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Determinant Analysis of Land and Building Taxpayers' Compliance and Happiness in East Lombok Regency

Yuli Astini , Made Kembar Sri Budhi , I Made Suyana Utama , and I Wayan Ramantha 

ABSTRACT

Local taxes are one of the local government's resource revenue in creating happiness. This study aims to analyze the influence of Good Governance Implementation, Tax Literacy, Demographic Factors, and Motivation on Land and Building Taxpayers' Compliance and Happiness in East Lombok Regency and analyze the role of Taxpayer Compliance in the mediation of Good Governance Implementation, Tax Literacy, Demographic Factors, and Motivation towards the Taxpayers Happiness of L&B in East Lombok Regency. The population in this study was 26,965 taxpayers, and 177 respondents were selected as the sample using stratified sampling techniques. The data were collected from non-participant observation and in-depth structured interviews and were analyzed using SEM-PLS. The results showed that: (a) The implementation of good governance, tax literacy, demographic factors and taxpayer motivation was able to improve L&B taxpayer compliance in East Lombok Regency; (b) Taxpayer motivation and taxpayer compliance could increase taxpayer happiness optimally, but the implementation of good governance, tax literacy and demographic factors could not increase the L&B taxpayers happiness in East Lombok Regency; and (c) Indirect implementation of good governance, tax literacy, demographic factors and taxpayer activity could increase taxpayer happiness through L&B taxpayer compliance in East Lombok Regency.

KEY WORDS: implementation of good governance, demographic factors, taxpayer motivation, taxpayer compliance, taxpayer happiness.

JEL Classification: H26, I31

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1. Introduction

In general, income is an essential factor determining public welfare level. The Indonesian Central Statistics Agency revealed the actual level of public welfare is currently not only measured through economic indicators but has been equipped with indicators of subjective well-being or happiness. It is based on the belief that community welfare is subjective, meaning that everyone has different views, goals, and ways of life to provide different values to the factors that determine their level of

well-being (Sasmaz & Sakar, 2020). Subjective well-being is a good mental state, including positive and negative evaluations in life and affective reactions to life experiences (Organisation for Economic Co-operation and Development [OECD], 2013). In line with Veenhoven (2012) welfare theory, the measurement of national income cannot accurately reflect the level of general well-being because many life quality elements do not have the monetary value that is a real determinant of well-being.

People's happiness has become a government priority and has the support of the United Nations

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General Assembly by designating March 20 as World Happiness Day. The United Nations, through its Sustainable Development Solutions Network, released the World Happiness Report as a reference to determine which countries are considered happy in the category. The Sustainable Development Solutions Network 2022 released the World Happiness Report 2021 (Helliwell et al., 2021), which was compiled based on several determinants of happiness. For instance, capita income, social support, healthy life expectancy, freedom to make life choices, community generosity, and trust in the government with a corruption perception index. Finland earned the title of Happiest Country from 149 countries in the world with a total of 7.889 points, an increase from 2019 with 7,809 points. In the second place, Iceland with a total of 7,575 points, an increase from 2019 with 7.504 points, followed by Denmark with a total of 7.515 points, which in 2019 ranked second with 7,646 points. Indonesia was ranked 82nd with 5,345 points, an increase from 2019, which was ranked 84th with 5,286 points. Indonesia lags behind Singapore, Thailand, Philippines, Malaysia and Vietnam.

The development of Indonesia's happiness ranking from 2015 to 2020 is shown in Table 1. Indonesia's happiness ranking decreased in 2017, then from 2018 to 2020 has begun to increase. Indonesia also conducted a Happiness Index (HI) measurement in 2014 and 2017 with the adaptation of the OECD framework combined with the social condi-

tions of the Indonesian people through the Central Statistics Agency.

Based on the 2017 HI, of all 34 Indonesian provinces, 24 whose population with average happiness is above the national index (70.69), and 10 other provinces are below the national happiness average. The provinces with the highest happiness index values are North Maluku Province (75.68), Maluku (73.77), and North Sulawesi (73.69). The provinces of Papua, North Sumatra and East Nusa Tenggara are the three provinces that have the lowest happiness index, with values of 67.52, 68.41, and 68.98. West Nusa Tenggara Province (NTB) is ranked 24th out of 34 provinces with an average happiness index above the national happiness index (70.69) which is 70.70. A higher difference of only 0.01 with the details of the indicator index in Figure 1.

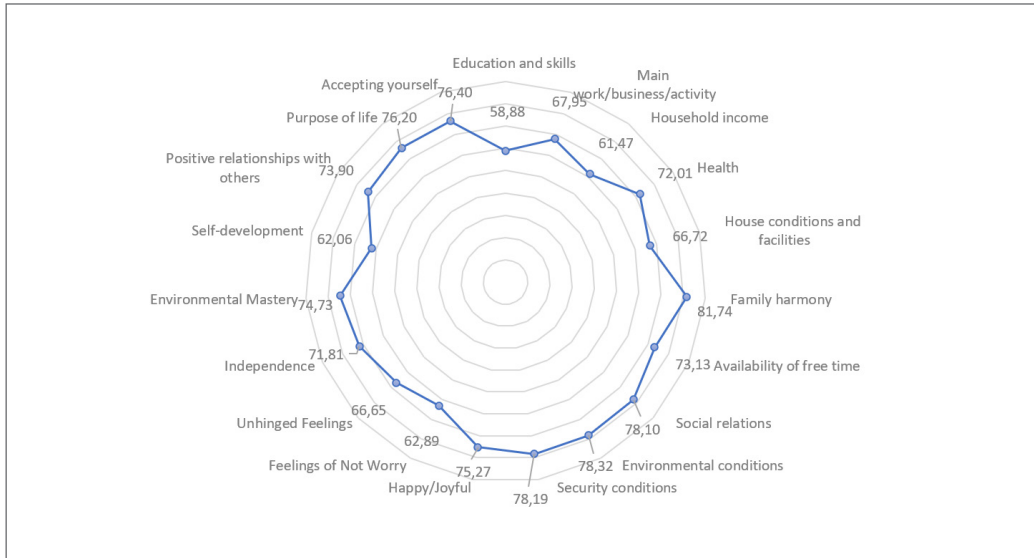
The highest indicator index is family harmony (81.74), a subdimension of social life satisfaction. The lowest indicator index is education and skill set, with 58.88, the subdimension of personal life satisfaction. Based on the 2017 HI raw data, the increase in personal satisfaction with education and skills can be caused by around 88.8 percent of NTB people having the highest education up to the upper secondary level, while those who complete higher education are only 11.2%. Almost 81% of people do not have a skill certificate because they have never attended training, courses, counselling, etc. Furthermore, 77% have never gained information or knowledge independently through the in-

Table 1
Rank and Score of Determining Factors of Indonesian Happiness in the Year of 2015-2020

Year	2015	2016	2017	2018	2019	2020
Level	79	81	96	92	84	82
Point	5,314	5,262	5,093	5,192	5,286	5,345
Per capita income	9,25	9,28	9,32	9,36	9,40	11,69
Social support	0,81	0,79	0,80	0,81	0,80	0,80
Healthy life expectancy	61,50	61,70	61,90	62,10	62,30	62,89
Freedom to make choices	0,78	0,83	0,87	0,88	0,87	0,87
Generosity	0,46	0,49	0,48	0,50	0,55	0,85
Perceptions of corruption	0,95	0,89	0,90	0,87	0,86	0,87

Source: World Happiness Report (2021)

Figure 1
Constituent Indicators of the NTB Happiness Index in 2017



ternet, and only 37% read print or electronic media. The indicator with the highest index in the dimension of feelings (affect) is the feeling of pleasure/cheerfulness/joy in daily life at 75.27. At the same time, the lowest is the feeling of not being worried/anxious at 62.89. Thus, people of NTB quite often feel worried, anxious and pressured in facing daily life problems, especially in those with divorce status living with a feeling index of 63.76.

Next, the highest index indicator in the dimension of life meaning (eudaimonia) is self-acceptance (76.40). On the contrary, the lowest is self-development (62.06). Personal growth is related to how consistent an effort is to develop potentially over time through increasing knowledge, skills, and so on. Based on HI 2017 raw data, only 1 percent of people always take part in training, courses, counseling, and others to enhance their potential 1 percent, often attend 4.5 percent, rarely follow 7.9 percent, and people who have never attended training, courses, counseling is 86.6 percent. People who always increase knowledge independently through the internet are only 3.7 percent.

