Analysis on Tax Compliance in Indonesia (Case Study in The Tax Service Office Jakarta)

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Abstract: *This study aims to examine the effect of knowledge of taxation, tax administration sanctions, and the application of e-filing to individual taxpayer compliance. This study uses a causal method that uses primary data with the form of survey research that is spreading questionnaires, and processed with SPSS Application (Statistical Product and Service Solutions). The sample from this study is an individual taxpayer registered at Tax Office (KPP) Pratama Jakarta Cengkareng. The number of samples in this study were 96 taxpayers using simple random sampling technique. The result of this study indicate that the variable knowledge of taxation, tax administration sanctions and the application of e-filing together affect the personal taxpayer compliance at Tax Office (KPP) Pratama Jakarta Cengkareng.*

Keywords: Tax Knowledge, Tax Administration Sanctions, E-Filing, Tax Compliance

1. Introduction

Tax is one source of revenue for a country, Indonesia is one that relies on taxes as the main source of state revenue. The goverment uses taxes to finance national development in the welfare of society. The role of tax in national development is very dominant, altough the role of tax can be felt directly or indirectly in daily life. The perceived benefits of taxes include transportation facilities, educational facilities, health facilities, public facilities and infrastructure. Therefore, the role of citizens in fulfilling their tax obligations is very important to optimize state revenues. In accordance with one of the function of tax, namely budget air, it means that tax is one of the sources of goverment revenue to finance expenses, both routine and development. As a source of state finance, the goverment seeks to include as much money as possible for the state treasury. These efforts were taken by extending and intensifying tax collection through improving regulations on various types of taxes, such as Income Tax, Value Added Tax (VAT), Sales Tax on Luxury Goods, Land and Building Taxes, etc (Resmi, 2017: 3).
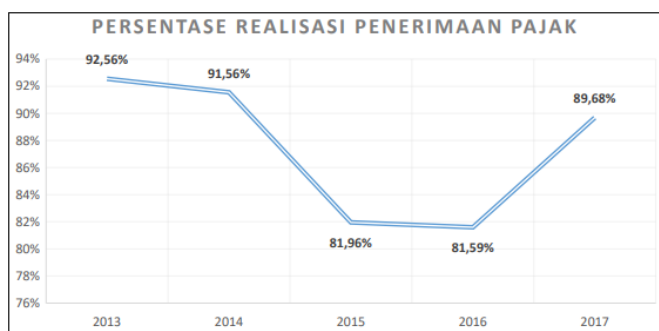
Figure 1: Realized Tax Revenue Percentage
Source: Directorate General of Tax 2017 Performance Report

In the table above shows that taxpayer compliance continues to decline from 2013 to 2016, until 2017 increased by 8.09% which in 2016 amounted to 81.96% to 89.68%. But it was not as good as the realization of tax revenue in 2013 which reached 92.56% and 2014 amounted to 91.56%. This can cause the tax burden to increase every year in meeting the budget for state expenditure, while taxes are needed for the development of the country. Knowledge of taxation, namely taxpayers know about general provisions and tax procedures. A taxpayer must understand the rules in taxation that a taxpayer must have a Taxpayer Identification Number. Taxpayer Identification Number is a means of tax administration that is used as a self-identification or taxpayer identity. Each taxpayer is only given one Taxpayer Identification Number (Resmi, 2107: 23).

In addition to tax knowledge, tax administration sanctions are considered to be one factor in the low taxpayer obligation. According to Wardani, et al (2014) in accordance with the applicable tax provisions in Indonesia, that this administrative sanction is intended for any taxpayer who does not comply with or fulfill his tax obligations. The imposition of administrative sanctions on taxpayers is expected to be able to make them obey and comply with their obligations as taxpayers, so that taxpayers will be obedient and obedient in submitting Annual Notification on time. The next factor affecting obedient taxpayers in reporting their taxation is the implementation of e-filing. The Directorate General of Tax continues to develop e-filing to facilitate its users in the hope that it can change the way taxpayers submit the Annual Tax Return, from paper-based to electronic based reporting. As was done in 2015, Directorate General of Tax added an upload feature to the e-filing application. With the presence of these features, taxpayers using e-filing applications can report electronic Annual Tax Return directly using internet facilities without going trough an applications service provider. Based on empirical evidence, previous research still shows different results, namely the research conducted by Adesina Olugoke Oladipupo and Uyioghosa Obazee (2016) knowledge of taxes has a positive and significant effect on taxpayer compliance, while Fauziati, et al (2016) tax knowledge has no impact on tax compliance. On the tax administration

sanction variable, Suryadi, et al (2016) tax administration sanction have a positive effect on tax compliance, while Bay and Samadara (2016) tax administration sanction do not have a positive and significant effect on taxpayer compliance. Whereas in the e-filing variable, Agustiningsih (2016) the application of e-filing had a significant and positive effect on taxpayer compliance, while Pujiastuti (2018) the application of e-filing had no effect on tax payer compliance.

