

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The government needs a lot of things in the administration of government in Indonesia. As in the planning of infrastructure development in Indonesia, this country needs development funds that are not small to carry out development because the need for development funds increases every year along with the increase in the number and needs of the community. To be able to carry out infrastructure development that can improve citizen's welfare in Indonesia, the government needs financial resources obtained from domestic sources.

One source of income for this country is that the revenue from the taxation sector. Tax is the main source of country revenue that is used to finance the country's expenditures, which is infrastructure development. The construction of public facilities such as roads, bridges, schools, paying employee salaries, and many other things for the public interest requires funds which the amount of the funds is not small, and is sustained through tax revenues.

Economic development in Indonesia which is marked by the rise of business activities in all sectors of the economy, provides the impact on increasing public consumption that will be a potential source for increasing revenues for this country from the taxation sector. One source of income from the taxation sector that is related to the level of public consumption is from value added tax revenue. Value added tax (VAT) is imposed indirectly on domestic consumption. People who consume taxable goods and / or taxable services indirectly pay their taxes to the country, because VAT is included in the purchase price of the item.

To increase the target of VAT revenue, then the government gives the task to the Directorate General of Tax to collect tax revenues and carry out tax reforms in the form of tax policies so that the available tax revenues can be collected optimally by upholding the principles of social justice and providing the best service for taxpayers. Along with the development of technology and information, taxable entrepreneurs / taxable person for VAT purpose in reporting VAT continue to develop from manual reports (using hard copy) to electronic forms, which is *e-Faktur*.

The Directorate General of Tax then stipulates the Director General of Taxes Regulation Number PER-16/PJ/2014 concerning the Procedure for Making and Reporting Electronic Tax Invoice. This regulation started on 1st July 2014, where the use of the *e-Faktur* was carried out in stages by several taxable entrepreneurs / taxable person for VAT Purpose. Since 1st July 2015, Directorate General of Taxes has required taxable person for VAT purpose in Java and Bali to use *e-Faktur*. In addition, the Directorate General of Tax has also appealed to all goods buyers and service recipients who receive tax invoices from taxable entrepreneurs, to ensure that the tax invoice received is as *e-Faktur*. Lastly on 1st July 2016, taxable entrepreneurs will use *e-Faktur* nationally. With this *e-Faktur*, the effort to falsify the invoices can be avoided because *e-Faktur* has strict validation stages for the tax invoice serial number.

The implementation of *e-Faktur* gives benefits to Directorate General of Tax and also taxable person for VAT Purpose. To Directorate General of Tax, *e-Faktur* can suppress as minimum as possible the occurrence of fictitious tax invoices and / or misuses committed by irresponsible parties that can have bad impacts on Indonesia, so that the *e-Faktur* can function as a monitoring of the use of tax invoices in terms of taxable entrepreneurs' compliance.

As for taxable person for VAT purpose, *e-Faktur* can reduce the usual expenses incurred such as paper costs, shipping costs, printing costs, labor verification, coding, and reduce employee costs in making a report on the periodic VAT return. In addition, taxable person for VAT purpose can also save time and effort because the delivery of taxes can be done anywhere and anytime by accessing the *e-Faktur* menu that has been provided online at the website of Directorate General of Tax. So taxable person for VAT purpose no longer needs to print out paper invoices and they do not have to go to the tax office to report it.

In a previous study conducted by Sulistyowati et al. (2018), with the title “*Analisis Efektivitas dan Efisiensi Penerapan E-Faktur PPN Guna Meningkatkan Kepatuhan Pengusaha Kena Pajak (Studi pada PKP Terdaftar di KPP Pratama Madiun)*”. The research method used is a qualitative descriptive method with interviews. The results of this study explain that the effectiveness and efficiency of the application of *e-Faktur* increases the compliance of taxable entrepreneurs because based on the answers from taxable entrepreneurs interviewed, that the use of *e-Faktur* made it easy so that they were able to carry out tax obligations. However, some interviewees stated that the obstacles to using *e-Faktur* were internet connection problems, and applications that sometimes occurred in error.

Meanwhile, according to Lintang (2018) with the title of “*Analisis Penerapan e-Faktur Pajak dalam Upaya Meningkatkan Kepatuhan Pengusaha Kena Pajak untuk Pelaporan SPT Masa PPN pada KPP Pratama Manado*”. The research method used in this study is a qualitative descriptive method by analyzing the results of the effectiveness formula applied to calculate the level of compliance of the taxable entrepreneurs. The results of this study indicated that the level of compliance in terms of the number of taxable entrepreneurs

who have used *e-Faktur*, which in the first 6 months after the *e-Faktur* is applied is 91.56%, which means it is categorized as effective. However, the results of measuring the level of compliance of taxable entrepreneurs who use *e-Faktur* in reporting periodic VAT return at *KPP Pratama Manado*, are 74.62%. This value is categorized as not effective.

