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The Influence of Tax Service Quality, Taxpayer Awareness and Tax Sanctions on Individual Taxpayer Compliance (At the Bandung Bojonagara Pratama Tax Service Office)

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Abstract: Indonesia is a country that works hard to improve the lives of its citizens. The government relies mainly on tax income to generate revenue. To collect more taxes, the government uses various strategies. Tax is a mandatory contribution that individuals or companies owe to the state, based on the law, and is utilized for the benefit of the people. The aim of this research is to determine and explain how the quality of tax services, taxpayer knowledge, and tax sanctions affect individual taxpayer compliance in the Bandung Bojonagara Pratama Tax Service Office. The research method used in this study is quantitative, with a descriptive and verification approach, and the sample was purposefully selected. This study collected primary data from the Bandung Bojonagara Pratama Tax Service Office, literature studies, and questionnaires. The population of this study was 293,817, with a sample size of 100 individual taxpayers. The study found that the quality of tax services and taxpayer knowledge have a significant impact on taxpayer compliance in paying individual taxes. However, tax penalties have little influence on taxpayer compliance in paying individual taxes.

Keyword: Tax Service Quality, Taxpayer Awareness, Tax Sanctions, Taxpayer Compliance

INTRODUCTION

Tax revenue is the main source of income for the country. To generate more revenue, the government uses various tax collection strategies. Taxes are mandatory payments to the state that are owed by individuals or business entities that are compelled by law, without receiving direct compensation, and are used for public purposes for the most vulnerable members of society (Mardiasmo, 2019:6)

Indonesia is one of the countries in the world that is always striving to better the lives of its citizens. To increase community welfare, the government needs a significant amount of financial money. The revenue sources for Indonesian state finances are classified into two categories: domestic and foreign. Taxes are the most important domestic revenue source for states. According to the Central Statistics Agency, the tax sector will account for 79.02% of

total state income in 2022. This proportion is higher than the previous year, which was just 77.15%. (www.kumparan.com; visited October 2, 2023).

To finance ever-increasing state spending, the government requires large money from every available state source, including community contributions, generally known as taxes (Asterina & Septiani, 2019). Taxes are Indonesia's greatest source of income, contributing to the budget for state revenue and expenditure (APBN), which is used by the government to fund national development and ensure the welfare of all Indonesians (Erica, 2021).

Suryo Utomo, the Director General of Taxes at the Ministry of Finance, has reported that the compliance rate of taxpayers who filed their annual tax returns (SPT) in 2022 was 83.2%, a decline from the previous year's rate of 84.07%. The target for 2022 was to receive tax returns from 19 million taxpayers, including 1.65 million businesses and 17.35 million individuals. However, only 15.8 million tax returns were filed in 2022, indicating a compliance rate of 83.2% (www.databoks.katadata.co.id, accessed on October 2, 2023).

State tax receipts in Indonesia are currently below the desired levels, indicating poor compliance by individual taxpayers. This, in turn, leads to lower tax collections for the government. Taxpayer compliance is a significant issue worldwide since people tend to avoid paying taxes due to their limited understanding of the utility of taxes. (Siregar, 2017).

According to the latest report of the Pratama Bandung Bojonagara Tax Service Office (KPP) as of June 20, 2022, a total of 293,817 taxpayers are registered with them. Out of those, 1,043 taxpayers (WP) participated in the Voluntary Disclosure Program (PPS). Among those who participated in PPS, 347 taxpayers were under policy I, 977 taxpayers were under policy II, and 340 taxpayers participated in both policies I and II at the same time. The remaining taxpayers did not take part in PPS (Zaenal, 2022).

It has been observed that there has been a significant decrease in the compliance level of individual taxpayers at KPP Pratama Bandung Bojonagara in 2022 as compared to previous years, where there was a decent growth. The table below shows the compliance level of individual taxpayers at KPP Pratama Bandung Bojonagara from 2018 to 2022.

Tabel 1. Individual Taxpayer Compliance Level at KPP Pratama Bandung Cicadas 2018-2022

Year	WPOP Mandatory Report Annual SPT	WPOP Reports Annual SPT	Compliance Ratio
2018	49.772	45.689	91.80%
2019	53.856	44.854	83.29%
2020	58.289	51.872	88.99%
2021	63.243	53.905	85.23%
2022	68.657	54.741	79.73%
Total	293.817	251.061	85.45%

Source: KPP Pratama Bandung Bojonagara (Data is processed, 2023)

The compliance levels of individual taxpayers have been observed to be fluctuating. In 2018, the compliance ratio of individual taxpayers registered in KPP Pratama Bandung Bojonagara was 91.80%, but it dropped to 83.29% in 2019. Subsequently, there was an increase of 88.99% in 2020, but it fell again to 85.23% in 2021 and further down to 79.73% in 2022.

Additionally, the compliance ratio of individual taxpayers registered in KPP Pratama Bandung Bojonagara between 2018 and 2022 has not yet met the objective of 100%.