2. Literature Review

2.1 Taxpayer Compliance

According to Muturi and Kiarie (2015) Tax compliance is the approval of taxpayers issued on the basis of obligations and taxes made in accordance with tax laws and regulations, without interference from the tax authorities through enforcement. However, if voluntary compliance is low, enforcement measures such as audits will also be carried out. Whereas according to Burton (2014: 36) Taxpayers who are classified as obedient can reflect that in the soul of the taxpayer has been embedded a strong national spirit in maintaining the benefit of human life, as long as in paying taxes do not feel any compulsion although theoretically compulsion is an element of tax. One form of taxpayer compliance is paying taxes by delivering a Notice of Return. According to Engida and Baisa (2014) Significant factors that influence tax compliance in Mekelle at the time of the research are the possibility of being audited. It may be found that auditing is the main explanatory factor in determining tax compliance behavior, followed by changes in current government policies and financial constraints.

2.2 Berkeley's Moral Theory in Passive Obedience

The moral theory underlying Berkeley's claim that we have a duty never to resist the supreme power has several different elements (Häyry, 2012). Individuals should not actively oppose the highest powers either by doing what is prohibited or by opposing public authorities in the implementation of their legal duties. Individuals also usually have to act in the manner ordered by the highest powers, but the obligation to stop binding them when this leads to violations of natural moral law. Because humans must obey the laws of nature, in fact, they have a moral obligation not to violate absolute prohibitions at the behest of their civilian leaders. If they are in a subordinate position of power, they must also refuse to carry out orders that would violate the moral law. Passive obedience and passive resistance are compatible in the Berkeley's system.

2.3 Technology Acceptance Model (TAM)

This theory was first introduced by Davis in 1986. This theory was adopted from the Theory of Reasoned Action by Ajzen (1975). Technology Acceptance Model (TAM) is one theory about the use of information technology systems that are considered very influential and are generally used to explain individual acceptance of the use of information technology systems. This theory can also be used to see how a technology system can affect the compliance of individual taxpayers, where e-filing is applied as a technology system

(Susmita and Supadmi, 2016). This TAM model has two main factors to assess the acceptance of a technology, namely Perceived Usefulness and Perceived Ease of Use. The TAM model shows that when users are presented with new technology, there are a number of factors that can influence their decisions about when to use and how to use the technology.

2.4 Taxation Knowledge

Knowledge of taxation which is where taxpayers know about general provisions and procedures for taxation, taxation systems and taxation functions. A taxpayer must understand the tax rules, namely a taxpayer must have a Taxpayer Identification Number, Resmi (2017: 23). Diana and Setiawati (2014: 1-2) tax collection in Indonesia refers to the self assessment system. The self assessment system is a tax collection system that gives authority, trust, responsibility to taxpayers to calculate, calculate, pay, and report on the amount of tax to be paid. Taxpayers are individuals or entities, including taxpayers, tax cutters, and tax collectors, who have tax rights and obligations in accordance with the provisions of laws and regulations on taxation. Sutanto (2014: 2) explains that there are two tax functions, commonly known in the Indonesian taxation system, namely: (1) budgetair functions (2) regularend functions.

2.5 Tax Administration Sanctions

Law of the Republic of Indonesia Number 28 of 2007 concerning Third Amandemen to Law Number 6 of 1983 concerning General Provisions and Procedures for Taxation of Number (13), Article (13), Paragraph (3). This paragraph regulates administrative sanctions from a tax assessment for violating tax obligations as referred to in paragraph (1) letter b, letter c, and letter d. Administrative sanctions, namely an increase in administrative fines in the form of interest is a proportional amount that must be added to the tax principal that is less paid. Pohan (2014: 137) if the Notification Letter is not delivered within the stipulated period or within the deadline for extenting the Annual Tax Return submission, it will be subjected to administrative sanctions in the form of a fine of Rp 500,000.00 for VAT Periodic Tax Returns, Rp 1,000,000.00 for the annual tax return on corporate taxpayers and Rp 100,000.00 for personal income tax returns. The purpose of imposing administrative sanctions in the form of fines is for the orderly interest of tax administration and improving taxpayer compliance in fulfilling the obligation to submit a notification letter.

