

The Influence of Financial Literacy and Utilization of Financial Technology on *Online* Business Taxpayer Compliance

Angel Aprilya Limbong¹

¹Hasanuddin University, Makassar, Indonesia

Haliah²; Andi Kusumawati^{3*}

^{2,3}Hasanuddin University, Makassar, Indonesia

Corresponding Author:- Andi Kusumawati^{3*}

Abstract:- This study aims to determine the effect of financial literacy and utilization of financial technology on taxpayer compliance. This research uses a case study method of *online* business people in Makassar using quantitative data, namely the distribution of questionnaires given either directly or through online media (G-Forms) to 40 online business people. The result of this study is that a high level of financial literacy will affect *online* business taxpayer compliance. In addition, the use of financial technology can affect taxpayer compliance in carrying out their obligations.

Keywords:- Financial Literacy, Financial Technology Utilization, Online Business Taxpayer Compliance.

I. INTRODUCTION

In the current era, technological developments, especially advances in the field of digitalization, are developing very rapidly so that they are felt in various aspects, one of the most affected aspects is the economic aspect. This shift in business model activities is evidence of the implications of so many trends in electronic commerce activities through various media for buying and selling goods or services such as social media, websites, e-commerce, and marketplaces. In the financial sector, entrepreneurs can use financial technology, commonly known as financial technology, to help entrepreneurs run their businesses and operations. Financial technology offers an alternative that helps entrepreneurs leverage the right financial services.

Through financial authorization, the Government of Indonesia considers that there is considerable potential to increase state revenue derived from tax collection through digital trade activities, where revenue from tax collection is needed for the government in developing the country's economy, infrastructure, education, so that social and community.

The level of impact of financial literacy on business people is considered reasonable, so it is very important for entrepreneurs to start new businesses and maintain economic development. In the financial sector, entrepreneurs can use fintech (financial technology),

commonly known as financial technology, to help them run their businesses and operations. Fintech offers alternatives that help entrepreneurs leverage appropriate financial services.

There are several factors that influence an entrepreneur's tax compliance, namely the amount of costs that must be incurred, which can affect taxpayer compliance (Haliah, 2023), but there are main factors that affect tax compliance, namely the level of financial literacy of business people regarding the imposition of taxes from their business activities and the second factor is the use of financial technology as a system that can facilitate business people in their transaction activities, both in business transactions and tax payment transactions, where these two factors can be strengthened by the emergence of tax digitalization which is a digital tax service program to assist business people in fulfilling their tax obligations.

II. LITERATURE REVIEW

➤ Theory of Planned Behavior (TPB)

Ajzen (2017) shares the Theory of Reasoned Action into another theory, namely the Theory of Planned Behavior and provides a relationship from the attitudes-behaviors raised by individuals to respond to something. Therefore, this theory is used to see the internal factors that influence taxpayers in carrying out their obligations as taxpayers and see how far the understanding of online business literature is personally.

➤ Taxpayer Compliance

Tax compliance is the obedience of a person as a society with a certain income in carrying out their taxation rights and obligations based on applicable regulations in a region or country (Peprah, 2020). Therefore, using compliance theory to see whether the taxpayer is compliant or not in more detail by looking at the percentage level of compliance of online business taxpayers.

➤ Financial Literacy

Financial literacy is an understanding of finance that is needed in everyday life, because high financial literacy can provide solutions to financial management problems (Nichita, 2019). A person's high level of financial literacy

affects better tax considerations and understanding and ultimately leads the person to fulfill their tax obligations properly. Therefore, the first hypothesis of this study is formulated as follows:

- *H1: Financial Literacy has a Positive and Significant Effect on Online Business Taxpayer Compliance.*

➤ *Utilization of Financial Technology*

The use of financial technology is the use of technology in the financial system that produces new products, services, technologies, and/or business models that can affect the stability, efficiency, smoothness, security, and reliability of the payment system of the financial system. The availability of adequate financial technology is considered capable of improving tax legislation due to the access to information provided by this technology and the ease of financial payments (Akbar, 2020). Therefore, the second hypothesis of this study is formulated as follows:

