

‘Hunting in a Zoo’: Taxpayers’ Perceptions towards the Indonesian Tax Administration

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Abstract

This research explores non-economic factors regarding tax compliance in Indonesia. In particular, the research attempts to capture behavioural responses by Indonesian taxpayers with respect to tax administration. Little attention was paid to taxpayers’ behaviours in developing countries. This research uses horizontal equity theory to provide an understanding of taxpayers’ responses. Prior research suggests that tax administration is inherently country specific. For this reason, the Indonesian tax administration may have a unique attribute in the view of taxpayers. To obtain taxpayers’ perception, semi-structured and face-to-face interviews were used to elicit responses from diverse respondents, including corporations and individual taxpayers. Results indicate that taxpayers perceive a situation, called ‘hunting in a zoo’, in which tax administration is primarily targeted on taxpayers who are already compliant and registered in preference to delinquent taxpayers. This situation may affect perceived justice and equity which serve as important factors determining an effective tax administration. Therefore, according to research participants, Indonesian tax authorities would be best to depart from their unvarying routine and place great emphasis on scrutinising unregistered and non-compliant taxpayers. This approach is crucial to curtail unfair competition between taxpayers and avoid exacerbating perceived inequalities which may provide disincentive to compliance.

Keywords: Tax administration, tax compliance, taxpayers

1. INTRODUCTION

Tax administration in a developing country is usually hindered by limitations to mobilise adequate national revenue. The proportion of tax revenue to the country’s Gross Domestic Product (GDP) is commonly used as the indicator of the country’s ability to collect revenue. As a member of high GDP countries (G20), Indonesia encounters issues of low tax take. In 2014, the Indonesian tax-to-GDP ratio was 10.8%, while in 2019 the ratio was 11.1% and in 2021, the ratio was 10.9% (OECD, 2016, 2021, 2023). In comparison, the Asian and Pacific average was 19.8%. This situation could be an indication that there is a continually increasing gap between GDP and the amount of tax collection in Indonesia. For that reason, serious efforts are required to reduce the gap by increasing tax compliance.

As an alternative to traditional deterrence method, a new approach has been adopted over the last decades to integrate various measures to enhance compliance (Braithwaite, 2002; Braithwaite, Murphy & Reinhart 2007; Bronżewska, 2016). This approach thus necessitates tax authority to adjust its efforts in accordance with taxpayers’ behaviours. For this reason, understanding taxpayers’ postures is necessary. In particular, how taxpayers express their stances towards the tax authority (Braithwaite, 2002, p. 3). Similarly, Taylor (2002) stated that how taxpayers perceive themselves in the tax system is highly crucial. Such perception may affect taxpayers’ behaviour whether to comply or not. To put it differently, people’s behaviours are associated with their view about justice (Tyler, Boeckmann, Smith & Huo 2019). When perceived being treated unfairly, taxpayers may rationalise tax avoidance (Helhel & Ahmed, 2014). For that reason, it is necessary to take taxpayers’ view into consideration, without which the social distance between taxpayers and tax authorities may widen (Braithwaite, 2003). In the absence of mutual understanding between taxpayers and tax authorities, tax compliance may further decrease and

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taxpayers tend to shift their attitudes to become less compliant (Hartner, Kirchler, Rechberger, & Schabmann, 2008; Hofmann, Hoelzl & Kirchler, 2008).

This research aims to provide understanding about Indonesian taxpayers' stances towards tax administration. Bird (2004) suggests that tax administration is inherently country specific. Therefore, this study investigates issues related to Indonesian tax administration. This understanding may help explain why taxpayers comply or refuse to comply with tax regulations (Taylor, 2002, p. 71). Research suggests that the understanding of tax compliance behaviour in developing countries is limited (Andreoni, Erard, & Feinstein, 1998; Fjeldstad & Semboja, 2001). There is common stigma among Indonesian taxpayers that tax authorities emphasise on mobilising revenue from compliant taxpayers while taking little notice of non-compliant ones (Detik, 2022). Part of these non-compliant taxpayers may include the 'big fish' which have potentials to contribute substantial revenue. The term of 'hunting in a zoo' is commonly used by Indonesian taxpayers to express their dissatisfaction towards tax administration (CNBC, 2020). This term can be described as a situation where a 'hunter' pursues his or her targets in an isolated area in which the targets are easily identified and have little room to maneuver. This measure thus requires less effort for the pursuer as the targets are readily available and the pursuit can be carried out at will. In comparison, substantial targets, which are outside of 'the zoo', may escape attention. To put it into tax administration context, taxpayers who are already registered and compliant can be classified as being 'in a zoo'. On the other hand, there are non-compliant taxpayers that should be prioritized to probe more than the compliant ones. Prosecuting compliant taxpayers while failing to provide the same treatment for the non-compliant may create perceived inequalities among taxpayers (Argentiero, Casal, Mittone, & Morreale, 2021). This situation in turn may affect tax morale which represents taxpayers' intrinsic motivation to pay taxes.

