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The Distribution of Tax Collectability, Quality of Tax Services Efforts to Tax Coverage Ratio

Muh.RUM[1], Muryani ARSAL[2], Ansyarif KHALID[3], Murtiadi AWALUDDIN[4]

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Abstract

Purpose: To know the existence of tax services, it is seen as a redistribution of income to ensure the implementation of national development and social welfare carried out by the state to the community and determine the effect of the quality of tax services, tax audits and tax collection against either simultaneously or partially against the tax ratio in the area of the Primary Tax Service Office of West Makassar. **Research Design Data and Methodology:** The tax revenue rate is too low based on the Revenue Statistics in Asian and Pacific report, released by the OECD at the end of July 2017. Tax revenue growth is also difficult to increase because of typical inelastic tax revenues. Consequently, tax growth cannot exceed GDP growth. The government boosted the tax ratio by minimizing tax payment irregularities and optimizing tax data utilization as well as distribution income for national social welfare. Transforming all sectors in the real economy so that it is affordable to tax, diversification of taxation is directed towards new sources of economic growth. The data analysis method used is multiple linear regression. **Results:** The results showed that the quality of tax services and tax audits were dominant in determining tax ratios, whereas Tax collection offers a significant but lower value.**Conclusion:** The existence of tax services, it is seen as a redistribution of income to ensure the implementation of national development and social welfare carried out by the state to the community.Quality and service in taxation services to create and maintain trust and cooperation relationships between tax officials and taxpayers.

Keywords: Distribution Income, Tax Audit, Tax Collection, Tax Ratio, Tax Service Office, Tax Service Quality

JELClassification Code: M4, M48,M41, H2

1. Introduction

Relatively high tax-to-GDP ratios characterize developed countries. A few examples - based on data from the Heritage Foundation that cover the fiscal year 2012 - are France (44.6%), Germany (40.6%), the Netherlands (39.8%), and the United Kingdom (39.0%), and the United States (26.9%). Regarding this ratio, Indonesia is far below the developed world's level. Moreover, Indonesia is also lagging when we compare Indonesia's tax-to-GDP ratio with its regional peers. For Example, Thailand (17.0%), Malaysia (15.5%), the Philippines (14.4%), Singapore (14.2%), and Vietnam (13.8%).

1 First and Corresponding Author. Lecturer, Magister of Management, Faculty of Economics and Islamic Business, University of Muhammadiyah Makassar, Indonesia. Email: muh.rum@unismuh.ac.id, ORCID: 0000-0002-0364-4974

2 Second Author. Lecturer, Accounting, Faculty of Islamic Economics and Business, University of Muhammadiyah Makassar, Indonesia. Email: muryani@unismuh.ac.id, ORCID: 0000-0002-7593-5623

3 Third Author. Lecturer, Accounting, Faculty of Islamic Economics and Business, University of Muhammadiyah Makassar, Indonesia. Email: h.ansyarief@yahoo.com, ORCID: 0000-0003-0358-2133

4 Fourth Author. Lecturer, Management, Faculty of Economics and Islamic Business, Alauddin State Islamic University Makassar, Indonesia. Email: murtiadi.awaluddin@uin-alauddin.ac.id, ORCID: 0000-0003-1270-3515

The level of tax compliance is low in Indonesia. Indeed, many Indonesians are reluctant to pay taxes as they believe that their tax money will not be used to benefit the country but will go into the pockets of officials working in the tax department. Furthermore, low tax compliance in Indonesia is made possible as the government has not been able to force such compliance (amid the low level of law enforcement and weak tax auditing). One reason that explains this current state is the low number of tax officials in Indonesia. According to data from Indonesia's General Tax Directorate (DGT), only 32,214 tax officials worked in Indonesia in 2013. Considering that Indonesia's total population numbers are over 246 million people, there is one official tax per 7,636 Indonesians. This ratio is also much lower than in other (developed) countries. For example, in Germany, there are approximately 110,000 tax officials in a population of about 80 million (1:727); in Japan, there are 66,000 tax officials in a population of 120 million people (1:1,818).

Through tax revenue, national income can be distributed rationally and evenly to the whole community. The contribution of tax revenue to the increase in state revenue is expected to increase from year to year. One of the reasons for the government to increase tax revenue is because in the 1984 fiscal year the government implemented tax reform by implementing a self-assessment system in tax collection so that tax services are more intensive. It is different from the previous tax collection system, with an official assessment system. The system gives full confidence to taxpayers to calculate, calculate, deposit, and report all taxes that are their obligations. Taxpayers can determine the amount of tax owed on each taxpayer. The self-assessment system requires the active participation of the community in fulfilling their tax obligations. High awareness and compliance of taxpayers is the most important factor in implementing the system. Taxation system by Oh and Kim (2017) it can be said that one of the substance of the distribution of services to all people who are bound as taxpayers. Also contains government missions and services to pay taxes. Taxpayer compliance is the hope of strengthening tax service procedures to fulfill tax obligations voluntarily. For this reason, each taxpayer is responsible for setting his own tax obligations and paying and reporting his tax obligations on time.

