

The Effect of Fiscal Services and Tax Socialization on Taxpayer Compliance (Case Study of MSMEs in Palembang City)

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Abstract

This study aims to inspect the effect of tax administration services and tax socialization on taxpayer compliance on SMEs in Palembang. The sample was selected using the Simple Random Sampling technique. Data for 100 respondents were collected through a questionnaire which was then analyzed using multiple linear regression. The result evinces that tax authorities' service, tax socialization have an effect on the taxpayer compliance variable. The results of the analysis show that simultaneously the tax authorities' service variable and tax socialization have an effect on the taxpayer compliance variable. This research is expected to provide benefits for the government to pay more attention to tax authorities and tax socialization services to increase compliance with taxpayers of SMEs in Palembang City.

Keywords: tax Authorities, tax socialization, taxpayer compliance

1. Introduction

Taxes are the main source of state revenue used to finance government programs and state development. To carry out these government and development programs, large amounts of funds are needed, and are supported by tax revenues. To support this, the government continues to seek state revenues from development taxes and routine state expenditures recorded in the State Revenue and Expenditure Budget (APBN). The state budget contains information on sources of state income and expenditure in carrying out development programs to improve people's welfare (Lubis, 2015).

Micro, Small, and Medium Enterprises (MSMEs) are businesses engaged in trade and services that are processed by individuals and business entities and are included in the criteria for small or micro businesses. The role of MSMEs in state revenue is quite large, based on APBN data for the November 2019 period, the realization of final PPh receipts amounted to Rp. 107.45 trillion, grew 6.73% for a year, and in 2020 targets final PPh revenues of Rp. 153.3 trillion and grows to 17.6% of the 2019 target. The government believes that the amount of final income tax revenue will increase because the number of MSMEs in 2020 will increase (Santoso & Hidayat, 2020).

Seeing the large role of MSMEs in state revenue, it is interesting to see how the role of MSME actors is in tax revenue. The contribution of tax revenue from MSMEs is relatively small because most of the tax revenue is dominated by large taxpayers whose number is less than 1%. On the other hand, the Directorate General of Taxes has challenges to increase the compliance and acceptance of MSME taxpayers, because currently, MSME taxpayer compliance is still low. (Andriani & Herianti, 2015). MSME entrepreneurs get income tax incentives with the issuance of Government Regulation no. 28 of 2018 changes from Government Regulation No.

46 of 2013. The income tax rate for SMEs with a turnover of up to 4.8 billion is only 0.5% which is valid from July 2018 until now. This tariff has decreased from the previous regulatory rate of 1%.

The current phenomenon is that MSMEs are in the growth stage, but the level of taxpayer compliance for MSME actors is still low, even though the final Income Tax (PPh) rate last year has fallen from 1% to 0.5%. Based on data from the Directorate General of Taxes and the Ministry of Finance during 2019, the number of MSME taxpayers who paid taxes was 2.31 million taxpayers, this number consisted of MSME individual taxpayers of 2.05 million people and MSME corporate taxpayers of around 257,000 companies. . With this achievement, it means that there is a 23% increase in the number of MSME taxpayers. But in fact the realization of the growth of MSME taxpayers in 2019 was lower than 2018 which rose to 27.8% on an annual basis with registered taxpayers paying 1.88 million MSMEs. (Santoso & Suci, 2020).

The problem of taxpayer compliance is a problem faced by almost all countries, the problem of taxpayer compliance can be influenced by several factors, including the socialization of taxation and tax service services, the more knowledge and level of understanding that is passed through socialization, the level of taxpayer compliance in paying taxes will increase (Ananda et al., 2015). Low taxpayer compliance can cause a lot of potential lost tax revenues (Lasmaya & Fitriani, 2017)

To improve MSME taxpayer compliance, the Directorate General of Taxes provides guidance through the Business Development System (BDS) and tax socialization for MSME actors as well as improving the quality of tax service services to increase taxpayer satisfaction and compliance levels in order to create compliance in fulfilling their tax obligations (Santoso & Suci, 2020).

Taxpayer compliance is the fulfillment of tax obligations for taxpayers to contribute to state development and is expected to be carried out voluntarily and submit SPT correctly and completely (Siahaan & Halimatusyadiah, 2018). Taxpayer compliance is an important aspect because the Indonesian tax system adheres to a self-assessment system. The self-assessment system requires taxpayers to calculate, pay, report, and deposit their tax payables based on tax laws and regulations, but the success of the self-assessment tax collection system is determined by taxpayer awareness and compliance (Putri & Saleh, 2018).

Fiscal services also play a very important role because one way to improve taxpayer compliance is to provide good service to taxpayers. If the tax authorities provide accurate information on taxation such as how to calculate, deposit, and report them and do not commit criminal acts that violate applicable regulations and SOPs, by improving the quality of tax services it is expected to increase satisfaction for taxpayers so as to increase taxpayer compliance in taxation (Safitri & Silalahi, 2020).

