

The Effect of Taxpayer Awareness, Service Quality, Taxation Understanding, and Application of E-Filing System on Corporate Taxpayer Compliance

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ABSTRACT: *The purpose of this study was to determine taxpayer awareness, service quality, understanding taxation, and the application of the E-Filing system to affect compliance with corporate taxpayer reporting at the North BadungPratama Tax Service Office. The population in this study were all effective corporate taxpayers registered at the North BadungPratama Tax Office. The research instrument used was a questionnaire with data analysis techniques, namely multiple linear regression analysis. The sample used was determined using incidental sampling technique. The number of samples in this study was determined by the Slovin formula. Based on the results of this study it was found that taxpayer awareness, service quality, taxation understanding, and the application of the E-Filing system had a positive effect on corporate taxpayer reporting compliance at the North BadungPratama Tax Service Office.*

Keyword: *taxpayer awareness; service quality, understanding of taxation, e-filing*

I. INTRODUCTION

Revenue from the tax sector can be achieved optimally if supported by high taxpayer compliance. Doran (2009), states that taxpayer compliance to meet its tax obligations needs to be improved in order to create the desired tax target. Factors that influence a country's tax revenue include the level of taxpayer compliance in that country (Chau, 2009). Public awareness and compliance with tax regulations will certainly have an impact on increasing state tax revenues

Receiving income from the tax sector in order to be able to take place to the fullest certainly requires public awareness to comply with applicable tax obligations. The issue of tax compliance has become an important issue in Indonesia because if the taxpayer is not compliant, it can lead to a desire to take action to avoid, avoid and neglect the tax which will ultimately harm the country, namely reduced tax revenue (Fuadi, 2013).

Tax awareness is a condition where taxpayers know, understand, and implement tax provisions correctly and voluntarily. Awareness of taxpayers on the function of taxation as state financing is needed to improve taxpayer compliance. Research conducted by Restu (2014), WulandariAgustriningsih (2016) and Tika Yuniastuti (2016) states that taxpayer awareness has a positive effect on taxpayer compliance, while research conducted by SedyaningRahayu (2015) states awareness of taxpayers has a negative effect on taxpayer compliance.

According to Boediono (2003) Quality of service is a process made by others in certain ways that require sensitivity and interpersonal relationships in order to create satisfaction and success while with regard to government activities. Research conducted by Dewi, (2013), Restu (2014), Tika Yuniastuti (2016), and Rezan Abdi (2017) stated that the quality of tax services has a positive influence on taxpayer compliance, while research conducted by Winerungan (2013) and SedyaningRahayu (2015) states the quality of tax services has a negative influence on tax compliance.

The increase in state revenue from year to year is inseparable from the understanding of taxation that is owned by taxpayers, regarding that understanding of taxpayers is also considered as one of the factors that influence tax compliance. Without having an understanding of taxation, it is difficult for taxpayers to carry out their tax obligations. Kasippilai (2000) states that understanding tax can improve taxpayer compliance. The development of technology makes it easier for taxpayers to access various sources of information and taxation services through various channels. Apart from that, tax arrears still continue to occur. The phenomenon that occurs at this time is as many as 2,961 taxpayers recorded tax arrears during 2006-2017. This is based on reports from the Financial Transaction Reports and Analysis Center / PPAK (Deny, 2017). The cause of the tax arrears, due to the low knowledge and understanding of most taxpayers about the taxation system, technical constraints

often occur in the online system, as well as the low quality of the tax authorities that affect taxpayer compliance in meeting tax obligations

The level of understanding of taxation is the level of knowledge and thoughts of taxpayers regarding their tax obligations to contribute to the State in meeting the needs of financing and national development in order to achieve justice and prosperity (WulandariAgustiningsih, 2016). Research conducted by WulandariAgustriningsih (2016) and Tika Yuniastuti (2016) states that understanding taxpayers has a positive effect on taxpayer compliance. Contrary to research by Andinata (2015) which shows that knowledge and understanding of tax regulations do not have an influence on taxpayer compliance.

One obstacle that can hamper the effectiveness of tax collection is tax compliance. Compliance with taxpayers can be defined as an attitude or behavior of a taxpayer who carries out all of his taxation obligations and enjoys all of his taxation rights in accordance with the applicable laws and regulations. In its implementation, awareness and compliance of the community needs to be continually grown to meet tax obligations. Tax awareness arises from within the taxpayer himself, without regard to tax sanctions.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Awareness according to attribution theory is an internal cause that can influence the behavior of taxpayers in carrying out their tax obligations. Behavior that is caused internally is behavior that is believed to be under the personal control of the individual himself. If the Taxpayer can accept the internal influence, it will increase the compliance of the Taxpayer to report taxes. The higher the level of taxpayer awareness, the better understanding and implementation of tax obligations so as to improve reporting compliance The results of research Restu (2014), WulandariAgustiningsih (2016) and Tika Yuniastuti (2016) revealed that awareness of taxpayers has a positive effect on tax compliance. Based on this, the following hypothesis is formulated:

H1: Awareness of Taxpayers Has Positive Impact on the Compliance of Corporate Taxpayers.

