Jakarta DGT Regional Office (DGT e-research, 2022).

The primary data were taken from the results of distributing questionnaires and in-depth interviews with IT, tax consultants, and tax authorities in the DPP II, AR, and TC at KPP Cengkareng. Secondary data were obtained from IT statistical analysis obtained from the DTDI and existing tax regulations, books, scientific study journals, and various references, such as publications from the OECD related to this study's title.

The KPP Cengkareng does not own data regarding IT and married women, hence, the study requests submitted through eriset.pajak.go.id on September 5, 2022, with service number 07037-2022, was rejected on October 10, 2022, with letter number S-2825/RISET/PJ.09/2022. Requests from sources for interviews were also rejected. Another request was submitted through eriset.pajak.go.id on October 12, 2022, with service number 07688-2022. On October 24, 2022, a research permit letter No. S-2941/RISET/PJ.09/2022 to conduct interviews with three KPP Cengkareng tax officers consisting of 2 ARs and 1 TC was issued.

Regarding the questionnaire distribution, a research permit was applied to the Head of the Cengkareng District on September 2, 2022. Meanwhile, on September 6, 2022, the permit was issued, with letter number 229/-TM.23.00. Coordination at the sub-district was carried out from September 13, 2022, to October 3, 2022. Sub-district officers distributed questionnaires to residents in Cengkareng District through the sub-district WhatsApp group and RT/RW. The questionnaire distribution period begins on September 30, 2022, at 6 pm and ends on October 8, 2022. Respondents can access the questionnaire at https://bit.ly/Kuesioner_AspekPerpajakanWanitaKawin. The questionnaire was first distributed to several respondents for testing and refinement, carried out on September 28-29, 2022. There were several inputs related to the convenience of the questionnaire to make it easier to fill out, and these improvements were made without changing the question material.

The questionnaires were distributed to every sub-district in Cengkareng District to promote candid and transparent responses from the respondents. This approach might yield different results when the questionnaires were distributed through KPP Cengkareng.

Google Forms are electronic questionnaires that can be filled out using a cell phone or other devices. This study used Google Forms as a questionnaire medium. The questions were designed according to the OECD 2004 Guidance Note on Compliance Risk Management and Article 8 of the Income Tax Law No. 36 of 2008. All questions are closed-ended, and only one is open-ended to gather suggestions and feedback.

The questionnaire is divided into three main sections. The first section, "Respondents' Profile", contains 9 multiple-choice questions. The second section has 3 multiple-choice questions related to IT compliance in providing marital status information. Meanwhile, the third section has 22 questions on various aspects of the taxation of married women, and the questionnaire contains 34 questions in total. The Likert scale, which is a 6-point ranging from strongly disagree to strongly agree, is used in the third section to assess respondents' perceptions of IT. This scale is commonly used in survey study to gather opinions on an ordinal scale (Neuman, 2014).

The sampling design for interviewees with tax consultants and DGT was carried out through purposive sampling. Purposeful sampling is the selection of subjects based on their knowledge of the topic being studied. (Sekaran & Bougie, 2019). The criteria used are having experience in taxation for at least 5 years, as shown in appendix 2.

The IT interviewees were sampled using convenience sampling, and it included individuals who had expressed willingness to be interviewed when filling out the questionnaire. An application for an interview with the DPP II was submitted through eriset.pajak.go.id on September 1, 2022, with service number 070009-2022. An approval letter was received on October 10, 2022, with letter number S-2798/RISET/PJ.09/2022. However, it takes time to arrange the appointed informant for the interview to be held on October 25, 2022.

All interviews are conducted online for the convenience of the informants with a limited schedule amid their busy work. Some media used are Microsoft Teams, Zoom, and WhatsApp voice calls. Informants were given codes to facilitate the analysis of interview data. The IT informants were given the code WPL1 and WPL2 for the first and second male IT. For female IT, a code is offered starting from WPW1 to WPW3, and the total number of IT informants is five people. Furthermore, the interviews were conducted on October 1-28, 2022.

4. ORGANIZATION PROFILE

KPP Cengkareng is situated at Lingkar Luar Barat Road No. 10A, RT.6/RW.8, Cengkareng Timur, Cengkareng, West Jakarta, Jakarta 11730. It covers all sub-districts within Cengkareng District, including West Cengkareng, East Cengkareng, Kapuk, Kedaung Kali Angke, Duri Kosambi, and Rawa Buaya.