The purpose of the tax distribution function or this equalization function is a tax, namely to adjust and balance the distribution of income and public welfare. By equalizing income, avoiding the occurrence of economic and social inequalities in society. This distribution function means equal distribution of people's income and state development. Indonesia is an archipelagic country that has the potential for very high social and economic inequality. Such geographical conditions make it difficult to access and transportation facilities that are not easily accessible. The distribution of taxes can basically be used to finance all the interests of government services. The purpose of the distribution of income distribution is expected to increase the distribution of welfare and improve the quality of development. Taxes collected from each taxpayer, will be used and managed by the government for national development in need. The benefits of development are in the form of infrastructure or public facilities, health centers, hospitals, roads, schools, bridges, and others. This public facility is a form of taxpayer commitment to national development. Another policy given by the government is the progressive tax rate policy that is levied on high-income people, of course, it will be collected at a higher rate than people with low incomes. By understanding the importance of the tax function, especially the tax distribution function, it is hoped that it can provide and increase a sense of responsibility for the obligation to pay taxes to all taxpayers to develop the country in a sustainable manner and can improve the welfare of the community.

The low tax coverage becomes a severe problem in improving taxation services. Indonesia's tax coverage is still lacking. Tax services need to be improved; in other words, that tax services are public, sometimes giving negative perceptions to the community, not even making people compliant even if they are not supervised by the public and the press but not making an appropriate measures and even acting arbitrarily in its service (Teicher et al., 2002). According to Parasuraman et al. (1988), service quality is related to tax ratio. According to Zeithaml et al. (1996), quality of service means the focus of evaluation that describes the perception of customers and reliability, certainty or guarantee, responsive, empathetic and tangible. According to Simon and Alley (1999), taxpayers' attitude towards the tax authorities positively affects the tax ratio. Hardiningsih and Yulianawati (2011) quality services provided to taxpayers can increase compliance and influence the tax ratio.

Until the end of the first quarter of 2015, tax revenue was realized at Rp 198.226 trillion. The tax revenue target set by the 2015 Revised State Budget of Rp 1,294.258 trillion, the realization of tax revenue reached 15.32%. Compared to the same period in 2014, the completion of tax revenue in 2015 experienced reasonably good growth in specific sectors but also experienced a decline in development in other sectors. As of March 31, 2015, Non-Oil and Gas Income Tax receipts experienced a 1% growth compared to the same period in 2014. Based on data recorded on the dashboard of General Tax Directorate information system receipts, non-oil and gas income tax was Rp 104.905 trillion. This figure is 1% higher than the same period in 2014 when the tax was recorded at Rp 103.866 trillion. As we all know, the Non-Oil and Gas tax is one of the instruments to determine the

welfare growth and the compliance side of the community in paying taxes. The highest increase was recorded from Final Tax, which was 20.62%, or as much as Rp. 22.095 trillion compared to the same period in 2014 of Rp.18.318 trillion. This success is the fruit of the success of the taxation policy on income from businesses received or obtained by taxpayers who have a particular gross circulation through Government Regulation Number 46 of 2013.

Relatively high growth was also recorded by Article 21 of Income Tax which was 10.62%, or as much as Rp. 26.554 trillion compared to the same period in 2014, which was Rp. 23.996 trillion. For Income Tax in Article 23, the growth was recorded at 9.68% or IDR 6.328 trillion compared to the same period in 2014, IDR 5.687 trillion. Considerable growth was recorded in Article 25/29 Individual Income Tax, 8.53% or as much as Rp. Two thousand three hundred seventy-one trillion compared to the same period in 2014, which was Rp. 2,184 trillion. Although not too large, growth is still recorded in Article 26 of Income Tax which is 4.90% or as much as Rp 6.395 trillion compared to the same period in 2014 of Rp 6.096 trillion. The growth recorded by the Final Income Tax, Article 23 of Income Tax, Article 25/29 Individual Taxes, and Article 26 Income is thankful because it reflects increasing public participation, especially the Personal Taxpayers in paying taxes. However, the General Tax Directorate also noted a decrease in growth from Article 22 of Income Tax, Article 22 of Import Income Tax, Article 25/29 Corporate Tax and Other Non-Oil and Gas Tax. The highest decrease was recorded in Article 25/29 of Corporate Income Tax, namely 14.68% or Rp.29.639 trillion compared to the same period in 2014 amounted to Rp. 34.740 trillion. It should be noted that this reduction is only a shift as the impact of the enactment of Government Regulation Number 46 of 2013, where revenue from Income Tax Article 25/29 Agency shifted to payment from Final Income Tax.

