

PERCEPTIONS OF SERVICE-ORIENTATION AND TRUST OF TAX OFFICERS BETWEEN MILLENNIALS, X, AND BABY BOOMERS

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Abstract. The purpose of this study is to examine differences in perceptions of generations related to service-orientation and trust to tax officers. Changes traditional paradigm of the relationship between tax officers and taxpayers from “cops and robbers” to “clients” cause the research in perception of service-orientation and trust to tax officers to be necessary in order to improve voluntary tax compliance. This study also explains perceptions of tax fairness in three perspectives which are vertical equity, horizontal equity, exchange equity. The survey was conducted in 2018 with 165 self-employment individual taxpayers consisting of three generations, Millennials, X, and Baby Boomers from two types of work, retail/production and services business. This study uses quota sampling to collect respondents and use ANOVA statistical tests. The results of the study indicate differences in perceptions regarding service-orientation between generations. However, there are no differences in perception related trust to tax officers between generations. This research also found that Millennials, X, and Baby Boomer have different perceptions of vertical equity, horizontal equity, and exchange equity.

Keywords: service-orientation, trust, vertical equity, horizontal equity, exchange equity

Abstrak. Penelitian ini bertujuan untuk menguji perbedaan persepsi generasi yang terkait dengan orientasi layanan dan kepercayaan kepada petugas pajak. Perubahan paradigma tradisional tentang hubungan antara petugas pajak dan pembayar pajak dari “polisi dan perampok” menjadi “klien” menyebabkan penelitian dalam persepsi orientasi layanan dan kepercayaan kepada petugas pajak diperlukan untuk meningkatkan kepatuhan pajak sukarela. Penelitian ini juga menjelaskan persepsi keadilan pajak dalam tiga perspektif yaitu keadilan vertikal, keadilan horizontal, *exchange equity*. Survei telah dilakukan di pertengahan tahun 2018 dengan 165 wajib pajak orang pribadi wirausaha yang terdiri dari 3 generasi, Millennial, X, dan *Baby Boomer* dari dua jenis pekerjaan, retail/produksi dan jasa/profesional. Penelitian ini menggunakan *quota sampling* untuk mengumpulkan responden dan menggunakan tes statistik ANOVA. Hasil penelitian menunjukkan perbedaan persepsi mengenai orientasi layanan antar generasi. Namun, tidak ada perbedaan dalam persepsi terkait kepercayaan kepada petugas pajak antar generasi. Penelitian ini juga menemukan bahwa Millennial, X, dan *Baby Boomer* memiliki persepsi yang berbeda tentang keadilan vertikal, keadilan horizontal, dan *exchange equity*.

Kata Kunci: orientasi pelayanan, kepercayaan, keadilan vertikal, keadilan horizontal, keadilan pertukaran

INTRODUCTION

In the traditional paradigm of enforcing tax rules that are common in developing countries, the relationship between tax officers and taxpayers be depicted as “cops and robbers” (Kastlunger *et al.*, 2013; Muehlbacher *et al.*, 2011). The focus of tax enforcement is on prosecuting illegal behavior through extensive tax audits and strict penalties (Allingham and Sandmo, 1972). Recently many people have realized that this view is incomplete. The view of approaching taxpayers to improve

voluntary tax compliance is changing. The new paradigm is the tax authority treats taxpayers as clients (Alm *et al.*, 2010; Fre, 1997; Rainey and Thompson, 2006). Instead of creating an atmosphere of distrust that raises a negative attitude from the taxpayers side, the tax authority needs to treat taxpayers respectfully, provide excellent service, and increase the role and participation of taxpayers in tax collection (Alm and Torgler, 2011; Braithwaite, 2003; Hofmann *et al.*, 2008).

The perceived of public service is not only seen as a possibility to facilitate cooperation between government and citizens but also as an opportunity to increase trust and confidence in public administration and government (Bouckaert and Van-de-Walle, 2003). This shows that service-oriented public administration can increase the trust of taxpayers both the younger and the older generation in realizing tax compliance. Torgler *et al.*, (2008) states that if the tax paid to be compared to the public services provided, taxpayers tend to comply with tax rules, meaning that this valuation has a positive effect on tax compliance. Service-oriented public administration in this study is limited to the services of tax officers through face-to-face, phone, email, and online chat. The first reason we examine the perceptions of taxpayers to tax officers services is that (1) we evaluate the perspectives of tax authority services as a “client” from the view of taxpayers, (2) Indonesia is starting the transition of manual SPT filling into an e-tax system, where the use of VAT and Income Tax Returns are required to be submitted online throughout Indonesia from 1 April 2018 (PMK 9 / PMK. 03/2018). In some large cities, several tax offices have not received manual tax return since the beginning of 2018. In this transition period, personal assistance services by tax officers are needed by taxpayers. It is precisely in 2018 that taxpayers need interaction with tax officers through face-to-face, e-mail, or online chat to understand the changes in the system.