Apart from providing the perspectives of a developing country, this research provides attention related to horizontal equity. Findings in this research would allow Indonesian tax authority to make an appropriate evaluation and adjust its policy to better accommodate taxpayers' feedback and moderate their resentments, if any.

This research attempts to address the following question:

What is taxpayers' perception of the Indonesian tax administration?

2. LITERATURE REVIEW

In reference to the Wealth of Nations (Smith, 2016), fairness should be considered in establishing effective tax system. In this regards, it is important to understand how fair is tax system. According to horizontal equity theory, taxpayers with similar circumstances (e.g., income, assets) should pay similar amount of taxes (Elkins, 2006). Research suggests that taxpayers' perception of the tax system should be taken into consideration because it would affect taxpayers' compliance (Azmi & Perumal, 2008). Violations of fairness (e.g., horizontal, vertical, or procedural fairness) would decrease tax compliance (Hofmann et al., 2008). In contrast, fair treatment may provide a positive incentive that could strengthen allegiance to tax authorities. Experience from the Australian tax administration provides insight into how taxpayers perceive being treated fairly and respectfully by the Australian Tax Office (Wenzel, 2002, p. 41).

Over three decades, much research has been directed at understanding the reasons why taxpayers comply or not with tax regulation. This understanding is necessary to obtain greater levels of tax compliance, and thus bridge the tax-gap more effectively. However, a sufficient explanation remains elusive despite numerous research on this issue (Taylor, 2002, p. 71). According to Wenzel (2002, p. 41), attention should be directed toward what forms of inequity are likely to affect tax evasion behaviour. Wenzel added that taxpayers evaluate tax system by considering fairness or the quality of treatment in their interactions with tax authorities and this evaluation may affect their decision whether to comply or not with tax laws. Devos (2013, p. 101) provides a framework which suggests that taxpayer's compliance behaviour is affected by economic deterrence (e.g., enforcement, audit coverage) and socio-psychological factors such as morals, equity, fairness, among others. Devos further explained that unfairness of the tax system can be used by taxpayers to justify their non-compliant behaviour.

Slippery Slope Framework provides explanation about tax compliance (Kirchler et al., 2008). According to the framework, to rely on voluntary tax compliance, authorities should be trusted by taxpayers. The higher trust in authorities, the greater voluntary compliance from taxpayers. This trust can be expected from taxpayers when they are treated with respect by tax authorities. On the other hand, if trust is minimum and voluntary compliance cannot be relied upon, tax authorities may secure cooperation through power which can be used to control taxpayers' behaviour. This power is required to increase tax compliance through rigorous measures such as tax

audits and imposing penalties. Without both taxpayers' trust and authorities' power, tax compliance may fall to the lowest level.

There are also different types of relationship between taxpayers and authorities. According to Kirchler (2007), there is 'cops and robbers' relationship. It is also known as cat and mouse interaction in which revenue authorities consider taxpayers always trying to evade from paying tax and therefore justify their punishment. Another type of relationship is synergy in which taxpayers and authorities have mutual trust. In this regards, tax authorities see themselves as service providers and thus consider taxpayers as their customers. In consequence, tax authorities have considerate approach to cooperate with taxpayers (Murphy, 2008).