One tax policy expected to increase tax revenue is the determination of 2015, shown in table 1, as the Taxpayer Development Year. This policy encourages taxpayers to correct their annual tax returns for the last five years of their own volition, with incentives to exempt administrative sanctions. Fischer et al. (1992) found a relationship between tax audits and tax ratios. The examination results issued a decree to threaten taxpayers with the application of fines and letters of warning. The forced letters can increase the tax ratio (Slemrod et al., 2001). The General Tax Directorate also constantly inspects and develops organizational capacity by strengthening human resources, information technology, organizations, budgets, and business processes. Of course, with the joint commitment of taxpayers and all Indonesian people, the General Tax Directorate is optimistic that tax revenue will continue to increase. The tax revenue target of Rp 1,296 trillion can be achieved.

Table 1: Realization of 2015 First Quarter Tax Revenue(in billion Rupiahs)

No	Tax Type		Realization	National Budget-Revised	Target Δ %	Realization s.d. 31 Maret		
			2014	2015	2014-2015	2014	2015	Δ % 2014 - 2015
-1	-2		-3	-4	-5	-6	-7	(9)=(7-6)÷6
A	Non-Oil and Gases Tax		458,692.28	629,835.35	37.31	103,866.47	104,905.71	1.00
	1.	Income Tax PPh21	105,642.15	126,848.27	20.07	23,996.54	26,544.80	10.62
	2.	Income Tax PPh22	7,245.46	9,646.44	33.14	1,388.05	1,306.12	(5.90)
	3.	Income Tax PPh22 Impor	39,456.01	57,123.73	44.78	11,443.46	10,304.63	(9.95)
	4.	Income Tax PPh23	25,513.43	33,478.95	31.22	5,687.75	6,238.58	9.68
	5.	Income Tax PPh 25/29 Personal	4,724.82	5,215.08	10.38	2,184.66	2,371.00	8.53
	6.	Income Tax PPh 25/29 Corporate	149,280.83	220,873.59	47.96	34,740.62	29,639.91	(14.68)
	7.	Income Tax PPh 26	39,446.58	49,778.95	26.19	6,096.93	6,395.87	4.90
	8.	Income Tax Final	87,293.80	126,804.50	45.26	18,318.46	22,095.66	20.62
	9.	Others of Income Tax Non Oil and gases Migas	89.20	65.84	(26.19)	9.99	9.13	(8.57)
B	VAT dan VAT Lux Goods		408,995.74	576,469.17	40.95	85,150.04	83,083.98	(2.43)
	1.	Inhouse VAT	240,960.73	338,192.39	40.35	46,102.02	47,419.50	2.86
	2.	VAT Import	152,303.69	207,509.79	36.25	35,148.78	32,339.88	(7.99)
	3.	VAT Lux GoodsInhouse	10,240.45	19,348.56	88.94	2,232.80	2,100.86	(5.91)
	4.	VAT Lux Goods Import	5,335.90	10,751.94	101.50	1,607.80	1,137.60	(29.24)
	5.	Others VAT dan VAT Lux Goods	154.97	666.49	330.06	58.64	26.13	(55.44)
C	Land and Building Tax		23,475.71	26,689.88	13.69	795.49	321.24	(59.62)
D	Others Taxes		6,293.13	11,729.49	86.39	1,238.96	1,137.30	(8.21)
E	Oil and Gases Tax		87,446.35	49,534.79	(43.35)	19,006.09	8,778.30	(53.81)
Total A + B + C + D			897,456.86	1,244,723.88	38.69	191,050.96	189,448.23	(0.84)
Total A + B + C + D + E			984,903.21	1,294,258.67	31.41	210,057.05	198,226.53	(5.63)

Source: Tax Revenue Dashboard, Directorate General of Tax Information System

Not everyone wants to pay taxes, and many loopholes exist to manipulate taxes. Without intending to simplify, Indonesia's tax ratio, which is the ratio between tax revenue and gross domestic product, has not yet been optimal. Indonesia has only reached 12.1%, under Malaysia and Thailand, which have reached 17%, South Korea 24 %, and OECD member countries by 34%. There are many reasons to explain this situation, two of which are the public's low awareness of paying taxes and the non-optimal performance of tax institutions. Tax institutions are the object of this because the Directorate General of Taxes has considerable and strategic authority. Three elements in the taxation system that are the focus of attention are the policy (tax policy), the law (tax law), and the practice of administration (practical tax administration) that need to be improved.

The achievement of local government income In the current reform era, along with the development of socio-economic and political products are seen in table 2; we can see the %age of the GDP by industrial origin Makassar period 2000-2009 in which the hotel businesses the most contributed to GDP Makassar city where the highest reaching 29.56% in 2009 and the lowest 27.53 in 2001. And a large sector contributed to the GRDP after trade and hotel, where the management industry sector wherein 2000 reached 26.74, and decreased from year to year to 21.18% in 2009. The transportation sector and communication reached 16.20% in 2007, and the lowest in 2000 reached 13.95%. At the same time, the services sector ranks fourth in its contribution to GRDP, with the highest calling 13.31% in 2001 while the lowest in 2009 reaching 11.02%. At the same time, the sectors that contributed the least to the Gross Regional Domestic Product of Makassar city were the mining and quarrying sectors which only reached 0.01 and 0.02, which were the highest.

