The Revenue, Education, and Awareness of Tax Payer's Toward Obedience of Tax Payer's on The Territory of The Directorate General of Taxes in Central Java

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Abstract

Taxes are an important revenue of a country to fund state spending and a source of revenue for the state from the public. People have an obligation to pay taxes on their business or activities by referring to the income or results of products or services. Because the payment of this tax is an obligation, community compliance becomes very important to spur state tax revenues. This research aims to determine tax revenue, education, taxpayer awareness of tax compliance. This research method is quantitative, and uses questionnaires with 188 respondents spread throughout Central Java. Researchers have conducted reliability and validity tests, classical assumption tests, and finally regression tests to test all three research hypotheses. The results of all hypotheses are declared accepted, but only the second hypothesis is statistically significant, namely the level of tax education positively affects the level of taxpayer compliance. While the other hypothesis is that the level of tax revenue has a positive effect on the level of taxpayer compliance and the level of taxpayer awareness has a positive effect on the level of taxpayer compliance, declared acceptable although not significant. The conclusion of this study is that the level of tax revenue has a positive effect on the level of payment of taxes to the state. The contribution of this research is that this study can provide insight that education about taxes is still indispensable to increase the country's tax revenues. These directions are written in the format required for the abstract of the paper for the Seminar Nasional Manajemen, Ekonomi, dan Akuntansi – Universitas Bangka Beli-tung ke IV (SEMEABB IV/ SEMEABB 2021).

Keywords: tax revenue, tax education, taxpayer compliance, taxpayer compliance.

Introduction

One of the main sources of state revenue is the tax sector. But at the end of 2019, as quoted in DDTC (2019) regarding the footage of Director General of Taxes Suryo Utomo said until the end of October 2019 the realization of State
revenues collected by the Directorate General of Taxes (DJP) was still under pressure until the end of October 2019.

Director General of Taxes Suryo Utomo said that until the end of October 2019 the realization of receipts reached Rp1,018.5 trillion or met 64.5% of the target set in the State Budget worth Rp1,577.5 trillion. The tax deposit reached 0.23% on an annual basis. He added that recent receipts in oil and gas of Revenue Tax and in addition to oil and gas are experiencing pressure. The former Expert Staff of the Minister of Finance for Tax Compliance also explained the decline in oil and gas of Revenue Tax performance due to the decline in oil prices in the international market. This then hit the receipt of oil and gas of Revenue Tax which contracted until the end of October 2019. Non-oil and gas of Revenue Tax has a fairly decent contraction. Then, VAT on imports and exports only began to grow this October. Meanwhile, the realization of other types of taxes is relatively insignificant due to its small contribution to total receipts such as UN P3 and other taxes. As for the type of tax that is the mainstay of DJP in collecting receipts until the end of the year, namely Revenue Tax article 21 employees and personal of Revenue Tax. In addition, the final of Revenue Tax also counted to increase receipts until the close of fiscal year 2019 (Dani Agus Setiawan, DDTC, Monday, November 18, 2019, 18:48, Revenue only grew 0.23%, This is the Explanation of the Director General of Taxes).

The sluggish tax revenue this year according to Finance Minister Sri Mulyani is inseparable from several aspects that affect, not least the factor of oil prices that are under assumptions and a stronger rupiah exchange rate. Added also tax revenue until the end of October 2019 was recorded at Rp1,173.9 trillion or only grew 1.2%. Especially for tax revenues, the realization in that period only grew by 0.23%. Furthermore, non-tax State revenue (PNBP) was recorded at Rp333.3 trillion or only grew 3.2% (DDTC News Editor, Tuesday November 19, 2019, 08:45, About 17% Restitution Due to The Defeat of the Directorate General of Taxes in Disputes).

Based on the description above, at the end of 2019 it can be concluded that the State experienced a decrease in tax revenues sourced from other than Revenue Tax article 21, namely from oil and gas of Revenue Tax due to the decline in oil prices in the international market and a strong rupiah exchange rate. Even though taxes are one of the main revenues for the State Budget. Then the government’s last hope at the end of this year is Revenue Tax article 21 for employees and private people and the final. Therefore, researchers want to further examine how much the level of tax revenue in the Central Java Region, and how much the contribution of the amount of taxpayers who are aware and tax-compliant for the State and its effect on the state tax ratio.