There are five motivational postures identified regarding the relationship between regulators and regulatees (Braithwaite, 2003). These postures can be suited to the interaction between tax authorities and taxpayers. In general, Braithwaite (2017) classifies regulatees' postures as accommodating and defiant postures. Accommodating postures include commitment and capitulation postures while defiant postures consist of resistance, disengagement and game playing postures. Taxpayers, who adopt commitment posture, pay tax willingly and have a high degree of cooperation with tax authorities. To a lesser degree, taxpayers with capitulation posture have a lower degree of enthusiasm and sometimes fail to comply with tax rules due to negligence. Taxpayers adopting resistance posture can be motivated by inflexible and unforgiving treatment by tax authorities. This stance is more related to dissatisfaction. More serious noncompliant attitude can be represented by disengagement posture. In this regards, individuals do not feel responsible to play tax and ignore the legitimacy of the tax authority. The last defiant posture is game playing. Dealing with this type of taxpayers can be problematic because they can be perceived as compliant while at the same time continuously exploiting the loopholes and circumventing tax laws. To put another way, these taxpayers' noncompliance is not distinctly visible to the tax authority.

Modern tax administration relies mainly on voluntary compliance (Van Dijke and Verboon, 2010). This view is related to self-assessment system which allows taxpayers to calculate their tax obligations and prepare their tax returns while tax authorities evaluate the accuracy of tax returns (James & Alley, 2002). This system requires mutual trust between taxpayers and tax authorities (Kirchler et al, 2008; Faizal, Maelah, Palil & Ramli, 2017). In particular, such mutual trust materializes when taxpayers perceive their income disclosures in their tax returns would be fairly treated by tax officers. On the other hand, tax officers view that taxpayers fully report their income.

3. METHOD

Participants in this research were taxpayers ranging from corporate to individual taxpayers. The selection of participants was purposive and the willingness of voluntary participation was also emphasised in this selection. The researcher identified participants by contacting a number of active taxpayers and asked their consent to participate in this research. Those who agreed to participate even referred to their colleagues who were willing to be respondents. Accordingly, the researcher proposed date and location accessible to each participant. To adapt to the respondents' availability, interviews were conducted in various places such as coffee shops, restaurants, residential building lobby and respondents' offices. In general, the interview took one hour starting with an introduction, explanations about the purpose of this research, the confidentiality of participant's identity, and the information about voluntary participation in this interview. Hence, participants were aware of how their information would be treated and the absence of financial incentives in their participation. Despite receiving the explanation, none of the participants withdrew from participating in the interview. Most of them expected that their voices be taken into consideration by the revenue authority. Put another way, these participants aimed to contribute to the improvement of the tax administration.

The method used in this research is semi structured and face-to-face interview. This method allows the researcher to explore deep information from taxpayers about their experience and perceptions towards tax administration. There were twenty-five respondents interviewed in this research. Prior to interview, each participant was sent a letter of consent. Participant's signature is required after the interview was completed. To capture the conversation properly, interview was recorded with participants' consent. In addition to recording, notes were taken to highlight important information. Each participant was only interviewed once due to limited time available to participants.

The data processing commenced with transcribing the interview recording. The transcripts, comprising texts of participants' information, were segregated based on category of taxpayers (e.g. individual, corporate). The transcripts were also assigned codes to guide researcher in identifying important information divulged by the respondents. Participant's responses, related to particular issues, were compared with other participants' information to identify similar themes. Literature and theory are used to corroborate findings in this research.

4. RESULT AND DISCUSSION

The interview questions explored the experience of taxpayers with Indonesian tax administration, including how they felt and what they expected from the revenue authority. Interview results vary as participants have different experience during their interaction with the authority. Nevertheless, a number of major themes are identified in this study.

4.1. 'Hunting in a zoo'

This idiom has long been heard before this research commenced. Correspondingly, this research demonstrates that such claim is seemingly justified. 'Hunting in a zoo' refers to a situation in which registered taxpayers, usually the compliant ones, become the main focus of enforcement while unregistered or noncompliant taxpayers go unnoticed.

In this study, information related with such issue was first revealed by the sixth participant (R6), represented by its tax manager and the staff. Initially, they tended to be reserved and gave short replies. To mitigate this situation, the researcher explained that the participants' view was not necessarily about themselves but could also be related to how they saw other taxpayers. Upon hearing this, they began to become more informative. In their view, tax authorities seemed to behave like 'hunters in a zoo'. This respondent is a foreign investment company which typically accumulated substantial revenue. In particular, tax revenue extracted from this company accounts more than from smaller companies.

