

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Taxes are an important source of revenue to sustain development financing from domestic sources. The size of the tax will determine the capacity of the state budget to finance state expenditures, both for development financing and for routine financing. Indonesia has the need for a relatively large government fund to run the government so the government tends to optimise a stable sources for the country acceptance, coming from the community itself and from the reallocation of funds originating from public savings from the taxation sector. Therefore the taxation sector should be optimized in such a way so that it can sustain the national development in Indonesia. Based on data collected by the Directorate General of Tax (DGT), until mid May 31, 2015, the realization of tax revenue reached Rp377, 0 trillion. (Ministry of Finance of Republic Indonesia, 2015).

Taxation reform in Indonesia begins with a fundamental change regarding the taxation legislation provisions. Aside from that, updating taxation system also needs to be done, by improving abilities and skills in order to understand, master and execute new tax regulations. This system updates change the tax collection system where previously done by official assessment system, and now the system changes into self assessment system. Renewal in terms tax agencies are emphasis more on service improvement to the taxpayer, in order to encourage taxpayer compliance which will then affect the increase tax revenue. In addition, the tax agency is trying to fix up their procedures, work procedures, discipline and mental.

The role of administration is very influential in realizing the rules of taxation and state revenues as mandated by the State Budget (Revenue and Expenditure Budget). Administration can run because of the administrative system that governs it, therefore to be able to realize the acceptance of the tax sector optimally it is necessary to have a good tax administration system. The agency entrusted with the administrative task of taxation is the Directorate General of Taxation (DGT) structurally under the Ministry of Finance.

In an effort to improve services to the Taxpayer community, the government annually seeks to improve the tax administration system. Government efforts are realized with the implementation of tax modernization. Since 2001, the Director General of Taxation has initiated the step of tax administration reform (Tax Administration Reform) which became the foundation of the creation of modern tax administration and trusted by the public.

Programs and activities of tax administration reform are realized in the application of modern tax administration system which has special characteristics such as organizational structure based on function, service improvement for each taxpayer through the establishment of account representative and complaint center to accommodate taxpayer objections. In addition, the modern tax administration system also embraces the latest technological advances including through the development of Tax Information System (SIP) which was based on the functional approach to Integrated Tax Administration System (SAPT) controlled by case management system in workflow system with various office automation module and various E-system based services such as e-Registration, e-Filing, e-SPT, and e-Billing.

The fundamental thing in tax modernization is the taxation paradigm shift. Taxpayer compliance can identified from taxpayer compliance in enrolling, compliance for remitting the Notice,

compliance in counting and payment of arrears. In principle, a changes that occur in the administrative system taxation can change tax officials's way of thinking and also their behavior and also the organization's values that aim to make DGT to become a professional institution with a good image in society with the concept of modernization of tax administration.

Some research that discusses e-system has been done before. Pratami, Sulindawati, and Wahyuni (2017) found that implementation of e-system in tax paying affects significantly to taxpayer compliance in *KPP Pratama Singaraja*. Handayani and Tambun (2016) found that the implementation of e-invoice and the application of *e-spt ppn* significantly influence taxpayers' tax compliance with ability to use the internet. That result of result conducted by Agustiningsih (2016) in *KPP Pratama Yogyakarta* indicate that implementation of e-fillings has a positive and significant impact on Taxpayer Compliance in *KPP Pratama Yogyakarta*.

**Table 1.1 Total Target and Revenue of KPP Pratama Medan Barat**

Year	Target	Revenue	Revenue Realization
2012	Rp 399.272.341.914	Rp 319.417.873.531	80,00%
2013	Rp 438.662.238.348	Rp 365.551.865.290	83,33%
2014	Rp 465.435.309.025	Rp 528.836.970.000	113,62%
2015	Rp 609.869.049.849	Rp 617.303.667.000	101,22%
2016	Rp 600.000.000.000	Rp 696.876.312.058	116,15%
2017	Rp 700.000.000.000	Rp 526.461.316.000	75,21%

Source : *KPP Pratama Medan Barat* (2018)

**Table 1.2 Number of Registered taxpayer and Number of Taxpayer who Delivered Annual SPT**

Year	Registered Taxpayer	Taxpayer who Delivered Annual SPT
2012	23.774	7.883
2013	24.681	8.113
2014	23.551	8.046
2015	24.659	10.145
2016	28.230	9.702
2017	29.368	10.216

Source : *KPP Pratama Medan Barat* (2018)

From the table it can be seen that in the year of 2017, the revenue realization is only 75,21%, and the number of taxpayer who delivered annual SPT is still low compared to the number of registered taxpayer. *KPP Pratama Medan Barat* is one of the modern tax office because it has started to implement the Standard Operating Procedure as well as the system technology at *KPP Pratama Medan Barat* is already electronic system (e-system). Based on the background of problem above, this research aims to analyze and discuss about “**The Effect of E-Tax Implementation on Taxpayer Compliance at *KPP Pratama Medan Barat***”.

