The Effect of Taxpayer Awareness, Services Tax Authorities on Tax Compliance: Case Study at the Southern Karawang Tax Service Office in 2018

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Abstract. This study aimed to specify the influence of taxpayer awareness, and service tax authorities to tax compliance. The subject research was located at the Pratama Karawang North Tax Service Office in 2018 years. The oncoming used in this study is a quantitative approach. The sample is taken by simple random sampling technique, with 100 respondents as a final sample. Data collection techniques use questionnaire tools in the form of statements. The partial test results (t) show that each taxpayer's awareness and service tax authorities at the Pratama Karawang southern Tax Service Office influence Tax Compliance. Simultaneous test outcomes show that all independent variables have a joint influence on tax compliance.

Key words: taxpayer awareness, service tax authorities, tax compliance.

Introduction
Background

Implementation of a series of good governance systems in harmony with applicable laws, to actualize the welfare of the community and carry out development in various fields, the government must manage its financing well, one of which is in managing state revenue. There are 2 (two) types of revenue income from taxes and income not from taxes, income not from taxes can be from natural resource results, loans obtained from other countries, and so on. However, the most dominant income is tax revenue, tax is a large income for the Republic of Indonesia. The tax collected by the government will be used annually to finance development activities and other activities that can incur routine financial expenditure, because taxes have become a source of the main income and predominant tend to be used for state funding in accordance with those listed in the UUD 1945 Article 23A which contains as follows: "All taxes and other levies that are forcing to be used for State purposes based on the law". Based on data from the North Karawang Tax Service Office, the ratio of personal compliance in 2019 for non-employee individuals is as much as 51% and for personal employees is as much as 62 percent. In 2018, non-employee personal tax compliance has decreased by 30% and employee personal tax compliance increased by 64 percent.
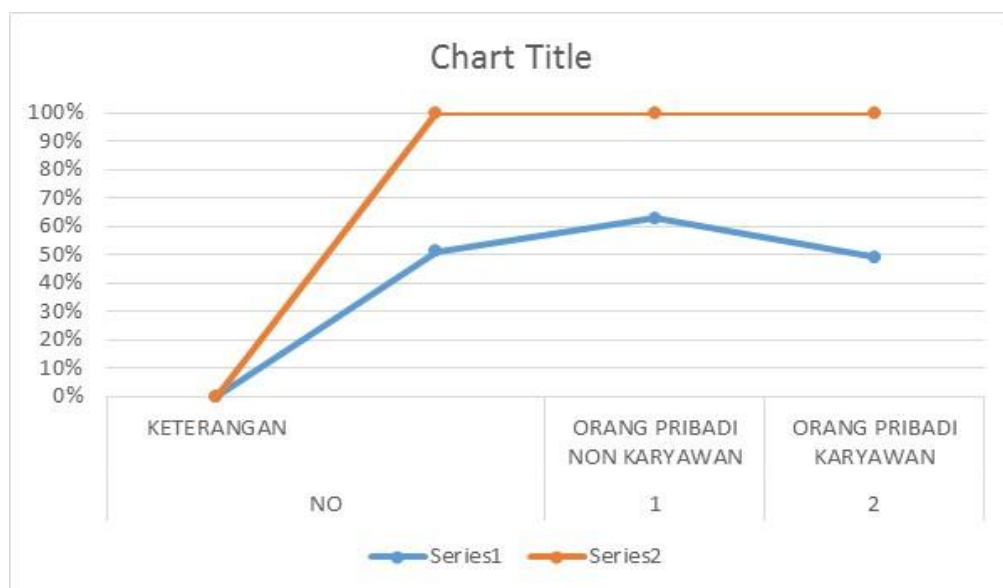
Fig. 1. Tax Compliance Graphic Taxpayer North Karawang Tax Service Primary Office 2017-2018. *Source*: Author's Elaborate (2019)

Fig. 1 describes that this ratio has informed that the tax compliance of individuals non-employee has decreased significantly and the taxpayer of individual employees has increased so this shows a phenomenon that can be investigated.