According to Arianto (2018:83), "service quality" refers to the ability to meet taxpayers' needs, requirements, and expectations within a timely manner. "Based on previous research conducted by Hidayat and Gunawan (2022), service quality influences taxpayer compliance." However, this contradicts studies undertaken by Kadek Windy Astari et al (2022), which found that service quality has little effect on taxpayer compliance.

Taxpayer compliance has become a serious issue as many taxpayers try to evade paying taxes due to lack of knowledge about the benefits of taxes. It is important to raise public awareness about the purpose and advantages of taxes so that taxpayers can pay them freely and willingly, rather than being forced to do so. The more people understand the role of taxes, the more likely they are to comply with tax regulations (Kurniawan & Choirunisa, 2022).

Awareness of tax obligations is not solely dependent on technical issues such as collection methods, tax rates, technical audits, investigations, the imposition of sanctions as a result of the implementation of tax laws and regulations, and services provided to taxpayers by the state. And it is up to the taxpayer to what extent he or she will comply with the terms of tax laws and regulations (Rahayu, 2017).

Public knowledge of the need of paying taxes is critical for increasing taxpayer Compliance with tax regulations is crucial for the growth and success of development in the state. However, some individuals may not be aware of their tax obligations, which can lead to low taxpayer awareness. It is important to note that paying taxes has a significant impact on the availability of public amenities. (Sahwa & Annisa, 2023).

Tax sanctions ensure that the terms of tax laws and regulations (tax norms) will be followed (Mardiasmo, 2019). Tax fines are imposed by the government on taxpayers who fail to comply with tax reporting and payment laws (Sulatiningsih et al., 2023).

Hidayat and Gunawan (2022) found that service quality impacts taxpayer compliance. Widayanti's (2023) research reveals that the quality of tax services, tax sanctions, and tax knowledge all have a partial and simultaneous impact on individual taxpayer compliance. According to Irmayani and Fathah's (2023) research, taxation has a favorable effect on individual taxpayer compliance, however taxpayer knowledge and tax punishments have no effect.

LITERATURE REVIEW

Taxpayer Compliance

According to Rahayu (2020:189-190), taxpayer compliance refers to the act of following the relevant tax regulations. A taxpayer who is compliant is someone who is knowledgeable about their tax obligations, aware of their rights, and fulfills their duties in accordance with the tax laws they are familiar with.

Tax Service Quality

Rahayu (2019: 162) provides a definition of service quality as the provision of public services by central government agencies in the region and environment of BUMN/D. These services can be in the form of goods or services, and they are provided both to fulfill community needs and to comply with statutory regulations.

Taxpayer Awareness

According to Rahayu (2020:195), taxpayer awareness refers to the knowledge and understanding that taxpayers possess, which enables them to fulfill their tax obligations accurately."

Tax Sanctions

According to Mardiasmo (2019:72), "tax sanctions are a guarantee that the provisions of tax laws and regulations (tax norms) will be complied with." In other words, tax punishments serve as a deterrent to taxpayers from violating tax laws.

METHOD

This study utilized a quantitative approach that consisted of descriptive and verification components. Quantitative methods are research techniques based on the positivism philosophy, intended to investigate specific populations or samples. These methods involve collecting data using research instruments, analyzing it statistically, and aim to describe and test hypotheses that have been previously determined (Sugiyono, 2020:3).

RESULTS AND DISCUSSION

Reability Test and Validity

Variable	No. Item	Pearson Correlation	correlation level	Conclousion
Taxpayer Compliance (Y)	Y.1	0,780	0,196	Valid
	Y.2	0,728	0,196	Valid
	Y.3	0,738	0,196	Valid
	Y.4	0,624	0,196	Valid
	Y.5	0,672	0,196	Valid
	Y.6	0,542	0,196	Valid
Tax Service Quality (X ₁)	X1.7	0,671	0,196	Valid
	X1.8	0,593	0,196	Valid
	X1.9	0,723	0,196	Valid
	X1.10	0,638	0,196	Valid
	X1.11	0,572	0,196	Valid
Taxpayer Awareness (X ₂)	X2.12	0,679	0,196	Valid
	X2.13	0,776	0,196	Valid
	X2.14	0,779	0,196	Valid
	X2.15	0,577	0,196	Valid
	X2.16	0,713	0,196	Valid
Tax Sanctions (X ₃)	X3.17	0,761	0,196	Valid
	X3.18	0,672	0,196	Valid
	X3.19	0,672	0,196	Valid
	X3.20	0,637	0,196	Valid

Source: Primary Data Processed Using SPSS 26 (2024)

Based on the table, it can be observed that each instrument used for measuring the variables of Taxpayer Compliance (Y), Tax Service Quality (X₁), Taxpayer Awareness (X₂), and Taxpayer Awareness (X₃) exhibits a Pearson correlation value greater than 0.196. This indicates that the instrument is valid and can be effectively utilized for conducting research or testing research ideas.