Happiness is a cognitive and affective evaluation of life (Diener et al., 2009; Irwanto et al., 2023; Wahyudiati, 2023). Cognitive evaluation in the form

of high life satisfaction and affective evaluation is the number of positive and least negative feelings. Life satisfaction is a global assessment of a person's quality of life, whereas the satisfaction domain (main) reflects a person's evaluation of the aspects of his life. Happiness involves positive emotions or feelings towards the past, present, and future. This theory of happiness is unique to taxes. The definition of tax in the Indonesian tax law explicitly includes the word people's prosperity. This follows the meaning of the tax itself; for the prosperity of the people. It means that the principles of fair taxation and legal and economic certainty have a place in prosperity or welfare. These indicate another tax function, i.e. the regulating function has been included in this sense. Therefore, by definition, there is a relationship between taxes and the prosperity of the people and even guaranteed in the law. Thus, all transparent and efficient budgetary governance must be a prerequisite for the implementation of such prosperity. It is hoped that the multiplier effect of the budget derived from the tax can actually become concrete in the form of the referred welfare.

Several empirical studies showed the effect of taxes on happiness. The effect of tax payments in Germany on individual happiness study found that

taxes have a positive, significant and powerful influence on individual happiness (Akay et al., 2012). According to Lubian & Zarri (2011), individuals with high tax morals are happier than others. Many people pay taxes out of a sense of moral obligation, feel intrinsically motivated to do so and produce a positive hedonic effect. Previous research results that taxes and public expenditures have a positive effect on happiness (Sasmaz & Sakar, 2020). The use of taxes for the state's needs and the existence of an established, clear, and understandable tax system affect tax, ethical, and psychological awareness and impact individual and social satisfaction. Creating a means of happiness for the community is an important effort made by the government and has a significant role as a source of state finance. Local taxes, as a mandatory contribution to the individuals or entities area, have a role in implementing government functions, functioning as management, revenue, redistribution, and allocation of resources. Given the importance of local taxes, Lombok's regency/city government always strives to increase original local income through local taxes.

The amount of local tax revenue is still a problem yearly because many have not been paid based on tax decrees or are still recorded as receivables. On December 31 2020, the largest regional tax receivables were in East Lombok Regency (62.3 billion IDR), followed by Mataram City (61 billion IDR), West Lombok Regency (58.7 billion IDR), Central Lombok Regency (58.2 billion IDR) and North Lombok Regency (35.9 billion IDR). Of the total local tax receivables owned by each regency/city, at least 51 percent comes from the Rural Land and Building Tax and City Planning (L&B-P2), which is a tax on land and/or buildings owned, controlled, and/or utilized by private persons or entities, except for areas used for plantation, forestry, and mining business activities.

The amount of regional tax receivables from L&B-P2 is an interesting problem. Moreover, L&B-P2 still becomes the finding of the BPK RI report on the examination results of Lombok Regency/City Government's LKPD. The findings of BPK in Central Lombok Regency 2017 that the management of L&B-P2 is inadequate. This condition resulted in the potential lack of value of the L&B-P2 deter-

mination with the non-updating of the TOSV class of land and/or buildings on the Sistem Informasi dan Manajemen Objek Pajak (SISMIO) application. The time limit of L&B-P2 payments becomes unclear to taxpayers, and uncollectible L&B-P2 income and receivables on non-taxable tax objects is subject to taxation.

The findings of the BPK in East Lombok Regency in 2017 found that the L&B-P2 receivables have not been fully recorded based on accurate data. This problem resulted in more L&B-P2 debt worth Rp. 261,591,386. North Lombok Regency also found that the management of regional tax receivables, including L&B-P2, was not optimal. In 2018 in Mataram City, the CPC found that 3,248 land fields in Mataram City have not been identified as L&B-P2 objects. This condition resulted in a potential reduction for L&B-P2 revenue on tax returns for undetermined land plots. The findings indicated that there is still a weak internal auditor related to the management of L&B-P2 in Lombok's regency/city government. The phenomenon can be seen from the fact that the L&B-P2 management is not optimal in supervising and controlling the management of L&B-P2 and coordinating with the local National Defense Agency.

L&B-P2 is regulated in Law No. 12 of 1994 and is currently the central government's authority. Furthermore, through Law No. 28 of 2009 concerning Regional Taxes and Regional Levies, the authority to collect this type of tax is transferred to local governments. The considerations in transferring the L&B-P2 collection from the central government to local governments (DJPK, 2014) are: First, conceptually, L&B-P2 can be collected by the regions because it is more local and visible, the object of the tax is immobile, and there is a close relationship between taxpayers and those who enjoy the tax proceeds. Second, the transfer of L&B-P2 to the regions is expected to increase local revenue and improve the structure of the regional budget; Third, the transfer of L&B-P2 to the regions can improve services to the community and aspects of transparency and accountability in its management. Fourth, based on the practice in many countries, L&B-P2 belongs to the type of local tax.

Referring to Article 41 of Law Number 1 of

2022 concerning Financial Relations between the Central Government and Regional Governments, the L&B-P2 cost is at most 0.5 percent or up from the previous regulation, which is 0.1 - 0.3 percent. Meanwhile, the L&B-P2 cost in food and livestock production land is lower than for other lands that will be set first by regional regulations in each region. The government used the Laffer curve (Laffer, 1974) to support the reduction of tax rates to stimulate economic growth.

The tax rate affects government revenues indirectly through changes in the tax base and the number of taxpayers. A rather low tax rate can increase the taxpayer base in the long run. Rate cuts put more money in the taxpayers' hands. The company has more advantages for capital investment. Likewise, households have more money to spend on goods and services. As a result, economic growth creates a more tax base as household income and business profits increase. In addition, taxpayers are growing as unemployment falls and some new businesses emerge. The broader the tax base created, the greater the tax revenue in the long run.

The picture of L&B-P2 taxpayer compliance in East Lombok Regency in the year of 2022 can be seen from the percentage of taxpayers who pay the Tax Return Payable Letter (TRPL) in Table 2.

Table 2 shows that every year the number of registered taxpayers increases but is not accompanied by an increase in the number of taxpayers paying TRPL. The L&B-P2 taxpayer compliance rate stood at 50.2 in 2022, which decreased from the previous year. Based on information in the field at the time

of pre-observation, this decrease in compliance was partly caused by many TRPLs tax collectors had not distributed. This phenomenon shows that the level of services provided by the government is still not optimal. Taxpayers are generally motivated to pay the L&B as one of the conditions for applying for credit at a bank or other financing institution. Taxpayers also think that a fine of 2 percent is not so burdensome, let alone calculated for a maximum of 15 months, even if it is still negotiable. In line with the theory of tax avoidance (Nurkhin et al., 2018), tax avoidance efforts are caused by weak law enforcement and, when revealed or examined, can be resolved by negotiations.

Taxpayer compliance can be improved by fostering taxpayer motivation. Luttmer & Singhal (2014) considers tax morale as a set of motivations underlying tax compliance through mechanisms: (a) intrinsic motivation, i.e. personal satisfaction such as a sense of pride when being a compliant taxpayer or shame and guilt if disobeying, (b) reciprocal relationships between citizens and government, such as willingness to pay taxes with public service availability, (c) the influence of friends and society, for instance, peer compliance can provide positive signals in tax-paying behavior, (d) cultural factors or social norms and values that are ingrained in an environment across generations, and (e) information that received by taxpayers regarding sanctions.

The forms of taxpayer motivation are extrinsic and intrinsic motivation (Dwenger et al., 2016). Extrinsic motivations are related to prevention and tax policy, while intrinsic motivations include mor-

Table 2
L&B-P2 Taxpayer Compliance Level in East Lombok District

Year	TP Registered	TP Pay TRPL	Compliance Rate (%)
2017	383.404	220.039	57,4
2018	386.481	192.288	49,8
2019	392.982	204.338	52,0
2020	406.145	195.433	48,1
2021	418.077	239.512	57,3
2022	427.428	214.623	50,2

al sense, guilt, reciprocity, and social norms. Taxpayers fulfil tax obligations in line with the theory of planned behavior (Ajzen, 1991). The theory of planned behavior explains an individual's attitude that arises because of intention. It is in line with moral responsibility and self-awareness, where moral responsibility and self-awareness arise because of a person's intention to do. If the taxpayer already has a moral responsibility and awareness of paying taxes, the taxpayer is expected to be moved to better comply with tax reporting.

The implementation of good governance can also improve taxpayer compliance. Sebele-Mpofu (2020) found a significant relationship between the quality of governance, tax morale and tax compliance. The higher the quality of public government and the services the government provides, the higher the moral level of tax and tax compliance (Alasfour et al., 2016; Vythelingum et al., 2017). The research results showed that government transparency influences individual taxpayers' compliance behaviour (Kiow et al., 2017). Taxpayers pay attention to the transparency of information provided by the government, especially in public procurement. If the government uses taxes wisely, it will motivate compliance and increase compliance when taxpayers benefit from taxes in the form of public goods and social facilities. The effectiveness of government, transparent tax systems, democracy and accountability are reasons for compliance or non-compliance in developing countries (Nkundabanyanga et al., 2017).