Table 2: Percentage age of GRDP Based on Constant Prices by Business Field in Makassar City

Business field	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Agriculture	1.44	1.35	1.28	1.08	1,00	0.95	.89	0.79	.73	0.68
Mining / Mining	0.01	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Management Industry	26.74	26,15	25.74	24.59	23.57	23.56	23,13	22.48	21.76	21.18
Electricity, gas, and water	2.13	2.35	2.27	2.10	1.82	2.00	1.95	1.94	1.99	1.99
Building	7.6	7,38	7.51	7.64	7.68	7.78	7.8	7.85	8.34	8.6
Restaurant & Hotel Trade	27.65	27.53	28.55	28.94	28.19	28.44	28,39	28.73	29.29	29.56
Transportation & Communication	13.95	14.83	14.35	15.29	15.91	15.98	15.92	16.2	16,14	16.17
Financial, Leasing & Company Services	7,18	7.08	7.08	7.97	10,18	9.84	10,19	10.47	10.55	10.79
Services	13.26	13.31	13.21	12,39	11.63	11.44	11.73	11.53	11,19	11.02

Source: BPS Makassar, Makassar City economic structure, 2000-2009

The level of tax compliance is influenced by factors such as the amount of income, tax rates, perceptions of taxpayers on the use of tax money, tax treatment, law enforcement, heavy (light) tax sanctions and completeness and accuracy of the database Alm et al. (1990), taxpayer compliance is the degree to which taxpayers comply with applicable laws and regulations in reporting tax payable (Nihayah, 2004). Simanjuntak (2008) states that taxpayer compliance also includes non-compliance, namely intentional non-compliance and non-compliance. Unintentional deliberate non-compliance violates tax regulations because taxpayers try to avoid their tax obligations; unintentional non-compliance occurs because taxpayers do not know or understand tax rules.

Table 3 shows the growth of 9.48 % in 2014 and 29.55 % in 2015. The proportion of construction occupies first by 28.31 %, the second by the large and retail trade sector; car and motorcycle repair and maintenance by 17.70 %, and the smallest by the agriculture, forestry and fisheries sectors by 0.02%. Tax collection is part of the practice of tax reform which is very much needed by the tax authorities. This is because taxpayers do not or do not have awareness, honesty, tax-mindedness, and discipline. There are quite a several taxpayers, for various reasons, not carrying out their obligations to pay taxes according to the tax assessments issued. Tax debt unpaid, of course, becomes an administrative burden on tax arrears. Therefore, to disburse the tax arrears, tax collection actions are carried out by applicable regulations. To meet the tax revenue target, forced tax collection is a government effort to improve people's welfare and encourage the community to be responsible and play a role in economic development (Darlina, 2013).

Table 3: Realization of Tax Assessment in 2013-2015 at KPP Pratama Barat Makassar

Name	2013	2014	2015	Proportion
Wholesale and retail trade; Car and Motorcycle Repair and Maintenance	75,030,406,354	110,714,288,626	143,873,933,808	17.70%
Financial Services and Insurance	24,737,838,168	37,949,912,235	49,454,922,452	6.02%
Agriculture, Forestry, and Fisheries	472,461,188	(657,093,868)	469,230,792	0.02%
Professional, Scientific and Technical Services	15,242,112,913	18,644,744,220	25,585,734,592	3.19%
Electricity, Gas, Steam / Hot and Cold Air Procurement	10,213,056,284	5,572,700,999	4,265,283,416	1.08%
Government Administration and Mandatory Social Security	56,172,516,952	68,119,250,317	89,214,719,250	11.46%
KLU Taxpayer Error	50,010,061,277	42,008,834,446	24,914,980,738	6.28%
Mining and excavation	63,387,099	438,824,655	228,696,475	0.04%
Real estate	47,166,489,155	2,456,612,538	24,753,164,816	3.99%
Culture, Entertainment and Recreation	1,177,229,730	2,077,372,911	2,680,100,922	0.32%
Information and Communication	10,122,721,699	27,882,641,691	13,146,046,830	2.75%
Other Service Activities	27,959,713,534	28,028,534,407	34,334,483,382	4.85%
Processing industry	13,531,712,992	18,584,909,419	20,464,978,604	2.82%
Water Supply, Waste and Recycling Management, Waste and Waste Disposal and Cleaning	1,127,870,035	1,077,151,276	1,410,434,256	0.19%
Health Services and Social Activities	6,440,907,205	14,349,012,519	21,917,859,862	2.29%
Educational Services	17,407,907,484	18,983,272,371	21,572,431,419	3.11%
Rental Services, Employment, Travel Agencies and Other Business Supports	10,506,848,620	12,269,308,323	18,057,837,728	2.19%
Provision of Accommodation and Provision of Drinking Food	11,105,371,759	15,604,572,214	18,422,047,147	2.42%
Individual Services That Serve Households, Activities That Produce Goods and Services By Households That Are Used Themselves To Meet Needs	155,176,693	193,390,619	210,363,414	0.03%
Transportation and Warehousing	2,564,117,188	6,991.163,360	7,956,382,462	0.94%
Construction	149,021,507,731	149,212,827,109	229,108,572,902	28.31%
Growth		9.48%	29.55%	
Total	530,229,414,060	580,502,230,387	752,038,205,267	100%

