Asian Journal for Public Opinion Research - ISSN 2288-6168 (Online)
Vol. 12 No.2 May 2024:102-121
http://dx.doi.org/10.15206/ajpor.2024.12.2.102

Does Whistleblowing Facility Affect Taxpayer Compliance?

Dewi Prastiwi[1]

Yuni Khoirotul Abdiyah

Universitas Negeri Surabaya, Indonesia

Abstract

Trust is essential for tax compliance. Various tax management issues might diminish taxpayer trust. As a result, as a measure of transparency in the services of the Indonesia's Directorate General of Taxes (DGT), a method for filing various taxpayer complaints is necessary. Whistleblowing is a service given by the DGT that accepts taxpayer issues and complaints. It may be accessed on the DGT's official website. This strategy was intended to increase compliance by instilling trust among taxpayers. This study aims to show how whistleblowing affects tax compliance by utilizing trust as a mediating variable. The study relied on 400 questionnaires issued directly to East Java I DGT Region taxpayers. SEM-PLS with the Smart-PLS tool was utilized for data analysis. According to the study's findings, whistleblowing positively impacts tax compliance, and trust partially mediates the effect of whistleblowing on tax compliance. The outcomes of this study provide empirical proof for the Slippery Slope Framework's contention that building trust is an essential technique for increasing taxpayer compliance.

Keywords: whistleblowing, trust, tax compliance, Indonesia

Tax compliance is a condition where individuals and taxable entities are aware of and willing to comply with the law, the spirit of the law, and tax administration without coercion (Meagher, 2018; Prastiwi et al., 2019). Tax compliance is a complicated activity influenced by intrinsic and external variables (Prastiwi, 2021). Trust in tax authorities is an essential variable impacting compliance (Prastiwi, 2021). The impact of the rampant corruption and tax evasion cases has given rise to public opinion that tax payments have no benefit because these benefits are primarily experienced only by certain corrupt

[1] All correspondence concerning this article should be addressed to Dewi Prastiwi at Universitas Negeri Surabaya, Jl. Lidah Wetan, Surabaya (60213), Indonesia or by email at dewiprastiwi@unesa.ac.id.

individuals, resulting in poor taxpayer trust in tax authorities (Zelmiyanti, 2017). Trust is crucial in enhancing taxpayer compliance (Hakim et al., 2017).

Several studies have proven that various cases that erode trust can reduce taxpayer compliance. Trust is the belief that the tax authority has good intentions (benevolence) and works well and fairly for the common good (Ali & Ahmad, 2014; Bornman, 2015; Kirchler et al., 2008). Bertinelli et al. (2020) conducted a survey of 700 taxpayers (small shopkeepers) in Bamako, Mali and discovered that corruption has a negative and severe impact on taxpayer compliance. Corruption has a substantial economic impact in addition to being statistically significant. Corruption is not only statistically significant but also has a major economic impact. Two-thirds of small retailers in the sample surveyed comply with paying taxes; however, paying bribe money to tax authorities reduced the compliance ratio by 20% (Bertinelli et al., 2020). Syakura and Baridwan's (2014) research describes the relevance of corruption and tax compliance. The increase in corruption cases involving tax officers and the Indonesian government has further eroded citizens' trust in the tax authorities' professionalism and honesty. Taxpayers feel it is useless to pay taxes if the tax money deposited is only used by corrupt tax collectors for personal gain. The review results from Schlenther (2017) show that corruption can undermine the social contract because it undermines state legitimacy and results in low compliance. Therefore, tax policy is needed as an essential tool for good governance. Good governance is also a measure to prevent and eradicate corruption. In addition to institutional improvements, Schlenther (2017) concludes that countries must promote transparency and accountability, encourage and protect whistleblowers and promote leadership in serving their citizens.

Trust-building actions can lead to voluntary compliance. In some cases these actions can be implemented through whistleblowing by taxpayers when there are acts of excessive power by the tax authorities, such as inspections and harsh fines (Prastiwi et al., 2019). Whistleblowing itself is considered part of the trust landscape, because people who act as whistleblowers assume that institutions can be trusted to deal with violations that occur and can disclose correct evidence (Brown et al., 2014). Society sees whistleblowing as building trust (Brown et al., 2014). Whistleblowing can be a powerful tool to suppress tax evasion by tax authorities in various countries (Antinyan et al., 2020). In Indonesia, whistleblowing is a facility developed by the DGT to accommodate complaints and grievances from taxpayers. The system can be accessed through the DGT's official website (https://pengaduan.pajak.go.id/). In addition, it is also regulated in PMK Regulation No 205/PMK.09/2022 concerning the Management of Reporting Violations and Protection of Reporters within the Ministry of Finance. The regulation explains that if a member of the public sees or knows of a violation and feels dissatisfied with the existing services within the Ministry of Finance, they can report this matter to the Internal Compliance Unit or a Specific Unit and the Inspectorate General.