- *H2: The use of Financial Technology has a Positive and Significant Effect on Online Business Taxpayer Compliance*

Based on the description above, the conceptual framework in this study will discuss the effect of financial literacy on online company tax compliance when using financial technology with the assumption that the variables used are the independent variables (financial literacy and use of financial technology) and the dependent variable (online business taxpayers). with an overview of the framework used in this study as follows:

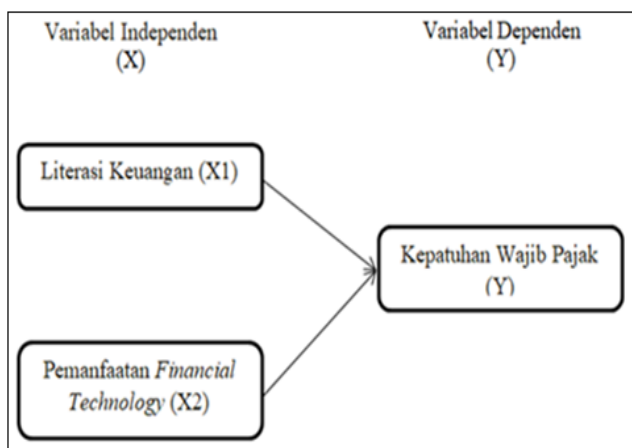


Fig 1 Matrix Framework Thinking

III. RESEARCH METHODS

This research was conducted with a quantitative approach and using simple correlation techniques to determine the effect caused between the independent variables in the form of financial literacy (X1,) and utilization of financial technology (X2) and the dependent variable, namely online business taxpayer compliance (Y) in more depth by distributing questionnaires containing concrete questions so as to produce accurate and empirical data by scoring the questionnaire using a Likert Scale of 1-5, namely Strongly Disagree (score 1), Disagree (score 2),

Neutral (score 3), Agree (score 4), and Strongly Agree (score 5).

The data used in this study are primary in nature obtained from the results of distributing questionnaires both directly and indirectly using G-Forms with business outlets in Makassar City such as in Biringkanaya District, Tamalanrea District, Pankukkang District, Rappocini District and Tallo District by utilizing social media as a medium for distribution such as Instagram and Line which have partners in e-commerce (Shopee, Gojek, Grab, Tokopedia) and social media with various considerations. The choice of distributing questionnaires in the form of G-Forms was chosen to streamline time in collecting data from respondents' feedback so that when compiling data later it does not take a long time and by distributing the questionnaire link it can cover a large enough area.

This This study uses a sample technique with specific criteria as a representative population. The reason for applying purposive sampling techniques in this study is because this technique is considered appropriate for quantitative research or research that does not generalize (Sugiyono, 2016). Then, in determining the number of samples, it is determined based on sample size, namely a minimum of 35 samples (respondents), with special criteria such as, become a taxpayer, have an online business, both an online shop and one that collaborates with e-commerce, that has a minimum of 1,000 followers on social media or on other e-commerce platforms, and domiciled in Makassar City.

Knowledge possessed by each individual related to the economy is used as material for consideration in making decisions to manage their finances.

A modern example of financial innovation that is present among the people, so that people can enjoy more up-to-date and easier financial transactions using internet technology or smartphones. Taxpayer compliance means fulfilling obligations as tax authorities.

Researchers use multiple linear regression analyses. Basically, regression analysis tests the dependence of the dependent variable (link) on one or more independent variables (explanatory or independent variables) to estimate and/or predict the population average or the value of the dependent variable based on known values of the independent variables (Ghozali, 2018). For regression where there are two or more independent variables, the regression is also known as multiple regression. Because the independent variables above have more than two variables, the regression in this study is called multiple regression.