Based on data from the Department of Population and Civil Registration of Cengkareng District, there were 184,781 family heads, consisting of 149,170 males and 35,611 females. The population of Cengkareng District, including foreign nationals, as of June 30, 2022, was 584,152 people, where 50.59% were male and 49.41% were female. "The total population of individuals of productive age, specifically between 15 and 64 years old, was 412,727, with nearly equal numbers of men and women at 208,097 and 204,630.

Based on the result from the DTDI, the number of IT of KPP Cengkareng increased every year from 268,553 in 2018 to 323,958 at the end of June 2022. The average annual growth rate is 4.04%, as shown in Appendix 3.

KPP Cengkareng's tax revenue, particularly from IT income tax receipts obtained from DTDI, indicates an increase in revenue ranging from a low of Rp 41.04 billion in 2018 to a high of Rp 62.06 billion in 2021. Meanwhile, during the first semester of 2022, revenue surpassed 93% of the target. From 2018 to 2020, the revenue value was below the target, but in 2021 the KPP Cengkareng managed to record an amount that exceeded the target limit, which was 42.74% higher. DPP II has duties and responsibilities to formulate and implement policies and technical standardization in the field of Income Tax and advocacy regulations, to provide guidance and implementation of advocacy, and harmonize tax regulations.

5. RESULT AND DISCUSSION

The number of questionnaires filled in in this study was 171. The questionnaire was deemed invalid due to responses from 1, 7, 25, and 88 participants residing outside Cengkareng District, unmarried, without a TIN, and had not completed an annual ITR, respectively. The number of valid questionnaires is 50, with a percentage level of 29.24% compared to the total number filled. The number of respondents who did not have a TIN reached 14.62% of the entire questionnaire.

Furthermore, 50 valid questionnaires were completed by a total of 50 respondents, consisting of 38 males and 12 females. The respondents' ages were as follows, 7 were between 20 and 30, 36 were between 30 and 50, and 7 were over 50. In recent education, there were 10 respondents with education below the high school level. Out of the total respondents, the majority, which is 29, had graduated from high school, while 11 respondents held either a diploma or a bachelor's degree.

According to statistics from the e-riset connected to KPP Cengkareng for the years 2016 through semester 1 of 2022, there are married female taxpayers who prefer to have a distinct TIN from their husbands or MT status at the time of TIN registration. The number of married women with MT status was 101 in 2016 and increased to 677 by the end of semester one in 2022. However, married women who already had a TIN before marriage could not be identified.

IT using MT status in the annual ITR from 2016 is about 186 ITR and did not tend to increase. However, this decreased to 167 ITR based on data for semester 1 of 2022. Reporting ITR with MT status should also be carried out by husband whose wife selects to use their TIN. Therefore, the number of ITR reported should be greater than IT married women with MT status at the time of registration. In the first semester of 2022, there are 167 fewer ITR figures with MT status compared to the 677 IT married women. Appendix 4 shows the comparison between status at registration and filling out ITR. The blue bars are the number of IT-married women who selected MT status at the time of TIN registration. In contrast, the red bar is the number of ITR with MT status.

For married female taxpayers who registered using PH status, the number was still below 10 people in 2019. However, it increased sharply in 2020 to 63 people and, in semester 1 of 2022, to 96 people. From 2018 to the first semester of 2022, IT who used the PH status when reporting annual ITR experienced a decreasing rate of increase each year. The PH status is not exclusive to married women, as their partners must use the concept when reporting annual ITR.

For every 10 female IT with PH status, there should be 20 annual ITR with PH status, subject to the condition that both the woman and the husband belong to the same KPP. However, at the end of the first semester of 2022, the number of ITR reporting with PH status is even less than that of married female taxpayers, as seen in Appendix 5. The blue bars are the number of married women taxpayers who selected PH status at the time of TIN registration, while the red is the ITR with PH status.

Based on the data collected from the questionnaire, out of the 50 respondents, 23 reported that their partners did not have a TIN, while the remaining 27 indicated a TIN. Appendix 6 shows that out of the 23 respondents with a TIN registered under the husband's name, 22 declared their marital status as KK in the 2021 annual ITR. On the other hand, only 1 respondent was declared MT, and none selected HB or PH as the marital status.

