

# The Effect of The Tax E-System on The Compliance of Taxpayers Moderated by Variables Locus of Control (Study on MSME Taxpayers in The KPP Pratama Area Throughout Bali)

Cokorda Krisna Yudha<sup>1</sup>, I Made Wianto Putra<sup>2</sup>  
{yudhacokkrisna@gmail.com<sup>1</sup>}

Faculty of Economics and Business, Universitas Warmadewa, Indonesia

**Abstract.** The low level of taxpayer compliance is influenced by several factors, such as the quality of the system as a means of submitting tax obligations and the tax sanctions received by taxpayers in the event of a violation. Another factor that influences taxpayer compliance is the locus of control, namely self-beliefs about the consequences of actions taken beyond the person's control. Sanctions in taxation will have a smaller effect if the taxpayer has an internal locus of control. Furthermore, sanctions in taxation will have a major effect on the person if he has an external locus of control. The purpose of this study is to examine the effect of the e-system on taxpayer compliance and examine the effect of the e-system on taxpayer compliance moderated by locus of control. This research method uses the Partial Least Square (PLS) model to examine the effect of one variable on other variables with a population of 44,151 taxpayers and a sample of 100 respondents. The results of this study state that the E-system has a positive and significant effect on Taxpayer Compliance and Locus of control can moderate the relationship between the E-system and Taxpayer Compliance.

**Keywords:** Taxation E-System, Taxpayer Compliance, Locus of control

## 1. Introduction

Indonesia is a developing country and could survive the various disturbances of world globalization. Many aspects support Indonesia's progress, one of which is a tax which is a major source of state revenue. Every existing tax imposition aims and should improve public welfare, so the state as a tax collector brings the consequence that the state is obliged to try to improve the welfare of its people. Taxes have a large position in the State Revenue and Expenditure Budget (APBN), and tax contributions to the state budget have increased every year. In this way, the Directorate General of Taxes continues to make efforts to achieve an increase in the confirmed tax revenue. One of the efforts that have been tried is monitoring taxpayer compliance in carrying out their tax obligations.

Even though taxes are the largest contributor to state revenue, it's still very far from the state's budget target. Similarly, in 2019, tax revenues reached Rp. 1,136.17 trillion or 72.02 percent of the state budget target, regarding this subject facing a depreciation of 0.04 percent from 2018 of Rp. 1,136.66 trillion. This is what causes the Directorate General of Taxes to carry out tax reform with the aim of seeking tax increases. This tax reform has 2 zones, namely policy reform and tax administration reform.

Entering industry 4.0, citizens are required to do everything related to technology. This is what the Directorate General of Taxes tried in implementing tax reforms in the administrative

field, which created the *E-System* (Assasiyatul: 2018). To take into account the success of tax revenue which is the main goal of tax administration, tax obligations are carried out uniformly to obtain optimal revenue and increase taxpayer compliance. One of the low taxpayer compliance lies in tax administration. Therefore, the Directorate General of Taxes carries out tax reforms in the administrative field in the form of *an e-system*, which includes *e-reporting*, *e-registration*, *e-filling* and *e-billing*.

Taxpayer compliance is referred to here in carrying out their tax obligations by applicable rules and regulations which is where taxpayers can fulfill all tax obligations accurately and on time. The level of compliance of taxpayers can be measured from the level of delivering and paying taxes correctly. The low level of taxpayer compliance is also influenced by several aspects, for example, the quality of the system as a tool for the delivery of tax obligations and tax sanctions received by taxpayers if violations are established.

Another aspect that affects taxpayer compliance is the locus of control or self-beliefs about consequences in the form of actions undertaken beyond the person's control. *Internal locus of control* is a behavior or action that originates from the behavior of those who generally tend to have good control over a problem or event that they face otherwise *external locus of control* is a behavior or action that is believed to occur not from one's actions but because of other people, who come from the influence of one of the people around him and are easily influenced by other people. Those who generally blame others more when facing failure and have low *self-esteem* that makes them less obedient in carrying out their obligations. The growth of MSMEs from 2016-2019 in Indonesia is illustrated through Table 1 below.