Tax ratio is the comparison of tax revenues to gross domestic product. This ratio is a measuring tool to assess the performance of a country’s tax revenues. The tax revenue component in Indonesia includes central tax revenue, non-tax state revenue (PNBP) of Oil and Gas and general mining PNBP. Local taxes do not become a component of calculating tax ratios. The following calculation of tax ratio from 2010 to 2017 according to www.djp.go.id (Tax Ratio) from Time-to-Time accessed Monday, November 18, 2019) is as follow:
Table 1. State Revenue Performance 2010 – 2017 (on trillion rupiah)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDB on the basis of price occurred</td>
<td>6,864.13</td>
<td>7,831.73</td>
<td>8,615.70</td>
<td>9,540.13</td>
<td>10,509.71</td>
<td>11,526.33</td>
<td>12,401.77</td>
<td>13,588.80</td>
</tr>
<tr>
<td>Central tax</td>
<td>7,22,54</td>
<td>873,85</td>
<td>960,51</td>
<td>1,074,55</td>
<td>1,146,87</td>
<td>1,240,42</td>
<td>1,284,97</td>
<td>1,343,53</td>
</tr>
<tr>
<td>SDA admissions</td>
<td>1,65,38</td>
<td>209,86</td>
<td>221,70</td>
<td>222,25</td>
<td>236,18</td>
<td>95,85</td>
<td>59,85</td>
<td>105,60</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>1,52,73</td>
<td>193,49</td>
<td>205,82</td>
<td>203,63</td>
<td>216,88</td>
<td>78,17</td>
<td>44,09</td>
<td>81,84</td>
</tr>
<tr>
<td>Mineral mining and coal</td>
<td>1,12,00</td>
<td>1,63,76</td>
<td>1,58,88</td>
<td>1,82,63</td>
<td>13,30</td>
<td>17,68</td>
<td>15,76</td>
<td>23,76</td>
</tr>
<tr>
<td>Tax ratio (Central tax thd GDP)</td>
<td>12,9</td>
<td>13,8</td>
<td>14,0</td>
<td>13,6</td>
<td>13,1</td>
<td>11,6</td>
<td>10,8</td>
<td>10,7</td>
</tr>
</tbody>
</table>

Source: Central Tax Revenue and SDA from LKPP various years

Indonesia's low tax ratio is caused by several factors, but the most suspected influence is the taxpayer compliance factor (Pritantini, 2008; Nugraheni, 2015). Nugraheni said that many taxpayers think the obligation to pay taxes is still considered a burden so they are reluctant to pay taxes and even tend to avoid taxes (tax evasion). Long-term tax penalties or checks are less effective at improving taxpayer compliance (Kongler et al., 2013; Kircheler et al., 2008). Their condition is in the shadow economy zone, making them feel comfortable and free from the obligation to pay taxes.

Still the lack of awareness and compliance of taxpayers in carrying out the obligation to pay taxes can not be separated from the knowledge and understanding factor of taxation itself. Zein (2007) explained that taxes are a knowledge that must be owned by every taxpayer and tax appara-tus. If every taxpayer has the correct knowledge about the aspects of taxation, then it can be as-certain that they are aware and obedient to meet the tax provisions and avoid the imposition of applicable tax sanctions. In the era of industrial revolution 4.0 where the public is required to be technologically literate, information is open and freely available. Education about the aspects of taxation in an effort to increase taxpayer awareness and compliance needs to be pursued so that the public willingly pays taxes from the business he has done.

Material and Methods

The data used in this study mostly uses quantitative and qualitative. Quantitative data in the form of a Detailed List of Tax Revenues, the amount of tax education, the number of taxpayers from the Pratama Tax Service Office in the Directorate General of Taxes in Central Java. To explore information related to respondents' perceptions, researchers will provide questions included in qualitative research that will be conducted by researchers and disseminate questionnaires. The ques-tion is to dig deeper into the information and support quantitative data from some respondents in this case is a fiscus. The data sources used in this study are primary and secondary data. Primary data comes from answers given by respondents from both the fiscus and taxpayers. While second-ary data in the form of the amount of tax revenue, the amount of education carried out, the number of taxpayers, the number of taxpayers who obediently pay and report taxes, and the level of taxes.

