

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter the introduction of a report contains information on the background of the research, the research problem, research objectives, research questions, significances, scopes, and the definition of key terms, and structure of the proposal. These will help the reader understand what is to be researched about.

1.2 Background of Study

Indonesia is a developing country that is being developed in all fields. development that has been carried out This government aims for the welfare of the people which is commonly referred to as a national development. To carry out these development activities, the government needs a lot of money. The funds in question comes from the State Revenue and Expenditure budget, one of which contributed is from the tax sector. Tax is one source of financing national development of a country in order to increase the welfare rate public. In this regard, the importance of tax management becomes top priority for the government.

According to Undang-Undang Republik Indonesia Nomor 28 Tahun 2007 About General Provisions and Tax Procedure, Article 1 paragraph (1) "Tax is a mandatory contribution to the state owed by an individual or coercive body under the law, by not getting compensation directly and used for the needs of the state for the greatest extent possible prosperity of the people". Given the importance of the role of taxes here then the government, in this case the Directorate General of Taxes, has made various efforts to maximize tax revenue in order to increase the benefits that can be felt by society.

In Indonesia, there are many benefits that we can find feel from taxes such as public transportation facilities, health care facilities, educational facilities, and other infrastructure that we might find in everyday life. Tax is a collection made by the government to the people which is coercive according to the 1945 Constitution which is used to meet the needs of the state.

Table 1 Indonesian State Revenue Data for 2018-2022

In units of Trillion Rupiah				
Year	Source of state revenue			
	taxes	PNBP	Customs and Excise	Grant
2018	1.424,00	275,4	194,1	1,2
2019	1.577,50	378,3	208,8	0,4
2020	1.642,60	367	223,1	0,5
2021	1.229,60	298,2	215	0,9
2022	1.256,00	335,6	245	0,5

Source: Kementerian Keuangan Indonesia (media.kemenkeu.go.id, 2023)

According to existing data, most of the sources of State Budget (APBN) revenues in Indonesian income. Taxes are the highest source of income for Indonesia. However, because Indonesia has a vast territory with hundreds of millions of people and economic activity the dynamic environment makes this a challenge in itself in efforts to enforce taxation. In addition, the long queues that often occur at the Tax Service Office and the level of congestion when you have to go to the tax office also triggers taxpayers to be lazy to report their taxes to the office. Discrepancies in the ratio between the number of tax officials and the number of taxpayers resulting in less than optimal implementation of tax services in Indonesia. Tax services can be optimal if the administration system used is simple, fast and easy to do, so that tax services can reach hundreds of millions of people throughout Indonesia optimally and evenly. Efforts to increase tax revenues continue to be conducted by the government, which in this case is the task of the Directorate General of Taxes.

DGT facilitates an easy way to report taxes without the hassle of standing in line at the office in this era or technology, with Tax online application such as e-filing

and e-billing. This is a good news for taxpayers because taxpayers will be increasingly helped by technological advances or systems from the Directorate General of Taxes. The renewal of the tax system is expected to increase tax compliance and increase public trust in the tax administration as well as increase the high productivity of tax officials.

Technological progress is an opportunity for DGT to increase the level of compliance for taxpayers. As we all know that currently humans are very dependent on technology because technology can make it easier for human to do things, develop and learn and can be applied practically.

1.3 Problem Statement

Based on some of the problems that have been described in the background, this research has focus on objectives to determine the effectiveness of the implementation of the online taxpayment system against Taxpayer Awareness in Paying Taxes. There are many factors that influence awareness of a person to fulfill his obligation to pay taxes. The system of administration used is one of the crucial factors. Improving the quality of services is something that the government needs to pay attention to besides the demand to provide good services in order to realize good governance.

Tax compliance can be defined a situation which the taxpayer pays all of their tax obligations and exercises their taxation rights (Rahayu, 2010). One of the efforts to increasing taxpayer compliance, the government conducted a policy that aims to improve the tax administration system, to facilitate taxpayers, and to improve the tax compliance, by developing an administration system based IT such as e-filing.

E-filing is one of the modernizations of taxation program based on the e-government that aims to provide convenience of annual SPT for personal income tax (PPh), to increase the compliance of individual taxpayers. For the tax officials, e-filing could facilitate them in the management of databases the storage of taxpayer documents already computerized. E-filing offers many convenient features to taxpayers (i.e., time to file, place of filing, ease-of-use, information

searching and online transactions) that are not quite available in the traditional channels (Azmi & Hamid, 2012).

