



Personal Taxpayer Compliance in Terms of Tax Rates, Understanding of Tax Regulations, and Quality of Service

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Abstract

The government maximizes tax revenue by carrying out tax reforms, namely changing the tax system from an official assessment system to a self-assessment. The purpose of the study is to determine taxpayer compliance in terms of tax rates, understanding tax regulations, and service quality. This research method is quantitative with primary data. Sampling in this study used purposive sampling. The data analysis technique of this study is multiple linear regression analysis with 72 respondents registered at KPP Pratama Samarinda. The results of the analysis of this study on tax rates have a positive effect on taxpayer compliance and can be interpreted by the government to be fair in determining the number of tax rates; understanding tax regulations has a positive effect on tax compliance, namely the better the level of understanding of taxpayer tax regulations will increase taxpayer compliance. The quality of service does not affect taxpayer compliance, and this is because tax is an obligation that can be imposed, and the current service system is technology-based.

Keywords: *Tax rate, Tax regulations, Quality of service*

INTRODUCTION

Taxes are the participation of the people in the state, which is based on laws, is coercive and is used to finance state expenditures. Taxes are expected to be a source of funds for the government that can deal with economic problems in Indonesia, where taxes are the largest source of income in Indonesia. It is hoped that tax achievement is useful as a source of funds for the government so that taxpayers are expected to comply with tax payments. One of the government's efforts to maximize tax revenue is to carry out tax reform by changing the tax system from an official assessment system (Raharjo et al., 2020) to a self-assessment system. In this system, the government only supervises whether the reported tax is appropriate based on the income of the taxpayer received by the taxpayer, so the implementation of the system is highly dependent on taxpayer compliance in carrying out tax obligations.

The phenomenon that occurs based on tax revenue data for the 2015-2020 state budget fluctuates every year. In the last five years, it has reached a figure above the average of 50%. Facts show that the realization of tax revenues in Indonesia until November 2019 only reached 73.5% or IDR 1,312.4 trillion from the target set in the state budget of IDR 1,786.5 trillion. The government and the Director General of Taxes continue to strive to increase state revenue from taxes in order to achieve the target every year by maximizing taxpayer compliance.

Taxpayer compliance is a behaviour in which the taxpayer fulfils all tax obligations and carries out his tax rights in accordance with applicable rules without holding examinations, thorough investigations, warnings or threats in the application of sanctions, both legal and administrative. Taxpayer compliance is the self-awareness of taxpayers to report and deposit taxes owed in accordance with applicable regulations in accordance with the rates that have been set in this case, individual taxpayers PPh 21, which is a tax on income in the form of salary, wages, honorarium, benefits, and other payments in name and in any form in connection with work or position, services, and other activities by private persons for which the government has determined the tariff (Putri & Setiawan, 2017).

The tax rate is a rate used to determine the amount of tax that must be paid. The tax rate is a percentage/amount that must be paid by the taxpayer in accordance with the income generated by the taxpayer. Research conducted on tax (Lazuardini et al., 2015), (Raharjo et al., 2020) rates shows a positive influence on tax compliance with tax requirements. The tax rate is the sum of the percentage of tax charges to each taxpayer, with calculations used based on tax regulations. Each taxpayer has a different understanding of tax regulations on academic and experience grounds.

Understanding Tax Regulations is a process carried out by taxpayers to understand and know about tax laws and procedures, as well as implement tax activities. Research conducted on understanding tax regulations shows a positive influence on tax compliance with tax regulations. Currently, the government has created a system to make it easier to create a billing code and report taxpayer taxation independently. It is aimed at providing good water quality (Pebrina & Hidayatulloh, 2020), (Cahyani & Noviani, 2019).

Service quality is one of the ways the government does to improve taxpayer compliance in fulfilling their obligations. Service Quality is a process of helping others in certain ways that require sensitivity and interpersonal relationships in order to create satisfaction and success. Research conducted by (Atarwaman, 2020), (Raharjo et al., 2020) shows service quality shows a positive influence on taxpayer compliance. The quality of service can be concluded as a process given to taxpayers to get satisfaction from taxpayers with the quality of service increases, so the services provided can be said to be as expected. The existence of a *self-assessment* system where in this system the government monitors whether the tax reported by the taxpayer is based on the income of the taxpayer, which is suspected to depend on the tax rate, understanding of regulations and tax services.

This study aims to test and re-analyze what factors can affect taxpayer compliance. There are still studies that prove that tax rates, understanding tax regulations, and the quality of taxation have no effect on being interesting to re-examine. The contribution of this study is to provide an overview of the factors for increasing taxpayer compliance. By knowing it, this factor is expected to be the material for government evaluation in the tax system (Kempa et al., 2020), (Pebrina & Hidayatulloh, 2020), (Mahfud et al., 2017).

