

# The Effect of Digitalization of Tax Services and Taxpayer's Understanding of Taxation on the Level of Taxpayer Compliance with Tax Sanctions as an Intervening Variable (Study of Corporate Taxpayers Registered with DJP West Jakarta Regional Office)

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## Abstract

This research aims to determine the effect of digitalization of tax services and tax understanding from taxpayers on the level of taxpayer compliance by making tax sanctions as an intervening variable. The sample and population of this study are corporate taxpayers registered with the KPP at the DJP Kanwil West Jakarta. The samples collected in this study totaled 112 samples. Research data from questionnaires distributed directly to the sample. Research data processing uses Smart PLS software. The findings show that digitalization has no impact on tax sanctions or taxpayer compliance. Taxpayer's tax knowledge influences tax sanctions and Taxpayer's tax compliance. Tax sanctions have an influence on taxpayer compliance. Tax sanctions cannot intervene in the digitalization of tax services for taxpayer compliance. Tax sanctions can intervene in the Taxpayer's tax understanding towards the Taxpayer's fulfillment of tax compliance.

**Keywords:** Taxpayer Compliance, Digitalization of Tax Services, Understanding Taxation, Tax Sanctions.

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## INTRODUCTION

Even though Indonesia's gross domestic product (GDP) has continued to grow over the last 10 years, Indonesia's tax ratio is ranked in the bottom three. The OECD announced that Indonesia's tax ratio fell by 1.5 percentage points. Initially in 2019 it was 11.6% to 10.1% in 2020. This value is the lowest since 2007.

Considering the importance of tax compliance, the Indonesian government has implemented various methods to increase taxpayers' tax compliance. Digitalization of services is one of various ways the government aims to increase taxpayer compliance. Haryani *et al.*, (2015) stated that the ease of use of the system influences the level of behavior in fulfilling taxpayer obligations.

Tax understanding has a significant influence on the attitude of individual taxpayers in fulfilling their tax obligations. More you understand tax provisions or regulations, the better you will be able to fulfill your tax obligations. This is because taxpayers often do not comply with their tax obligations, not because they want to disobey them. This is due to the complexity of tax regulations, which can force taxpayers to disobey (passive tax resistance) Megi & Apollo (2020).

Tax sanctions are another factor that influences taxpayer compliance. Because based on the applicable law, tax is a mandatory contribution to the state which is charged to individuals or legal entities based on the applicable law. This is mandatory and non-compliance will result in sanctions in accordance with existing regulations.

## LITERATURE REVIEW

### Taxpayer Compliance

Mustofa (2016) defines taxpayer compliance as everything that taxpayers do to fulfill their tax obligations. Devos, Ken (2014), in his book entitled "Factors Influencing Individual Taxpayer Compliance Behavior" defines compliance as compliance with reporting requirements. In other words, taxpayers must fulfill all their tax obligations precisely and accurately in accordance with applicable regulations.

### Digitalization of Tax Services

Sihar and Nurul (2022) provide a definition that digitalization of tax services is an internet-based tax service system provided by the government. This makes it easier for taxpayers to calculate and report their taxes. It is hoped that this service will increase taxpayer compliance.

### Understanding Taxation

According to Carolina (2009), tax knowledge is knowledge that helps taxpayers in determining actions, decisions, fulfilling their tax rights and obligations. This understanding of tax is used as the basis for taxpayers in fulfilling their tax obligations.

### Tax Sanctions

Mardiasmo in Megi & Apollo (2020) Sanctions are a guarantee that tax regulations will be obeyed. By providing sanctions for non-compliant taxpayers, there will be a sense of justice between compliant and non-compliant taxpayers.

## RESEARCH METHODS

This type of research is quantitative research in the researcher investigates the causes of one or more problems that occur. The data that researchers collect comes from certain population groups. Data collection was carried out using a questionnaire. Hypothesis testing is carried out using statistical tests.

