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Tourism seasonality and tax compliance of hotel and accommodation sector in Magelang Regency, Indonesia: Mediating role of intention to comply

Suci Nasehati Sunaningsih¹, Agustina Prativi Nugraheni¹, Alex Johaness Simamora^{1*}, Budi Hartono² and Mumpuni Wahyudiarti Sitoresmi¹

Abstract

Research aims: This research examined the effect of hotel and accommodation performance during peak seasons on tax compliance, especially tourism seasonality-based financial performance, intention to comply, and tax compliance behavior. This research also examined the effect of tourism seasonality-based financial performance on tax compliance behavior through intention to comply.

Design/Methodology/Approach: The research sample includes 48 owners and top managers of hotels and accommodations in Magelang Regency. Questionnaires measure the variable. Data analysis used structural equation modeling, which included the inner model, outer model, and path analysis.

Research findings: Based on data analysis, tourism seasonality affected tax compliance in the hotel and accommodation sector. The peak season of tourism brought more revenues and cash, so hotels and accommodations could pay the tax and comply with tax regulations. Intention to comply mediated the effect of tourism seasonality-based financial performance on tax compliance behavior.

Theoretical contribution/Originality: This research provided new evidence of peak season on tax compliance. This research also extended the ability to pay theory of taxation based on tourism seasonality. This research also evaluated regulations of Local Regulation of Magelang Regency No. 13 2010 and Regulation of Head of Magelang Regency No. 44 2012 in tourism seasonality since no regulation regulates seasonal tax system based on tourism seasonality for hotels and accommodation.

Keywords: Intention to comply; Tax compliance behavior; Tourism seasonality



AFFILIATION:

¹Department of Accounting, Faculty of Economics, Universitas Tidar, Central Java, Indonesia

²Department of Management, Faculty of Economics, Universitas Tidar, Central Java, Indonesia

*CORRESPONDENCE:

alexjohanessimamora@untidar.ac.id

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Introduction

In Indonesia, most government revenues come from taxes (Sari & Qibthiyah, 2022). In 2022, Indonesia's total tax revenues will be IDR 588.3 trillion (Lubis, 2023). In 2020, tax revenues contributed 82.7% of national revenues (Maryantika & Wijaya, 2022). In this case, tax revenues for the government are important to run the country. However, different from national tax revenues, local tax contribution is not as much as national tax contribution. In 2019, the local tax contributions of regencies and cities were only 5.19% to 19.26% (Bachtiar, 2022).

Meanwhile, local tax contributions of the province are 40,37% (Bachtiar, 2022). There is a possibility that lower local tax revenues come from lower tax compliance by taxpayers.

This research focuses on local tax compliance by the hotel and accommodation sector in Magelang Regency. First, since Borobudur Temple is in the Magelang Regency, there is a potential market for the hotel and accommodation sector to grow and contribute to paying taxes more. Borobudur Temple has become a super-priority destination in Indonesia and can promote the growth of the tourism industry (Wibowo & Hariadi, 2022; Wulung et al., 2021). The hotel and accommodation sector are important to support the tourism industry in Magelang Regency. Some studies found that taxes coming from the growth of the tourism industry contribute to the economic and business conditions (Adedoyin et al., 2023; Villegas et al., 2024). The hotel and accommodation sector can contribute more to tax compliance if there is a potential for the business market so that accommodation sector businesses can pay and comply with the tax regulations (Damayanti et al., 2021).

Second, local tax from the tourism industry contributes to local government revenues. Based on the data that can be accessed at <https://djpk.kemenkeu.go.id/>, there is a growth in contributing local tax from the tourism industry to local government revenues from 4.97% in 2010 to 11.01% in 2018. Improvement in contributing local tax from the tourism industry to local government revenues indicates a growth of tax compliance in the tourism industry, including the hotel and accommodation sector.

Third, in Magelang Regency, the hotel and accommodation sector makes the highest contribution of local tax from the tourism industry to local government revenues. Local taxes from the tourism industry include taxes on entertainment, hotels and accommodation, and restaurants. Based on the data on <https://djpk.kemenkeu.go.id/>, compared to entertainment and restaurant taxes, hotel and accommodation taxes give the highest contribution to local government revenues of Magelang Regency. In this case, the hotel and accommodation sector is expected to comply more with tax regulations.