The data analysis technique in this study is uses the regression equation to determine how much influence the independent or free variables, namely financial literacy (X1) and financial technology (X2), have on online business taxpayer compliance (Y). The mathematical formula for multiple regression used in this study is:

$$Y = a + b_1X_1 + b_2X_2 + e$$

- Y = Online business taxpayer compliance
- A = Constant
- B1 = Regression coefficient between financial literacy and online business taxpayer compliance

- B2 = regression coefficient between financial technology and online business taxpayer compliance
- X1 = Financial literacy
- X2 = Financial Technology
- E = Error disturbances

IV. RESULT AND DISCUSSION

Table 1 Financial Literacy Reliability Test Results (X1)

Cronbach's Alpha	N of Items	Information
0,820	8	Reliable

Fintech Utilization (X2)

Cronbach's Alpha	N of Items	Information
0,900	8	Reliable

Taxpayer Compliance (Y)

Cronbach's Alpha	N of Items	Information
0,908	7	Reliable

Source: Output SPSS for Windows versi 25, 2023

Based on Table 1 above, it shows that this test was carried out not on a variable basis but on a question-item basis for each variable. The results show that the cronbah's alpha value is greater than 0.6, so it can be said to be reliable.

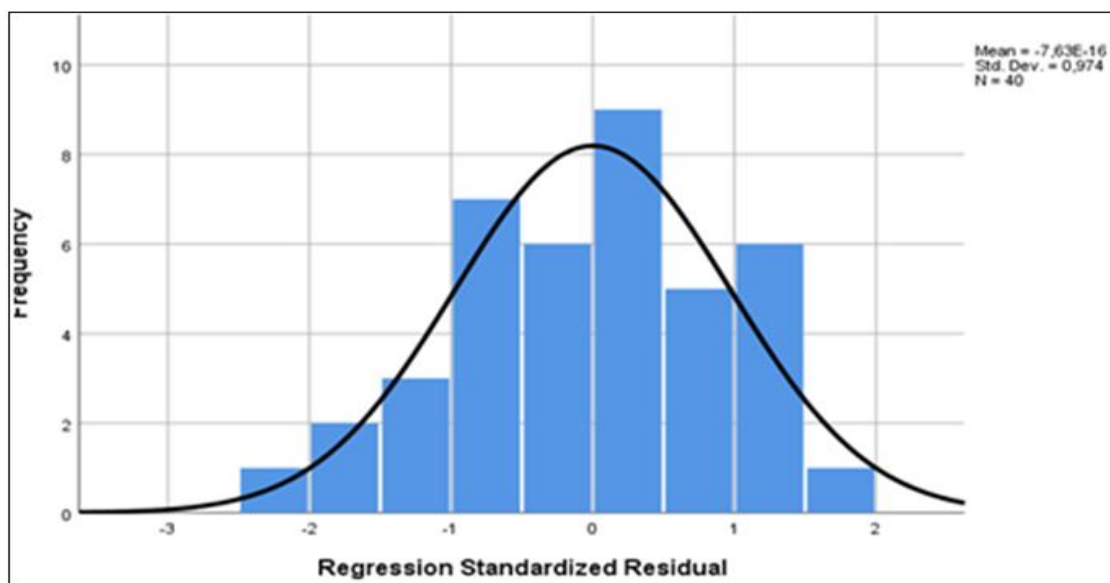


Fig 2 Normality Test Graph

Source: Output SPSS for Windows versi 25, 2023

Based on the normality test graph shown in the image above, it can be seen that the results of the normality test used in the regression model for confounding variables or residuals have a reasonable distribution.

Table 2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		40
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	3,35773694
Most Extreme Differences	Absolute	0,094
	Positive	0,088
	Negative	-0,094
Test Statistic		0,094

Asymp. Sig. (2-tailed)		,200 ^{c,d}	
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. This is a lower bound of the true significance.			
Kolmogorov –Smirnov	Asymp.Sig	Criteria	Information
0,094	0,200	> 0,05	Normally distributed

Source: Output SPSS for Windows versi 25, 2023

Based on the table above, it shows that the resulting value in Asym.sig is 0.200, which can be said to be an asymp.sig value of 0.200 that is greater than 0.05, so it can be said that the data is normally distributed.

