Do Corporate Annual Tax Returns Play a Role in Enhancing Tax Revenue?

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Abstract. The gap between corporate annual tax return submissions and income tax receipts has led the author to explore this issue further. This study aims to assess corporate taxpayers' understanding of tax return filing and income tax receipts, evaluate the impact of return submissions on tax revenue, and offer improvement strategies. Using quantitative research with 97 corporate taxpayers selected via simple random sampling, data was gathered from relevant agencies and questionnaires. The key findings reveal: a) Many corporate taxpayers lack a clear understanding of proper tax return submission procedures. b) While taxpayers recognize the importance of income tax revenue, further efforts are needed to enhance its collection. c) The submission of annual tax returns has not significantly affected income tax revenue. d) Despite positive initiatives like taxpayer education, they have not yet yielded substantial improvements in tax return submissions. To address these issues, the author recommends: a) holding tax seminars to educate taxpayers, b) providing continuous education and regular audits, c) encouraging active engagement between tax officials and taxpayers, and d) simplifying tax processes and promoting digitalization for easier compliance.

Keywords: Corporate Tax Returns, Tax Revenue Enhancement, Taxpayer Compliance, Tax Education, Digitalization of Tax Processes

1 Introduction

The government faces a significant challenge in securing substantial funds for development, relying heavily on taxes, which contribute around 75% of state revenue through the State Revenue and Expenditure Budget. The Ministry of Finance, through its tax authority, is tasked with achieving revenue targets by fostering tax awareness and compliance across regions. In a country utilizing the Self-Assessment system, taxpayers are entrusted to independently calculate, report, and pay their taxes. While this system promotes efficiency, it also relies on taxpayer honesty, leaving room for negligence or non-compliance. Corporate taxpayers, including corporations, cooperatives, and foundations, are mandated to submit accurate Annual Tax Returns, a critical component of the tax collection process.

Despite a steady increase in corporate taxpayers, this growth has not been mirrored by a corresponding rise in the submission of corporate annual tax returns, negatively impacting state tax revenue. Studies by Suhartanto and Morasa (2015), as well as Arifin and Nasution (2017), have highlighted declining compliance rates, with the 2022 submission rate dropping to 24.32% from 28.10% in 2021. This decline underscores the vital role of taxpayer participation in the

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effectiveness of the tax system. Corporate income tax remains a significant contributor to Indonesia's tax revenue, as it is easier to monitor than individual taxes. However, the persistent gap between declining corporate tax return submissions and increasing income tax revenue reveals a disconnect, often caused by low compliance among registered corporate taxpayers, as observed by Hanum (2018).

In light of these trends, this study seeks to investigate the key factors contributing to corporate income tax revenue. The objectives include evaluating corporate taxpayers' understanding of tax return submission procedures, assessing their awareness of the importance of corporate income tax, and analyzing the impact of tax return submissions on income tax revenue. Furthermore, the study aims to offer practical recommendations to improve tax compliance and revenue collection, particularly at the branch level, addressing the ongoing challenges in fostering greater adherence to tax regulations.

2 Literature Review

A role refers to the duties or responsibilities assigned to individuals within an organization or society, reflecting the expectations tied to their position. Syamsir (2014) defines a role as the expected behavior of someone in a particular status, often shaped by organizational regulations. Koentrajaraningrat (2015) explains that a role represents anticipated behavior within a system, while Ahmadi (2017) emphasizes the influence of societal expectations. In essence, roles guide how individuals should act based on their position in a group or organization.

Taxes are mandatory contributions collected by the government from individuals and businesses to fund public expenditures. These funds are used for both routine operations and development projects. Tax obligations are legally enforced, with the aim of benefiting public welfare rather than providing immediate returns to the taxpayer. Central taxes, managed by the national government, include income tax and value-added tax, while local taxes, such as property and motor vehicle taxes, are handled by regional governments. Taxes play a crucial role in helping the government achieve social and economic objectives by funding infrastructure and public services.

