

# The Effect of Self-Assessment System, Tax Sanctions on Tax Compliance with Individual Taxpayers in the City of Bandung

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**Abstract-** The purpose of this study was to determine the effect of the Self Assessment System, Tax Sanctions on Tax Compliance of Individual Taxpayers in the city of Bandung. In this study the method used is a quantitative method with descriptive and verification approaches. In this study the population is registered taxpayers at the Bandung City Pratama tax service office Bandung Tegallega, Bandung Cibeunying, Bandung Karees, Bandung Bojonegara and Bandung Cicadas. The sample used was 400 taxpayers with the sampling technique using simple random sampling. The sample in this study was conducted by distributing questionnaires to taxpayers in each tax office. All variable data are normally distributed so that they qualify to be able to use multiple linear regression analysis. In testing the research hypothesis is the t test. coefficient of correlation and determination analysis. The Self Assessment System and Tax Sanctions have a significant effect on individual taxpayer compliance in this study.

**Keywords:** *Self Assessment System, Tax Sanctions, Individual Taxpayer Compliance.*

## I. INTRODUCTION

Taxes are people's contributions to the state treasury under the law without receiving reciprocal services that can be immediately demonstrated and used for pay for general expenses. Since 1984, Indonesia has adhered to the Self Assessment System where previously adhered to the Official Assessment System. This system is a tax collection which gives authority, trust and responsibility to taxpayers to calculate, determine, pay, and self-report the amount of tax to be paid. On the one hand, the tax Self-Assessment System adhered by Indonesia provides an opening for taxpayers to take dishonest actions regarding the amount of their income. In general, they tend to escape from tax payment obligations which can have an impact on the low level of taxpayer compliance in carrying out their tax obligations

Tax compliance is a common problem in taxation for a long time. Various assumptions arose on the impact of this phenomenon. After the deadline for submitting Annual Income Tax (PPh) Returns (SPT) for Individual Taxpayers, the Directorate General of Taxes (DJP) noted that tax compliance (WP) in submitting a new Annual Tax Return (SPT) of 61, 7%. April 1, 2019, DJP has just received 11.3 million Annual Tax Returns (SPT). Even though, there are 18.34 million taxpayers who are required to report annual tax returns This year, the annual SPT reporting compliance target set by the DJP is 85% or 15.5 million, in realization is still below 70% (Kontan.co.id, 2019).

There are several things that cause low taxpayer compliance rates. Such as the assumption that if the income has been deducted from taxes, there is no need to report the SPT. This generally occurs among employees. "In addition, reporting using e-filing is not easy, making it lazy to report. SPT is also considered complicated so that it makes people reluctant to fill in. The imposition of tax sanctions should compel

taxpayers in orderly fulfilling their tax obligations. Therefore, taxpayers need to understand the consequences of not fulfilling tax obligations. One of the efforts to increase compliance is through tax education from an early age, so that public awareness to comply can be formed. In addition, breakthrough socialization is needed.

Tax sanctions are guarantees that tax laws (tax norms) will be adhered to. In other words, tax sanctions are a deterrent (preventive) so that taxpayers comply with tax norms. The application of sanctions here is intended to provide positive penalties for taxpayers who have been negligent in fulfilling their tax obligations so that with the imposition of sanctions, taxpayers will feel deterred and want to learn from the mistakes that have been made so that to fulfill their tax obligations in future tax periods they can also be much better. By having adequate tax knowledge, taxpayers can recognize and easily fulfill their obligations in terms of taxation. The higher the level of knowledge the taxpayer has, it will increase taxpayer compliance because taxpayers already know the tax function and the importance of taxes in the country's development. Lack of knowledge on taxation is the cause of low taxpayer compliance. Tax counseling and socialization can be carried out by tax officials to provide the latest information on changes to tax regulations.

Tax compliance is still very less than what has been targeted by the government through the tax directorate general, it is known that taxes play an important role as the main source of State revenue as a Budgetary Function (Source of State Finance) meaning that tax is one of the sources government revenue in financing routine and development expenditures.

