

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In the era of modernization, one of the expenses that must be paid is tax. The citizens of Indonesia are obliged to pay tax as stated in article 23A of the Constitution Law 1945 that other taxes and levies are compulsory for country purposes and regulated by applicable law. Tax is a source of funds for national development and growth to improve the welfare of people by providing public services, infrastructure and transportation facilities. However, taxpayers cannot enjoy the benefits of paying tax directly which may result in them not paying tax by doing tax avoidance or tax evasion.

In General, the taxation system in Indonesia adopts a self-assessment system that allows taxpayers to calculate, pay and report tax payable themselves. By adopting self-assessment in Indonesia, it is expected that understanding and knowledge of taxpayers will increase the level of compliance which may affect the state revenue. Tax revenue in Indonesia is still being considered low as there are still high numbers of tax subjects who have not registered as taxpayers and tax objects which have not been reported to the state. Now, increasing state revenue through tax sector is the main focus of the Directorate General of Tax. Therefore, the reformation and modernization in tax administration utilizing information technology are required to raise taxpayer compliance.

Table 1.1 Target and Realization of Tax Revenue at Kantor Pelayanan Pajak Pratama Medan Belawan 2014-2018

Year	Target	Realization
2014	274.693.130.000	205.570.654.060
2015	373.620.940.000	446.499.464.507
2016	494.949.043.010	457.517.058.253
2017	410.099.969.000	456.848.962.081
2018	523.688.146.000	422.714.707.907

Source: Prepared by the writer (2019)

Based on table 1.2 above, it can be concluded that there is an unstable amount of tax collection from year 2014 to 2018 at *Kantor Pelayanan Pajak Pratama Medan Belawan*. In 2014, tax collection did not achieve the determined target and neither year 2016 and 2018. On the other hand, in 2015 and 2017, tax collection achieved the determined target of tax collection which is the one of the crucial income sources in Indonesia.

Nowadays, the tax administration system in Indonesia has changed due to the development of sophisticated technology that leads the government to create innovations in taxation. The use of technology aims to improve tax services and facilitate taxpayers to carry out their taxation rights and obligations. The innovations created by the Directorate General of Tax utilize electronic systems. An electronic system (e-system) is an information system that supports the implementation of a modernization taxation system including a network to connect taxpayers and tax office. There are types of electronic systems that have been carried out by the Directorate General of Tax, such as *e-Billing* system, *e-Filing* system, e-Registration and e-SPT. In addition, e-SPT is tax return data of taxpayers created electronically using the application that is provided free by the Directorate General of Tax, while e-Registration is the application utilizing information system to register, change taxpayer data, and inauguration or revocation of the inauguration of taxable entrepreneurs that is connected online to the system of the Directorate General of Tax.

E-Billing system is stipulated in the regulation of the Directorate General of Tax number PER-05/PJ/2017 about electronic tax payment and has been applied since 1st June 2016. *E-Billing* system replaces the manual payment system that used tax payment slip to pay tax. The existence of *e-Billing* system is expected to create convenience for taxpayers in paying tax and avoid keeping lots of tax payment slips in form of paper as tax payment has been recorded electronically as proof of tax receipts which are directly connected with the system of the Directorate General of Tax.

E-Filing system is stipulated in the regulation of the Directorate General of Tax number *PER-01/PJ/2017* about the submission of tax electronically and has been applied since 1st April 2018. The existence of *e-Filing* system causes taxpayers no need to come to tax office directly and queue for a long time to report tax as reporting tax can be conducted anywhere and anytime as long as taxpayers can open *e-Filing* system utilizing the internet connection to connect the taxpayers and the Directorate General of Tax.

The modernization of tax administration system is not solely about the innovation of *e-Billing* system and *e-Filing* system, but also the existence of Account Representative represents the new era of tax modernization. Account Representative is stipulated in the regulation of the Minister of Finance number *79/PMK.01/2015* about Account Representatives in the tax office. Account Representative plays a crucial role as a mediator between taxpayer and tax office. Every taxpayer has their own account representatives who are responsible for guiding and monitoring the tax administration. Account Representative can be contacted by phone or messages as taxpayers must have their numbers to solve the difficulties in dealing with tax. The existence of Account Representative is expected to help taxpayers in solving their problems and curiosity accurately.

Table 1.2 Taxpayer Compliance at Kantor Pelayanan Pajak Pratama Medan Belawan

Year	Registered Taxpayer	Reported Tax Return	Taxpayer Compliance
2014	71.270	21.182	29.7%
2015	77.433	24.754	32.0%
2016	82.743	25.530	30.9%
2017	89.558	26.470	29.6%
2018	95.080	26.721	28.1%

Source: Prepared by the writer (2019)

Based on table 1.2, it can be concluded that from year 2014 to 2018, there are unstable amounts of taxpayer compliance. From year 2014 to 2015, there is an increase of 2.3% of taxpayer compliance. Meanwhile,

from year 2016 to 2018, there are decreases of 1.1% in 2016, 1.3% in 2017, and 1.5% in 2018 of taxpayer compliance.