Out of the 27 respondents with a wife has a different TIN with husband, a total of 25, or 92.59%, selected to indicate their marital status as KK. Meanwhile, the remaining 2 individuals selected HB and MT, as outlined in Appendix 7. Only 1 respondent accurately provided the marital status, while the remaining 26 did not give an accurate response.

Attachment II to the Regulation of the DGT number PER-19/PJ/2014 concerning forms of annual ITR for ITs and Corporate Taxpayers along with instructions filling, page 27, the tax status of the husband and wife is filled in when the IT is married. The wife is considered to have chosen to carry out her tax rights and obligations when she has her TIN. Therefore, the tax status that must be chosen for a married couple with a wife who has a different TIN from the husband is MT when there is no separate agreement on assets.

Based on data from the *e-riset* and the questionnaire results, married IT is still not compliant in filling out status on the annual ITR, as seen from the difference in the number of married women taxpayers registering with PH or MT status compared to ITR. From the questionnaire results, most IT filled out the status of KK in their annual ITR. The interviews with tax consultants showed several factors that contribute to non-compliance with this requirement, including:

(1) Increase in the amount of tax to be paid

It is recognized that selecting PH or MT status entails the potential for escalated tax debt, resulting in a tax burden beyond the amount withheld by the employer. The tax consultant interview results revealed that the IT failed to report their true marital status due to concerns about the increased tax burden. The following summary of the interview provides more insight into this issue:

Informant	Statement
KPL2	<i>"[...] For instance, the wife and husband work at PT B and PT A companies, respectively. If they are notified of the need to merge their incomes, they will report their earnings separately as they did before marriage. The wife's tax code is TK/0, and the husband's is K/2. Even though Article 8 requires merging their incomes first, they know that this would result in an underpayment."</i>
KPW1	<i>"[...] there is additional tax debt [...]. (IT) rethink again. Do not report the marital status."</i>
KPW2	<i>"[...] mostly, "No need, no need," they do not want there to be underpayments. In the end, how do you prevent underpayments, [...], it means in husband ITR, it is as if, wife only housewives. On wife ITR, report TK/0, again, they will select KK status."</i>

(2) The cost of compliance for filling out the PH MT attachment

Taxpayers incur additional costs beyond the amount owed to comply with their obligations, which include the time and expenses associated with preparing and submitting ITR. Meanwhile, individuals with ITR filed under PH or MT status must fill out the appropriate attachment. A questionnaire showed that many taxpayers require assistance to complete this attachment, as indicated by the 62% approval rate. This finding was corroborated by interview results related to income tax obligations:

Informant	Statement
WPL1	<i>"[...] maybe I want to ask about the PH MT attachment that was made [...]."</i>
WPL2	<i>"I have to study the PH MT form first, Ma'am."</i>
WPW2	<i>"Maybe [...]"</i>
WPW3	<i>"Of course. Because state documents cannot be arbitrary, I need assistance and cannot fill them out myself."</i>

For IT, this PH MT calculation is not easy to fill out. Even respondents with a higher level of education provided an increased level of agreement. The informant from the tax consultant, KPW3, provided the following statement:

"The provided form serves as an attachment, not the primary document, which all recipients may not fully comprehend. Individuals who conduct routine tax calculations may not be aware of the attachment, potentially resulting in oversight. Furthermore, when research is carried out, more IT who do not append the supplementary form to the primary ITR will be revealed."

The KPP Cengkareng has received minimal inquiries regarding the completion of the PH MT form. As a result, the associated socialization efforts have been primarily passive, occurring only when a taxpayer poses a question, as indicated in the subsequent interview findings:

"Presently, our emphasis remains on adopting a passive approach. We are readily available to address any questions regarding the PH MT form. We have not initiated discussions about PH or MT in the preceding two years. Intriguingly, a notable percentage of taxpayers encounter challenges in this situation."

Tax knowledge also contributes to taxpayers' non-compliance (Saad, 2014). IT may face a higher potential cost of compliance due to their limited tax knowledge. This can be attributed to the additional time needed to study on their own, seek guidance from others, or even pay for the services of experts, such as tax consultants.