The criteria for tax compliance are (1) Compliance with the payment and reporting obligations, periodic SPT and monthly VAT SPT reporting. (2) Compliance with annual obligations, namely in calculating taxes on the basis of a Self-Assessment System, submitting annual SPT on time and not having tax arrears or paying taxes payable. (3). Obey the material and formal legal provisions of taxation by registering as a taxpayer, reporting back the SPT completely and correctly according to the actual amount of tax owed, taxpayers calculating and paying taxes owed correctly, and taxpayers paying arrears on time.

Several factors of taxpayer compliance are influenced by the condition of a country's tax administration system, services to taxpayers, tax law enforcement, tax audits and tax rates. And the tax administration system in Indonesia still needs to be improved. With the improvement, taxpayers will be more motivated to meet their tax obligations. The impact will be seen on the taxpayers' willingness to pay taxes. Taxpayers will obey (due to pressure), because they think that there are heavy sanctions for illegal acts in their efforts to smuggle taxes. The act of imposing sanctions occurs when the taxpayer is detected with a good and integrated administration system and through audit activities by tax officials who are competent and have high integrity, taking tax evasion actions. The reduction in tax rates will also affect the motivation of taxpayers to pay taxes. With a low tax rate, automatically the tax paid is not much. The culture of paying taxes is also important for a country to attend to and this requires good cooperation between tax agencies and taxpayers by creating a taxation system and good tax policies that will shape the behavior of taxpayers which is reflected in their level of awareness in the taxpayer. The active role of the taxpayer is to perform tax calculations himself, deposit it, and report the tax return. In this system, more emphasis is placed on the taxpayers' willingness to comply with their tax obligations. In essence, the existence of tax sanctions is for taxpayers to comply with their tax obligations. Therefore, taxpayers need to have knowledge of applicable tax sanctions.

Based on the background described earlier, to understand more about the Self Assessment System, tax sanctions and its relationship with tax compliance, the following problems are identified:

1. How does the Self Assessment System affect individual taxpayer compliance.
2. How is the effect of tax sanctions on individual taxpayer compliance.

3. How is the effect of the Self Assessment System, tax sanctions on individual taxpayer compliance.

## II. LITERATURE REVIEW

### Tax Definition

Taxes are people's contributions to the state treasury based on laws without receiving reciprocal services which can be directly demonstrated and used to pay for general expenses.

### Tax Function

There are two tax functions, namely:

1. Function Budget (Financial Resources State) Taxes are one source of state revenues to finance expenditure, both routine and development. As a source of state finance, the government is trying to get as much money as possible into the state treasury.
2. Regularend (Regulatory) Tax functions as a tool to regulate and implement government policies in the social and economic fields as well as to achieve certain goals outside the financial sector.

### Self Assessment System

Self Assessment consists of two English words, namely Self, which means individual, and to asses, which means assessing, calculating, evaluating. Thus, the meaning of Self Assessment is counting or assessing yourself. So the taxpayer himself calculates and assesses the fulfillment of his tax obligations. So the Self Assessment is a taxation system that gives taxpayers confidence to fulfill and carry out their own tax obligations and rights. So the Self Assessment system is a tax collection system that emphasizes taxpayers to be active in fulfilling their tax obligations, because this collection system gives taxpayers the freedom to fulfill their own tax obligations without any interference from tax collectors.

### Dimensions and Indicators of Self Assessment System

1. Register with the Tax Office
2. Calculating Tax by Taxpayers
3. Paying tax by taxpayers themselves
4. Reporting is conducted by taxpayers

### Obstacles to Implementing Self Assessment System

The obstacles to implementing the Self Assessment System are as follows:

1. Passive Resistance Passive resistance is a condition that complicates tax collection arising from the condition of the economic structure, the social conditions of society, the intellectual development of the population, the morals of the community and of course the tax system itself.
2. Active Resistance Encompasses the community's efforts to avoid, smuggle, manipulate, neglect and pass taxes that are directly addressed to the tax authorities.