The new government introduced the e-Billing system for online tax payments after making a number of legal bases, namely:

- PMK-242/PMK.03/2014 concerning Tax Payment and Deposit Procedures.
- PMK-32/PMK.05 concerning Electronic State Revenue System.
- Per-PJ/2014 concerning Electronic Tax Payment System.

A few years later, the government began to develop its own e-Billing application, namely SSE for Tax version 1, which was then supplemented by SSE for tax version 2 and SSE for Tax version 3. The presence of e-Billing provides a number of advantages compared to online tax payment systems. However, for the e-Filing Application it was first introduced by the Application Service Provider (ASP) and ratified through PER Director General of Taxes Number KEP-05/PJ./2005 concerning Procedures for Submitting Electronic Notification Letters (e-Filing) Through Application Service Provider Companies (ASP).

In its development, DGT then developed a government-owned e-filing application that can be accessed through the Directorate General of Taxes website which has a legal basis PER-1/PJ/2014 concerning Procedures for Submitting Annual SPT for Individual Taxpayers (OP) using forms 1770S and 1770SS namely through e-Filing through the website of the Directorate General of Taxes (DGT).

Since the State Revenue Module Generation 2 (MPNG2) was launched, the Directorate General of Taxes has integrated all tax applications, both e-Filing and e-Billing, into the DGT Online website. This website was launched in 2014, the same year the government's e-Filing service was launched (OnlinePajak, 2018).

1.4 Research Questions

The research conducted within this paper aims to solve these following research questions:

1. What are the implementation of the online taxpayers system towards the taxpayers compliance?
2. What are the impact of taxpayers awareness to the taxpayers compliance.

1.5 Research Objectives

1.5.1 General Objectives

The general objective of this research is to determine the effectiveness of the implementation of the online tax system Against Taxpayer Awareness in Paying Taxes in Indonesia

1.5.2 Specific Objectives

The specific objectives of this research :

1. To examine the effect of implementation of online taxpayers system on taxpayers compliance.
2. To examine the effect of taxpayers awareness on taxpayers compliance.

1.6 Significance of Study

1.6.1 Theoretically Significant

This research will provide an overview to the wider community of the impact of system changes on public awareness to pay taxes in Indonesia.

1.6.2 Practically Significant

1. Public

Through this research, everyone will know effect of implementation new system especially online system on taxpayers compliance.

2. Other Researchers

Through this research other researcher can get information to conduct further research on the same or related field.

1.7 Definition of Key Terms

1.7.1 Taxes

The definition of tax according Undang-Undang Republik Indonesia Nomor

28 Tahun 2007 About General Provisions and Tax Procedure, mandatory contributions to the state owed by private persons or entities coercive by law, by not getting compensation directly and used for the needs of the state for the amount of the great prosperity of the people.

1.7.2 Taxpayer Awareness

Consciousness is an element in human beings to understand the reality and how they act or behave towards reality. (Widayati & Nurlis, 2010) describe some form of consciousness of paying taxes that encourage taxpayers to pay taxes. First, the realization that the tax is a form of participation in supporting development of the country.

Knowing this, the taxpayer would pay taxes because they are not disadvantaged in tax collection is done. Second, the realization that the delay in payment of taxes and the reduction of the tax burden is very detrimental for country. Taxpayer want to pay taxes because it understands that the delay in payment of taxes and the reduction of the tax burden impact on the lack of financial resources which could lead to delays in development of the country. Third, the realization that the tax is set to legislation and can be enforced. Taxpayers will pay for the tax payment was realized to have a strong legal foundation and is the absolute duty of every citizen.

Consciousness is a state of knowing, understanding and feeling. Awareness here to comply with the provisions (tax laws) that apply certainly involves factors whether these provisions have been known, recognized, respected, and complied with. If someone only knows, it means that the awareness of the taxpayer is still quite low. Taxpayer awareness is a conditions in which the taxpayer knows, understands, and implements tax provisions correctly and voluntarily.

1.8 Summary

In brief, this chapter contains information about the background of the research, the research problem, research objectives, research questions, significances, scopes, and limitations of the research, the definition of key terms,

and also structure of the proposal. As a result, it will be easier for the reader to comprehend the motivation behind this study.