The Effect of Tax Incentives, Account Representatives on Taxpayer Compliance with the Self Assessment System as a Moderation

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Abstract

This study was conducted to test whether tax incentives and account representatives have a strong enough influence to increase individual taxpayer compliance during covid19. Meanwhile, this study was also conducted to determine whether tax incentives and account representatives are able to influence individual taxpayers to obey in calculating, depositing, and reporting annual notification letter in a timely manner. This study uses primary data obtained by distributing questionnaires to individual taxpayers in the city of Malang. The data is quantitative which will letter be analyzed using the SPSS 25 application. In this study, it was found that tax incentives and account representatives have a positive and significant effect on individual taxpayer compliance. In this study, it was found that tax incentives had an insignificant effect on taxpayer compliance and account representatives had a significant effect on individual taxpayer compliance. While the self assessmesnt system variable has not been able to moderate tax incentive policies on taxpayer compliance but is able to moderate the performance of account representative on tax payer compliance.

1. INTRODUCTION

In 2019, Indonesia was shaken by a virus that spread rapidly and claimed a lot of lives, the virus is known as covid-19. Not only Indonesia, but many other countries have also implemented regional restrictions or called lockdowns due to being affected by Covid-19. With the lockdown, it will directly affect sectors related to people's daily mobility. The consequences of Covid-19 are very serious and unavoidable, not only the health of citizens must be prepared, but it is also important that the state must also really prepare state finances to face the Covid-19 pandemic. For several years, Indonesia's economy has slowed down and even stopped for a moment due to the Covid-19 pandemic.

The spread of Covid-19 cases has an impact on the Indonesian economy, which also has an impact on tax revenue, so that it slows down and also cannot meet the tax revenue

realization target. In addition, the government also needs a lot of funds to overcome the pandemic. In Indonesia, the largest source of funds is obtained from tax revenue. Due to the spread of Covid-19 cases, it causes a decrease in people's income and has an impact on tax revenue. Through fiscal spending, the government can influence the level of national income, employment opportunities, national investment, and national income distribution. One form of fiscal policy pursued by the Indonesian government is to provide fiscal stimulus and pour it into several legal and regulatory instruments. One of them is the issuance of PMK No. 149/PMK.03/2021.

According to the regulation, one of the fiscal policies provided is tax incentives. Tax incentives are a special tax provision that is different when compared to the provisions that apply in general. These tax incentives can only be used by parties who meet the criteria or conditions that have been determined. It can be imagined, when the economy weakens and taxpayers still have to pay high taxes with difficulty, it can result in the closure of their business. Referring to an article written by the pajakonline.com, the government said that the realization of tax incentives for the business world reached Rp 59.08 trillion as of September 24, 2021. With the existence of fiscal policies, especially on tax incentives, it is hoped that the public will have a responsibility in terms of taxation to be more compliant in fulfilling their tax obligations. Fadjar O.P. Siahaan (2005) in (Latief et al., 2020) the definition of tax compliance is that taxpayers have the willingness to fulfill their tax obligations. Taxpayers' compliance in fulfilling their tax obligations will increase state revenue and in turn will increase the size of the tax ratio (Latief et al., 2020).

In order to increase taxpayer compliance, the government continues to make efforts in terms of modernizing tax administration. The modernization of tax administration has provided many fundamental changes ranging from organizational restructuring to human resource development and the use of information technology in tax administration (Suyanto & Setiawan, 2017). In the tax modernization system, the creation of a taxpayer profile is something that must be done by a modern tax service office, where in making the profile an account representative is needed who is required to be closer, more acquainted, and more aware of the condition of the taxpayer, so that tax intensification activities in order to increase tax revenue can run well. Decree of the Minister of Indonesia Number 79/PMK.01/2015 concerning Account Representatives at Tax Service Offices, that Account Representatives are one of the spearheads of exploring the potential of state revenue in the field of taxation which carries out the task of tax intensification through the provision of guidance/appeals, consultation, analysis and supervision of taxpayers. The Account Representative is also tasked with providing intensive supervision to taxpayers. Intensive supervision is needed to support the self-assessment system implemented in Indonesia since 1984 (Irawan et al., 2013).