Furthermore, there was previous research conducted about *e-Filing* system, *e-Billing* system and the role of account representative toward taxpayer compliance, such as the research conducted by Ulyani (2014) showed that e-System and the role of account representative significantly influenced tax compliance at Kendari small tax office. The research conducted by Saung (2017) also showed that the implementation of *e-Filing* system and *e-Billing* system had a positive and significant influence toward taxpayer compliance.

On the contrary, there was also other previous research conducted about *e-Filing* system, *e-Billing* system and the role of account representative toward taxpayer compliance with different results, such as the research conducted by Suherman, Almunawwaroh and Marliana (2015) showed that the application of *e-Filing* system did not affect taxpayer compliance in submitting annual tax return at Tasikmalaya small tax office as there is still low awareness about tax and constraints in using *e-Filing* system. The research conducted by Putri (2018) also showed that *e-Billing* system did not have an impact on taxpayer compliance. In addition, the research conducted by Suratningsih and Aryani (2018) showed that the role of account representative had no effect on individual taxpayer compliance at East Denpasar small tax office as there was taxpayer who was still reluctant to ask or consult to the related account representative in fulfilling their taxation rights and obligations.

Thus, based on the description above and the different results of previous researches, the writer is interested in conducting research with the title **“The Impact of Electronic Tax System and the Role of Account Representative toward Taxpayer Compliance at Kantor Pelayanan Pajak Pratama Medan Belawan”**.

1.2 PROBLEM LIMITATION

In this research, the problem limitations are as follow due to the limitation of time and resources:

1. This research focuses on three independent variables which are *e-Billing* system, *e-Filing* system, and the role of account representative.
2. This research object is taxpayers who are individuals and entities.
3. This research is conducted in *Kantor Pelayanan Pajak Pratama Medan Belawan*

1.3 PROBLEM FORMULATION

Based on the background of the study above, the problem formulations in this research are as follow:

1. Does *e-Billing* system have significant partial impact toward taxpayer compliance at *Kantor Pelayanan Pajak Pratama Medan Belawan*?
2. Does *e-Filing* system have significant partial impact toward taxpayer compliance at *Kantor Pelayanan Pajak Pratama Medan Belawan*?
3. Does the role of account representative have significant partial impact toward taxpayer compliance at *Kantor Pelayanan Pajak Pratama Medan Belawan*?
4. Do *e-Billing* system, *e-Filing* system and the role of account representative have significant simultaneous impact toward taxpayer compliance at *Kantor Pelayanan Pajak Pratama Medan Belawan*?

1.4 OBJECTIVE OF THE RESEARCH

Based on the formulation of the problem, the objectives of the research conducted by the author are as follow:

1. To know whether *e-Billing* system has significant partial impact towards taxpayer compliance at *Kantor Pelayanan Pajak Pratama Medan Belawan*.
2. To know whether *e-Filing* system has significant partial impact towards taxpayer compliance at *Kantor Pelayanan Pajak Pratama Medan Belawan*.
3. To know whether the role of account representative has significant partial impact towards taxpayer compliance at *Kantor Pelayanan Pajak Pratama Medan Belawan*.
4. To know whether *e-Billing* system, *e-Filing* system and the role of account representative have simultaneous impact toward taxpayer compliance at *Kantor Pelayanan Pajak Pratama Medan Belawan*.

1.5 BENEFIT OF THE RESEARCH

1.5.1 THEORETICAL BENEFIT

The research is expected to provide more knowledge and understanding deeper about *e-Filing* system, *e-Billing* system and the role of account representative. The results of the research are also expected to give contributions to tax development and become references to similar research to other researchers who are interested to do further research.

1.5.2 PRACTICAL BENEFIT

The practical benefits are as follow:

1. For Writer
The research is expected to increase the knowledge of the writer and implement the knowledge in a real situation related to *e-Billing* system, *e-Filing* system and the role of Account Representative.

2. For Academic

The research is expected to provide the readers with additional information that may be used as reference materials for upcoming research and enhance knowledge based on the related object of the research.

3. For the Directorate General of Tax

The research is expected to provide feedback or evaluation to keep innovating and providing excellent services to taxpayers as contributions of taxpayers are crucial to increase the state revenue.

4. For society

The research is expected to provide information and understanding about the importance of *e-Billing* system, *e-Filing* system and the role of account representative for the country, Indonesia since taxpayers' tax compliance are highly needed to fulfill the taxation rights and obligations.

1.6 SYSTEM OF WRITING

CHAPTER I : INTRODUCTION

In this chapter, the writer describes about the background of the study, problem limitation, problem formulation, objective of the research, benefit of the research (theoretical and practical), and systems of writing.

CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

In this chapter, the writer describes about theoretical background related to the research variable, previous research, hypothesis development, research model, and framework of thinking.

CHAPTER III : RESEARCH METHODOLOGY

In this chapter, the writer describes about research design, population, sample, data collection method, operational variable, variable measurement, and data analysis method.

CHAPTER IV : DATA ANALYSIS AND DISCUSSION

In this chapter, the writer describes further about the general view of the research object, the results of the data analysis, and discussion about the results.

CHAPTER V : CONCLUSION

In this chapter, the writer describes about conclusion, implication, and recommendation about the research.