Another factor that can affect taxpayer compliance is tax socialization. Tax socialization is an effort made by the Director General of Taxes to provide tax knowledge to the public, especially for taxpayers to be more aware of tax regulations and taxation procedures using correct methods (Siahaan & Halimatusyadiah, 2018). The Directorate General of Taxes continues to disseminate taxation in order to raise awareness and compliance of taxpayers regarding the importance of paying taxes (Lianty et al., 2017). One form of tax socialization is tax counseling activities through various media such as print, electronic media, banners, and various tax seminars that can bring a moral message to the importance of paying taxes (Naufal & Setiawan, 2018).

In this study, the authors chose MSMEs as the object of research, because MSME taxpayers are one of the largest contributors to tax revenue, and this MSME object is relevant to the topic of taxpayer compliance levels because currently, MSME taxpayer compliance is still low even though the final PPh rate has decreased to 0.5%, as well as another reason for choosing MSMEs in Palembang City is because currently, the growth of MSMEs in Palembang City continues to increase from year to year. The number of MSMEs in the city of Palembang is 37,902. This shows that the potential to increase the amount of tax revenue in Palembang City can increase. But in reality, the realization of tax revenues from MSME actors in the city of Palembang is still not optimal (Amalia, 2020).

There are several studies conducted by previous researchers conducted by Putri dan Saleh (2018) shows that the results of the tax service research have a significant effect on individual tax compliance, while according to Sari (2017) shows that the results of the tax service research have no effect on taxpayer compliance. According to Sabet et al. (2020) shows that the results of the taxation socialization research have a positive and significant effect on taxpayer compliance, while according to Siahaan & Halimatusyadiah (2018) shows that the results of tax socialization research have no effect on taxpayer compliance.

Based on the background and there are differences in the results of previous studies, the authors are interested in examining whether taxpayer compliance is influenced by tax authorities and socialization services with the title "The Effect of Fiscal Services and Tax Socialization on Taxpayer Compliance (Case Study of MSMEs in Palembang City).

2. Research Method

Sources of data used in this study is a questionnaire. The questions that will be asked of respondents only consist of tax service services, tax socialization, and taxpayer compliance. The population in this study is the owner of MSMEs in the city of Palembang. The number of MSMEs in the city of Palembang is 37,902. The sampling technique in this research is simple random sampling. To determine the number of samples in this study, the Slovin formula was used. The number of samples required in this study are:

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{37.902}{1 + 379,02}$$

$$n = 99,73 \text{ rounded to } 100$$

The sample in this study was 100 SMEs.

3. Findings and Discussions

Based on the partial test results using the t-test, the tax service variable has a significance of 0.000 or less than 0.05 and the tcount value is $14.775 > t_{table} 1.98472$. So it can be concluded that the tax service affects taxpayer compliance. These results prove that H1 is accepted, and the tax service has an effect on taxpayer compliance.

The results of this study are not in line with the results of the study Sari (2017) which states that the tax service does not affect taxpayer compliance. This is due to differences in the population and the object of research. However, the results of this study support the results of previous studies Lianty et al. (2017) stated that the tax service has a significant effect on

taxpayer compliance. This means that the services provided by the tax authorities to taxpayers such as good service, providing good information, and handling problems quickly will increase taxpayer compliance.

3.1 The Effect of Tax Socialization on Taxpayer Compliance

Based on the partial test results using the t-test, the tax socialization variable has a significance of 0.000 or less than 0.05 and $t_{count} 6.419 > t_{table} 1.98472$. So it can be concluded that taxation socialization affects taxpayer compliance. These results prove that H2 is accepted, taxation socialization has an effect on taxpayer compliance.

The results of this study are not in line with the results of the study Siahaan & Halimatusyadiah (2018) which states that taxation socialization has no effect on taxpayer compliance. This is due to differences in the population and the object of research. However, the results of this study support previous research Sabet et al. (2020) stated that the socialization of taxation has a positive and significant effect on taxpayer compliance. This means that taxation socialization is needed to improve taxpayer compliance because the socialization carried out by the tax authorities can increase public understanding and knowledge, especially among taxpayers about taxation.

3.2 The Effect of Fiscal Services and Tax Socialization on Taxpayer Compliance

Based on the results of simultaneous testing using the F test, showing a significance value of 0.000 or less than 0.05 and the value of $F_{count} 130.198 > F_{table} 3.09$, it can be concluded that the tax service and tax socialization simultaneously affect taxpayer compliance. These results prove that H3 is accepted, and the tax service and socialization of taxation have an effect on taxpayer compliance.

Based on the results of the coefficient of determination test (R^2), the value of the coefficient of determination (R^2) is 0.723 or 72.3%. This value shows that the taxpayer compliance variable can be explained by the tax service and tax socialization by 72.3%, while the remaining 27.7% is explained by other variables outside of this study.

The results of this study support previous research Putri & Saleh (2018) stated that the taxation service and tax socialization had a simultaneous effect on taxpayer compliance. This means that the services provided by the tax authorities to taxpayers such as good service, providing good information, and handling problems quickly will increase taxpayer compliance and tax socialization is needed to improve taxpayer compliance because the socialization carried out by the tax authorities can improve understanding and knowledge. society, especially taxpayers regarding taxation.

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