Interviews with IT showed an inadequate explanation of the taxation aspects of married women, as summarized in the following interview results:

Informant	Statement
WPL1	<i>"For this reason, I have not received any information, Ma'am."</i>
WPL2	<i>"I do not obtain the information often, and I do learn on my own, Ma'am, read and read on my own."</i>
WPW1	<i>"I do not know yet."</i>
WPW2	<i>"No, I never did because from e-filing, I immediately reported it and sent it."</i>
WPW3	<i>"Nope. Nope."</i>

WPW3 was unwilling to incur additional costs to fill in the PH MT attachment, as quoted from the results of the interview, *"No (willing). Because the state should provide it free of charge."* Whereas KPW2 stated, *"[...] for individuals whose income is quite high regularly have a tax consultant [...]"* IT with a fairly high income is willing to use the services of a tax consultant to incur additional costs for filling out the PH MT attachment.

From the results of interviews with tax consultants, it was also found that IT knowledge was very minimal. IT with an educational background in accounting may have adequate tax knowledge, as summarized in the following interview:

Informant	Statement
KPL1	<i>"Well, if asked whether the IT understands or does not understand, this is difficult to answer, but if the IT has the accounting background or works in the field of tax, maybe he will understand, but if the IT does not have a background in accounting, then he will be confused about tax."</i>
KPL2	<i>"If he knows, he can update it."</i>
KPW1	<i>"Most of them do not know."</i>
KPW2	<i>"In my opinion, in general, no."</i>
KPW3	<i>"[...] there are more than 50% of my female clients who do not understand about this and the consequences [...]"</i>

According to the tax consultant, the knowledge possessed by IT is only superficial. They seem to lack a clear understanding of the status to select between KK, HB, PH, or MT, and the implications of choosing a particular marital status when filling out the Annual ITR form.

It can be concluded that IT will incur the cost of compliance to fulfill its tax obligations. However, from the questionnaire results, taxpayers are unwilling to incur additional costs to learn the PH MT attachment. The low approval rate of 44.33% states that taxpayers disagree with this statement.

From the elaboration results, IT knowledge is still inadequate, increasing the cost of compliance and unwilling to incur costs. Furthermore, compliance costs become one of the causes of IT non-compliance in filling out marital status on the annual ITR.

(3) The inequality felt by married IT

The next factor to consider is the perception among married IT that they are being treated unfairly. This sentiment is reflected in the results of a recent questionnaire, where 59.33% of respondents expressed their agreement that tax treatment for married women with PH or MT status should be calculated separately based on individual income. This contrasts with the treatment of unmarried working women who are not subject to such calculations. These results suggested a perception of inequity among married IT, specifically concerning tax treatment for women with certain designations.

The approval rate for the statement that the net income of the husband and wife must be combined in the income tax calculation for PH or MT status was 44.33%, indicating some disagreement. Therefore, the respondents do not believe that the net income of the husband and wife needs to be combined in the tax calculation for IT with PH or MT status.

According to the consensus of three tax consultants, married women with TIN may face unequal treatment. The interview results with these consultants can be summarized as follows:

Informant	Statement
KPL1	<i>"[...] Consider two families, A and B, with identical incomes. Indonesian taxation follows the principle of substance over form, prioritizing the actual economic substance of a transaction over its legal form. While A and B may have different legal structures, their actual substance is the same, and both have paid their due income tax. It is unjust that one family's tax liability is recalculated while the other's is not, solely due to differences in their legal structures. This is a prime example of real injustice."</i>
KPW1	<i>"[...] If a wife is considered the same as her husband, then why is there an additional tax obligation for her? If a married couple does not separate their assets, they should be treated equally. However, taxpayers may be unaware of these additional obligations, resulting in a significant underpayment if not properly addressed. This could lead to injustice, even if it is just administrative."</i>
KPW3	<i>"In my opinion, it is not equitable, Ms. Why. Despite receiving tax relief and later having their taxes recalculated, these women are still working today. They represent a single economic unit because the money in their left pocket is no different from the money in their right, whether they are wearing shirts, skirts, or pants. When the government takes the money back through a calculation like this, it creates an unequal taxation system for women."</i>

However, the other two tax consultants looked at the concept from a different perspective, as quoted from the following KPL2 statement:

“The current system is unequal in terms of how it treats women based on the combined or separate treatment of their taxes. However, one principle may conflict with another in certain cases. Combining taxes is often conducted to simplify administration, making it easier to manage a single unit. Therefore, ease of administration is a key consideration in this context.”

