

CHAPTER I

INTRODUCTION

1.1 Background of the Study

According to the tax in the Law No. 16 year 2016 Article 1, Tax is a contribution that is a must to pay to the government which is coercive based on the law that will not get any reward directly and the funds will be used to the usage of the nation for the welfare of the people. Tax has an important role for the government in order to receive the nation's funds, the more the funds that the government gets the more it can also be used to make the nation more developed.

Indonesia is one of the very many countries that rely heavily on taxes as a source of state revenue. But some time people tend to not pay the tax or pay the tax lower than usual but not according to the law, still becoming a phenomenon to the institution of tax. That is why the tax institution needs to do something so that the taxpayer does not pay the tax late and also make them comply with the tax law.

The institution need to have a strategy to made the taxpayer obey the law and make them to pay the tax they owe before the due date of the tax that should have been received by the government.

Directorate General Taxation already does many things in order to make the taxpayer obey the taxation law but still many do not obey it. As for example the Directorate General Taxation increases the receiving sector with Good Governance and Service Excellent in managing the tax administration. This one is a good strategy that has the Directorate General Taxation made. One of the strategies that the Directorate General Taxation made is the Indonesian Tax Reform.

Indonesia Tax Reform already took place in the year 1983. This Indonesia Tax Reform made 5 new tax laws. The Reformation was made because before the Netherlands Colonial made a law and not in accordance with the times. The 5 new tax law from the Indonesia Tax Reform is:

1. Law (*UU*) Number 6 of 1983 concerning General Provisions and Tax Procedures
2. Law No. 7 of 1983 concerning Income Tax (*PPh*)
3. Law No. 8 of 1983 concerning Value Added Tax of Goods and Services and Sales Tax on Luxury Goods (*PPnBM*)
4. Law No. 12 of 1985 concerning Land and Building Tax (*PBB*)
5. Law No. 13 of 1985 concerning Stamp Duty.

The new plan that of Directorate General Taxation is expected to improve compliance by paying taxes voluntarily and increasing the trust of the taxpayer to the administration also increases the productivity of the tax

officer. Because of modern technology this can increase the quality of service to taxpayers.

As of October 2020, this pandemic Covid-19 affected all of the aspects, including the decrease of the taxpayer compliance in North Sumatra becoming 60,74 percent, than in the previous year where 70 percent of taxpayers were compliant with paying taxes. In detail, the level of compliance of corporate income taxpayers is 62.72 percent, non-employee income individual taxpayers 52.38 percent and employee income individual taxpayers 62.74 percent.

As from the background of the story above can conclude that the changes of a significance among before and after the making of a modernization of the tax service system and the researcher want to put in the proof of the changes., so the researcher make the title “**The Modern Tax Administration System and the Effect to the Taxpayer Compliance in KPP Pratama Medan Belawan**”

1.2 Problem Limitation

This study is focusing on the effect of the organizational structure, change in implementation and code of ethics to taxpayer compliance in KPP Pratama Medan Belawan. The problem of this study is our concern is on whether the personal taxpayers that already register to the KPP Pratama Medan Belawan have effect and simultaneously affected by the

organizational structure, change in implementation and code of ethics in taxpayer compliance.

1.3 Problem Formulation

In this study based on the problem limitation above, there is a focus of what that need to be formulate as follows:

1. Is the organizational structure has an effect on taxpayer compliance at KPP Pratama Medan Belawan?
2. Is the change in implementation service has an effect on taxpayer compliance at KPP Pratama Medan Belawan?
3. Is the code of ethics has an effect on taxpayer compliance at KPP Pratama Medan Belawan?
4. Is the organizational structure, change in implementation service and code of ethics simultaneously effect on taxpayer compliance at KPP Pratama Medan Belawan?

1.4 Objective of the Research

In this study the objective of the research based on the problem above, which are:

1. To know the organizational structure has an effect on taxpayer compliance at KPP Pratama Medan Belawan.
2. To know the change in implementation service has an effect on taxpayer compliance at KPP Pratama Medan Belawan?

3. To know the code of ethics has an effect on taxpayer compliance at KPP Pratama Medan Belawan?

1.5 Benefit of the Research

In this study, the benefit of the research based on the problem and objective are divided into theoretical benefit and practical benefit, as follows:

1.5.1 Theoretical Benefit

For the theoretical benefit, the writer that by reading this research paper, the reader will get a knowledge, as follow:

1. Effect of the modern tax administration system

To have the reader or the other researchers know the effect of the modern tax administration system that has been made by the Directorate General Taxation for the taxpayers. To see that the modern tax administration system has a good effect or bad effect for the taxpayers.

2. Work evaluation for employees.

To have the employees that work in the taxation sector know what to do to increase their quality in servicing taxpayers in paying taxes.

1.5.2 Practical Benefit

For the practical Benefit, the writer that by reading this research paper, the reader will get a knowledge, as follow:

1. Researchers

The results of this study are expected to other researchers to have a new thought about ways to increase the taxpayer compliance.

2. Taxpayers

It is recommended more active in conveying obligations and actively follow developments information regarding payment renewal programs online tax.

