The Effect of Excise Tariff and Compliance of Cigarettes Manufacturer to The Excise Revenue of Cigarettes in Indonesia

Andriyan Wahyu Wicaksono[1], Bambang Haryadi[2], Tarjo[3]
[1]wicaks20@gmail.com, [2]bambang.haryadi@trunojoyo.ac.id, [3]tarjo@trunojoyo.ac.id
[1,2,3]Universitas Trunojoyo Madura

Abstract: The objectives of this research is to analyze the effect Of Excise Tariff and Compliance Of Cigarettes Manufacturer to The Excise Revenue of Cigarettes. The test of hypothesis by using the partial regression analysis techniques (Partial Least Square/PLS). The research data is secondary data obtained from the Directorate General of Customs and Excise (DJBC) within a period of three years (2014-2016). The research sample consisted of 8 (eight) machine-made cigarettes (SKM) manufacturer of class I. The data was being established in the semester period starting from the second half of 2014, so it obtained 40 data observation. The result and conclusion of research states that the excise tariff does not have the effect significantly to The Excise Revenue of Cigarettes, while the compliance of Cigarettes Manufacturer has the effect positively and significantly to the excise revenue of cigarettes.

Keywords: Excise, Tariff, Compliance, Revenue.

Introduction

State revenue is distinguished into the taxation and non-taxation revenue. An excise as part of the element of state revenue has a large portion of overall tax revenue. According to Law No. 39 of 2007 on Excise, the definition of excise is the state levies imposed on certain goods having the nature or characteristics set forth in this law (Republik Indonesia, 2007). The purpose of certain goods that have properties or characteristics are goods that consumption needs to be controlled, its circulation needs to be monitored, its use may have a negative impact on society or the environment, or its use needs to impose state levies for justice and equilibrium. Until now, goods subject to excise duty are Tobacco Products, Ethyl Alcohol (Ethanol) and Drinks Contains Ethyl Alcohol.

Besides as a source of state revenue, the excise also serves to regulate products of taxable goods. One of the regulated products is tobacco products. The tobacco products as an excise object contributed 96.19% to the total excise revenue (Direktorat Jenderal Bea dan Cukai, 2017). In restricting tobacco products, the instruments used by the Excise Act are Excise Tariffs and Retail Sales Price (HJE). With the tariffs and HJE relatively high can reduce the circulation of cigarettes in addition also can increase the state revenue (Hardjito, 2008).

The efforts to control and limit the consumption of cigarettes can be done by raising the price of tobacco products through high cigarette tax rates. The efforts to control cigarette consumption is contradictory with the target of excise revenue demanded always up. According to a study conducted in Ireland, the drastic increase in tax rates during 2000-2009 did not reduce the number of smokers but led to the illegal trade in cigarettes at a cheaper price and the product was not controlled. That policy also had a contra-productive effect on cigarette excise revenue in Ireland (Allen, 2009).

According to the research of PSEKP-UGM, the higher tariffs will encourage producers to increase HJE. The consumers have at least three choices in response to the HJE's rise, there are; (a) reducing cigarette consumption, (b) reducing other spending allocations to maintain normal cigarette consumption, and (c) consuming cigarettes at lower prices to maintain cigarette consumption (PSEKP-UGM, 2016). From these things can lead to the consumption of illegal cigarettes and affect the compliance of cigarettes manufacturer.

Measuring the taxpayer compliance is an effort that is not easy. The methods that can be used to measure compliance are various. All methods have benefits and limitations (Centre for Tax Policy and Administration, 1999). In the supervision and service to the tobacco products manufacturer, DJBC has a compliance monitoring mechanism, called profiling. This profiling is assessed using the criteria contained in the Instruction of the Director General of Customs and Excise No. Ins-06/BC/2011 concerning Profile of Manufacturer and Importers of Tobacco Products in the Framework of Excise Service and Supervision (PPIHT). The assessment component of PPIHT includes the registration, operational and local components. Updating of this profile data is done every 3 months and this is authority of DJBC Head Office and Customs Supervisory and Service Office (KPPBC).

With the increase of excise tariffs to control cigarette production and compliance of cigarettes manufacturer become the main phenomenon behind this research. Therefore, the authors are interested to know whether the tariff and compliance of cigarettes manufacturer can explain about the revenue of excise duty.

