The Effect Of Implementation Of E-Filing Systems On Personal Tax Compliance

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Abstract. This study aims to analyze the effect of e-filling system implementation on individual taxpayer compliance and describe how the e-filling system is implemented in the former residency area of Besuki, East Java. This study uses quantitative and qualitative data analysis methods by using simple linear regression analysis and using an interpretive approach to explore qualitative information using the e-filling system. This study's results are the implementation of the e-filling system has a significant effect on the compliance of individual taxpayers in the former residency area of Besuki, East Java. The most important from the interpretive result, For the first user, they have basic knowledge of taxation constraints in calculating their obligations, so they are reluctant to continue to know tax reporting through e-filing.

Keywords: Awareness, Knowledge, Taxpayer Compliance

1. Introduction

The tax has a very dominant role, which happens because fees are a definite source in contributing funds to the State. After all, it is a reflection of the cooperation of the community in financing a country. "Taxes are mandatory contributions to the State owed by individuals or coercive entities. Obligation to submit tax reports through the Indonesian Notification Letter as regulated in Law Number 28 the Year 2007 Article 4 paragraph (1), "Taxpayers must fill out and submit Notification letters correctly, completely, clearly, and sign it [1]

Indonesia actively managing tax administration has switched to electronic administration (e-administration) using various technological tools, data sources, and data analysis to improve tax compliance. The explains that IT systems manage tax on corporate taxpayers using among others in the data entry process, work processes, repetitive work, reconciliation processes, validation processes, tax calculations, and reporting entirely and accurately, data and document management, and tax planning analysis [2]. The Indonesia Government presents e-filing, which is an electronic way of submitting annual tax returns that are done online and in real-time via the internet on the website of the Directorate General of Taxes [3] . E-filing facilities in Indonesia consist of: first, Annual Personal Tax Returns using Form 1770S - Namely WP OP that has income from one or more employers, from other domestic companies, or is subject to final income tax. Second, the Annual Personal Tax Return using Form 1770SS, that is WP OP which has income from only one employer with an amount of gross income from work of not more than Rp 60,000,000 (sixty million rupiahs) a year and has no other income except income in the form of bank interest and cooperative interest. Based on the data of the DJP Regional office of East java I (2018) The registered number of private persons (OP) taxpayers are 2.86

million people, but who have reported only 699 thousand WP OP, reliability still faced until now is taxpayer compliance among the still low society.

Understanding and desire of taxpayers in reporting SPT in attribution theory shows how individual perceptions in understanding each event process whether internal or external factors cause it [4], implicitly that individuals influence taxpayer compliance to reporting obligations in interpreting the various elements of events that occur that are caused by their environment. Taxpayer compliance will be related to taxpayers' behavior in assessing the tax itself [5]. For example, if they see that the development of public facilities is getting better, then they will assume that this is due to the compliance of the Taxpayer in paying their tax because they know the benefits so that they will meet the Taxpayer's compliance in the future. Further attribution that influences taxpayers to report their obligations is also related to the Theory of Planned Behavior [6], the basic assumption that humans behave consciously and consider all available information. He states that some intentional behavior depending on the intentions held by that person. The problem of taxpayer compliance being one of the most important things throughout the world because, in general taxpayers tend to avoid themselves from tax payments [7]. National togetherness toward development independence requires high devotion and discipline. Compliant taxpayers are taxpayers who are determined by the Director-General of Taxes as taxpayers who meet specific criteria the given a preliminary refund of overpayment Director-General payment of taxes. The most crucial measure of taxpayer compliance is whether the Taxpayer has submitted his tax return or not, either the Annual Tax Return or the Annual Tax Return. Formal compliance of taxpayers is the fulfillment of the submission of Corporate Taxpayers' Annual Tax Return (WP) and Non-Employee Taxpayers (OP). SPT submitted through e-Filing is Annual Income Tax Return Form 1770, the 1770S, and 1771 filed through e-filing or e-SPT in the current year.

Previous research related to the implementation of e-filling of tax compliance regarding the factors that affect taxpayers 'willingness to show that attitudes of taxpayers towards taxpaying influence and significant effect on taxpayers' willingness, attitudes of taxpayers towards understanding tax regulations have no impact on the desire to pay taxes, the perception of the effectiveness of the taxation system also does not affect the willingness to pay taxes and for the quality of service has a positive effect on the willingness to pay taxes [8]. The research which researched North Gresik North KPP obtained empirical evidence that there was an increase in compliance with SPT submission from WP from 2011 to 2014 [9], on the contrary, empirical evidence that the use of e-filing does not have a significant effect on formal compliance of individual taxpayers in case studies in the city of Surabaya [10]. This research to expecting of contributing to the impact of using the e-filing system on personal taxpayer reporting compliance, as well as provide an understanding of the behavior of personal taxpayers in using e-filing so that it can provide input to regulators in determining policies.

