The Effect Modernization Tax Administration System and Tax Service on Tax Compliance and Tax Knowledge as Moderation Variable

Umni Khulsum¹, Waluyo²
Universitas Mercu Buana Jakarta

Abstract: This research was conducted to examine the effect of the modernization tax administration system and tax services on tax compliance and tax knowledge as a moderating variable, where the sample was conducted in MSMEs domiciled in Jakarta. The sampling technique used convenience sampling. The number of respondents is based on 120 respondents, but 4 respondents did not return a questionnaire of 12 and 108 respondents data were processed data conduct to research. This study uses PLS (Partial Least Square) test. This research uses moderating variables, this is knowledge tax variables. The research results tax administration system modernization variables affect taxpayer compliance, tax service variables affect with tax compliance while the moderating variable of tax knowledge on the modernization tax administration system affects taxpayer compliance and tax knowledge moderating tax services affects tax compliance.

Keywords: Modernization of Tax Administration System, Tax Services, Tax Knowledge, Taxpayer Compliance

1. Introduction

Tax is one of the businesses used by the government to realize state independence in financing development has consequences in taxation policies. Hestu Yoga (2018) the tax compliance of Micro, Small and Medium Enterprises (MSME) actors is still minimal, of the 60 million UMKM units in Indonesia, only around 2.5% or as many as 1.5 million taxpayers report their taxes. Even so, the number of taxpayers has continued to increase since the enactment of Government Regulation number 46 of 2013 concerning Final UMKM Income Tax, Directorate General of Taxes is optimistic that the reduction in income tax rates to 0.5% can increase the number of tax compliance. Yustinus (2018) the potential for tax revenues for small and medium enterprises has not been optimized by the tax authority, as many as 50 million SME actors contribute to 60% of GDP or around Rp.8,000 trillion. The government has actually issued Government Regulation Number 23 of 2018 which relaxes the final income tax for small and medium enterprises (SME) taxpayers, from 1% to 0.5% and is valid from July 1, 2018. SMEs who are can use the final PPh with this special rate which has a maximum turnover of Rp. 4.8 billion a year, not yet optimal SME tax revenue is influenced by many factors, especially the still large number of SMEs who have not been registered with the tax office.

Research on the effects of the modernization of the tax administration system, tax services and knowledge of taxation on taxpayer compliance has been carried out by several researchers. Rindi Lestari (2017) revealed that the modernization of the tax administration system in Indonesia has an effect on taxpayer compliance, this is because the modernization of the taxation system is able to provide convenience to taxpayers in carrying out tax compliance. Sri Rahayu (2009) revealed that the modernization of the tax administration system was not affected by taxpayer compliance, this was because internal factors of the use of internet technology by the surrounding community were still low. Fani Adhistyastuti (2018) revealed that the modernization of the tax administration system had an effect on tax compliance. Ajeng Putri (2015) revealed that tax knowledge and modernization of the tax administration system had an effect on tax compliance. Yulayca Ardian (2014) revealed that the modernization of the taxation system affected taxpayer compliance while knowledge of taxation did not affect taxpayer compliance.

Hana Sifanuri (2017) revealed that the modernization of the tax administration system affected taxpayer compliance. Waluyo, Saaddah (2019) revealed that tax authorities' services have an effect on taxpayer compliance, and knowledge of taxation moderating tax office services affects taxpayer compliance. Cindy Jotopurnomo (2013) revealed that the tax authorities' service had an effect on taxpayer compliance, if the services provided by the tax authorities were good they would help improve compliance. Een Erolina (2018) revealed that Fiscal services have an influence on taxpayer compliance, while for moderating variables knowledge of taxation cannot moderate the influence of tax authorities service quality on taxpayer compliance. Ruth Novi (2017) revealed that service quality and knowledge of taxation had no effect on taxpayer compliance, this could occur because the quality of service from the tax office service had not been able to meet or exceed taxpayer expectations. Rudolof Tulenan (2017) revealed that Fiscal services do not affect taxpayer compliance. Fiscal service quality is one of the things that increases the interest of taxpayers in fulfilling their tax obligations and it is expected that tax officers must have good services related to all matters related to tax. Songsong Kencononowati (2015) revealed that tax services affect taxpayer compliance, this is because if the tax authorities provide good service, help solve the problem of taxpayers by breeding, so that taxpayers feel unencumbered that it has an impact on the level of tax compliance that will increase. Waluyo (2018) revealed that efficiency of taxes, profitability and growth of assets have an impact on leverage. Waluyo (2018) revealed that indicated that perceived tax fairness, tax knowledge, and tax administration influence of SME tax compliance. This
shows that companies tend to use taxes efficiently by maximizing costs, which can be reduced by income using debt.

