

The Effect of Taxpayer Awareness, Tax Services, Value Added Tax Understanding on Corporate Taxpayer Payment Compliance

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ABSTRACT

The research examines the effect of taxpayer awareness, the influence of taxation services, and understanding of value added tax (VAT) to how taxpayers comply with the payment of the corporate taxpayers in South Badung. The main objective of this study is corporate taxpayers who are registered in the South Badung Tax Office, the sampling technique used is purposive sampling, with 100 respondents. The data analysis technique used to test hypotheses in this study was multiple linear regression analysis. The results showed that the mandatory Awareness variable, Taxation service, understanding of value added tax had a positive and significant effect on compliance with taxpayer payments.

Keywords: compliance, taxpayer awareness, taxation services, value added tax.

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I. INTRODUCTION

The Indonesian government is currently promoting sustainable development aimed at improve their people's welfares (Sijabat, 2020). To realize this goal, a large development budget is required. One of the Government's efforts to realize an increase in revenue for development is to explore sources of funds originating from within the country, namely through taxes (Sriniyati, 2020).

Tax is one of the important aspects of state revenue, especially in Indonesia. As an element of state revenue, taxes have a very large role and are increasingly being relied upon for development purposes and to finance government expenditures, as evidenced by a significant tax contribution (Kiria et al., 2020).

TABLE I: CONTRIBUTION OF TAX REVENUE

Year	Tax Revenue (IDR)	Tax Growth	Contribution
2018	1.518.8 Trillion	10%	67,75%
2019	1.677,1 Trillion	8,2%	77,46%
2020	1.865,7 Trillion	13,5%	72,86%

Source: Kemenkeu.go.id (2020).

In Table I it can be seen that although there was a decline from 2018 to 2020, tax contributions remained the main foundation, so it can be said that taxes are one of the largest sources of revenue for the Republic of Indonesia.

The Directorate General of Taxes of the State of Indonesia as a government institution that oversees taxation continues to try to do various ways to maximize tax revenues, but in order for this goal to be achieved optimally, citizen participation is very necessary (Romansyah & Fidiana, 2020). The state of Indonesia adheres to a self-assessment taxation system, which gives trust authority to taxpayers to register, calculate, pay, deposit, and report their own tax obligations (Augustine et al., 2020).

Taxpayer compliance is an action that reflects obedience and awareness of their tax obligations. Compliance with taxpayers, both individuals, and entities, is a condition for increasing state tax revenues (Pradnyani & Utthavi, 2020). However, what happens is that there are still many potential taxpayers who have not been registered as actual taxpayers (Handayani & Noviari, 2016). The issue of how to understand and comply with taxes itself has become an important issue in Indonesia because if taxpayers do not understand and do not comply, it can lead to a desire to take tax evasion and neglect, which in turn can harm the state due to reduced tax revenues (Susanto et al., 2020).

Along with the size of the tax contribution, the awareness of each individual is very much needed in order to boost state revenues, especially in tax payments (Wicaksono et al., 2018). Awareness is a state of knowing or understanding, while taxation is a matter of taxes, so tax awareness is a state of knowing or understanding about taxes (Gosal & Utami, 2019). However, what happens in practice is difficult to run

as expected or even misused. This can be seen from the number of taxpayers who deliberately disobey, the awareness of taxpayers is still low or a combination of the two, thus making taxpayers reluctant to carry out their tax obligations (Artha & Setiawan, 2016).

The low compliance and awareness of taxpayers can be seen from the small number of people who report their annual notification letters (Nugroho *et al.*, 2016). Some of the factors that cause low taxpayer compliance include public dissatisfaction with the quality of public services, uneven infrastructure development, and the number of corruption cases carried out by high-ranking officials so that people do not feel the benefits of the taxes they have paid (Ohn, 2018). Therefore, taxpayer compliance can be measured from the service quality of tax officers which will result in taxpayer satisfaction (Sondakh, 2017). Through the provision of good and supportive services, taxpayers will feel facilitated and assisted in fulfilling their tax obligations so that taxpayers will directly obey and be aware of their tax obligations (Mupimpila, 2020).

In addition to increasing public awareness, and tax services. The government also needs to increase public knowledge and insight regarding the applicable tax system and regulations (Fitria, 2017). This knowledge of taxation is very important because public knowledge and insight into the applicable tax system and regulations are still very lacking (Kurniawan, 2020). This lack of public knowledge and insight causes them not to understand how to carry out their tax obligations and in the end they do not carry out these obligations, and this will have an impact on state tax revenues (Sukesni & Yunaidah, 2019). One type of tax, namely, Value Added Tax is a levy imposed on buying and selling transactions of goods and services carried out by individual taxpayers and corporate taxpayers who have become Taxable Entrepreneurs (Susmita & Supadmi, 2016).

In this study, one grand theory will be used, namely the Theory of Planned Behavior. Studies in the field of psychology regarding the factors that influence tax compliance behavior, one of which is through the Theory of Planned Behavior, examining more specific behavior (Ayuba *et al.*, 2016), namely behavior not to comply with tax provisions, individual behavior to not comply with tax regulations is influenced by the intention to behave disobediently (Al-Zaqeba & Al-Rashdan, 2020).