In general, there is a difference in the increasing use of e-filing by taxpayers. This has become the researcher's interest in raising the issue of compliance of regional taxpayers in the former residency of Besuki, East Java, to see how the effect of the implementation of the e-filing system on taxpayer compliance. Based on the background above, the research problem formulation is:

1. Is there an effect of the implementation of the e-filling system on compliance of individual taxpayers in the ex-residency area of Besuki, East Java?
2. How is the implementation of the e-filling system in the former ex-Besuki Residence, East Java?

2. Literature Review

The Grand theory in this research is the theory of attribution, which reveals that how an individual's conception of an event is caused by an internal or external factor, or in other words can be explained that this theory discusses the process by which individuals interpret events that occur as a result of their environment.

Taxpayer compliance is a state where the taxpayer meets all tax obligations and carries out its tax rights, tax obligations include registering, calculating, and paying taxes owed, paying arrears, and redepositing the notification letter.

In article 1, regulation of the Directorate General of Taxation No 47/PJ/2008 mentions that E-filing is a means of delivering the SPT and submission of annual SPT renewal notice electronically conducted online and real-time through the Application Service provider (ASP) [11].

3. Method

This study combines two forms of research. First, the quantitative methods are to obtain measurable information about the variables used in this study, including the application of e-filling and compliance of individual taxpayers. Second, the qualitative method with an interpretive approach is used to obtain in-depth information about the application of the e-filling program relating to the level of compliance of individual taxpayers. Based on both phases, it is expected to be able to address problems in this research systematically and in-depth. The data types in this study are quantitative data and qualitative data, as well as data sources of primary data and secondary data. Primary data is a questionnaire and results in deep interviews with respondents, while secondary data are journaled tax reference books, and related tax laws and regulations.

In this study, the population in the explanatory side, using the population of all private taxpayers registered in the Primary Tax Service Office (KPP) database in the Ex Karesidenan Besuki area, which covers the areas of Jember, Bondowoso, Situbondo, Banyuwangi, and Lumajang, Determination of the sample in this study using the Proportional Area Random Sampling method, namely sampling based on the area where each part is randomly sampled. Based on the method it obtained 252 personal taxpayers as a sample in this study.

Furthermore, to enrich the study results, the use of interpretive approaches, resource persons were taken with the scope of respondents following the population, and explanatory sampling methods. The tool used uses simple regression analysis through the stages of the classic assumption test, regression test, coefficient of determination. On the other hand, interpretive methods use interviews, triangulation analysis, data reduction, and concluding.

4. Result And Discussion

The results were obtained with several testing stages. First, testing the instrument through validity and reliability testing received a validity value of more than 0.5 and an alpha value of 0.851 or more than 0.7. A reasonable instrument conclusion can be obtained, and classical assumption testing can be performed. The second step is the classical assumption test

consisting of a normality test, through observing the spread of data (points) on a diagonal line on the P-P Normal Plot of Regression Standardized Residual graph. If the data is located in the direction and around the diagonal line, then the regression model can be said to meet the assumption of normality.
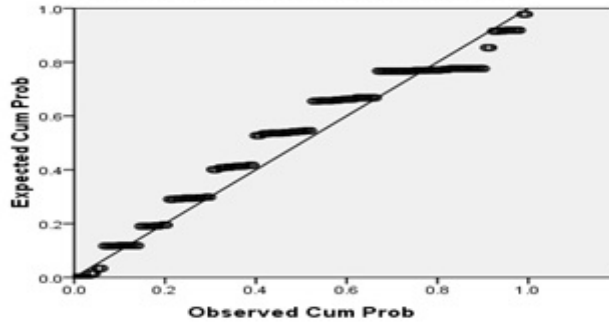
**Fig.1.** Normal P-Plot of Regression Standardized Residual

Based on the data processing test, the result is that all data are normally distributed, and there are no deviations, so the data collected can be processed with further methods, Multicollinearity Test. Multicollinearity testing performed obtained table 1, meaning that in this stage of testing the variables are free from multicollinearity problems.

Table 1. Coefficients

Collinearity Statistics		
B	Tolerance	VIF
-0.954		
0.496	1	1
a. Dependent Variable: Taxpayer compliance		

The heteroscedasticity test is testing for the presence of unequal variance disorders. To diagnose heteroscedasticity by looking at the Scatterplot chart.
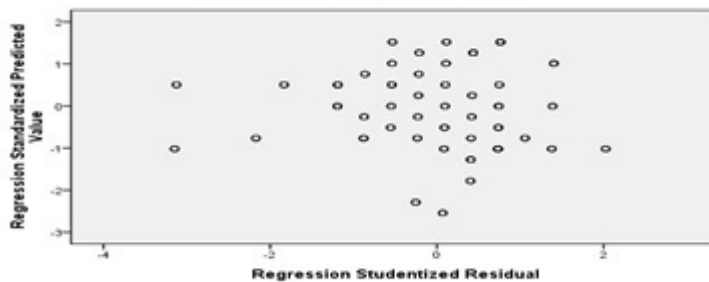
Fig.2. Scatterplot Graph

The picture above shows no formation of a definite pattern, and the points spread above and below the number 0 on the Y axis, so it can be concluded that heteroscedasticity does not occur.

