

CHAPTER I

INTRODUCTION

A. Background

The continuous and sustainable development process of is one of the important things for Indonesia to realize the ideals of Indonesia, namely increasing public welfare. To be able to realize these ideals, tax is one source of funds which is able to realize national development (Abadi, 2016). In accordance with Laws No. 28 of 2007 concerning General Provisions and Taxation Procedures, tax is a compulsory contribution for the owed, namely the Taxpayer to a State and this is compelling based on the Act, without obtaining any reward and it is used for the benefit of a country for the welfare of its people.

Data from the Directorate General of Taxes show that up to 2018, taxpayers who have registered of Directorate General of Taxes administration system are 30,044,103 taxpayers consisting of 2,472,632 Corporate Taxpayers, 5,239,385 Non-Employee Personal Taxpayers, and 22,332,086 Employee Personal Taxpayers. Meanwhile, according to data from BPS (Central Bureau of Statistics) until 2018, the population in Indonesia which has jobs reaches 120.8 million people. This is around 24.9% of the total number of workers and income earners in Indonesia who register as Taxpayers (Arifin, 2016).

The economy in Indonesia is especially taxed, which is contributed by individual taxpayers who are widespread in Indonesia. The rapid growth of taxpayers makes it difficult for the Directorate General of Tax to reach all individual taxpayers. Although it has been given a Taxpayer Identification Number (NPWP) for tax administration that is used for Taxpayer

identification in carrying out its tax obligations, many individual Taxpayers are still quite a lot not to carry out their tax obligations. Individual taxpayers who have potential to pay the tax but have not registered as taxpayers are still many. Meanwhile, taxes in Indonesia still depend on the results of individual Taxpayers.

One of the efforts made by the Directorate General of Taxes in improving Taxpayer Compliance by facilitating taxpayers in terms of service is by making reforms in the administration more modern by utilizing the development of information technology, so that Taxpayers can fulfill their obligations in a timely, fast, low cost, and in simple ways. Besides, it increases taxpayers trust in the tax administration system and the productivity of tax authorities (Wardhana, 2013). This is also based on the results of a 2018 survey by PUSKAKOM Universitas Indonesia which show that internet users have reached 88.1 million users. If compared to the total population in Indonesia, which amounts to 252.4 million people, it can be said that internet users in Indonesia reach 34.9% of the total population of Indonesia. The figure is quite significant when compared to 2017 in which internet users were only at 28%.

Regarding the increase in internet users, a more effective thing to be applied in taxation in an effort to improve compliance by taxpayers is to use an online system. Before taxation reform occurred, taxation activities were carried out manually such as registration, reporting, and payments made directly at the tax office. In this era, especially generation 4.0, there is ease in the tax administration system, namely online with a registration system or online tax registration (e-Registration), online tax payment (e-Billing), and submission of annual tax returns (SPT) online (e-Filing).

In e-Registration-based Taxpayers registration includes a registration system, changes in Taxpayer data, Inauguration, and Revocation of Inauguration of Taxable Entrepreneurs through a system that is directly connected online with the Directorate General of Taxes. In the online Taxpayer registration system, one of the products in the Directorate General of Taxation is used by Taxpayers for new registrants to register Taxpayers who wish to have a Taxpayer Identification Number (NPWP). This system was used in 2005 when it was published: "Tax Director General Decree Number: KEP-173/PJ/2004."

Payment of taxes with an online system (e-Billing) is one way to ease paying taxes through online payments with many advantages including easy, convenient, fast, and flexible because taxpayers simply access e-billing, then enter the NPWP and the data needed, and will be published with Billing code. Taxpayers can pay taxes with the Automated Teller Machine (ATM), Bank, or nearest post office by entering the billing code. E-Billing was introduced since 2011 which has been regulated in the Director General of Taxes Regulation Number PER-47 PJ/2011.

The SPT delivery system online (e-Filing) can be done by visiting the web address of the Directorate General of Taxes or of the electronic SPT distributor. Submission of SPT can be used anywhere and there are no specific provisions in its delivery. The use of e-Filing was introduced since 2011, namely the issuance of regulation Number PER-39/PJ/2011.

Tax justice systems in the process of implementing online tax also need to be emphasized in an effort to improve the quality of the online taxation system and avoid the misuse of the online system itself. Permatasari (2013) states that justice in taxes determines that taxes must be fair, be

equitable, and not be discriminative in applying the object of tax, and the release to each subject of tax should be balanced according to the capacity of the tax payers. The more unfair the tax system in accordance with the perception of taxpayers, the lower the compliance. In addition, it tends to trigger tax evasion.

The Indonesian population also needs clarity about fair treatment as well as the imposition and collection of taxes by the state. This is done so that the process does not cause a problem or injustice in the imposition and collection of taxes. If the fairness of the taxation system is good, it can have a good impact which is expected to increase compliance for taxpayers (Permatasari, 2013).

Wasao (2014) on the Effect of Online Tax Systems on Taxpayer Compliance in Nairobi District shows that the electronic tax system (online registration, online filing, and online payment) has a positive influence on corporate taxpayer compliance in several sectors such as energy, agriculture, and the sector transport by 89%, 82%, and 79% as well as manufacturing, hospitality, and general trading sectors by 67%, 60%, and 56%.