Fourth, some regulations regulate the hotel and accommodation sector in Magelang Regency to comply with the tax regulations. Local Regulation of Magelang Regency No. 13 2010 about Local Tax and Regulation of Head of Magelang Regency No. 44 2012 regarding The Guidance of Local Tax Collection Implementation obligates hotels and accommodations to calculate, pay, and report the taxes. In this case, tax compliance for the hotel and accommodation sector in Magelang Regency is a must.

Business and market conditions can determine tax compliance (Damayanti et al., 2021). Good business and market conditions lead to good taxpayers' financial performance. Good taxpayers' financial performance captures the ability of taxpayers to pay the tax (Damayanti et al., 2021). The ability-to-pay theory of taxation explains that taxpayers will comply with tax regulations if they can pay the tax (Tresch, 2023). For a business organization, the ability to pay tax depends on organizational performance, such as financial performance, financial constraint, business risk, market condition, or holding cash (Boateng et al., 2022; Damayanti et al., 2021; Guenther et al., 2020), for business

organizations in the hotel and accommodation sectors, financial performance, financial constraint, business risk, and market condition are determined by tourism seasonality. Tourism seasonality refers to the season that determines whether tourists go on tourism or not based on the season of vacation, working cycles, or religious celebrations (Zhang & Xie, 2023).

There are 2 tourism seasons, which are peak season and low season. Peak season refers to the season that has high tourist traffic, while low season refers to the season that only a few tourists travel to the destination (Stojčić et al., 2022). According to the ability to pay theory of taxation, the hotel and accommodation sector can pay tax and comply with the tax regulations when peak season occurs. On the other hand, Trifan et al. (2023) suggested that the hotel and accommodation sector can refuse to pay tax in the low season. It is important to examine the peak season condition on tax compliance since tourism seasonality significantly affects the hotel and accommodation performance (Stojčić et al., 2022).

This research aims to examine the effect of hotels and accommodations' performance in the peak season on tax compliance. No research has examined the impact of the peak season of tourism on tax compliance in the hotel and accommodation sector. However, some previous research examine tourism seasonality in relation to other taxation topics. Dalir et al. (2021) found that accommodation in the US builds a seasonal tax system as a tax planning strategy based on tourism seasonality. In Uzbekistan, Safarov et al. (2023) revealed that tax payment is not a burden for business as long as it occurs in the peak season. In Indonesia, Susyanti and Aminah (2019) discussed that hiking season in Malang City leads SMEs to comply with tax payments.

There are some contributions to this research. First, this research provides new evidence of peak season on tax compliance. Second, this research provides a literature contribution, especially to the ability to pay theory of taxation. This research extends the ability to pay theory of taxation based on the context of tourism seasonality. Third, this research evaluates the implementation of regulations of Local Regulation of Magelang Regency No. 13 2010 and Regulation of Head of Magelang Regency No. 44 2012 in the context of tourism seasonality, since no regulation regulates seasonal tax system based on tourism seasonality for hotels and accommodation.

This research also contributes to providing a mediating role of intention to comply between tourism seasonality-based financial performance and tax compliance behavior. On the one hand, Hikmah et al. (2024), Alm et al. (2019), and Kim and Im (2016) showed that financial performance improves tax compliance behavior. On the other hand, Maidina and Wati (2020) and Salsabila and Diantimala (2023) revealed that firms with high profitability tend not to comply with tax regulations since high profits lead to high tax obligations. This research considers the intention to comply with capturing motivation and commitment to compliance behavior to engage in tax compliance behavior. Based on the ability-to-pay theory of taxation, financial performance (as the ability to pay tax) can improve tax compliance behavior through motivation and commitment to compliance behavior (intention to comply).

Literature Review and Hypotheses Development

Ability to Pay Theory of Taxation

The ability-to-pay theory of taxation explains that taxpayers will comply with tax regulations if they can pay the tax (Tresch, 2023). One of the abilities to pay taxes is revenue. Higher revenues show that taxpayers can pay the tax (Berens & von Schiller, 2017). The idea of the ability to pay tax is that although taxpayers have productive assets, they still cannot pay the tax until their assets are sold (Scheuer & Slemrod, 2021). In this case, revenues and holding cash that come from the productive assets are still needed to pay the tax (Damayanti et al., 2021). In Indonesia, the ability to pay taxes is implemented as the tax threshold for personal taxpayers, which is non-taxable income (*PTKP* or *Pendapatan Tidak Kena Pajak*) (Syarifudin, 2022). The theory framework of this research is provided in Figure 1.