Table 2. Regression Result

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	-0.954	1.100		-0.867	0.387		
	E_Filling	0.496	0.025	0.783	19.902	0.000	1.000	1.000

a. Dependent Variable: Taxpayer compliance

By looking at the table above in the Unstandardized Coefficients (B) column, the regression equation is obtained as follows:

$$Y = -0,954 + 0,496 \text{ implementing e-filing}$$

From the above equation can be explained as follows:

a. Constants (a) of -0,954 indicate that if the value of the implementation variable e-filing is 0%, tax reporting compliance is -0,954

b. Regression coefficient (b1) for the implementation of e-Filing is 0.496 with a significance level of 0.00 indicating that every change in the implementation of e-Filing is 1%, it will cause a decrease in the value of tax reporting compliance by 0.496

a) Hypothesis test

A partial test is carried out to determine how much influence each independent variable has on the dependent variable. If the value of t is less than 0.05, it can be interpreted that the independent variable influences compliance. Based on the SPSS output results, the e-filing implementation variable has a significance level (sig. T) of 0.00. This value is smaller than α (0.05). H0 is rejected and accepts H1, which means that the effect of the e-filing implementation significantly influences taxpayer compliance.

Table 3. Determination coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,783[a]	0,613	0,612	1,553

a. Predictors: (Constant), E-Filling
b. Dependent Variable: Taxpayer Compliance

From the above table calculation results, the value of R Square (R2) is equal to 0.613 or 61.3%. This shows that the independent variable e-filing implementation explains 61.3% of the changes in the level of tax compliance while the rest (100% 61.3% = 38.7%) is defining by other variables not discussed in this study.

The The Effect of E-filling System Implementation on Taxpayer Compliance Level in the former Besuki Residence area, East Java.

This research is different from other similar research, namely in addition to discussing the results of the statistical research, also discusses in depth through the interpretive approach, so that the results can be obtained more comprehensively. Research conducted that understanding of the tax system, taxpayer compliance strongly affects the taxpayer's view [12]. Regression test results obtained a significance level of 0,000. Value of 0,000 <0.05 can be concluded that the relationship between implementing the e-filling system with taxpayer

compliance is significant. This can be interpreted that with this e-filling system's existence, the level of tax compliance in the ex-residency area of Besuki in reporting the SPT can increase. The ease and service provided by this system can significantly affect taxpayer compliance. This result supports the research, showing that the tax administration system's modernization has a positive and significant effect on taxpayer compliance [13]. The tax system should be designed in such a way that it is neutral [14]. Referring to the attribution theory, the internal side of implementing the modernization of the tax administration system in Indonesia includes organizational restructuring, improvement of business processes and information technology, improvement of human resources, and the implementation of Good Governance. The better the implementation of the E-Filling System, the Taxpayer Compliance will increase. Also, based on the results of the coefficient of determination (R2), 0.613 shows the implementation of the E-Filling System affects Taxpayer Compliance and affects 61.3% of Taxpayer Compliance. In comparison, the remaining 38.7% is influencing by other variables outside this study.

Further exploration is to uncover how the use of e-Filing to taxpayer compliance using an interpretive approach. Interpretive methods through interviewing respondents, triangulation, and data reduction obtained results that respondents who actively use e-filing in taxation reporting from all cities of respondents agree that e-filing provides convenience. Second, the stages in the process, e-filing, provides efficiency in reporting tax returns, and taxpayers can do reporting anywhere. The next functional benefit is cost and time efficiency and effectiveness in completing tax obligations, and ease of accessibility. In contrast, respondents' conclusions reveal that the constraints in using e-filing are among others, they must save E-fin as the primary access in running e-filing in addition to email and password. Second, the uneven internet infrastructure and the central server's reliability during the peak session at the end of reporting, which experienced a slowdown and even server down.

5. Conclusion

Based on the discussion of research results, the implementation of the e-filling system has a significant effect on the compliance of individual taxpayers in the ex-residency area of Besuki which covers the areas of Jember, Bondowoso, Situbondo, Banyuwangi, and Lumajang, East Java. The use of information technology makes it easy for taxpayers to report their tax reports. On the other hand, users familiar with the e-filling system provide a useful, efficient description. Still, for the first user, they have obstacles in using the e-Filing system, among others profound knowledge of taxation, so the motivation to report is also low.

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