2. Discussion, Thinking Framework and Hypothesis

Pembahasa

a) Compliance Theory (Compliance Theory)
Allingham, Sandmo (1972) assumes that the level of non-compliance from the economic side, the behavior of taxpayers is based on the desire to maximize the expected usefulness. Fundamentally it is believed that tax avoidance is inversely proportional to the possibility of the size of sanctions imposed. Therefore individuals will always be challenged to pay taxes properly, thus this theory solely places compliance with taxpayers, while the behavior of tax office services is not ignored by taxpayers. Compliance theory has two basic perspectives on compliance with normative and instrumental laws.

Tax Compliance
James and Alley (2014) define non-compliance behavior in the form of tax evasion and tax avoidance. Tax evasion is an attempt to break down tax obligations by illegal means, while tax avoidance is defined as an attempt to parse taxes in a legal manner. Fidel (2008) taxpayer compliance is a form of awareness of taxpayers in carrying out their tax obligations and is a determining indicator that influences state revenues, especially in the self-assessment system that bestows responsibility on taxpayers in calculating, reporting and paying taxes owed to the state, expected compliance in voluntary form is not coercive. Safri Nurmantos (2010) tax compliance can be defined as a situation where taxpayers fulfill all tax obligations and carry out their taxation rights. Taxpayer compliance is the fulfillment of tax obligations carried out by taxpayers in order to contribute to development today which is expected to be given voluntarily in its fulfillment. Taxpayer compliance is a very important aspect considering that the taxation system in Indonesia adheres to a Self Assessment system wherein the process absolutely gives confidence to taxpayers to calculate, pay and report their obligations. Taxpayer compliance is defined as entering and reporting on the time the information needed, correctly filling in the amount of tax owed, and paying taxes on time without no coercion.

Modernization of the Tax Administration System
Siti Kurnia (2010) tax administration in the sense as a procedure includes, among others, the stages of taxpayer registration, tax determination, tax payment, tax reporting and tax collection. One indicator of good tax administration is the level of efficiency. Efficiency can be seen from two sides, from the side of tax collection tax, it is said to be efficient if the tax collection costs carried out by the tax office are among others in the supervision of taxpayer obligations smaller than the amount of tax collected, from the taxpayer side, said tax collection system is efficient if the costs incurred by taxpayers to fulfill their tax obligations can be as minimal as possible. Rosdiana, Irianto (2011) a tax administration is categorized as bad if the tax administration is only able to collect large amounts of tax from the taxation sector that is easily taxed (for example with withholding systems) such as taxation employee salary income but unable to collect taxes on other sectors the potential tax is large, for example a business company or professionals

Tax Service
Tax services can provide comfort and convenience for taxpayers in carrying out their tax obligations. Moenir (2010) service is an activity carried out by a person or group of people on the basis of material factors through certain systems, procedures and methods in an effort to meet the interests of others in accordance with their rights. Service is essentially a series of activities, because service is a process. As a service process, it takes place routinely and continuously, covering the entire life of people in the community. Whereas according to Mahmoodin (2010) service is an activity or series of invisible activities that occur as a result of interactions between consumers and employees or other things provided by the service provider company intended to solve the problem of taxpayers.

Tax Knowledge
Supriyati, Nur Hidayat (2008) knowledge of taxation is knowledge about the concept of general provisions in the field of taxation, the type of tax that applies in Indonesia, starting from the subject of taxes, tax objects, tax rates, calculation of tax payable, recording of tax payable, to how to fill in tax reporting. This knowledge of taxation is not only conceptual understanding based on the Taxation Law, Minister of Finance Decree, Circular Letter, Decree but also the ability or technical skills to calculate the amount of tax payable. Knowledge and high insight in taxpayers have an impact on the higher level of tax compliance. Trisnasari (2017) tax knowledge is a result of knowing someone who is obtained through the results of vision and sensing of an object that relates to technical taxation both about tariffs, taxation techniques, renewal in the field of taxation and benefits if taxpayers have fulfilled their tax obligations so that taxpayers have information about tax administration procedures in accordance with the provisions of the Taxation Law.

