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Application of Modern Tax Administration System on The Effectiveness of Tax Reception with Tax Sanctions as Moderating Variables

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Abstract

This study aims to determine the effect of the Application of the Modern Tax Administration System to Effectiveness of Tax Revenues with Tax Sanctions as a Moderating Variable. The location of the study was conducted at KPP Pratama Pondok Aren and so the population in this study was Tax Payer registered at the KPP Pratama Pondok Aren, Jakarta, Indonesia. The research method used was associative research with a quantitative approach carried out using a questionnaire distributed to 100 sample respondents. The sampling technique is random sampling. Data analysis in this study was carried out using Moderated Regression Analysis (MRA) to test the hypothesis significance, namely f test, and t-test. The results of the analysis of the study did not find a positive and significant effect on the variable Implementation of the Modern Tax Administration System, while the Tax Sanction significantly affected the Effectiveness of Tax Revenue variable. From the MRA test results, it is also known that the Tax Sanction is a variable that moderates the relationship between the Application of the Modern Taxation System to Effectiveness of Tax Revenue.



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1 Introduction

Taxes to date are the main source of state revenue. This is clearer if seen from the big theme of the 2019 State Budget is "Fair, Healthy and Independent". Where the word Mandiri refers to the hope that tax revenue grows significantly so that it can reduce the source of state funding that comes from debt. At present the realization of tax revenue has reached Rp705.59 trillion or 44.73 percent of the 2019 state budget target and has grown positively by 2.68 percent (yoy). As stated by the Minister of Finance of the Republic of Indonesia Sri Mulyani Indrawati in the August 2019 APBN Report, this growth was due to the growth of tax revenue from the tax sector, PPh 21 and PPh 25/29 OP. (Kemenkeu, 2019)

Considering the importance of the role of taxes in the state budget, the government is trying to continue to improve the performance of the tax apparatus in providing services so that taxpayers become easier to fulfil

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their rights and obligations. Related to the above objectives starting from 1983 the government began to enact new laws in the field of taxation replacing the old Dutch legislation, and began to use self-assessment system. Mardiasmo (2011) said that self-assessment is a tax collection system that authorizes taxpayers to determine their own amount of tax owed. Efforts to realize good governance are further marked by the application of new information technology in the form of taxation services, online payment, e-SPT, e-filing, e-registration, and DGT information systems. In addition, DGT also conducted tax awareness socialization, the development of a data bank and Single Identification Number and other steps that were continuously developed and refined.

Jensen and Meckling explain that agency theory defines agency relationships as a nexus of contract in which one or more principals use another person or agent to carry out company activities. Principal is the shareholder / owner / investor, while the agent is the manager or management who manages the company. Principal provides facilities and funds for the company's operating needs, while the agent is obliged to manage the company with the aim of increasing the prosperity of the owner or the company's profit. (Jensen & Meckling, 1976). The relationship between principal and agent in practice is not always in line. Information mismatch between the two often occurs. The mismatch of information between the agent and the principal is called asymmetric information, which is the unequal distribution of information between the agent and the principal. Asymmetric information arises because managers know more about internal information and prospects for the company in the future than the information obtained by the principal. This difference in information often results in moral hazard. Based on the differences in interests between the agent and the principal supported by the acquisition of information that is not the same, the agent will act for personal interests and benefits with the risk that will be borne by the principal. The connection with this article is that agents will try to minimize their tax payments in order to maximize company profits, provide risks to companies that will be more borne by the company owner. Agency theory explains the differences in interests between the government as the owner of the state and the taxpayer as government agents who have differences in interests related to tax.

Compliance theory is a theory that explains a condition in which a person obeys to the commands or rules given. According to Tahar and Rachman (2014) compliance regarding taxation is a responsibility to God, for the government and the people as taxpayers to fulfil all tax obligations and carry out their taxation rights. Taxpayer Compliance is a behaviour that is based on the awareness of a Taxpayer on his tax obligations while still based on the laws and regulations that have been set. Awareness itself is part of intrinsic motivation that is motivation that comes within the individual itself and extrinsic motivation is motivation that comes from outside the individual, such as encouragement from the tax apparatus to increase tax compliance. One of the ways by the DGT government is to reform the tax administration system modernization in the form of improving services for taxpayers through e-system based services such as e-registration, e-filing, e-SPT, and e-billing. This is done so that taxpayers can register themselves, carry out tax returns, calculate and pay taxation easily and quickly online. This is in accordance with the theory of compliance. Based on the regulation of the Minister of Finance No. 192 / PMK.03 / 2007 concerning Taxpayers with certain criteria, hereinafter referred to as Compliant Taxpayers, are Taxpayers who fulfil the following requirements: (1) Punctual in submitting Notification Letter; (2) Do not have tax arrears for all types of taxes, except tax arrears that have obtained permission to pay in instalments or delay tax payments; (3) Financial statements are audited by a public accountant or government financial oversight body with an unqualified opinion for 3 consecutive years; (4) Have never been convicted of a criminal act in the field of taxation based on a court decision that has had permanent legal force within the past 5 years.

