

The Effect of Tax System Modernization on Taxpayer Compliance Based on Law in Indonesia

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Abstract

The purpose of this study is to find out: The Impact of Modernization of the Tax Administration System, Tax Sanctions, and Individual Taxpayer Compliance. This study uses a quantitative approach and compares causes in different situations. 100 respondents were used in the incidental sampling technique of sampling. Questionnaires with closed questions were used to collect data. To obtain accurate results, the instrument was first tested for validity and reliability before distributing the questionnaires. In addition, the requirements of the regression test for hypothesis testing are used in conjunction with the traditional assumption test, namely the normality test, multicollinearity test, and heteroscedasticity test. Correlation coefficient test, coefficient of determination test, partial regression test, and simultaneous test are types of hypothesis testing used. According to the findings of the study, the modernization of the tax administration system benefits taxpayers significantly and positively. (2) Taxpayer compliance is not affected by tax sanctions. (3) Taxpayer compliance is positively and significantly influenced by taxpayer awareness. (4) Taxpayer compliance is positively and significantly influenced by the modernization of the tax administration system, tax sanctions, and awareness of the taxpayers collectively.

Keywords: Increasing Taxpayer Compliance and Awareness, Modernization of the Tax Administration System, and Enforcement of Tax Sanctions.



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INTRODUCTION

The development of a country depends on several supporting factors, one of which is the availability of sufficient and reliable sources of income. Naturally, in this day and age, money is needed to finance it. In this modern era, there are many ways for the government to get money, apart from printing it themselves or borrowing it. Typically, these sources of income are: Corporations, property owned or controlled by the government, fines and foreclosures for public use, inheritance rights on abandoned assets, probate and other grants, and three types of fees, namely: donations, taxes and levies. Because government programs will not run as they should if there is not enough income, this source of income is very important for every level of government to carry out its activities. Tax is one of the biggest sources of revenue for the state.

Law No. 16 of 2009 concerning General Provisions and Procedures for Taxation provides the definition: "Tax is a mandatory contribution to the state owed by an individual or entity that is coercive under the law, by not getting compensation directly and used for the needs of the state for the greatest extent possible. prosperity of the people". In general, taxes are people's contributions to the state treasury based on laws that can be enforced by not receiving reciprocal services (counter-performance), which can be shown immediately, and used to pay public expenses. These contributions are made by people to the state treasury.

Improving taxpayer compliance is one of the government's strategies to increase tax revenues. Taxpayer compliance is used as an effort to fulfill tax obligations carried out by taxpayers to help develop state facilities whose payments are given and made sincerely. Table

showing the difference in actual reporting with the number of registered individual taxpayers.

Table 1. Reporting Realization

Year	Registered Individual Taxpayer	Realization of People	Compliance Ratio
2018	53.449	32.312	0,61%
2019	57.528	35.914	0,63%
2020	53.730	37.608	0,70%
2021	58.313	38.859	0,67%
2022	57.497	38.526	0,68%

The table shows that on average between 2018 and 2022, less than 70% of taxpayers submitted SPT PPH. The compliance ratio for submitting PPH SPT has decreased from the previous year, even in 2018 and 2019. Individual taxpayer compliance can be said to be still low. Low taxpayer compliance can result in not achieving the intended goal. Taxpayer compliance is assessed based on how obedient they are in fulfilling their tax obligations, both from a formal and invisible perspective. Consider adherence in terms of duration. Late payments and reporting are considered by taxpayers as a violation of their obligations as taxpayers. When a taxpayer complies with all of his tax obligations and exercises his tax rights, this is called taxpayer compliance. Compliance regulates the responsibility of taxpayers to resubmit SPT and compliance to calculate tax arrears to be paid. A modern tax administration system is a tax administration system whose performance is continuously developed or improved internally and externally by tax agencies with the aim of providing excellent tax services while increasing tax revenues.

The existence of tax sanctions ensures that the provisions of tax laws and regulations (also known as tax norms) will be followed, complied with, or complied with. In other words, the purpose of tax sanctions is to prevent taxpayers from violating the law. Taxpayer awareness is a state of knowing, understanding, and voluntarily applying all applicable tax regulations. The formulation of the problem is as follows: How is the impact of the modernization of the taxation system in terms of provisions for citizens to pay taxes? How is the application of sanctions in modernizing the taxation system based on law in Indonesia?