The Self Assessment System is one of the tax collection systems that applies in Indonesia where this system charges the determination of the amount that needs to be paid by the taxpayer concerned independently. This system provides convenience and flexibility for taxpayers, because taxpayers are authorized to calculate, calculate, pay, and report tax obligations owed independently. But on the other hand, the implementation of

this collection system also has consequences. Taxpayers will usually try to deposit the smallest tax possible because taxpayers have the authority to calculate the amount of tax owed that needs to be paid. Taxpayer compliance in fulfilling their taxes is one of the parts of the tax collection system, namely the self-assessment system, where taxpayers are responsible for all correct, accurate, and timely tax determinations at the time of tax payment and tax return submission.

For this reason, the researcher wants to research problems related to factors that affect taxpayer compliance, one of which is in the form of providing tax incentives and also the participation of employees who are appointed and designated as account representatives. This research focuses on how tax incentive policies affect the level of taxpayer compliance and employee participation in tax administration affairs with a collection system in the form of a self-assessment system. Research conducted by (Dewi Syanti, Widyasari, 2020) shows that tax incentives provided by the government during the pandemic do not have a significant effect on taxpayer compliance. This is because tax incentives are only given from April to December 2020. Meanwhile, the pandemic is still continuing until 2021, so that the Indonesian economy is declining, with the provision of tax incentives, it is hoped that it can increase tax revenues and increase taxpayer compliance.

2. LITERATURE REVIEW

1. Taxes

According to Mardiasmo, taxes are contributions paid by the people to the state that are included in the state treasury that implements the law and its implementation can be forced without any recompense for services. The contribution is used by the state to make payments in the public interest.

2. Tax Incentive Policy

Policy or policy review can also refer to the decision-making process – important decisions of the organization, including the identification of various alternatives such as program priorities or expenditures, and their selection based on their impact. Policy can also be interpreted as a political, managerial, financial, or administrative mechanism to achieve an explicit goal.

UNCTAD (United Nations Conference on Trade and Development) defines tax incentives as any form of incentive that reduces the tax burden of companies with the aim of encouraging these companies to invest in certain projects or sectors.

3. Account Representative

The Account Representative is the liaison between the KPP and the taxpayer who is responsible for conveying tax information effectively and professionally. They are trained to respond effectively to questions and problems raised by taxpayers as responsively as possible. The Account Representative is also responsible for ensuring that taxpayers also get their rights transparently, the Account Representative has an understanding of the business and the needs of taxpayers in relation to their tax obligations. For this reason, Account Representatives regularly receive training and education from various resource persons, Account Representatives are developed to

serve taxpayers excellently by meeting the needs for expected facilities and providing comfort to taxpayers (Denziana & Handi, 2015).

4. Self Assessment System

The Self Assessment System is a tax collection system that gives all authority to taxpayers in fulfilling their tax obligations. The tax obligation in question is in the form of calculating the amount of tax payable, calculating the amount of tax payable, paying the amount of tax payable, reporting, and taking responsibility for the tax payable by the taxpayer concerned. Thus, the success or failure of the implementation of tax collection depends a lot on the taxpayers themselves.

5. Taxpayer Compliance

Tax compliance is taxpayers' awareness of their tax obligations which must be completed without coercion and completed correctly and in a timely manner in accordance with applicable laws and regulations.

3. RESEARCH METHODS

The approach in this study uses a quantitative approach. This type of research is primary data, with research data sources derived from questionnaires distributed by researchers through google forms. The sampling technique used in this study is incidental sampling, which is a technique for determining samples based on chance, that is, anyone who coincidentally meets the researcher can be used as a sample, if it is considered that the person who happens to meet is suitable as a source of data (Sugiyono, 2013).