**Table 1.** Development of Indonesian MSMEs 2016-2019

2016	2017	2018	2019
61.656.547	62.928.077	64.199.606	65.471.134

Source: Ministry of Cooperatives and MSMEs of the Republic of Indonesia, 2021

We can see that the number of MSMEs in Indonesia keeps increasing year by year. The number of MSMEs in Indonesia in 2016 was 61,656,547, in 2017 the number increased to 62,928,077, in 2018 the number of MSMEs in Indonesia was 64,199,606, and in 2019 the number of MSMEs in Indonesia increased to 65,471,134 . The phenomenon of current residents is that there are still many residents who do not comply with tax laws and cannot fulfill their tax obligations as taxpayers. (Rahmadani, 2018).

Previous studies on Taxpayer Compliance showed inconsistent results. Jeremiah Aritona Balalembang (2020), Nita Wahyuni (2020), Intan Zakiyah (2020), Tri Wahyuni Wulandari (2021), Ida Bagus Putra Pradnyana (2019), Silvana Saputri (2021), Della Fadhillatunisa (2021), found that *the e-system* had a positive effect on taxpayer compliance. The opposite result was shown by Verren Yonica (2020), Yudha Astriayu Widyari (2021), who found that *the e-system* had a negative effect on taxpayer compliance.

This study uses SEM PLS for testing and tests a different analytical tool than previous studies in which site was controlled as a mediating variable. The purpose of this study is to obtain empirical evidence about the location of controls that can inform the impact of electronic systems on tax compliance. There are several theories in this study, including:

*Planned Action Theory (TPB)* is a further development of Rational Action Theory (TRA). Fishbein and Ajzen stated in his 1975 (Anggraini & Waluyo 2014) that TPB is a theory that explains that a person's attitudes are strongly influenced by attitude desires (behavioral intentions). A situation in which a person has the will to act and therefore believes that his or her actions will have consequences.

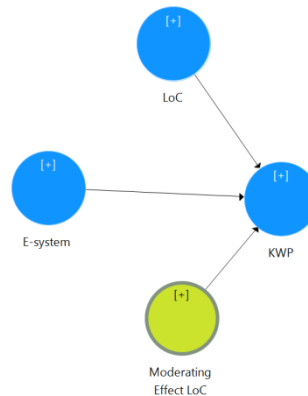
*The Technology Acceptance Model (TAM)* is a theory of the use of information technology systems that is considered highly influential and typically helps to strengthen an individual's acceptance of the use of information technology systems. The users defined in this study are taxpayers and the technologies interpreted are e-registration, e-filing, e-invoicing and e-reporting. The main goal of the Technology Acceptance Model (TAM) is to share the results of something other than internal beliefs, actions, and desires. There are two aspects of TAM that greatly drive technology integration. It's about embracing ease of use and embracing technology ease of use.

*Theory Task Technology Fit (TTF)* was raised by Goodhue and Thompson in 1995. They state that TTF is the degree to which technology helps people to perform their tasks, or more specifically TTF is the bond between task requirements, people skills, and technology functionality. Technology is the equipment of people to complete their tasks (Goodhue and Thompson 1995). The Directorate General of Taxes carries out a change in the form of modernization of reporting or paying taxes with an *e-filing* system and *online-based e-billing*. This system is expected to improve compliance in taxpayers' tax activities.