Previous research conducted by Jotopurnomo & Mangoting (2013) on 100 respondents who have a Taxpayer Identification Number and are registered as Individual Taxpayers at KPP Surabaya findings that taxpayer awareness, tax service quality, tax sanctions, and taxpayer environment have a significant impact on individual taxpayer compliance in Surabaya. In Masruroh & Zulaikha's (2013) study on data get from KPP Pratama Tegal as of July 1, 2013, 16,614 effective taxpayers did business, 100 samples were randomly selected resulting in research findings that the study of this represented that taxpayers had a positive and significant affect towards tax compliance. The benefits of TIN, services quality, and tax penalties had no significant affect towards tax compliance. Hereinafter, from Yogatama (2014) final study that analyzes the factors that impact to the tax compliance, specifically from individual taxpayers compliance at 100 people from the amount of individual taxpayers in the Candisari area are the findings that tax services, perceptions of the utilize of tax money in a accountable and transparent manner, and perceptions of the effectiveness of the taxation system have a positive and significant impact on taxpayer compliance. Meanwhile, tax socialization has no significant affect towards individual taxpayer compliance. The study results from 101 respondents showed that tax employee services and taxpayer awareness at the Primary Tax Service Office of Temanggung area in 2015 had an effect on taxpayer compliance Kundalini (2016). Besides, taxpayer awareness partly does not impact taxpayer compliance in implementing tax compliance, while tax sanctions and tax knowledge partly affect taxpayer compliance in implementing tax compliance. Simultaneously, all variables affect individual taxpayer compliance in implementing tax compliance in empirical evidence from 100 people from all individual taxpayers on KPP Pratama Surabaya Gubeng in this study (Lydiana, 2018).

Thus, based on background descriptions and various research results that have shown that taxpayers have a dominant role in helping increase state revenues in tax revenue and taxpayer conditions are expected to contribute to tax revenues. To answer

this analysis, the research objectives are specifically aimed at: (1) To find out the influence of taxpayer awareness to the Tax compliance at the North Karawang Primary Tax Service Office in 2018;(2) Find out the influence of the service tax authority to the tax compliance at the North Karawang Primary Tax Service Office in 2018, and also (3) Find out the effect of awareness of taxpayers and service tax authorities to the tax compliance at the North Karawang Primary Tax Office in 2018.

Theoritical Review

Taxpayer Awareness

The definition of taxpayer awareness according to Chairil Anwar Pohan (2014: 125) is taxpayer awareness at this time is still relatively low. The phenomenon is not only found among the lower classes of society who have limited insight and knowledge about tax but also among the people in the class community who know the function and the tax statutory provisions for taxation. Meanwhile, To increase public awareness of paying taxes, understanding is needed for the community why they have to pay taxes and what is the function of state revenue from taxes (Hasanah, 2017: 17).

Tax Services

Tax service is a quality process with support to taxpayers in definite how that necessitates sensitivity and interpersonal link to set up success and satisfaction (Boediono, 2003: 60). Furthermore, a Service tax is a tax gleaned by the government on service providers towards definite transactions but is in fact expensed by the customers. It is grouped nether indirect tax and came inside availability under the Finance Act, 1994 (The Economics Times). The self-assessment system that applies in Indonesia with Taxpayers are given the full trust to bring out their tax payment duty by computing, shell out, and reporting their own taxes. In order for self-assessment to run well, the government in this matter the Directorate General of Taxes (Dirjen Pajak or DJP, called in Indonesia) carries out one of its functions, namely the service function (PT Dimensi Internasional Tax).