Quality of service according to attribution theory is an external cause that can affect the behavior of taxpayers in carrying out their tax obligations. If the taxpayer can accept the external influence, it will have a positive impact, namely the willingness of taxpayers to carry out their tax obligations.

The results of the research of DewiFransisca (2013), Tika Yuniastuti (2016) and Rezan Abdi (2017) said that service quality has a positive effect on the compliance of corporate taxpayers. Based on this the hypothesis can be concluded as follows:

H2: The Quality of Tax Services Has a Positive Impact on the Compliance of Corporate Taxpayers.

Understanding taxation according to attribution theory is an internal cause that can affect the behavior of taxpayers in carrying out their tax obligations. If the taxpayer can accept the internal influence, the broader knowledge about general provisions and tax procedures can be understood by the taxpayer, which will have an impact on increasing taxpayer compliance. Understanding taxation can be interpreted as the level of awareness or sensitivity of taxpayers to tax regulations

The results of the study by WulandariAgustiningsih (2016) and Tika Yuniastuti (2016) revealed that understanding taxpayers has a positive effect on taxpayer compliance. Based on this, the following hypothesis is formulated:

H3: Understanding Taxpayers Has Positive Impact on the Compliance of Corporate Taxpayers.

The application of the E-filing system in attribution theory becomes an external factor that can influence the behavior of taxpayers. In this case, the higher the implementation of the e-filing system, the higher the level of compliance for reporting individual taxpayers. E-filing is part of a system in tax administration that is used to submit tax returns online in real time. The implementation of the e-filing system is a process or method of utilizing the system used to submit real-time online tax returns that are implemented by the Directorate General of Taxes. The results of the study by WulandariAgustiningsih (2016) and Rezan Abdi (2017) say that the implementation of the E-Filling System has a positive effect on taxpayer compliance. Based on this the hypothesis can be concluded as follows:

H4: Application of the E-Filling System has a Positive Impact on Corporate Taxpayer Compliance.

III. METHODS

The location of this research is located at the North BadungPratama Tax Office located at Jalan Ahmad Yani No.100, DauhPuriKaja, Denpasar Utara. The North Badung Primary Tax Service Office was chosen as a research location because of the implementation of a transparent and accountable tax administration system, utilizing a reliable and up-to-date information technology system. The object in this study is corporate taxpayer compliance which is influenced by taxpayer awareness, tax service quality, taxpayer understanding, and e-filing system application at the North BadungPratama Tax Office (KPP).

The population in this study is the Corporate Taxpayer registered at the North Badung Primary Tax Service Office. For the sake of time and cost efficiency, not all taxpayers registered in North Badung KPP are the objects of this study. Therefore, sampling is done.

Multiple linear regression model (Multiple linear regression method) is used to determine whether there is a significant effect on one dependent variable (dependent) and more than one independent variable (Independent). Multiple linear regression analysis is used to find out or get a picture of the influence of taxpayer awareness variables (X1), quality of tax services (X2), understanding of taxpayers (X3), application of the e-filing system (X4), to the level of compliance of corporate taxpayers (Y).

IV. RESULT AND DISCUSSION

Calculation of multiple linear regression coefficients is done by regression analysis through SPSS 18.0 for Windows software, the results shown in Table 4 are obtained.

Table 1. Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,690	10,612		2,289	0,024
	Taxpayer awareness	0,256	0,081	0,222	3,177	0,002
	Service quality	0,189	0,059	0,292	3,219	0,002
	Understanding of taxation	0,279	0,100	0,177	2,785	0,006
	Application of e-filing system	0,301	0,090	0,324	3,332	0,001
R Square		0,752				
Adjusted R Square		0,741				
F Statistics		71,901				
Significance of Test F		0,000				

Primary Data, 2019

Based on the results of the analysis of the influence of awareness of taxpayers against taxpayer compliance, the value of significance was 0.002 with a positive regression coefficient of 0.256. Significance value of 0.002 < 0.050 indicates that the first hypothesis was accepted. This result means that taxpayer awareness has a positive and significant effect on the compliance of corporate taxpayers at the North Badung Pratama Tax Service Office. The results of this study are in accordance with Attribution theory. Where taxpayer awareness is an internal factor that affects individuals in carrying out their tax obligations. Awareness of the taxpayer in question is a person's good faith to fulfill the obligation to pay taxes based on his sincere conscience.

This study supports several previous research results and is consistent with the results of research conducted by Restu (2014), Wulandari Agustiningih (2016) and Tika Yuniastuti (2016) revealed that taxpayer awareness has a positive effect on tax compliance. This means that the higher the level of taxpayer awareness of the benefits of the tax they pay, the higher the taxpayer's compliance with paying taxes on time. Vice versa, the lower the level of taxpayer awareness of the benefits of the tax they pay, the more taxpayer compliance will decrease.