Ratnawati (2016) identifies three tax collection systems: the official assessment system, the Self-Assessment System, and the Withholding Tax System. In the official system, tax authorities determine the taxpayer's obligations, whereas the Self-Assessment System allows taxpayers to calculate and report their taxes independently. The Withholding Tax System involves a third party collecting taxes on behalf of the taxpayer. Each system ensures efficient tax collection and compliance. Corporate income tax, as noted by Setiawan and Ngatikoh (2016), is based on the business's adjusted income and plays a critical role in generating government revenue. Compliance, particularly through timely submission of tax returns, contributes significantly to maintaining consistent tax revenue, as emphasized by Oktaviana (2012). In general, the framework is namely:

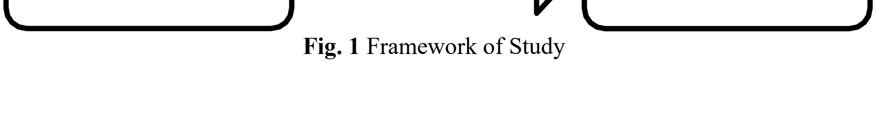

Fig. 1 Framework of Study

Based on the above framework, the following hypothesis can be formulated: H^1: The submission of tax returns has a significant effect on tax revenue.

3 Method

Quantitative research is a scientific approach that relies on numerical data to test hypotheses and analyze variables. According to Sugiyono (2018), it applies positivist philosophy to study specific populations or samples using research instruments like questionnaires. In this study, the population consists of 3,222 corporate taxpayers from KPP Pratama Bandung Bojonagara, and the sample size of 97 was determined using the Slovin formula with a 10% margin of error. Data collection involved distributing a questionnaire via Google Forms, using a Likert scale to measure respondents' agreement with various statements. The independent variable in this study is the submission of the annual corporate tax return (SPT), while the dependent variable is corporate income tax revenue.

Instrument and validity testing are crucial steps in quantitative research to ensure the accuracy and reliability of data collection tools. A well-constructed questionnaire serves as the research instrument, providing structured data that can be analyzed systematically. Validity testing determines whether the instrument accurately measures the intended variables, using Pearson's product-moment correlation to assess item validity. Items with an r-value below 0.30 are considered invalid and are excluded from further analysis. Additionally, reliability testing, conducted using Cronbach's Alpha formula, ensures consistency in the instrument's results across different instances. A Cronbach's Alpha value above 0.6 indicates that the questionnaire is reliable.

Statistical analysis is divided into descriptive and verificative methods to interpret the collected data. Descriptive analysis summarizes the data without drawing general conclusions, while verificative analysis aims to test hypotheses and validate existing theories. In this study, Pearson’s product-moment correlation is used to assess the relationship between the submission of corporate tax returns and corporate income tax revenue. Simple linear regression measures the impact of the independent variable on the dependent variable, and hypothesis testing is conducted using the t-test with a significance level of 0.05. The determination test evaluates the model's explanatory power using the coefficient of determination (R^2), with values closer to 1 indicating a stronger predictive model.

4 Result and Discussion

4.1 Test of instrument

4.1.1 Validity Testing

The validity test results for the variable of corporate annual tax return submission (Variable X) which consisted of 9 statements, are presented in Figure 1. Based on these calculations, all statements related to the corporate annual tax return submission variable were found to be valid, as the calculated correlation coefficient (r) exceeded the critical value (r table). The validity test for the 10 statements under Variable Y is shown in Figure 2. These results indicate that all statements concerning corporate income tax revenue are valid, as the calculated correlation coefficient (r) also exceeded the critical value (r table). This confirms that the items in both variables are valid for further analysis.

		X1	X2	X3	X4	X5	X6	X7	X8	X9	X
X	Pearson Correlation	.238*	.482**	.433**	.575**	.634**	.729**	.643**	.620**	.444**	1
	Significant (2-tailed)	.019	.000	.000	.000	.000	.000	.000	.000	.000	
	N	97	97	97	97	97	97	97	97	97	97

Fig. 1. Result of Validity Test of X-Variable

		Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Y	Pearson Correlation	.503**	.478**	.619**	.695**	.735**	.687**	.649**	.472**	.614**	.663**
	Significant (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	97	97	97	97	97	97	97	97	97	97

Fig. 2. Result of validity test of Y-Variable

3.1.2 Reliability Testing

The reliability test results for both Variable X and Variable Y are displayed in Figure 3. For Variable Y, the results show that the responses related to corporate income tax revenue are reliable, with a Cronbach's Alpha value greater than 0.6. This indicates that the instrument is consistent and the data provided by respondents will be stable if the same statements are presented again in future assessments.In conclusion, the validity and reliability tests confirm that the instruments used for measuring both corporate annual tax return submission and corporate income tax revenue are valid and reliable. This ensures that the data collected can be used for further analysis with confidence in the consistency and accuracy of the respondents' answers.