## 1.2 PROBLEM LIMITATION

This research is related to taxation in Indonesia, which is the implementation of e-tax.

In order to avoid irrelevancy in this research, the authors focus only on the implementation of Indonesian e-tax, which is the influence of the implementation of e-Registration, e-Filling, e-SPT, and e-Billing on taxpayer compliance in *KPP Pratama Medan Barat*.

## 1.3 PROBLEM FORMULATION

Based on the background that has been mentioned above, then the main problem in this research are :

1. Does e-Registration implementation affects the taxpayer compliance in *KPP Pratama Medan Barat* ?
2. Does e-Filling implementation affects the taxpayer compliance in *KPP Pratama Medan Barat* ?
3. Does e-SPT implementation affects the taxpayer compliance in *KPP Pratama Medan Barat* ?
4. Does e-Billing implementation affects the taxpayer compliance in *KPP Pratama Medan Barat* ?

5. Does e-Registration, e-Filling, e-SPT, e-Billing implementation affects the taxpayer compliance in *KPP Pratama Medan Barat* ?

#### **1.4 OBJECTIVE OF THE RESEARCH**

The purpose of this study is to answer the problem formulation that has been stated above, the aim of this study are :

1. To prove empirically the influence of e-Registration implementation on taxpayer compliance on *KPP Pratama Medan Barat*.
2. To prove empirically the influence of e-Filling implementation on taxpayer compliance on *KPP Pratama Medan Barat*.
3. To prove empirically the influence of e-SPT implementation on taxpayer compliance on *KPP Pratama Medan Barat*.
4. To prove empirically the influence of e-Billing implementation on taxpayer compliance on *KPP Pratama Medan Barat*.
5. To prove empirically the influence of e-Registration, e-Filling, e-SPT, e-Billing implementation on taxpayer compliance on *KPP Pratama Medan Barat*.

#### **1.5 BENEFIT OF THE RESEARCH**

The benefits of the research are divided into two, as follows:

##### **1.5.1 THEORETICAL BENEFIT**

1. This research may be useful as a reference for students to add insight and knowledge and can be used as a guide for further research.
2. This research is also expected to be useful as input for science, especially in tax accounting field.

### **1.5.2 PRACTICAL BENEFIT**

1. For *KPP Pratama Medan Barat*, the results of this study, can provide information to the *KPP Pratama Medan Barat* on the influence of the application of e-tax on taxpayer compliance to optimize performance in collecting taxes as the main source of state revenue.
2. For Taxpayers, the results of this study can provide information to the taxpayer community to be more compliant and disciplined in paying taxes. This study also can help to understand more of Indonesian taxation.

### **1.6 SYSTEMS OF WRITING**

Systematic of writing intended to obtain a comprehensive picture of the general but about the description that is presented, making it easier for the reader in response to the overall research that the writer carried out.

This paper is divided into five chapters, each chapter includes the main points the following description :

#### **CHAPTER 1 : INTRODUCTION**

The first chapter contains the background of the problem, the limitation of the problem, the formulation of the problem, the research objectives, the research focus, the benefits of research, and the systematic writing that describes the overall outline of the research thoroughly.

#### **CHAPTER 2 : LITERATURE REVIEW**

This chapter contains the theories necessary to support relevant research and concepts to discuss the formulation of research problems, review of prior research, the framework of thought and the formulation of hypothesis.

**CHAPTER 3 : RESEARCH METHODOLOGY**

This chapter contains the methods or steps undertaken in the study, which includes the research design, population and samples, data collection method, operational variable definition and variable measurement as well as data analysis techniques used.

**CHAPTER 4 : DATA ANALYSIS AND DISCUSSION**

This chapter contains the general description of the object of research, description of research data, data quality test, classical assumption test, multiple linear regression test, hypothesis test and discussion of research results.

**CHAPTER 5 : CONCLUSION AND RECOMMENDATION**

This chapter contains the conclusions of the results of research, suggestions that can be input for further research and limitations of research.

