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THE EFFECT OF TAXPAYER AWARENESS AND MODERNIZATION OF TAX ADMINISTRATION SYSTEM ON PERSONAL TAXPAYER COMPLIANCE

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Keywords:Taxpayer Awareness, Modernization of Tax Administration System, Personal Taxpayer Compliance

ABSTRACT

Factors that tested in this research were taxpayer awareness and modernization of taxation administration system as the independent variables while personal taxpayer compliance as a dependent variable. The research method used descriptive method. The population in this study was 136.366 taxpayer. The sample of this study consisted of 103taxpayer. The data used in this research was the primary data. The sample research technique used in this research was nonprobability sampling with purposive sampling method. Data method used in this research was multiple linear regression analysis. Partial research results showed that taxpayer awareness have not effect on personal taxpayer compliance, modernization of taxation administration system have effect on personal taxpayer compliance. Simultaneously, taxpayer awareness and modernization of taxation administration system have Effect on personal taxpayer compliance.

Keywords:Taxpayer Awareness, Modernization of Tax Administration System, Personal Taxpayer Compliance

INTRODUCTION

Tax has a very vital role in a country, without taxing the life of the country will not work properly. Taxpayer compliance is one of the factors that can increase state revenue (Mardiasmo: 2011). Compliant taxpayers are taxpayers with certain criteria that can be given a preliminary refund of overpayment of taxes. Taxation in Indonesia adheres to a self assessment system, which is a taxpayer who is given the trust to calculate or calculate, pay and report the tax payable himself. In the self assessment system, taxpayer compliance is very important because it is the backbone of the system.

The level of compliance of Indonesian taxpayers is still very low. one of the causes of the low tax revenue ratio (tax ratio) in Indonesia is the low compliance with tax submission (tax compliance). The complexity of regulations in the field of taxation is one of the causes of the low level of tax compliance. Extra efforts are needed for both taxpayers and tax officials themselves to understand these regulations (pajak.go.id)

According to (Nurmatu: 2005) one of the factors that influence taxpayer compliance is the level of tax awareness. The higher the level of education or knowledge of taxpayers, the easier it is for them to understand tax regulations and the easier it is for taxpayers to fulfill their tax obligations.

Taxpayers who are aware of their tax obligations are taxpayers who are faithful in reporting tax returns and making deposits (khasanah: 2014). Barriers or things that can encourage someone who is aware of not paying taxes is someone who does not want to be complicated or reluctant to go to the tax office. Therefore, the government is looking for efforts, one of which is by modernizing tax administration so that the personal Taxpayer is effective and efficient.

Based on the above background, the authors are interested in conducting research on "The Effect of Taxpayer Awareness and Modernization of the Tax Administration System on personal Taxpayer Compliance."

LITERATURE REVIEW

Tax

According to law No.28 of 2007 about General Provisions and Tax Procedures Article 1 paragraph (1) is: "Mandatory contributions to the State owed by individuals or entities that are forcing based on the law by not getting direct compensation and used for the purposes of the State for the greatest prosperity of the people. "

According to Djajadiningrat in Diana Sari (2017: 35) tax is an obligation to surrender a portion of the State's assets due to a situation, event and act that gives a certain position. The levy is not a punishment, but according to the regulations established by the government and can be forced. For this reason, there is no direct return from the state, for example to maintain public welfare. "

Taxpayer Awareness

According to Muliari (2011) Tax Awareness is a condition where a person knows, recognizes, respects and obeys the applicable tax provisions and has the sincerity and desire to fulfill his tax obligations.

According to Siti KurniaRahayu (2010) Awareness of fulfilling tax obligations does not only depend on technical issues concerning the method of collection, tax rates, technical inspection, investigation, application of sanctions as an embodiment of the implementation of the provisions of tax legislation, and services to taxpayers as the donor of the state. In addition it also depends on the willingness of the Taxpayer to what extent the Taxpayer will comply with the provisions of the legislation

Modernization of Tax Administration System

According to LibertiPandiangan (2007) The modernization system for tax administration is organizational restructuring, business process improvement through the use of communication and information technology, and improving HR management. This concept is adapted to the climate, conditions and available resources in Indonesia.

According to Siti KurniaRahayu (2010) Modernization of the taxation system within the DGT aims to implement Good Governance and excellent service to the community. Good Governance, is the application of a transparent and accountable tax administration system, by utilizing a reliable and up-to-date information technology system. The strategy adopted is providing excellent service as well as intensive supervision of taxpayers. In addition, to achieve high levels of tax compliance, increase trust in tax administration and achieve high levels of tax employee productivity.

Taxpayer Compliance

According to Siti KurniaRahayu (2010) "Tax compliance is an act of taxpayers in fulfilling their tax obligations in accordance with statutory provisions and tax implementation regulations in force in a country."

According to SafitriNurmatu in Siti KurniaRahayu (2010) "Tax compliance is defined as a situation where taxpayers fulfill all tax obligations and carry out their tax rights."