4. RESULTS AND DISCUSSION

a. Validity Test

Table 1. Validity Test Results

It	Indicators	Pearson Correlation	Information
1	X1.2	0,450	Valid
2	X1.2	0,710	Valid
3	X1.3	0,331	Valid
4	X1.4	0,480	Valid
5	X2.1	0,634	Valid
6	X2.2	0,374	Valid
7	X2.3	0,498	Valid
8	X2.4	0,627	Valid
9	X2.5	0,408	Valid
10	M.1	0,444	Valid
11	M.2	0,528	Valid

12	M.3	0,478	Valid
13	M.4	0,794	Valid
14	M.5	0,363	Valid
15	Y.1	0,585	Valid
16	Y.2	0,56	Valid
17	Y.3	0,393	Valid
18	Y.4	0,617	Valid

Source: Data processed, 2022

The results of the validity test in table 1 above can be seen that the indicators used are all valid, while some indicators are declared invalid and abolished in this study. The indicator is invalid because the pearson correlation value is less than the r-value of the table of 0.304.

b. Reliability Test
Table 2. Reliability Test Results

Variable	Cronbach Alpha	Information
Tax Incentive Policy	0,749	Reliable
Account Representative Performance	0,707	Reliable
Self Assessment System	0,753	Reliable
Taxpayer Compliance	0,797	Reliable

Source: Data processed, 2022

The table above shows that the Cronbach Alpha value for all variables has a value of more than 0.70 which means that all variables have reliable results and can be continued to the next test.

Classical Assumption Test
a. Normality Test
Table 3. Normality Test Results

Normality Test	Value
Kolmogrov-Smirnov Test	0,128
Asymp. Sig. (2-tailed)	0,095

Source : Data processed, 2022

The table above shows that the residual Kolmogrov Smirnov value is 0.128 with a significance value of 0.095, so it can be concluded that the data is normally distributed because the significance is more than 0.05.

b. Multicollinearity Test
Table 4. Multicollinearity Test Results

Variable	Test Results	
	Tolerance	VIF
Tax Incentive Policy	0,583	1,715
Account Representative Performance	0,674	1,483
Self Assessment System	0,830	1,205

Source : Data processed, 2022

The table above shows the output results of the multicollinearity test, it is known that the tolerance value above is more than 0.10 and the VIF value is less than 10.00. It can be concluded that all variables are not multicollinear.
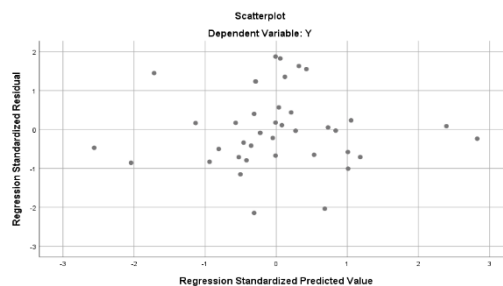
c. Heteroscedasticity Test

Figure 1. Heteroscedasticity Test Results

The image above shows the results of the graph where there are points that spread out and do not form a clear pattern. It can be concluded that there are no symptoms of heteroscedasticity.

Multiple Linear Regression Test
a. Partial Test (t)
Table 5. Statistical Test Results t

Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3,546	3,948		,898	,375
X1	,426	,226	,305	1,882	,068
X2	,440	,200	,356	2,199	,034

Source : Data processed, 2022

Based on the table above, the significance value of each independent variable was obtained. The conclusions related to the above results can be seen as follows:

1. The Tax Incentive Policy variable has a calculated t value of 1.882 smaller than the table t of 2.024. Therefore, it can be concluded that the tax incentive policy has no effect on taxpayer compliance.

2. The Account Representative Performance variable has a calculated t-value of 2.199 greater than the table's t-value of 2.024. Therefore, it can be concluded that the performance of account representatives has a significant effect on taxpayer compliance.

b. Simultaneous Test (F)
Table 6. Statistical Test Results t

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	109,73	2	54,865	9,673	,000(b)
	Residual	209,87	37	5,672		
	Total	319,6	39			

Source : Data processed, 202

The table above shows a significance value of 0.000 and a calculated F value of 9.673 so that it can be concluded that the tax incentive policy variables and the performance of the account representative simultaneously affect taxpayer compliance because the significance value is less than 0.005 and the calculated F is greater than 4.105 (F table).

c. Determination Coefficient Test
Table 7. Determination Coefficient Test Results

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,586(a)	,343	,308	2,38163

Source : Data processed, 2022

The table above shows the determination coefficient of the adjusted r square value of 0.308. This means 30.8%, which shows that taxpayer compliance is influenced by tax incentive policy variables and account representative performance. The remaining 69.2% was influenced by other variables that were not studied in this study.