The implementation of good governance can encourage the creation of taxpayer compliance. Tax officials need a high commitment to optimally and sustainably implement good governance principles, including transparency, accountability, responsibility, independence, and fairness (Panjaitan et al., 2019). The research results found a positive and significant relationship between the quality of public governance and tax compliance (Ayuba et al., 2016; Shahzad & Khan, 2018). In contrast to Astuti & Yulianto (2015) and Siringoringo (2015) stated that implementing good governance does not significantly affect taxpayer compliance.

One of the strategies for increasing tax compliance based on cooperation so that it can strengthen

trust and generate long-term compliance among taxpayers is tax literacy (Nichita, 2015). Tax literacy is the knowledge individuals must have to effectively manage issues about personal taxation (Bhushan & Medury, 2013; Chung & Trivedi, 2003; Bobek et al., 2013). A person is considered functionally tax literate if he can independently read and understand tax reports, engage in various tax calculations and know possible tax risks in his finances (Cvrlje, 2015; Christian, 2017; Chapman et al., 2022; Modell, 2022). Literacy is not limited to tax knowledge alone but rather tax awareness, tax knowledge, and appropriate decision-making based on the information obtained.

The high level of taxpayers' tax literacy will create the awareness to register as a taxpayer, feel satisfied and proud to have fulfilled their tax obligations, have an understanding of the procedures and how to apply tax rules and make the right decisions to become a compliant taxpayer based on his tax awareness and knowledge. It supports studies that tax knowledge has a significant effect on tax compliance (Palil et al., 2013; Maulinda & Lasmana, 2015; Oladipupo & Obazee, 2016; Cechovsky, 2018; Masari & Suartana, 2019). In contrast stated that tax knowledge has no significant effect on tax compliance (Putri & Isgiyarta, 2013; Fitrianiingsih et al., 2018).

Over the past few years, the Regional Revenue Agency of East Lombok Regency has not conducted counseling activities for the community directly related to the L&B. It is because people are considered familiar with the L&B. The Regional Revenue Agency of East Lombok Regency issues TRPL at the beginning of the year and then distributes it to each sub-district and village. People who do not pay the L&B before the time limit are visited door-to-door by sub-district officers and given personal counseling. However, in 2022, regional coordinators in some villages will not make any more visits to taxpayers in their areas where wages are less or not given.

The taxpayer's social, economic and demographic characteristics are also thought to affect taxpayer compliance, such as education level, income level and age. Higher education relates to a better knowledge of tax law. Therefore, highly educated people

understand the law and the fulfillment of tax rules. In contrast, poorly educated people have little understanding and tend to make mistakes when reporting taxes. Various research results prove that the level of education has a significant positive effect on taxpayer compliance (Al-Mamun et al., 2014; Fitriyani et al., 2014; Kakunsi et al., 2017). On the other hand, showed that the level of education has a significant negative effect on taxpayer compliance (Hofmann et al., 2017; Pasaribu & Tjen, 2016). Higher education is associated with better access to information to avoid taxes (tax avoidance) and tax smuggling (tax evasion).

The age of the taxpayer also determines the intention to comply. As a person grows older, a person's morals will develop. It will affect the behavior of complying with taxation. A mature person's emotions are more favourable than at a young age. In addition, older taxpayers are more sensitive to tax sanctions if they do not comply with taxes and already have a better social position in their environment. Compared to younger individuals, tax-compliant behavior is more owned by older individuals (Al-Mamun et al., 2017; Mulyani et al., 2020; Prayoga & Yasa, 2020). A taxpayer can make tax payments by setting aside part of his income. If the taxpayer earns sufficient income and even more, in addition to meeting his needs, he can fulfil his tax obligations. Research conducted by Amran (2018) found that income levels significantly influence taxpayer compliance. In contrast to Pasaribu & Tjen (2016) they believed that the level of income has a significant negative effect on taxpayer compliance.

There is a phenomenon of low personal life satisfaction index towards education and skills and low self-development in NTB; the number of regional tax receivables sourced from L&B-P2 in regencies/cities in Lombok and the compliance rate of L&B-P2 taxpayers in East Lombok Regency who pay TRPL as much as 50.2 percent, and the existence of research gap, it is necessary to conduct a more in-depth study related to the implementation of good governance, tax literacy, demographic factors, and taxpayer motivation in increasing compliance and happiness of L&B taxpayers in East Lombok Regency.

This study is different from previous studies in the measurement of happiness. Previous studies measured happiness with life satisfaction indicators (Akay et al., 2012; Lubian & Zarri, 2011; Alm & Torgler, 2011), while this study uses indicators adopted from Diener et al. (2009) and HI BPS in 2017, which consists of life satisfaction, feelings and meaning of life. Happiness resulted from the taxpayer's subjective assessment of his quality of life, feeling more positive emotions, and having life meaning.

Taxpayer compliance is reflected by the correctness of data indicators related to the tax object owned, including reporting data changes. Honesty in conveying the truth of the data will certainly give a feeling of pleasure. Paying taxes on time can give a feeling of not worrying about sanctions, and paying taxes will make life more rewarding. The tax collection officer distributes the TRPL directly, and the taxpayer can pay the L&B through the collection officer. It can provide satisfaction with the services provided by the tax collection officer. Paying taxes is an obligation, so if the taxpayer does not pay, the taxpayer still has a tax debt. The tax debt will make the taxpayer feel unsettled. The paid tax will create more positive feelings. Taxes are used for the greatest people's prosperity to feel their lives are more valuable.

This research was conducted to (a) analyze the influence of the Implementation of Good Governance, Tax Literacy, and Demographic Factors; (b) Taxpayer Motivation on L&B Taxpayer Compliance and Happiness in East Lombok Regency; (c) analyze the role of Taxpayer Compliance in the mediation of influence Implementation of Good Governance, Tax Literacy, Demographic Factors; and (d) Taxpayer Motivation towards the Happiness of L&B Taxpayers in East Lombok Regency.

2. Literature Review

2.1. Theory of Happiness

The term subjective well-being is empirically better known as happiness or satisfaction (Diener et al., 2018). Happiness is the degree to which an individual evaluates the overall quality of his life positively (Veenhoven, 2012). In this concept,

the component of happiness is divided into two: the level of hedonistic influence and satisfaction. The level of hedonism is the degree to of general pleasant affective experiences exceed unpleasant ones. While satisfaction is the degree concerns to which the individual considers his desires to have been fulfilled. These components represent life's affective and cognitive assessments and are seen as sub-total in the overall evaluation of life, called happiness.

Diener (1984) defines happiness into three categories: First, happiness has been determined by external criteria such as virtue or holiness. Second, happiness is a global assessment of a person's quality of life according to his own criteria of choice. Third, happiness shows a more significant influence than a negative one. Thus, happiness has three subjective advantages. It means that in an individual experience, happiness includes positive steps and a global assessment of all aspects of one's life.

Frey & Stutzer (2000) defines happiness as "subjective well-being that can be used as a proxy for utilities". The higher the index value indicates, the happier the level of life, and vice versa. The lower the index value, the more unhappy the population will be. Lyubomirsky (2001) defines happiness as the subjective and global judgment of the individual in judging himself as a happy individual or not. Happiness is mainly under the control of the individual through the selected activities and how to interpret and respond to life situations so that happiness can be felt not only from pleasant things alone but also from unpleasant events (Lyubomirsky et al., 2005).

Seligman (2005) states that happiness involves positive emotions or feelings aimed at the past, present, and future. The emotions portrayed satisfaction, relief, success, pride, calm, and peace. Positive emotions in the present are captured as enjoyment and gratification, while optimism, hope, trust, confidence, and confidence in oneself are future-oriented forms. According to Diener (1984), happiness comes from at least two sources described by bottom-up and top-down theories. Bottom-up theory views happiness depends on the number of small happiness and the collection

of happy events. In particular, happiness is the sum of positive experiences in a person's life. The more agreeable experiences' someone has, the happier they will be. This theory assumes the need to change the environment and situations that affect the individual's experience. For example, adequate education and work, a safe home environment, a decent income/salary, a healthy physical and mental condition, a harmonious family, free time, good social relations, and comfortable home conditions and facilities.

The top-down theory views a person's happiness depends on the way the individual evaluates and interprets an event in a positive light. This theoretical perspective considers the individual who determines or plays a role in whether the events he experiences create psychological well-being for himself. This approach considers the type of personality, attitudes, and ways in which to interpret an event. Therefore, increasing happiness requires changing one's perceptions, beliefs and personality traits. For example, being able to be independent, creating an environment according to needs, having a desire to constantly develop self-esteem, having positive relationships with others, having a purpose in life, and being able to accept oneself positively. According to Diener (2009), happiness has the scientific term subjective well-being. Diener defines subjective well-being as a cognitive and affective evaluation of life. OECD (2013) explains subjective well-being is generally defined as a good mental state, including positive and negative evaluations in life and affective reactions to experiences.