The research population is corporate taxpayers registered with the KPP at the West Jakarta DJP Regional Office. The representative sample is an accounting or taxation employee who carries out daily tax administration for the company (sample) that is being studied. Questionnaires were distributed directly to respondents. The method for determining the sample uses SEM analysis based on calculations by Hair *et al.*, The number of samples in this research was 112. Smart PLS software was used in the data analysis technique in this research.

## RESULTS AND DISCUSSION

### 1) Inner Model

Table 1

Variable	R Square	Adjusted R Square
Tax sanctions	0.648	0.641
Taxpayer compliance	0.732	0.724

Smart PLS Processing Results

From the R Square results, it can be seen that the size of the tax sanctions variable is 0.648, which means that the influence of the tax digitalization and tax understanding variables is 64%. Furthermore, the coefficient of determination is included in the moderate category because it is above 0.33. Furthermore, the Taxpayer Compliance variable is 0.734, which means the influence of tax digitalization, tax understanding and tax sanctions is 73%.

### 2) Hypothesis Testing

The hypothesis is declared accepted if the t statistic value > t table, namely 1.649 and the P value < 0.5. The following are the results of hypothesis testing obtained by researchers using the inner model

The following are the results of hypothesis testing carried out based on the variables studied:

Table 2

Hypothesis (Hypothesis)	Correlation (Connection)	Direct Effects & Indirect Effects			Conclusion (Conclusion)
		Original Sample	T-Statistics	P-Value (1-Tailed)	
H1	Digitalization of Tax Services => tax sanctions	-0.028	0.321	0.374	H1 Rejected
H2	Understanding Tax => tax sanctions	0.801	12,802	0,000	H2 Accepted
H3	Digitalization of Tax Services => taxpayer compliance	-0.019	0.250	0.401	H3 Rejected
H4	Tax Understanding => taxpayer compliance	0.358	3,174	0.001	H4 Accepted
H5	Tax Sanctions => taxpayer compliance	0.537	4,727	0,000	H5 Accepted
H6	Digitalization of Tax Services => Taxpayer compliance => tax sanctions	-0.015	0.312	0.378	H6 Rejected
H7	Understanding Tax => Taxpayer compliance => tax sanctions	0.430	4,064	0,000	H7 Accepted