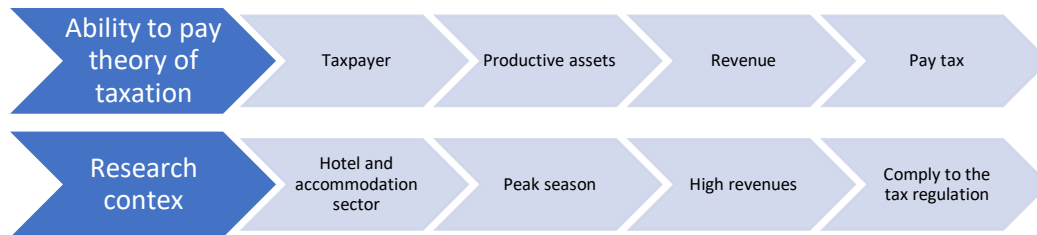


Figure 1 Theory Framework

Source: Elaboration of ability to pay theory of taxation, research context, and previous research

In the hotel and accommodation sector, the ability to pay the tax is indicated by the performance, such as revenues and income of the business. This research determines that higher performance of the hotel and accommodation sector occurs in the peak season of tourism when there is a high traffic of tourists as the customers (Dalir et al., 2021). In this case, customers are an indicator of the potential of the revenues. When the tourism peak season occurs, the hotel and accommodation sector tend to comply with the tax regulation, including paying the tax.

Tourism Seasonality

Tourism seasonality refers to the variance of travel demands by tourists in a certain period based on characteristics of weather (Martín et al., 2017), business cycle, traveling costs, socio-demographics (Xie & Tveterås, 2020), holidays, and religious celebrations (Dalir et al., 2021; Zhang & Xie, 2023). Tourism seasonality is significant to the tourism industry, including the hotel and accommodation sector (Zvaigzne et al., 2022).

There are two types of tourism seasonality: peak season and low season. First, peak season refers to the season when there are big flows of tourists (Dalir et al., 2021). Since there are more tourists, the peak season promotes a bigger number of customers for the hotel and accommodation sector, which leads to higher revenues and incomes (Vives et

al., 2018). Second, low season refers to the uncertainty of tourist demand that can reduce revenues and increase business risk (Zhang & Xie, 2023). For Borobudur Temple, peak season occurs in July each year simultaneously with the period of school holidays (Lisnawati et al., 2018). This research examines the peak season as a motivation for the hotel and accommodation sector to improve tax compliance since there is a bigger potential for revenues and income.

Hypotheses Development

Based on the ability to pay theory of taxation, the hotel and accommodation sector complies with tax regulations when the hotel and accommodation sector can pay the tax. The ability to pay the tax can be indicated by the hotel's financial performance, including its financial performance in the accommodation sector. When financial performance is good, there is enough money to pay the tax.

Hotel and accommodation financial performance refers to the ability to get revenues by having more guests, including tourists (Temelkov, 2022). The hotel and accommodation sector has better financial performance in the peak season than in the low season. When peak season occurs, there is a big flow of demand from tourists that can improve revenues (Alrawabdeh, 2022). Peak season also allows the hotel and accommodation sector to increase the room prices (Mitra, 2020; Wang et al., 2019). Different from peak season, in low season, the room price is normal with low demand (Kool et al., 2022).

When better financial performance is achieved, managers tend to fulfill the tax responsibility (Hikmah et al., 2024; Nguyen & Nguyen, 2023). In the context of tourism seasonality, performance in peak season leads to the intention to comply with tax regulations. Hikmah et al. (2024) find that financial performance improves the intention of tax compliance.

H₁: Tourism seasonality-based financial performance affects the intention to comply.

When hotels and accommodations have lower financial performance, hotels and accommodations have higher business risk and lower revenues and cash (Zhang & Xie, 2023). Since lower financial performance occurs in the low season (Alrawabdeh, 2022), hotels and accommodations in the low season tend not to commit to tax compliance. On the other hand, when hotels and accommodations have higher financial performance, hotels and accommodations have higher revenues (Zhang & Xie, 2023). Since higher financial performance occurs in the peak season (Alrawabdeh, 2022), hotels and accommodations in peak season tend to commit to tax compliance. Hikmah et al. (2024), Alm et al. (2019), and Kim and Im (2016) find that financial performance improves tax behavior.