Literature Review and Hypothesis Development

The Theory of Excise Policy

An excise policy is part of the government's fiscal policy in terms of revenue. Theoretically, fiscal policy is government policy related to government expenditure and income. Indonesia's fiscal policy is implemented through the Indonesia budget (APBN) and Regional Government Budget (APBD) policies, in the form of (1) Policies related to the revenue management; (2) Policies related to the Expenditure Management (Rianto, 2014).

The concept of excise policy is essentially a measure to fulfill the various purposes and objectives of the imposition of the excise on certain excise objects. The existence of a compromise between the interests of excise as one of the instruments of the revenue collector with other interests as community protector must be wisely accommodated by the government as policy-maker. In addition to these two interests, there is another issue to be considered in the excise policy of the interests of the employment opportunity (Surono, 2007).

Excise policy will have a very complex set of effects (multiplier effect) for cigarettes manufacturer, the public and the state. The influence of policies for cigarettes manufacturer is how the demand for cigarettes related to the elasticity of demand, the amount of profits and other things related to the tax incidence. In establishing excise policies, there will be a balance between economic objectives such as government revenue and the goal of protecting public health. A balance between economic and health goals causes a dilemma to the government as a regulator. The study of economic analysis on the imposition of cigarette excise in Indonesia, stated some fundamental goals that the government should consider in formulating the formula of excise tax policy in Indonesia. (1) Tax Revenue Acquisition (2) Enhancement of public health (3) Employment generation (4) Promotion of small enterprise. (5) Avoidance of regression in the tax system (Marks, 2003).

The policy of establishing of the excise tariff in Indonesia is the machine-made cigarettes (SKM) is higher than the hand-rolled cigarettes (SKT). According to research, the matters set in the excise policy (such as high rates of excise tariffs, minimum retail price per stick, lowest price setting, and the amount of each retail packaging) show that this policy is directed more towards the large tobacco manufacturer (Subagjo, 1998). This policy is undertaken by the government to achieve the goal of realizing the target of excise duty charged to DJBC rather than other purposes.

From various theories about the policy, it can be concluded that the excise policy is a public policy that is based on goals and targets to be achieved by the government both on economic and non-economic goals for certain goods. Determination of the excise policy is concerned with certain criteria and can provide benefits for both the state, community and business world (Rianto, 2014).

The Excise Tariff

The main factors that can affect the revenue of cigarette taxes are: the growth of the share of cigarette production, the excise tariff and the retail sale price (Marks, 2003). Excise tariffs are stipulated in article 5 of the Excise Law. The provision also provides guidance on the excise tariff system that may be imposed on excisable goods. The excise law gives authority to the government to choose alternative tariff system of excise. The excise tariff consists of (1) Excise tariff of advalorem or percentage, in this system of excise duty shall be calculated based on tariff percentage multiplied by the base price. (2) Specific excise tariff. In this system, excise duty is calculated by multiplying the excise rate in rupiah units by the number of specific units. Government policy since 2009 is to uniform excise tariff to be specific tariff.

The tobacco excise tariff is determined by the Minister of Finance with the approval of the House of Representatives of the Republic of Indonesia. The excise tax policy always changes with the dynamics of the state budget and other issues. Regulations governing excise tariffs are Regulation of the Minister of Finance number 179/PMK.011/2012, 205/PMK.11/2014, 198/PMK.010/ 2015 and 47/PMK.010/2016. Changes in excise tariffs are conducted with due regard to the interests of government, communities, farmers and employers. The excise tariffs tend to increase every year, except in 2013 there is no tariff change. In 2016, the average weighted increase of 10.54% (Nugroho, 2016). With tariff classification or layering of 12 class, then this allows for a breach or moral hazard if the supervision of tobacco manufacturer is still inadequate.

This research will discuss about the effect of excise tariff on tobacco products (especially machine-made cigarettes/SKM) to excise revenue. The reason for choosing tobacco products as the subject is because the tobacco excise duty has a very large portion in the state budget structure, reaching 10 percent of the total taxation.

The Compliance of Cigarettes Manufacturer

The excise system in Indonesia is undergoing changes and improvements, beginning with the advalorem system, turning into a hybrid system (mixed) and then turning into a specific system with many HJE constraints since 2009. Specific systems used are specially stratified with multiple layers of classes. Each excise system has advantages and disadvantages. The specific tariff system has the opportunity of tax avoidance, for example, the situation in which the behavior of the cigarettes manufacturer will try to minimize the imposition of excise duty on the low tariff so as to minimize the tax burden and reduce the government revenue (Surjono, 2013).