Taxpayers who are the Baby Boomers generation need personal assistance in using the e-tax system. Unlike the X generation and Millennials who can adapt to technology quickly and require less direct interaction with tax officers to use the e-tax system. The description of the characteristics of the three generations in Indonesia, in general, is not much different from the description of characteristics in previous studies (Howe and Strauss, 1992; Lancaster and Stillman, 2002; Bencsik *et al.*, 2016; Lyons, 2004). The Baby Boomer generation in Indonesia has adaptable and high tolerance characteristics (Shahreza, 2017). Generation X has characteristics that are very strong work ethics, hard workers, responsible, commitment, high loyalty, and reward-oriented (Oktariani *et al.*, 2015). Millennials in Indonesia concern for new technology, individualism, impatience, lack of responsibility, low commitment and loyalty, and are addictive to gadgets and social media, therefore, they have emotions that are unstable and easily unfocused in their work (Oktariani *et al.*, 2015). Perception of taxpayers that have different values and attitudes between generations will result in different perceptions of service satisfaction to tax officers.

This study also examines perceptions of trust to tax officers. According to Murphy (2004), taxpayers who have a perception that tax officers have a high commitment to justice, they have a higher trust to the tax officers. The Slippery Slope framework (Kirchler *et al.*, 2008) also mentions trust as one of the main factors that form voluntary compliance. In this study, the concept of trust used refers to the cognition-based trust that involves conscious and full awareness to assess the track record and reputation of dependability, reliability, and professionalism (Colquitt *et al.*, 2012). According to Gobena and Van-Dijke (2015), the cognition-based trust plays a vital role in relation of government and taxpayers in situations where the track record of government performance can convince taxpayers that government has commitment to the welfare of taxpayers.

Different paradigm cause perceptions of trust to tax officers to be different. Living in the era of war caused Baby Boomers generally have a strong mistrust of authority figures (Lancaster and Stillman, 2002). Millennials have a more open communication pattern than the previous generation (Lyons, 2004). It is predicted that Millenials are willing to give more trust to authority than the previous generation (Myers and Sadaghiani, 2010). As with Generation X who was born at the

beginning of technological development, they tend to show distrust to the authorities (Jennings and Stoker, 2004).

This study also examines the perception of a generation towards tax fairness, which in this study is seen from three perspectives, namely vertical equity, horizontal equity, and exchange equity (Efebera *et al.*, 2015; Journey *et al.*, 2017). The research findings show that there are differences in perceptions of tax fairness between the three generations, regarding vertical equity, horizontal equity, and exchange equity.

The contribution of the research is that this research is the first to study differences in perceptions regarding service-oriented public administration especially tax officer between the Baby Boomers, X, and Millennials. This study wants to prove that the perception of services provided by tax officers can be assessed differently by each group generation. Second, we suspect that in the transition to the e-tax system, there are generations who still need personal assistance from tax officers. Therefore, service-oriented tax administration is very needed and needs to be continuously improved. The application of e-tax systems cannot eliminate the role of tax officers as a personal assistant. Third, this research is the first to examine the differences in perceptions of trust intergenerational. By conducting in-depth studies related to trust, Directorate General of Tax (DGT) can better understand individual taxpayers in order to achieve a voluntary association which ultimately increases tax compliance. Like the social capital assumptions put forward by Jennings and Stoker (2004), individuals cannot work collectively for the common good without trust. Fourth, provide an understanding of intergenerational perceptions of vertical equity, horizontal equity, and exchange equity, especially in Indonesia tax system.

LITERATURE REVIEW

Service-orientation, Trust, and The Perceptions of Generations. In research on tax behavior, various conceptual frameworks that emphasize the importance of service-orientation of tax administration have been proposed. Responsive regulatory approaches (Braithwaite, 2003), multi-faceted approaches (Alm and Torgler, 2011) and *the slippery slope framework* (Kirchler *et al.*, 2008) suggest service-orientation as a promising strategy for the tax authority to increase tax compliance. Erl (2005) said service-orientation is an approach to solve big problems by dividing it into a small set of services that solve the overall problem.

Baby Boomer is expected to be easier to accept the authority including the form of service provided. They tend to adapt to the quality of services provided, given the background and experience in the era of war from 1945 to 1960. Besides, according to Obal and Kunz (2013), Baby boomers appreciate services that maintain the privacy of their users. In contrast to Generation X who expect services where staff are polite and formal, have a place that is easy to access, has priced following the quality provided, services provided vary and are guaranteed, and also have fast and secure services (Kashif and Rehman, 2014). Millennials that grow in the era of rapidly developing technology make this generation want everything that is instant and fast, primarily related to services (Bencsik *et al.*, 2016). It can be concluded that the Millennial generation will tend to demand more service quality compared to the Baby boomer and X generation.