Based on the description above, the following hypotheses can be developed:

H1: *E-System* positively affects taxpayer compliance

H2: *Locus of control* moderates the effect of the *E-System* on Taxpayer Compliance



**Figure 2** Research Framework

## 2. Method

This study used a mixed method, namely the direct method of distributing questionnaires and the e-mail method using Google form in distributing the questionnaires. The questionnaire was made based on a *likert* scale with values of 1 to 5 with a description that the value of 1 strongly disagrees, the value of 2 disagrees, the value of 3 hesitates, the value of 4 agrees and the value of 5 strongly disagrees. The Source of data used in this research is primary data. The location of research was carried out in the area of the Primary Tax Service Office throughout Bali. The population is 44,151 taxpayers who are MSME actors, especially individuals and entities in the area of the Primary Tax Service Office throughout Bali. The sampling method is carried out by *the accidental sampling method*. Determination of the number of samples using the slovin formula with a total sample of 100. Data analysis techniques in this study used Partial Least Square (PLS).

### 3. Result and Discussion

From the last 4 years, the development of MSME Taxpayers throughout Bali has always increased. The significant increase experienced from 2016 to 2019 (Table 1) indicates that MSME actors are increasingly lacking in taxation. This results in the more MSME actors, the more taxation problems or obstacles that occur.

Based on data analysis, the results were obtained:

1. Convergent validity Convergent validity test can be seen from The Average Variance Extracted (AVE).

**Table 2.** Convergent Validity Test Results

<b>Variable</b>	<b><i>Cronbach's Alpha</i></b>	<b><i>Composite Reliability</i></b>
E-system	0,995	0,995
KWP	0,983	0,985
Place	0,979	0,982

The test results show an AVE value that is already greater than 0.5 so it can be stated that all variables have met the data validity requirements.

2. Composite Reliability test and Cronbach's Alpha

The next test is a combined reliability test and Cronbach's alpha. This test is used to ensure that there are no measurement problems until the final step of evaluating the external model, which tests the model for one-dimensionality. Based on this, the test results are shown in Table 3.

**Table 3.** Composite Reliability and Cronbach's Alpha Test Results

<b>Variable</b>	<b>Average Variance Extracted (AVE)</b>
E-system	0,865
KWP	0,879
Place	0,857

Source: processed data, 2022

The test results show that the combined reliability of all variables and Cronbach's alpha values are greater than 0.7, so we can conclude that there are no measurement-related problems, hence the final step of evaluating the external model. is the one-dimensionality of the model.

3. Inner Model Evaluation

- a. R-square ( $R^2$ )

Represents the degree of influence that changes in exogenous variables have on endogenous variables. An R-squared ( $R^2$ ) value greater than 0.50 is classified as a strong model. Based on this, the R-squared ( $R^2$ ) values for each endogenous variable are shown in Table 4.

**Table 4.** Coefficient R<sup>2</sup>

	<b>R Square Adjusted</b>	<b>Criterion</b>
KWP	0,811	Strong

Source: processed data, 2022

Table 4 the R-Square (R<sup>2</sup>) value of the influence of the E-system and Locus of Control on Taxpayer Compliance is greater than 0.5 so that it can be stated to be included in the Strong criteria.

- b. Q-square (predictive relevance)

*Q-Square (Predictive Relevance)* measures how well the observations are produced by the estimated model and its parameters. A Q-squared value > 0 indicates that the model has good predictive power. The Q-Square (Predictive Relevance) value can be calculated as follow.

$$\begin{aligned} Q^2 &= 1 - (1 - R^2) \\ &= 1 - (1 - 0,811) \\ &= 0,811 \end{aligned}$$

Calculating the Q-Square (Predictive Relevance) yields a value of  $8 \pm 1.1\%$ . This can be interpreted as a good value for the model. In other words, the model can explain 81.1% of the relationships between variables. Based on the calculated results for R<sup>2</sup> and Q<sup>2</sup>, we can proceed with hypothesis testing analysis.

- c. Statistical testing of variable *relationships (Path)*

This test was conducted to determine whether there is a direct effect of each variable used in this study.