The findings of Bernasconi et al. (2023) state that whistleblowing substantially impacts compliance, reducing the proportion of hidden income and increasing the accuracy of audit procedures. In addition, Doyle (2023) explains that whistleblowing can reduce tax evasion. A study by Batrancea et al. (2022) explained that trust can trigger taxpayers to increase their compliance. The result of research from Kogler et al. (2022) proves that trust can increase taxpayer compliance, this study tests the main assumptions of the slippery slope framework. The slippery slope framework (SSF) of tax compliance integrates economic and social-psychological perspectives into a cohesive conceptual framework. It distinguishes between two dimensions: (1) trust in tax authorities and (2) power of tax authorities. Trust in authorities arises from taxpayers' comprehension of tax laws, perceptions of fairness in distribution and procedure, belief in authorities' effective pursuit of societal interests, and the perception that other taxpayers fulfill their obligations. The power of authorities pertains to citizens' views on authorities' effectiveness in deterring tax evasion through measures such as audits and fines. The SSF posits that both dimensions positively influence citizens' tax compliance through different mechanisms. High trust is hypothesized to lead to voluntary tax compliance, while high power is anticipated to result in enforced tax compliance. This research tests the Slippery Slope Framework theory by including the trust variable as a mediating variable on the influence of whistleblowing on taxpayer compliance, whereas previous research did not include the trust variable in testing whistleblowing for compliance.

We want to test the effect of whistleblowing on tax compliance with trust as a mediating variable in Indonesia which has a culture of both a strong hierarchy and respect for high status. Indonesian society tends to recognize and respect differences in status and position in the social structure. There is a strong respect for authority and hierarchy, whether in the context of the organizational family or society. Respect for authority is considered necessary in Indonesian culture. We want to see if whistleblowing helps increase compliance in this cultural context. Individual taxpayers were chosen as the sample because, as compared to corporate taxpayers, they more directly represent compliance attitudes. This study is designed to empirically demonstrate the strength of the Slippery Slope Framework hypothesis, namely that creating trust with diverse systems is crucial for enhancing taxpayer compliance.

Literature Review

Kirchler et al. (2008) proposed the slippery slope framework model for tax compliance. Individual and societal variables, in addition to exogenous economic elements such as income, tax rates, audit probabilities, and penalty rates, go into the framework, driving two fundamental frameworks, namely the dimensions of trust in authorities and the power of authority. According to this structure, tax payments may be boosted through

two channels: boosting trust in the tax authorities or strengthening the tax authorities' deterrent power. The slippery slope framework has three dimensions: authority trust, authority power, and tax payments. The interplay of these three dimensions will result in a wide range of circumstances (Kirchler et al., 2008).

According to the slippery slope framework, tax compliance may be acquired through action to earn power and develop confidence. This whistleblower illustrates the Directorate General of Taxes' (DGT) capability and commitment to preventing and removing official tax corruption. The objective is for the DGT to become an institution with integrity that the public can rely on (Khulsum, 2014). The system developed by DGT to provide space for taxpayers who are willing to report fraud committed by tax officers or other taxpayers. Whistleblowing can be utilized to prevent violations inside the DGT; in this situation, workers and members of the public must collaborate to report irregularities. This is also reinforced by regulations issued by the DGT, namely PER-22/PJ/2011, regarding the obligation to report violations and handling reports of violations within the DGT. With this mechanism, taxpayers are allowed to oversee the tax management process carried out by the DGT, which is expected to increase taxpayer compliance.

The results of Khulsum's (2014) research show that the application of whistleblowing at KPP (tax service office) Pratama Surabaya Sawahan affects tax revenue, which has increased compared to tax revenue before the whistleblowing regulations and reporting system were implemented in 2011. In line with Breuer (2013), research shows that implementing a whistleblowing system, with or without incentives, will limit tax evasion and increase tax compliance. It can therefore be concluded that whistleblowing has a relationship to tax compliance. Based on this, it hypothesized:

H1: Willingness to act as a whistleblower has a positive impact on taxpayer compliance.

Trust in the tax system is not just based on satisfaction with the outcomes of tax payments. It emerged, however, from the fairness of the processes used to design tax legislation and other social norms and the fairness of the services provided to taxpayers. If the government seeks to develop confidence by doing its tasks effectively, it can improve taxpayers' intrinsic drive. Furthermore, when taxpayers are pleased with their treatment, their social cooperation can be strengthened. Citizens' trust in public authorities boosts their positive attitude and commitment to the tax system and tax payments, which positively impacts tax compliance. If taxpayers believe the tax regulations are fair, they will be more willing to pay their taxes.

Whistleblowing is one of the techniques adopted by the DGT to enhance its image and recover public trust. This competence can transform a permissive culture into a corrective culture that is intolerant of transgressions (Siringoringo, 2015). The

implementation of this system will undoubtedly help increase public awareness, particularly among taxpayers, to fulfill their tax obligations, because the tax authority has established a transparent and firm system to impose sanctions on violators so that taxpayers do not feel their tax obligations are in vain. Based on this, the following hypothesis was developed:

H_2: Trust can mediate the effect of whistleblowing on taxpayer compliance.