Slippery slope framework considers trust as one of the main factors in voluntary compliance (Kirchler *et al.*, 2008). Trust is the concept of calculative trust (Fehr, 2009), rational trust (Ripperger, 1998), and knowledge-based trust (Lewicki and Bunker, 1996). Where *cognition-based trust* involves rational and conscious judgment to the track record of trust and reputation for reliability, can be tested, and professionalism (Colquitt *et al.*, 2012). Gobena *et al.* (2015) argue that cognition-based trust in tax authority will lead to voluntary compliance. This is in line with what was conveyed

Scholz *et al.*, (1998), that the level of taxpayer trust in the United States of America determines the level of compliance.

Hypothesis Developments

Differences in Generational Perception regarding Service Orientation. In the traditional enforcement paradigm that is often used to analyze tax compliance behavior, taxpayers are seen and treated as potential criminals, and the emphasis is on suppressing illegal behavior through frequent audits and strict penalties (Allingham and Sandmo, 1972). Recently, the paradigm for approaching taxpayers has changed. The tax authority treats taxpayers no longer as potential criminals but as clients (Alm *et al.*, 2010; Fre, 1997; Rainey and Thompson, 2006). Alm and Torgler (2011) propose to educate taxpayers by providing services to help them and for simplifying tax laws and tax procedures. Previous research found that perceptions regarding service-orientation will have an impact on taxpayer compliance (Torgler *et al.*, 2008). Service-orientation not only becomes a medium to facilitate the community however also a medium to increase trust towards government (Bouckaert and Van de Walle, 2003; Heintzman and Marson, 2005). The approach in a more friendly manner can also make taxpayers aware of the importance of paying taxes and also the consequences received if they are not compliant, regarding socially, ethically, and legally (Chung and Trivedi, 2003).

Baby Boomer is a generation that is adaptive and easy to accept (Shahreza, 2017). The adaptive word here means that this generation will not be too troublesome and easy to accept whatever authority from the tax authority including services provided whether good or bad. Unlike Baby boomers generation, the Millennial generation that grew up in the era of rapidly developing technology, making this generation want everything that is instant and fast especially related to service (Bencsik *et al.*, 2016). It can be concluded that the Millennial generation will tend to want a type of service that is not complex, if the services provided are considered complex, this generation will not hesitate to not comply with taxes. X generation is included adaptable and able to accept change (Jurkiewicz, 2000). From the statement above, it can be concluded that X is not too problematic and accepts the service orientation given because of its characteristics regarding adaptability and being able to accept change. Based on the explanation above, the research hypothesis is

H1: There are differences in perceptions between generations regarding service orientation.

Differences in Perception of Generations related to Trusts. Trust refers to public trust where the government as a public service provider can provide excellent service and always strive to meet the needs of the community in the long run (Martinez and Bosque, 2013). The government's failure to maintain public trust will adversely affect the image of the government (Tao *et al.*, 2014). A study shows that the most effective method for developing public trust is to make the public feel confident because in government organizations there is no competition as in commercial services (Fowler and Pryke, 2003). In other words, the public feels confident to ask for help from tax authorities regarding the fulfillment of their tax obligations. The concept of trust in this study is following cognition-based trust (Colquitt *et al.*, 2012) which involves a rational and conscious assessment of the track record of trust and reputation, competence, reliability, and professionalism of tax officers. Cognition-based trust plays an important role in the relationship between government and taxpayers in situations where the government's performance track record can convince taxpayers that the government has the competence and cares about the welfare of its citizens (Gobena and Van-Dijke, 2015).

Baby Boomer view increases people's awareness to feel, think and act together based on impulse (Bencsik *et al.*, 2016). The word thinking can often mean that baby boomer generation will always think or in other words always consider all their actions in decision making. Baby Boomers will always consider their trust to the tax authority, whether following his thoughts or not. This

generation was born during the period of World War II. In Indonesia, at that time there were many wars to fight for independence. At that time the rate of marriage was very high followed by a high birth rate (Lancaster and Stillman, 2004). However, because of war events, Baby Boomers generally has a strong distrust of authority figures (Lancaster and Stillman, 2002).

Lyons (2004) revealed that the Millennial generation has a more open communication pattern than the previous generation. This shows that communication is important for this generation. Under the characteristics of the Millennial generation, they tend to have a higher trust if the tax authorities treat taxpayers not as "robbers" but as "clients." Millennials Generation is very close to their parents because parents play a big role in the development of this generation (Leo, 2003). It is predicted that they are willing to give more trust to authority than the previous generation (Myers and Sadaghiani, 2010).