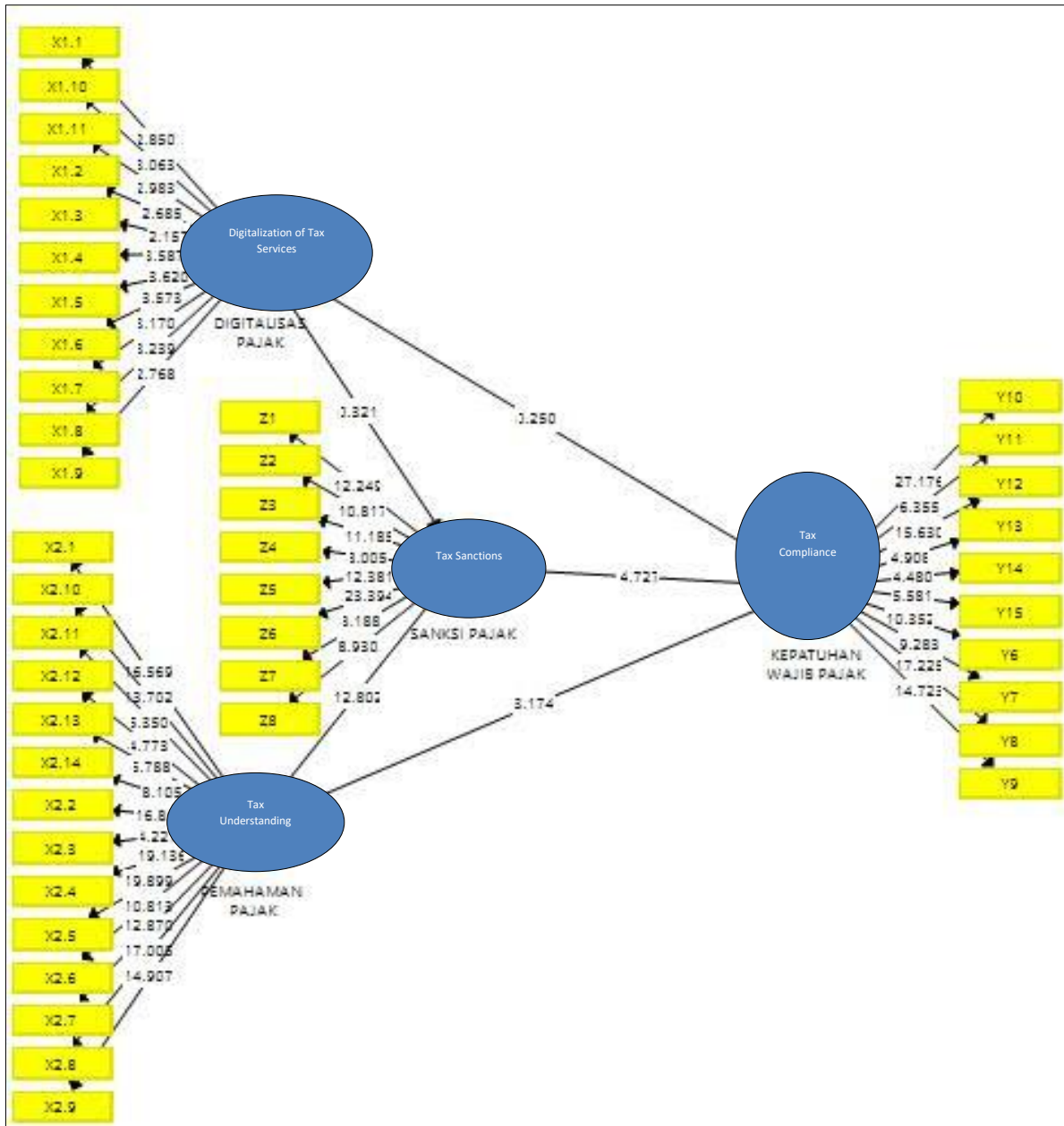


Fig. 1

Smart PLS Data Processing Results

## DISCUSSION

### The Influence of Digitalization of Tax Services on Tax Sanctions

Hypothesis 1 is rejected. This shows that the digitalization of tax services has no impact on tax sanctions. The Technology Acceptance Model (TAM), introduced by Ajzen and Fishbein (1975), describes the impact of using technological information systems. The TAM model consists of three aspects. (1) Perceived usefulness. (2) perceived ease of use, and (3) attitudes and behavioral intentions towards use. Digitalization of tax services actually fulfills three aspects of TAM, however digitalization of tax services does not fulfill tax sanctions, because the main factor that influences the size of the sanctions is the applicable regulations/laws.

Tax sanctions apply if a taxpayer intentionally or unintentionally makes a tax error or does not comply with tax regulations. Digitalization of tax services facilitates supervision by authorities and makes it easier for taxpayers to fulfill tax obligations (payment and reporting), but does not affect the amount of tax sanctions.

### The Influence of Understanding Taxation on Tax Sanctions

Hypothesis 2 is accepted. This explains that understanding taxation has an influence on tax sanctions. The results of this research are in accordance with the opinion of researchers Megi & Apollo, A. (2020), "The Impact of Understanding Taxation on Tax Sanctions". Understanding taxation has a big impact on individual taxpayer compliance. The better you understand tax

regulations, the better you will be able to fulfill your tax obligations and avoid more tax fines. Taxpayers often do not comply with their tax obligations, not because they want to avoid it, but because of the complexity of taxation which may force them not to comply.

### **The Influence of Digitalization of Tax Services on Taxpayer Compliance**

Hypothesis 3 is rejected. These results explain that the digitalization of tax services has no impact on taxpayer compliance. The research results are in line with research by Azmi *et al.*, (in 2012). By analyzing data from 249 Malaysian taxpayers, researchers explained that the risk perception aspect was positively related to the implementation of electronic tax, while the perception of ease of use of the system was positively related to implementation. I found that there wasn't. Electronic tax return. Corporate taxpayer researchers whose tax obligations are fulfilled by professional staff assigned by the company with the task of fulfilling their tax obligations for the continuity of the company (going concern). In other words, with or without digitalization, tax services will continue to fulfill their tax obligations.