Tax Compliance

The mean of tax compliance is the correct income for each year and shell-out the right of taxes appositely in present (James & Alley, 2002: 29). In addition, in its most modest material is normally cast in terms of the extent to which taxpayers fill with the tax law and the capability and willingness of taxpayers to comply with the tax laws (Palil & Mustapha, 2011). Compliance means submitting to or complying with teachings or rules. Therefore, tax compliance can be interpreted as submitting, obeying and complying with taxpayers in executing their taxation rights and obligations in accordance by applicable tax laws.

Framework and Development Hypothesis Proposed

Theoretical framework is a flow that visualizes thinking methods that are written into a form that is related to the variables to be observed and the procedures for measurement and expectations of research results (Creswell, 2014: 17). Then, the theoretical framework downgraded become 'model' name. The definition of a model is finite in the denote of form, structure, the content with fixed meanings in a research framework area (Husain, 2019). Theoretical framework in this study can be portrayed the following:
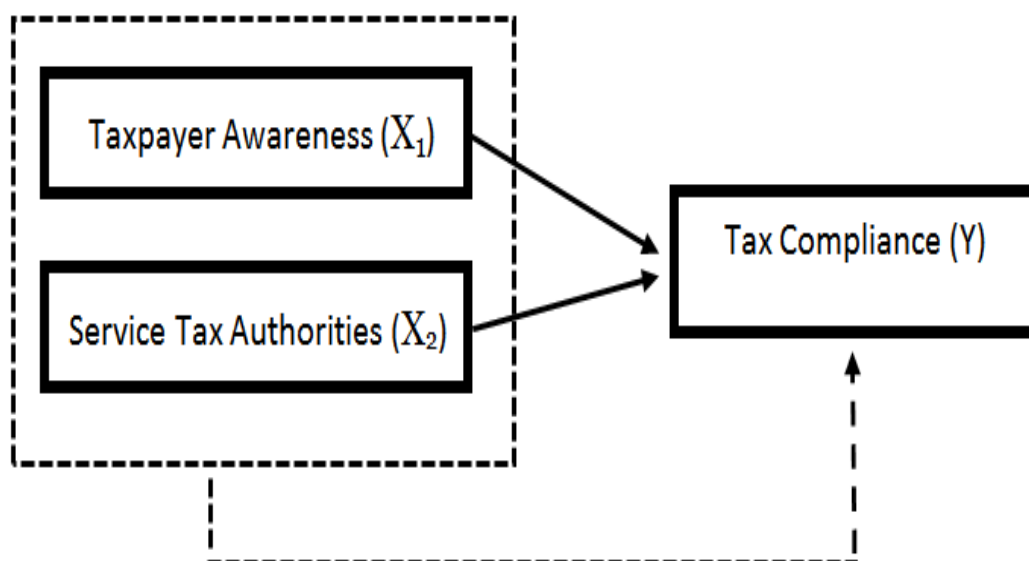
Fig. 2. Research Theoretical Proposed

Awareness is a state that is understood, while taxation is a tax subject. Tax awareness is an awareness that understands tax regarding. The positive rating of taxpayers for the enforcement of state functions by the government will range the public to pay taxes. Besides, taxpayers awareness about taxation is necessary to increase taxpayers' requests (Jotopurnomo & Mangoting, 2013). In raising the level of tax compliance required the quality of taxpayer awareness that will result in the interpretation and implementation of responsibilities regarding taxation. Tax payers must be considered and obediently to indirect taxes must be included in national development. Research conducted by (Kundalini, 2016) related to "Taxpayer Awareness of Tax Compliance." as follows:

H_01 : Taxpayer awareness has no influence to the tax compliance
$Ha1$: Taxpayer awareness has influence to the tax compliance