At the corporate level, the classification of excise tariffs based on the scale of production allows manufacturer to legally avoid higher tax rates. The class (multi layer) system also led to incentives for the establishment of new independent small cigarette manufacturer or subsidiaries of large corporations as well as buying or making production contracts to small manufacturer. Multi-layer excise rates and an increase in the number of small manufacturer are considered to contribute to illegal production and sales, such as the sale of unpaid cigarettes, the production of fake excise ribbons, and the purchase of excise ribbon by small tobacco manufacturer for sale to larger manufacturer (Barber, 2009).

These factors explain the factors that affect the compliance level of the compliance of cigarettes manufacturer. Compliance in the field of excise is not different from compliance in the field of taxation. The definition of tax compliance is different according to the experts (Centre for Tax Policy and Administration, 1999). Tax compliance can be defined in accordance with the interpretation of the tax authorities or taxpayers of the law and the fact of its application and may also be defined from a more neutral perspective. There are various measurement methods that can be used to measure or quantify compliance. Each method has special advantages and limitations. None of the methods can stand alone, it is possible to explore the possibilities of mixing different methodologies.

To monitor the compliance of tobacco products manufacturer, the Director General of Customs and Excise's issue Instruction No.6 of 2011 on the Profile of Manufacturer and Importers of Tobacco Products in the context of service and supervision in the Excise Field. This research used Profile of Manufacturer and Importer of Tobacco Products (PPIHT) as a proxy of cigarettes manufacturer compliance variable. The classification of manufacturer by profiles is part of risk management at DJBC. The categorization of profiles of tobacco manufacturer is divided into (1) Tobacco manufacturer are categorized into high risk if the sum of value is less than 60, (2) Tobacco manufacturer are categorized into medium risk if the sum of values is 60 to less than 80, (3) Tobacco manufacturer are categorized into low risk if the sum of the value is 80 or more (Direktorat Jenderal Bea dan Cukai, 2011).

The Excise Revenue

State revenue is differentiated into the taxation and non taxation. Excise is included in the category of tax revenue, namely indirect taxes. So what is meant by the excise revenue is the amount of state revenue derived from levies on the excise object. This study discusses and analyzes the revenue of tobacco excise duty in the form of cigarettes.

The factors that affect the revenue of excise from domestic tobacco products include: (1) The development of production of taxable goods, (2) The adjustment of the base price of imposition of excise is in line with economic development, (3) Changes in tariffs of excise, (4) Distribution of tobacco cigarettes with false cigarettes and non-excise cigarettes, (5) Completion of arrears of excise duties, (6) Intensification and extensification of tax collection (Rianto, 2014). Basically, excise tax collection is not only to meet state revenue, but excise also has regulatory functions in the framework of community protection. Therefore, the policies in the field of excise will be successful if it can achieve the set targets, reduce the number of cigarette production and reduce the prevalence rate of community smoking.

Development of Research Hypothesis

Based on the theoretical foundation and some previous research, so the hypothesis is developed to know whether there is influence of variable of excise tariff and compliance of cigarettes manufacturer to revenue of excise. The research hypotheses are as follows:

The Excise and Excise Duty Tariff

The theory underlying this hypothesis is the theory of excise policy. Excise tax increase policy is expected to reduce the level of cigarette production and to increase state revenue (Surono, 2007). The relationship between tariffs and revenue is also explained by the study of the Center for Economic and Public Policy Studies at Gajah Mada University (PSEKP -UGM). In 2016, PSEKP-UGM examines the effect of legal variables on excise on tobacco excise policy models, and states that tariff variables have a significant positive effect on production and revenue. However, higher tariffs have the opposite effect.

Tobacco excise tariffs on cigarettes that will increase state revenues (Merriman, 1994). It is said that the variables affecting the value of the state's revenue margin are (1) selling rate (2) cigarette tax (3) change of cigarette consumption causing change of cigarette price (4) changes in cigarette imports that cause changes in cigarette prices and (5) changes in cigarette prices that cause changes in cigarette taxes. Every year in every state in the United States shows a large tax revenue from cigarette excise increases. And empirical evidence shows that cigarette taxes are well below the maximum tariff that can maximize tax revenues.