RESEARCH METHODS

This type of research is a causal comparative research, in which the subject of the analysis is a registered individual taxpayer. Comparative causal analysis is a type of analysis that identifies and traces back facts that make sense as causal factors, makes observations about causal relationships between research variables, and explains these relationships.

RESEARCH RESULTS AND DISCUSSION

Based on the series of tests above, it can be seen that the impact of the modernization of the taxation system in terms of citizens' obedience in paying taxes is increasing. The point is that with the modernization of the tax system, people are more obedient to paying taxes. This is due to easy access to paying existing taxes. Tax administration in Indonesia has become more accessible because it is through an online system, namely the e-registration system, e-billing, and also e-tax filing. This is in line with the results of Pradhana et al's research in 2018 which explained that the application of e-filing can increase the legal awareness of taxpayers because the submission of SPT is faster and cheaper. Although in the results of this study the modernization of the taxation system has no effect on citizens' obedience in paying taxes, people obey to pay taxes because of their self-awareness to pay taxes that are mandatory and coercive. Taxes are mandatory and coercive, so the state establishes sanctions for citizens who do not pay levies or have the potential to deliberately refuse to cover levies. It is

explained in Law Number 28 of 2007 that taxpayers who do not pay their taxes in accordance with the provisions of the tax laws and regulations may be subject to taxation or criminal sanctions.

Fines, interest and penalties are all types of tax penalties. Violation of reporting requirements results in tax sanctions in the form of fines. Taxpayers who pay their taxes after the due date will be subject to an interest penalty of 2% (two percent) per month from the due date until the payment date. Finally, taxpayers who commit certain violations, such as data falsification and lower SPT income after two (2) years have passed since the SKP was issued, will receive more severe sanctions. Meanwhile, Article 39 paragraph (1) letter i of Law Number 28 of 2007 concerning General Provisions and Tax Procedures stipulates that any person who intentionally neglects to deposit taxes that have been withheld or collected so that they can harm the state shall be punished with a minimum imprisonment of 6 (six) months and a maximum of 6 (six) years, as well as a fine of at least 2 (two) times the amount of tax owed or underpaid and a maximum of four the last law that the government can take against naughty taxpayers is gijzeling.

When taxpayers get really tight, Gijzeling is done. Gijzeling is the final anticipatory step in an effort to seek a deterrent effect so that tax evaders are afraid and immediately pay their obligations. However, that is not the only method of deterring taxpayers. The state has the authority to carry out gijzeling or also known as hostage taking, where the body of a person who is owed taxes is taken from him in accordance with the applicable laws and regulations. It can also take someone's assets, but not their own assets, but people who owe taxes. This is regulated in Law Number 19 of 1997 which regulates the collection of tax debts from taxpayers through law enforcement efforts as amended by Law Number 19 of 2000 which regulates the second amendment to Law Number 19 of 1997 which regulates regarding the collection of tax debts from taxpayers with Distress Warrants.

Hostages can be held for up to six months and can be extended for up to six months. Statistical data from the Secretariat of the Tax Court of the Ministry of Finance for 2020 shows that there were 10,166 tax lawsuits filed in the previous year. gave approval to 4,937 cases of tax disputes in total. Meanwhile, 1,903 tax filing cases were granted partial approval. The majority of them are taxpayers who have a tax debt of at least IDR 100 million. The figures above show that the government has not avoided tax regulations.

CONCLUSION

Taxpayer compliance is simultaneously influenced by the modernization of the tax administration system, tax sanctions, and taxpayer awareness. Taxpayer compliance is affected by the modernization of the Tax Administration System. Taxpayer compliance is not affected by tax sanctions. Taxpayer compliance is influenced by taxpayer awareness.

Suggestion: Tax advice still needs to be improved. Such guidance should focus on understanding basic concepts such as the rights and obligations of taxpayers. In order to increase taxpayer compliance in fulfilling their tax obligations, strict tax sanctions and high taxpayer awareness are needed. To broaden the study of the theory and conditions that occur in the field, it is hoped that future researchers can increase the number of independent variables and dependent variables.

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