Based on the above description of the controversy on the results of the research between the two previous studies, the author is interested in conducting research at *KPP Pratama Medan Barat* because the author wants to know whether the application of *e-Faktur* can increase the compliance of taxable person for VAT purpose in reporting VAT or not, with the title:

“The Effectiveness of *E-Faktur* Implementation regarding to Improve Taxpayer Compliance of Value Added Tax Purpose in Reporting Periodic Value Added Tax Return at *Kantor Pelayanan Pajak Pratama Medan Barat*”.

1.2 Problem Formulation

Based on the background above, the problems are formulated as follows:

1. What is the compliance level of taxable entrepreneurs as tax invoice makers that have used *e-Faktur* from 2016 to 2018?
2. What is the compliance level of taxable entrepreneurs in reporting periodic VAT returns before and after the implementation of *e-Faktur* at the *KPP Pratama Medan Barat* from 2012 to 2018?

1.3 Research Focus

Based on the background described above, the scopes of this research are as follows:

1. The author only discusses about the compliance level at using *e-Faktur* by taxable entrepreneurs at *KPP Pratama Medan Barat* from 2016 to 2018.
2. The author only discusses about the number of periodic VAT return received by *KPP Pratama Medan Barat* before and after the implementation of the *e-Faktur* from 2012 to 2018.

1.4 Research Objective

Based on the background and problem formulation described above, the objectives of this research are:

1. To know about the compliance level of taxable entrepreneurs that have used *e-Faktur* as tax invoice makers at *KPP Pratama Medan Barat* from 2016 to 2018.
2. To know the compliance level of taxable entrepreneurs in reporting periodic VAT returns before and after the implementation of *e-Faktur* at *KPP Pratama Medan Barat* from 2012 to 2018.

1.5 Benefit of the Research

The results of this study are expected to provide benefits for parties who are in need. The benefits that can be given are:

1.5.1 Theoretical Benefit

The results of this study are expected to provide benefits in the field of tax accounting to develop the latest taxation theory in Indonesia, especially regarding the effect of the application of *e-Faktur* on the compliance level of taxable entrepreneurs in reporting periodic VAT returns.

1.5.2 Practical Benefit

The results of this study are expected to provide practical benefits for some parties are:

1. For *KPP Pratama Medan Barat*

This research is expected to be able to improve the quality of service to taxpayers through the application of *e-Faktur* and can provide input for *KPP Pratama Medan Barat* to make improvements relating to the implementation of *e-Faktur* which is an effort to improve taxable entrepreneurs' compliance in reporting periodic VAT returns.

2. For next researches

This research can also be a reference for future researchers who want to conduct research on *e-Faktur* to be able to provide more optimal research results compared to previous studies.

3. For author

This research can provide benefits for the author to gain experience in carrying out the first scientific research at *KPP Pratama Medan Barat*. In addition, the author also becomes more independent in solving existing problems and is also more confident in dealing with everything.

1.6 Systems of Writing

In this study, a process discussion and presentation of the results of the study will be arranged with a systematic description as follows:

CHAPTER I

INTRODUCTION

Introducing to the overall research which contains background of the study, problem formulation, research focus, research objective, benefit of the research, and systems of writing.

CHAPTER II

LITERATURE REVIEW

This chapter contains an explanation of the theoretical background which is theoretical basis discussed about general theories and concepts that will be used for researcher. Previous study is included in this chapter in order to strengthen the result of previous research or in contrary with the result of the previous studies. Lastly, the framework of thinking will be included in this chapter to illustrate the mindset of researcher that is related with the process of this research that starts with the background, formulation of the problem and the theories used.

CHAPTER III

RESEARCH METHODOLOGY

This chapter provides an explanation of how this research was conducted. Starting from the research design, research object, data collection method and data analysis method.

CHAPTER IV

DATA ANALYSIS AND DISCUSSION

This chapter includes general view of *KPP Pratama Medan Barat*. This chapter is the main part of this research because it contains the analysis of the data and also discuss the problem about the results that researcher has done.

CHAPTER V

CONCLUSION

This chapter is the final chapter of the entire study which contains conclusion, implication and also recommendation. The conclusion will contain brief summary for what researcher has done in Chapter IV. Implication contains the impact from the result of this research and the action for future plan. Recommendation contains the suggestions to the external parties, such as future researcher.