Framework of Theoretical and Hypotheses

Relationship of Taxpayer Awareness to Personal Taxpayer Compliance

Characteristics of taxpayers reflected by cultural, social and economic conditions will shape the behavior of taxpayers which is reflected in their level of awareness in paying taxes. Then the selfassessment system is put in place to provide maximum confidence for the community in order to increase public awareness and participation in depositing taxes. Consequently, the public must really know the procedures for calculating taxes and everything related to tax compliance regulations (Siti KurniaRahayu: 2010).

Voluntary awareness and awareness of taxpayers is very difficult to realize if there is no phrase that can be forced or forced in the tax definition. Starting with this phrase, it shows that paying taxes is not merely a voluntary act or because of an awareness. This phrase provides an understanding and understanding that the community is required to carry out state obligations by paying taxes voluntarily and mindfully as the actualization of the national economy (Susanto: 2012).

H₁: Taxpayer Awareness affects the Personal Taxpayers Compliance

The Relationship of Administrative Modernization System to Taxpayer Compliance

Modernization of the Administrative System is an important role in the changes made by the government. Hoped that with renewal of tax administration system, it can change the community or the taxpayer. Dimensions in the variable system of modern tax administration as the application of a modern tax administration system are carried out through programs and activities within the framework of implementing the medium-term tax administration reform namely Organizational Structure Modernization, Organizational Procedure Modernization, Organizational Culture Modernization and Organizational Strategy Modernization (Nasucha: 2004).

In addition, the taxation system reform is also to improve the ability and skills in understanding, mastering and implementing new tax regulations and improving services to taxpayers so as to encourage taxpayer compliance, which in turn will affect the increase in income tax, while also improving both procedures, procedures work, discipline and mentality. Siti KurniaRahayu (2010).

Taxpayer compliance is influenced by several factors, namely the condition of the tax administration system in a country, service to taxpayers, tax law enforcement, tax audits, and tax rates. Taxpayer Compliance in fulfilling tax obligations is the main purpose of tax audits, so the results of the audit will reveal the level of taxpayer compliance, for taxpayers whose compliance is classified as low, it is expected that by examining it can provide positive motivation so that for the periods to be better, therefore tax audits are also a means of fostering and supervising taxpayers (Siti KurniaRahayu: 2010)

H₂: Modernization of Tax Administration System affects the Personal Taxpayers Compliance

The Relationship between Taxpayer Awareness and Modernization of Administrative Systems to Taxpayer Compliance

According to Minister of Finance Sri Mulyani, the tax compliance level in Indonesia is very low. The Minister of Finance considers that one of the causes of the low tax revenue ratio (tax ratio) in Indonesia is the low compliance with tax submission (tax compliance). The Minister of Finance acknowledges that the complexity of regulations in the taxation sector is one of the causes of the low

level of tax compliance. Extra efforts are needed both for paying taxes and tax officials themselves to understand these regulations (pajak.go.id).

One factor that influences awareness is tax compliance. Tax awareness is the awareness of taxpayers is a good faith owned by a taxpayer to understand the benefits and functions of tax as the main source of the state, and in carrying out its tax obligations voluntarily. Awareness of fulfilling tax obligations does not only depend on technical issues concerning the method of collection, tax rates, technical inspection, investigation, application of sanctions as an embodiment of the implementation of the provisions of tax legislation, and services to taxpayers as the donor of the state. In addition it also depends on the willingness of the Taxpayer to comply with statutory the provisions of the legislation (Siti KurniaRahayu: 2010).

In addition to awareness there are factors that affect tax compliance, namely Modernization of Administrative Systems, Taxpayers must report all relevant information in the tax return, calculate the basis for taxation, calculate the amount of tax owed, deposit the amount of tax owed. In determining the programs and steps of modern tax reform according to Rahman (2010) include: (1) the organizational structuremodernization; (2) Organizational proceduresmodernization; (3) organizational structuremodernization, and (4) organizational culturemodernization.

This dimension explains that the tax administration reform program is realized in the application of a modern tax administration system that has special characteristics including an organizational structure designed based on functions, improvement of services for each taxpayer through the establishment of a representative account and a compliant center to accommodate objections to taxpayers. In addition, the modern tax administration system also embraces the latest technological advances including through the development of the Taxation Information System (SIP) with the functional approach to the Integrated Taxation Administration System (SAPT) which is controlled by a case management system, such as e-spt, e-filing, e- registration e-Payment to improve more effective control is supported by the adoption of an ethics code in the tax apparatus that regulates behavior in carrying out the duties and implementation of good governance. (Siti KurniaRahayu: 2010).

H₃: TaxpayersAwareness and Modernization of Tax Administration system affects Personal TaxpayersCompliance

RESEARCH APPROACH

Approach the research used will be analysis of descriptive Approach. This study uses method of surveys by using questionnaires on knowledge and understanding of taxpayer awareness, tax regulations, tax administration system as well as taxpayer compliance given to respondents as taxes compulsory.The population in

this study is 136,366 Individual Taxpayers. The sample uses simple random sampling, with 103 samples.