Table 3 Multicollinearity Test Results

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Literasi Keuangan	,792	1,008
	Pemanfaatan Fintech	,792	1,008

Source: Output SPSS for Windows versi 25, 2023

Based on table 2 above, the multicollinearity test revealed that each independent variable had a VIF with a value of <10, namely the financial literacy and fintech utilization variables, which both had a value of 1.008, so it could be concluded that there was no multicollinearity. Meanwhile, the tolerance value is >0.10, and the financial literacy and fintech utilization variables are 0.792.

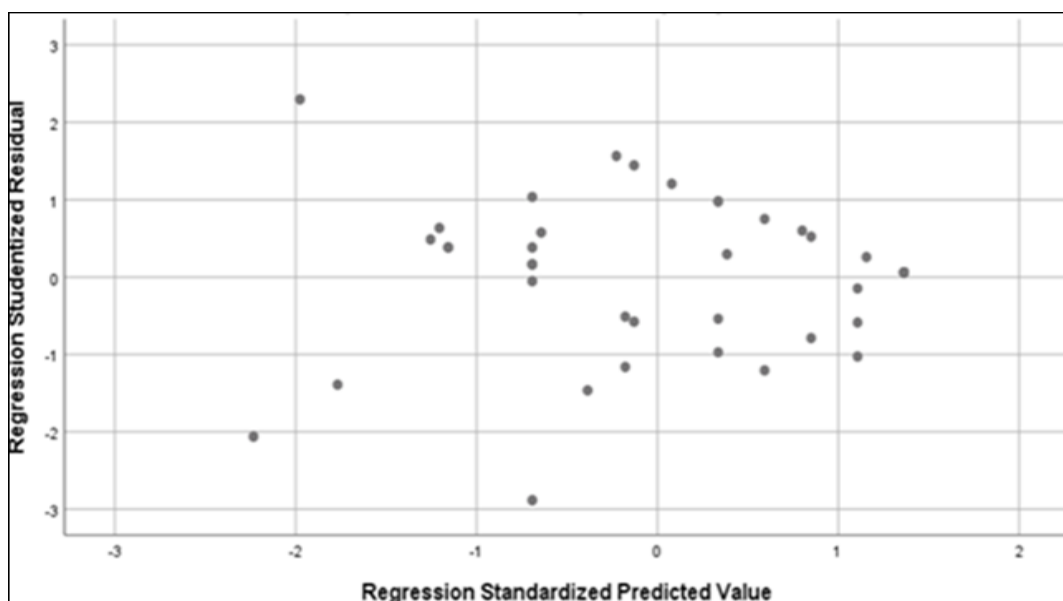


Fig 3 Heteroscedasticity Test Results

Source: SPSS output for Windows version 25, 2023

Based on Figure 3 above, the heteroscedasticity test shows that there is no clear pattern and scores are distributed above and below zero on the Y axis, so there is no heteroscedasticity between financial literacy in taxpayers and the use of fintech in taxpayers in online businesses.

Table 4 Analysis Results Regression Double

Coefficients ^a						
Unstandardized Coefficients				Standardized Coefficients	T	Sig
Model	B	Std. Error	Beta			
1	(Constant)	-9,510	1,956		-4,861	0,000
	Literasi Keuangan	1,001	0,047	0,967	21,404	0,000
	Pemanfaatan Fintech	0,083	0,036	0,106	2,341	0,025

Source: SPSS output for Windows version 25, 2023

Based on the table above, it shows the value of the The constant value (a) is negative, namely -9.510, meaning that if financial literacy is zero (0) and fintech utilization is equal to 0.02, taxpayer compliance will decrease. The value of the regression coefficient of the financial literacy variable (X1) is 1.001, meaning that financial literacy has a positive effect on taxpayer compliance. The regression coefficient value of the fintech utilization variable (X2) is 0.083, meaning that fintech utilization has a positive effect on taxpayer compliance. This shows the value of the regression

coefficients of financial literacy (1.001) and fintech utilization (0.083). Because $1.001 > 0.083$, financial literacy is the variable that has the dominant influence on taxpayer compliance.