THEORITICAL FRAMEWORK AND HYPOTHESIS

Theory of Planned Behavior

The theory of Planned Behavior is to study human behaviour mainly related to one's interests and study individual attitudes towards behaviour and predict types of behaviour through subjective norms, behavioural control and attitudes. *The Theory of Planned Behaviour* is a theory of individual behaviour that is influenced by the individual's intentions towards a certain behaviour. According to this theory, the behaviour of individuals in society is under the influence of certain factors that come from certain reasons and arise in a planned way (Cahyani & Noviyari, 2019).

The tax rate is a percentage or amount paid by the taxpayer according to the income generated by the taxpayer. The tax rate has a close relationship with the function of taxes, one of which is to regulate ((Lazuardini et al., 2015) regularend which functions as a policy and effort by the government to regulate the country's economy and the state of the country's economy based on tax laws.

Research conducted shows a positive influence, which can be interpreted as the large level of taxpayers who comply with taxpayer compliance. However, in contrast, the results of research conducted by, showing that it has no effect, which can be interpreted as the small level of taxpayers who comply with paying the tax rate. Based on the description above, a hypothesis can be constructed as follows (Cahyani & Noviyari, 2019; Lazuardini et al., 2015; Raharjo et al., 2020), (Kempa et al., 2020).

H₁: Tax rates affect taxpayer compliance.

Understanding tax regulations is a process carried out by taxpayers to understand and know regulations and laws and implement tax activities. Taxpayers must know and understand the applicable tax regulations. If the taxpayer does not understand the regulations imposed by the taxpayer will not carry out his obligation to calculate, pay and report the amount of tax that must be deposited, so it is likely that taxpayers who do not understand and comply with the regulations will not comply with their obligations (Pebrina & Hidayatulloh, 2020).

Research conducted shows that the understanding of tax regulations has a positive effect on taxpayer compliance, which means that the high understanding of taxpayers with the regulations imposed and in contrast to the results of research conducted, shows that understanding tax regulations has no effect on taxpayer

compliance. Based on the description above, a hypothesis can be constructed as follows (Cahyani & Noviari, 2019; Kempa et al., 2020; Lazuardini et al., 2015; Mahfud et al., 2017; Putri & Setiawan, 2017; Raharjo et al., 2020), (Pebrina & Hidayatulloh, 2020).

H₂: Tax Regulations affect taxpayer compliance.

Service quality is the ability of the Directorate General of Taxes the form optimal tax services to taxpayers so that taxpayers are satisfied with the services provided by the Directorate General of Taxes. Improving service quality can be done by improving the technical capabilities of employees in the field of taxation, improving infrastructure such as expanding integrated service places (TPT), and using information systems and technology to provide convenience to taxpayers in fulfilling their tax obligations (Putri & Setiawan, 2017).

Research shows a positive influence which means the size of the taxpayer rate on taxpayer compliance, but in contrast, the research conducted shows that it has no effect, which means that the level of taxpayers complying with taxpayer compliance is small. Based on the description above, a hypothesis can be constructed as follows (Kempa et al., 2020; Pebrina & Hidayatulloh, 2020; Putri & Setiawan, 2017; Raharjo et al., 2020), (Mahfud et al., 2017).

H₃: Quality of Service affects taxpayer compliance.

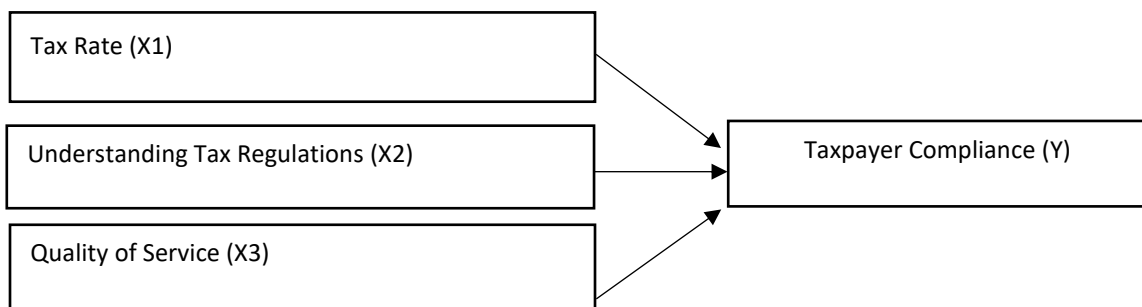


Figure 1. Research Models

RESEARCH METHODS

The type of research used in this study is quantitative research with an associative approach. The associative approach is a study that aims to find out the relationship between two or more variables. The population in this study is individual taxpayers registered with KPP Pratama Samarinda Ulu. The population consists of objects/subjects that have certain qualities and characteristics that have been determined by the researcher to be studied and then drawn conclusions (Firmansyah et al., 2020).