Research Methods

Population and Sample

The East Java 1 DGT Regional Office was chosen, because it is the largest of three such offices in East Java both in terms of both revenue and the number of taxpayers, with 1,143,203 individual taxpapers. This study determined the sample size using the Slovin technique with a confidence level of 95%, providing sample size of 400 respondents. The population in this research is individual taxpayers registered at the DGT Regional Office of East Java 1. However, researchers can only get data in the form of the number of individual taxpayers registered at the DGT Regional Office of East Java 1 and cannot get complete information regarding the identity of registered taxpayers (such as name and address). Therefore, we could not send surveys directly on taxpayers registered at the DGT Regional Office of East Java 1. This is due to regulations related to the confidentiality of taxpayer data (regulated in Law (UU) Number 7 of 2021 concerning Harmonization of Tax Regulations Article 34). Therefore, this study uses the Slovin technique because this method is a relatively easy way to determine the sample size required in a large population survey. In addition, the use of the Slovin technique is based on the homogeneous population in this study. After calculating the desired sample size, we then distributed questionnaires to respondents who were at the Tax Office during the tax reporting period (February-March). Individual taxpayers, rather than corporate taxpayers, were chosen as the focus of the study because it's easier to demonstrate their attitudes than the attitudes of corporations made up of many people.

Definition and Measurement of Variables

The independent variable in this research is the willingness to be a whistleblower. Whistleblowing is the willingness of taxpayers to disclose illegal acts of violation in the field of taxation or immoral acts that can harm the organization (DGT) committed by taxpayers or tax authorities. Variable measurement instruments were developed by Alleyne et al. (2017), (Mealem et al., 2010; Near & Miceli, 2013). This instrument consists of six questions covering two indicators: support for whistleblowing and willingness to become a whistleblower

The dependent variable used is taxpayer compliance. Taxpayer compliance is a condition where individuals and taxable entities are willing to comply with and are aware of the law, the spirit of the law, and tax administration without coercion (Meagher, 2018; Prastiwi et al., 2019). Kirchler and Wahl (2010) developed variable measurement instruments. The measurement instrument consists of seven questions covering three indicators: 1) voluntarily paying taxes, 2) willingness to disclose the income in full disclosure, and 3) reporting on time. Moreover, the mediating variable is trust. Trust is the attitude of taxpayers based on the belief that the tax authority has good intentions (benevolence) and works well and fairly for the common good (Ali & Ahmad, 2014; Bornman, 2015; Kirchler et al., 2008). The variable measurement instruments were developed by Mayer et al. (1995). The measurement instrument consists of five questions covering three indicators: 1) belief in the ability of the tax officer, 2) belief in the goodwill of the tax official, and 3) belief in the integrity of the tax official.

Each survey item uses a Likert scale ranging from 1 (strongly disagree) to 10 (strongly agree). Because it has more consistency in reliability and validity, this study selected a value range of 1-10 (Preston & Colman, 2000). Furthermore, this study aimed to look at the characteristics of taxpayer compliance in the East Java I DGT Region, with ratings 1-5 representing forced compliance and 6-10 representing voluntary compliance.

Data Analysis

The outer and inner tests were studied utilizing the SEM modeling equation and the Partial Least Square (PLS) . In measurement assessment, the outer model is used to evaluate the model's validity and reliability. The validity test assesses the capacity of the research instrument to measure what it is designed to measure. On the other hand, the reliability test is used to examine the consistency of a measuring instrument in measuring a concept or the consistency of respondents in answering question items in a questionnaire or research instrument. Convergent validity, discriminant validity, and composite reliability tests are used in the outer model. The inner model uses the R^2, f^2, Stone-Geisser (Q^2), and goodness of fit tests.

Results

This study categorized respondents according to age, gender, education, occupation, yearly income level, and KPP where they were registered as a taxpayer. The characteristics of the study's sample are as in Table 1. However, the results of this study may have potential errors due to some respondents possibly not understanding the instructions on the paper questionnaire. When paper surveys were distributed to respondents directly by the researchers, respondents often asked for verbal instructions or clarifications. However, some tax offices required the surveys to be distributed by

customer service staff rather than by the researchers; the staff who distributed them probably did not provide any verbal instructions, potentially leading to confusion among these respondents.

Table 1

Demographic Characteristics of the Sample

Demographic Characteristics	***n***	**%**
Age		
17 – 20	8	2.0
21 – 30	153	38.3
31 – 40	83	20.8
41 – 50	96	24.0
51 – 60	50	12.5
61 – 70	10	2.5
Gender		
Male	185	46.3
Female	215	53.8
Education		
Elementary School	2	0.5
Junior High School	1	0.3
Senior High School	124	31.0
Bachelor Degree	198	49.5
Master Degree	23	5.8
Doctoral Degree	2	0.5
Other tertiary education	50	12.5
Job		
Self-employed	50	12.5
Employed*	350	87.5

*employee in this research refer to health care, education, civil service, armed forces, manufacturing.

Table 1

Demographic Characteristics of the Sample (Contd.)