The influence and relationship between excise rates and excise revenue can also be explained by the Laffer curve (Wanniski, 1978). With the existence of the policy of increasing excise tariffs to meet the increasing target of excise duty and based on the theory study, hypotheses are proposed:

H1: Excise tax rate affects excise to the revenue of taxes

Compliance of Cigarettes Manufacturer and Tax Revenue

To get an explanation in the relationship between cigarettes manufacturer compliance variable and revenue of excise then used research in the field of taxation. Taxes are generally identical to excise although they have some differences. In the survey in East Java, taxpayer compliance as measured by tax audit, law enforcement and tax compensation have a significant effect on tax revenue performance (Suryadi, 2006). In another study tested the impact of taxpayer compliance on state tax increases, and the result was that there was a significant influence between tax compliance rates on tax revenues. The increase in tax revenue is due to the variable tax compliance rate that reports to the tax office and it is concluded that high taxpayer compliance rates will lead to an increase in tax revenues (Tiolina, 2016).

Attempts to monitor cigarettes manufacturer compliance by DJBC are, among others, manifested in the form of overseeing the circulation of illegal results and conducting an appraisal of tobacco manufacturer profiles. Based on these and theoretical studies, the hypothesis is proposed:

H2: Compliance of cigarettes manufacturer has an effect to the excise revenue

Methods

Method of Collecting Data

The type of data used is secondary data in the form of a combination of year time series data from 2014-2016 (3 years) and cross section data in the form of tariff data,

compliance and revenue of excise from the manufacturer that became the research sample. The data collected is obtained from KPPBC Pasuruan, KPPBC Malang, KPPBC Kediri, KPPBC Kudus, head office DJBC and some other relevant journals and literature relate to this research.

Population and Sample

The research population is a cigarette manufacturer in Indonesia. Sampling technique is by technique of non probability sampling which is purposive sampling, that is selecting the sample based on certain criteria and the assessment of the researcher to direct the selected sample according to the purpose of the research. The criteria of the research sample are as follows:

- the tobacco manufacturer that produce the machine-made cigarettes (SKM) class I, it is a manufacturer with a production amount of more than 2 billion sticks per year.
- the tobacco manufacturer are still actively producing in KPPBC Pasuruan, KPPBC Malang, KPPBC Kediri and KPPBC Kudus in the period from 2014-2016 (3 years).
- The reason for using data from KPPBC Pasuruan, KPPBC Malang, KPPBC Kediri, KPPBC Kudus because the area is the center of cigarette production in Indonesia. Another argument in favor of the reason for office selection is that the office includes the top 5 of the excise collector in 2016. This study will test the types of machine-made cigarettes (SKM) because these products provide a very large portion of excise revenue.

Variable Research and Measurement

The variables that become the object of research are as follows:

Independent Variable

Independent variable is a variable that is not bound by other variables, in this case that becomes independent variable in this research are:

X1 = Excise Tariff

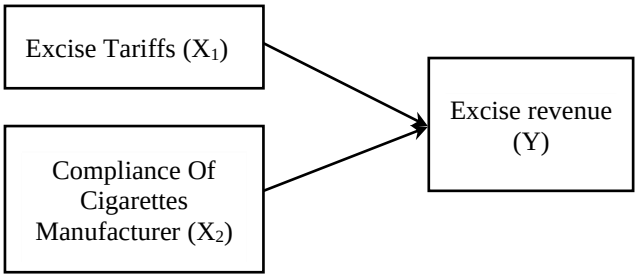
X2 = Compliance of Cigarettes Manufacturer

Dependent Variable

The dependent variable is a bound variable with another variable, in which case the dependent variable is the excise revenue (Y)

Diagram of the relationship between dependent variables and independent variables above, can be seen in the following figure.