The sampling in this study was *Incidental Sampling*. *Incidental sampling* is a technique for determining samples based on chance so that researchers can take samples on anyone encountered without prior planning. This research was conducted

offline(Sugiyono, 2016), researchers got 72 respondents with the condition that Covid-19 is one of the factors in getting a small number of respondents, besides that tax services can be accessed online both in making payments and reporting taxes.

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics provide an overview or description of data seen from the mean, standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness. In this study, an overview of each research variable will be shown, namely, tax rates, tax regulations and service quality as independent variables and taxpayer compliance as dependent variables.

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Tax rate (X1)	72	09,00	15,00	12,97	1,72775
Understanding Tax Regulations (X2)	72	14,00	25,00	21,51	2,27040
Quality of service (X3)	72	18,00	25,00	23,04	1,97475
Taxpayer compliance (Y)	72	17,00	25,00	21,88	2,03183

Based on table 1 descriptive statistical analysis, the variable tax rate with 72 respondents, minimum 09.00, maximum of 15.00, mean of 12.97 and standard deviation of 1.72775. Variable understanding of tax regulations minimum 14.00, maximum 25.00 means 21.51 and standard deviation 2.27040. Variable minimum service quality 18.00, maximum 25.00 mean 23.04 and standard deviation 1.97475. Variable of minimum taxpayer compliance of 17.00, maximum 25.00 mean 21.88 and standard deviation of 2.03183.

Validity

The validity test is used to measure the validity of a questionnaire.

R table = df

Df = N – 2

= 72 – 2

= 70 (table r value is 0.2319)

From the testing of each variable, tax rate, tax regulations, quality of service and quality of service obtained valid results in each question item with a calculated r value greater than the r table and positive value.

Reliability

This test uses an SPSS application using Cronbach's Alpha statistical test, criteria reliability alpha, reliable if it gives *Cronbach's Alpha* (Ghozali, 2018)(α) value > 0.70.

Table 2. Reliability Test

Variable	Cronbach's Alpha	Critical Value
Tax rates	0,812	0,70
Understanding Tax Regulations	0,823	0,70
Quality of service	0,801	0,70
Taxpayer compliance	0,725	0,70

Normality Test

The normality test is used to find out whether the regression model and the dependent and independent variables are both normally distributed or not.

Table 3. Normality Test

Variable	N	Signification	Information
<i>Unstandardized Residual</i>	72	0,893	Usual

The signification value with 72 samples was 0.893, which is a value greater than 0.05 ($0.05 > 0.893$), meaning it is normally distributed.

Multicollinearity

Multicollinearity test if the result of the *tolerance* test > 0.10 value from $VIF < 10$, that the regression model does not occur symptoms of multicollinearity.

Table 4. Multicollinearity Test

Variable	Tolerance	VIF (Variance Inflation Factor)	Information
Tax rates	0,844	1,184	Valid
Tax regulations	0,768	1,302	Valid
Quality of service	0,759	1,381	Valid

Heteroskedasticity

The heteroskedasticity test to test the value of the regression model occurred the inequality of the *residual variance* of one observation to the observation of another with a significant independent variable of > 0.05 , respectively (Ghozali, 2018).

Table 5. Heteroskedasticity Test

Variable	Signifiers	Information
Tax rates	0,88	Valid
Understanding Tax Regulations	0,66	Valid
Quality of service	0,45	Valid

Simultaneous (Test F)

The F test is used to determine the influence of independent variables (Ghozali, 2018).

Table 6. Test F

<i>F_{table}</i>	<i>F_{count}</i>	<i>Sig</i>	<i>Information</i>
2,74	21,520	0,000	Simultaneous Influence

The sig value of 0.000 is smaller than the signification level of 0.05 and the F values calculated $>$ the F value of the table ($21,520 > 2.74$), which means that it jointly effects simultaneously.

Coefficient of Determination (R^2)

The determination of R^2 essentially measures how far the model is capable of explaining or explaining dependent variables.

Table 7. R test

<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>
0,698	0,478	0,464

An R-value of 0.698 or 69.8% indicates the degree of relationship between the variables of tax rates, tax regulations, and quality of service to the dependent variables of taxpayer compliance.