2.2. Hypothesis Development

People's happiness has become a priority for the government. Various efforts are made to create people's happiness. Happiness results from an individual's subjective assessment of the objective conditions of various life aspects according to his criteria of choice, both regarding personal and social life satisfaction, the number of positive emotional experiences and the lack of negative emotional experiences and the meaningfulness of life. Diener et al. (2009) mentioned that happiness consists of positive and negative

influences, life and domain satisfaction. Public happiness can be improved by providing public services to implement good governance. Through accountable, effective and efficient services, responsive, fair, participatory, and transparent can create satisfaction for the community and pleasure the community with these services. The quality of government has a strong positive relationship with happiness (Ott, 2011). A good government will more effectively create conditions that contribute to happiness. Also concluded that governments could mobilize resources, implement policies, and build institutions to support that. Therefore, investing in governance quality is a good way to create happiness (Kim & Kim, 2012).

Tax literacy is believed to create happiness. Tax literacy is interpreted as a taxpayer's understanding of taxation formed by awareness, tax knowledge and appropriate decision-making (Bornman & Wassermann, 2018). With tax awareness, taxpayers understand their role as citizens in the social contract with the government so they can create happiness in themselves. Therefore, taxpayers would feel they have provided benefits to the state and society. With tax knowledge, taxpayers will know about tax procedures, tax law and how to apply tax rules so that taxpayers feel satisfied with their knowledge and skills in the field of taxation. Thus, from tax awareness and knowledge, taxpayers can make the right decisions to be confident or have a sense of optimism about the future.

Demographic factors are also thought could create happiness. Research found that demographic factors have a significant influence on individual happiness (Jeon et al., 2014). Demographic factors include social, economic and demographic characteristics such as education level, income and age. An adequate education, knowledge, and skills can improve the standard of living to provide satisfaction. The earned income from work will also support the ability to meet household consumption needs at present and in the future. Life satisfaction, as low incomes will lead to low life evaluations and low emotional well-being, is more important for the subjective well-being of people at lower income levels than people at high-income levels. It is because the increasing incomes help the poor meet

their basic needs. Tay et al. (2017) functionally viewed (resources and means for the fulfilment of needs) income has a stronger relationship with subjective well-being. Ng & Diener (2018) claimed people in rich countries report greater subjective well-being (but also more negative feelings) than those in poor countries. People in unequal countries or with greater income inequality report higher life satisfaction and positive feelings than those in more equal countries.

The intrinsic motivation of taxpayers to comply with and pay taxes or moral taxes is a new determining factor in happiness (Lubian & Zarri, 2011). According to Lubian & Zarri (2011), individuals with high tax morals are happier than others. Many people pay taxes out of a sense of moral obligation, feel intrinsically motivated to do so and produce a positive hedonic effect. Human nature as a moral being feels good in acting ethically and sad when acting unethically, which ultimately means paying taxes benefits himself and society. The consumption of public goods has the hope of increasing people's happiness. Akay et al. (2012) said taxes have a positive, significant and powerful effect on happiness. This positive effect is higher for individuals who frequently consume public goods and those who benefit more from redistributive policies.

Tax compliance could also increase happiness (Akay et al., 2012; Lubian & Zarri, 2011). The attitude of taxpayers to comply with tax regulations by registering as a taxpayer, paying taxes on time, and reporting tax objects honestly, can bring out positive emotions, have feelings of pleasure, relief, pride in fulfilling obligations as citizens, feel that they can provide benefits to others, and feel that they have a purpose in life. Taxpayer compliance to create happiness is also influenced by factors such as implementing good governance, tax literacy, demographic factors and taxpayer motivation.

The implementation of good governance can improve taxpayer compliance through the implementation of public services by providing accountable, effective and efficient services, responsive, non-partisan, participatory, and transparent. The results of the research of Kembaren & Gunadi (2013) concluded that applying good

governance in tax services affects taxpayer compliance (Fitrianingsih et al., 2018; Khaerunnisa & Wiratno, 2014; Lasmana & Wiryanti, 2017; Ma'ruf & Supatminingsih, 2020; Mahaputri & Noviani, 2016; Masari & Suartana, 2019; Ruky et al., 2018).

Tax literacy is also one of the strategies for increasing tax compliance based on cooperation to strengthen trust and generate long-term compliance among taxpayers (Nichita, 2015). A person is considered functionally tax literate if he can independently read and understand tax reports, engage in various tax calculations and know possible tax risks in his finances (Cvrlje, 2015). A high level of tax literacy of the taxpayer will give the taxpayer the awareness to register as a taxpayer, feel satisfied and proud to fulfil his tax obligations, have an understanding of the procedures and how to apply tax rules and make the right decisions to become a compliant taxpayer based on his tax awareness and knowledge.

Demographic factors such as education, age and income can also improve taxpayer compliance. Higher education relates to a better understanding of the law and the fulfilment of tax rules. In contrast, poorly educated people have little understanding and tend to make mistakes when reporting taxes. Al-Mamun et al. (2014), Fitriyani et al. (2014), and Kakunsi et al. (2017) concluded that the level of education has a significant positive effect on taxpayer compliance. The age of the taxpayer also determines the intention to comply. Older taxpayers are more sensitive to tax sanctions, so they are more obedient than the younger ones (Al-Mamun et al., 2014; Hofmann et al., 2017; Mulyani et al., 2020; Prayoga & Yasa, 2020). Moreover, a sufficient income level impacts taxpayers' needs, including fulfilling their tax obligations. Research conducted by Amran (2018) found that income levels significantly influence taxpayer compliance.

Fostering taxpayer motivation is one of the ways to improve taxpayer compliance. Taxpayer activities, extrinsic and intrinsic motivation, are positive determinants of tax compliance behavior. The higher the individual's intrinsic motivation and moral awareness of the importance of paying taxes, the greater the tendency of individuals to comply

with applicable tax regulations (Cahyonowati, 2011). It is similar to the results that motivation has a positive effect on tax compliance (Anggraini, 2015; Basri & Al Azhar, 2017; Suryadi, 2016).

The hypotheses proposed in this study are:

1. Implementing good governance, tax literacy, demographic factors, and taxpayer motivation positively and significantly affected L&B taxpayer compliance in East Lombok Regency.

2. Implementing good governance, tax literacy, demographic factors, taxpayer motivation, and taxpayer compliance has a positive and significant effect on the happiness of L&B taxpayers in the East Lombok Regency.

3. Implementing good governance, tax literacy, demographic factors, and taxpayer motivation indirectly affects taxpayer happiness through L&B taxpayer compliance in East Lombok Regency.

3. Methods

The population in this study is individual taxpayers L&B-P2 East Lombok Regency located in Labuhan Haji District. The selection is based on the fact that the Labuhan Haji district has the lowest level of L&B taxpayer compliance among the 20 sub-districts in the East Lombok Regency. Labuhan Haji district has 26,965 individual taxpayers, but only 8,432 or 31 percent were paying on September 30, 2022. The sample determination used the Slovin formula with stratified sampling techniques. The percentage of taxpayers' numbers in the Labuhan Haji spread across 12 villages are data used to allocate samples in stratified sampling so that the sample size of each stratum can be taken proportionally based on the size of the strata.

The quantitative data in this study was used as supporting data in the form of financial report data for district/city governments in NTB Province, happiness level data for NTB Province, raw data on the 2017 Happiness Level Measurement Survey for Selected Regions (NTB Province), data on inspection results of LKPD districts/cities in NTB Province, and taxpayer data L&B-P2 in East Lombok Regency. The qualitative data used in this study is the data of L&B-P2 taxpayers through structured and in-depth interviews with several respondents and related parties.

The number of variables analyzed in this study was 6 latent variables consisting of two types: exogenous latent variables and endogenous latent variables. The implementation of Good Governance (X1) is defined as administering government in the best way in which the government, private sector and society interact with each other and carry out their respective functions, which is implemented with transparency, effectiveness, responsibility, and fairness (Kiow et al. 2017; Nkundabanyanga et al. 2017; Sebele-Mpofu, 2020). Tax Literacy (X2) is the ability of taxpayers to understand tax obligations formed by adequate tax awareness, knowledge and understanding (Bornman and Wassermann, 2018). The demographic factor is a characteristic of taxpayers' education level, age, and income level, measured by a category scale (Hofmann et al. 2017). Taxpayer motivation is a reason that encourages taxpayers to fulfill their tax obligations, including intrinsic motivation, reciprocity, the influence of friends and the surrounding environment, and the presence of information (Luttmer and Singhal, 2014). Taxpayer Compliance is defined as taxpayers' attitude in complying with tax regulations by the willingness to take care of and fill out a Surat Pemberitahuan Objek Pajak (SPOP) correctly, find information about TRPL, pay on time, and report any changes in tax objects owned (Astuti and Yulianto, 2015). Taxpayer happiness results from the taxpayer's subjective assessment of his quality of life, feeling more positive emotions and having life meaning (Diener et al. 2009 and BPS, 2021).