H₂: Tourism seasonality-based financial performance affects tax compliance behavior.

Intention is a trigger for specific behavior (Conner & Norman, 2022). The higher the intention, the more actual behavior will be performed. Intention to comply leads to actual behavior of tax compliance (Bani-Khalid et al., 2022; Hikmah et al., 2024). In this research, financial performance based on tourism seasonality can improve tax compliance behavior through intention to comply. Financial performance increases the motivation to comply with tax regulations (Matar & Eneizan, 2018). Hikmah et al. (2024) found that intention to comply can play a mediating role between financial performance and tax compliance behavior.

H₃: Tourism seasonality-based financial performance affects tax compliance behavior through the intention to comply.

This research examines the tourism seasonality-based financial performance, intention to comply, and tax compliance behavior. This research proposes 3 research hypotheses. This research provides a research model to help understand the research hypotheses, as shown in Figure 2.

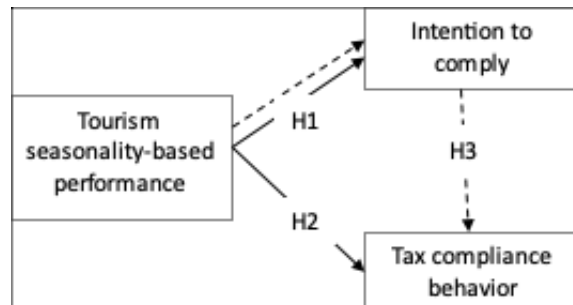


Figure 2 Research Model

Source: Theory, previous research, and hypotheses development

Research Method

Research Objects and Subjects

The research objects are businesses in the hotel and accommodation sector, including hotels, inns, and resorts in Magelang Regency. This research considers that Borobudur Temple, an Indonesian super-priority tourism destination in Magelang Regency, has the potential to generate tax revenues from the hotel and accommodation sector. Based on statistical data of Magelang Regency, which has been accessed at <https://magelangkab.bps.go.id/indicator/16/276/1/hotel-dan-akomodasi-lainnya.html>, there are 11 hotels and 48 accommodations.

The research subjects are the owners or top managers who manage businesses in the hotel and accommodation sector. Owners or top managers who manage 11 hotels and 48 accommodations become respondents to this research. The total respondents are 59

owners and top managers. However, 11 respondents did not return the research questionnaires. The total number of respondents that were examined was 48.

Variable Measurement

There are 3 variables in this research, which are tourism seasonality-based financial performance, intention to comply, and tax compliance behavior. By following Hikmah et al. (2024), research variables are measured by 7 Likert-scale questionnaires from strongly disagree (1) to agree (7) strongly. This research used questions by Hikmah et al. (2024) that are adjusted to the context of tourism seasonality. Tourism seasonality-based financial performance is measured by respondents’ perception of financial performance. There are 5 questions regarding perceived financial performance (Hikmah et al., 2024). There are also 4 question items for intention to comply and 4 question items for tax compliance behavior (Hikmah et al., 2024). Details of variable measurement can be seen in Table 1.

Table 1 Variable Measurement

Variable	Items	Code	Source
Tourism seasonality-based financial performance (SFP)	There is a higher improvement in revenues in peak season than in low season.	SFP1	Ensley et al. (2006), Suriyankietkaew and Avery (2016), Hikmah et al. (2024)
	Revenues are higher than expenses in peak season compared to low season.	SFP2	
	Revenue improvement in peak season is more useful for business development than in low season.	SFP3	
	Cash revenues are higher than cash expenses in peak season compared to low season.	SFP4	
	Cash is improving more in peak season than in low season.	SFP5	
Intention to comply (ITC)	I will always try to calculate taxes honestly more in peak season than low season.	ITC1	Ajzen (2011), Hikmah et al. (2024)
	I have no intention of paying taxes lower than they should be in peak season than in low season.	ITC2	
	I always plan to pay taxes more on time in peak season than in low season.	ITC3	
	I always plan to report tax payments more on time in peak season than in low season.	ITC4	
Tax compliance behavior (TCB)	Honestly, I always calculate taxes more in peak season than low season.	TCB1	Bobek et al. (2013), Faizal et al. (2017), Hikmah et al. (2024)
	I always pay tax based on the amount that should be in peak season rather than low season.	TCB2	
	I always pay tax on time in peak season than low season	TCB3	
	I always deliver tax reports on time during peak season more than during low season.	TCB4	