Own services in the taxation borough can be described as services provided towards taxpayers by the Directorate General of Taxes (DJP) to help taxpayers meet their tax compliance. Tax services are conceived in civil services because processed of government agencies, destination to comply with the requirements of the community, and in implementing statutory and not profit-oriented (Jotopurnomo & Mangoting, 2013). Quality services are serves that can supply satisfaction to customers and dwell within the restricted of fulfilling service standards that can be responsible for and should to be sustainable (Pakurár et al., 2019). By the improvement of service quality, it is trustworthy that it will foster a sense of awareness to the public to be willing to pay taxes which will then have a positive impact on state revenues. The increase in tax revenue, especially for individuals who have been the most income of state revenues and can provide a positive meaning for the country's development. An escalation in state tax income can be a necessary constituent of appraising the organization's performance by overall quality serves and the employee's performance has shown good outcomes. Research results from (Yogatama, 2014) that a positive and significant impact towards tax compliance, while taxation socialization has no significant impact towards compliance. Based on the description above, it is stated that the alternate hypothesis is following:

H_02 : A Service tax authorities does not affect the tax compliance

Ha2 : A Service tax authorities does affect the tax compliance

Research results from (Kundalini, 2016), that a the level of taxpayer awareness and service of tax employees affected the level of tax compliance on the Tax Office of Temanggung Regency in 2015. Based on the description above, it is found that the research hypothesis is as follows:

$H_0 3$: Tax awareness and service tax authorities do not have simultaneously effects on tax compliance

Ha3 : Tax awareness and service tax authority have simultaneously effects on the tax compliance

Research Methods

The oncoming used in this study is a quantitative approach, the quantitative approach focuses on theoretical testing and also takes measurements of research variables using numbers and data analyzed with applicable statistical procedures (Creswell, 2014; Mertler, 2016: 110).

In this research, the population is individual taxpayers registered in southern Karawang Primary Tax Service Office. Researchers take this population because there are more taxpayers who are private taxpayers compared to corporate taxpayers. Karawang taxpayers based on 2018 data are 55,860 taxpayer compliance.

The sample is an element of the population which in this case is an individual taxpayer registered at North Karawang Primary Tax Service Office. The criteria taken for the sample are individual taxpayers, who are registered or who have a tax ID (NPWP) on North Karawang Primary Tax Service Office. The sample is a respondents whose numbers are determined through data on the number of individual taxpayers registered with North Karawang Primary Tax Service Office. The samples amount taken in this research uses calculations the 'Slovin' formula following:

$$n = \frac{55.860}{1 + 55.860(0,1)^2}$$
$$n = \frac{55.860}{1 + 55.860 \cdot 0,01}$$
$$n = \frac{55.860}{1 + 558.6}$$
$$n = 99.82$$

Rounded up to 100 respondents.

The technique applied to data collection is done by distributing questionnaires that have been made by researchers so that the data used are primary data types. This questionnaire is a closed characteristic required for all respondents who have been willing to fill out the questionnaire and are eligible to be sampled to immediately collect the questionnaire from the researcher.

A method of data analysis utilizes multiple regression. The file equation to proposed:

$$Y = \alpha + \beta 1 X1 + \beta 2 X2 + e$$

Results
Yielding of Validity and Reliability

Table 1. Summarize of Research Validity and Reliability Test Outcome

Variable	Item Symbol	r-Count	Conclusions Validity Results	*Cronbach's Alpha* Score	Conclusions Data Reliability
Taxpayer Awareness (X_1)	X_1_1	0.400	valid	0,636	> 0.60 for Cronbach's Alpha score so that Reliable
	X_1_2	0.627	valid		
	X_1_3	0.760	valid		
	X_1_4	0.543	valid		
	X_1_5	0.619	valid		
Service Tax Authorities (X_2)	X_2_1	0.515	valid	0,671	> 0.60 for Cronbach's Alpha score so that Reliable
	X_2_2	0.232	valid		
	X_2_3	0.807	valid		
	X_2_4 X_2_5	0.895	valid		
		0.807	valid		
Tax Compliance (Y)	Y_1	0.611	valid	0,667	> 0.60 for Cronbach's Alpha score so that Reliable
	Y_2	0.210	valid		
	Y_3	0.426	valid		
	Y_4	0.611	valid		
	Y_5	0.648	valid		
	Y_6	0.394	valid		
	Y_7	0.406	valid		
	Y_8	0.406	valid		