The method used in this study was doing observations without being directly involved and only as an independent observer. Researchers observed and analyzed data under the scope of the study, such as data on the level of happiness of NTB Province, raw data from the 2017 Happiness Index Measurement Survey for Selected Regions (NTB Province), data on the inspection results of LKPD districts/cities in NTB Province, and L&B-P2 taxpayer data. Structured interviews were conducted by preparing a research instrument with a list of questions or written statements prepared with alternative answers. Interviews were conducted by sampling incidental. More interviews were conducted to get more in-depth information by col-

lecting information from several respondents and related parties. Purposive sampling techniques with several considerations were carried out in the selection of informants. The informants were considered able to understand problems related to L&B, such as the Head of the L&B division of the East Lombok Regency Regional Revenue Agency, L&B employees in the sub-district, community leaders, and village or village officials. Researchers also selected supporting informants with the criteria of compliant and non-compliant taxpayers to strengthen the research results.

Descriptive statistics in this study were performed related to respondents' perceptions which were determined based on the frequency of respondents' answers to research statements. The respondent's perception description was determined using the mean value of each submitted indicator item. The validity test was used to measure whether or not an instrument is valid or valid. A reliability test was employed to measure an instrument that is an indicator of a variable or constructs. Additionally, the data analysis employed Partial Least Square (PLS) approach using the SmartPLS version 3.0 program.

4. Results

4.1. Validity and Reliability

The outer model analysis was done to ensure that the measurements are feasible to be used as valid and reliable. Based on the analysis of the data shown in Table 3, it can be seen that no indicator has a loading factor value of less than 0.6. It can be concluded that all latent constructs with reflective indicators meet the conditions of convergent validity. Discriminant validity can also be seen in Table 4 based on the Fornell-Larcker Criterion Test or AVE root values. The construct was valid because the AVE root is greater than the correlation between constructs. Composite reliability is used for reflective indicators to measure the internal consistency of a truck's cons. All constructs in Table 5 with reflective indicators qualified for Composite Reliability because they have Cronbach's Alpha and Composite Reliability values of more than 0.6.

Table 3
Loading Factor

Variable Relationships	Loading Factor	P Values	Description
X1.1 <- X1	0,747	0,000	Valid
X1.2 <- X1	0,718	0,000	Valid
X1.3 <- X1	0,931	0,000	Valid
X1.4 <- X1	0,917	0,000	Valid
X2.1 <- X2	0,875	0,000	Valid
X2.2 <- X2	0,778	0,000	Valid
X2.3 <- X2	0,858	0,000	Valid
X3.1 <- X3	0,855	0,000	Valid
X3.2 <- X3	0,637	0,000	Valid
X3.3 <- X3	0,838	0,000	Valid
X4.1 <- X4	0,787	0,000	Valid
X4.2 <- X4	0,765	0,000	Valid
X4.3 <- X4	0,788	0,000	Valid
X4.4 <- X4	0,805	0,000	Valid
Y1.1 <- Y1	0,767	0,000	Valid
Y1.2 <- Y1	0,778	0,000	Valid
Y1.3 <- Y1	0,844	0,000	Valid
Y1.4 <- Y1	0,848	0,000	Valid
Y2.1 <- Y2	0,758	0,000	Valid
Y2.2 <- Y2	0,753	0,000	Valid
Y2.3 <- Y2	0,825	0,000	Valid
Y2.4 <- Y2	0,767	0,000	Valid

Source: Data processed (2022)

Note: X1 = Implementation of Good Governance; X2 = Tax Literacy; X3 = Demographic Factors; X4 = Taxpayer Motivation; Y1 = Taxpayer Compliance; Y2 = Taxpayer Happiness

Table 4
Discriminant Validity

	X1	X2	X3	X4	Y1	Y2
Implementation of Good Governance (X1)	0,834					
Tax Literacy (X2)	0,160	0,838				
Demographic factors (X3)	0,176	0,082	0,783			
Taxpayer motivation (X4)	0,337	0,256	0,212	0,787		
Taxpayer compliance (Y1)	0,443	0,300	0,422	0,467	0,810	
Taxpayer happiness (Y2)	0,413	0,324	0,350	0,533	0,669	0,777

Source: Data processed (2022)

Note: X1 = Implementation of Good Governance; X2 = Tax Literacy; X3 = Demographic Factors; X4 = Taxpayer Motivation; Y1 = Taxpayer Compliance; Y2 = Taxpayer Happiness

Table 5*Cronbach's Alpha dan Composite Reliability*

Construct	Cronbach's Alpha	Composite	X3
Implementation of Good Governance (X1)	0,852	0,900	Reliable
Tax Literacy (X2)	0,791	0,876	Reliable
Demographic factors (X3)	0,683	0,824	Reliable
Taxpayer motivation (X4)	0,794	0,866	Reliable
Taxpayer compliance (Y1)	0,824	0,884	Reliable
Taxpayer happiness (Y2)	0,782	0,858	Reliable

Source: Data processed (2022)

Note: X1 = Implementation of Good Governance; X2 = Tax Literacy; X3 = Demographic Factors; X4 = Taxpayer Motivation; Y1 = Taxpayer Compliance; Y2 = Taxpayer Happiness

Table 6*R-square*

Endogenous Constructs	R Square	Description
Taxpayer Compliance (Y1)	0,423	Moderate
Taxpayer Happiness (Y2)	0,533	Moderate

Source: Data processed (2022)

Note: X1 = Implementation of Good Governance; X2 = Tax Literacy; X3 = Demographic Factors; X4 = Taxpayer Motivation; Y1 = Taxpayer Compliance; Y2 = Taxpayer Happiness

4.2. Structural Models Evaluation

Structural models of PLS processing results need to be evaluated using R-square for each dependent variable and Q-square predictive relevance to see the effect of exogenous latent constructs on their endogenous variables. To evaluate the Goodness of Fit Inner Model is shown in Table 6. According to Chin in Ghozali & Latan (2015), the value of R-Square 0.67; 0.33; and 0.19 indicates a strong, moderate and weak model.

Based on the two coefficients R² in Table 6, the magnitude of the coefficient Q² or Stone Geiser Q-Square test can also be calculated.

$$Q^2 = 1 - \{(1 - R_1^2)(1 - R_2^2)\}$$

$$Q^2 = 1 - \{(1 - 0,423)(1 - 0,533)\}$$

$$Q^2 = 1 - 0,259$$

$$Q^2 = 0,741$$

A Q-Square value greater than 0 (zero) indicates that the model has a predictive relevance value. Whereas if the Q-Square value is less than 0 (zero), then the model lacks or does not have predictive

relevance (Chin in Ghozali & Latan (2015). Based on the results of the predictive relevance (Q²) calculation above, it shows a value of 0.741. In this research model, endogenous latent variables have predictive relevance (Q²) values greater than 0 (zero). Therefore, exogenous latent variables are appropriate as explanatory variables that can predict their endogenous variables or, in other words, prove that this model is considered to have excellent predictive relevance to make predictions.

4.3. Hypothesis Testing

Output SmartPLS 3.0 produced a model of the structural equations shown in Figure 2. Testing direct and indirect influences is known through the values of each relationship path between significant latent constructs. The degree of probability significance is seen from the P-Value, worth below 0.05. A P-Value less than 0.05 indicates the latent construct is significant in terms of the direct and indirect influences of the construct. The direct and indirect influence testing results can be seen in Tables 7 and 8.