Teknik Data Collection

The technique used in this research is a field study conducted at KPP Pratama in the CENTRAL Java DJP region which is the object of research and obtaining data on taxpayer compliance. In this field study, research can be conducted interviews about education that has been done, obstacles and obstacles faced, and provide questionnaires for taxpayers as tax subjects who pay taxes to assess their personal about tax awareness and the way of education.
that has been done by KPP Pratama according to taxpayers. Researchers spread questionnaires to people in central Java who have businesses and have NPWP. Based on the data collection for the questionnaire obtained there were 188 respondents who are people in the DJP Kanwil II region.

**Measurement**

This research is quantitative and qualitative research. Quantitative research explains or answers hypothetical questions with statistical analysis. Researchers will conduct regression statistics with the amount of tax revenue (V1), the amount of education conducted (V2), the number of taxpayers (V3), the number of taxpayers who dutifully pay and report taxes as an indented variable (V4) and tax ratio (Y) as a dependent variable. Then to further deepen this research, researchers will also examine further about the constraints and obstacles of KPP in socializing or billing to taxpayers.

**Results and Discussion**

The study tested variable tax revenue (X1), tax education (X2), tax awareness level (X3) to taxpayer compliance rate (Y2). The research tested the second mathematical model with a classical assumption test. If from this classic assumption test is feasible, then proceed with the regression test.

Based on the results of the questionnaire design of 190 respondents, but there were 2 respondents outside central Java who had to be excluded from this study, the questionnaire used for the study was 188 respondents. The number of areas that are the object of this study as many as 35 areas that are the environment of Central Java Province.

To do further testing, a statistical test is carried out. The statistically described test consists of minimal, maximal, and average for all variables. The results of the test statistics are transcribed that can be seen in the table below.

<table>
<thead>
<tr>
<th>No</th>
<th>Variables</th>
<th>Min</th>
<th>Max</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Acceptance tax rate (X1)</td>
<td>1</td>
<td>5</td>
<td>3.4</td>
</tr>
<tr>
<td>2</td>
<td>Education tax rate (X2)</td>
<td>1</td>
<td>5</td>
<td>3.1</td>
</tr>
<tr>
<td>3</td>
<td>Awareness taxpayer rate (X3)</td>
<td>1</td>
<td>5</td>
<td>3.8</td>
</tr>
<tr>
<td>4</td>
<td>Obedience taxpayer rate (Y)</td>
<td>1</td>
<td>5</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Researchers examined statistically described for variable tax revenue rates (X1), tax education rates (X2), taxpayer awareness levels (X3), and taxpayer compliance rates (X4) derived from the perception of tax respondents. Variable tax revenue rates have 4 indicators tend to moderate and the average score is 3.4 (on a scale of 1 to 5). For the 4th indicator, the perception of the assumption of people who pay taxes is equated with having a nationalist soul that fights and sacrifices for the nation and the state, seems to have been very well understood by the taxpayer, because the score is good at 4.3. Indicator 3 is the perception of tax revenue obtained by the government from all tax-conscious communities, getting a fairly good assessment from good respondents because the score is 3.9. While the first indicator is the perception of the government's ability to fund development sourced only from taxes, and secondly the perception of the government's ability to pay foreign debt sourced only from taxes, got an average score below 3, which is 2.9 for indicator 1 and 2.4 for indicator 2. Which gives an assessment that development funding and foreign debt, respondents doubt if the source of funding is sourced from taxes.

Then at the variable tax education level (X2), according to the calculation of statistics are described with 6 indicators have an average of 3.1 (with a point of 1 to 5) that tend to be moderate or hesitant. Indicator 2 about the perception of the way of education provided by KPP Pratama, indicator 3 about KPP services about opportunities to get places and open spaces to develop businesses, and the 6th indicator about KPP providing
education about business management in addition to tax socialization, got a score of 3.0 (on a scale of 1 to 5) which means respondents doubt about the efforts made by KPP for educational means, business opportunities, and education of business management. For indicator 1 about willingness to accept tax socialization delivered by KPP Pratama in the neighborhood around the residence, and the 2nd indicator about KPP that is able to provide business plan solutions, score 2.7 and 2.9 (with a scale of 1 to 5), which means that the efforts of KPP Pratama have not been felt by respondents thoroughly about tax socialization and business plan solutions. In this variable, only indicator 5 provides a good descriptive statistical result of 4.0 (with a range of 1 to 5), which means KPP’s efforts to provide opportunities for cooperation between fellow business partners to develop the business, have been felt by most respondents.