Reliability Statistics Y

Cronbach's Alpha	N of Items
.808	10

Fig. 3. Result of Reliability

3.2 Descriptive Analysis

3.2.1 Respondent Description

The study surveyed 97 respondents who are corporate taxpayers, revealing a diverse range of business entities and operational sectors. Of the respondents, 36% are registered as commanditer companies, 38% are perseroan companies, 13% are legal firms, and 12% fall under other legal forms. These entities reflect a broad spectrum of legal structures. Additionally, 58% of the respondents are engaged in the goods sector, while 42% operate in the services sector, showcasing a balance between these two key industries. Regarding company age, the majority, or 76%, have been in operation for one to three years, followed by 13% running for three to six years, 7% under one year, and 3% over six years. This distribution suggests that most corporate taxpayers are relatively new or moderately established businesses.

The analysis of corporate taxpayers' submission of annual tax returns indicates that compliance is generally high. Notably, 84% of respondents strongly agreed that they voluntarily registered as taxpayers, reflecting a proactive approach to fulfilling their tax obligations. Furthermore, 67% strongly agreed that they completed their tax returns accurately, and 68% confirmed that they submitted both annual and periodic tax returns on time. This demonstrates a general commitment to accurate and timely reporting. In terms of fiscal financial reporting, 74% strongly agreed they were knowledgeable about tax laws, and 78% acknowledged paying their taxes on time. Moreover, 80% of respondents stated that they had sufficient knowledge of tax calculations, while 77% affirmed that they properly calculated, reported, and paid their taxes.

The data also showed a significant awareness of the importance of tax audits, with 87% of respondents strongly agreeing that they had undergone tax audits, and 40% admitted to having paid penalties for late submissions. On the other hand, 24% strongly disagreed with this, indicating compliance with the regulations. This suggests a general understanding of the importance of tax audits and compliance, even though a portion of taxpayers faced penalties. These results highlight the need for ongoing efforts to improve taxpayers' adherence to timely and correct tax submissions.

In terms of the role of tax revenue, respondents expressed a strong understanding of its importance. An overwhelming 94% strongly agreed that tax revenue is vital for supporting national development, and 93% recognized that taxes are one of the country's primary income sources. Additionally, 94% strongly agreed that increasing tax revenue is essential for enhancing the government's financial independence. These responses underscore a high level of awareness among corporate taxpayers regarding the critical role of taxes in national development and public welfare.

Further insights reveal that 93% of respondents acknowledged that taxes are the largest source of national income, with 97% strongly agreeing on the importance of having a Tax ID, tax audits, and tax collection processes. The data also showed that 91% of respondents emphasized the significance of cooperation between tax authorities and taxpayers, reflecting a need for effective communication and collaboration. Furthermore, 93% recognized that delays or reductions in tax payments could negatively impact the country's financial health, and 95% highlighted the importance of tax awareness campaigns to ensure continued compliance and revenue generation.

The data also pointed to strong support for measures to improve tax compliance. Specifically, 93% of respondents advocated for improved tax audits, and 95% stressed the need to enhance efforts toward tax intensification and extension. These findings suggest that corporate taxpayers are open to initiatives aimed at increasing tax compliance, provided that the measures are fair and efficient.

Based on the analysis, several key conclusions can be drawn. First, while many respondents strongly agreed with statements related to tax returns and compliance, the reliability testing suggests that some taxpayers may still lack full understanding of the proper procedures for submitting annual tax returns. This indicates the need for ongoing education and support. Second, the data shows that taxpayers are aware of the importance of income tax revenue and acknowledge the value of educational initiatives to improve compliance and collection efforts.

Finally, despite a decline in the number of annual tax returns submitted, tax revenue has increased, suggesting that other efforts by the tax authority have been effective. However, increasing the submission of annual tax returns could potentially further enhance tax revenue. To this end, it is recommended that current efforts be intensified, with a focus on taxpayer education, simplification of tax procedures, and comprehensive digitalization of tax services to make the submission and payment processes more efficient.