**Table 5.** Path Test Results

	<b>Original Sample (O)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics (  O/STDEV )</b>	<b>P Values</b>
E-system -> KWP	0,696	0,114	6,124	0,000
LoC -> KWP	0,618	0,175	3,534	0,000
Moderating Effect LoC -> KWP	0,240	0,098	2,458	0,014

Source: processed data, 2022

The test results show that all P-Values are less than 0.05. This means that there is a significant influence on the overall relationship tested in this study. The following is a schematic image of the path resulting from this study.

## 4. Conclusion

From the results of the study, we can conclude that 1) the e-system has a positive and significant effect on tax compliance; 2) Locus of Control can mitigate the impact of electronic systems on tax compliance. On this basis, future researchers are suggested to develop the other six measurement variables developed by Delone and Mclean. Recommendations to the General Department of Taxation to always give good incentives to taxpayers so that the place of control in the taxpayers themselves and their environment can improve their tax

compliance. The driving force behind the issue is various promotional and educational measures to make taxpayers increasingly aware of their tax obligations.

## References

- [1]. Abdillah, W., Hartono. (2015). Partial Least Square (PLS). Andi Publishers. Yogyakarta.
- [2]. Ajzen, Icek. 1991. The theory of planned behavior. *Organizational behavior and human decision processes*, 50(2), pp: 179-211.
- [3]. Azizah, N. (2014). The effect of the application of information technology (*E-System*) on taxpayer compliance at KPP Madya Malang.
- [4]. Balalembang, Jeremiah Aritona. 2020. Effect of Tax E-System Implementation on Taxpayer Compliance at the Surabaya Wonocolo Primary Tax Service Office. <http://repository.stiesia.ac.id/id/eprint/4416>
- [5]. Davis, F. (1989). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology. *MIS Quarterly*, 13(3), 319-340. <https://doi.org/10.2307/249008>
- [6]. Dahrani., Sari, M., Saragih, F., & Jufrizen. (2021). Taxpayer Compliance Model (Study on Taxpayers Doing Business in Medan City). *Journal of Accounting and Taxes*, 21 (2), 379-389. doi:<http://dx.doi.org/10.29040/jap.v21i2.1513>
- [7]. Della Fadhilatunisa, 2021. The Effect of the E-Filling System, E-Spt and Tax Socialization on Taxpayer Compliance (Case Study of Non-Employee Individual Taxpayers in Kpp Pratama Makassar Selatan). *Unsur Journal of Business and Accounting* Vol. 6, No. 2, June 2021
- [8]. Fadhilah, 2018. The Effect of Taxpayer Awareness, Tax Service and Taxpayer Compliance on Tax Revenue at the East Medan Primary Tax Service Office. <http://repository.uinsu.ac.id/id/eprint/6168>
- [9]. Faizah, Assasiyatul. 2018. Effect of Tax E-System Implementation on Corporate Taxpayer Compliance at KPP Pratama Surabaya Karangpilang. Thesis. Faculty of Economics and Islamic Business, Accounting, State Islamic University (UIN) Sunan Ampel, Surabaya.
- [10]. Ghozali, I. (2011). *Multivariate Analysis Applications with SPSS Programs*. Semarang: Diponegoro University Publishing Agency.
- [11]. Ghuffron, M. N., & S, R. R. (2012). *Theory of Psychological Theory*. Jogjakarta: AR-RUZZ MEDIA
- [12]. Goodhue, D, L., & Ronald L Thompson. 1995. 19(2) *MIS Quarterly Task Technology Fit and Individual Performance*.
- [13]. I Nyoman Oka Sepri Yasa, 2020. *Locus of Control as a Moderation of the Effect of Distributive Justice and Procedural Justice on Taxpayers Compliance of Hotel Tax in Gianyar District*. Volume 5, Issue 12, December – 2020 *International Journal of Innovative Science and Research Technology* ISSN No:-2456-2165
- [14]. Intan Zakiyah and Maya Indriastuti. 2020. Effect of E-System Implementation on Individual Taxpayer Compliance and Quality of Tax Services as Intervening Variables. Proceedings of THE SCIENTIFIC CONFERENCE OF UNISSULA STUDENTS (KIMU) 3 Sultan Agung Islamic University Semarang, October 28, 2020 ISSN. 2720-9687
- [15]. Nita Wahyuni, Pipin Kurnia, Astrid Faradisty. 2020. Analysis of the Effect of The Application of Tax E-System and Tax Policy on Corporate Taxpayer Compliance (Study at KPP Pratama Bangkinang). *Journal of Financial and Business Accounting* Vol. 13, No. 2, November 2020, 88-97 <https://jurnal.pcr.ac.id/index.php/jakb/>
- [16]. Nur, Rizki Amalia (2020) Analysis of the Effect of E-Filing, E-Billing, E-Registration, Tax Sanctions and Account Representatives on Taxpayer Compliance (Study at the Klaten Primary Tax Service Office). Thesis, Universitas Widya Dharma Klaten. <http://repository.unwidha.ac.id/2048/>
- [17]. Pradnyana, I, B, P., & Prena, g, D., (2019). The Effect of the Implementation of the E-Filing System, E-Billing and Tax Understanding on Individual Taxpayer Compliance at the East Denpasar Pratama Tax Service Office (Kpp). *Economic Discourse (Journal of Economics, Business and Accounting)*. 18(1), pp. 56-65. <http://dx.doi.org/10.22225/we.18.1.993.56-65>
- [18]. Rahayu, S, K. 2010. *Indonesian Taxation Formal Concepts & Aspects*. Yogyakarta: Graha Ilmu.
- [19]. Robbin, S. P., & Judge, T. A. (2008). *Organizational Behavior*. Jakarta: Salemba Empat.