Partial (Test t)

The following t-test results from each independent variable against the dependent are:

Table 8. Partial Test Results (t-test)

<i>Type</i>	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
<i>(Constant)</i>	0,863	2.914		0.296	0.768
Tax rate (X1)	3,475	0,787	0,418	4,415	0,000
Understanding Tax Regulations (X2)	0,385	0,089	0,430	4,335	0,000
Quality of service (X3)	0,011	0,103	0,011	0,107	0,915

Discussion

Taxpayer compliance reviewed from tax rates

The results of the study of tax rate variables, where the value of the regression coefficient was 3.475 and the calculated value was 4.415, and the signification rate was 0.000. This shows that the tax rate has a positive effect on taxpayer compliance. The proof of the statement is based on a regression coefficient of 3.475 and a calculated value greater than the t table of ($4.415 > 1.99444$) with a significant value smaller than the significant level ($0.000 < 0.05$) so that the hypothesis (H_1) is accepted. The results of

this study are in line with the research conducted by (Cahyani & Noviari, 2019; Lazuardini et al., 2015; Raharjo et al., 2020). Results from previous researchers show a positive influence between tax rates on taxpayer compliance.

Based on the theory used *Theory Of Planned Behaviour*, the thing that affects the tax rate on taxpayer compliance is based on *Normative Belief*. This can also be interpreted as the more the government is fair in setting the number of tax rates, the more taxpayers will understand the perception of the tax rate imposed so the higher the compliance of taxpayers in carrying out their tax obligations.

Taxpayer compliance is reviewed from the understanding of tax regulations

The results of the study of the Tax Regulation Understanding variable, where the regression coefficient value is 0.385, and the calculated t value is 4.335, and the signification rate is 0.000. This shows that understanding tax regulations has a positive effect on taxpayer compliance. The proof of the statement is based on the regression confidence value of 0.385 and the calculated t value greater than t_{table} by ($4.335 > 1.99444$) with a significant value smaller than the significant level ($0.000 < 0.05$) so that the first hypothesis (H2) is accepted. The results of this study are in line with the research carried out by. (Cahyani & Noviari, 2019; Kempa et al., 2020; Lazuardini et al., 2015b; Mahfud et al., 2017; Putri & Setiawan, 2017; Raharjo et al., 2020).

The results of research from previous research show a positive influence of tax regulations on taxpayer compliance. Based on the results of the study, with 72 respondents, the Tax Regulation variable has a positive direction on Taxpayer Compliance with a regression coefficient value of 0.385. This can be interpreted as the better the level of understanding of taxpayer tax regulations, and the more taxpayer compliance will be.

Taxpayer compliance in terms of quality of service

The results of the study of the Quality of Service variable on taxpayer compliance, where the regression coefficient value was 0.011 and the calculated t value was 0.107, and the signification rate was 0.915. This shows that the quality of service has no effect on taxpayer compliance. The proof of the statement is based on a calculated t value smaller than t table ($0.107 < 1.99444$) and a significant value greater than the significant level ($0.915 > 0.05$) so that the third hypothesis (H₃) is rejected. The results of this study are in line with the research carried out. The results of research from previous researchers show no influence between the quality of service on taxpayer compliance (Mahfud et al., 2017b).

The quality of services provided by KPP Pratama Samarinda Ulu, in other words, the better the tax services provided by KPP Pratama Samarinda Ulu, does not affect the level of taxpayer compliance. The quality of services offered by the fiscus does not affect taxpayer compliance, which is that the quality of service is not a benchmark to make

taxpayers compliant, this can be because tax is an obligation that can be imposed and can be considered a debt for any taxpayer who does not fulfil his obligations.

This is very important for taxpayer compliance, where now the service system provided by the Directorate General of Taxes is technology-based with the E-Filling and E-Billing system, the E-Filling system is a service for reporting taxes online while E-Billing is an online tax payment application.

CONCLUSION

Tax rates positively affect taxpayer compliance. This means that the fairer the government in determining the tax rate, the more compliance of individual taxpayers registered with KPP Pratama Samarinda Ulu will increase. Understanding Tax Regulations has a positive effect on Taxpayer Compliance with the value of the regression coefficient in a positive direction. This means that the higher the understanding of tax regulations, the higher the compliance of individual taxpayers registered with KPP Pratama Samarinda Ulu. Quality of Service has no effect on Taxpayer Compliance. This means that the quality of service does not make a benchmark to make taxpayers compliant, this is because the tax is a liability that can be imposed, and the current service system is technology-based with the E-Filling and E-Billing systems.

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