Source: West Makassar Primary Tax Office, 2016

Based on the above problem formulation, this study aims to analyze the effect of tax collection, tax audits, and service quality on the tax ratio at the Tax Service Office.

1.1. Theoretical Background

To achieve the tax revenue target and test compliance and service to taxpayers the Directorate General of Taxation searches for potential new taxpayers to increase the number of taxpayers and inspect existing taxpayers through leading implementers by the Tax Office (Basrowi, 2019). The primary purpose of carrying out tax audits is to foster the behaviour of taxpayers in meeting tax obligations (tax compliance) using law enforcement so that it will have an impact on increasing tax revenue at the Tax Office that will enter the state treasury. Thus, the tax audit is a guardian fence, so taxpayers continue to comply with their obligations (Kusujarwati et al., 2012).

Alm et al. (1990) Compliance or tax compliance are ideal for taxpayers who meet tax regulations and report their income accurately and honestly. From these perfect conditions, tax compliance is defined as a state of taxpayers who fulfil all tax obligations and carry out their tax rights in the form of formal and material compliance. The concept of tax compliance, the opinion of the level mentioned above of voluntary tax compliance, has three aspects: legal, material (honestly), and reporting. The story of taxpayer compliance is influenced by factors including the amount of income, tax rates, taxpayers' perceptions of the use of tax money, tax treatment, enforcement of the law, heavy (light) tax sanctions and completeness and accuracy of the database.

Many things can cause the low compliance of taxpayers. Still, most of all is due to the absence of taxpayer data that can be used to determine compliance (Alm et al., 1990). Even if there is data, it is usually scattered in various places with different structures from one another. Whereas in New Zealand, the government implements new rules whose aim is to encourage voluntary compliance. Examples of all payments made to suppliers (suppliers), if done via bank transfer, can be used as an input tax (tax credit), whereas can be paid with cash cannot be considered as input tax. The rule

applies so that all company transactions can be traced (traceable).

The tax ratio is simply the ratio of the amount of tax (collected at a time) compared/divided by Gross Domestic Product (GDP/GDP) (in the same period/year) (Eriksen & Fallan, 1996). In practice, the notion of tax ratio is divided into two, namely one; tax ratio in the narrow sense and two; in a broad mind. In a small sense, the tax ratio is the amount of national tax (central government) divided by GDP. Whereas in the general sense, the tax ratio is the amount of federal tax (central government) plus local tax (local government) plus natural resource revenue (SDA) divided by GDP.

Chelliah et al. (1975) Tax ratio or tax ratio is the ratio between the amounts of tax revenue and the gross domestic product (GDP) of a country. The tax ratio is expressed in %. The tax ratio shows the extent to which the government can collect tax revenues or reabsorb gross domestic product from the public in the form of taxes. Logically, the higher a country's tax ratio, the better the country's tax collection performance.

Studies on the impact of audit probability on tax compliance have weak effects. Fischer et al. (1992) research results are consistent with audit probability and tax compliance. (Slemrod et al., 2001) With tax, an audit can increase tax compliance with taxpayers. Audit probability has a negative influence on audit rates and avoidance of tax payments by taxpayers (Spicer & Thmas, 1982). In contrast, other experiments report that audit information increases tax compliance (Friedland, 1982). Different studies find a significant positive relationship between audit probability and tax compliance (Mason & Calvin, 1978; Song & Yarbrough, 1978; Spicer & Lundstedt, 1976; Wärneryd & Walerud, 1982).

A study reviewing tax compliance and audit probabilities (Andreoni & Feinstein, 1998) shows that the likelihood of objective audits has little effect on compliance and concludes that subjective probabilities felt can be mediated through psychological variables. Previous audits that are direct experience also negatively impacted tax compliance.

Quality and customer service also seem to prioritize the Tax Administration system. The main focus of tax services is to create and maintain relationships of trust and cooperation between the state and citizens and reduce the management costs of both the public sector and private companies through reducing bureaucracy, simplifying the taxation system and providing training for employees. Connolly and Bannister (2008) and Parasuraman et al. (1988) suggested that customer expectations are what customers think services should offer rather than what might be provided. Zeithaml et al. (1990) identified four positive factors influencing customers: word-of-mouth communication, individual needs, experience, and external communication. When the perceived service delivery does not match customer expectations, this gap is addressed by identifying and implementing strategies that affect perceptions, expectations, or both (Parasuraman et al., 1985; Zeithaml et al., 1990).