Then for variables the taxpayer awareness level (X3) gives an average rating score of 3.8 (with a scale of 1 to 5) which means respondents have sufficient awareness in paying taxes. The first and third indicators are the willingness of respondents to pay taxes to get a good score of 4.2 (with a scale of 1 to 5) and the willingness of respondents to register as Taxable Entrepreneurs and pay taxes if they fall into the category as taxpayers, getting a good score of 4.1 (with a scale of 1 to 5). In addition, score 2 is that taxes become the government’s main source of income to finance development, and the willingness of taxpayers to pay taxes on time if they are experiencing economic difficulties, getting a sufficient score of 3.5 (with a scale of 1 to 5). Which means that the public still considers that development financing is not sourced solely from taxes, and the public is still hesitant to pay taxes if experiencing economic difficulties.

Then the last variable is the taxpayer compliance rate (Y), this variable has 5 indicators. For indicator 3, it is about feeling comfortable if you have not paid taxes on time and the perception of taxes such as debt to be paid gets a moderate score of 3.9. While indicator 1 about the receipt of employees who intend to do tax collection gets a score of 3.3, and the perception of unpaid taxes or administrative errors cause to become underpaid taxes also get a score of 3.4. Even the perception of objections about the amount of taxes to be paid scored 2.9, which means respondents still answered neutrally or hesitantly.

**Hypothesis Test Results**

The results of regression testing on three independent variables, namely tax revenue rate, education level, and taxpayer awareness level of independent variables, namely taxpayer compliance rate, can be seen in the regression table below.

<table>
<thead>
<tr>
<th>Model Summary&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

Based on the display of SPSS output above the summary model the amount adjusted R2 is 0.137 or 13.7% means only 13.7% variation in taxpayer compliance can be explained by three independent variables, namely tax revenue rate, tax education level, and taxpayer awareness level. The remaining 86.3% was explained by other reasons outside the model. Standard error of the estimate 0.28619. The smaller the SEE value will make the regression model more precise in predicting dependent variables.
Table 4. Simultaneous Significance Test Results (Statistical Test F)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.709</td>
<td>3</td>
<td>.903</td>
<td>10.872</td>
<td>.000**</td>
</tr>
<tr>
<td>Residual</td>
<td>15.281</td>
<td>184</td>
<td>.083</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17.990</td>
<td>187</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependant Variable: Y
b. Predictors: (Constant), X3, X1_PnmmPjk, X2_EduPjk

Based on the ANOVA test or F test obtained a calculated F value of 10.872 with a probability of 0.000. Since the probability is much less than 0.05, this regression model can be used to predict a taxpayer's compliance rate or it can be said that the tax revenue rate, tax education rate, and tax awareness level together have a positive effect on the level of taxpayer compliance.

Table 5. Individual Parameter Significance Test Results (Statistical Test t)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.611</td>
<td>.288</td>
<td>2.920</td>
<td>.005</td>
</tr>
<tr>
<td>X1_PnmmPjk</td>
<td>.050</td>
<td>.032</td>
<td>1.655</td>
<td>.119</td>
</tr>
<tr>
<td>X2_EduPjk</td>
<td>.151</td>
<td>.027</td>
<td>5.530</td>
<td>.000</td>
</tr>
<tr>
<td>X3</td>
<td>.580</td>
<td>.376</td>
<td>1.542</td>
<td>.125</td>
</tr>
</tbody>
</table>

a. Dependant Variable: Y

Table 5 states that all independent variables have a positive influence which means all hypotheses are accepted, but the degree of significantly varies. Then for the regression equation model based on the statistical test t can be concluded as follows:

Taxpayer compliance rate = 0.811 + 0.50 tax revenue rate + 0.151 tax education rate + 0.580 taxpayer awareness level

For figure 1 is scatterplot after the regression model equation after treatment as previously outlined.

Figure 1. Scatterplot of regression model equations
Based on the results of figure 1, namely scatterplot images after treatment due to heteroscedastic, the dots begin to collect in an area which means more homogeneous and rejects the occurrence of heteroscedastic.

**Regression Results hypothesis 1**
The researchers' second hypothesis wanted to test whether the rate of tax receipts had a positive effect on the rate of taxpayer compliance. Researchers partially tested with individual parameter significance test (statistical t test). Based on table 5 above, the test of variable X1 is the rate of tax receipts to the taxpayer compliance rate (Y) in the regression model equation is not significant at 0.050 because the value is 0.119 with a coefficient value of 0.050 and a t value of 1.565. Therefore, the conclusion of this hypothesis is accepted but statistically insignificant.