Source: Obtained from Primary Data (2019)

According to the yield of the study appliance quality from the response, the outcome of the validity test on 18 (eighteen) indicators and the overall r-Count is higher than 0.1975 (r-table), it mean 'valid'. Thus, the construction indicators of X_1 (Taxpayer Awareness); X_2 (Service Tax Authorities); and Y (Tax Compliance) data have been to fulfill used in multivariate analysis because of having a cronbach's aplha score of more than (>) 0.60 (Sugiyono, 2018).

Yielding in Assumption Classic

A normality testing sample for verify thru this testing to assign if the data has an ordinary distribution or yet. Upon the Kolmogorov-Smirnov (K-S) test, if the significance value is above 5 percent, it can be said that the data is normal dissemination or vice versa if the significance value is below 5 percent, it can be said that the data is not normal dissemination. The normality test outcomes of this study are shown in the table following:

Table 2. Normality Test Result

	Scoring
Test Statistic	0.066
Asymp. Sig. (2-tailed)	0.200
Source: Obtained from Primary Data (2019)	

The normality test yields have a significant number using Kolmogorov-Smirnov which is worth 0.200, this value exceeds 0.05 which means the data is normally disseminated, and then the assumption of normality in this research is fulfilled.

The fact that there is sufficient correlation between independent variables with one another is multicollinearity. The good thing is, the regression model must have no correlation among independent variables. The requirement to use multiple regression analysis is to use a multicollinearity test, to indicate whether there is multicollinearity between independent variables. The multicollinearity test results of this research are delivered in the table following:

Table 3. Multicollinearity Test Result

	Tolerance Score	VIF Score
Taxpayer Awareness (X_1)	0.999	1.091
Service Tax Authorities (X_2)	0.999	1.091
Source: Obtained from Primary Data (2019)		

The outcome of multicollinearity give is the expression that the VIF score of the independent variable is more than 1 (one) point. Thus the variable has tolerance counts higher than 0.1, so it can be noticed that not indicated as multicollinearity.

Table 4. Heteroscedasticity Test Score

	Probability score
Taxpayer Awareness (X_1)	0.106
Service Tax Authorities (X_2)	0.460
Source: Obtained from Primary Data (2019)	

The heteroscedasticity test yields exhibit the significant score from both variables i.e. each of 0.106 and 0.460 points, which have more than 0.05 scores. Thus, there is no heteroscedasticity matter.

Multiple Linear Regression Analysis

Based on the statistic proceeds program, the coefficient regression equations yielded in this research i.e.:

$$Y = 0.619 + 0.291X1 - 0.492 X2$$

0.619 points (Y) for a constant score which is a high scale, where the Taxpayer Awareness and Service Tax Authorities variable if it has an amount similar to zero, and the Tax Compliance (Y) count is 0.619 gratuity. This constructs whose data worths are certain and may not be revamped. Taxpayer Awareness (X_1) with a coefficient score of 0.291, infers that if the other factors have a certain score and the Taxpayer Awareness variable escalates, then Tax Compliance will also jack up by 29.1 gratuity. Service Tax Authorities (X_2) with a coefficient score of 0.492 infers that if the another factors have a certain score and the Service Tax Authorities variable escalates, then Tax Compliance will also jack up by 49.2 gratuity.