Figure 1. Relation Between Variables



Operational Definition of Research

Excise Tariff

Excise tariff is the tariff charged on tobacco products and determined by using the amount in rupiah for each unit of stick or gram of tobacco products as stipulated in Regulation of the Minister of Finance number 179/PMK.011/2012 and its amendment regulation. The excise tariff used is machine-made cigarettes tariff. (average rate in units of rupiah per stick)

Compliance of Cigarettes Manufacturer

Compliance of cigarettes manufacturer is the compliance of the exciseable goods manufacturer to the excise legislation. The profile score of the cigarettes manufacturer according to the Instruction of the Director General of Customs and Excise number Ins-06/BC/2011 on PPIHT becomes the proxy of the compliance variable. (scale between 0-100)

Excise Revenue

Excise revenue is the amount of state revenue derived from levies on tobacco excise duty as stipulated in the laws and regulations in the field of excise. (in rupiah)

Data Analysis Method

This study used partial regression analysis (Partial Least Square/PLS) to test the two proposed hypotheses. Each hypothesis will be analyzed using SmartPLS 3.0 software to test the relationship between those variables. Selection of PLS method is based on the purpose of research, where research aims to test the influence between variables and to test the effect of the cause and effect, This research is called predictive research (Abdillah, 2015). The criterion used for the feasibility of the research is the level of significance of the predictive relationship between variables (t-statistics). The variance-based SEM statistical techniques and regression-based statistical techniques are the preferred statistical techniques for the study.

Research on tax compliance, particularly compliance in the excise field by using taxpayer profile data as a proxy of compliance variables, according to the author's knowledge has never been done. Based on that, the variance-based SEM as a method of analysis is considered appropriate as an alternative. When the purpose of the study is to explore and predict relationships between latent variables because the theory has not developed or weak then PLS-SEM is as an alternative (Widarjono, 2015). This study uses Path Analysis/Path Analysis where this model does not involve grain or aspect/factor but directly composite score variable.

Findings

Overview of Research Sample

The research was conducted on machine made cigarettes manufacturer class I (SKM) with the production amount of more than 2 billion sticks per year. In accordance with the criteria, the sample of taxpayer manufacturer in the table below is obtained.

Table 1. Sample of Research

No	Manufacturer	Amount of production SKM	KPPBC

		2014	2015	2016	
1	PT Gudang Garam	67.363.449.600	66.809.689.800	67.548.381.600	Kediri, Pasuruan
2	PT Djarum	40.539.294.600	42.078.907.200	44.160.348.000	Kudus
3	PT HM Sampoerna	22.870.689.000	24.046.379.400	23.240.202.000	Kediri, Pasuruan, Malang
4	PT Sampoerna Indonesia Sembilan	16.879.536.000	15.316.800.000	13.245.120.000	Pasuruan
5	PT Perusahaan Dagang dan Industri Tresno	9.586.077.600	15.633.666.000	16.303.314.000	Malang
6	PT Nojorono Tobacco International	10.104.378.000	9.993.456.000	7.746.660.000	Kudus
7	PT Karyadibya Mahardhika	6.703.051.200	7.610.451.000	5.143.422.000	Pasuruan, Malang
8	PT Subur Aman	6.891.906.000	4.683.636.000	5.920.980.000	Malang

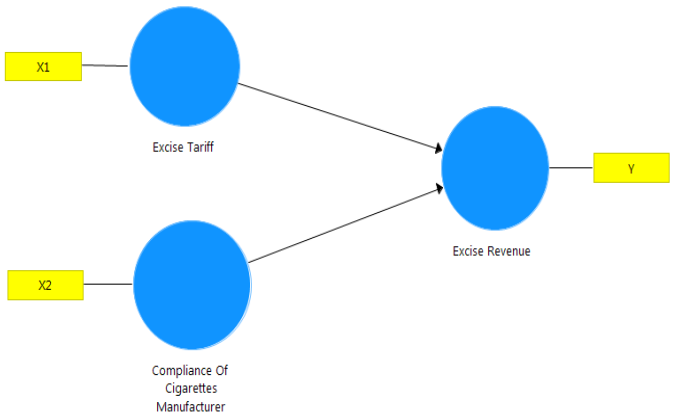
Source: data processed

The research data is in the form of panel data consisting of time series and cross section data. The research data is arranged in semester period because the initial data is monthly. Similar research with semester data has also been done before (Rianto, 2014). The research sample consisted of 8 (eight) made machine cigarettes manufacturer of class I. The data is prepared in the semester period starting from the second half of 2014, resulting in 40 observation data.

Evaluation of Structural Model

The analysis technique in this research is path analysis using Smart PLS 3.0 software. Since the PLS does not require a certain distribution assumption for parameter estimation so the parametric technique for testing or evaluating significance is not required. So that PLS is distribution-free (Ghozali, 2015). In other words compared to the CB-SEM approach, evaluation of PLS model based on predictor orientation having non parametric properties. The evaluation model of PLS is done by assessing outer model and inner model.