3. Framework

The effect of modernizing the tax administration system on tax compliance
Siti Kurnia (2010) tax administration in the sense as a procedure includes, among others, the stages of taxpayer registration, tax determination, tax payment, tax reporting and tax collection. One indicator of good tax administration is the level of efficiency. Efficiency can be seen from two sides, from the side of tax collection tax, it is said to be efficient if the tax collection costs carried out by the tax office are among others in the supervision of taxpayer obligations smaller than the amount of tax collected, from the taxpayer side, said tax collection system is efficient if the costs incurred by taxpayers to fulfill their tax obligations can be as minimal as possible. Rosdiana, Irianto (2011) a tax administration is categorized as bad if the tax administration is only able to collect large amounts of tax from the taxation sector that is easily taxed (for example with withholding systems) such as taxation employee salary income but unable to collect taxes on other sectors the potential tax is large, for example a business company or professionals
The effect tax service on tax compliance
Mahmoedin (2010) service is an activity or series of invisible activities that occur as a result of interactions between consumers and employees or other things provided by the service provider company intended to solve the problems of consumers or customers. In simple terms the definition of quality is a dynamic condition that is related to human products, processes and environments that meet or exceed the expectations of those who want it, while services contain the provision of facilities in the form of information, motivation and facilities with the aim that the parties served feel safe, comfortable, satisfied and appreciated. In conclusion, tax services can be interpreted as a way of tax officers in helping to manage or prepare all the needs that someone needs to feel comfortable and safe (in this case is a taxpayer).

The effect modernizing the tax administration system on tax compliance and tax knowledge as moderating variable
Supriyati, Nur Hidayat (2008) knowledge of taxation is knowledge about the concept of general provisions in the field of taxation, the type of tax that applies in Indonesia, starting from the subject of taxes, tax objects, tax rates, calculation of tax payable, recording of tax payable, to how to fill in tax reporting. This knowledge of taxation is not only conceptual understanding based on the Taxation Law, Minister of Finance Decree, Circular Letter, Decree but also the ability or technical skills to calculate the amount of tax payable. Siti Kurnia (2010) the purpose of tax administration reform is that existing tax administration in a country implements an efficient and effective tax structure to achieve the optimal tax revenue target. This includes the development of human resources both increasing the quantity and quality of tax employees and increasing awareness of taxpayers to comply with their tax obligations. In addition, the development of information technology in taxation agencies to offset the existence of information technology that has been owned before by taxpayers to answer the challenges of globalization.

The effect tax service on tax compliance and tax knowledge as moderating variable
Trisnasari (2017) tax knowledge is a result of knowing someone who is obtained through the results of vision and sensing of an object that relates to technical taxation both about tariffs, taxation techniques, renewal in the field of taxation and benefits if taxpayers have fulfilled their tax obligations so that taxpayers have information about tax administration procedures in accordance with the provisions of the Taxation Law. Service quality is a factor that is the most important consideration in providing service to the community, because the quality of service that is less satisfactory will make taxpayers feel disturbed and feel disadvantaged in terms of time and service. Good service is one of the important factors in creating satisfaction with customers. A service can be said to be good if the business is carried out as expected.

Based on the foregoing description above, the model in this study can be illustrated in the following framework:

4. Hypothesis
From the formulation of the problem proposed in this study, the statistical hypothesis is as follows:
H1: Modernization tax administration system has an effect on tax compliance
H2: Tax service has an effects on tax compliance
H3: Tax knowledge moderates the modernization administration system has an effects on tax compliance
H4: Tax knowledge moderates tax effects has an effect on tax compliance

5. Research design
The researcher used the design of this study to analyze the influence of the modernization of the tax administration system, tax services and knowledge of taxation on taxpayer compliance with the object of personal taxpayer research in small and medium-sized businesses domiciled in Jakarta. The researcher used the design of this study to analyze the influence of the modernization of the tax administration system, tax services and knowledge of taxation on tax compliance with the object of research on small and medium business taxpayers domiciled in Jakarta. This research was carried out scientifically through field research using a survey of respondents. The data used in this study are primary data and secondary data. Primary data is data that comes directly from the source of data collected specifically and relates directly to the problem under study. To obtain primary data data collection techniques that can be used is the content analysis data collection technique. Primary data sources in this study were obtained directly from individual taxpayers of small and medium businesses. This data is in the form of a questionnaire that has been filled out by taxpayers who are respondents chosen in this study. Secondary data in the form of data that has been provided by the organization so that researchers can use the data as a reference, secondary data is needed in this study as a supporter of writing.