3.3 Verificative Analysis

3.3.1 Correlation Test

The Pearson correlation technique, also known as the product moment correlation, was used in this study because the data being measured is ordinal, derived from a Likert-scale questionnaire. A linear analysis was applied to assess the relationship between variables.

Correlations

		Penerimaan PPh Badan	Penyampaian SPT Badan
Pearson Correlation	Penerimaan PPh Badan	1.000	-.019
	Penyampaian SPT Badan	-.019	1.000
Sig. (1-tailed)	Penerimaan PPh Badan	.	.429
	Penyampaian SPT Badan	.429	.
N	Penerimaan PPh Badan	97	97
	Penyampaian SPT Badan	97	97

Fig. 4. Result of Correlation Test

Figure 4 illustrates the outcome of the Pearson correlation test, revealing an r-value of 0.019. This value, when evaluated against the correlation coefficient scale, signifies that the relationship between variable X, the submission of annual corporate tax returns, and variable Y, corporate income tax receipts, is extremely weak. A correlation coefficient of this magnitude points to an almost negligible association between these two variables. In research terms, the closer the r-value is to zero, the weaker the linear relationship between the variables being studied. This finding suggests that the act of submitting corporate tax returns does not strongly correlate with the amount of corporate income tax received by the government in this particular region. Such a result highlights a critical area where further investigation may be required to explore why the submission of tax returns seems to have little impact on actual tax revenue, contrary to what might be expected.

The extremely low r-value of 0.019 implies that the submission of annual corporate tax returns by corporate taxpayers has a minimal influence on the corporate income tax receipts collected by the tax authority. This minimal relationship can be surprising, considering that the submission of accurate and timely tax returns is generally regarded as a key factor in ensuring proper tax collection and compliance. In most tax systems, the expectation is that regular submission of tax returns should directly correspond to an increase in tax revenue. However, in this case, the weak correlation points to the possibility that other factors, aside from the submission of returns, play a more significant role in influencing corporate income tax receipts. These factors could include economic conditions, the effectiveness of tax audits, enforcement measures, or even the voluntary compliance of taxpayers.

The weak correlation between the submission of corporate tax returns and corporate income tax receipts raises important questions about the efficiency of the tax return process. One possibility is that corporate taxpayers might be submitting their tax returns but underreporting their income or using loopholes to minimize their taxable income. Another explanation could be that the tax authority's capacity to audit and verify the accuracy of these returns is limited, reducing the effectiveness of the submission process in generating actual revenue. Moreover, the weak relationship could indicate that many businesses are complying with their filing obligations, but the impact of these submissions on tax receipts is diluted by other administrative or operational inefficiencies within the tax system.

The conclusion drawn from these test results is that the submission of annual corporate tax returns has a very limited impact on the level of corporate income tax receipts in the region. While there is a relationship between the two variables, it is weak and suggests that other mechanisms are more influential in driving corporate tax revenue. For policymakers, this finding could point to the need for reform in how tax returns are handled and processed. Strengthening the connection between tax filing and revenue generation may involve enhancing audit procedures, improving tax return accuracy, and addressing loopholes that allow businesses to reduce their tax liabilities without violating the law. Such measures could help make tax return submissions more impactful on revenue collection.

Given that the relationship between tax returns and tax receipts is so weak, further research may be necessary to explore other factors that could be influencing corporate income tax receipts. For instance, macroeconomic conditions such as GDP growth, industry profitability, or shifts in business activities could play a more substantial role in determining tax revenue than the mere act of submitting tax returns. Additionally, non-compliance in terms of tax payments—rather than the submission of returns—could be a more pressing issue. If businesses are submitting their tax returns but not paying the correct amount of tax owed, this would explain the minimal relationship between filing and revenue collection.

In summary, while the submission of corporate tax returns is an essential legal requirement, the weak correlation with corporate income tax receipts found in this study indicates that the process of filing alone does not significantly affect tax revenue. This points to the need for stronger enforcement and perhaps a reevaluation of how corporate taxes are administered. Improving compliance, both in terms of accurate tax reporting and payment, could help strengthen the relationship between the submission of tax returns and actual tax receipts. Tax authorities may also need to consider integrating more robust data verification systems and enhancing the consequences of non-compliance to ensure that the filing process translates into tangible revenue outcomes.