Figure 2. Inner of Research Models



In testing path analysis with observed variables there is no need to test the measurement model (outer model) to measure the validity and reliability, but directly estimates the structural model (inner model). Inner model testing is done to see the relationship between constructs or latent variables. Inner model measurement is done by looking at R-square (R^2) value, predictive relevance (Q^2) value, Effect Size (f^2) value.

Table 2. R-*Square* (R^2)

	R Square
Excise Revenue	0,434

Based on the R-square table (R^2) it can be concluded that the Excise Revenue Variable (Y) is explained by Tariff Variable (X_1) and Compliance of Cigarettes Manufacturer (X_2) of 43.4% while the remaining 56.6% is influenced by other variables outside the model. The value of R-square (R^2) 0.434 illustrates that the model is moderate (Ghozali, 2015).

Table 3. f-*Square* (f^2)

	Excise Revenue
Excise of Tariffs	0,022
Compliance of Cigarettes Manufacturer	0,742

The f^2 values of 0.02, 0.15 and 0.35 can be interpreted whether the predictors of latent variables have a weak, medium or large influence on the structural level. Based on these criteria it can be seen that the variables of excise tariff have a weak effect on the structural model while the cigarettes manufacturer compliance variable has a big effect.

Evaluation of structural model results not only by looking at the magnitude of R-square (R^2) but can also be done by calculating predictive relevance (Q^2) or often called predictive sample reuse (Ghozali, 2015). This technique can represent synthesis of cross-validation and fitting functions with prediction from observed variables and estimation of construct parameters. This approach is done by using the blindfolding procedure. The value (Q^2)> 0 indicates that the model has predictive relevance, if (Q^2) <0, then the model lacks predictive rellevance. The formula for calculating (Q^2) is as follows (Husein, 2015):

(Q^2) = 1 - $(1-R_1^2)$ $(1-R_2^2$)……$(1-Rp^2)$
= 1 - (1-0,434)
= 1 - (0,566)
= 0,434

Based on the calculation, it is known that the model has predictive relevance because (Q2)> 0.

In reporting the results of the analysis PLS need to add VIF calculations if the analyzed constructs are formative. Based on Table IV, the VIF value is still below 10 so that it meets the criteria of passing the multicolinearity test. VIF values are recommended <10 or <5 and tolerance values> 0.10 or> 0.20.

Table 4. Inner VIF Values

	Excise Revenue
Compliance of Cigarettes Manufacturer	1,000
Excise tariff	1,000

From testing of R^2, f^2, Q^2 and VIF it can be viewed that the model formed can be tested further hypothesis.

The Result of Path Analysis

The hypothesis test in Path Analysis is done by bootstrapping calculation. The overall result of bootstrapping with Smart PLS 3.0 software can be shown in the following table.

Table 5. Path Coefficient
Mean, STDEV, T-Values, P-Values

	Original sample (O)	**Sample Mean (M)**	**Standard deviation (STDEV)**	**T Statistics (|O/STDEV|)**	**P Values**
Excise of tariff (X_1) -> Excise Revenue (Y)	0,112	0,105	0,121	0,926	0,177
Compliance of Cigarettes Manufacturer (X_2)-> Excise Revenue (Y)	0,649	0,647	0,094	6,909	0,000

In accordance with the path coefficient in table V above, it can be obtained the following equation:

$$Y = 0{,}112\ X_1 + 0{,}649X_2$$

The results of testing and discussion of the effect of excise tariffs on excise revenue

Based on the results of path analysis in table V, it is known that the coefficient value of the path is 0.112, then the direction of the relationship between X_1 (Tariff) to Y (Excise revenue) is positive. The t-statistic value of 0.926 is smaller than the t-table of 1.96, so it can be concluded that the influence between X_1 (Tariff) to Y (revenue) is not significantly positive. In accordance with the terms and criteria of testing if the t-statistic value <t-table (0.926 <1.96) then Ho is rejected and Ha is supported. This means X_1 (Tariff) has no significant effect on Y (revenue). **So the first hypothesis is not supported** and unsuccessfully explained by the research data.