In contrary generation X who was born in the early days of developing technology and information, they are skeptical, closed, very independent, has potential, and does not depend on other people to help them (Lancaster and Stillman, 2002). They tend to show distrust in authority (Jennings and Stoker, 2004). Based on the explanation above the hypothesis of this research is H2: There are differences in perceptions between generations regarding trust.

METHOD

Sample and Criteria Respondents. Participants in this study are individual taxpayers who have a (1) business in retail or production, (2) services business (example: consultant, designer, lawyer, motivator, sportsman, etc) that domiciled in the provincial capital on the island of Java and Bali including Jakarta, Surabaya, Semarang, Bandung, Denpasar. We surveyed parents of college students, which then they helped us spread to their families which domiciled in these cities. The sample research amounts to 165 participants. The sampling technique used is quota sampling with criteria: (1) respondents represent the city of Jakarta, Surabaya, Semarang, Bandung, and Denpasar, (2) the number of respondents between generations is equal, (3) the number of male and female respondents is equal, (4) respondents understand the taxation system that applies in Indonesia, seen from filling out the Annual Tax Return for the past 3-5 years, (5) the number of respondents who fill their own annual tax return and use tax consultant is equal, (6) respondents represent the use of recording ("pencatatan") and bookkeeping ("pembukuan") systems, (7) type of participant job represents retail/production business and service business. The criteria also represent differences in the calculation of income tax of various jobs and various gross income of taxpayers (below or above 4.8 billion Rupiahs).

Measurements and Indicators. The measurement scale used for each variable in this study is the Likert scale 7 points, number 1= strongly disagree, and number 7= strongly agree. This research also uses control variables to help in data analysis processes. This research uses control variables that are gender, gross income in a year (recording or bookkeeping systems), and type of business. The use of the three control variables in this study aims to reduce the bias of the different test results between generations which might also be influenced by this three variables. We give the code 1 = male and 2 = female. Participants with criteria gross income that is number 1 = < 4,8 Miliar and number 2 = \geq 4,8 Miliar. The type of business of the respondents which is number 1 = retail or production and number 2 = services business.

Table 1. Indicators of Variables and References

Variables	Indicators	References
Service Orientation (Y1)	<ol style="list-style-type: none"> 1. willingness to serve 2. treats people with respects 3. keeps its promises 4. treats everybody fairly 5. takes people's circumstances into account 	(Gangl <i>et al.</i> , 2013)
Trust (Y2)	Track record and reputation of dependability, reliability, professionalism, and competency	(Gobena and Van-Dijke, 2015)
Vertical Equity (Y3)	Progressive tax rate	(Efebera <i>et al.</i> , 2015)
Horizontal Equity (Y4)	Tax burden horizontally equitable	(Efebera <i>et al.</i> , 2015; Jurney <i>et al.</i> , 2017)
Exchange Equity (Y5)	Tax paid to compare to benefits received	(Efebera <i>et al.</i> , 2015; Jurney <i>et al.</i> , 2017)

RESULTS AND DISCUSSION

Results

Profile Respondents and Descriptive Statistic. Total sample in this study as many as 188 taxpayers with a total of 165 questionnaires that can be processed. Data regarding the characteristics of respondents shown in the following table.

Table 3 shows the mean, standard deviation, minimum value and maximum value of each variable in a manner *composite* which is seen based on each generation group. The mean value of each variable shows the preference of each generation related to that variable. The higher the mean value, the more supportive (tends to agree) to all the questions asked.

For service-orientation variables, the mean value of generation X is the highest compared to other generations, meaning that generation X has a positive perception related to the service-orientation of tax officers compared to other generations. For trust variables, generation X has the highest mean with a score of 5,030. This shows that Generation X has the highest trust perception towards tax authorization than other generations. For vertical equity variables, Baby boomer generation has the highest mean of 5,746 meaning that Baby boomers are more supportive of progressive tax rates than other generations. For horizontal equity variables, Millennial generation has the highest mean with 4,525, which means Millennial is more supportive of horizontal equity than other generations. Whereas for *exchange equity* variables, X generation has the highest mean with 4,444 which means X is more supportive for the concept of exchange equity.