Another respondent (R7) also shared this view. Being one of the ten largest corporate taxpayers in the region, this respondent often became targeted to contribute more tax revenue by the local tax office. This respondent was represented by its tax manager. He also described tax authorities' activity as 'hunting in a zoo', in relation to revenue collection. In his view, large taxpayers would be more prioritized, for contributing to tax revenue, than small taxpayers.

Similarly, the information of 'hunting in a zoo' was provided by an individual taxpayer, a high-net-worth individual (R13). As a businessman who contributed significantly to tax revenue, this respondent experienced receiving penalties repeatedly due to mistakes he conducted out of negligence.

With regards to this situation, another respondent (R14) added some explanations. R14 was a wholesaler company, represented by its chief executive officer (CEO). R14 also expressed his concerns about 'hunting in a zoo' activity. He considered such an activity inappropriate because it was heavily focused on compliant taxpayers. In his view, this activity was more feasible than targeting other noncompliant taxpayers who stayed outside of the system.

4.2. Ramifications of 'hunting in a zoo'.

Results indicate that 'hunting in a zoo' may affect taxpayers' perception of equality. In relation to this view, a respondent (R14) explained that there were numerous taxpayers evading tax and he asserted that this situation undermined fair competition. In this regards, tax evaders are able to offer lower prices than their competitors which comply with tax rules. The respondent was concerned about compliant taxpayers and thus expected equal treatment to all taxpayers should be undertaken by tax authorities. The respondent's statement is correlated to findings from previous research which suggests that taxpayers may compare their tax burden to others' and this comparison may affect their perception of fairness. In turn, this perception may influence their decision whether or not to comply with tax laws (Wenzel, 2002). Other research also indicates that unfair tax system may lead to low compliance (Helhel & Ahmed, 2014).

Another issue is a lack of emphasis on creating a similar understanding between taxpayers and tax authorities concerning the implementation of tax regulations. This issue was revealed by the first respondent (R1) where the company had an issue with tax invoices which were disputed by tax officers regarding their timing of issuance. In some cases, taxpayers found 'a grey area' which allows open interpretation due to a lack of detail explanations provided in the regulations. Furthermore, different interpretations could lead to further disputes between taxpayers and tax authorities. This process would be time consuming as it usually takes years to settle. Involving in unnecessary disputes may draw tax authorities' resources which could otherwise be used to focus on noncompliant taxpayers.

Another respondent (R3) also shared his concerns related to interpretations of tax rules. A CEO of a manufacture company, which was the largest taxpayer in the region, suggested that his company did not merely deal with tax

but also had to focus on gaining profit and surviving business competitions. Therefore, focusing on the rapidly changing tax rules was not his top priority. As a result, his company required continuous dissemination from tax officers in order to have similar understanding about regulations that could be ambiguous to taxpayers. Moreover, his company had high turnover of employees. He shared his experience where his company once escalated the disputed case into tax appeals. Based on respondents' information, establishing good communication with taxpayers may save tax authorities a lot of time and efforts required in tax disputes.

Tax authorities' 'hunting in the zoo' attitude may cause inconvenience to taxpayers who attempted to comply with tax rules. A respondent (R4) was a country manager and spent years overseas. After returning back to Indonesia, he attempted to settle his tax obligation. When filing tax returns, he felt not properly received by tax officials and was regarded with suspicion. In return, he regarded tax administration with disfavor because he wanted to comply and expected to be treated more cordially. This experience can be associated with the 'cops and robbers' relationship between taxpayers and authorities where there is mutual distrust from both sides (Kirchler, 2007). This situation also corresponds to other findings from a study on Malaysian taxpayers which indicated that trust in tax authorities might increase the likelihood of taxpayers to voluntarily comply with tax laws (Faizal, et al, 2017). Research suggest that in order to develop mutual trust between tax authorities and taxpayers, severe enforcement should be minimised.

Similar experience was also shared by a high-net-worth respondent (R13). He explained that he was once daunted by tax officers and had inconvenient experience dealing with the tax administration. Further, he emphasized that if he was not treated with respect, he was reluctant to pay tax. Based on motivational postures, this statement represented the taxpayer's escalation from capitulation to resistance posture (Braithwaite, 2003; Braithwaite, 2017).