Maisiba (2016) concerns the effect of the electronic tax system on the efficiency of tax collection at the Kenya Revenue Authority (KRA) in the Uasin Gishu area, Kenya. The results of the study are that the level of efficiency in tax collection has been influenced by the electronic tax system and KRA employees are comfortable in using the system compared to the old system that still uses manual systems. The electronic system has also reduced corruption where payments can be made quickly and accurately via cellphones online.

Sulistiyorini (2016) concludes that the use of e-Registration, e-Billing, and e-Filing administration systems has a positive effect on taxpayer compliance. This is in line with Putra's research (2015) that the application of an online tax administration system has a positive effect on Taxpayer compliance. However, study the research of Rahayu (2009) states that the influence of modernization of tax administration systems does not significantly influence Taxpayer compliance.

Syakura (2014) concludes that the existence of a tax justice system will increase the trust of taxpayers to tax authorities based on examining tax planning by utilizing the complexity of the existing taxation system to be able to maintain the company's financial condition to remain stable so that Taxpayer compliance in fulfilling its tax obligations can increase. These results also support the results of Sari's research (2009) which states that the better the perception of fair taxpayers, the higher taxpayer compliance. However, Andarini (2010) states that the justice system taxation does not affect the compliance of corporate taxpayers. Therefore, researcher want to reexamine whether the existence of an online tax system and fairness of the tax system will have a positive effect on taxpayer compliance.

The purpose of this study is to find out how much influence the application of the online tax system (e-Registration, e-Billing, and e-Filing) with the justice system taxation is several supporting researches are such as from Wasao (2014), Maisiba (2016), Sulistiyorini (2016), Putra (2015), Sari (2009), Brainyyah (2013), Richardson (2006), and Syakura (2014) studies, but there are researches that do not support or are not in line with this research, such as research conducted by Rahayu (2009) which says that the influence of modernization of tax system

administration does not significantly influence Taxpayer compliance. Moreover, research from Andarini (2010) states that tax system justice has no effect on compliance Corporate taxpayer. Due to the inconsistency of the research, the researcher therefore wants to re-examine whether the online tax system (e-Registration, e-Billing, e-Filing) and tax system justice affect taxpayer compliance.

This research is important because in increasingly sophisticated technological developments especially now in the era of 4.0, taxpayers should make maximum use of technology by reforming from manual systems to online systems, on how to pay taxes, to register taxes and to report their annual SPT more modernly that is by using a system called the online tax system. In practice, there needs to be a tax system justice because when the system is good or fair in its tax collection and collection, it will be able to increase compliance of taxpayers in conducting taxation.

This research that replicates the study of Fatih Henggar (2017). The difference from previous study is that the current research is adding justice tax system in independent variabel and some differences in the object of the research. The object of the previous research is about the small medium enterprise and this research object is about individual taxpayer.

From what has been written, the researcher will conduct research on taxation entitled **THE EFFECT OF ONLINE TAX APPLICATION AND JUSTICE OF TAX SYSTEMS ON TAX COMPLIANCE**

(Empirical Study on Taxpayers in Cilegon).

B. Limitations of Research Problems

Based on the background, the author will discuss about the factors of the effect of the application of the online tax system with the justice of taxation systems as a moderating variable in taxpayers compliance. Therefore, this study has limitations as follows:

1. Research limits the testing of factors that affect taxpayer compliance with the implementation of e-Registration, e-Billing, and e-Filing systems as well as tax system justice.
2. The scope of the research is only on Individual Taxpayers at Cilegon.

C. Formulation of Research Problems

Based on the background that has been described above, the formulations of the problem in this study are:

1. Does the application of the e-Registration have a positive effect to taxpayer compliance?
2. Does the application of the e-Billing have a positive effect to taxpayer compliance?
3. Does the application of the e-Filing have a positive effect to taxpayer compliance?
4. Does the application of the justice tax system have a positive effect to taxpayer compliance?

D. Research Purposes

Based on the formulation of the problem, the objectives in this study are as follows:

1. To test whether the implementation of the e-Registration system has a positive effect on taxpayer compliance.
2. To test whether the implementation of the e-Billing system has a positive effect on taxpayer compliance.
3. To test whether the implementation of the e-Filing system has a positive effect on taxpayer compliance.
4. To test whether the implementation of the justice tax system has a positive effect on taxpayer compliance.

E. Benefits of Research

This research is expected to benefit for:

1. Becoming reference material for subsequent research.
2. Increasing knowledge related to the influence of the implementation of e-Registration, e-Billing, e-Filing, and tax justice systems on taxpayer compliance.
3. Being information material and the development of subsequent research and increase knowledge for students.
4. Being able to be used as a consideration in terms of determining policies in order to improve taxpayer compliance in carrying out its obligations by the Directorate General of Taxes.
5. Being used to apply the knowledge that has been obtained so far and to know the actual conditions that occur in the field by the researcher herself.
6. Being expected for the taxpayers, that taxpayers can find out the

application of the online tax system and tax system justice so that taxpayers are faster, more efficient and more flexible in registering, paying, reporting tax returns and knowing about the tax justice system so they can avoid panning tax.