Salindeho (2021) found that tax awareness had a significant effect on taxpayer compliance, in contrast to Suprihati (2021) which found that taxpayer awareness had a negative effect on taxpayer compliance while Setyonugroho & Sardjono (2012) found that awareness of paying taxes does not affect willingness to pay taxes. Research conducted by Putra & Setiawan (2020) stated that service has a positive effect on taxpayer compliance. Research conducted by Yoga *et al.* (2018) shows that the better the services provided by tax office officers to taxpayers, the better the level of taxpayer compliance. The results of this study are supported by research that says that service quality has a positive effect on taxpayer compliance (Prihastini & Fidiana, 2019). Because there are research gaps, researchers want to do further research on how awareness, service, and understanding of taxation are.

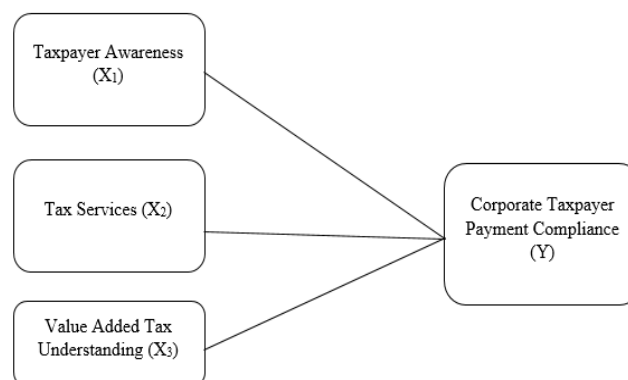


Fig. 1. Conceptual Framework.

Research Hypothesis:

- H1: Taxpayer awareness has a positive effect on tax compliance.
- H2: Tax Office Service quality has a positive effect on tax compliance.
- H3: Understanding of VAT on taxpayers has a positive effect on tax compliance.

II. METHODOLOGY

The design of this research is quantitative research. The quantitative method is accompanied by the use of purposive sampling, namely by using certain criteria on a particular population or sample, collecting data using data available at the South Badung Tax Office and distributing questionnaires and interviews, quantitative or statistical data analysis that aims to determine the effect of taxpayer awareness, service quality, as well as taxpayer understanding of VAT and compliance with corporate taxpayer payments at the South Badung Tax Office. The sample determination method used in this study was chosen by purposive sampling method, namely active corporate taxpayers that have been registered and have reported annual tax returns from 2018-2020.

III. RESULTS AND DISCUSSION

A. Characteristics of Respondents

The highest percentage of the respondent's type of business is the hotel business type. This means that the South Badung Tax Office handles more taxpayers for hotel business entities. The second characteristic is the length of business, where businesses that run for 1-5 years dominate among other ranges with a percentage of 61 percent. The third characteristic is the annual turnover, the percentage of business entities with an annual turnover of < 4.8 billion has a percentage of 93 percent and the percentage of business entities with an annual turnover of > 4.8 billion has a percentage of 7 percent.

B. Taxpayer Awareness

distribution of respondents' answers to taxpayer awareness with the highest average value of 4.77 in the statement "Taxes are a form of community service to the state" and the lowest average value of 4.59 in the statement "I feel the need to pay taxes because my friends and my relatives do the same (tax-compliant)". The average value for the taxpayer awareness variable is 4.72, meaning that taxpayers in the South Badung

Tax Office have a very high awareness of their obligations to pay taxes.

C. Tax Service

distribution of respondents' answers to tax services with the highest average value of 4.88 in the statement "A satisfactory quality of service will make taxpayers feel helped and profitable in terms of time and service" and the lowest average value of 4.63 in the statement "Tax officers are quick to respond to complaints and difficulties experienced by taxpayers. The average value for the tax service variable is 4.78, meaning that the quality of tax services provided by the South Badung Tax Office is very good and satisfying for taxpayers.

D. Understanding VAT

distribution of respondents' answers to the understanding of VAT with the highest average value of 4.66 in the statement "I agree with the application of Value Added Tax to increase state revenue" and the lowest average value of 3.83 in the statement "I feel that the knowledge I know about Value Added Tax is enough". The average value for the VAT understanding variable is 4.27, meaning that taxpayers in the South Badung Tax Office have a very high understanding of Value Added Tax.

E. Tax Compliance

The distribution of respondents' answers to the compliance of corporate taxpayer payments with the highest average value of 4.91 in the statement "As a Corporate Taxpayer Must pay their obligations with the correct calculation" and the lowest average value of 4.52 in the statement "To get a TIN (Taxpayer Identification Number), I voluntarily registered with the Tax Service Office". The average value for the variable of compliance with corporate taxpayer payments is 4.77, meaning that taxpayers at the South Badung Tax Office have very high compliance in paying corporate taxes.