More serious consequence of 'hunting in the zoo' approach can be reflected by the statement of R6. They stated that they were aware of the presence of noncompliant taxpayers who did not pay tax. These respondents even argued: *"If it is possible to evade, why should we pay tax?"*. In their view, taxpayers did not comply due to perceptions that tax money was spent unwisely. The other reason, according to them, was a little chance of detection from tax officials. They explained that even if tax officials managed to detect, the amount revealed would probably be twenty percent of what taxpayers had concealed. Similar to this statement, another respondent (R18) stated that there were noncompliant taxpayers who were certain that their assets would not be discovered by tax authorities. R6 added that tax administration should be able to understand why taxpayers evade. They compared to the situation in Singapore where taxpayers are more inclined to comply. In this regards, they suggested that the Indonesian tax administration should learn to improve its services. In reference to motivational postures, this taxpayer's stance indicated that the taxpayer's escalation from capitulation to resistance posture (Braithwaite, 2003; Braithwaite, 2017).

4.3. The possible cause of 'hunting in a zoo'

It is widely known that the Indonesian tax authority, the Directorate General of Taxation (DGT), is imposed annual revenue target and the allocation has been determined in advance as the national budget is prepared. This target is later distributed downward to regional offices, tax offices, and field officers, known as Account Representatives. The accomplishment of the allocated target determines the performance of related tax officers and heads of offices. Those who fail to meet their revenue target may indicate that their performance is lower than their counterparts who manage to accomplish their target. This situation may put tax officers in distress especially those whose accomplishments are far below the intended target. In turn, taxpayers are inevitably affected by this matter.

There were respondents who explained the relationship between 'hunting in a zoo' approach and the imposition of revenue target on tax officers. R13 argued that the main reason for 'hunting in a zoo' activity was because tax authorities were allocated annual revenue target. Hence, the ability to fulfil this target becomes the performance indicator for tax officials. Therefore, in his view, tax officials attempted to meet their revenue target within limited time available to them. Due to time constraint, rather than identifying and doing enforcement on the unregistered, the tendency was to focus on those who were already registered in the tax system. From his experience, tax officers might undertake more aggressive measures to fulfill their target. In the process, such measures might hurt taxpayers and lead to 'cat and mouse' situation. In addition, taxpayers who attempted to comply might be treated with suspicion. The experience of R4, who is aforementioned above, corresponds to this situation. Similar opposition, with regards to the allocation of revenue target on tax officers, was expressed by R14. He suggested that within limited time available the more feasible alternative for tax officers was probably to collect revenue from those whose assets and potentials were already known. According to this respondent, such tendency was related to the imposition of revenue target on tax authorities. He regarded this target put both tax authorities and

taxpayers in distress given the annual revenue target was rarely accomplished. In his view, escalating measures on compliant taxpayers was improper while noncompliant taxpayers stayed beyond supervision.

Another cause was divulged by a respondent (R7) who indicated that the proportion of tax officers to taxpayers was not well-balanced. For example, a tax officer can be assigned thousands of taxpayers to supervise. Therefore, the authorities have limited resources to supervise and inquire taxpayers impartially. In this regards, according to him, tax officers were likely to target highest taxpayers who already contributed considerable amount of tax.

4.4. What taxpayers expected from tax authorities

As opposed to ‘hunting in a zoo’ approach that engendered controversies, respondents actually expected different approaches from tax authorities. Respondents perceived that tax regulations changed rapidly and they were in difficulty to follow as they had to deal with other regulations such as industrial and customs regulations. Corresponding to this situation, R13 expressed that it is challenging for taxpayers to keep up with tax regulations. Typically, when taxpayers fail to update their tax reporting or calculation according to newly issued tax rules, they are likely to receive penalties. In his view, instead of punishment, taxpayers expected tax education to increase their level of tax knowledge. Similar attitudes were expressed by another respondent. (R14) argued that tax education and communication should be undertaken as the first choice. He provided an example of taxpayers who did not understand tax reporting but suddenly were imposed substantial penalty. Based on his explanation, there were taxpayers who suffered serious illness (e.g. stroke) on account of having tax issues. Their assets were at risk due to the imposition of tax penalty while these assets were gradually accumulated over a long period of time. He argued that if taxpayers’ health became affected, it might also hinder their abilities to run businesses to gain profit and thus pay tax. The respondent added that it was quite challenging for taxpayers to avoid mistakes in tax calculation and reporting because the main focus was to expand businesses and to optimise profit. He perceived that without proper communication and persuasion, individuals might be reluctant to pay tax. For that reason, he suggested that tax penalty not to come first. This situation was in line with Ayres and Braithwaite (1992) who recommend that an authority consider persuasion at first and thereafter move to a more punitive action when necessary. Other findings from Palil and Mustapha (2011) suggested that tax knowledge is highly important in self-assessment system where taxpayers are entrusted to calculate, settle and report their tax obligations. To conduct tax education effectively, according to another respondent (R20), DGT should allocate its human resources properly. R20 further added this tax education can be expected to minimise the gap between taxpayers’ understanding and the tax officers’.