Demographic Characteristics	*n*	%
Income (*per year*)[2]		
Less than Rp60,000,000	289	72,3
Rp60,000,000 – Rp250,000,000	92	23.0
Rp250,000,000 – Rp500,000,000	17	4.3
Rp500,000,000– Rp5,000,000,000	2	0.5
Registered as a taxpayer at KPP		
KPP Pratama Genteng	2	0.5
KPP Pratama Gubeng	50	12.5
KPP Pratama Karangpilang	57	14.3
KPP Pratama Krembangan	23	5.8
KPP Pratama Mulyorejo	82	20.5
KPP Pratama Rungkut	45	11.3
KPP Pratama Sawahan	27	6.8
KPP Pratama Sukomanunggal	73	18.3
KPP Pratama Tegalsari	20	5.0
KPP Pratama Wonocolo	21	5.3

The association between the indicator scores and the variable scores demonstrates convergence validity. The criterion for the significant outer loadings that fulfill the requirements is >.7 (Hair et al., 2014; Latan & Ramli, 2013; Mardiana & Faqih, 2019). Based on Table 2, all indicators have outer loadings values of more than 0.700. Each study variable may be explained by its indicators and fulfills the convergent validity standards.

The Fornell-Larcker and Cross Loading table criteria were used for discriminant validity testing, which requires that the latent construct value of one variable be greater than the latent construct values of the other variables (Hair et al., 2011; Hair et al., 2014; Latan & Ramli, 2013; Sarstedt et al., 2014). Table 2 indicates that the Fornell-Larcker Criterion criteria have been met.

[2] The income categories are approximately less than $3,700, $3,700-$15,600, $15,600-$31,100, $31,100-$311,400 USD.

In addition, the value of the cross-loadings is another parameter of discriminant validity assessment. Cross-loading values are eligible if each latent construct value is larger than the others (Hair et al., 2011, 2014; Sarstedt et al., 2014). Table 2 demonstrates that the value of the cross-loadings of each latent construct is greater than the value of the other latent constructs, indicating that the value of the cross-loading criteria is satisfied. The data show that discriminatory validity meets the criterion.

Table 2

Outer Model Test-Validity Test

Variable Indicators	**Discriminant Validity**						
	Cross Loadings			*Fornell-Larcker Criterion*			
	TC	**TR**	**WB**		**TC**	**TR**	**WB**
X1-1	.37	.24	.72	**TC**	.89		
X1-2	.41	.29	.79	**TR**	.49	.84	
X1-3	.36	.34	.77	**WB**	.46	.37	.78
X1-4	.32	.34	.82				
X1-5	.36	.23	.80				
X1-6	.36	.29	.79				
TR1	.54	.77	.36				
TR2	.34	.87	.29				
TR3	.35	.90	.29				
TR4	.41	.85	.30				
TR5	.38	.83	.29				
Y-1	.84	.47	.38				
Y-2	.88	.43	.39				
Y-3	.92	.42	.39				
Y-4	.91	.41	.42				
Y-5	.87	.45	.44				

Note. TC = tax compliance; TR = trust; WB = whistleblowing intention

Cronbach's alpha and composite reliability can be used to assess the reliability of a construct. Cronbach's alpha measurements, on the other hand, yield a lower result; hence, composite reliability is advised. An acceptable composite reliability score necessitates Cronbach's alpha values greater than 0.7 (Hair et al., 2011, 2014; Sarstedt et al., 2014). Table 3 reveals that the composite reliability and Cronbach's alpha are more

significant than 0.7. All of the constructs in this investigation satisfied the requirements and were reliable.

Table 3

Outer Model Test-Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
TC	.93	.93	.95	.79
TR	.89	.91	.93	.71
WB	.87	.88	.91	.61

Note. TC = tax compliance; TR = trust; WB = whistleblowing intention

Table 4

Inner Model Test

R^2 Test			
	R^2		Criteria
TC	.37		Weak
TR	.13		Weak
f^2 Test			
	TC	**TR**	**WB**
TC			
TR	**.18**		
WB	.13	**.15**	
Q^2 Test			
	SSO	**SSE**	**Q^2 (=1-SSE/SSO)**
TC	2000.00	**1485.27**	**.25**
TR	2000.00	**1822.58**	**.08**
WB	2400.00	**2400.00**	

Note. TC = tax compliance; TR = trust; WB = whistleblowing intention

Model Fit

	Saturated Model	**Estimated Model**
SRMR	.07	.07
d_ULS	.68	.68
d_G	.28	.28
Chi-Square	651.17	651.17
NFI	.86	.86

R^2 Test

The predictive power of the structural model is initially evaluated by computing the R^2 value for each value of the dependent variable. R^2 measures how much the independent (exogenous) latent variable impacts the dependent variable.

As seen in Table 4, the trust and tax compliance variables have a low R^2 value. The trust variable has an R^2 value of .34, explaining the combined predictive power of the whistleblower variable and trust is 33.6%. The remaining 66.4% is accounted for by other factors not included in this study. Furthermore, with an R^2 value of.13, the whistleblowing variable offers a 13.4% predictive potential for predicting trust.

f^2 Test

The f^2 measure calculates the impact or influence independent latent variables on dependent latent variables. The criteria (Cohen, 1988; Hair et al., 2011, 2014):

- If f^2 .02, it suggests the relationship is weak

- If f^2 is .15, it suggests the relationship is moderate

- If f^2 .35, it suggests the relationship is high

As shown in Table 4, the trust variable in tax compliance has an f^2 value of .19, indicating that it has a moderate effect. The whistleblowing variable on tax compliance has an f^2 value of .14, indicating a modest level of effect. The whistleblowing variable on tax trust has an f^2 value of .16, indicating a moderate effect level.