Moderation Regression Test with Absolute Difference Value Approach
a. **Partial Test (t)**
Table 8. Statistical Test Results t

Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	20,650	,770		26,801	,000
Zscore: Tax Incentive Policy	,569	,515	,199	1,105	,277
Zscore: Account Representative Performance	1,130	,484	,395	2,334	,026
Zscore: Self Assessment System	,562	,432	,196	1,300	,202
X1_M	-,378	,664	-,082	-,570	,572
X2_M	,287	,542	,078	,530	,600

Source : Data processed, 2022

From the table above, several conclusions can be drawn as follows:

a. The significance value of the tax incentive policy variable t test (X1_M) was obtained 0.572. The value is more than 0.05 which means that the value is not significant. Furthermore, in the standardized beta coefficient, a value of -0.082 was obtained, which indicates that the interaction is heading in a negative direction. Thus, the use of *self-assessment system* variables is included in the category of not moderation variables but included in the free variables.

b. A significant value of the t-test of the account representative performance variable (X2_M) of 0.600 was obtained. The value is more than 0.05 which means that the value is not significant. Furthermore, in the standardized beta coefficient, a value of 0.078 was obtained, which indicates that the interaction is leading in a positive direction. Thus, the use of *self-assessment system* variables is included in the category of not moderation variables but included in the free variables.

c. Simultaneous Test (F)
Table 9. Statistical Test Results F

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	122,676	2	24,535	4,236	,004(b)
	Residual	196,924	34	5,792		
	Total	319,600	39			

Source : Data processed, 2022

The results of the table above show that the F value is calculated at 4.236 with a significance level of 0.004, far below 0.05. This means that the variables X2_M, Zscore: Account Representative Performance, Zscore: Self Assessment System, X1_M, Zscore: Tax Incentive Policy jointly or simultaneously affect taxpayer compliance.

d. Determination Coefficient Test
Table 10. Determination Coefficient Test Results

Type	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	,620	,384	,293		2,407

Source : Data processed, 2022

Based on the results of the determination coefficient test, the R^2 (Adjusted R Square) value is 0.293. This means that 29.3% of taxpayer compliance is influenced by variables X2_M, Zscore: Account Representative Performance, Zscore: Self Assessment System, X1_M, Zscore: Tax Incentive Policy while the remaining 70.7% is influenced by other variables that were not studied in this study.

Discussion
The Effect of Tax Incentive Policy on Taxpayer Compliance
The first hypothesis (H1) states that tax incentive policies have a positive but not significant effect on taxpayer compliance. The results of the analysis show that the regression coefficient is 0.426 and the significance value is 0.068. Based on the results of the analysis, it is shown that the tax incentive policy has a positive but not significant effect. This means that the tax incentives provided during the pandemic do not have a significant effect on taxpayer compliance. This is because individual taxpayers who take advantage of tax incentives are only a small number of individual taxpayers as a whole, thus the first hypothesis is rejected.

Tax incentives are policy programs provided by the government to taxpayers to encourage national economic recovery and to encourage investors to invest in certain

sectors. But unfortunately, the policy program has not reached all individual taxpayers because not all taxpayers understand and understand the existence of the tax incentive policy program.

In line with the theory of attribution developed by Fritz Heider (1958) in (Mindarti et al., 2016) which argues that a person's behavior is caused by external factors that are considered to be the result of causes outside the individual, that is, the individual is considered to have been forced to behave what others want. Tax incentive policies are factors from outside a person's personality in doing their taxation. If tax incentives can be used by all individual taxpayers at KPP Malang Utara, it will have a good influence on taxpayers in increasing taxpayer compliance.