Based on Table 7, the Implementation of Good

Figure 2
A Complete Structural Model

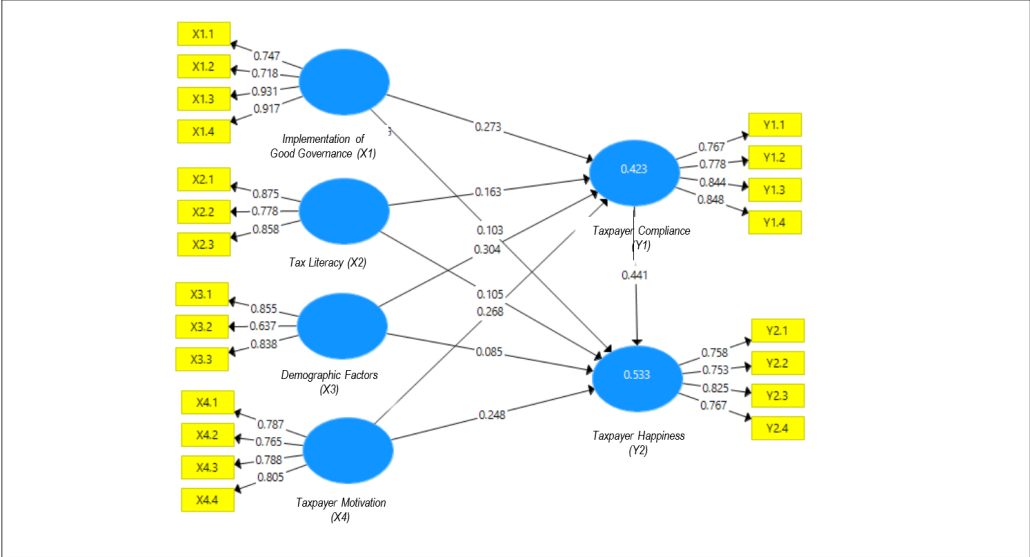


Table 7
The Coefficient Value of Direct Influence Between Research Constructs

No	Construct Relationship	Original Sample	Standard Deviation	T Statistics	P Values	Description
1.	X1 -> Y1	0,273	0,060	4,570	0,000	Significant
2.	X2 -> Y1	0,163	0,069	2,379	0,018	Significant
3.	X3 -> Y1	0,304	0,064	4,737	0,000	Significant
4.	X4 -> Y1	0,268	0,073	3,684	0,000	Significant
5.	X1 -> Y2	0,103	0,073	1,409	0,160	Nonsignificant
6.	X2 -> Y2	0,105	0,064	1,623	0,105	Nonsignificant
7.	X3 -> Y2	0,085	0,056	1,512	0,131	Nonsignificant
8.	X4 -> Y2	0,248	0,075	3,289	0,001	Significant
9.	Y1 -> Y2	0,441	0,095	4,641	0,000	Significant

Source: Data processed (2022)

Note: X1 = Implementation of Good Governance; X2 = Tax Literacy; X3 = Demographic Factors; X4 = Taxpayer Motivation; Y1 = Taxpayer Compliance; Y2 = Taxpayer Happiness

Governance, Tax Literacy, Demographic Factors, and Taxpayer Motivation has a positive and significant effect on Taxpayer Compliance. Implementing Good Governance, Tax Literacy, and Demographic Factors has a positive but insignificant effect on Taxpayer Happiness. In contrast, Taxpayer Motivation and Taxpayer Compliance positively and significantly affect Taxpayer Happiness.

Based on Table 8, it can be explained that indirectly the Implementation of Good Governance, Tax Literacy, Demographic Factors, and Taxpayer Motivation has a positive and significant effect on Taxpayer Happiness through Taxpayer Compliance.

The relationship between research variables can also be seen in the path diagram of the research

variables, as presented in Figure 3. Based on Figure 3, taxpayer compliance is most dominantly influenced by Demographic Factors with a coefficient value of 0.304, followed by Taxpayer Motivation with a coefficient value of 0.268, Implementation of Good Governance with a coefficient value of 0.273 and, Tax Literacy with a coefficient value of 0.163. Taxpayer Compliance highly influences taxpayer happiness with a coefficient value of 0.441, followed by Taxpayer Motivation with a coefficient value of 0.248, Literacy Taxation with a coefficient value of

0.105, Implementation of Good Governance with a coefficient value of 0.103, and finally, Demographics factors with a coefficient value of 0.085.

5. Discussion

The hypothesis test results in this study showed that the Implementation of Good Governance has a positive and significant effect on Taxpayer Compliance. In other words, the proposed research hypothesis is accepted. This finding certifies that implementing Good Governance can significantly

Figure 3

The Relationships Between Research Variables

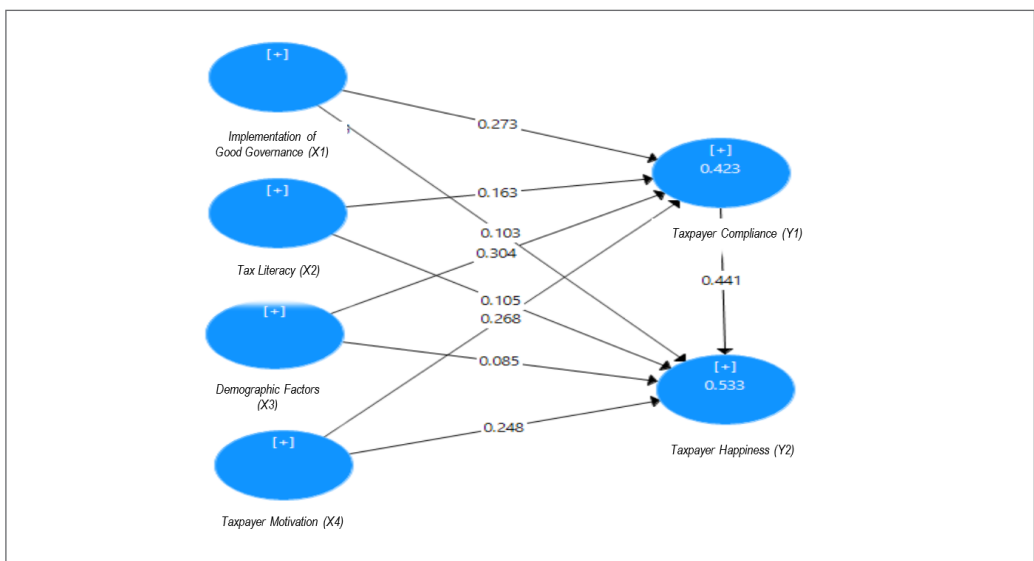


Table 8

The Coefficient Value of Indirect Influence Between Research Constructs

No	Variable Relationship	Mediation Variables	Original Sample	T Statistics	P Values	Description
1.	X1 -> Y2	Y1	0,120	3,098	0,002	Significant
2.	X2 -> Y2	Y1	0,072	2,094	0,037	Significant
3.	X3 -> Y2	Y1	0,134	3,216	0,001	Significant
4.	X4 -> Y2	Y1	0,118	3,011	0,003	Significant

Source: Data processed (2022)

Note: X1 = Implementation of Good Governance; X2 = Tax Literacy; X3 = Demographic Factors; X4 = Taxpayer Motivation; Y1 = Taxpayer Compliance; Y2 = Taxpayer Happiness

improve L&B Taxpayer Compliance in East Lombok Regency. The positive relationship between Good Governance Implementation and Taxpayer Compliance indicates a mutually supportive relationship between the measurable indicators of Good Governance Implementation and the indicators of Taxpayer Compliance. The higher the perception given to assess the Good Governance Implementation indicators, the higher the assessment given for Taxpayer Compliance.

Indicators of Transparency, Effectiveness, Responsibility and Fairness reflect the implementation of Good Governance. The results of this study indicated that the Implementation of Good Governance had provided meaning to L&B Taxpayer Compliance in East Lombok Regency. As an indicator of the Implementation of Good Governance, Transparency has received high appreciation from respondents. They admitted that so far, the government, in this case, Bapenda, has provided open information about the amount of revenue from taxes and the allocation of their use to taxpayers, which turned out to have an optimal impact on L&B Taxpayer Compliance in East Lombok Regency.

The observations in the field showed that with the services provided by tax officers, such as submitting the SPPT, they could provide early information to taxpayers regarding the amount of tax so that taxpayers can use their income to pay taxes. Services need to provide a place of payment directly at each village office, so taxpayers do not need to come to the Bapenda Office. Taxpayers have seen that the government has provided public facilities to meet the people's needs. According to the respondents, the role of Bapenda has fulfilled the justice element: the amount suitability of tax paid with the area of land and buildings owned. These all will optimally improve taxpayer compliance.

This study's results that government transparency influences individual taxpayers' compliance behaviour (Kiow et al., 2017). Taxpayers pay attention to the transparency of information provided by the government, especially in public procurement. If the government uses taxes wisely, it will motivate compliance and increase compliance when taxpayers benefit from taxes in the form of public goods and social facilities. Various research results prove

that also found a significant relationship between the quality of governance and tax compliance (Sebele-Mpofu, 2020; Ayuba et al., 2016; Shahzad & Khan, 2018). The higher the quality of public government and the services the government provides, the higher the moral tax level and compliance (Alasfour et al., 2016; Vythelingum et al., 2017).