As stated by Endalamaw and Wato (2020) that an increase in the frequency and quality of tax collection is more necessary given the increasing number of tax arrears while extracting new tax potential through the intensification program has not yet obtained significant results due to the crisis that engulfed the business world, so that in the economic crisis recovery program Indonesia is one of the essential tasks of the Directorate General of Taxes to implement the Increasing Recovery of Tax Arrears Program.

Based on previous research, which stated on tabel 4 below, that service quality of tax officer regarding as verbal communication and teacher to tax payer, that way as compursory of tax officer commiting good service and giving good guidance.

Table 4: Previos Research

Author	Finding
Connolly (2007)	This paper has findings will, it is hoped provide the Irish Revenue Online Service with useful insights into their various tax returns. It is expected that the research will provide evidence that Irish citizens' perception of ROS's quality is driven or inhibited by specific factors, all of which it is possible to manage. Secondly, it is expected to show the degree to which specific dimensions of service quality create, or in their absence undermine, citizen trust in the Revenue Online Service. Finally, it will provide an indication of the usefulness of the E-SQUAL survey instrument for improving our understanding of the e-government services environment.
Oh and Kim (2017)	The research on these topics has grown constantly during the period in the hospitality and tourism field, it has declined in the general business discipline over the same period. Hospitality and tourism research relied heavily on cross-sectional data through a survey approach, whereas business studies used experimental designs more frequently. Research on CS has sustained both interest and productivity, but research on SQ and CV has dwindled over time. Another notable finding is that most studies are not grounded in strong theories, although CS studies tended to be more theory-embedded.
Abay (2018)	The result of the study revealed that service quality and delivery dimensions and complaints handling mechanisms have significant and positive correlation with large taxpayers' satisfaction. Finally, a due attention should be given to service quality dimensions, complaint handling procedure and service delivery dimensions to increase large taxpayers' satisfaction level in the branch office.

Author	Finding
Suartana (2019)	The analysis shows that tax knowledge has a positive effect on compliance with local taxpayers. Quality of service has a positive effect on local taxpayer compliance. Tax examination has a positive effect on local taxpayer compliance. Technology has a positive effect on local taxpayer compliance.
Joni and Handryno (2021)	The results of the study indicate that the quality of tax services has a significant positive effect on taxpayer compliance. Then a good suggestion for this research is the need for higher quality tax services to improve taxpayer compliance in fulfilling their tax obligations. Future research is expected to use research variables outside those that have been studied in this study.
Madjid (2015)	The results showed that the tax audit, quality of service doesn't affect the tax reporting compliance.
Sari and Kusumawardhani (2019)	The results showed that tax knowledge affects taxpayer compliance. Conversely, service quality and tax sanctions do not affect tax compliance.
Rahiem and Ardillah (2022)	The result has shown that tax awareness, tax services quality, and tax sanctions positively and significantly affect individual taxpayer compliance.
Sihombing and Nasib (2019)	Then the result coefficient indicates that the 77.5% variable variation is bound to the quality of service, taxation sanctions, taxpayer knowledge and socialization of taxation on the model can explain the taxpayer compliance variable in the Office Primary Tax service of Binjai while the remaining 22.5% is influenced by other variables outside the model.
Wisudawaty, Rura, and Kusumawati (2018)	The research result indicates that the system quality has the influence on the tax payer compliance, the information quality has the effect on the tax payer compliance. The tax service quality has the impact on the tax payer compliance, the risk moderates the information quality influence on the tax payer compliance, the risk moderates the tax service quality effect on the tax payer compliance, and the risk does not moderate the system quality impact on the tax payer compliance in the Tax Service Office, Makassar Municipality, South Sulawesi..

2. Method

The design of this study uses multiple linear regression equation analysis that measures the level of influence on the data that has been arranged in the conceptual framework of this study, according to Rencher and Christensen (2012) that this associative descriptive study aims to answer several research hypotheses arising from the main problem of research, then take theory and findings as a basis for comparison as a reference to prove its validity against existing taxation phenomena.