Q^2 Test

Q^2 is used to evaluate the observed value's quality. If the Q^2 value is greater than zero, the external (independent) construct has excellent predictive relevance to the endogenous (dependent) construct. However, if the Q^2 value is 0.00, the observation value has low structural model predictive relevance (Hair et al., 2014; Latan & Ramli, 2013).

Table 4 shows a Q^2 value of .09 for the trust variable and a Q^2 value of 0.26 for the taxpayer compliance variable; these values indicate that the Q^2 value is greater than zero, indicating that it has good structural model predictive relevance and is classified as moderate. Table 4 shows that the model in this study has met the Q^2 criteria, indicating that the model fits.

Goodness of Fit

The SRMR result validates the Goodness of Fit test. If the SRMR value is less than 0.10, the PLS model meets the Goodness of Fit requirement; if it exceeds 0.08, the PLS

model has the perfect fit. Table 3 shows an SRMR of 0.07. Because this value is less than 0.10, the PLS model is considered fit for testing the research hypothesis.

The GoF index is a single measure that aims to validate the combined performance of the measurement model and structural model. The following is the GoF Index calculation formula (Tenenhaus et al., 2000).

$$\text{GoF} = \sqrt{AVE's\ Average\ x\ R\ Square\ Average}$$

$$= \sqrt{\left(\frac{0.785+0.713+0.614}{3}\right) x \left(\frac{0.336+0.134}{2}\right)}$$

$$= \sqrt{0.704\ x\ 0.235}$$

$$= \sqrt{0.16544}$$

$$= 0.4067$$

The GoF index offers a useful metric to evaluate the overall fit of a SEM-PLS model, with higher values indicating a better fit. Based on the calculation results, it can be concluded that the GoF value of this study is weak. In summary, a weak or small overall model fit signals that the current model may not be the best representation of the underlying data structure.

Table 5

Hypothesis Test

Direct Effect					
	O	***M***	***SD***	***t***	***p***
TR -> TC	.38	0.37	0.05	7.98	.000
WB -> TC	.32	0.32	0.05	5.95	.000
Indirect Effect					
WB -> TR -> TC	.14	0.14	0.03	5.29	.000

Note. TR = trust; TC = tax compliance; WB = whistleblowing intention

To assess the direction of the relationship between variables, one should pay attention to the value of the Original Sample (O), while the degree of significance of the relationship between variables may be evaluated through *t* and *p*. If *O* is around +1, the relationship between variables is positive. The variable-to-variable association is

negative if the initial sample value is close to -1 (Al-Emran et al., 2019). A *p*-value of less than .05 and *t*-score greater than 1.960 indicates that the variables are significantly related (Al-Emran et al., 2019).

Based on the data in Table 4, an assessment of the direct effect between variables shows that the effect of the trust on taxpayer compliance is .38, ($p < .001$). This implies that the trust variable substantially and positively influences the taxpayer compliance variable. Meanwhile, the impact of whistleblowing on tax compliance is .32 (.000 <0.05) . This implies that variable whistleblowing is strongly tied to variable tax compliance.

According to the indirect impact shown in Table 4, the value of the whistleblowing variable on the taxpayer compliance variable via the trust variable is .14, the .000 <0.05. This emphasizes the importance of the relationship between variable whistleblowing and variable taxpayer compliance via variable trust.

It can be concluded that trust partially mediates the whistleblowing variable to the taxpayer compliance variable.

Discussion

Voluntary compliance is the key to successful tax collection. With high voluntary tax compliance, the tax collecting cost is low because the costs of auditing, socialization, and appeals are relatively low, impacting high net tax revenues. On the other hand, if voluntary tax compliance is low, inspection, socialization, and appeal efforts will be relatively high, impacting high tax collecting costs. When tax revenues are high so the tax collecting costs are also high, the benefits to the state are low. As a result, a system capable of boosting voluntary compliance is required. Voluntary compliance refers to people and other taxable entities' desire to follow the spirit of the law, the law, and tax administration without force (Meagher, 2018).

According to the Slippery Slope Framework theory, compliance results from a power-trust interaction. To promote taxpayer compliance, the DGT has achieved several breakthroughs, beginning with improved services, transparency, and the formulation of tax legislation. The DGT has built a whistleblowing system, which is accessible via the DGT's official website as one of the mechanisms intended to promote openness. Building transparency, designed to promote public confidence, is a significant problem in implementing whistleblowing (Siringoringo, 2015).

The study's findings show that whistleblowing improves taxpayer compliance. The whistleblower mechanism allows taxpayers to oversee the DGT’s handling of tax collection. This approach creates a synergistic system between taxpayers and fiscus that can produce a harmonic setting promoting taxpayer compliance.