Yielding of Hypothesis Test

Table 5. Hypothesis Testing Yields

Measure	Coefficient Score	t-Count	Sig Score
R	0.836		
R^2	0.699		
F-Count	112.422		0.000

Constant	0.619	3.955	0.000
Taxpayer Awareness	0.291	6.858	0.000
Service Tax Authorities	0.492	13.549	0.000
Source: Obtained from Primary Data (2019)			

R^2 is counted as 0.699 as outcomes testing, inferring that the enormity of the determination coefficient is 69.9 gratuity. These results mean that the independent variables (Taxpayer Awareness and Service Tax Authorities) implicated in this yield were proof to impact the discrepancy of alterations in the impact variable by 69.9 gratuities, whereas the remaining 30.1 gratuities were aftermath other factors not entered in this research. The t-count state of affairs that the regression outcome of the Taxpayer Awareness variable is 3.955 with a significant probability of 0.000, which is lower (<) than 0.05, with that H_01 is rejected and Ha1 is proven. The finding is that service tax authorities also have an influence to the tax compliance. The F-count value is 112.422 states that the simultaneous significance score of the Taxpayer Awareness and Service Tax Authorities variable is 0.000, which is lower (<) than 0.05, thereupon H_03 is rejected and Ha3 is proven. The conclusion is that taxpayer awareness and service tax authorities have an effect on tax compliance.

Discussion

The first hypothesis in the research is taxpayer awareness influences tax compliance. This research results in the conclusion that taxpayer awareness influences tax compliance, this is consistent with observations made by Kundalini (2016) who found that "taxpayer awareness affects tax compliance". However, this is not accordance by observations carried out by Lydiana (2018) who argue that" taxpayer awareness does not impact tax compliance". The results of this research have explained that the more taxpayers have a high awareness of the role they have as taxpayers, the interpretation and implementation of taxation obligations will be very good, and then can increase the level of tax compliance. Taxpayers must have awareness and consideration that tax is one way to participate in the process of developing the country. The second hypothesis in this research is that service tax authorities influence tax compliance. This study results in that service tax authorities influence tax compliance. This is consistent with research from Yogatama (2014) which also found that "service tax authorities affect taxpayer compliance." This result illuminates that good and quality service is a service that can provide an opinion of customer satisfaction and remains within the standard procedures that apply and can be accounted for and carried out repeatedly or continuously. Quality service if it has been improved is expected to make the public aware to adequate voluntarily want to implement their duties as taxpayers that are paying taxes, which will have an impact on increasing state income. During this time, an increase in personal tax revenue is excellent that can have a very significant effect to help the development of the country. One of the assessments of organizational performance can be assessed by increasing tax revenue as a result of doing good and quality service and employee performance shows good results. The third hypothesis in this research is that taxpayer awareness and service tax authorities simultaneously influence tax compliance. This research results found that taxpayer awareness and service tax authorities simultaneously influence tax compliance. This is in line with observations has been carried out by Kundalini (2016). These results explain that taxpayer awareness that arises to carry out tax obligations and is supported by qualified service tax authorities produces

a sense of comfort for taxpayers in the execution of their duties as taxpayers. Awareness and good service are the main factors for increasing taxpayer compliance.

Conclusion

Based on the discussion and outcome study obtained from the program, the decision in this phase are:

1. Taxpayer awareness influences tax compliance
2. Service tax authority does affect the tax compliance
3. Taxpayer awareness and service tax authority does affect the tax compliance

As for suggestions for Tax Service Office to adequately motivate taxpayers to escalate their taxpayer awareness, the tax office should provide counseling and information, especially for taxpayers who are registered at the North Karawang Primary Tax Service Office especially those in the remote areas about the weightiness of taxes for the country, information about regulations and the provisions applicable in the legislation on taxation in terms of calculation, payment and reporting of taxes that are appropriate so that tax revenue can increase and tax compliance also increases, in addition, it is expected that the tax authorities can improve services properly by providing comfort to taxpayers so that taxpayers do not feel reluctant to come to pay and report their taxpayers. Then the tax authorities must also be friendlier in providing services and have broad competence and insight so that if the taxpayer has problems in terms of taxation can overcome them quickly and accurately. Taxpayers are expected to increase awareness as taxpayers so that it can lead to fulfilment in carrying out obligations as obedient citizens especially those related to taxes.

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