This study was located at eight West Makassar Primary Tax Service Offices in Makassar. This research data collection is done at the beginning of 2017, January until the end of the month of 2017, February, which is adapted to the time of service or hours of work Service Primary Tax Office of West Makassar. The study population was all tax officials involved in the West Makassar Pratama Tax Office, as many as 64 people. According to Gardner et al. (2017) that the purpose of the researcher an adapts to the phenomenon that occurs and the underlying theories and findings. The sample size in this study was 58 respondents. Based on the conceptual framework in the model of linear regression analysis, the functional equation in the model can be formed with the reduced form in the form y = Xβ + ε. In contrast, linear regression is a famous analysis to get the relationshipbetween a dependent variable and independent variables in a simplified mathematical form: Tax Ratio = $\boldsymbol{\alpha}_0$ + Tax Collection $\boldsymbol{\alpha}_1$ +Tax Audit$\boldsymbol{\alpha}_2$ + Service Quality $\boldsymbol{\alpha}_3$ +ε. yis a^{nx1,} a vector of observations of the dependent variable, X=[$1_{n,}$ $x_{i1,}$ x_{i2}, ...x_{ik}], and β= [β_0, β_1,.....β_k] is the matrix that consists of n observations on p columns for k variables and unknown constant. Then $p^{x1}$is the vector for coefficients, and ε is a vector of identically and independent distributed (iid) errors. Minimizing the sum of squared errors is a way to get the Ordinal Least Squares (OLS) estimator: β... $\hat{\beta}_{OLS} = (X^TX)^{-1}(X^TY)Since.\ \hat{\beta}_{OLS}$ is an unbiased estimator of β. The estimator of OLS run swith some assumption ssuch as linearity, with zero mean and constant variance, no homoscedasticity, nomulticollinearity, and noauto-correlation. The model cannot be better enough if the premises are not provided. Therefore, alternative methods have been proposed to handle assumption distortions. In regression analysis, when two or more independent variables are correlated with each other's, it is called a multicollinearity problem. Multicollinearity problem increases the variance of coefficient estimates, causes wrong sign coefficients and makes specifying the correct model more complex. Therefore, the multicollinearity problem must be revealed in the regression modelling process. The most crucial issue is which method best answers for application data sets. Accordingly, simulated data sets are generated for different scenarios. It is clarified which model is better in created plans. The rest of the study is organizedas follows.

OLS estimator for regression parameter *(β)* imposed significant variance in the multicollinearity problem. The problem of ten causesan unstable point estimate and excessive wide confidence intervals. One of the preferable ways is biased estimators. Hoerl and Kennard (1970) proposed a biased but more stable estimator for multicollinearity problem*:* $\beta_k = (X^TX+kI_p)^{-1}X^Ty,\ k\geq 0$. The estimator is similar o OLS. In addition, a positive number k to the diagonal elements copes with the non-singular

problem in the k^{XTX} matrix. Determining the *k* value is an essential part of ridge regression. The goal of linear regression is to find some which are large enough to reduce the variance compared to the OLS estimator but small enough to produce some acceptable low bias (Alm, 1991). Ridge trace is a subjective method by *k* deciding with scatter plot of *k* versus ridge estimators of $\widehat{\ }_{\beta ks}$. Al so, some objective selection methods were proposed, such as Heoerl and Kennard (1970), Hoerl et al. (1975), and Lawless and Wang (1976). Lawless and Wang's (1976) selection method was used in this study. The number of principal components is identified by obtaining the maximum variation of X. Assume that λ_i's are the eigenvalues of correlation matrix X^TX and γ_i's are the unit-normeigen vectors of X^TX.

In the linear regression model, getting the best model to predict future observations is essential. However, multicollinearity problems can prevent bodewell. Partial Least Square Regression aims to extract latent variables and linear combinations of the independent variables. The high relationship between the independent variable is not occurred after constructing latent variables (Muniz *et al.*, 2012).

3. Result

The data in Table 5 shows the value of service quality and tax audits are dominant. Tax collection offers a significant but lower weight. Quality and service in taxation services to create and maintain relationships of trust and cooperation between the state and citizens and reduce management costs through reducing bureaucracy, simplifying the taxation system and providing training for employees. Parasuraman et al. (1988) suggested that the taxpayer hopes not to show the level of service difficulty. Endalamaw and Wato (2020) that to increase taxes on national income, an increase needs to improve the quality of tax collection by comparing the potential for new taxes.

Table 5: Correlations Between Variables

Variable	Correlations	Pearson Correlation	Sig. (1-tailed)	Pearson Correlation Bootstrap [a]	SE	95% Confidence Interval
Tax Ratio	Tax Ratio	1,000		-	-	1,000
	Tax audit	1,000	0,000	-	-	1,000
	Quality of service	.271	0,000	0.003	0.091	0.084
	Tax collection	0.213	0.004	- 0.004	0.081	0.054
Tax audit	Tax Ratio	1,000	0,000	-	-	1,000
	Tax audit	1,000	0,000	-	-	1,000
	Quality of service	.271	0,000	0.003	0.091	0.084
	Tax collection	0.213	0.004	-0.004	0.081	0.054
Quality of service	Tax Ratio	.271	0,000	0.003	0.091	0.084
	Tax audit	.271	0,000	0.003	0.091	0.084
	Quality of service	1,000	0,000	-	-	1,000
	Tax collection	0.233	0.002	-0.004	0.087	0.055
Tax collection	Tax Ratio	0.213	0.004	-0.004	0.081	0.054
	Tax audit	0.213	0.004	-0.004	0.081	0.054
	Quality of service	0.233	0.002	-0.004	0.087	0.055
	Tax collection	1,000	0,000	-	-	1,000

