

TAX DIGITALIZATION AND TAX SERVICE QUALITY'S EFFECTS ON TAXPAYER OBLIGATION DURING THE PANDEMIC ERA

Satriyo Ramadhani¹, Riris Rotua Sitorus²

Esa Unggul University, Indonesia

¹satriyoramadhani@gmail.com ²riris.rotua@esaunggul.ac.id

PAPER INFO	ABSTRACT
<p>Received: December 2021</p> <p>Revised: January 2022</p> <p>Approved: January 2022</p>	<p>Background: The pandemic, also known as COVID-19, has a significant impact on the global economy and tax system. As a result, taxes will be lower, and national economic growth will be slower, national income will be lower, and spending and financing will be higher.</p> <p>Aim: The author decided to do research into the relationship between digitalization and the quality of taxes, tax incentives, and taxpayer obligations.</p> <p>Method: This research applied quantitative approach and a total of 400 respondents were selected from regular persons who have served as tax commissioners in DKI Jakarta and have used online tax services.</p> <p>Findings: Tax digitalization, the quality of tax services, and tax incentives have all benefited from taxpayer compliance during the COVID-19 pandemic. Throughout the COVID-19 epidemic, tax incentives can help to attenuate, if not strengthen, the influence of tax digitization on taxpayer compliance.</p>
KEYWORDS	<i>Tax Digitalization, Tax Service Quality, Taxpayer Obligation, Pandemic Era</i>

INTRODUCTION

Pandemic or COVID-19 has a major impact on the international economy and tax sector. As a result, tax will decrease, as well as slowing national economic growth, decreased national income, and increased spending and financing. All efforts to save national health and the economy, with a focus on spending on health, social safety nets and economic recovery, have been included in the list of businesses and affected people. *Guna* and related institutions need to immediately take extraordinary policies and measures to save economic stability and the national financial system through various relaxation policies related to the implementation of the State Revenue and Expenditure Budget (APBN) to strengthen institutions in the financial region. During the coronavirus outbreak, the economic zone was very worrisome. Therefore, in March and April it becomes very meaningful for Indonesian tax. According to the General Regulation and Tax Law, the deadline for the submission of the Annual Tax Return on Personal Income Tax is the end of the third month of the next tax year, and the deadline for submission of corporate taxpayers is the end of the tax year.

As a result of COVID-19, it indirectly affects companies and workers. The decrease in income or reduction of employees is a manifestation of the company's ability to lose weight due to reduced revenue in this pandemic era. In terms of tax, tax policies formulated by in order to encourage the weight of taxpayers of private persons or corporate taxpayers, one of which is by formulating regulations in the form of tax incentives. This tax incentive becomes an encouragement, so that although various economic regions shrink amid COVID-19 at this time, the wheels of the Indonesian economy can still run normally. However, it is not only

preferential tax policy in the epidemic era, and not without the risk of tax avoidance, to also really observe and control the distribution of preferential tax policies (Dewi, 2013).

In an effort to increase the amount of tax income, the Directorate General of Taxes carried out tax reform. Not only to raise tax revenues, because the tax reform is done is to increase the understanding and obedience of taxpayers. One of the efforts of the State Administration of Tax in implementing tax reform is to use an online system (Internet) or online to meet tax obligations. The online tax service system, also known as digital tax management, aims to improve services to taxpayers, in hopes of improving taxpayer discipline. Digital tax management that has been running includes e-registration, e-billing, e-filing, e-form, and e-invoice (Utomo, 2011).

By providing access to tax digitalization administration, taxpayers are given relief, cost capabilities, and real time in carrying out registration, payment, and tax notices. Waivers in accessing the administration of tax digitalization are expected to increase the obedience of taxpayers in carrying out the fulfillment of their tax role. With increasing taxpayer compliance, it is expected to maximize tax revenues (Burnama, 2020).