In line with KPL2, KPW2 also provided an opinion that the different treatment was a consequence of the married woman's choice, as quoted from the following interview results:

“[...] if the calculations do end up looking unequal, right, because one has to be proportional first, right? If combined [...] total income rises, the tax rate will increase too, and usually, what the wife bears is greater as if [...] in the end, it is fair because that is the consequence that was selected at the choice of the taxpayer himself, in my opinion, Ma'am.”

The interview results from ARs are in line with the opinions of the two previous tax consultants, as stated in the summary of interview excerpts as follows:

Informant	Statement
AR1	<i>“[...] by law, we prefer taxpayers join, but we do not close our eyes. Do some select to use TIN separately, with consequences? What are the consequences? The consequence is that the tax will be bigger, right? This means that if he does not want to pay more, then he is suggested to join, right?”</i>
AR2	<i>“Justice is regulated in the law, if I am said to be equal, yes, as long as the law says so, that is justice that applies, that is how it is. The principle of legality [...] it is fair like that.”</i>

The PP informant explained the background of this matter as illustrated by the following interview excerpt:

“The structure of Article 8 offers certain facilities. However, when the individual is a PH MT, the situation will be different, and they will not be eligible for the facility. According to Paragraph 1, the facility is only available to married women whose income is combined with their spouse's and is granted to those with the KK status. Therefore, this law requires tax obligations to be fulfilled by the head of the family in the future, and there is no need for married women to fulfill their tax obligations separately.”

Women who have previously obtained a TIN may also encounter changes in their tax treatment after getting married. This is because different tax rates apply for the same income before and after marriage. According to the PP informant, the issue of the unequal tax burden is currently under discussion and being investigated, as noted in the following interview:

“[...] This issue of discrimination based on gender extends to tax obligations. For example, if a wife wishes to obtain her TIN and fulfill her tax responsibilities, she should have the same facilities as her husband. This issue is not limited to gender but also affects the tax burden. Before and after marriage, a woman's tax burden should remain the same regardless of her choice to be separate or join the husband. However, her tax burden may increase if she is classified as an MT. To address this issue, we are conducting an internal study and benchmarking against countries that have implemented family tax units.”

Therefore, it can be concluded that perceived inequity affects IT compliance in filling out marital status on the IT annual ITR. The concept of horizontal justice is not being fulfilled in this situation. According to the study by Alm & Melnik (2004), when two families have the same income, their tax burden should be equal. However, there is a discrepancy for families where the wife chooses to file separately instead of jointly with her husband. This unequal treatment may create a sense of injustice for those affected, which could impact their willingness to comply with tax regulations when reporting their marital status on the annual ITR.

The causes of this non-compliance occur because by using the PH MT status, (1) the income tax that must be paid becomes larger, (2) Compliance costs increase because of the obligation to fill in an additional attachment that IT does not understand, (3) there is a sense of injustice because married IT feels unequal treatment.

The information presented is relevant to the OECD framework discussed in the literature review. The causal factors related to non-compliance include the financial burden, cost of compliance, and perception of inequity. The financial burden refers to the amount of tax debt taxpayers bear, which may lead them to avoid payment or incorrectly adjust reported data to their advantage (Austin et al., 2021). The cost of compliance also plays a role, as IT may be reluctant to pay for the necessary expenses, resulting in non-compliance. In addition, a sense of injustice or perceived inequity can lead to non-compliance among IT taxpayers.

6. CONCLUSION AND RECOMMENDATION

6.1. CONCLUSION

The data analysis and questionnaires concluded that the IT in the study has not complied to fill out marital status on IT annual ITR. The non-compliance can be attributed to factors such as the financial burden of increased income tax, the cost of compliance, where IT would need to bear for PH MT calculation sheet guidance, and the perceived inequity of married women with PH or MT status. These factors discourage IT from reporting actual marital status. Moreover, the low level of compliance is partly due to the passive supervision of the Directorate General of Taxes (DGT) since it has limited access to comparative data. The socialization process only involves a one-on-one approach triggered by questions. Therefore, there is no effort to engage IT who do not seek assistance. Non-compliant IT in fill-in marital status may face billing when DGT strengthens its supervision and accesses adequate comparative data. However, there is a likelihood of rejection from IT, given the perceived inadequacy of the socialization process.