The test results do not support Marks (Marks, 2003) which states that when the demand for tobacco products is estimated to be relatively inelastic and the imposition of higher tariffs should generally increase excise revenue. The results of this study also do not support the research of Merriman (Merriman, 1994) which states every year in every state of the United States shows a large tax revenue from the increase in cigarette taxes. The test results reinforce the research (Rianto, 2014) stating that excise tariff has no significant effect on the revenue of excise duty on machine-made cigarettes class I.

Excise tariff has no significant effect on excise revenue so that other factors are more influential such as national economic condition, the amount of cigarette production and also the determination of retail price. The relationship between tariffs and state revenues can be explained by the Laffer curve (Wanniski, 1978), according to the Laffer curve if the increasing tariff does not cause the decrease of state revenue, the tariff has not yet entered the prohibited range area, so the tax rate is not too high. Research of PSEKP - UGM states that the higher tariff will actually have the opposite effect on the revenue of excise duty. Based on the research result, it is concluded that the excise tariff for cigarette manufacturer class I still has not influenced the excise revenue so that the tariff can still be adjusted again by the government.

Results of testing and discussion of the influence of the Compliance of Cigarettes Manufacturer to the Excise Revenue

Based on the result of path analysis in table V, it can be known that the coefficient value of the path is 0.649 then the direction of the relationship between X_2 (compliance of cigarettes manufacturer) to Y (revenue) is positive. The t-statistic value of 6.909 is higher than the t-table of 1.96, so it can be concluded that the effect between X_2 (Compliance of cigarettes manufacturer) to Y (revenue) is significantly positive. In accordance with the terms and criteria of testing if the t-statistics value> t-table (6.909> 1.96) then Ho is supported and Ha rejected. This means that X_2 (compliance of cigarettes manufacturer) has a significant positive effect on Y (revenue). so the second hypothesis is supported and successfully explained by the research data.

The results of this study strengthen the study Tiolina (Tiolina, 2016) which states that the impact of taxpayer compliance with the increase of state tax is a significant positive effect. The results of this study also strengthen the research (Suryadi, 2006) that taxpayer compliance as measured by tax audit, law enforcement and tax compensation significantly influence the performance of tax revenue.

In relation to the results of the research, the supervision of tobacco products should be increased because tobacco has a negative impact on the community. The supervision aspects of tobacco products by DJBC include the obligation to protect the transportation with documents, with the supervision of market price of tobacco product market and compliance control of tobacco product manufacturer. One of such supervision is with profiling according to Directive of Customs No.06 of 2011. The better of the supervision will increase the compliance of the cigarettes manufacturer and have a direct impact on excise revenue.

The higher compliance of sigarettes manufacturer will have a significant positive effect on excise revenue. Based on this research, it can be seen that the profile score can be a measuring tool of the cigarettes manufacturer compliance variable. Therefore DJBC should make efforts on accuracy the profile of tobacco products manufacturer. The more accurate the profile data, it will facilitate the decision-making by the leadership and support the risk management at DJBC.

Conclusion

Based on testing and discussion in the previous section, it can be concluded and suggestions as follows:

- Excise tariff has no significant effect on excise revenue, so that other factors are more influential such as national economic condition, cigarette production amount and also the determination of Retail Price. Based on the result of research, it can be concluded that excise tariff for cigarette manufacturer class I has not influenced the excise revenue so that tariff can still be adjusted by government. Although excise tariff has no significant effect on excise revenue, for the future policy is still required prudence in the application of new tariffs.
- Compliance of cigarettes manufacturer have a significant positive effect on excise revenue. The value of the cigarettes manufacturer profile becomes the proxy of the cigarettes manufacturer compliance variable. The higher the value of the profile will have a significant positive effect on excise revenue. Therefore, it is necessary to improve the measurement of compliance value of tobacco products manufacturer.
- Further research needs to be done by expanding the object of research for all tobacco products. In addition, there is a need for in-depth study to examine the effect of different tariff classes to the opportunities of corruption/fraud in the excise sector (Marks, 2003).