Operation Variable

Variable Dependent in this research is Personal Taxpayers Compliance. And Variable independent in this research are Taxpayers Awareness and Modernization of Tax Administration system.

FINDINGS AND ANALYSIS

The results for the MRA are presented in the following table :

Table 1

Model		Coefficients ^a								
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			
		B	Std. Error	Beta			Zero-order	Partial	Part	
1	(Constant)	1,041	,395		2,639	,010				
	Taxpayer Awareness	,148	,103	,136	1,431	,155	,346	,142	,121	
	Modernization of Tax Administration System	,534	,111	,456	4,794	,000	,519	,432	,406	

a. Dependent Variable: Personal Taxpayer Compliance

Source : SPSS V 20

The table 1 describe the results of the MRA between taxpayer awareness and Modernization of the Taxation Administration System to personal taxpayers compliance. Based on the table, information is obtained that the constant value (a) obtained is equal to 1.041 with a regression coefficient (β) of 0.148 X₁ and 0.534 X₂, and ε of 0.395 then the resulting regression is as follows:

$$Y = 1.041 + 0.148 X_1 + 0.534 X_2 + 0.395$$

Based on table 1 the partial hypothesis testing results are as follows:

1. The results t test (partial) in MRA model, the significance value of the Tax Payer Awareness variable was obtained by 0.155 > 0.05 (significant level of research significance). it can be decided that H₀ is accepted, meaning that partially the Taxpayer Awareness variable does not affect the Personal Taxpayers Compliance.
2. The results t test (partial) in MRA model, the significance value of the Modernization Tax Administration System variable is 0,000 < 0.05 (significant level of research significance). it can be decided that H₁ is accepted, meaning that partially Modernization of Tax Administration System variables affect the Personal Taxpayers Compliance.

Tabel 2

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.533 ^a	.284	.270	.585	.284	19,830	2	100	.000	2,077

a. Predictors: (Constant), Modernization of Tax Administration System, Taxpayer Awareness

b. Dependent Variable: Personal Taxpayer Compliance

Source : SPSS V 20

From table 2, the calculated f value of 19.830 is obtained.. the significance value of F change is 0,000 <0.05 (significant level of research significance) according to the criteria that H₀ is rejected and H₁ is accepted, meaning that simultaneously Taxpayer Awareness and Modernization of Tax Administration System affects the Personal Taxpayers Compliance.

Discussion

Based on the results of the description on the indicators of taxpayer awareness with indicators of taxpayer awareness, namely the awareness of the tax function, awareness of paying taxes not because of coercion, awareness of benefits paid, and awareness that taxes are regulated by law. These four indicators have very good average scores, but there are still indicators of taxpayer awareness that have a low level of awareness of tax compliance. It can be seen from the responses of several respondents who have low scores on the questionnaire with an indicator of awareness of the tax function that is aware of the tax is a form of my (community) devotion to the State and a questionnaire with an indicator of awareness of the benefits of the tax paid is aware that the tax paid can be used to support the country's development.

Based on the results of the partial test or t test and multiple regression analysis, taxpayers awareness does not affect the personal taxpayers compliance at the Bandung Cibeunying Tax Office. In this research shows that awareness of the functions, benefits, paying taxes and taxes are things governed by the law can not increase compliance of individual taxpayers in paying taxes.

Based on the description of the indicators of the tax administration system modernization that is the organizational procedures, organizational structure, organizational strategy, and organizational culture has a good average score, but in every 4 (four) indicators of the tax administration system modernization there is still a low score.

Partial test results or t test, it can be concluded that the modernization of the tax administration system affects the personal Taxpayer compliance and based on the results of the multiple regression test shows that each increase in the value of one unit of tax administration system modernization affects the Personal Taxpayer compliance increases by 53.40% .

The modernization of the tax administration system has a positive effect on taxpayers, with an Account Representative really guiding taxpayers in carrying

out their tax obligations, besides administrative services can be done quickly and delivery of information to taxpayers more clearly and easily so that taxpayers do not experience difficulties in making tax payments.

This results indicate that the Modernization of the Tax Administration System have affectthe personal Taxpayers compliance, so that if the modernization of the tax administration system is improved it can increase the compliance of the Personal Taxpayer in paying taxes.

CONCLUSIONS

1. Partially, Taxpayer Awareness does not affect the Personal Taxpayers Compliance.
2. Partially, the Modernization Tax Administration System affects the Personal Taxpayers Compliance.
3. Taxpayers Awareness and the Modernization of Tax Administration System simultaneously affect the personal Taxpayers Compliance.

Suggestion

Awareness of Taxpayers needs to be increased by conducting socialization on the importance of taxation and understanding of taxation that can be done by working with certain parties so as to enable taxpayers to know clearly and easily about the importance of taxes, in addition to the need for training to tax officials so that they have the skills who is capable in serving taxpayers.

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