6.2. LIMITATION AND FURTHER STUDY SUGGESTIONS

This study has several limitations, as follows: (i) There was a limited number of sample questionnaires, and the distribution was only carried out within Cengkareng District. Therefore, the evaluation of IT compliance did not include a national assessment; (ii) this study is only limited to IT compliance and has not discussed related to improving good tax administration.

Further study can investigate the concept of a family tax unit and its relevance to future tax policy. Alternatively, Indonesia could consider individuals as the smallest tax unit. More in-depth study of taxation aspects for married couples with separate property agreements is necessary when the family unit is to serve as the smallest tax unit.

6.3. RECOMMENDATION

The recommendations that can be given to the DGT to improve tax compliance are:

1. Supervision can use SID data and family cards to increase IT tax compliance in filling out marital status on the IT annual ITR.
2. To improve tax compliance, it is necessary to conduct socialization related to the taxation aspects of married women and consequences by (i) physical approach, namely: (a) direct socialization in the sub-district with the hope that information can reach the residents through RT and RW, (b) cooperate with civil registration office, KUA (Office of Religious Affairs), houses of worship which are places where marriages are held by providing a booklet, and (ii) digital approach which are: (a) email blasts by sending infographics to all female IT to raise awareness, (b) send official letters to ministries or state agencies to disseminate to subordinates, where the target of socialization is IT from civil servants, and (c) social media such as YouTube, Twitter, Instagram, Tik Tok, and others.

Recommendations that can be given to IT are:

1. Individuals should accurately report their marital status, as stricter monitoring means that the tax authorities still have the right to collect underpaid income within the specified collection period, extending up to five years.
2. To avoid recurring mistakes, it is important to be proactive and informed about tax regulations and procedures.
3. When a married IT does not have a separation agreement, both spouses should consider jointly closing the wife's TIN to avoid an increase in combined income tax payable and IT compliance costs. This approach can simplify reporting administration, as only the husband would need to file tax returns, and there would be no need to fill out the PH MT attachment.

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APPENDIX

Appendix 1. Filling in the Marital Status on the 2021 Annual ITR Form

SEBELUMNYA **FORMULIR 1770** KEMETERIAN KEUANGAN RI DIREKTORAT JENDERAL PAJAK

SPT TAHUNAN PPh WAJIB PAJAK ORANG PRIBADI

BAGI WAJIB PAJAK YANG MEMPUNYAI PENGHASILAN :

- * DARI USAHA/PEKERJAAN BEBAS;
- * DARI SATU ATAU LEBIH PEMBERI KERJA;
- * YANG DIKENAKAN PPh FINAL DAN/ATAU BERSIFAT FINAL; DAN/ATAU;
- * DALAM NEGERI LAINNYA ATAU LUAR NEGERI

TAHUN PAJAK: 2 0 2 1

0 1 2 1 s.d 1 2 2 1
 BL TH BL TH

Pembukuan Pencatatan

SPT PEMBETULAN KE 0

PERHATIAN * SEBELUM MENGISI BACALAH PETUNJUK PENGISIAN * ISI DENGAN HURUF CETAK/DIKETIK DENGAN TINTA HITAM * BERI TANDA X DALAM KOTAK SESUAI PILIHAN

IDENITITAS

NPWP: [REDACTED]

NAMA WAJIB PAJAK: [REDACTED]

JENIS USAHA/PEKERJAAN BEBAS: [REDACTED] KLU: [REDACTED]

NO. TELEPON/ FAKSIMILI: [REDACTED] FAX: [REDACTED]