Data Analysis

This research examines the hypothesis test with partial least square–structural equation modeling (PLS-SEM). This research considered PLS-SEM as a data analysis because PLS-SEM can examine a small sample size of less than 100 (Kock, 2018). Sample size can be determined by G*Power, as suggested by Sofyani (2023) and Memon et al. (2020). If this research applies an effect size of 0.15, an error of 0.05, a power of 0.8, and 2 predictors (Memon et al., 2020; Sofyani, 2023), the sample size should be 68 samples. However, in this case, this research already used all 59 hotels and accommodations in Magelang Regency as samples, although only 48 samples gave responses. This research also uses one-factor analysis to examine common method variance as an indicator of common method bias (Fuller et al., 2016). Variance below 50% indicates no problem of bias of variance (Fuller et al., 2016).

This research also examined the inner and outer models. The inner model includes validity and reliability tests (Hair et al., 2022). The outer model includes the model fitness of chi-square, normed fit index (NFI), standard root mean square residual (SRMR), and root mean square (RMS) theta (Henseler et al., 2014). Hypothesis tests use path analysis where hypotheses of H1-H3 are supported if significance values are below 0.05.

Result and Discussion

Descriptive Statistics

Table 2 Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
SFP	4.20	7.00	6.75	1.04
ITC	4.25	7.00	6.61	1.11
TCB	4.25	7.00	6.43	1.13

Table 2 shows that the lowest tourism seasonality-based financial performance (SFP) is 4.20 (out of 7), and the maximum value is 7.00 (out of 7). On average, tourism seasonality-based financial performance (SFP) is 6.75 (out of 7) with a deviation of 1.04. The lowest intention to comply (ITC) is 4.25 (out of 7), and the maximum value is 7.00 (out of 7). On average, intention to comply (ITC) is 6.61 (out of 7) with a deviation of 1.11. The lowest tax compliance behavior (TCB) is 4.25 (out of 7), and the maximum value is 7.00 (out of 7). On average, tax compliance behavior (TCB) is 6.43 (out of 7), with a deviation of 1.13.

Inner Model

Table 3 Validity and Reliability

Variable	Code	Loading Factor	AVE	Composite Reliability	Cronbach Alpha
Tourism seasonality-based financial performance (SFP)	SFP1	0.867	0.704	0.939	0.921
	SFP2	0.839			
	SFP3	0.831			
	SFP4	0.851			
	SFP5	0.808			
Intention to comply (ITC)	ITC1	0.833	0.721	0.891	0.889
	ITC2	0.843			
	ITC3	0.879			
	ITC4	0.885			
Tax compliance behavior (TCB)	TCB1	0.801	0.713	0.881	0.892
	TCB2	0.829			
	TCB3	0.836			
	TCB4	0.822			

The validity test uses the values of the loading factor and average variance extracted (AVE). Questionaries are valid if the loading factor is above 0.7 and AVE is above 0.5 (Hair et al., 2022). Table 3 shows that all items of questions for variables of tourism seasonality-based financial performance, intention to comply, and tax compliance behavior have values of loading factors above 0.7. The value of AVE for tourism seasonality-based financial performance is 0.704 (above 0.5). The value of AVE for intention to comply is 0.721 (above 0.5). The value of AVE for tax compliance behavior is 0.713 (above 0.5). Based on the analysis of the loading factor and AVE, the questionaries in this research are valid.

The reliability test uses the values of composite reliability and Cronbach alpha. Questionaries are reliable if composite reliability and Cronbach alpha are above 0.7 (Hair et al., 2022). Table 3 shows the value of composite reliability for tourism seasonality-based financial, intention to comply, and tax compliance behavior, respectively are 0.939 (above 0.7), 0.891 (above 0.7), and 0.881 (above 0.7). The values of Cronbach alpha for tourism seasonality-based financial, intention to comply, and tax compliance behavior, respectively, are 0.921 (above 0.7), 0.889 (above 0.7), and 0.892 (above 0.7). Based on the analysis of composite reliability and Cronbach alpha, questionaries in this research are reliable.