Admittedly or not, the tax reform that takes place in the Directorate General of Taxes has been on the right track. Earlier this year, Director General of Taxes Suryo Utomo reported that he wanted to maximize the use of technology in distributing services, marked by the inauguration of Single Login. With Single Login, taxpayers can enjoy a variety of digital services with just one access. The Directorate General of Tax responded to the challenges of the Industrial Revolution 4.0 with automation and integration of tax services, tax administration can be easily implemented by taxpayers (Sara & Rahmat, 2013; Wijayanti, 2010).

In Dewi's (2014) research, proved that e-Registration, e-Billing, and e-Filing applications have a positive impact on the compliance of private taxpayers in KPP Pratama Denpasar Timur. Handayani and Tambun (2016) reported that mandatory technology applications are helped by good insights from taxpayers. The larger the application of e-Registration, e-Billing, and e-Filing until the discipline must also continue to grow. Sarunan's research (2016) proved that the application of tax administration system reform at the Manado Primary Tax Service Office has positive and important consequences for the observance of personal taxes and corporate taxpayers. Tambun and Kopong's research (2017) as well as Handayani and Tambun (2016) confirm that e-filing has a significant impact on taxpayer compliance.

In contrast to Masruroh (2013) which reported that the quality of service appeared positive but not supported. The quality of service is an external trigger because it starts from outside the taxpayer or the impact of the insistence of the atmosphere. The assumption of the peritaxpayer regarding the quality of service of the tax apparatus wants to be an evaluation material for taxpayers to be obedient in terms of tax.

The quality of service can be measured by the expertise of distributing satisfactory service, can share services with assumptions, expertise, manners, and actions can be believed by the taxman. If the quality experienced is similar or exceeds the expected quality of service, then the service can be said to be quality and satisfactory (Dewi, 2013).

In line with the things mentioned earlier, in this time of the COVID-19 pandemic, some of the latest wisdom regarding tax incentives sticks out to urge the development of state revenues and increase tax compliance. There is also the first policy that appeared during COVID-19, namely The Minister of Finance Regulation 23/PMK.03/2020 Regarding tax

incentives for taxpayers affected by the coronavirus outbreak. This policy was passed on March 21, 2020, and its status has been revoked and replaced with The Minister of Finance Regulation No. 44/PMK Policy. 03/2020 officially took effect on April 27, 2020, and its status has been revoked and replaced with The Minister of Finance Regulation No. 86/ PMK. 03/2020 Starting from July 16, 2020, the status of this regulation has been replaced with the policy of The Minister of Finance Regulation 110/PMK.02/2020 has been official since the coincidence on August 14, 2020, until now (as of October 17, 2020).

In the research conducted by Kumala and Junaidi (2020) ensured that the latest tax policy in terms of tax incentives has an impact on taxpayer obligation. Similarly, in research conducted by Rachmawati and Ramayanti (2016), Hamid et al. (2018), Khairiyah and Akhmadi (2019), Dewi et al. (2020), and Bulutoding et al. (2020) which stated that the latest tax rules on tax incentives have a positive impact on taxpayer compliance.

Based on the above explanation, the author was interested in creating a study that aims to observe the linkage between digitalization and the quality of tax, tax incentives, and taxpayer obligation. It is expected that later this research can provide a more in-depth view of the world of tax in the pandemic period.

Hypothesis

H₁: Digitalization of tax impacts taxpayer compliance

H₂: Quality of tax services has an impact on taxpayer compliance

H₃: Tax incentives during COVID-19 impact taxpayer compliance

H₄: Tax incentives during the COVID-19 period were able to moderate the impact of digitalization of tax on taxpayer compliance

H₅: Tax incentives during the COVID-19 period are able to moderate the impact of the quality of tax services on taxpayer compliance.

