

The Effect of Modernizing the Tax Administration System And Service Quality on Compliance with Corporate Taxpayers in the City of Bandung

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ABSTRACT : The purpose of this study was to determine the effect of the modernization of the tax administration system and the quality of service to the tax compliance of registered entities at the Bandung Karees Primary Tax Service Office. The problem in this research is the level of compliance of corporate taxpayers in the city of Bandung who are registered mandatory SPT, there are 60 percent who report their tax obligations to the tax office. This study uses primary data by distributing questionnaires directly to corporate taxpayers as respondents at the Bandung Karees pratama tax office. Sampling using a purposive sampling method with a type of simple random sampling totaling 100 respondents taxpayer entities. Multiple linear regression analysis is a data analysis method used in this study.

KEYWORDS : Modernization of tax administration systems, service quality, taxpayer compliance

I. INTRODUCTION

Tax revenue is the main source of income for the Republic of Indonesia. The contribution of a sustainable tax can increase the level of public welfare and national development equally. This if can be achieved can make an independent nation or state [1]; [2]. One of the supporting facilities for the government in increasing taxpayer compliance is the modernization of the taxation system. The Directorate General of Tax as a representative of the government continues to work on perfecting taxation policies and the taxation system so that maximum tax revenues [1]; [3]; [4].

One of the latest tax changes related to modernization is the application of information technology to tax services in the tax office in the form of electronic systems such as e-SPT, e-Filling, e-Billing, e-Registration, e-Bupot and other systems [1]. Tax modernization can take the form of organizational restructuring, human resource development such as providing excellent services and applying and using information technology in transparent and accountable tax administration.

The quality of service provided by tax officials to taxpayers can cause taxpayer compliance to increase or decrease. [5] CNN Indonesia said that there were many public complaints about the services provided by the Directorate General of Taxes, there were various complaints among 17 complaints about the quality of the services provided, 51 complaints about inspection, 20 complaints related to billing, 13 complaints about investigations, 61 complaints related to tax officials, 61 complaints about potential taxes and 73 complaints related to objections and appeals. From this complaint, it shows that the quality of service provided by the taxpayer can affect the level of compliance of taxpayers in carrying out their obligations.

The city of Bandung is one of the major cities in Indonesia, there are still taxpayers who have not carried out their tax obligations, [6] Republika online newspaper quoted Ridwan Kamil as saying that he was the mayor of Bandung, saying that the number of registered taxpayers totaled 750 thousand but delivered Tax return is only around 600 thousand. This number means that only 60 percent of taxpayers pay taxes from the amount that submits SPT. The low compliance of taxpayers has caused tax revenues in recent years to be considered still low.

Table 1 Taxpayer Compliance in 2013-2016

Year	Registered WP		WP Registered Mandatory SPT		SPT realization		E-SPT & E-Filling		% Total Agency WP & WPOP using e-SPT & e-Filling
	Body	WPOP	Body	WPOP	Body	WPOP	Body	WPOP	

2013	13732	99907	5,356	51,772	3,289	37,650	9	3,851	6.76%
2014	14,576	110,838	5,787	63,264	2,960	35,992	103	7,333	10.77%
2015	15,227	118,233	5,906	59,559	3,352	39,022	1953	23,922	39.52%
2016	15,822	124,857	5,906	64,613	3,053	44,868	176	7,384	10.76%

Data source: Karees Tax Service Office (Data Processed)

Table 1.1 shows that the highest number of taxpayers using e-SPT and e-Filing occurred in 2015 amounted to 39.52% of the number of registered taxpayers for tax return. This shows that the modernization of the tax administration system in terms of the use of information technology carried out by taxpayers is still not optimal, so that taxpayer compliance has increased but not too significant. This research is a replicative study from previous research conducted by Prananti and Rasmini, 2014; Sarunan, 2015; Surjono, 2015; Nurhakim and Pratomo, 2015; Andreanto and Widyawati, 2016; Pambudi, 2016; Darmayasa and Setiawan, 2016; Arifah, Andini, Raharjo, 2017 which shows the results of research on the effect of the modernization of the tax administration system and the quality of service have a positive effect on tax compliance. Based on the results of research and background that has been described that the formulation of research problems there are still non-compliance of corporate taxpayers in submitting their tax obligations, this is the motivation to conduct research which is also caused by various factors and a major role in increasing tax revenue, especially in the city of Bandung.

I. LITERATURE REVIEW

1.1 Theory of Planned Behavior

In this study the grand theory used is the theory of planned behavior. This theory explains that a person's intentions can be predicted to behave according to a certain time and place. Social norms are formed through social pressure and influence from people who are considered important around taxpayers [7]. Taxpayers will obey in carrying out their tax obligations if the people around taxpayers have a positive attitude in fulfilling their obligations. However, taxpayers will avoid their tax obligations if the people around them show a negative attitude towards fulfilling their tax obligations [8]; [9]

1.2 Modernization of the Tax Administration System

Modernization of the tax administration system is one of the factors that can affect taxpayer compliance. The use of information technology in the administration system which is continuously being improved and improved in providing services is expected to increase taxpayer compliance and tax revenue in Indonesia. Tax administration reforms are carried out for organizational restructuring, business process development, communication and information technology, improving the quality of human resources and implementing good governance. The modernization of the tax administration system aims to improve tax compliance, increase taxpayer confidence in tax administration and increase tax employee productivity in providing services [1]; [10]; [11]; [12].