Outer Model

Table 4 Model Fitness

Indicator	Result	Cut-off	Notes (Henseler et al., 2014)
Chi-Squared	11.381	< 64.001 (based on a table of Chi-Squared)	A sufficient number of variables
NFI	0.928	> 0.90	Model fitting data
SRMR	0.042	< 0.08	No problem, of misspecification model
RMS theta	0.079	< 0.12	Small error correlation

Table 4 shows the model's fitness. The value of the Chi-squared is 11.381, which is below 64.001. The model has a sufficient number of variables. The value of NFI is 0.928, which is above 0.90. It indicates that the model fits the data. The value of SRMR is 0.042, which is below 0.08. It indicates that there is no problem with the misspecification model. The value of RMS theta is 0.079, which is below 0.12. The model has a small error correlation.

Path Analysis

Table 5 Path Analysis

Path	Coefficient	t-Statistics	Significance	Adjusted R-Squared
SFP → ITC	0.183	4.073*	0.000	
SFP → TCB	0.174	3.722*	0.001	
SFP → ITC → TCB	0.097	2.013**	0.032	0.513

*Significant in 0.01, **significant in 0.05, SFP = tourism seasonality based-financial performance, ITC = intention to comply, TCB = tax compliance behavior

Table 5 shows that the path of tourism seasonality-based financial performance on intention to comply (SFP → ITC) has a coefficient value of 0.183, a t-statistic of 4.074 (significant in 0.01), and a significance value of 0.000. The result shows that tourism seasonality-based financial performance increases the intention to comply with tax regulations. The hypothesis of H1 is supported where tourism seasonality-based financial performance affects intention to comply.

The path of tourism seasonality-based financial performance on tax compliance behavior (SFP → TCB) has a coefficient value of 0.174, a t-statistic of 3.722 (significant in 0.01), and a significance value of 0.001. The result shows that tourism seasonality-based financial performance increases tax compliance behavior. H2 is supported by the fact that tourism seasonality-based financial performance affects tax compliance behavior.

The path of tourism seasonality-based financial performance on tax compliance behavior through intention to comply (SFP → ITC → TCB) has a coefficient value of 0.097, a t-statistic of 2.013 (significant in 0.05), and a significance value of 0.032. The result shows that tourism seasonality-based financial performance increases tax compliance behavior by increasing the intention to comply with the tax regulation. The hypothesis of H3 is supported where tourism seasonality-based financial performance affects tax compliance

behavior through intention to comply. The value of the adjusted R-squared is 0.513, showing that tourism seasonality-based financial performance and intention to comply can explain tax compliance behavior by 51.3%.

Discussion

This research aims to examine the effect of hotels and accommodations' performance in the peak season on tax compliance. This research provides new evidence of peak season on tax compliance. This research also extends the ability to pay theory of taxation based on the context of tourism seasonality.

Based on data analysis, hotel and accommodation performance during peak seasons affected the intention to comply with tax regulations. Since peak season brings more revenues, hotels and accommodations have the motivation and intention to pay and report the tax. Hikmah et al. (2024) found that financial performance improved the intention of tax compliance. Hotels and accommodations' performance in the peak season affected tax compliance behavior. Peak season allows hotels and accommodations to have more revenues and cash to pay the tax. Hikmah et al. (2024), Alm et al. (2019), and Kim and Im (2016) stated that financial performance improved tax behavior.

This research also investigated how tourism seasonality-based financial performance affects tax compliance behavior through intention to comply. Since the intention is a trigger to do specific behavior, peak season leads hotels and accommodations that already have the intention to comply with tax regulations to do tax compliance behavior. Intention refers to the individuals' command to themselves to be committed to specific behavior (Sheeran & Webb, 2016). Stronger intention means that individuals are highly committed to a specific behavior (Conner & Norman, 2022). Based on the ability-to-pay theory of taxation; to have a strong commitment to tax compliance, taxpayers need to have good financial performance so they can have the ability to pay the tax (Tresch, 2023). Good financial performance is a motivation for taxpayers to have a strong commitment and intention to engage in specific tax compliance behaviors. Although taxpayers can pay taxes, they have no intention to comply, and taxpayers do not commit to tax compliance. In contrast, if taxpayers have good financial performance and the ability to pay the tax, they will comply with the tax regulations when taxpayers have strong commitment and intention to comply. Hikmah et al. (2024) revealed that intention to comply could play a mediating role between financial performance and tax compliance behavior.

In general, tourism seasonality affects tax compliance. This result is a new finding in Indonesia. Previous research has already examined the effect of tourism seasonality on some tax-related factors such as tax planning (Dalir et al., 2021), tax burden (Safarov et al., 2023), and tax payment (Susyanti & Aminah, 2019). However, there are no findings on tourism seasonality in terms of tax compliance.