Research Model

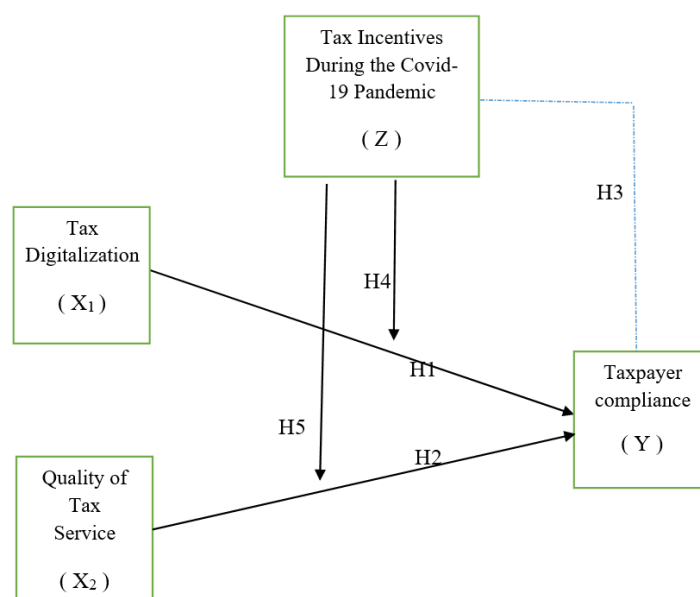


Figure 1. Research Model

METHOD

Approach

This research belongs to quantitative approach, in which the researcher tried to define the research problems through numbers.

Population and Sample

The population in this study includes ordinary citizens who have been active astax payers. Meanwhile, the sample was done through the non probability sampling method in the form of convenience sampling, in which the sample was obtained at any time but provided that the sample has the necessary benchmark.

This research sample was taken from ordinary citizens who have been active as tax commissioners in DKI Jakarta who have accessed online tax services amounting to 400 respondents. The sample collection method in this research uses the Slovin formula as follows.

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n: Sample dimensions

N: Population dimensions

e: Percentage error in the collection of samples that can still be tolerated by 5%

Hence:

$$\begin{aligned} n &= \frac{38.700.000}{1 + 38.700.000(0,1)^2} \\ &= 385 \end{aligned}$$

The number was later rounded to 400.

Data Collection

The information needed in this research is primary data obtained through question and answer activities with the topic according to the focus of this research and direct observation in the field. In addition, the researcher also distributed questionnaires to the respondents in the form of Google Form links.

Data Analysis Techniques

This research analyzes data through SmartPLS application type 2.0.m³ on computers. In the study using the Method Partial Least Squares Analysis (PLS).

Measurement

The measurement method used in this research is the Likert ratio. The use of likert ratio in this research consists of 5 options, namely Strongly Agree (SS), Agree (S), Disagree (KS), Disagree (TS), and Very Disapprove (STS).

RESULTS AND DISCUSSION

The following are the results of hypothesis testing from this study.

Table 1. Hypothesis Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P- Values
Tax digitalization (X ₁) on taxpayer obligation (Y)	0.248	0.243	0.061	4.026	0.000
Incentive (Z) on taxpayer obligation (Y)	0.132	0.133	0.055	2.399	0.017
Quality of tax service (X ₂) on taxpayer obligation (Y)	0.299	0.296	0.060	4.981	0.000
Z*X ₁ on taxpayers obligation (Y)	-0.209	-0.203	0.046	4.588	0.000
Z*X ₂ on taxpayers obligation (Y)	0.155	0.151	0.050	3.107	0.002

Source: Primary Data, Processed

Based on the results in Table 1:

- 1) It is known that the coefficient number of the Path of Digitalization of Tax to Taxpayer Compliance is 0.248 (Original sample column), with the number of P-Values = 0,000 < 0.05. Hence, it is concluded that digitalization of tax is important to taxpayer obligation. From the information respondents who most sort out the digitalization of tax is among millennials because millennials understand and understand the digitalization of tax. Unlike the elderly who do not understand and understand the digitalization of tax.
- 2) Known the coefficient number of Tax Service Quality to Taxpayer Compliance is 0.299 (Original sample column), with the number of P-Values = 0.000 < 0.05, until it is concluded that the quality of tax services has an important impact on taxpayer obligation. From the information of respondents above explained that millennials understand and understand the quality of tax services that can be in Indonesia and the elderly do not all understand and understand the cauldron of tax services.
- 3) Known coefficient number of tax incentives to taxpayer compliance is 0.132 (Original sample column), with the number of P-Values = 0.017 < 0.05, then it is concluded that tax incentives have an impact on taxpayer compliance.
- 4) It is known that tax incentives significantly moderate the impact of digitalization of tax on tax incentives, with the value of P-Values = 0.000 < 0.05.
- 5) Tax incentives significantly moderate the impact of quality of tax services on tax incentives, with a value of P-Values = 0.002 < 0.05.

Table 2. Coefficient of Determination (R-Square)

	R Square
Compliance with tax returns (Y)	0.351

Source: Primary Data, Processed

Based on the results in Table 2, the R-Square figure of tax revenue is 0.351, which means the impact of digitalization of tax, quality of tax services, tax incentives on taxpayer compliance of 35.1%.

In the table above it is seen that the variable digitalization of tax has a significant impact on taxpayer compliance by being $1.96 > 4,026$, the number of P-Values $0.00 < 0.05$ can be interpreted that tax digitalization currently has a major impact on taxpayer compliance. The results of this research have not changed and support previous research that has been done by Hidayatulloh (2013), Rotua (2020), and Lubis (2020).

Variable quality of tax services impact taxpayer compliance, $1.96 > 4,981$, with P-Values $0.00 < 0.05$. It can be concluded that the second hypothesis is accepted. This result means the quality of tax services provides meaningful support to efforts to improve taxpayer compliance. The results of this study are related to research that has previously been conducted by Pratiwi and Setiawan (2014), Masrurroh (2013), and Harmenita (2016) who have proven that the quality of tax service cuts have a significant impact on taxpayer compliance.

Variable tax incentives during the COVID-19 period impact taxpayer compliance, $0.196 > 2,399$, with P-Values $0.017 < 0.05$. It can be concluded that the third hypothesis is accepted. This result means that the quality of tax services provides meaningful support to efforts to improve taxpayer compliance. The results of this study are related to previous research conducted by Mardiasmo (2009), Latief and Junaidin (2020), Rachmawati and Ramayanti (2016), Hamid et al. (2018), Khairiyah and Akhmadi (2019), and Bulutoding et al. (2020) who have proven that tax incentives during the COVID-19 period have a significant impact on taxpayer compliance.

Variable tax incentives during the COVID-19 period moderated the impact of tax digitalization impacting taxpayer compliance, $0.196 > 4,588$, with P-Values $0.00 < 0.05$. The resulting impact coefficient is positive which means that tax incentives during the COVID-19 period moderate the digitalization impact of tax and taxpayer compliance. The results of this study are related to research that has previously been conducted by Handayani & Tambun (2016), Sarunan (2016), and Tambun and Kopong (2017).

Variable tax incentives during the COVID-19 period moderated the impact of the quality of tax services impacting taxpayer compliance, $0.196 > 3,106$, with P-Values $0.002 < 0.05$. The resulting impact coefficient is positive which means that tax incentives during the COVID-19 period moderate the impact of the quality of tax services impacting taxpayer compliance. The results of this study are related to research previously conducted by Wulandari (2019), Syamsuddin (2014), Rama and Witjaksono (2015), Mareti et al. (2019), Dewi (2013), and Setiyani (2018) in which it is proven that tax incentives during the COVID-19 period moderate the impact of the quality of tax services have a significant impact on taxpayer compliance.

CONCLUSION

Based on the results of the above research, the digitalization of tax, the quality of tax services and tax incentives throughout the era of the COVID-19 pandemic is a result of taxpayer compliance. Tax incentives throughout the COVID-19 pandemic era can also moderate, or even strengthen the impact of digitalization of tax on taxpayer compliance.

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