According to the Slippery Slope Framework, more authority and trust may result in the demand for tax compliance. This highlights the need for trust and fair interactions between tax authorities and taxpayers as they transition from a "cops and robbers" environment to a "client relationship" (Muehlbacher & Kirchler, 2010) in which the tax authority respects taxpayers and implements transparent and fair processes. This study's findings are congruent with those of (Amir et al., 2018), who observed increased tax collection after implementing a whistleblower system in Tel Aviv. Other studies have found that whistleblowing effectively avoids tax evasion (Chapkovski et al., 2021). Antinyan et al. (2020) discovered that taxpayers with high trust will report fraud if they believe it will prevent tax evasion.

This study has a uniqueness that lies in the use of a mediating variable (trust), which in previous studies was only independent variable. In addition, this study develops the slippery slope framework theory by including whistleblowing variables which are one of the facilities to increase voluntary compliance. As far as the author knows, there has been little research on this topic in Indonesia. This study also shows that trust can mediate the relationship between whistleblowing and taxpayer compliance. Whistleblowing is designed to improve DGT's image and restore public trust. Because the tax authority generates a cooperative tax atmosphere and leads to legitimacy, trust-building initiatives are preferable to legal preventative measures to encourage tax compliance. Several studies have shown that respectful treatment approach can improve taxpayer compliance (Battiston & Gamba, 2016; Prastiwi, 2021; Feld & Larsen, 2012; Filippin et al., 2013; Gangl et al., 2014). With a respectful treatment approach, taxpayers feel respected and assisted in resolving non-compliance issues, thus enhancing taxpayer trust. Confidence-building initiatives are the most successful economic tactics for improving tax compliance while also producing long-term beneficial macroeconomic effects (Lisi, 2014). Communities with high trust and legitimacy encourage higher tax compliance and less tax evasion. Trust is essential for establishing compliance and boosting financial performance (Torgler & Schneider, 2005). The creation of the whistleblowing system by the Directorate General of Taxes in Indonesia builds on the ideas mentioned above related to respect, trust, and confidence-building. Our study confirms that this new system is likely to work in the desired way, consistent with these earlier studies. That is, our study confirms the slippery slope framework (SSF) and suggests that the Directorate General of Taxes has used power in a way that is likely to improve taxpayer compliance.

Conclusion

The study found a favorable and substantial relationship between willingness to be a whistleblower and tax compliance. Furthermore, trust helps to bridge the gap between

whistleblower and taxpayer compliance. Whistleblowing is one of the strategies used by tax authorities to increase taxpayer trust and compliance.

This study's findings show the power of the Slippery Slope Framework social psychological tax model technique. The findings of this study may also be utilized as a guide for authorities in developing methods to promote taxpayer compliance, as creating trust is a crucial technique for enhancing taxpayer compliance. In addition, implementing whistleblowing can be used to change a permissive culture to a corrective culture that does not tolerate fraudulent acts by individuals within an organization. Whistleblowing implementation impacts increasing the positive image of authorities, because people assume that authorities have good intentions in working for everyone's mutual benefit.

One of the limitations of this study is that two of the tax offices that were selected as locations to distribute the survey required them to be distributed by customer service staff in the office, rather than by the researchers. The technique of distributing questionnaires needs to be improved, because we did not receive the target number of responses, and we believe the respondents who did not interact with the researchers may not have fully understood the instructions.

References

Aktaş Güzel, S., Özer, G., & Özcan, M. (2019). The effect of the variables of tax justice perception and trust in government on tax compliance: The case of Turkey. *Journal of Behavioral and Experimental Economics*, *78*, 80–86. https://doi.org/10.1016/j.socec.2018.12.006

Al-Emran, M., Mezhuyev, V., & Kamaludin, A. (2019). PLS-SEM in information systems research: A comprehensive methodological reference. In A. Hassanien, M. Tolba, K. Shaalan, & A. Azar (Eds.) *Proceedings of the International Conference on Advanced in Intelligent Systems and Informatics 2018*. Springer International Publishing. https://doi.org/10.1007/978-3-319-99010-1_59

Ali, A., & Ahmad, N. (2014). Trust and tax compliance among Malaysian working youth. *International Journal of Public Administration*, *37*(7), 389–396. https://doi.org/10.1080/01900692.2013.858353

Alleyne, P., Charles-Soverall, W., Broome, T., & Pierce, A. (2017). Perceptions, predictors and consequences of whistleblowing among accounting employees in Barbados. *Meditari Accountancy Research*, *25*(2), 241–267. https://doi.org/10.1108/MEDAR-09-2016-0080

Amir, E., Lazar, A., & Levi, S. (2018). The deterrent effect of whistleblowing on tax collections. *European Accounting Review*, *27*(5), 939–954. https://doi.org/10.1080/09638180.2018.1517606

Antinyan, A., Corazzini, L., & Pavesi, F. (2020). Does trust in the government matter for whistleblowing on tax evaders ? Survey and experimental evidence. *Journal of Economic Behavior and Organization*, *171*, 77–95. https://doi.org/10.1016/j.jebo.2020.01.014