This research implies literature on the ability-to-pay theory of taxation. First, in tourism seasonality, the ability to pay theory of taxation explains that hotels and accommodations willingly comply with tax regulations if they can pay the tax. The ability to pay the tax

comes from the financial performance of hotels and accommodations, which is where optimal financial performance comes from peak season. Second, this research captures the ability to pay tax needs, as well as factors of motivation and commitment (intention to comply) to do specific tax behavior. This research breaks down the tax compliance components in the ability-to-pay theory of taxation into intention and behavior.

This research also implies tax practices. Tax collectors (regulators) need to consider the conditions when taxpayers have the optimal ability to pay taxes. In this case, a tax collector (regulator) can consider tourism seasonality to collect tax. In peak season, hotels and accommodations will pay and comply with tax regulations. In contrast, in low season, a tax collector (regulator) can give tax relaxation, such as a longer period to pay and report tax. For hotels and accommodation, tax and financial management has to be arranged based on tourism seasonality. In the peak season, hotels and accommodations need to manage financial aspects so hotels and accommodations can also pay the tax in the low season.

Conclusion

Based on data analysis, this research found that tourism seasonality affected tax compliance in the hotel and accommodation sector. The result indicated that the peak season of tourism brought more revenues and cash, so hotels and accommodations could pay the tax and comply with tax regulations. This result confirmed the ability to pay theory of taxation in tourism seasonality.

This research has some implications. First, this research implies the management of hotels and accommodations to formulate tax management both in peak and low seasons. Management could save the excess revenues and cash coming from peak season so management could pay the tax also in the low season. Second, this research implied regulators. The local government already formulated the regulations of Local Regulation of Magelang Regency No. 13 2010 and Regulation of Head of Magelang Regency No. 44 2012. However, the regulations did not see the dynamism of the tourism industry when obligating the tourism industry to pay the tax. Regulators are expected to formulate specific tax regulations for the tourism industry, including the hotel and accommodation sector.

In a broader context, this research implied the hotels, accommodations, and tax collectors. It is important to formulate specific tax regulations that could benefit the hotels, accommodation, and tax collectors. For example, in the low season, tax collectors could give relaxation policies to the hotels and accommodations to pay the tax.

This research also has some limitations. First, this research measured financial performance based on the perception of the owners or top managers of hotels and accommodations. There is a possibility of bias measurement since this research did not have access to financial data. Future research is expected to measure financial performance from financial data or annual reports on different tourism seasonality.

Second, this research also measures tax compliance behavior based on perception. This research did not directly observe the Local Revenue Division of Magelang Regency in tax records of hotels and accommodations in Magelang Regency. Future research is expected to measure tax compliance behavior directly from actual data on tax payment and reporting in the Local Revenue Division.

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About the Authors

Suci Nasehati Sunaningsih (S.N.S.) – is a lecturer in Accounting Program, Faculty of Economics, Universitas Tidar, Magelang 56116, Jawa Tengah, Indonesia. E-mail: sucinasehati@untidar.ac.id.

Agustina Prativi Nugraheni (A.P.N.) – is a lecturer in Accounting Program, Faculty of Economics, Universitas Tidar, Magelang 56116, Jawa Tengah, Indonesia. E-mail: devi.agustina@untidar.ac.id.

Alex Johanes Simamora (A.J.S.) – is a lecturer in Accounting Program, Faculty of Economics, Universitas Tidar, Magelang 56116, Jawa Tengah, Indonesia. E-mail: alexjohanessimamora@untidar.ac.id.

Budi Hartono (B.H.) – is a lecturer in Management Program, Faculty of Economics, Universitas Tidar, Magelang 56116, Jawa Tengah, Indonesia. E-mail: hartono.budi@untidar.ac.id.

Mumpuni Wahyudiarti Sitoresmi (M.W.S.) – is a lecturer in Accounting Program, Faculty of Economics, Universitas Tidar, Magelang 56116, Jawa Tengah, Indonesia. E-mail: mumpuni@untidar.ac.id.

Author Contributions

Conceptualisation, S.N.S., A.P.N., A.J.S., B.H. and M.W.S.; Methodology, S.N.S., A.P.N. and A.J.S.; Investigation, S.N.S.; Analysis, S.N.S. and A.P.N.; Original draft preparation, S.N.S.,

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