Effectiveness is the utilization of resources, facilities and infrastructure in the amount that was consciously predetermined to produce the amount of goods for the services that it carries out. Effectiveness shows success in terms of whether or not the target has been set. If the results of the activities are getting closer to the target, then the higher the effectiveness. Conversely the smaller, the more ineffective. The more effective the tax revenue means the higher the tax revenue target achieved. (Widowati, 2014)

Tax Administration System is a service of taxpayer's rights and obligations which is carried out directly from the tax office and includes recording, classification and storage. Sari in Sarunan, Widya K stated that tax modernization has the following objectives: (1) The achievement of the level of tax compliance; (2) The level of trust in tax administration; (3) Tax employee productivity level is achieved. (Sarunan, 2016)

Modernized DGT services include:

- 1) E-Registration, which is to register an NPWP (Taxpayer Identification Number) online
- 2) E-SPT, i.e., the annual / annual SPT in the form of electronic forms
- 3) E-Invoice, which is an electronic tax invoice form and is provided by the DGT, all taxpayers have access to use it.
- 4) E-Filling, which is an online tax return reporting system so that taxpayers do not need to queue at the tax office to report their tax returns.

The legal basis for tax sanctions is regulated in each of the articles in the General Provisions Act and Tax Procedures. Tax penalties can be imposed if the Taxpayer violates the relevant articles. For example, related to article 7 which states that if a taxpayer does not submit a notification letter (SPT) on time according to the period of submission of the tax return or the time limit for extension, administrative sanctions will depend on the type of tax return. Tax sanctions are needed as a guarantee that the provisions of tax legislation (tax norms) will be obeyed. Or in other words, taxation sanctions are a preventive tool so that taxpayers do not violate taxation norms. Wicaksono in Daulat Freddy (2013) states that taxpayers are less enthusiastic in paying their taxes due to several factors, namely: (1) Lack of knowledge about taxes, namely the scarcity of simple and easily understood information about taxes; (2) Lack of quality and speed of service of government officials to the public, especially apparatus support for taxation and lack of information about the use of tax revenue, (3) The legal system does not support the development of public awareness of taxes; (4) The implementation of taxation in the context of the principle of justice has not been widely felt. (Freddy, 2013)

Saraswati's research results state that the variable system of modern tax administration and tax sanctions do not affect the compliance of taxpayers, (Saraswati, 2018), this result is confirmed by research (Shikongo, Shikongo, Kakujaha-Matundu, & Kaulihowa, 2019) which states that the tax system in Namibia has not generated sufficiently good income.

This study wants to find out and provide empirical evidence of the influence of the Modern Tax Administration System with moderated Tax Sanctions. Tax sanctions are used as a moderating variable with the aim of proving that with sanctions against non-compliance, taxpayers are more motivated to carry out their taxation rights and obligations better. This is based on the entity's assumption that the payment of taxes as an expense will reduce resources so that restrictions and efforts to avoid taxes will be attempted.

2 Research Method

According to Sugiyono (2011) quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine specific populations or samples, data collection using research instruments, quantitative / statistical data analysis, with the aim to test hypotheses that have been set. Researchers used a questionnaire as a tool to obtain primary research data from respondents who were randomly selected using the Simple Radom Sampling sample selection technique, i.e. taking sample members from the population randomly without regard to existing strata in that population. This method was chosen because of the limitations of research time and also the type of sample that is homogeneous (similar), but still meets the statistical rules.