### Tax Sanctions

The guarantee that taxation laws and regulations (taxation norms) will be obeyed is the existence of tax sanctions. in other words, tax sanctions are a deterrent (preventive) so that taxpayers comply with tax norms. The application of sanctions here is intended to provide positive penalties for taxpayers who have been negligent in fulfilling their tax obligations so that by giving sanctions, hopefully taxpayers will feel deterred and want to learn from mistakes that have been made so as to fulfill tax obligations in future tax periods

could also could be much better.

### **Types of Tax Sanctions**

Types of Sanctions in Indonesia in General Provisions of Taxation and Law No. 16 of 2009 concerning, it is written there are two types of sanctions, namely:

A. Administrative sanctions consisting of:

- a) Sanctions in the form of fines.
- b) Sanctions in the form of interest.
- c) Sanctions in the form of increases.

B. Criminal sanctions consisting of

- a) Confinement sanction
- b) Imprisonment sanction

### **Tax Compliance**

Tax compliance is the obedience of taxpayers in implementing taxation provisions in accordance with the provisions of the tax law. So, tax compliance is a person's compliance. This means that taxpayers have the willingness to fulfill their tax obligations in accordance with the applicable provisions.

### **Taxpayer Compliance Indicators**

Taxpayer compliance indicators, namely:

- a) Timely in registering to obtain a NPWP and to be determined to obtain a NPPKP.
- b) Timely in depositing the payable tax
- c) Timely in reporting taxes that have been paid and tax calculations.
- d) Timely in calculating the tax payable in accordance with tax regulations.
- e) Appropriately in calculating the tax payable in accordance with tax regulations.
- f) Appropriate in withholding or collecting taxes (Taxpayer as a third party).
- g)

1) The effect of the Self Assessment System on individual taxpayer compliance.

There is a significant effect between the Self Assessment System on individual taxpayer compliance. In implementing the Self Assessment System causes some taxpayers to feel a heavy burden because all tax fulfillment activities are carried out by themselves. If taxpayers fully understand and comprehend with taxation, then the taxpayer is moved to increase taxpayer compliance in fulfilling their obligations.

2) the influence of tax sanctions on individual taxpayer compliance.

Tax Sanctions are made with the aim of punishing taxpayers who violate tax laws so that they do not deviate from a provision. There are two forms of tax, namely administrative sanctions and criminal tax sanctions. The stricter the tax sanctions, the greater level of compliance in making tax payments. Likewise, the imposition of tax sanctions on every violation that occurs will influence in taxpayer compliance. This is in accordance with previous research that compliance is influenced by the existence of tax sanctions.

The following is a chart of the framework in this study.

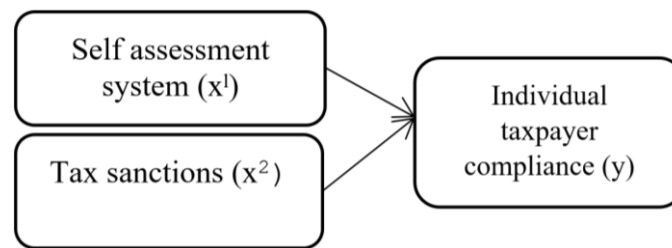


Figure 2.1. Framework

### III. RESEARCH METHODS

The object of study in this research will be conducted on individual taxpayers (WPOP) who are in the KPP Pratama City of Bandung which includes the tax service office (KPP), namely:

1. Pratama tax service office tegallega, Soekarno Hatta street No.216 city of Bandung
2. Pratama tax service office Cibeunying, Purnawarman street No. 21 city of Bandung
3. Pratama tax service office karees, Ibrahim adji street No.372 city of Bandung.
4. Pratama tax service office Bojonagara, Prof. Sutami street No.1 city of Bandung.
5. Pratama tax service office cicadas, Soekarno Hatta street No. 781 city of Bandung

Referring to the purpose of the research carried out is to determine the effect of the Self Assessment System and Tax Sanctions on Individual Taxpayer Compliance. The method used in this research is a quantitative method with descriptive and verification approaches.

The population in this study includes individual taxpayers who are registered at the KPP in the city of Bandung. Based on data from 5 KPPs in the city of Bandung in 2018, the number of taxpayers in Bandung was 677,405 individual taxpayers.