Batrancea, L. M., Nichita, A., De Agostini, R., Batista Narcizo, F., Forte, D., de Paiva Neves Mamede, S., Roux-Cesar, A. M., Nedev, B., Vitek, L., Pántya, J., Salamzadeh, A., Nduka, E. K., Kudła, J., Kopyt, M., Pacheco, L., Maldonado, I., Isaga, N., Benk, S., & Budak, T. (2022). A self-employed taxpayer experimental study on trust, power, and tax compliance in eleven countries. *Financial Innovation*, *8*(1). https://doi.org/10.1186/s40854-022-00404-y

Battiston, P., & Gamba, S. (2016). The impact of social pressure on tax compliance: A field experiment. *International Review of Law and Economics*, *46*, 78–85. https://doi.org/10.1016/j.irle.2016.03.001

Bernasconi, M., Corazzini, L., & Medda, T. (2023). Whistleblowing and tax evasion: Experimental evidence. *Economic and Political Studies*, *11*(3), 316-333. https://doi.org/10.1080/20954816.2022.2130065

Bertinelli, L., Bourgain, A., & Léon, F. (2020). Corruption and tax compliance: Evidence from small retailers in Bamako, Mali. *Applied Economics Letters*, *27*(5), 366–370. https://doi.org/10.1080/13504851.2019.1616057

Bornman, M. (2015). The determinants and measurement of trust in tax authorities as a factor influencing tax compliance behaviour. *Journal of Economic and Financial Sciences*, *8*(3), 772–789. https://doi.org/10.4102/jef.v8i3.121

Breuer, L. (2013). Tax compliance and whistleblowing – The role of incentives. *The Bonn Journal of Economics*, *7*, 7–45. https://www.bje.uni-bonn.de/download-the-latest-issue-1/copy_of_volumeII(1)/breuer.pdf

Brown, A. J., Vandekerckhove, W., & Dreyfus, S. (2014). The relationship between transparency, whistleblowing, and public trust. In P. Ala'I & R. G. Vaughn (Eds.), *Research handbook on transparency* (pp. 30–58). Edward Elgar Publishing. https://doi.org/10.4337/9781781007945.00008

Chapkovski, P., Corazzini, L., & Maggian, V. (2021). Does whistleblowing on tax evaders reduce ingroup cooperation? *Frontiers in Psychology*, *12*, 1–12. https://doi.org/10.3389/fpsyg.2021.732248

Cohen, J. (1988). *Statistical power analysis for the behavioral sciences*. Routledge. https://doi.org/10.4324/9780203771587

Doyle, E. (2023). Encouraging ethical tax compliance behaviour: The role of the tax practitioner in enhancing tax justice. *Law and Contemporary Problems*, 137–157.

Filippin, A., Fiorio, C. V., & Viviano, E. (2013). The effect of tax enforcement on tax morale. *European Journal of Political Economy*, *32*, 320-331. https://doi.org/10.1016/j.ejpoleco.2013.09.005

Feld, L. P., & Frey, B. S. (2007). Tax compliance as the result of a psychological tax contract: The role of incentives and responsive regulation. *Law and Policy*, *29*(1), 102–120. https://doi.org/10.1111/j.1467-9930.2007.00248.x

Gangl, K., Torgler, B., Kirchler, E., & Hofmann, E. (2014). Effects of supervision on tax compliance: Evidence from a field experiment in Austria. *Economics Letters*, *123*(3), 37–382. https://doi.org/10.1016/j.econlet.2014.03.027

Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory and Practice*, *19*(2), 139–152. https://doi.org/10.2753/MTP1069-6679190202

Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European Business Review*, *26*(2), 106–121. https://doi.org/10.1108/EBR-10-2013-0128

Hakim, Z., Handajani, L., & Inapty, B. A. (2017). Voluntary tax compliance of hospitality company taxpayers: Determinants, trust and legitimacy power. *Jurnal Akuntansi*, *21*(2), 253. https://doi.org/10.24912/ja.v21i2.198

Khulsum, U. A. (2014). Whitsleblowing system analysis of the directorate general of taxes to optimize tax revenue. Report of Surabaya Sawahan Pratama Tax Service Office. https://ejournal.unesa.ac.id/index.php/jurnal-akuntansi/article/view/12358

Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance: The "slippery slope" framework. *Journal of Economic Psychology*, *29*(2), 210–225. https://doi.org/10.1016/j.joep.2007.05.004

Kirchler, E., & Wahl, I. (2010). Tax compliance inventory TAX-I: Designing an inventory for surveys of tax compliance. *Journal of Economic Psychology*, *31*(3), 331–346. https://doi.org/10.1016/j.joep.2010.01.002

Kogler, C., Olsen, J., Kirchler, E., Batrancea, L. M., & Nichita, A. (2022). Perceptions of trust and power are associated with tax compliance: A cross-cultural study. *Economic and Political Studies*, *11*(3), 365-381. https://doi.org/10.1080/20954816.2022.2130501

Latan, H., & Ramli, N. A. (2013). *The Results of partial least squares-structural equation modelling analyses (PLS-SEM) recursive model, interaction model, intervening model, second-order model, heterogeneity model and multi-group model Partial Least Square-Structural Equation Modelling (PLS-SEM)*. https://ssrn.com/abstract=2364191