STATUS KEWAJIBAN PERPAJAKAN SUAMI-ISTERI:
 KK HB PH MT

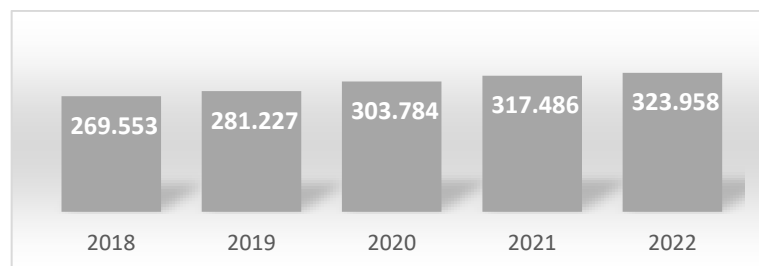
NPWP SUAMI/ISTERI: [REDACTED]

Permohonan perubahan data disampaikan terpisah dari pelaporan SPT Tahunan Orang Pribadi ini, dengan menggunakan Formulir Perubahan Data Wajib Pajak dan dilengkapi dokumen yang disyaratkan

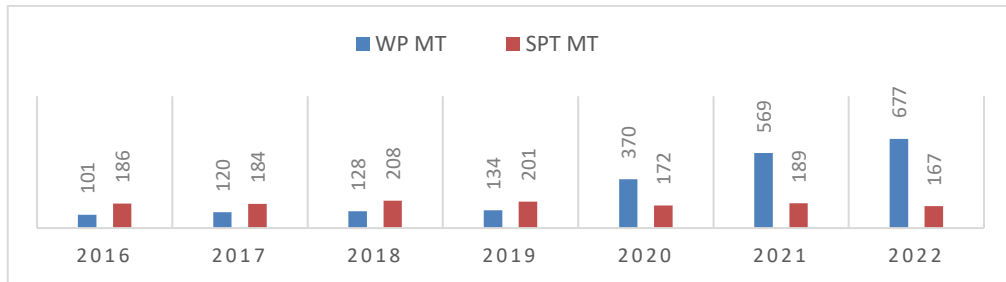
Appendix 2. List of Interviewees from Tax Consultant and DGT

No.	Informants	Code	Start of Career
1	Male Tax Consultant 1	KPL1	2000
2	Male Tax Consultant 2	KPL2	1994
3	Female Tax Consultant 1	KPW1	2009
4	Female Tax Consultant 2	KPW2	2011
5	Female Tax Consultant 3	KPW3	2012
6	Directorate PP II	PP	2008
7	Account Representative 1	AR1	2002
8	Account Representative 2	AR2	2012
9	Tax Counselor	PR	1994

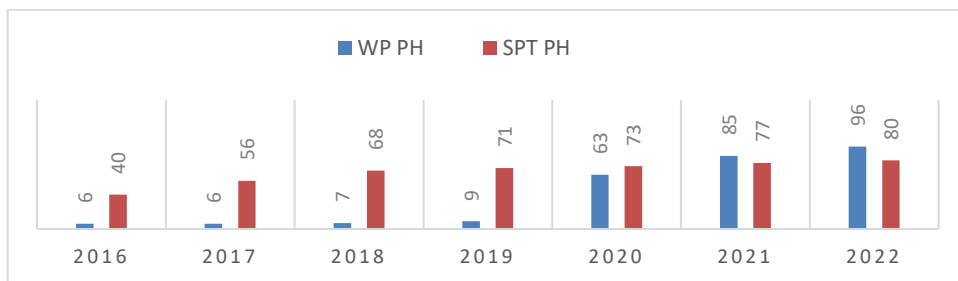
Appendix 3. Number of IT in KPP Cengkareng in 2018 – 2022



Appendix 4. Number of Female Taxpayers MT Status and ITR MT Status of KPP Cengkareng 2016 – 2022



Appendix 5. Number of Female Taxpayers PH Status and ITR PH Status of KPP Cengkareng 2016 – 2022



Appendix 6. Marital status Fill in ITR where Wife Does Not Have TIN

Marital Status on Annual ITR	Respondents	Percentage
KK	22	95,65%
HB	0	0,00%
PH	0	0,00%
MT	1	4,35%
total	23	100,00%

Appendix 7. Marital Status Fill in ITR where Wife Have Separate TIN

Marital Status on Annual ITR	Respondents	Percentage
KK	25	92,59%
HB	1	3,70%
PH	0	0,00%
MT	1	3,70%
total	27	100,00%