Table 2. Profile Respondents

Criteria	Value Labels	N	Percentage
Gender	Total	165	100%
	Man	86	52%
	Woman	79	48%
Generation	Total	165	100%
	Millennials	73	44%
	X	54	33%
	Baby boomer	38	23%
Business Type	Total	165	100%
	Retail and production	76	46%
	Services Business	89	54%
Location	Total	165	100%
	Jakarta	32	19%
	Bandung	4	2%
	Semarang	20	12%
	Surabaya	75	45%
	Denpasar	34	22%
Gross Income Calculation Method	Total	165	100%
	Recording (Gross Income < 4.8 Billion Rupiah)	132	80%
	Bookkeeping (Gross Income \geq 4.8 Billion Rupiah)	33	20%
Tax Return Preparation by	Total	165	100%
	Self-prepared	88	53%
	Tax consultant	70	42%
	Other	7	5%

Table 3. Descriptive Statistics for Variables

Independent Variables	Millenials	Generation X	Baby Boomers	Total Sample
SO – Composite				
Mean	4.797	4.985	4.305	4.7
Std. Deviation	1.1326	1.0219	1.0153	1.06
Minimum	3	3	3	
Maximum	7	7	7	
N	71	53	37	161
TR – Composite				
Mean	4.893	5.03	4.553	4.83
Std. Deviation	1.1422	1.0289	0.95	1.04
Minimum	2	3	3	
Maximum	7	7	7	
N	73	54	38	165
VE – Composite				
Mean	4.365	3.938	5.746	4.68
Std. Deviation	1.0455	1.4039	0.8254	1.09
Minimum	2	1	2	
Maximum	7	7	7	
N	73	54	38	165
HE – Composite				
Mean	4.525	3.877	2.991	3.8
Std. Deviation	1.0182	1.519	1.3852	1.31
Minimum	2	1	1	
Maximum	7	7	7	
N	73	53	37	163
EE – Composite				
Mean	4.087	4.444	2.737	3.76
Std. Deviation	1.0744	1.4494	0.9838	1.17
Minimum	2	1	1	
Maximum	7	7	5	
N	72	53	38	163

Validity and Reliability Testing. This research uses the Pearson Correlation to test validity. For all questions related to service orientation, trust, vertical equity, horizontal equity, and exchange equity show significant factors < 0.05 so it can be concluded that all questions are valid.

Table 4. Pearson Correlation Results

	Coefficient correlation	Significant
SO1	.657**	,000
SO2	.743**	,000
SO3	.751**	,000
SO4	.761**	,000
SO5	.730**	,000
TR1	.772**	,000
TR2	.753**	,000
TR3	.755**	,000
TR4	.788**	,000
TR5	.775**	,000
VE1	.823**	,000
VE2	.638**	,000
VE3	.813**	,000
HE1	.723**	,000
HE2	.862**	,000
HE3	.835**	,000
EE1	.873**	,000
EE2	.651**	,000
EE3	.876**	,000

Reliability test is used to find out an index that shows the extent to which a question instrument used can be trusted or reliable. The reliability test of this study uses Cronbach's Alpha. According to Hair *et al.* (2003) if the value of Cronbach's Alpha > 0.6 then it can be said that the items of questions used have met reliability (table 5).

Table 5. Cronbach's Alpha Results

	SO Composite	TR Composite	VE Composite	HE Composite	EE Composite
Cronbach's Alpha	0,787	0,798	0,806	0,829	0,827

Normality and Heteroskedasticity Testing. In testing, this normality uses the *Kolmogorov-Smirnov Test*. After we test, service orientation, trust, vertical equity, horizontal equity, and exchange equity variables in sequence, corresponding Table 6, has a significant value > 0.05. Only horizontal equity variable has a significant value < 0,05 which indicates horizontal equity is not normally distributed. Therefore, we use the Bootstrap method for horizontal equity variables.

Table 6. Normality with Kolmogorov-Smirnov Test

	SO Composite	TR Composite	VE Composite	HE Composite	EE Composite
Significance	0,200	0,200	0,200	,004	,200

Heteroscedasticity test using the *Levene Test*. After we test, service-orientation, trust, vertical equity, horizontal equity and exchange equity variables in sequence, corresponding Table 7 has a significant value > 0.05 . This shows that all the variables used are homogenous.

Table 7. Heteroskedasticity with *Levene Test*

	SO - Composite	TR - Composite	VE - Composite	HE - Composite	EE - Composite
F	1,050	1,247	1,128	1,614	1,583
Sig.	0,409	0,222	0,299	0,054	0,061

Hypothesis Testing. To do testing against the hypothesis that has been proposed, we tested differences between the group of generations related to variable service orientation, trust, and tax justice by using Custom Factorial ANOVA. Table 8 Shows that there are significant differences between the group of generation-related service-orientation ($F = 3.963$, $p = 0.021$) therefore H1 accepted. Whereas perceptions between groups of generations regarding trust do not have a significant difference ($F = 1.475$, $p = 0.232$) thus H2 rejected. Besides, the table 8 also shows that there are significant differences in perceptions between related generations vertical equity, horizontal equity, and exchange equity.