3.3.2 Simple Regression Test

This test is utilized to identify the relationship between the independent variable and the dependent variable. From the data collected, the author obtained the following calculation results, as presented in Figure 5.

Coefficient

Model	B	Std. Error	Beta
(Constant)	3012.203	1885.135	
Penyusunan SPT Badan	-0.74	nan	

Fig. 5. Simple Regression Test

Based on the regression analysis results, the simple linear regression formula, $Y = 30112.203 + (-0.14)X$, reveals an inverse relationship between the submission of annual corporate tax returns (X) and corporate income tax receipts (Y). The coefficient b (-0.14) implies that for every unit increase in the submission of tax returns, corporate income tax receipts decrease slightly by 0.14 units. This finding is somewhat counterintuitive, as the expectation would generally be that higher compliance, through increased submission of tax returns, would lead to greater tax revenue. Instead, this negative coefficient highlights an unexpected effect, suggesting that in this particular region, increasing the submission of corporate tax returns may not necessarily equate to higher tax receipts.

The inverse relationship indicated by the regression results could be explained by several factors. One plausible reason might be that although more businesses are submitting their annual tax returns, the amounts reported or paid are lower than expected. Companies may underreport income or use legal tax avoidance strategies, such as claiming high deductions or expenses, which ultimately results in lower taxable income. Consequently, while businesses are technically compliant in filing their tax returns, the actual corporate tax receipts collected by the authorities remain low. This discrepancy between filing compliance and revenue generation could reflect broader issues with how tax regulations are being interpreted and applied by corporate taxpayers.

Further analysis of the coefficients, including the significance level as indicated by the p-value, shows that the relationship between the submission of tax returns and corporate income tax receipts is statistically significant. This significance indicates that despite the inverse nature of the relationship, the variables are meaningfully correlated, and the submission of tax returns does indeed impact corporate income tax receipts. However, the nature of the impact—where increased filings do not necessarily lead to increased revenue—may point to inefficiencies in the tax collection process or to economic conditions affecting the profitability of businesses. These underlying factors may require further exploration to fully understand why increased compliance does not translate into higher tax receipts.

One important consideration in understanding this inverse relationship is the potential influence of economic factors. If businesses in the region are experiencing financial challenges, they may report lower profits on their tax returns, which would result in lower tax liabilities, even if more returns are being submitted. Economic downturns, industry-specific challenges, or broader market conditions could all contribute to a situation where businesses are filing their tax returns but reporting minimal taxable income. In such a scenario, the submission of more tax returns could coincide with lower overall tax receipts due to declining business performance, rather than a lack of compliance.

Finally, the negative effect of tax return submissions on corporate tax receipts also raises questions about the effectiveness of tax enforcement and auditing processes. If businesses are filing their returns but underreporting income or exploiting loopholes, it suggests a need for stronger enforcement mechanisms, such as more rigorous audits or improved verification procedures. Tax authorities may need to invest in better monitoring and compliance strategies to ensure that the figures reported in corporate tax returns accurately reflect the companies' financial realities. Without proper enforcement, the act of submitting a tax return may become a mere formality, failing to generate the expected revenue for the government. This calls for an examination of tax policies and administrative practices to address the gap between tax return submissions and actual tax collection.

3.3.3 Hypothesis Testing

The hypothesis test is conducted to determine the effect of Variable X on Variable Y. The results obtained are illustrated in Figure 6.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	315264.371	1	315264.371	.033	.857[b]
	Residual	918869773.073	95	9672313.401		
	Total	919185037.443	96			

a. Dependent Variable: Revenue of corporate income tax

b. Predictors: (Constant), Submitting corporate annual tax return

Fig. 6. Hypotesis Test

The regression analysis results reveal that the calculated T-value is -0.181, while the significance level for Variable X (the submission of annual corporate tax returns) stands at 0.857. This value far exceeds the 0.05 probability threshold, suggesting that the null hypothesis (Ho), which posits no significant relationship between Variable X and Variable Y (corporate income tax receipts), is accepted. Consequently, the alternative hypothesis (Ha), which proposes a significant relationship between these variables, is rejected. The results indicate that the submission of annual corporate tax returns does not have a meaningful impact on corporate income tax receipts. This finding challenges the conventional expectation that increased tax return submissions automatically lead to higher tax revenue.