- [20]. Rotter, J.B. 1966. *Generalized Expectancies for Internal Versus External Control of Reinforcement*. Psychological Monographs, 80 (1, Whole No. 609).
- [21]. Rahmadani, N. F. 2018. The Effect of Perceptions of the Use of E-Systems (E-Registration, E-Billing, E-Filing, and E-SPT) on Individual Taxpayer Compliance (Case Study in the Special Region of Yogyakarta in 2018). Thesis. Faculty of Economics and Business Accounting Study Program, University of Muhammadiyah Yogyakarta.
- [22]. Silvana Saputri, 2021. The Effect of E-Filing, E-Billing And Tax Understanding On Taxpayer Compliance During The Covid-19 Pandemic. Vol 10 No 7 (2021): Journal of Accounting Science and Research
- [23]. Sugiyono. (2017). *Educational Research Methods*. London: Alfabeta.
- [24]. Sugiyono (2019). Quantitative, Qualitative, and R&D. Bandung Research Methods: Alphabet.
- [25]. Verren Yonica. 2020. Effect of Tax Administration Modernization System, Tax Regulation, Tax Sanctions And Locus Of Control On Individual Taxpayer Compliance Level. Buddhi Dharma University <http://repositori.buddhidharma.ac.id/639/>
- [26]. Wulandari, E. P., Kumadji, S., & Husaini, A. (2015). Analysis of the Application of Individual Taxpayer Identification Number Registration Services by ERegistration. 1–7.
- [27]. Wulandari, Triwahyuni (2021) *The Effect of E-Registration, E-Filing and E-Billing Implementation on Taxpayer Compliance at the Sungguminasa Tax Extension and Consultation Service Office (Kp2kp)*. thesis, MAKASSAR STATE UNIVERSITY. <http://eprints.unm.ac.id/19986/>
- [28]. Yudha Astriayu Widyari, Ariyanto, Suprasto, dan Suputra. 2021. *Understanding the Impact of e-Filing System Performance on Tax Compliance Using the DeLone and McLean Model*. Jurnal Dinamika Akuntansi dan Bisnis Vol. 8(2), 2021 pp. 161-180
- [29]. Zain, Mohammad. 2008. *Tax Management*. Jakarta: Salemba Empat.