Simplifying tax rules may also become one of the keys to promote compliance among taxpayers. There are a number of respondents who stated that multi interpretations of tax regulation created difficulty for them to comply, not to mention the existence of grey area in the regulations. R1 explained that tax officers and taxpayers might have different perceptions regarding how to implement tax rules. Another participant (R20), a computer wholesaler, noted that tax regulations are open to multiple interpretations and highly complicated. According to him, it was problematic for taxpayers to understand and adhere to tax regulations.

A lack of preparation might hinder tax rules implementations, there are respondents who provided information related to this matter. Another participant (R22), a national distributor for water pumps, perceived the actual implementation of tax regulations by tax authorities might differ from what taxpayers understood. In this regards, a surveyor company manager (R25), explained that DGT tended to introduce rules which they themselves were not ready to implement them. In turn, this situation created confusion among taxpayers. She perceived that some rules were hastily prepared and there was confusion due to a lack of explanations. Similar information was shared by R19 who perceived that detail explanations of tax rules were required to help taxpayers comply. R19 further suggested that tax rules provide public hearing, if appropriate. In his view, this measure was necessary to avoid disputes between tax officers and taxpayers. He further added that tax revenue should be collected through voluntary compliance instead of coercive measures which might lead to tax disputes.

Taxpayers also expected to be treated with more courtesy when interacting with tax officers. A number of respondents shared their experience in relation to this matter. R13 expressed his view that taxpayers should not be treated as delinquents. He felt that tax officers could be too rigid and should be more flexible. He added that disgruntled taxpayers may lead to evasion. Correspondingly, R4 shared similar opinion when registering to a tax office after returning from overseas. He underwent a series of investigative questions as if he had done tax evasion. The other respondent (R22) stated that tax officers seemed suspicious and less friendly even when taxpayers tried to become compliant.

In addition to courtesy, the willingness of tax authorities to understand actual business practices is also expected by taxpayers. This view was shared by R21, a tax manager of a private hospital. She implied that tax authorities should depart from their point of view and try to comprehend taxpayers' business practices. She provided an example of charges for medical services which comprise a profit split for the medical doctor and the hospital. However, she perceived that the tax officer did not have the same understanding. It thus created differences between taxpayers and tax authorities. Moreover, according to this participant, different tax officers may have different interpretations over the same subject.

Another expectation from taxpayers was for DGT to expand the tax base and prioritize to investigate noncompliant taxpayers. R17 suggested that DGT abandon the stance of 'hunting in a zoo' and sent inquiries to taxpayers impartially. He also proposed that tax authorities not to treat revenue target as taxpayers' burden. R13 also argued that the imposition of revenue target should be abandoned.

5. CONCLUSION

Findings in this research indicate that 'hunting in the zoo' approach carried out by tax authorities is prevalent among taxpayers. There are factors contributing to this approach. In addition to the imposition of tax revenue target, imbalanced proportion between tax officers and taxpayers gives rise to the likelihood of this measure. Apparently, this approach was quite detrimental to taxpayers as it affected their perception of equality. In the presence of tax evasion by other individuals, taxpayers' willingness to pay tax should be appreciated despite mistakes in their calculation and reporting. In this regards, taxpayers expect more tax education rather than penalties. Rapid change of tax regulations and the ambiguity of their implementation contribute to taxpayers' issues to fully comply with tax rules. Moreover, taxpayers' focus was to gain profit and survive business competitions. To optimize tax education, communication between taxpayers and tax authorities should be improved through mutual respect and civility. In addition, simplifying tax rules could be part of the solutions to help taxpayers better understand their tax obligations. Last but not least, the practice of 'hunting in a zoo' should be reassessed concerning that perceive inequality may provide disincentive for taxpayers to become noncompliant. Instead, more serious approach to optimize tax from noncompliant individuals should be considered.

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