The data in Table 6 shows the value of testing the achievement of the tax ratio is still low when seen from the determination value of 40.3 %. The test model generally indicates a value of 32.889 with a significance of 0.00. So testing the data still emphasizes improving the quality of service in taxation. Negash et al. (2003). It states that service quality has a positive effect on taxpayer compliance. The best quality of service received by taxpayers from tax officials will make taxpayers tend to be obedient to pay their tax obligations. Providing quality services will make taxpayers comfortable in paying taxes and increase their compliance. Service to taxpayers is one factor determining the success or failure of an effort to increase tax revenue. Taxation services aim to provide comfort, security, and certainty for taxpayers in fulfilling their obligations and rights in taxation (Hutagaol, 2005). Taxpayer Services did an excellent job of providing satisfaction and comfort; taxpayers feel their rights are respected so that applicable regulations can fulfil tax obligations.

Table 6: Output testing statistics

	Constant	Tax audit	Quality of service	Tax collection
Collinearity Statistics Tolerance	0	.987	0.988	.995
VIEW	0	1,013	1,012	1,005
R	0.635			
R Square	.403			
Adjusted R Square	.391			
Std. The error in the Estimate	0.413	0.519	0.060	0.064
Sig. F Change	0,000			
Durbin-Watson	1,894			
F	32,898			
Sig.	0,000			
Unstandardized Coefficients (B)	.113	.136	0.484	0.313
t	0.274	1,996	8,020	4,917
Sig.	0.784	0.048	0,000	0,000

4. Discussion

The actual quality of service in Indonesia has eased the taxpayers' burden. Before-tax reform took effect in Indonesia; the tax collection system only relied on the Official Assessment System. But after-tax reform, the tax collection system, in addition to the Official Assessment System, is also the Self-Assessment System. But it still applies to the Holding System. This tax collection system gives authority to third parties, not taxpayers and not even the tax authorities).

According to Bodnar (2020), the implementation of the tax collection system carried out in Indonesia is still valid until now; done in Official Assessment System, the taxation system gives to the government *(tax authorities*) to determine the amount of tax payable. This is done to strengthen the power to determine the amount of debt owed to the tax authorities; tax authorities are passive in the fields. The amount of tax owed after the tax assessment letter is issued by the tax authorities. While the *Self-Assessment System* is a system of taxation. This gives credence to the taxpayer to fulfil and implement their compulsory taxation rights, with view Tax to get the help of an Account Representative (AR) can perform an active role in implementing the mandatory tax. The taxpayer is fully responsible for its taxation obligations. The government only carries out, researches, and supervises the implementation of tax obligations for taxpayers through tax audits and the application of sanctions for violations in the tax sector following applicable regulations.

In the tax service, there are three functions of tax administration in the *self-assessment system*, namely education (*counselling*), services (*customer service*), and control or enforcement of the law (*law enforcement*). One effort to improve taxpayer compliance is to provide good *customer service*. Improved quality and quantity of services are expected to increase satisfaction with taxpayers as customers, thereby increasing tax compliance. The new paradigm that places government officials can improve the performance of public services. The quality of tax services is a level of excellence to meet taxpayers' desires; besides, it can be assessed based on public perception of the management of state finances. Compliance of taxpayers to participate in increasing the expected tax revenue ratio with the *self-assessment system service* and not *compulsory compliance*. To improve the voluntary compliance of taxpayers, fairness and openness are needed in implementing tax regulations, simplicity of tax regulations and procedures and most importantly, good and fast service to taxpayers.

5. Finding

The findings of this study are to increase the tax revenue ratio; it is better to strengthen the quality of tax services by developing excellent services that are constantly being renewed based on DGT's vision as a manifestation of public service. The emphasis on nationalism in compliant taxpayers, relating to the services provided to the taxpayers concerned, is natural, especially in the era of reform and transparency, which is currently a public development need (Basrowi, 2019). Then to change the general public perception that tax is a mass community partner.

6. Conclusion

Tax coverage is primarily determined by tax audit results, quality of service and tax collection as the influence of tax officers that strengthen the quality of service and tax audits in tax service. Then the pattern of tax collection that is conducting coaching is tailored to the business patterns and cash requirements of taxpayers so as not to be burdened.The importance of mastery or competence in tax services is to create and maintain a relationship of trust and cooperation between taxpayers and tax officials to help the government and increase state revenues.

With the existence of tax services, it is seen as a redistribution of income to ensure the implementation of national development and social welfare carried out by the state to the community. Tax service efforts provided by the government are also seen as a form of social investment that is profitable in the long term. The form of tax distribution is also in the form of vertical redistribution in the form of

money distribution from the rich to the poor. In addition, it is also in the form of horizontal redistribution, namely the distribution of taxes from the productive age group to the non-productive age group.

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