2.6 Tax Administration Sanctions

According to Pandiangan (2014: 39) e-filing is a way of sending Annual Tax Return electronically which is done online and real time via the internet on the website of the Directorate General of Taxes (www.pajak.go.id) and Application Service Providers or Application Service Providers (ASP) Meanwhile, the party that fulfills the criteria for submitting the annual SPT with e-filing is the Personal WP who uses the Annual SPT Form 1770 S and the Annual Tax Return Form 1770 SS. Reporting from www.pajak.go.id according to Director General of Taxes

Regulation Number PER-1 / PJ / 2014 e-filing is a way to electronically submit annual SPTs conducted online and real time via the internet on the website or through an Application Provider Company or Application Service Provider (ASP).

3. Research Method

The design used in this study is causal research, which is a study used to determine the effect of one or more independent variables (X) on the dependent variable (Y).

In this study, the data source used is primary data. Primary data is data obtained directly by data collectors from the object of research (Wati, 2017: 23). The population in this study is an individual taxpayer registered at KPP Pratama Cengkareng, West Jakarta. The taxpayer was chosen to be the population in this study because they already and will have a Taxpayer Identification Number, both never and never used e-filing, this can be used as a respondent to find out Taxpayer Compliance at KPP Pratama Jakarta Cengkareng. The analytical method used is statistical analysis whose calculations are performed using SPSS 23. The analytical tool used in this study is multiple linear regression analysis because the independent variables used in this study are more than one variable.

As a basis, the calculation is used as the following linear equation model:
$$Y = \alpha + \beta 1 X_1 + \beta 2 X_2 + \beta 3 X_3 + e$$

4. Result and Discussion

4.1 Result of Descriptive Statistics

Descriptive statistics provide an overview of data in general or descriptive of the overall data from each variable contained in the study consisting of the mean and standard deviation and deviations in the estimated standard error. This description can be seen from the results that have been processed as follows:

Table 1: Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Devition
Tax Knowledge	96	18	25	21.4	2.447
Tax Administration Sanction	96	8	20	16.05	2.489
Aplication of E-Filing	96	27	40	35.79	3.83
Tax Compliance	96	15	25	21.6	2.421
Valid N (listwise)	96				

From table 1, it can be seen the results of the Tax Knowledge variable on 96 respondents analyzed that has a minimum value of 16 with a maximum value of 25, and has a mean value of 21.40 with a standard deviation value of 2.447. The second variable namely Tax Administration Sanctions has a minimum value of 8 with a maximum value of 20, and has a mean value of 16.50 with a standard deviation value of 2.489. then the third variable, namely the Application of E-Filing has a minimum value of 27 with a maximum value of 40 and has a mean value of 35.79 with a standard deviation value of 3.830.   whereas in Taxpayer Compliance has a minimum and maximum value of 25 with

an average value of 21.60 and a standard deviation value of 2.421.

Table 2: Multiple Linear Regression Test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.456	2.2		1.571	0.12
Tax Knowledge					
Tax	0.354	0.112	0.314	3.175	0.002
Administration Sanction	0.107	0.114	0.082	0.942	0.349
Application of E-Filing	0.197	0.6	0.323	3.263	0.002

Based on Table 2 multiple linear regression equation, which is read is the value in column B, the first line shows a constant (a) and the next line shows the coefficient of the independent variable. Based on table 2 the regression models used are as follows.

$$Y = \alpha + \beta 1 X_1 + \beta 2 X_2 + \beta 3 X_3 + e$$

Taxpayer Compliance = 3.456 + 0,314 + 0,082 + 0,449 + ε

From the results of the multiple linear regression testing above, it can be seen that:
1) The constant of 3.456 shows that if the independent variables (Knowledge of Taxation, Administrative Sanctions Taxation and Application of E-Filing), the value of Y (Taxpayer Compliance) is 3.456%
2) Tax Knowledge variable regression coefficient 0.314. This can mean that any increase in Taxation Knowledge of 1%, the dependent variable, Taxpayer Compliance will increase by 31.4%. It can be concluded that the coefficient is positive, meaning there is a positive relationship between the dependent variable and the independent variable.
3) Tax Administration Sanctions variable coefficient regression 0.082. This can mean that every increase in Tax Administration Sanctions is 1%, then the dependent variable is Taxpayer Compliance will increase by 8.2%. It can be concluded that the coefficient is positive, meaning there is a positive relationship between the dependent variable and the independent variable.
4) E-Filing Application variable regression coefficient of 0.449. This can mean that any increase in understanding of tax reporting through E-Filing is 1%, Taxpayer Compliance increases by 44.9%. It can be concluded that the coefficient is positive, meaning there is a positive relationship between the dependent variable and the independent variable.