**Regression Results hypothesis 2**
Hypothesis three researchers want to test whether the level of education by the government fiscus / apparatus positively affects the level of taxpayer compliance. Based on table 5 above, the test of variable X2 is the level of tax education to the level of taxpayer compliance (Y) in the regression model equation is significant at 0.000 with a coefficient value of 0.151 and a t value of 5,530. Therefore, the conclusion of the third hypothesis is accepted and statistically significant.

**Regression Results hypothesis 3**
Hypothesis four researchers wanted to test whether the level of taxpayer awareness had a positive effect on the rate of taxpayer compliance. Based on table 5 above, the test of variable X3 is the level of taxpayer awareness of the taxpayer compliance rate (Y) in the regression model equation is not significant because it is much larger than 0.05 which is 0.125 with a coefficient value of 0.580 and a t value of 1.542. Therefore, the conclusion of the hypothesis is accepted but statistically insignificant.

The conclusion of the results of the regression test to the three hypotheses can be seen in table 6 below:

<table>
<thead>
<tr>
<th>Type of hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Accepted but statistically insignificant</td>
</tr>
<tr>
<td>H2</td>
<td>Accepted and statistically significant</td>
</tr>
<tr>
<td>H3</td>
<td>Accepted but statistically insignificant</td>
</tr>
</tbody>
</table>

**Discussion of the Results of the Hypothesis**
Based on the results of the above tests can be informed that the level of tax revenue has a positive influence on the level of compliance of the taxpayer, although the results are not statistically significant. The level of tax revenue provides new hope for the government for development financing and the start of growing public confidence in the government's attitude in accountability of state finances with the existence of controlling institutions such as the Inspectorate General, the Financial Supervisory Agency, or the Corruption Management Committee. The Directorate General of Taxes under the Ministry of Finance has also been able to gain public trust, as evidenced by the public's response about taxes paid to the State and in the interests of state development. Similarly, public trust in financial institutions in the region such as BPKAD (Regional Financial and Asset Management Agency) that collect or withdraw community taxes in the area.

Furthermore, for the third hypothesis, the level of tax education has a positive effect on the level of compliance taxpayers get received and significant results. This means that the public increasingly believes in the tax department including the institution under it, namely the Pratama Tax Service Office (KPP) spread across Central Java Province. The crisis of trust in this institution has returned when a few years ago there was a crisis about the existence of tax employees who smuggle taxes that make people distrustful and reluctant to pay taxes, for fear that the money they pay as taxes will be
misused by the tax authorities. Especially now there is a proactive effort of KPP Pratama to partner with the community, especially those who have efforts to provide extra services and conveniences and facilities to develop their business. These services, for example, NPWP management services (Taxpayer Identification Number), Taxable Entrepreneurs Strengthening services, provide various kinds of education and socialization about tax awareness, for example at the beginning of the year KPP Pratama offers assistance in filling e-ap or manual to people who have not reported their taxes, education about MSME taxes, invitations to partner and provide tax coaching and other extensions related to business development, doing exhibitions or job fairs in some areas, so that MSME products are sold in demand so that they can pay MSME tax derived from 0.50% x MSME turnover, as well as other types of education.

Then about the third hypothesis, namely the level of taxpayer awareness positively affects the level of taxpayer compliance, the results of this hypothesis test are accepted but not significant. The public is increasingly aware of paying taxes, although not followed by compliance with paying taxes. This means that the public understands and is aware of its obligation to pay taxes, but not always obediently pay taxes, evidently the response of respondents who relate between taxpayer awareness and relatively moderate taxpayer compliance.

**Conclusion**

Related to the influence of tax revenue, tax education, tax awareness of taxpayer compliance, researchers used questionnaires and obtained 190 respondents, but 2 respondents were forced to drop because outside central Java. Researchers then tested descriptive statistics, reliability and validity, classical assumptions and regression to obtain accurate, valid and unbiased hypothesis answers. Based on the results of hypothesis testing, it can be concluded that the level of tax receipts positively affects the level of tax compliance received but statistically not significant. The level of tax education has a positive effect on the level of compliance taxpayers receive but statistically insignificant.

Suggestions for future research, may need to add some variables that affect taxpayer compliance, for example, the decline of the economic sector due to pandemic conditions, the limitations of fiscus in conducting education, and the decrease in taxpayers’ pay power due to pan-demic conditions covid 19.

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