1.3 Quality of Taxation Services

Another factor in increasing the desire of taxpayers to fulfill their tax obligations is the quality of taxation services provided. Tax officers must have sufficient competence in all matters, because the taxpayer's perception of the services they get / want will be compared with the services provided by the tax service office. If the services received or felt by taxpayers are as expected, then the perception of the quality of services provided will be perceived as good and satisfying. However, if the tax officer provides services that do not meet the expectations of the taxpayer, the quality of the service will be perceived as poor or improper. From both of these perceptions, the quality of service can be seen as good or bad depending on the ability of tax officials to meet taxpayer expectations consistently and continuously. So that taxpayers will understand the importance of paying taxes and being obedient in carrying out their tax obligations for the sake of developing the country [8]; [12]; [13]; [14]; [15]

1.4 Taxpayer Compliance

Taxpayer compliance is an important part of tax revenue. Conscious and of their own volition in fulfilling their tax obligations is the meaning of taxpayer compliance [17]; [18]. Compliance of taxpayers can be fulfilled if taxpayers understand and try to carry out tax obligations, complete tax forms completely and clearly, calculate the amount of tax payable properly and make payment of tax due on time [16]; [17].

II. RESEARCH METHODS

The population of this research is the taxpayers who are registered taxpayers in the Tax Office (KPP) Pratama Karees Bandung in 2017 as many as 5,663 corporate taxpayers. The sample in this study was taken using the

Slovin formula and there were 100 taxpayers as respondents. Multiple linear regression analysis as a model for data analysis and techniques used to test statistics with interval data using a statistical software application, SPSS version 20.0.

III. RESEARCH RESULT

3.1 Multicollinearity Test

The purpose of this test is to determine whether the regression model found a correlation between independent variables or not. A good regression model should not occur correlation between independent variables. The results of the multicollinearity test show that the variance inflation factor (VIF) on the two independent variables has a value of less than 10 with a tolerance greater than 0.1. So with these results it can be said that in this study there was no multicollinearity between independent variables.

3.2 Heteroscedasticity Test

The purpose of this test is to find out whether in this regression model the variance and residual inequality occur one observation to another. A good regression model is not the occurrence of heteroscedasticity.

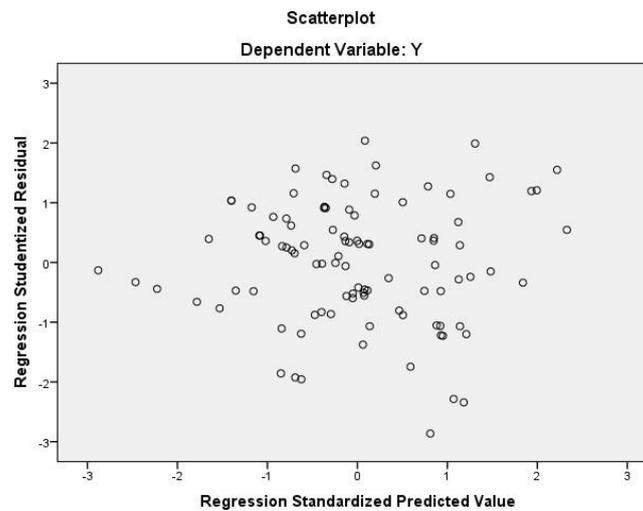


Figure 1 Heteroscedasticity Test Results
Source: SPSS data processing

In the scatterplot diagram, it can be seen that there are no clear and regular patterns and the spread of data is indicated by the points above and below the number 0 on the Y axis. This shows that there is no heteroscedasticity in the regression model.

3.3 Normality test

This test is conducted to determine whether in the regression model between the dependent variable and the independent variable both have normal distribution or not.

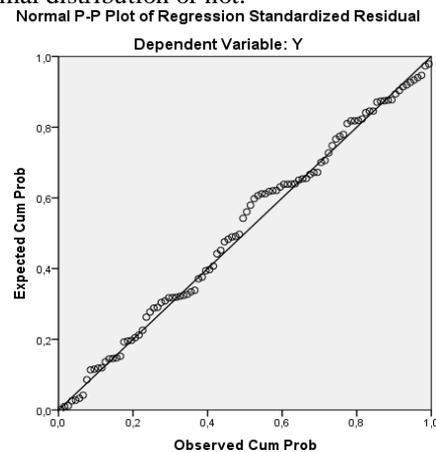


Figure 2 Normality Test Results with P Plot of Regression S

The figure shows that the data distribution is close to normal because there is no significant deviation from the normal line. Then the regression model between the dependent variable and the independent variable is normally distributed.

3.4 Multiple Linear Regression Analysis

In general, this analysis is used to determine the relationship between two or more independent variables. This analysis uses the statistical application SPSS version 20.0. The results of multiple linear regression analysis showed a constant value of 11,359 which means that if the modernization value of tax administration and service quality is zero then the taxpayer compliance is 11,359 with a positive value constant, then taxpayer compliance has increased. The regression coefficient on the tax administration system modernization variable is -0.88, which means that if the other independent variables are of fixed value and variable X1 has increased by 100%, tax compliance has decreased by 0.88 due to the correlation between negative variables or inversely proportional.

IV. CONCLUSION

Modernization of the administration of the tax system which has negative results in this study shows that there is still a need for attention to be given by the Directorate General of Taxes in increasing the use of information technology for corporate taxpayers in supporting the implementation of their tax obligations and improving the quality of services provided to taxpayers so that taxpayers voluntarily carry out their obligations so that taxpayer compliance with Karees Tax Office in the city of Bandung will experience an increase. The limited scope of this research is expected to further increase the number of samples and expand the object of research and look for other factors that can be a trigger in increasing taxpayer compliance.

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