5. Discussion

5.1 Effect of Taxation Knowledge on Taxpayer Compliance

Based on table the Tax Knowledge variable has a significance level of 0.002 where this value is smaller than the significance value of 0.05. This states that Tax Knowledge has a significant and positive effect on the Taxpayer Compliance Level. The more taxpayers know and

are aware of their taxation, the more taxpayers will be obedient to their taxation. Knowing the general provisions and procedures for taxation, making taxpayers more obedient to their taxation. Knowing about the taxation system in Indonesia where it calculates, calculates, pays and reports its own taxation and knows the function of taxation itself where taxes are the largest source of revenue for the country that can be used to build better infrastructure and public services for the community. The results of this study are supported by previous researchers namely Khasanah (2014), Sudrajat and Opusunggu (2015) which concluded that tax knowledge has a positive and significant effect on taxpayer compliance, the higher tax knowledge, the better the taxpayer's understanding of taxation and the more obedient to taxation.

5.2 Effect of Tax Administration Sanctions on Taxpayer Compliance

Based on table 4.16 the Tax Knowledge variable has a significance level of 0.349 where this value is greater than the significance value of 0.05. This states that Tax Administration Sanctions have no effect on Taxpayer Compliance. With the existence of administrative sanctions applied by the Directorate General of Taxes it has no effect on taxpayer compliance. Each increase in the imposition of tax administration sanctions does not significantly influence the compliance of individual taxpayers in reporting taxation. The results of this study are supported by previous researchers namely Bay and Samadara (2016) showing the same results where tax administration does not significantly influence taxpayer compliance, this shows that any increase in tax administration sanctions will reduce taxpayer compliance in paying taxes.

5.3 Effect of E-Filing Implementation on the level of Taxpayer Compliance

Based on table 4.16 the variable E-Filing Implementation has a significance level of 0.002 where this value is smaller than the significance value of 0.05. This states that the implementation of E-Filing has a significant and positive effect on the Taxpayer Compliance Level. The better service provided by the Directorate General of Taxes to Taxpayers, the more interested and obedient the Taxpayers will be towards taxation. With growing technology, DGT is also taking advantage of this so that taxpayers can report their tax anytime and anywhere while taxpayers are connected to the internet. The results of this study are supported by previous researchers namely Kartini, d.k.k (2016), Agustiningsih (2016) and Pujiastuti (2018) stating that the application of e-filing has a significant and positive effect on taxpayer compliance. Taxpayers assume that e-filing is useful and makes it easier for them to carry out tax obligations, will make taxpayers feel satisfied using e-filing and further make taxpayers more obedient. So the better the application of e-filing, the Taxpayer Compliance will increase.

6. Conclusion

This study aims to determine what are the most dominant factors that influence the compliance of tax wages in the Cengkareng Jakarta Tax Service Office (KPP). Based on research and discussion, the conclusions from this study are:

1) Taxation Knowledge has a significant and positive effect on Individual Taxpayer Compliance. This shows that the knowledge of taxation of individual taxpayers registered at KPP Pratama Jakarta Cengkareng is still quite good. The more taxpayers know and are aware of their taxation, the more taxpayers will be obedient to their taxation. Knowing the general provisions and procedures for taxation, making taxpayers more obedient to their taxation. Knowing about the taxation system in Indonesia where it calculates, calculates, pays and reports its own taxation, and knows the function of the taxation itself where taxes are the largest source of revenue for the country that can be used for state development.

2) Tax Administration Sanctions do not affect the level of Individual Taxpayer Compliance. This shows that the existence of administrative sanctions applied by the Directorate General of Taxes does not affect the Taxpayer's Compliance. Every increase in the imposition of tax administration sanctions does not significantly affect the compliance of individual taxpayers in reporting taxation.

3) Application of E-Filing has a significant and positive effect on Individual Taxpayer Compliance. This shows that the better the service provided by the Directorate General of Taxes to Taxpayers, the more interested and obedient taxpayers will be towards taxation. With growing technology, DGT also takes advantage of this so that taxpayers can report their tax anywhere and anytime within 24 hours while taxpayers are connected to the internet.

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