➤ *Based on the results shown in table D.2 with the regression equation is obtained as follows:*

$$Y = - 9.510 + 1.001X1 + 0.083X2 + e$$

Table 5 Determination Coefficient Test Results

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,553 ^a	,306	,268	3,447

Source Output SPSS for Windows versi 25, 2023

Based on the results of the determination coefficient test in the table above, The adjusted R square value (coefficient of determination) is 0.268, or 26.8%, which means that the taxpayer compliance variable can be influenced by financial literacy and fintech utilization variables. While the remaining 73.2% is influenced by other variables not examined.

Table 6 Test Results t

Coefficients ^a						
Unstandardized Coefficients				Standardized Coefficients	T	Sig.
	Model	B	Std. Error	Beta		
1	(Constant)	-9,510	1,956		-4,861	0,000
	Literasi Keuangan	1,001	0,047	0,967	21,404	0,000
	Pemanfaatan Fintech	0,083	0,036	0,106	2,341	0,025

Source: SPSS output for Windows version 25, 2023

➤ *Based on the results of the t test in the table above, the following test results are obtained:*

- *Testing Hypothesis 1, Financial literacy has a positive and significant effect on online business taxpayer compliance*

From the table above, it can be seen that the Sig value for the Financial Literacy variable (X1) on taxpayer compliance is $0.000 < 0.05$ and t count $21.404 > t$ table 2.026, so this shows H1 is accepted or there is a positive and significant effect between financial literacy and mandatory online tax business in Makassar City.

- *Testing Hypothesis 2, The use of financial technology has a positive and significant effect on online business taxpayer compliance*

Judging from the table above, it can be seen that the The Sig value for the fintech utilization variable (X2) on taxpayer compliance is $0.025 < 0.05$ and t count $2.341 > t$ table 2.026, so this shows H2 is accepted or there is a positive and significant influence between fintech utilization and online business taxpayer compliance in the City of Makassar.

V. CONCLUSIONS

➤ *The Conclusions Obtained from the Results of this Study are*

- The results of this research analysis show that financial literacy has a positive and significant effect on taxpayer compliance, which means that H1 is accepted. This illustrates that if the understanding of financial literacy possessed by online business taxpayers is good, these business people will carry out structured financial management in order to increase their income, including managing their finances to pay taxes.
- The results of this research analysis show that the use of fintech on taxpayer compliance has a positive and significant effect, which means that H2 is accepted. This illustrates that progress in the field of financial technology (Fintech) will have an impact on many things, one of which is increasing taxpayer compliance because taxpayers no longer need to pay their taxes at the DGT office, but only through e-billing it can help taxpayers taxes in fulfilling its obligations. In addition, with Law No. 7 of 2021 concerning Harmonization of Tax Regulations (HPP), which explains the imposition of taxes for business people who use fintech to increase their income.

➤ *Following are Some Suggestions that have been Formulated by Researchers to:*

- For Government it is hoped that socialization regarding the newly enacted tax regulations both through online and print media will be carried out. So that every online businessman can find out about changes regarding the imposition of these taxes in using fintech advances.
- For Fintech Service Providers it is hoped that it will strengthen the system used in order to reduce things that make each user feel uncomfortable so as to increase data protection, as well as security when making transactions.
- For future researchers, it is hoped that they will discuss with a wider area and seek references from other sources with a wider scope so that the results of the research under investigation can produce more complete and detailed information.

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