Lisi, G. (2014). The interaction between trust and power: Effects on tax compliance and macroeconomic implications. *Journal of Behavioral and Experimental Economics* , *53*, 24–33. https://doi.org/10.1016/j.socec.2014.07.004

Mardiana, N., & Faqih, A. (2019). The best SEM-PLS model for evaluation of discrete mathematics learning with LMS. *BAREKENG: Jurnal Ilmu Matematika Dan Terapan*, *13*(3), 157–170. https://doi.org/10.30598/barekengvol13iss3pp157-170ar898

Mayer Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, *20*(3), 709–734. https://doi.org/10.2307/258792

Meagher, K. (2018). Taxing times: Taxation, divided societies and the informal economy in northern Nigeria. *Journal of Development Studies*, *54*(1), 1–17. https://doi.org/10.1080/00220388.2016.1262026

Mealem, Y., Tobol, Y., & Yaniv, G. (2010). Whistle-blowers as a deterrent to tax evasion. *Public Finance Review*, *38*(3), 306–320. https://doi.org/10.1177/1091142110367857

Muehlbacher, S., & Kirchler, E. (2010). Tax compliance by trust and power of authorities. *International Economic Journal*, *24*(4), 607–610. https://doi.org/10.1080/10168737.2010.526005

Muehlbacher, S., Kirchler, E., & Schwarzenberger, H. (2011). Voluntary versus enforced tax compliance: Empirical evidence for the "slippery slope" framework. *European Journal of Law and Economics*, *32*(1), 89–97. https://doi.org/10.1007/s10657-011-9236-9

Near, J. P., & Miceli, M. P. (2013). Organizational dissidence: The case of whistle-blowing. *Citation Classics from The Journal of Business Ethics: Celebrating the First Thirty Years of Publication*, *4*, 153–172. https://doi.org/10.1007/978-94-007-4126-3_8

Prastiwi, D. (2021). Profile of tax compliance research in Indonesia. *Media Riset Akuntansi, Auditing & Informasi*, *21*(2), 245. https://doi.org/10.25105/mraai.v21i2.9793

Prastiwi, D., Narsa, I. M., & Tjaraka, H. (2019). Synthesis of tax accounting systems. *Jurnal Akuntansi MultipAradigmA, 10*(2). https://jamal.ub.ac.id/index.php/jamal/article/view/1127

Preston, C. C., & Colman, A. M. (2000). Optimal number of response categories in rating scales: reliability, validity, discriminating power, and respondent preferences. *Acta Psychologica*, *104*(1), 1–15. https://doi.org/10.1016/S0001-6918(99)00050-5

Sarstedt, M., Ringle, C. M., Smith, D., Reams, R., & Hair, J. F. (2014). Partial least squares structural equation modeling (PLS-SEM): A useful tool for family business researchers. *Journal of Family Business Strategy*, *5*(1), 105–115. https://doi.org/10.1016/j.jfbs.2014.01.002

Schlenther, B. (2017). The impact of corruption on tax revenues, tax compliance and economic development: Prevailing trends and mitigation actions in Africa. *eJournal of Tax Research*, *15*(2), 217–242. https://www.austlii.edu.au/au/journals/eJlTaxR/2017/11.pdf

Siringoringo, W. (2015). The effect of implementing good governance and whistleblowing systems on individual taxpayer compliance with the risk of tax sanctions as a moderating variable. *Jurnal Akuntansi*, 207–224. https://doi.org/10.24912/ja.v19i2.95

Syakura, M. A., & Baridwan, Z. (2014). Determinants of tax planning and corporate taxpayer behavior. *Jurnal Akuntansi Multiparadigma*, *16*(2), 96–104.

Tenenhaus, M., Amato, S., & Vinzi, V. E. (2000). *A global Goodness–of–Fit index for A or PLS structural*. Proceedings of the XLII SIS Scientific Meeting, 1, 739-742.

Torgler, B., & Schneider, F. (2005). Attitudes towards paying taxes in Austria: An empirical analysis. *Empirica*, *32*(2), 231–250. https://doi.org/10.1007/s10663-004-8328-y

Van Dijke, M., & Verboon, P. (2010). Trust in authorities as a boundary condition to procedural fairness effects on tax compliance. *Journal of Economic Psychology*, *31*(1), 80–91. https://doi.org/10.1016/j.joep.2009.10.005

Zelmiyanti, R. (2017). Procedural fairness and taxpayer trust in tax authorities: Mediation analysis of tax compliance. *Jurnal Riset Akuntansi Dan Keuangan*, *4*(3), 1101–1110. https://doi.org/10.17509/jrak.v4i3.4662

Biographical Notes

Dewi Prastiwi (PhD) is an assistant professor at Universitas Negeri Surabaya. Her research interests include taxation, public sector accounting, and management accounting.

She can be reached at Universitas Negeri Surabaya, Jl. Lidah Wetan, Surabaya (60213), Indonesia or by email at dewiprastiwi@unesa.ac.id.

Yuni Khoirotul Abdiyah is a final year accounting student at Universitas Negeri Surabaya.

She can be reached by email at yuni.19030@mhs.unesa.ac.id.

Date of Submission: 2023-08-09

Date of Acceptance: 2024-02-26