Tax Literacy has a positive and significant effect on Taxpayer Compliance. The results of this study indicate that the good work of Tax Literacy will improve L&B Taxpayer Compliance in East Lombok Regency. As an indicator of Tax Literacy, tax knowledge received high appreciation from respondents. Tax knowledge is interpreted as increased taxpayer knowledge of how to pay taxes. The taxpayer obtains this knowledge through the information provided by the tax officer. One way that can be used to improve compliance in paying the L&B is to require the attachment of proof of L&B payment in every service both in the village or sub-district office and in the sub-district office. The bank also requires proof of L&B payment when the house or land is used as collateral in the credit application process. Proof of L&B payment is a document that shows a taxpayer has correctly made a payment on his tax object.

Tax awareness is interpreted as the level of implementation of socialization or counselling activities to create awareness in paying taxes. Bapenda provides socialization through banners. Counseling activities are carried out directly by visiting taxpayers who have not paid the L&B to understand taxpayers and create awareness about paying taxes. Taxpayer awareness is a condition where taxpayers are aware of fulfilling their tax obligations. This research is in line with a study conducted by Nurkhin et al. (2018) which concluded that taxpayer awareness has a positive and significant effect on taxpayer compliance. In line with Hardiningsih & Yulianawati (2011), awareness of paying taxes positively affects the willingness to pay taxes. It shows that the higher the taxpayers' awareness, the more willing they are to pay tax obligations. Furthermore, Hardiningsih et al. (2020) also found that taxpayer knowledge has a positive and significant effect on taxpayer awareness and compliance. This research is also in line with the results of the research who

found that tax knowledge has a significant positive effect on tax compliance (Cechovsky, 2018; Masari & Suartana, 2019; Maulinda & Lasmana, 2015; Oladipupo & Obazee, 2016; Palil et al., 2013; Castro & Rizzo, 2014).

Demographic factors have a positive and significant effect on taxpayer compliance. The results of this study indicate that working on the function of demographic factors will increase the compliance of L&B taxpayers in the East Lombok Regency. Taxpayer attitudes and behaviors are influenced by many factors, including the demographic factor (Hofmann et al., 2017; Pasaribu & Tjen, 2016). The demographic factors in this study are reflected most dominantly by income level indicators. According to observations in the field, it was found that the income level of respondents in this study was mainly above the Kabutapaten District Minimum Wage of East Lombok Regency, approximately Rp. 2,025,000, - and respondents, as a large part, earn above the minimum wage so they can fulfil their tax obligations. It confirms a study by Amran (2018) that income levels significantly influence taxpayer compliance. Higher education also relates to a better knowledge of tax law. Therefore highly educated people understand the law and the fulfilment of tax rules. In contrast, poorly educated people have little understanding and tend to make mistakes when reporting taxes. Al-Mamun et al. (2014), Fitriyani et al. (2014), and Kakunsi et al. (2017) concluded that the level of education has a significant positive effect on taxpayer compliance.

Taxpayer motivation has a positive and significant effect on taxpayer compliance. The effect of taxpayer motivation on taxpayer compliance means that taxpayer motivation is indispensable for improving taxpayer compliance. Following the description of the respondents described earlier, it turns out that most respondents gave an excellent perception of the variable indicators of taxpayer motivation and compliance of L&B taxpayers in East Lombok Regency, which is indicated by the appreciation value of all good indicators. Support from a descriptive analysis of respondents' perceptions of taxpayer motivation shows that one hundred percent of respondents appreciated the variable taxpayer motivation very well. Taxpayer

motivation has indicators of intrinsic motivation, reciprocity, the influence of friends and environment and information. Intrinsic motivation is a weld that encourages the taxpayer to pay taxes from himself; reciprocity is a weld that encourages the taxpayer to pay taxes as a return on the services provided by the government; friends and surroundings influence are interpreted as welds that encourage taxpayers to pay taxes from the influence of friends and the surrounding community; and finally, information encourages taxpayers to pay taxes because of the information of sanctions if they are late or do not pay taxes.

Based on observations in the field, respondents mainly fulfill tax obligations due to the influence of friends and the existence of information about the sanctions for late tax payments. The influence of friends and this information indicates the motivation of taxpayers who can get a good appreciation from respondents. This research is in line with the study of Torgler & Schneider (2005), which concluded that tax morale is an intrinsic motivation for taxpayers to comply with and pay taxes. Tax morale helps explain the high level of tax compliance. Luttmer & Singhal (2014) argue that tax morale is a set of motivations underlying tax compliance. People pay taxes out of a sense of moral obligation and that motivation has a positive effect on tax compliance (Basri & Al Azhar, 2017; Ruky et al., 2018; Suryadi, 2016).

Implementation of good governance has a positive but not significant effect on the happiness of taxpayers. In other words, it is interpreted that the proposed research hypothesis is rejected. This influence is indicated by a positive regression coefficient which means that the higher the implementation of good governance, the higher the taxpayer's happiness level, and vice versa. This finding shows that good governance implementation has not significantly increased the happiness of L&b taxpayers in the East Lombok Regency. Although the effect is insignificant, implementing good governance on taxpayers' happiness means that implementing good governance is indispensable. Following the description of the respondents previously outlined, it turns out that most respondents gave an excellent perception of the variable indicators of implement-

ing good governance and taxpayer happiness.

The implementation of good governance in this study is defined as administering government in the best way where the government, private sector and society interact with each other and carry out their respective functions, which is implemented with transparency, effectiveness, responsibility, and fairness. The reality in this study shows that the level of availability of information regarding the amount of revenue from taxes as a form of transparency has not been able to give meaning to taxpayer happiness. Likewise, the service of tax officers who prioritize public satisfaction as a form of responsibility has also not been able to give meaning to the happiness of taxpayers.

According to respondents, the distribution of TRPL from sub-districts is a bit slow for this year, so many taxpayers have not received TRPL until the end of the payment period. This fact was justified by one of the respondents, Mr Junaedi, a private team member who lives in South Korleko Village, the result of an interview on October 20, 2022, stated that the SPPT was received late, so the payment also became untimely. It happened due to a change in LPTR distribution, which was previously distributed by the object, this year, it was distributed based on tax subjects. Therefore, taxpayers are not satisfied with this slow service.

This condition was also confirmed by the Head of the L&B and BPHTB East Lombok Regency, Mr Mujibudin, based on an interview on October 14, 2022. The distribution of LPTR in 2022 in Labuan Haji District is sorted based on tax subjects, not based on tax objects as in previous years, so the sorting of LPTR based on tax subjects takes a long time. Even until August, many LPTRs have not been distributed and are piled up in the Sub-district Office. Supported by a descriptive analysis of respondents' perceptions of good governance implementation, all respondents appreciated the variable measure's implementation of good governance well. The reality shows that the implementation of good governance has not been able to provide satisfaction with the service and please the L&B taxpayers in East Lombok Regency.

A good government will more effectively create conditions that contribute to happiness. According

to Kim, the government can mobilize resources, implement policies, and build institutions, all of which can affect happiness. Thus, investing in quality governance is a good way to create happiness. The results of this study do not support the Ott study (2011), which proves that the quality of government has a strong positive relationship with happiness.

The results of the study and data analysis showed that tax literacy had a positive but not significant effect on the happiness of taxpayers. Tax literacy is reflected mainly by indicators of taxation knowledge, followed by an understanding of taxation and taxation awareness. The results of this study indicate tax literacy's role has not been able to give meaning to the happiness of L&B taxpayers in the East Lombok Regency. The role of tax knowledge as an indicator of tax literacy is likely to be insignificant for satisfaction with taxpayer services. Likewise, the understanding of taxation reflected by tax literacy may not significantly impact the happiness of L&B taxpayers in the East Lombok Regency. The insignificant effect of tax literacy on the happiness of taxpayers does not mean that tax literacy is not needed. L&B taxpayers in East Lombok Regency are expecting sustainable tax literacy. Following the description of the respondents described earlier, most respondents gave a good average appreciation value for all tax literacy indicators.

The results of this study are not in line with Bornman & Wassermann (2018) that with tax awareness, taxpayers can understand their role as citizens in a social contract with the government so that they can create happiness within themselves. It means taxpayers feel they have provided benefits to the state and society by paying taxes. With knowledge of taxation, taxpayers would know tax procedures, tax law and how to apply tax rules so that they will be happy with the satisfaction they gain from knowledge and skills in the field of taxation. Thus, taxpayers can make the right decisions from tax awareness and knowledge to provide confidence or a sense of optimism about the future.