The population of this study is the taxpayer at the Pondok Aren Primary Tax Service Office, Jakarta Indonesia. (KPP Pratama Pondok Aren) The number of samples selected is calculated using the Slovin formula, as follows:

$$n = \frac{N}{1 + N (e)^2}$$

Where:

n = number of respondents

N = population size

e = error

Before being distributed, the quality of the questionnaire will be tested using the validity and reliability test. Furthermore, the data will pass a series of classic assumption tests to produce the Blue analysis, Best, Linear, Unlock Estimator. When the data is ready, will be continued for hypothesis testing using MRA Moderated Regression Analysis. MRA is an application for the interaction test, specifically linear multiple regression where the regression equation contains elements of interaction, namely the multiplication of two or more independent variables, (Liana, 2009).

Regression equation that is formed as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_2 + e$$

The multiplication variable between X_1 and X_2 is also called the moderating variable because it illustrates the moderating effect of the X_2 variable on the relationship X_1 and Y . While the variables X_1 and X_2 are the direct influence of the variables X_1 and X_2 on Y .

3 Result and Discussion

Descriptive Statistics

Descriptive statistical results show that, the number of research samples (N) is 100 which is a total sample of 230,000 taxpayers registered at Pondok Aren Tax Office.

Table 1. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Application of the MTAS	100	38,000	50,000	44,920	3,103
Tax Sanction	100	34,000	49,000	43,560	3,276
Effectiveness TR	100	32,000	49,000	41,010	3,179
Valid N (listwise)	100				

Table 2. F Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	363,444	3	121,148	18,242	,000 ^b
Residual	637,546	96	6,641		
Total	1000,990	99			

a. Dependent Variable: Efektivitas
b. Predictors: (Constant), Moderating, ExpZ1, ExpX1

F Test results show a significance level of 0,000 which means smaller than 0.05, so it can be said that the regression model is appropriate to be used to predict Y or can be said together X_1 , X_2 , and moderate affect Y . Means that H_3 is accepted.

Table 3. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,603 ^a	,363	,343	2,57703

a. Predictors: (Constant), Moderating, ExpZ1, ExpX1

Based on Table 3, it shows that the Adjusted R Square value is 0.343 or 34.3%. This means that 34.3% of Tax Revenue variables can be influenced by variations of the two independent variables, namely income tax burden and dividend policy. While the rest (100% - 34.3% = 65.7%) d by other variables outside the model.

Table 4. t-Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	27,020	2,550		10,596	,000
Application of the MTAS	4,331E-24	,000	,002	,021	,983
Tax Sanction	2,148E-21	,000	,201	2,311	,023
Moderating	,007	,001	,510	5,219	,000

Source: Data processed by SPSS

Based on the test results in the table 4, the variable implementation of the Modern Tax Administration System shows the value of t count is 0.021 smaller than t table 1.984 with the condition that a significant value of 0.983 is above 0.05 ($0.983 > 0.05$), so it can be concluded that H1 is rejected, which means The Application of the Modern Tax Administration System has no effect on The Effectiveness of Tax Revenues. Modernization requires sufficient information and knowledge from taxpayers to be able to run efficiently. Limited knowledge of the new taxation system will not make it easier for taxpayers to carry out their existing rights and obligations which will only make taxpayers confused, slowing down or even deciding not to pay their obligations. The still lack of quality and speed of service of government officials to the public, especially apparatus support for taxation and lack of information about the use of tax revenue also adds to the unsuccessful modernization of the taxation system to increase state revenue from the tax side (Freddy, 2013). Taxpayers' knowledge related to the existence of a Modern Tax Administration System ideally will foster taxpayer compliance, but without supporting financial conditions, taxpayer compliance as reflected in tax revenue will be negative, (Lisa & Hermanto, 2018)

The Pondok Aren Primary Tax Service Office is expected to continue to improve the quality of its administrative system services so that the existing system can continue to function better, and pay attention to the ease of operation. The Tax Office can evaluate items where the Taxpayer feels that they have not been able to do the maximum possible by conducting socialization and education directly with the Taxpayer, regarding the importance of taxes and carried out continuously, both through print and electronic media. Print media in the form of advertisements in the form of pamphlets or banners on the roadside or strategic places that provide information on tax benefits. Electronic media in the form of advertisements on television, radio, and internet that explain the importance of taxes. so that tax revenue continues to increase. This is consistent with the research of Zulaicha Efrita Sarasawati et al (2018) which concluded that the modern tax administration system does not significantly influence tax compliance. But another result of the study of Widya K Sarunan (2015) which resulted in the application of the modernization of the tax administration system at the Manado Pratama Tax Service Office had a positive and significant effect on tax compliance. This is also not in accordance with the results of Geetha's research which states one of the most influencing factors on awareness is online facilities, (Geetha & Sekar, 2012)

