

CHAPTER I

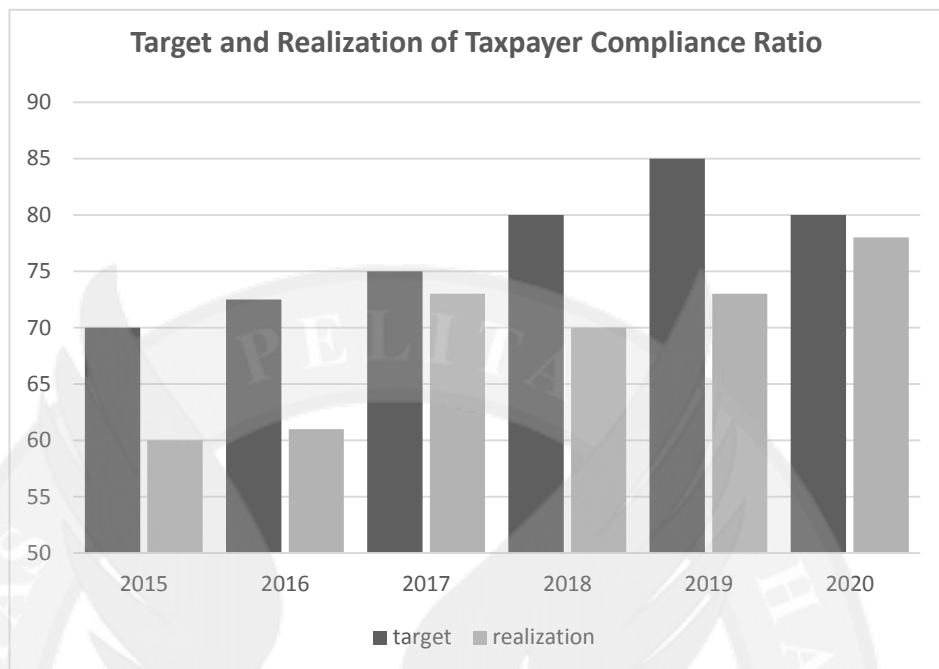
INTRODUCTION

1.1 Background of The Study

Indonesia actually has various kinds of potential that are own to become a more developed country, the source of Indonesian state revenue is divided into two, namely domestic revenues and foreign revenues, and tax is one source of state revenue. Tax is one of the sources of state income that comes from the citizens, every citizen is obliged to pay taxes, and the government has the authority to collect taxes from the public. Having citizens who have tax compliance in paying taxes can support Indonesia to become a more developed country. However, the achievements planned by the government have not achieved maximum results. Because the function of government will not run properly if taxpayers disobedient in paying taxes. The role in paying taxes has a huge impact on supporting the survival of the state. In addition, there are still many problems that arise in almost all aspects. The government must keep overcoming this problem by taking into account state revenue with tax collection.

The diagram below is the target and realization of taxpayer compliance ratio:

figure 1.1. Target and Realization of Taxpayer Compliance Ratio for the last 5 years



source: Kementerian Keuangan (2020)

The Taxpayer Compliance Ratio (WP) in 2020 will increase. The number of annual income tax returns (SPT) received in 2020 was 14.76 million. This figure is 78% of the number of taxpayers required to submit report annual tax returns, an increase from the previous year, which was 73%. However, the Taxpayer Compliance ratio missed the target of 80% (Dwi Hadya Jayani, 2021). The tax revenue realization in 2020 was IDR 1,069.98 trillion or 89.25% of the 2020 target of IDR 1,198.82 trillion. In addition, this realization was down 19.71% from the previous year. The table shows that although the number of report annual tax return reporting increases every year, the number of people who register always does not reach the target. Hence the government must improve the way they collected taxes in order to improve tax compliance. E-filing system, tax awareness, and tax sanctions are believed to impact increasing tax compliance.

Compliance in tax is to report the report annual tax return in a timely manner and pay the tax on time, which taxpayer will report the income and additional economic capability of both PPh and VAT tax types. Compliance with taxes is crucial in the taxation world because one of the obstacles that inhibit the effectiveness of tax collection is compliance in taxpayers.

The tax collection system is entrusted the taxpayers to report their taxes in the report annual tax return by themselves because the system implemented now is a self-assessment system and previously was the Official assessment system. So with the self-assessment system, the public is expected to increase awareness of taxes. As said by Arifin (2015), Tax awareness is the willingness to carry out the process of tax payment insincerity without having to be forced even if the taxpayer cannot enjoy the result of the tax they have paid. Moreover, they voluntarily pay taxes because they were aware that one of the country's revenues sources is through tax paid by the citizen.

Awareness in Taxation has a significant positive influence on taxpayer compliance. The low taxpayer awareness also strongly affects the taxpayer's compliance in fulfilling their tax obligations, as taxpayers tend to violate the rules or do not carry out their tax obligations because, for some citizens, paying taxes is a burden for them to be faced.

As stated by Arifin (2017), Annual Tax return (SPT), as stipulated in article 1 Figure 11 of law number 28 of 2007 concerning KUP, is a letter by taxpayers is used to report the calculation and/or payment of taxes, tax objects and/or non-tax objects and/or property and liabilities, in accordance with the

provisions of the legislation – taxation invitation.

There are several options that taxpayers can do to report annual tax returns. The first directly comes to the Tax Service Office (KPP), the second is to send by mail or via courier to KPP, and the last is registering the report annual tax return through an online website which is E-filing. Minister of Finance (Menkeu) Sri Mulyani Indrawati said that during the pandemic situation last year, the tax authorities accelerated the use of network technology and minimized face-to-face services in order to prevent the transmission of Covid-19 (Yusuf Imam Santoso, 2021), then the application of E-filing is very useful at this time because taxpayers do not have to go to the tax office to report their annual tax return.