Based on the analysis of the effect of service quality on taxpayer compliance, a significance value of 0.002 was obtained with a positive regression coefficient of 0.189. Significance value of 0.002 < 0.05 indicates that the second hypothesis is accepted. This result means that service quality has a positive and significant effect on the compliance of corporate taxpayers at the North Badung Pratama Tax Office. Based on attribution theory, the quality of tax services is an external factor that affects individuals in carrying out their tax obligations. Tax services can be interpreted as a way for tax officials to help take care of or prepare all the requirements that are needed by taxpayers. Good service quality can be measured by the ability of the tax authorities to follow up on complaints from taxpayers, be responsive and reliable in solving problems faced by taxpayers, and have a high sense of empathy. Good tax services and supported by the availability of physical facilities at the tax office are important and can be the main capital to be able to attract attention and generate trust from taxpayers in carrying out their tax obligations, which has an impact on increasing taxpayer compliance.

This study supports some of the results of previous studies and is consistent with the results of research conducted by Dewi Fransisca (2013), Tika Yuniastuti (2016) and Rezan Abdi (2017) saying service quality has a positive effect on the Compliance of Corporate Taxpayers. This means that the better the quality of services provided, the taxpayer compliance will also increase. This means that if the quality of service in North Badung KPP gets better, it will increase taxpayer compliance in paying corporate taxes to North Badung KPP. Vice versa, the lower the quality of services provided, the taxpayer compliance will also decrease.

Based on the analysis of the effect of understanding taxation on taxpayer compliance, a significance value of 0.006 was obtained with a positive regression coefficient of 0.279. Significance value of 0.006 < 0.050 indicates that the third hypothesis is accepted. This result means that understanding of taxation has a positive and significant effect on the compliance of the taxpayer of the agency at the North Badung Primary Tax Service

Office. Based on attribution theory, understanding taxation is an internal factor that influences individuals in carrying out their tax obligations. Understanding taxation in question is that the taxpayer fully understands the general provisions and tax procedures in force in Indonesia and is able to apply that knowledge in carrying out tax obligations

This study supports some of the results of previous studies and is consistent with the results of research conducted by Wulandari Agustiningih (2016) and Tika Yuniastuti (2016) who revealed that understanding taxpayers has a positive effect on tax compliance. This means that the better the understanding of taxpayers, the compliance of taxpayers will also increase. This means that if the understanding of taxpayers in WP registered in North Badung KPP is increasing then the taxpayer compliance in paying corporate taxes on North Badung KPP will also increase. Vice versa, the lower the understanding of taxpayers provided, the compliance of taxpayers will also decrease.

Based on the results of the analysis of the effect of the application of the e-filing system to the compliance of taxpayers obtained a significance value of 0.001 with a positive regression coefficient of 0.301. Significance value of 0.001 <0.05 indicates that the fourth hypothesis is accepted. This result means that the application of the e-filing system has a positive and significant effect on the compliance of corporate taxpayers at the North Badung Primary Tax Service Office. The results of this study are in accordance with attribution theory. This theory states that the application of e-Filing system is an external cause that can influence the behavior of taxpayers in carrying out their tax obligations. If the Taxpayer can accept the external influence, the easier it is for the Taxpayer to understand and be able to apply e-Filing, which will have an impact on increasing Taxpayer compliance.

This study supports some of the results of previous studies and is consistent with the results of research conducted by Wulandari Agustiningih (2016) and Rezan Abdi (2017) who say the adoption of the E-Filling System has a positive effect on Taxpayer Compliance. This means that the higher the application of the e-filing system, the easier it is for corporate taxpayers to submit their real-time online tax returns, the taxpayer compliance will also increase. This means that if the application of the e-filing system in North Badung KPP is increasing, the taxpayer compliance in paying corporate tax on North Badung KPP will increase. Vice versa, the lower the implementation of the e-filing system provided, the taxpayer compliance will also decrease.

V. CONCLUSION

The results of this study can prove the theory used is the Attribution theory which explains that a person's behavior in fulfilling his taxation obligations is caused by internal and external factors, which can affect one's behavior in meeting his taxation obligations. Research conducted is expected to contribute to the influence of taxpayer awareness, service quality, understanding of taxpayers and the application of e-filing systems to taxpayer compliance in paying and reporting corporate tax on North Badung KPP. The results of hypothesis testing in this study found that taxpayer awareness, service quality, taxpayer understanding and the application of e-filing systems were statistically able to have a positive effect on increasing taxpayer compliance in paying and reporting their taxes to North Badung KPP.

The results of this study are able to provide additional references, information, insights and a broader understanding for the government in improving tax compliance in Indonesia, as well as for the Directorate General of Taxes specifically relating to taxpayer awareness, service quality, taxation understanding, and application of the E-Filling system, which can later be used in making decisions and determining policies in the future so as to improve organizational performance.

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