Variable Tax Sanction has a significant level of 0.023 under 0.05 ($0.023 > 0.05$) with a t count of 2.311 greater than t table 1.984, so it can be concluded that H2 is accepted, which means that Tax Sanctions affect the Effectiveness of Tax Revenue. By giving Tax Sanctions to taxpayers who are lacking or not compliant in carrying out their taxation rights and obligations, it will have a deferrent effect so that it will increase taxpayer compliance and ultimately increase government tax revenue.

These results further strengthen the research findings of Sri Puti Tita Mutia, (Mutia, 2014) which results in conclusions there is a significant and positive influence Tax Sanctions with Mandatory Compliance with the direction of a positive relationship. However, the results of this study contradict the results of research from Oktaviane Lidya Winerungan (2013) and Zulaicha Efrita Sarasawati et al, which concluded that tax sanctions do not affect the taxpayer compliance. (Winerungan, 2013).

By comparing β Tax Sanctions = 2,148E-21 while β Moderation = .007, it can be concluded that the variable X2 is a moderating variable, namely the existence of Tax Sanctions reinforces the results of Tax Revenue

caused by the expansion of the Modern Tax Administration System. The application of the Modern Tax Administration System is triggered by the development of science and technology and requires users in this case taxpayers to improve their knowledge and skills. This kind of Tax Payer will understand that the wrongdoing of paying taxes deliberately in order to underpay or even not paying taxes always carries the risk of being detected and ending up with penalties, (Tsegaw, 2017). Taxpayers who already understand the taxation think that it is better to pay taxes than attaining tax sanctions. Tax revenue is a shared responsibility, not only the tax authorities. Sanctions as law enforcement are needed for non-compliance, and for this, it is the tax authority's authority to provide easy access to data banks and if necessary to arrest tax criminals, (Sumartaya & Hafidiah, 2014), either wise the introducing tougher sanctions and improving detection reduces voluntary compliance because it undermines respect for the fairness of the system and leads to greater informality, (Williams & Horodnic, 2016)

4 Conclusion

Based on the discussion and statistical results that have been carried out in the previous chapters, the research aims to analyze the effect of The Application of the Modern Tax Administration System on the Effectiveness of Tax Revenues with Tax Sanctions as a moderating variable concluded:

- 1) Based on the results of the t test showed there is no influence between the Application of the Modern Tax Administration System (X) on the Effectiveness of Tax Revenue (Y). The Pondok Aren Primary Tax Service Office is expected to continue to improve the quality of its administrative system services so that the existing system can continue to function better, and pay attention to the ease of operation.
- 2) Based on the results of the T test (MRA) shows that there is a positive and significant effect between the Tax Sanction (Z) on the Effectiveness of Tax Revenue (Y). This is because, sanctions will be imposed on taxpayers who violate or are not compliant with tax legislation and sanctions are imposed in accordance with the level of violations committed. With the implementation of strict tax sanctions and in accordance with the violations committed, it is expected to have a deterrent effect so that WP can be disciplined in fulfilling its tax obligations and will have an impact on increasing taxpayer compliance at Pondok Aren KPP which means also an increase in revenue from the tax sector.
- 3) Based on the results of the F test (MRA) shows that there is a positive and significant influence between the effect of the Application of the Modern Tax Administration System (X) on the Effectiveness of Tax Revenue (Y) with moderated Tax Sanctions (Z).

And the moderating variable which is the interaction between the Application of the Modern Tax Administration System (X) and the Tax Sanction (Z) turned out to have a positive and significant effect, so it can be concluded that the Tax Sanction variable is a moderating variable that reinforces the influence of the Modern Tax Administration System on Tax Revenue.

- 1) Limited data obtained from the Directorate General of Taxes and the limited number of samples due to limitations in research time. It is recommended that further research may add other variables related to tax revenue. Or take other research sites so the results can be compared.
- 2) In processing data, researchers use transform data in its processing, so the results are biased. In future studies, it will be endeavored not to use transform data but to increase the number of samples or use another proxy.

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