The high p-value of 0.857 further underscores the lack of a statistically significant relationship between these variables. The p-value indicates the probability that the observed results occurred by chance, and in this case, the high value means the relationship between tax return submissions and tax revenue is not strong enough to be considered statistically significant. This weak correlation suggests that the submission of annual tax returns, while an important administrative task for businesses, may not directly drive the amount of tax collected in the region. The finding implies that other factors, beyond just the number of submitted tax returns, could be more influential in determining the actual corporate tax revenue.

This result is consistent with the observed data trends, where there was an increase in corporate tax receipts despite a decrease in the submission of annual tax returns. This inverse trend hints at a complex dynamic in tax collection, where compliance with filing requirements does not necessarily translate into higher tax revenues. It is possible that other factors—such as changes in tax laws, improved enforcement, increased economic activity, or adjustments in corporate tax rates—are playing a more significant role in influencing tax receipts. The lack of a direct relationship between tax return submissions and revenue suggests that simply increasing filing compliance may not be sufficient to boost corporate income tax collections.

The hypothesis test confirms that the submission of annual corporate tax returns does not significantly influence corporate income tax receipts. While filing tax returns is a legal requirement for corporate taxpayers, it appears that the mere act of submission does not guarantee increased revenue for the government. This finding highlights the complexity of tax revenue collection, where multiple variables and factors likely interact to determine final outcomes. Other elements, such as the accuracy of reported income, compliance with tax laws, and economic conditions affecting businesses, may exert a greater influence on the total corporate tax receipts.

Given these findings, further investigation into the factors affecting corporate tax revenue is warranted. For instance, it would be useful to explore whether businesses are underreporting their income or if tax avoidance strategies are contributing to the discrepancy between tax return submissions and revenue. Additionally, examining the role of tax audits, enforcement practices, and economic trends could provide insights into why an increase in tax returns does not lead to corresponding increases in revenue. By identifying these other factors, policymakers can better target strategies to improve tax collection efficiency and address gaps in the current tax system.

In conclusion, the analysis demonstrates that the submission of annual corporate tax returns has a minimal impact on corporate income tax receipts. While this might seem surprising, it highlights the multifaceted nature of tax revenue collection. Simply increasing compliance with filing requirements may not be enough to significantly raise tax revenues. Instead, efforts to improve tax collection should focus on enhancing tax enforcement, monitoring underreporting, and addressing broader economic and policy factors that affect corporate profitability and tax liability. By considering these additional elements, tax authorities can develop more effective strategies to ensure that tax revenues reflect the true financial activity of businesses.

3.3.4 Determination Test

The determination test evaluates the proportion of the variance in the dependent variable that is predictable from the independent variable. The results are presented in Figure 7.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Dur bin-
					R Square Change	F Change	df 1	df 2	Sig. F Change	
1	.019a	.000	-.010	3110.03431	.000	.033	1	95	.857	

a. Predictors: (Constant), Submitting corporate annual tax return

Fig. 7. Hypotesis Test

The regression analysis reveals key insights into the relationship between the submission of annual corporate tax returns and corporate income tax receipts. The Model Summary reports an R-value of 0.019, which indicates a very weak correlation between the independent variable (submission of tax returns) and the dependent variable (corporate tax receipts). An R-squared value of 0.000 suggests that the submission of tax returns explains only 0.0361% of the variance in corporate income tax receipts. This essentially means that the submission of tax returns has a negligible impact on corporate tax revenue. In this context, R-squared represents the proportion of variance in the dependent variable that can be attributed to the independent variable, and here, it highlights the limited explanatory power of the submission of tax returns on the overall tax revenue collected.

Moreover, the Adjusted R-squared value of -0.010 reinforces this conclusion. The negative adjusted R-squared suggests that the independent variable (tax return submission) not only fails to explain any meaningful variation in corporate tax receipts but may actually reduce the explanatory power of the model when adjusted for the number of predictors and the sample size. The standard error of the estimate, reported as 3,110.03431, indicates the average distance that the observed values fall from the regression line. A high standard error in this case suggests that there is considerable variability in corporate tax receipts that is not captured by the submission of tax returns, further reinforcing the idea that other factors are driving tax revenue outcomes.