Table 8. ANOVA Results for Test Between Variables

	SO Composite	TR Composite	VE Composite	HE Composite	EE Composite
Intercept					
Mean Square	54350,821	57662,784	20635,833	13070,457	12530,943
F	2198,871	2082,924	1806,584	919,384	1066,017
Sig.	,000	,000	,000	,000	,000
Gender					
Mean Square	237,083	107,571	11,617	38,839	23,345
F	9,592	3,886	1,017	2,732	1,986
Sig.	,002	,050	,315	,100	,161
Generation					
Mean Square	97,962	40,835	366,882	209,523	289,263
F	3,963	1,475	32,119	14,738	24,608
Sig.	,021	,232	,000	,000	,000
Business Type					
Mean Square	52,707	73,912	28,678	45,862	14,990
F	2,132	2,670	2,511	3,226	1,275
Sig.	,146	,104	,115	,074	,261
Gross Income Calculation Method					
Mean Square					
F	3,494	3,272	28,162	,017	2,036
Sig.	,141	,118	2,465	,001	,173
	,707	,731	,118	,973	,678
Adjusted R Squared	,104	,037	,271	,178	,250

After conducting ANOVA and finding significant differences between generations of groups, it is necessary to compare differences in perceptions between generations (table 9). Table 9 shows that there are significant differences between Millennials and Baby Boomers regarding perceptions of service-orientation ($p = 0.021$) and mean differences 2,384 which shows Millennials have a positive perception of service-oriented tax officers compared to Baby Boomers. Differences in perceptions between X generation and Baby Boomers also showed significant results, where the perception of generation X was more positive regarding services than Baby Boomers. Regarding trusts, there are no differences in perceptions between generations.

Differences in perceptions of vertical equity, horizontal equity, and exchange equity show that there are significant perceptual differences between the three generations. Concerning supporting progressive tax rates, the Baby Boomers generation is the biggest supporter, followed by Millennials in second place and X in third place. Regarding support for horizontal equity, Millennials is the biggest supporter, followed by X and Baby Boomers in the last rank. Regarding support for exchange equity, generation X provides the most support followed by Millennials and Baby Boomers. The adjusted mean value of each generation seen in Table 10 and Figure 1.

Table 9. Perceptions Differences between Generations

(I) Generati on	(J) Generati on	SO		TR		VE		HE		EE	
		Composite Mean Differe nce (I-J)	Sig	Composite Mean Differe nce (I-J)	Sig	Composite Mean Differe nce (I-J)	Sig	Composite* Mean Differe nce (I-J)	Sig	Composite Mean Differe nce (I-J)	Sig
Millenia l	X	-0,528	0,56 2	-0,613	0,52 0	1,454	0,03 0	1,834	0,00 8	-1,335	0,03 4
Milleni al	Baby Boomer	2,384	0,02 1	1,316	0,21 9	-4,758	0,00 0	4,152	0,00 0	3,761	0,00 0
X	Baby Boomer	2,913	0,00 8	1,929	0,09 0	-6,212	0,00 0	2,318	0,00 5	5,096	0,00 0

Table 10. Adjusted Composite Mean

	Milenial	Generation X	Baby boomers
SO – Composite	4,795	4,9	4,318
TR – Composite	4,841	4,963	4,578
VE – Composite	4,448	3,963	6,034
HE – Composite	4,483	3,872	3,099
EE – Composite	3,997	4,443	2,744

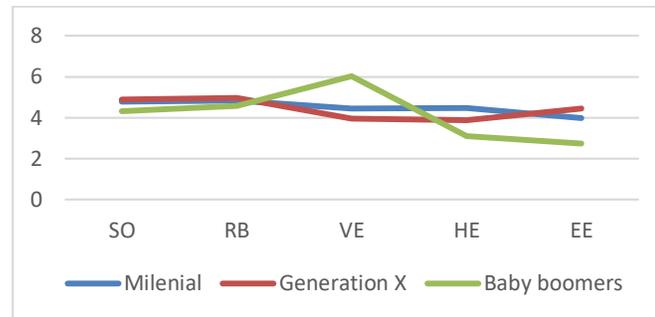


Figure 1. Adjusted Mean between Generation Chart

DISCUSSION

Differences in Perception Regarding Service-Orientation and Trust. The results showed that Baby Boomers tended to have high demands on service-orientation by tax officers. Baby boomers give the lowest average score (4,305 out of 7) to tax officers services compared to Millennials and X (4,985 and 4,797 out of 7). This is not in line with the results of Shahreza's study (2017) that Baby Boomers in Indonesia has adaptable and high tolerance characteristics. The reason is baby boomers born during the war have not had much technology at that time, thus this generation tends not to be satisfied with only internet-based services such as the e-tax system. This generation is not satisfied with technology that can accelerate tax payments and report. They are still very dependent on the personal assistance services of tax officers, particularly related to the use of technological features in the e-tax system. That is why Baby Boomers provide the lowest average score compared to other generations. The results of this study indicate that the three generations provide a high level of service assessment of tax officers in Indonesia, with an average score of 4.7 for all samples. According to the research of Gangl *et al.*, (2013) which states that the services offered by tax officers are accepted and used by taxpayers and this contributes to the tax compliance intentions. Novianti *et al.*, (2018) argued that service quality has a positive relation with consumers loyalty and satisfaction. In this case, taxpayers' loyalty will increased when tax officers can give a good service quality.