The E-filing system itself is an online tax reporting process that is reporting the annual tax return electronically via the internet on the Directorate General of Taxation website. The presence and acceptance of the system of online reporting of report annual tax returns can reduce taxpayers to conduct of tax evasion and tax manipulation because taxpayers tend to use tax consulting services, and tax consultants tend to influence taxpayers to manipulate taxes. Moreover, it is supposed to be with the acceptance of online report annual tax return registration method will make it easier for taxpayers who have not reported the annual tax return, and will also reduce the taxpayer to be penalized due to the late report of the annual tax return.

For the taxpayer who late to report the report annual tax return, intentionally or unintentionally to not report the tax will be subject to tax sanctions, as said by Mardiasmo (2006); in Harawa & Saragih (2017) that tax

sanctions are a guarantee that the tax laws and regulations will be obeyed by the taxpayer to pay taxes. So, tax sanctions can be said to be a tool that prevents taxpayers from adhering to the rules and does not violate the taxation norms. The general provisions and ordinances of taxation rules have been governed by the law, as well as tax sanctions. According to the law, KUP No 28, the year 2007 explained one of the tax sanctions, where the taxpayer can be imposed a penalty of administrative fines of Rp. 100,000 for the annual tax return of individual taxpayers, interest, and criminal sanctions (Siregar, 2017). The existence of sanctions in taxation will affect the level of taxpayer compliance in carrying out their tax payments. Due to tax sanctions, the more debt in taxes, the more burden it will be for taxpayers to pay taxes.

According to the research conducted by Halawa & Saragih (2017), tax awareness, tax sanctions, and the attitude of the tax authorities have a significant impact towards tax compliance. Another research conducted by Siregar (2017) also shows that tax awareness and tax sanctions also have a significant impact towards tax compliance. The research was done by Husnurrosyiah & Suhadi (2017) also stated that one of their variables, X, E-filing has a positive effect on the compulsory compliance tax. However, according to Yulia et al. (2020), tax awareness has no significant impact towards tax compliance, but tax awareness has a positive impact. Another research conducted by Mahdi & Ardianti (2017) stated that one of the variable x, tax sanction partially have no impact towards employee's tax compliance.

So, based on the description above, the writer is motivated to perform

research to analyze the tax compliance of some employees in the company's office. This research is done to act as a comparison for the same factors, which are the acceptance of E-filing, tax awareness, and tax sanctions. The writer will conduct a questionnaire for the employees. As the object of this research, the writer took PT Mitra Mas to be researched by its employees. This office is located on Jl. Menggala, no. 55, Medan. The company is engaged in the maintenance and repair of Liquefied Petroleum Gas and non-LPG. PT Mitra Mas has many employees, but the author will examine the employees in the branch office of Medan with only 60 people who will be used as a sample. The average salary of employees in the office located in Medan is 4.5 million and above, so they need to register and pay taxes.

To research the taxpayer compliance at PT Mitra Mas, The writer would like to do a research with the title: **“The Impact of the acceptance of E-filing System, Tax Awareness, and Tax Sanctions towards Employee's Tax Compliance on PT Mitra Mas.”**

1.2 Problem Limitation

Based on the background of the study described in previous sections in order to limit the problem and to prevent too broad a discussion which results in the occurrence of an interpretation error of the resulting conclusions, then, in this case, it is done that the factors used as research variables are the acceptance of e-filing system, tax awareness and tax sanctions towards tax compliance. Furthermore, because it only uses PT Mitra Mas as the company for this research, the data tested is limited because the taxpayers who can be examined are only

those from that company with wages exceeding 4.5 million rupiahs.

1.3 Problem Formulation

The problem that occurs at this time is that the level of compliance and awareness of paying taxes is still below the average. So, Base on the background of the study above, the problem formulation in this study is:

1. Does the acceptance of e-filing impact employee's tax compliance at PT Mitra Mas?
2. Does the tax awareness impact employee's tax compliance at PT Mitra Mas?
3. Do the tax sanctions impact employee's tax compliance in PT Mitra Mas?
4. Do the acceptance of e-filing, tax awareness, and tax sanctions impact employee's tax compliance at PT Mitra Mas?

1.4 Objective of The Research

Based on the above problem formulation, the objective of the research in this study is:

1. To determine the impact of the acceptance of the e-filing system towards employee's tax compliance on PT Mitra Mas.
2. To determine the impact of Tax awareness towards employee's tax compliance in PT Mitra Mas.
3. To determine the impact of Tax Sanctions towards employee's tax compliance in PT Mitra Mas.

4. To determine the impact of the acceptance of e-filing, tax awareness, and tax sanctions towards employee's tax compliance in PT Mitra Mas.

1.5 Benefit of The Research

Every research is expected to be beneficial to all readers. The results of this research are expected to increase the awareness of tax and contribute to the compliance of The Taxpayer by understanding the E-filing system, tax awareness, and tax sanctions. The benefits of his research are as follows.

1.5.1 Theoretical Benefit

As a reference to society in regards to tax compliance, the writer can explain the details about the impact of the E-filing system, tax awareness, and tax sanctions towards the Employee's Tax Compliance. In addition, this research can also add insight and knowledge on taxation regulations.

1.5.2 Practical Benefit

This research is very useful for people who are obliged to pay taxes because this research can raise awareness about the importance of complying with tax payments by taxpayers by knowing the factors that affect taxpayers' compliance, where this research is the acceptance of E-filing systems, tax Awareness, and Tax sanctions, especially in the research location.