The analysis also reports a change in R-squared of 0.000, coupled with an F Change of 0.033. This low F Change value, with degrees of freedom (df1) of 1 and degrees of freedom (df2) of 95, indicates that the inclusion of the independent variable does not significantly improve the model's ability to explain the variance in the dependent variable. Furthermore, the significance level for the F Change is reported as 0.857, which far exceeds the commonly accepted threshold of 0.05. This high p-value indicates that there is no significant effect of tax return submission on corporate tax receipts, further affirming that this variable does not meaningfully contribute to the prediction of tax revenue outcomes.

The R-squared value of 0.000 demonstrates that 99.9639% of the variance in corporate tax receipts remains unexplained by the submission of annual corporate tax returns. This means that nearly all of the variability in tax revenue is attributable to factors other than the frequency or accuracy of tax return submissions. These findings suggest that additional variables need to be considered in order to create a more comprehensive model for predicting tax revenue. Potential factors may include broader economic conditions, corporate profitability, enforcement mechanisms by tax authorities, or variations in compliance with other tax obligations beyond annual return submissions.

This minimal R-squared value highlights the complexity of tax revenue dynamics and suggests that relying solely on the submission of tax returns as an indicator of revenue generation is inadequate. While submitting tax returns is an essential part of tax compliance, it may not directly correlate with the amount of revenue collected, especially if other elements such as underreporting, tax evasion, or economic downturns affect the final tax liabilities of corporations. These results point to the need for a multi-faceted approach to understanding tax revenue, one that takes into account economic indicators, compliance behavior, enforcement strategies, and possibly even sector-specific variables that influence tax payments.

In conclusion, the determination test confirms that the impact of annual corporate tax return submissions on tax revenue is minimal. While this finding may seem counterintuitive, it underscores the limitations of using a single variable to predict a complex outcome like tax revenue. The negligible effect of tax return submissions on revenue collection calls for a deeper exploration of other contributing factors. Policymakers and tax authorities should consider incorporating a broader range of variables into future analyses to better understand the drivers of corporate tax receipts. Further research could explore how corporate profitability, economic cycles, tax audits, and penalties for non-compliance interact to influence tax revenue outcomes.

4 Conclusions

Based on the research findings, it is clear that corporate taxpayers' understanding of the procedures for submitting annual tax returns remains insufficient. A significant portion of the 97 respondents appear unaware of the proper steps to fulfill their obligations according to tax regulations. This lack of awareness could stem from the complexity of the filing process or insufficient educational outreach by tax authorities. Despite efforts to inform taxpayers, there is a gap between what is expected in terms of compliance and what taxpayers know or understand. Enhancing education and communication regarding tax procedures would help bridge this gap, ensuring that more corporate taxpayers are able to comply with regulations and avoid penalties. Clear, accessible information and training sessions focused on filing corporate annual tax returns would benefit taxpayers, allowing them to meet their obligations more effectively.

The study also highlights that, while corporate taxpayers recognize the importance of income tax as a primary revenue source for national development, this understanding does not fully translate into action in terms of filing annual returns. The lack of a significant relationship between the submission of annual corporate tax returns and income tax revenue suggests that other factors may be influencing tax collection. It also reflects the need for more proactive measures from tax authorities to strengthen the connection between awareness and compliance. Regular educational efforts, audits, and consistent reminders of tax obligations should be prioritized to ensure that taxpayers follow through with filing their returns. This could also help reduce non-compliance, as taxpayers are more likely to submit their returns when they are reminded of the consequences of failing to do so.

To improve the submission rates of annual corporate tax returns, several strategic actions should be implemented. Tax authorities should enhance their outreach programs by conducting frequent seminars and workshops, particularly targeting taxpayers who have not yet submitted their returns. Additionally, efforts to remind taxpayers of their obligations should not be limited to formal warnings but should include more direct engagement, such as personal visits by tax officers. This approach allows tax authorities to address potential barriers to compliance and provide immediate assistance if needed. Moreover, simplifying the tax filing process through comprehensive digitization—covering everything from notifications and payments to reporting—would encourage higher submission rates by making the process more convenient. By reducing the need for physical visits to tax offices and creating an efficient, user-friendly system, taxpayers would be more inclined to comply, ultimately contributing to increased corporate income tax revenue.

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