Demographic factors have a positive but not significant effect on taxpayer happiness. These findings confirm that demographic factors cannot optimally increase L&B taxpayers' happiness in East Lombok Regency. The positive relationship between demo-

graphic factors and taxpayer happiness indicates a mutually supportive relationship between the measurable indicators of taxpayer happiness. The higher the perception given to assess demographic factor indicators, the higher the assessment given for taxpayer happiness. The results of hypothesis testing show no significant direct effect of demographic factors on taxpayer happiness is an interesting finding and requires further in-depth discussion in this study. Verification based on the analysis results as actual conditions shows that respondents perceive income level as an indicator of demographic factors in a business as a determinant of success and as the biggest mobilizer for taxpayer happiness. This finding contradicts the results of Jeon et al. (2014) research, which found that demographic factors significantly influence individual happiness.

Kahneman and Deaton (2010) stated that high income greatly influences life satisfaction because low income will lead to low life evaluations and low emotional well-being. According to Reyes-García et al. (2016), absolute income is more important for the subjective well-being of people at a lower income than people at high-income levels. It is believed that an increasing income helps the poor meet their basic needs. Tay et al. (2017) view that functionally (resources and means to meet needs) income has a stronger relationship with subjective well-being. Ng and Diener (2018) stated that people in rich countries report greater subjective well-being (but also more negative feelings) than poor countries. In contrast, people in unequal countries or who have higher income inequality reported higher life satisfaction and positive feelings than those in more equal countries.

Taxpayer motivation has a positive and significant effect on the happiness of L&B taxpayers in East Lombok Regency. This finding indicates that by working properly, the taxpayer's motivation will increase the taxpayer's happiness. The effect of taxpayer motivation on their happiness means that taxpayer motivation is needed to increase the happiness of L&B taxpayers in East Lombok Regency. Based on the description of the respondents described earlier, it turns out that most respondents gave a good appreciation of the variable indicators of taxpayer motivation and taxpayer happiness, as

indicated by the high average values of all indicators. Taxpayer motivation in this study is the reasons to encourage taxpayers to fulfill their tax obligations, including intrinsic motivation, reciprocity, the influence of friends and the surrounding environment, and information.

The results of this study indicate that taxpayers' motivation gives meaning to the happiness of L&B taxpayers in East Lombok Regency. This research is in line with the study of Lubian & Zarri (2011) that the motivation of taxpayers to obey and pay taxes or tax morale is a new determinant of happiness. According to Lubian and Zarri (2011), individuals with high tax morale are happier than others. People pay taxes out of a sense of moral obligation, feel intrinsically motivated to do so and produce positive hedonic effects. It is human nature as a moral being to feel happy when acting ethically and sad when acting unethically, which in turn feels that paying taxes benefits himself and the wider community. Consumption of public goods has the hope of increasing people's happiness. Akay et al. (2012) that taxes have a positive, significant and strong effect on happiness.

Taxpayer compliance has a positive and significant effect on the happiness of L&B taxpayers in East Lombok Regency. This finding indicates that the proper work of taxpayers' compliance will increase taxpayer happiness. The effect of taxpayer compliance on taxpayer happiness means that taxpayer compliance is vital to increase the happiness of L&B taxpayers in East Lombok Regency. In accordance with the description of the respondents described earlier, it turns out that most respondents gave a very good perception of the variable indicators of taxpayer compliance and taxpayer happiness, as indicated by the good average scores of all indicators.

Respondents made reports on changes in data on land and buildings owned so that adjustments were made to the amount of tax to be paid. It is supported by the descriptive analysis regarding respondents' perceptions of taxpayer compliance, indicating that all respondents appreciated the variable measures of taxpayer compliance very well. Respondents also understood that the indicators of taxpayer happiness used in this study were service satisfaction,

feelings of pleasure, feelings of not worrying and usefulness. This research is in line with Akay et al. (2012), which examined the effect of paying taxes in Germany on individual happiness and found that taxes have a positive, significant and strong effect on individual happiness.

Indirectly, the implementation of good governance has a positive and significant effect on the happiness of taxpayers through the compliance of L&B taxpayers in the East Lombok Regency. The results of the research and data analysis show that (a) the implementation of good governance has a direct positive and significant effect on taxpayer compliance; (b) taxpayer compliance directly has a positive and significant effect on taxpayer happiness; and (c) the implementation of good governance has a positive and insignificant effect on the happiness of taxpayers, so the nature of mediation in the relationship between the implementation of good governance on the happiness of taxpayers mediated by taxpayer compliance is full mediation. It implies that the implementation of good governance will significantly affect taxpayers' happiness if it is mediated by the compliance of L&B taxpayers in the East Lombok Regency.

Indirectly, tax literacy positively and significantly affects taxpayer happiness through L&B taxpayer compliance in East Lombok Regency. The results of the research and data analysis show that (a) tax literacy has a direct positive and significant effect on taxpayer compliance; (b) taxpayer compliance directly has a positive and significant effect on taxpayer happiness; and (c) tax literacy has a positive and insignificant effect on taxpayer happiness, so the nature of mediation in the relationship between tax literacy on taxpayer happiness mediated by taxpayer compliance is full mediation. It implies that tax literacy will significantly affect taxpayer happiness if mediated by L&B taxpayer compliance in East Lombok Regency.

Indirectly, demographic factors have a positive and significant effect on the happiness of taxpayers through the compliance of L&B taxpayers in the East Lombok Regency. The results of research and data analysis show that (a) demographic factors have a direct positive and significant effect on taxpayer compliance; (b) taxpayer compliance directly

has a positive and significant effect on taxpayer happiness; and (c) demographic factors have a positive and insignificant effect on taxpayer happiness, so the nature of mediation in the relationship between demographic factors on taxpayer happiness mediated by taxpayer compliance is full mediation. It implies that demographic factors will significantly affect taxpayer happiness if mediated by L&B taxpayer compliance in East Lombok Regency.

Indirectly, tax motivation positively and significantly affects taxpayer happiness through taxpayer compliance with L&B in East Lombok Regency. The results of research and data analysis show that (a) tax motivation has a direct positive and significant effect on taxpayer compliance; (b) taxpayer compliance directly has a positive and significant effect on taxpayer happiness; and (c) tax motivation has a positive and significant effect on taxpayer happiness, so the nature of mediation in the relationship between tax motivation and taxpayer happiness mediated by taxpayer compliance is partial mediation. Therefore, tax motivation would significantly affect taxpayer happiness without being mediated by L&B taxpayer compliance in East Lombok Regency.

There are several things stated as findings in this study: (a) Implementation of good governance, tax literacy and demographic factors can increase taxpayer compliance but have not been able to increase the happiness of L&B taxpayers in East Lombok Regency. (b) Implementation of good governance, tax literacy and demographic factors play an essential role for taxpayers. Implementing good governance and tax literacy will give optimal meaning to taxpayer happiness if it is mediated by L&B taxpayer compliance in East Lombok Regency. (c) Taxpayer motivation can increase the compliance and happiness of L&B taxpayers in the East Lombok Regency.

6. Conclusions

Based on the results of the research and discussion, the conclusions are: (a) Implementation of good governance, tax literacy, demographic factors, and taxpayer motivation can increase L&B taxpayer compliance in East Lombok Regency; (b) Taxpayer motivation and taxpayer compliance can increase

the happiness of taxpayers optimally, but the implementation of good governance, tax literacy and demographic factors have not been able to increase the happiness of L&B taxpayers in East Lombok Regency; and (c) Indirectly the implementation of good governance, tax literacy, demographic factors and taxpayer motivation can increase taxpayer happiness through the compliance of L&B taxpayers in East Lombok Regency.

The implementation of good governance and tax literacy has not been able to become a stimulus to increase the happiness of L&B taxpayers in the East Lombok Regency. Effectiveness and responsibility are indicators that receive the lowest appreciation from implementing good governance. Bapenda should give more priority to the quality of the availability of public facilities and provide services that prioritize the satisfaction of taxpayers. The collection fees and incentives should be more transparent and on target to support the L&B officers' collection performance. Bapenda is expected to be more intensive in counseling or socializing taxation to create awareness in paying taxes. Bapenda can involve religious or community leaders in extension activities since most people in East Lombok Regency are Muslim and have many religious scholars to create tax awareness. Future researchers can examine the relationship between the implementation of good governance and tax literacy and the relationship between demographic factors and taxpayer motivation, or vice versa. Future researchers should use more complete indicators of the implementation of good governance by adding democratic and principle-abiding indicators. Demographic factor indicators can also be supplemented with geographical characteristics, considering L&B is closely related to rural and urban areas.

7. Limitations

Future researchers can examine the relationship between the implementation of good governance and tax literacy, and the relationship between demographic factors and taxpayer motivation, or vice versa. Future researchers should use more complete indicators of the implementation of good governance by adding democratic and principle-abiding indicators. Demographic factor indicators can also

be supplemented with geographical characteristics, considering that PBB is closely related to rural and urban areas.

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