References

Abdillah. W, & H. Jogiyanto. (2015). Partial Least Square (PLS) - Alternatif Structural Equation Modeling (SEM) dalam Penelitian Bisnis. Yogyakarta: CV. Andi Offset

Centre for Tax Policy and Administration. (1999). Compliance Measurement. Practice Note. 23. OECD

Allen. E. (2009). The Illicit Trade in Tobacco Products and How to Tackle It. International Tax and Investment Center (ITIC): 36

Barber. S, & A. Ahsan. (2009). The tobacco excise system in Indonesia; Hindering effective tobacco control for health. Journal of Public Health Policy, vol.30: p.208-225

Direktorat Jenderal Bea dan Cukai. (2017). Bahan presentasi Kuliah Umum Direktur Jenderal Bea dan Cukai di Universitas Gajah Mada Yogyakarta. Jakarta : Direktorat Jenderal Bea dan Cukai

Direktorat Jenderal Bea dan Cukai. (2011). Instruksi Direktur Jenderal Bea dan Cukai nomor Ins-06/BC/2011 tentang Profil Pengusaha Pabrik dan Importir Hasil Tembakau dalam Rangka Pelayanan dan Pengawasan di Bidang Cukai (PPIHT). Jakarta : Direktorat Jenderal Bea dan Cukai

Ghozali, I & H. Latan. (2015). Konsep, Teknik, Aplikasi Menggunakan Smart PLS 3.0 Untuk Penelitian Empiris, Semarang: BP Undip

Hardjito. Y. R. S. A. (2008). Implikasi Undang-Undang Cukai terhadap ketaatan Pengusaha Pabrik Rokok dalam membayar Cukai (Studi di Kantor Pengawasan dan Pelayanan Bea dan Cukai Tipe A2 Kudus). Unpublished master's thesis, Universitas Diponegoro, Semarang

Husein, A. S. (2015). Penelitian Bisnis dan Manajemen menggunakan Partial Least Squares(PLS) dengan SmartPLS 3.0"

Marks. S. V. (2003). Cigarete Excise Taxation in Indonesia : An Economic Analysis. Jakarta, Nathan/Checchi Joint Venture Partnership for Economic Growth (PEG) Project

Merriman. D. (1994). Do Cygarette Excise TaxRates Maximize Revenue?. Economic Inquiry, vol. XXXII: p.419-428

Nugroho. W. S. (2016). Intensitas Penindakan Berpengaruh pada Peningkatan Produksi dan Penerimaan. Warta Bea Cukai. Jakarta: Direktorat Jenderal Bea dan Cukai

PSEKP-UGM. (2016). Pengaruh Variabel Hukum dibidang Cukai Terhadap model Kebijakan Cukai Hasil Tembakau. Jakarta: Direktorat Jenderal Bea dan Cukai

Republik Indonesia. (2007). Undang-Undang Nomor 39 tahun 2007 tentang Perubahan atas Undang-undang nomor 10 tahun 1995 tentang Cukai. Jakarta : Kementerian Keuangan

Rianto. K. B. (2014). Analisis Pengaruh Penetapan Harga Jual Eceran dan Tarif Cukai Rokok terhadap Produksi Rokok dan Penerimaan Cukai Jenis Sigaret Kretek Mesin pada Tahun 2009-2012. Unpublished master's thesis, Universitas Gadjah Mada, Yogyakarta

Subagjo. K. (1998). Kebijakan Penetapan Tarif Cukai dan HJE SKM dan Pengaruhnya pada Penerimaan Cukai. Unpublished master's thesis, Universitas Indonesia, Jakarta

Surjono. N. D. (2013). Dampak Cukai terhadap Harga Jual Eceran Rokok studi kasus perbandingan sistem cukai di Indonesia (tahun 2005 -2010). Jurnal Kajian Ekonomi dan Keuangan, no.17 vol 3: p.201–218

Surono. (2007). Pengaruh Kebijakan Cukai, Fasilitas Penundaan dan Tingkat Produksi terhadap pungutan cukai pada industri Rokok di Sumut. Unpublished master's thesis, Universitas Sumatera Utara, Medan

Suryadi. 2006. Model Hubungan Kausal Kesadaran, Pelayanan, Kepatuhan Wajib Pajak dan Pengaruhnya Terhadap Kinerja Penerimaan Pajak: Suatu Survei

Tiolina. E. (2016). The Effect of Taxpayer Compliance Against Increasing The Tax Revenue Agency. International Journal of Economic Perspectives, Vol. 10(2): p.84-92

Wanniski. J. (1978). Taxes, Revenues and the Laffer curve. The Public Interest.

Widarjono. A. (2015). Analisis Multivariat Terapan, Dengan Program SPSS, AMOS dan SMARTPLS. Yogyakarta : UPP STIM YKPN