F. Multiple Linear Regression Analysis

The analytical technique used in this study is multiple linear regression analysis to analyze the effect of the independent variables (taxpayer awareness and tax services) on the dependent variable, namely corporate taxpayer payment compliance. The results of the multiple regression analysis of this study are as follows.

TABLE II: RESULTS OF MULTIPLE LINEAR REGRESSION ANALYSIS

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.278	1.902		3.827	0.000
Taxpayer awareness	0.301	0.083	0.301	3.634	0.000
Tax service	0.255	0.076	0.279	3.347	0.001
Understanding VAT	0.140	0.038	0.314	3.719	0.000
Adjusted R Square	0.445 F. sig: 0.000				

Based on Table II, it is known that the Adjusted R square value is 0.445, meaning that the influence of taxpayer awareness, tax services, and understanding of VAT on compliance with corporate taxpayer payments is 44.5 percent while the remaining 55.5 percent is influenced by other factors outside the model. From the results of the SPSS

calculation, it was found that the results of the sig. F of 0.000 which is smaller than the significant value of 0.05 ($0.000 < 0.05$). These results indicate that taxpayer awareness, tax service, and understanding of VAT have a simultaneous (together) effect on corporate taxpayer payment compliance.

G. Discussion

1) The effect of taxpayer awareness on corporate taxpayer compliance

From the results of SPSS calculations, the sig.t value of 0.000 is less than the significant value used ($0.000 < 0.05$) and the 1 value of 0.301 indicates a positive direction. This shows that taxpayer awareness has a positive and significant effect on corporate taxpayer payment compliance, which means H1 is accepted. The results of this study strengthen the theory of Planned Behavior, namely Behavior Beliefs regarding individual beliefs about the results of behavior and the evaluation of a taxpayer's behavior on the awareness of taxpayers in paying taxes describes individuals who are obedient in paying taxes. These results support previous research conducted by Salindeho (2021) that tax awareness that have a positive effect on taxpayer compliance

2) The effect of tax services on corporate taxpayer compliance

From the results of the SPSS calculation, the sig.t value of 0.001 is less than the significant value used ($0.001 < 0.05$) and the 2 value of 0.255 indicates a positive direction. This shows that tax services have a positive and significant effect on corporate taxpayer compliance, which means H2 is accepted. The results of this study strengthen the theory of Planned Behavior, namely Behavior Beliefs regarding individual beliefs about the results of behavior and the evaluation of a taxpayer's behavior can be influenced by the quality of service. The willingness of corporate taxpayers to pay taxes is largely influenced by the quality of services provided by tax officials. These results support previous research conducted by Yoga et al. (2018) which showed positive results where the better the services provided by tax office officers to taxpayers, the better the level of taxpayer compliance.

3) The effect of VAT understanding on corporate taxpayer compliance

From the results of SPSS calculations, the sig.t value of 0.000 is less than the significant value used ($0.000 < 0.05$) and the 3 value of 0.140 indicates a positive direction. This shows that the understanding of VAT has a positive and significant effect on corporate taxpayer compliance, which means H0 is rejected and H3 is accepted.

The results of this study strengthen the theory of Planned Behavior, namely Behavior Beliefs regarding individual beliefs about the results of behavior and the evaluation of a taxpayer's behavior can be influenced by an understanding of taxation in this case an understanding of VAT. The willingness of corporate taxpayers to pay taxes is largely influenced by the taxpayer's understanding of taxation. These results support previous research conducted by Trihatmoko & Mubaraq (2020) which found that understanding taxation has a positive effect so that taxpayers can be said to have a good understanding if they can calculate, pay, fill out, report themselves on time while still understanding the sanctions

that will be imposed if there is a delay in payment or tax reporting.

4) Research Implication

This study has been able to explain the theoretical model used as the basis for formulating the hypothesis, namely the influence of taxpayer awareness, tax services, and understanding of VAT on corporate taxpayer payment compliance in the South Badung Tax Office. The results of the theoretical model explain that the factors that influence the payment compliance of corporate taxpayers are taxpayer awareness, tax services, and understanding of VAT. This research is based on as well as proving the truth of the Theory of Planned Behavior. Where the behavioral decision theory states that the decision is an alternative selection based on a different knowledge structure for each individual. The results of this study prove that the decision-making behavior of corporate taxpayers regarding the level of compliance in implementing tax rights and obligations is influenced by the structure or level of understanding of VAT and the services provided by tax officials. The results of this study are expected to be a reference for the South Badung Tax Office and other companies in utilizing indicators of taxpayer awareness, tax services, and understanding of VAT as a strategy in improving corporate taxpayer payment compliance.

IV. CONCLUSION

To improve taxpayer payment compliance, tax officers should provide counseling and education about the importance of paying taxes for business entities. The Tax Service Office must continue to improve tax services, such as by being more responsive to complaints or difficulties experienced by taxpayers, and always providing detailed information to taxpayers.

For future researchers, it is necessary to consider other variables that affect taxpayer awareness, tax services, and understanding of Value Added Tax (VAT) such as taxpayer motivation, taxpayer economic level, and knowledge on tax regulations.

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