### **The Influence of Understanding Taxation on Taxpayer Compliance**

Hypothesis 4 is accepted. Understanding taxes has a positive influence on taxpayer compliance. In other words, tax compliance will be better if the level of tax understanding is good.

The results of this research are the same as research conducted by Oladipupo & Obazee (2016) which explains that understanding taxes has an influence on the level of taxpayer compliance. Understanding taxes can help minimize the possibility of corruption and fraud and improve tax compliance.

### **The Effect of Tax Sanctions on Taxpayers' Tax Compliance**

Hypothesis 5 is accepted. These results explain that tax sanctions have an influence on the level of taxpayer compliance. In accordance with the attribution theory explained by Fritz Heider, the level of taxpayer compliance is influenced by a person's internal and external factors. In this case, tax sanctions are an external factor that influences the level of taxpayer compliance, where taxpayers are affected by the tax sanctions they receive if they do not carry out their tax obligations.

### **Tax Sanctions Can Intervene In the Influence of Digitalization of Tax Services on Taxpayer Compliance**

Hypothesis 6 is rejected. Tax sanctions cannot intervene in the digitalization of tax services for taxpayer compliance. James & Sawyer (2018) note that digitalization of tax services tends to make it easier for tax officers to monitor and reconcile data, thereby reducing fraud and all forms of tax manipulation. For corporate taxpayers whose tax obligations are carried out

by professional employees with one of their duties being to carry out the company's tax obligations or in fulfilling their tax obligations the company entrusts it to tax consultants (professionals), then with or without digitization of tax services they will still carry out their obligations. Because, if tax problems arise because the company does not fulfill its tax obligations, the company can terminate the contract with the employee or tax accountant (expert) appointed to carry out tax compliance.

### **Tax Sanctions Can Intervene In the Impact of Understanding Taxation on Taxpayer Compliance**

Hypothesis 7 is accepted. This explains that tax sanctions can intervene in taxpayers' understanding of taxation regarding the level of taxpayer compliance. The results of this research show that one of the objectives of Law Number 11 of 2020 (Job Creation Law) is fulfilled, by means of differences in sanctions received by Taxpayers. Taxpayers who carry out self-assessment corrections for mistakes made will receive lower sanctions compared to errors found when the taxpayer is examined by a tax officer.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **CONCLUSION**

The conclusions of this research are as follows:

- a. Digitization of tax services has no effect on tax sanctions and corporate taxpayer compliance, whether directly or intervened by tax sanctions. This is caused by the tax compliance of corporate taxpayers being handed over to professionals. The digitalization of tax services has no effect on tax sanctions because the main factor that influences tax sanctions is the applicable laws or regulations.
- b. Taxpayers' understanding of taxation influences tax sanctions and taxpayer compliance, both directly and Taxpayers' understanding of taxation is intervened by tax sanctions on the level of Taxpayer compliance. This is because with a good understanding of taxes, taxpayers will be able to carry out their tax obligations correctly, so that they will be able to reduce the potential tax sanctions they receive.
- c. Tax sanctions have an influence on the level of taxpayer compliance. Tax sanctions will make the Taxpayer considerate in carrying out his tax obligations, because if he does not comply, the Taxpayer will be subject to sanctions that have been stipulated in the Law.

### **SUGGESTION**

- a. Improvements in the development and improvement of digitalization of tax services must continue to be developed, even though it does not affect the variables of sanctions and taxpayer compliance, digitalization of tax services has been accepted and really helps taxpayers in carrying out their tax obligations.

- b. DJP West Jakarta Regional Office Needs to increase socialization, discussion or counseling media, so that Taxpayers can gain a proper understanding of what obligations need to be complied with and carried out
- c. For future researchers, it is important to specify the sample and population for the type of Taxpayer industry, because each type of industry has different tax obligations and tax regulation specifications.

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