In contrast to Millennials that are growing in the rapidly developing technological era (Bencsik *et al.*, 2016), Millennials tend to feel satisfied with the services of current tax officers. Millennials can easily adapt to technology, thus they no longer depend on traditional information channels such as face to face, telephone, email. This led to the generation of Millennials being less dependent on tax officers, therefore their perceptions of tax officers became more positive. At this time (in 2018) they evaluate that the tax officers services are quite helpful. Likewise, generation X also gave a positive assessment of the service of the tax officers in 2018.

The results of different tests showed no significant differences regarding the perceptions of each generation related to trust. The quantity of direct interaction between taxpayers and tax officers tends to decrease compared to ten years ago, before the use of the e-tax system. In addition, policies related to rotation or mutation of tax officers every three years to other tax offices (Malau, 2010) make taxpayers have limited relationship with a tax officer in any tax offices. Kontan (2017) also reported that Minister of Finance, Sri Mulyani, has made a guideline to control tax officers' interaction with external parties. This causes the absence of intense closeness and communication with tax officers, therefore, trust ratings are more general, and there is no difference in trust perception between generations.

The average score data between the three generations is shown in table 11. This shows that each generation both Baby Boomers, X and Millennials tend to trust the tax officers.

Table 11. Mean Score Variable Trust between Generations

	Baby Boomer	X	Millennial
Mean	4,893	5,03	4,553

The Directorate General of Taxes (DGT) has made several efforts to maintain the trust of taxpayers. In the DGT website, namely pajak.go.id, there is a complaint feature that can be used by taxpayers to complain about things that are not pleased. Examples of complaints are inadequate services, limited office facilities, violations of the code of ethics and discipline, and tax crime (pajak.go.id). Also, there is a whistleblowing system program, which aims to avoid denial of employees in the form of violations, rebuild public trust, and invite DGT employees to turn permissive culture into a corrective culture (Directorate General of Taxes, 2011).

Differences in Perception Regarding Vertical, Horizontal, and Exchange Equity. The results of the tests indicate that there are differences in perceptions of each generation group regarding vertical equity. Baby boomers are the generation that best supports the existence of progressive rate, and generation X is the generation that least supports the concept of vertical equity. This happens because Indonesia has a progressive and flat tax system. The progressive tax system has rates ranging from 5% to 30%, while the proportional tax system has a tariff of 0.5% for small businesses (the limit of gross income is not more than 4.8 billion Rupiahs), 10% final income tax for income of land/buildings rent, 2.5% final income tax for land/building sales, and 20% final income tax for deposit interest. The baby boomers in retirement, where the income tends to fall and taxes are paid less, tend to rely on passive income such as interest on deposits, income on land and building rent, and land/building sales. The reason this study supports the concept of vertical equity is (1) the concept of vertical equity provides a sense of justice for the Baby Boomers generation, (2) this concept causes the Baby Boomers to no longer be the target of tax revenue by DGT because of low income therefore the imposition of progressive tariffs is the lowest (5%). Conversely, Generation X is in productive age, making it the largest generation of tax contributors. That is why the generation X support is the lowest compared to other groups for the concept of vertical equity.

The results of the tests indicate differences in perceptions of each generation group related to horizontal equity. Millennials are the generation that best supports the horizontal equity concept. Millennial is in the pioneering period of business, where the type of work of the millennial generation tends to change (DBS Society, 2018) thus they prefer the tax burden must be equal to others with the same income. Besides the characteristics of Millennials who are individualistic, impatient, irresponsible, low commitment and loyalty, and addictive to gadgets and social media (Oktariani *et al.*, 2015) make this generation not afraid to start new jobs, and not bound only on one type of work. With the concept of horizontal equity, the tax burden for each job will be equal for the same income. Whereas in Indonesia different jobs can have different tax burdens even though gross income (in the recording system) is equal. Examples of the imposition of net income norm for the category of service business (example: consultant, designer, lawyer, motivator, sportsman) are compared with 0.5% final income tax of retail/production business (PP 23/2018). Although the gross income of both is under 4.8 billion Rupiahs, the tax burden is different. Service business will pay higher taxes than retail or production business. In the category of service business the norms of net income also vary depending on the type of work and location (Director General of Tax Regulations - PER 17 / PJ / 2015), for example:

Table 12. Deemed Profit for Personal Net Income

Type of Jobs	Deemed Profit for Personal Net Income		
	10 Provincial capitals	Other Provincial capital	Other areas
Consultant – Law	51%	50%	50%
Consultant – Taxation	50%	50%	50%
Consultant – Environment	32%	31%	29%
Broker – wholesaler	25%	20%	20%
Broker – retail	50%	50%	50%
Broker – real estate	20%	17.5%	17%

Source: Director General of Tax Regulation - PER 17 / PJ / 2015

The results of the tests indicate that there are differences in perceptions of each generation group related to exchange equity, where justice is perceived from the benefits received for paid taxes (Christensen and Weihrich, 1996). Generation X is the generation that biggest supporter of the exchange equity. Generation X is at the peak of its business, therefore the tax paid becomes larger as income increases. It can be concluded that generation X tends to be the biggest tax contributor today thus this generation tends to have the characteristics of a complainant and critical to the government (Jennings and Stoker, 2004). This causes generation X to want to get public services commensurate with the amount of tax that has been paid. To maximize the uses of tax fund, the government can maximize its use in the state budget by budgeting largest portions of public facilities that can be enjoyed by various layers of society.

Our results are support the research of Journey *et al.*, (2017) which states that there are differences in perceptions between Millennials, X, and Baby Boomers regarding vertical equity and exchange equity. But the research of Journey *et al.*, (2017) found Millennials as the biggest opponent of the concept of vertical equity compared to other generations. It is different from our research which states that Generation X is the biggest opponent to vertical equity. A slightly different result was also found in exchange equity where the generation that most supports exchange equity is generation X, whereas according to Journey *et al.*, (2017) the Baby Boomers are the biggest supporters of the concept of exchange equity. Efebera *et al.*, (2015) also stated that all methods will be carried out by the government to convince lower income taxpayers that they do not pay greater taxes than those whose income is higher (vertical equity concept) or peer tax payers (horizontal equity concept), with the purpose of increasing tax compliance.

CONCLUSION

We found significant differences related to the perception of generation about service-orientation of tax officers. There are different perceptions between Millennials, X, and Baby Boomers regarding the assessment of tax officers services. Millennials have the most positive perceptions regarding service-orientation of tax officers (average score 4,985 out of 7) compared to other generations, while the lowest rating comes from Baby boomer (average score 4,305 out of 7). The results of the tests related to the perceptions of trust to tax officers show that there are no differences between generations. Besides, our study found there were significant differences between the three generations related to vertical equity, horizontal equity, and exchange equity. Baby boomers tend to support the implementation of vertical equity, where the burden of taxes is imposed progressively because the income of this generation tends to be passive (such as interest on deposits, income for rent, pensions) and decrease. The results of different tests related to horizontal equity show a significant difference between the three generations. Millennials tend to support the fiscal policies where the tax burden paid is equal for the same income without distinguishing the type of

work or income. There are two reasons why they support horizontal equity: (1) Millennials that are in their pioneering periods of business tend to have various types of work, (2) Millennials have characteristics where commitment and loyalty to their works are low (Oktariani *et al.*, 2015), thus Millennials want the concept of calculating the same tax burden for various types of jobs. The results of the tests related to exchange equity show that there are significant differences related to intergenerational perceptions. Generation X strongly supports the application of exchange equity where paid taxes should be equivalent to the benefits received. Generation X, as the biggest tax contributors compared to other generations, always calculates the benefits that will be received from the government.

First, this research contributes to the tax literature especially concerning service-orientation of tax officers that have never been done before. Previous studies have shown the importance of prioritizing service in improving voluntary tax compliance (Torgler *et al.*, 2008) in building relationships as consultants and clients, not as "cops and robber" that have been implemented so far. This research provides suggestions regarding personal assistance services that need to be improved, especially during the manual tax system transition to the e-tax system, both face-to-face personal assistance in tax office, telephone, and e-mail, or online chat. According to our research, personal assistance services are still very much needed by taxpayers in Indonesia, especially by Baby Boomers. The application of e-tax systems cannot eliminate the role of tax officers. Administration of tax authorization must be carried out while prioritizing everyone fairly. The concept of willingness to serve, respects and treats everyone fairly. Second, the application of the horizontal equity concept in the tax system in Indonesia needs to be accommodated more deeply because the progress of internet-based technology has made Millennials tend to have several types of jobs. The application of the horizontal equity concept through the simplification of job categories in the tax system, ultimately facilitating the understanding, calculation, and collection of taxes in Indonesia.

It is better for further research to focus on variations in the form of services and forms of information or messages provided for the needs of each generation. As in other studies, the results of this study need to be considered in its limitations, especially in the selection of participants as samples using non-probability sampling. Concerning generalization, the results of research on the population need to be considered further.

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