Variable	Croanbach Alpha	Critical Value	Conclousion
Taxpayer Compliance (Y)	0,770	0,60	Reliabel
Tax Service Quality (X ₁)	0,619	0,60	Reliabel
Taxpayer Awareness (X ₂)	0,746	0,6	Reliabel
Tax Sanctions (X ₃)	0,622	0,60	Reliabel

Source: Primary Data Processed Using SPSS 26 (2024)

The reliability testing findings indicate that the variables Taxpayer Compliance (Y), Tax Service Quality (X1), Taxpayer Awareness (X2), and Taxpayer Awareness (X3) are dependable. This is demonstrated by the fact that the results of the reliability test carried out with the aid of SPSS have a value larger than the Croanbach Alpha value since each item has a value of > 600, indicating that all items fulfill the reliability testing standards.

Hypothesis Testing

T test

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	7.398	2.314		3.197	.002
Tax Service Quality	.346	.115	.271	3.004	.003
Taxpayer Awareness	.263	.099	.249	2.648	.009
Tax Sanctions	.336	.127	.246	2.646	.010

a. Dependent Variable: Taxpayer Compliance

Source: Primary Data Processed Using SPSS 26 (2024)

1. The Taxpayer Compliance variable has a t-value of 3.004. To determine its significance, we compared it to the t-table value in the t-distribution table with $\alpha = 0.05$, $df = n-k-1 = 100-3-1 = 96$ for a two-sided test. The t-table value is ± 1.984 .
Based on the data provided, the t-value achieved for the tax service quality of 3.004 falls within the critical range of the t-table value (-1.984 to 1.984). This means that the results are not statistically significant. Furthermore, the significance level is 0.293, which is greater than the threshold of 0.05. This suggests that the probability of obtaining these results by chance is high and we cannot reject the null hypothesis.
2. The variable of Taxpayer Compliance has a t-value of 2.297, which is compared to the t-table value in the t distribution table. A two-sided test is performed with $\alpha = 0.05$ and degrees of freedom ($df = n-k-1 = 100-3-1 = 96$). The t-table value is ± 1.984 . According to the provided figures, Taxpayer Compliance's t-value of 2.297 falls within the critical range of the t-table value (-1.984 to 1.984). The significance level is 0.024, which is lower than the threshold of 0.05. This indicates that H2 is approved, suggesting that taxpayer compliance has a partial effect on personal income tax revenue.
3. The T-value of the Taxpayer Compliance variable is 3.062, which is compared with the T-table value in the T-distribution table with $\alpha = 0.05$, $df = n-k-1 = 100-3-1 = 96$ for a two-sided test. The T-table value is ± 1.984 . According to the given numbers, the T-count value obtained by Tax Sanctions (3.062) falls within the critical range of the T-table value (-1.984 to 1.984). The significance level is 0.003, which is lower than the threshold of 0.05. This suggests that the hypothesis H3 is approved, indicating that Tax Sanctions have a partial influence on personal income tax receipts.

F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	583,085	3	194,362	15,857	.000 ^b
	Residual	1176,705	96	12,257		
	Total	1759,790	99			

a. Dependent Variable: Taxpayer Compliance

b. Predictors: (Constant), Tax Service Quality, Taxpayer Awareness, Tax Sanctions

According to the table above, the Fcount value achieved was 15.857. This number is compared to the Ftable in the F distribution table with $\alpha = 0.05$, $df1 = k-1 = 4-1 = 3$, $df2 = n-k = 100-4 = 96$. The Ftable value is 2.70. The value above shows that Fcount (15.857) > Ftable (2.70). According to the hypothesis testing criterion, H4 is accepted, indicating that Tax Service Quality, Taxpayer Awareness, and Tax Sanctions have a substantial effect on Individual Taxpayer Compliance (at a threshold of $0.000 < 0.05$).

CONCLUSION

Conclusion

The researcher reached the following conclusions from the research results: The results of the partial multiple linear regression test, also known as the T Test, showed the following results:

1. The variable Tax Service Quality (X1) does not have a significant impact on Taxpayer Compliance. The estimated t value is less than the t table, indicating a negative correlation between Tax Service Quality and Taxpayer Awareness.
2. The Taxpayer Awareness variable (X2) has no positive or significant influence on Taxpayer Compliance at KPP Pratama Bandung Bojonagara. This is because t count is less than t table. As a result, the researchers discovered that Taxpayer Awareness had no affect on Individual Taxpayer Compliance choices at KPP Pratama Bandung Bojonagara.
3. Taxpayer Sanctions (X3) improves Taxpayer Compliance at KPP Pratama Bandung Bojonagara Bandung. This is because t count exceeds t table. Researchers discovered that Taxpayer Awareness impacts Taxpayer Compliance in paying taxes at KPP Pratama Bandung Bojonagara.

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