The samples taken in this study were 400 individual taxpayers. The 400 samples were taken by random sampling. Data processing techniques and data analysis in this study used validity and reliability tests, classic assumption tests, multiple correlation coefficients, and t test (partial).

### IV. RESULTS AND DISCUSSION

In analyzing the data, this research uses multiple linear regression. The scale used for this research is a *Likert Scale* and the measurement will produce interval or ratio data. Because the data scale used is assumed to be ordinal, the data must be converted into intervals using the SPSS program.

The questionnaire in this study consisted of 26 statement items which were described based on the variable Self Assessment, Tax Sanctions and Taxpayer Compliance. Based on the value of the correlation coefficient, it is found that the question items in this study are valid. The results of this test showed that all the statement items used were reliable so that it had given good results..

Data normality testing is carried out to determine whether in a regression model, the dependent variable, the independent variable or both have a normal distribution or not. The probability value in this study (Asymp. Sig) through test *Kolmogorov-Smirnov* test is  $0.629 > 5\%$  (0.05), then this research is normally distributed.

The multicollinearity is to test whether there is a correlation between free variables. From the calculation results in the multicollinearity test table, the independent variable shows that the VIF value is equal to 1.710 where the value is more than 10 so that it can be concluded that it is free from multicollinearity. A good value to test the existence of multicolliation in this study is the tolerance value  $<0.1$  or  $VIF > 10$ .

The heteroscedasticity aims to detect the presence or lack of heteroscedasticity. In this study there is no heteroscedasticity, so the effect of the Self Assessment System and tax sanctions on individual taxpayer

compliance is appropriate to continue in hypothesis testing.

The coefficient of determination basically aims to measure how far the model is capable of and explain the dependent variables. The coefficient of determination is  $0 < R^2 < 1$ . R Square or the coefficient of determination is 0,416. This implies that the variable self-assessment system and tax sanctions have an effect on individual taxpayer compliance by 41.6%. In other words, the self-assessment system and tax sanctions together contribute or influence 41.6% on individual taxpayer compliance, the remaining 58.4% is determined by other research.

#### A. The Effect of Self Assessment System on Individual Taxpayer Compliance in the city of Bandung

Tax compliance is an observance in which taxpayers can meet all their taxation provisions. through the t test, it is known that the variable T count  $x_1 > t_{table}$  1.965957, therefore it is stated that there is an influence between  $x_1$  variable and Y ( $H_0$ ) is rejected. This means that the variable component of the Self Assessment System has a significant effect on Individual Taxpayer Compliance.

The results of this study are supported by the results of previous research that the Self Assessment System has a significant effect on Y variable. From the research results, it can be seen that tax compliance can be influenced by the components of the  $x_1$  variable, meaning that when the implementation of the  $x_1$  variable is effective, Y variable will increase as seen from the sensitivity of research which has a very strong relationship between the  $x_1$  variable on tax compliance, on the other hand, if compliance has not shown an increase in one of the several variable components that can affect compliance, it is the Self Assessment System which in its application has not been effectively realized.

#### B. The Effect of Tax Sanctions on Individual Taxpayer Compliance in the city of Bandung.

Based on the results of the research through the t test, it is known that T count  $> T_{table}$  there is an influence between the variable tax sanctions on compliance, T count the variable  $x_2 > T_{table}$  1,965957, therefore it is stated that there is an influence between the tax sanction variable to the compliance variable. Consequently, it is concluded in the research ( $H_0$ ) is rejected, which states that the Tax Sanctions variable ( $x_2$ ) has an effect on tax compliance (y).

Tax sanctions are given to provide understanding and knowledge in paying taxes and the penalties that will be received when disobeying tax laws and regulations and being disobedient to their obligations to pay taxes and the losses that must be received if they violate the provisions of tax payments.

