



# The Influence of Financial Literacy and Utilization of Financial Technology On Online Business Taxpayer Compliance

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## 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.

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## I. INTRODUCTION

Financial literacy, especially for business people, is an individual's ability to apply financial management in order to find and evaluate general information, make decisions, and see the results obtained [1]. and [2]. 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 [3].

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. and [4]. 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, 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)**

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. 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. 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. 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

## **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 Biringkang 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 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 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. 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. 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).

IV. RESULT AND DISCUSSION

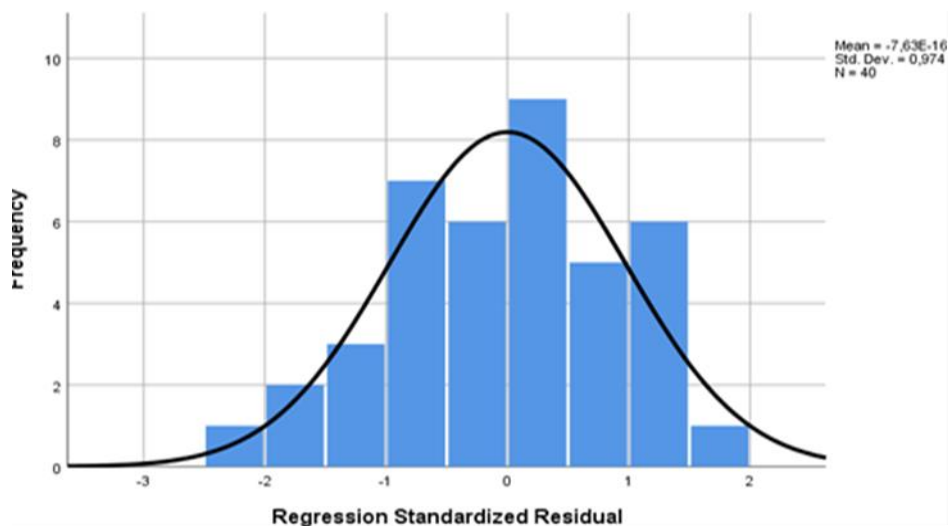
Table 1. Financial Literacy Reliability Test Results (X1)

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.

Figure 1. 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

N		40
Normal Parameters <sup>a,b</sup>	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<sup>c,d</sup>

Unstandardized Residual

- 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.

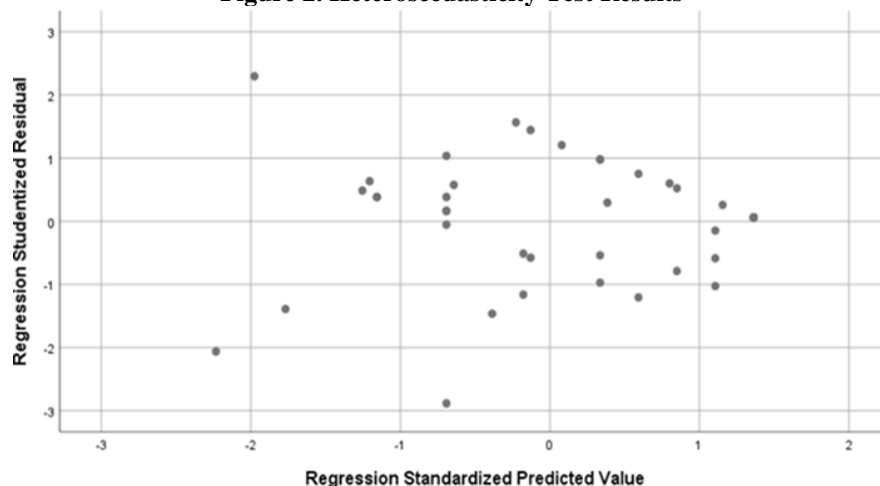
**Table 3. Multicollinearity Test Results**

Coefficients <sup>a</sup>		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.

**Figure 2. 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<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig
	B	Std. Error			
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 4 with the regression equation is obtained as follows:  
 $Y = - 9.510 + 1.001X1 + 0.083X2 + e$

**Table 5. Determination Coefficient Test Results Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,553 <sup>a</sup>	,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<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
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 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 and 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 and 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.

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