6. Research Results
Modernization of the tax administration system has an effect on tax compliance, modernization of the administrative system is able to provide time efficiency for taxpayers and provide convenience for taxpayers to carry out their tax obligations. The results of this study in accordance with the research conducted by Rindi Lestari (2017) reveal that the modernization of the tax administration system in Indonesia has an effect on taxpayer compliance, this is because the modernization of the taxation system is able to provide convenience to taxpayers in carrying out tax compliance. But this research is not in accordance with the research...
conducted by Sri Rahayu (2009) revealing that the modernization of the tax administration system is not affected by taxpayer compliance, this is because the internal factors of the use of internet technology by the surrounding community are still low. Services of tax authorities affect taxpayer compliance. If the tax authorities have good service quality, this can increase taxpayer compliance. The results of this study are in accordance with the research of Saaddah, Waluyo (2019) revealing that tax authorities' services influence taxpayer compliance, and knowledge of taxation moderating tax authorities’ services affects taxpayer compliance. But this research is not in accordance with the research conducted by Cindy Jotipurnomo (2013) revealing that the tax authorities' services affect taxpayer compliance, if the service provided by the tax authorities is good it will help improve compliance.

Tax knowledge to moderate the modernization of the tax administration system has an effect on tax compliance. Adequate tax knowledge so as to be able to implement a good tax administration system. The results of this study are in accordance with Een Erlina's research (2018), not in accordance with Seto Widagsono's (2017) study. Ajeng Putri (2015) revealed that tax knowledge and modernization of the tax administration system had an effect on tax compliance. This research is not in accordance with the research conducted by Yulayca Ardian (2014) revealing that the modernization of the taxation system has an effect on tax compliance while knowledge of taxation does not affect taxpayer compliance.

Tax knowledge moderates tax authorities' services influencing corporate taxpayer compliance, good tax services and adequate tax knowledge can improve tax compliance. This study is in accordance with the research of Saaddah, Waluyo (2019) revealing that tax authorities' services affect taxpayer compliance, and knowledge of taxation moderating tax office services affects taxpayer compliance. This study is not in accordance with Ruth Novi (2017) revealing that service quality and knowledge of taxation does not affect taxpayer compliance, this can occur because the quality of service from tax office services has not been able to meet or exceed the expectations of taxpayers.

7. Conclusions and recommendations

7.1 Conclusion

Based on the formulation of the problem, testing the hypothesis and the discussion presented in the previous chapter, conclusions can be drawn as follows:

a) Modernization of the tax administration system affects taxpayer compliance, this is because the system administration modernization system is able to provide time efficiency for taxpayers and provide convenience for taxpayers to carry out their tax obligations.
b) The services of the tax authorities affect taxpayer compliance, this is because if the tax authorities have good service quality it can increase taxpayer compliance.

c) Knowledge of taxation moderating the tax administration system affects taxpayer compliance, this is due to the existence of adequate tax knowledge so that it is able to implement a tax administration system.
d) Knowledge of taxation moderating tax authorities' services has an effect on taxpayer compliance, this is due to good tax services and adequate tax knowledge capable of increasing tax compliance.

7.2 Recommendation

The results of this study can motivate further research. By considering the existing limitations, it is hoped that future research will improve the following factors:

a) Government and Tax Agencies

The government as policy maker is expected to be able to provide legal certainty and clarity on issued policies. Tax agencies must continue to improve the quality of taxation services both in the form of improving the quality of human resources and other facilities.

b) Micro, Small and Medium Enterprise

MSMEs are expected to comply with taxation obligations, in order to increase state revenues, for infrastructure development needs and other activities.

c) Future Researchers.

Further researchers are advised to add independent and dependent variables

8. Figure and Table

<table>
<thead>
<tr>
<th>Reliability Table</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Modernization System</td>
</tr>
<tr>
<td>Tax Service</td>
</tr>
<tr>
<td>Tax Compliance</td>
</tr>
<tr>
<td>Tax Knowledge</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Construction Reliability Table</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>Tax Compliance</td>
</tr>
<tr>
<td>Tax Service*Tax Knowledge</td>
</tr>
<tr>
<td>Modernization System*Knowledge</td>
</tr>
<tr>
<td>Tax Service</td>
</tr>
<tr>
<td>Tax Modernization</td>
</tr>
<tr>
<td>Tax Knowledge</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Determination Coefficient Table (R²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Dependent</td>
</tr>
<tr>
<td>Tax Compliance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Predictive Relevance Table (Q²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Dependent</td>
</tr>
<tr>
<td>Tax Compliance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hypothesis Testing Table</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect</td>
</tr>
<tr>
<td>Modernization-&gt;Compliance</td>
</tr>
<tr>
<td>Tax Service -&gt; Compliance</td>
</tr>
<tr>
<td>Modernization-&gt;Compliance</td>
</tr>
<tr>
<td>Tax Service -&gt; Compliance</td>
</tr>
<tr>
<td>Knowledge -&gt; Compliance</td>
</tr>
</tbody>
</table>
References