There are four things that are expected or demanded from taxpayers, namely:

1. Demanded compliance (compliance)  
Taxpayers pay taxes with full awareness
2. Required responsibility (responsibility)  
Taxpayers in submitting or reporting returns on time
3. Honesty is required (honesty)  
Taxpayers fill out returns with the actual circumstances
4. Provide sanctions (law enforcement)

#### C. Effect of Self Assessment System, and Tax Sanctions on Individual Taxpayer Compliance in the city of Bandung.

Based on the results of the research through the F test with an error rate of 5%, it was found that  $x_1$  variable and  $x_2$  variable had no effect on Taxpayer Compliance ( $H_0$ ) was rejected. This means that the influence of the  $x_1$  variable and  $x_2$  variable affects the y variable at KPP Pratama city of Bandung.

The higher the implementation of the x1 variable with the support of firmer x2 variable, the more taxpayer compliance will increase. The results of this study are supported by the results of previous studies which state that the x1 variable and x2 variable together will affect y variable. The research has similar variables, but the object of research has different levels of different populations and phenomena that occur in different fields where the implementation of the x1 variable and x2 variable has not yet increased the level of compliance according to what has been targeted where in actual conditions, the tax identification number is not carried out as a function according to the KUP Constitution no 2, where the taxpayer identification number is an administrative requirement as a tax subject and tax object, but in actual conditions it is made into transaction administration requirements, for example banking and others, some of which focus on tax systems and services to improve tax compliance.

## **V. CONCLUSION**

Based on the results of research regarding self-assessment and tax sanctions on individual taxpayer compliance at the city of Bandung Tax Office (KPP) Pratama, it can be concluded as follows:

1. Based on the results of research and data processing, it can be seen that there is a significant influence between the Self Assessment System variable and the Individual Taxpayer Compliance variable. This means that when the implementation of the Self Assessment System is effective, tax compliance will increase as seen from the sensitivity of the research which has a very strong relationship between the Self Assessment System variable on tax compliance.
2. Based on the results of research in the field, it can be seen partially that tax sanctions affect the compliance of individual taxpayers at KPP Pratama city of Bandung. If the knowledge of tax sanctions is understood by taxpayers, effective application of tax sanctions can increase individual taxpayer compliance, on the other hand, if compliance does not increase, one of the components that can affect it is tax sanctions.
3. Based on the results of research in the field and based on the results of processing, it can be seen that the Self Assessment System and Tax Sanctions affect Y variable at KPP Pratama city of Bandung.

## **VI. SUGGESTIONS**

1. Suggestions for KPP Pratama city of Bandung regarding Self Assessment System problems that can improve compliance
  - a. In implementing the Self Assessment System where service access to knowledge of taxation procedures can be accessed easily so that taxpayers have no difficulty in carrying out the tax administration process properly and correctly so as not to cause problems in the future for taxpayers which will have an impact on disappointment with their willingness. And taxpayer awareness.
  - b. Educating from the start of the registration as individual taxpayers to find out how their obligations are after being registered as taxpayers starting from the system, mechanisms and sanctions
  - c. Increasing the awareness of the mandatory about the benefits and uses of tax allocations supported by a transparent system of tax allocations as a whole is acknowledged by taxpayers so that taxpayers not only have the obligation to pay but participate as controllers of tax fund allocation
  - d. Continuous socialization from the taxpayer office to increase the awareness of corporate taxpayers so that all functions and benefits are thoroughly integrated to every element of society.
2. Suggestions for KPP Pratama city of Bandung in matters of sanctions that can increase compliance.
  - a. The application of transparent tax sanctions in both administrative and criminal sanctions to recognize if you do not pay taxes properly or not at all, receive a stern reprimand to deter offenders so that it is

expected to develop obedience.

- b. Knowledge of tax sanctions must be disseminated in regards to the impact if taxpayers do not fulfill their tax obligations. So that taxpayers obey and recognize the tax sanctions before being subject to the sanctions.
- c. The impact of sanctions for tax offenders from a criminal point of view must be acknowledged or easily accessible to the information in order to minimize tax evasion which can lead to criminal sanctions against taxpayers prevent before doing so by facilitating access to information or socialization.
- d. Administrative sanctions are considered to be very burdensome to taxpayers when taxpayers do not know tax procedures or violate the rules, even administrative sanctions with the principal of taxes owed can be the same, even more when we do not fulfill tax obligations, therefore the suggestion is information that extends to the impact of sanctions before sanctions are imposed.

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