This research is supported by research conducted by (Dewi Syanti, Widyasari, 2020) which states that tax incentive policies have a positive but not significant effect on taxpayer compliance. The existence of tax incentive policies should be able to increase tax revenues and taxpayer compliance. But it is not necessarily in line with a smooth and smooth process, because there are obstacles such as the lack of socialization provided by tax officers and taxpayers who are not aware of the existence of tax incentive policy programs.

The Effect of Account Representative Performance on Taxpayer Compliance

The second hypothesis (H2) states that the performance of *account representatives* has a positive and significant effect on taxpayer compliance. The results of the analysis show that the regression coefficient is 0.440 and the significance value is 0.034. Based on the results of the analysis, it shows that the performance of account representatives has a positive and significant effect. This means that the better the performance of *the account representative* given, the more taxpayers will be motivated to carry out their tax obligations properly so that it will have an impact on the level of compliance of taxpayers at KPP Pratama Malang Utara. This means that the performance of the account representative at KPP Pratama Malang Utara has done its job well in helping taxpayers to solve problems and provide information about taxation to taxpayers at KPP Pratama Malang Utara, thus the second hypothesis is accepted.

The Account Representative is the liaison between the KPP and the taxpayer who is responsible for conveying tax information effectively and professionally. They are trained to respond effectively to questions and problems raised by taxpayers as responsively as possible. *The Account Representative* is also responsible for ensuring that taxpayers also get their rights transparently, *the Account Representative* has an understanding of the business and the needs of taxpayers in relation to their tax obligations. For this reason, *Account Representatives* regularly receive training and education from various resource persons, *Account Representatives* are developed to serve taxpayers excellently by meeting the needs for expected facilities and providing convenience to taxpayers (Denziana & Handi, 2015).

In carrying out their duties as supervisors and supervisors, *account representatives* also emphasize the formal compliance of taxpayers regarding the reporting date and the correctness of the contents of the tax returns deposited by taxpayers. This is in

accordance with the compliance theory related to taxpayer compliance which states that improving the quality and quantity of services is expected to increase taxpayer compliance in reporting tax returns correctly and on time.

In line with the theory of attribution first developed by Fritz Heider (1958) in (Mindarti et al., 2016) which argues that a person's behavior is caused by external factors that are considered to be the result of causes outside the individual, that is, the individual is considered to have been forced to behave what others want. The performance of an Account Representative is a factor from outside the individual in carrying out his taxation. If the Account Representative performs its duties and functions well, this will have a good influence on taxpayers in increasing their taxpayer compliance.

This research is supported by research conducted by (Irawan et al., 2013) which states that the performance of account representatives has a significant effect on taxpayer compliance at KPP Pratama Tarakan. Furthermore, it is supported by research conducted by (Fadhilatunisa, 2018) which states that the performance of account representatives has a positive effect on taxpayer compliance at KPP Pratama Bandung Cicadas.

Self Assessment System Moderates the Relationship Between Tax Incentive Policies and Taxpayer Compliance

The third hypothesis (H3) states that the self-assessment system moderates the relationship between tax incentive policies and taxpayer compliance. The proof of the hypothesis can be seen from the significance value of the X1_M variable of 0.572 greater than 0.05. The value of the moderate coefficient was -0.378. Based on the results of the analysis, it is shown that the interaction between the self-assessment system and the tax incentive policy has no effect on taxpayer compliance at the North Malang Pratama KPP or weakens the relationship between the tax incentive policy and taxpayer compliance. So it can be concluded that the H3 self-assessment system is not a moderation variable in the relationship between tax incentive policies and taxpayer compliance. So it can be concluded that H3 in this study was rejected.

A justification that may explain the absence of moderation or interaction between the self-assessment system and the tax incentive policy on taxpayer compliance at KPP Pratama Malang Utara is because all taxpayers have not fully utilized the policy program. Of the total individual taxpayers registered at KPP Pratama Malang Utara, it is known that only 0.005% take advantage of the tax incentive policy program every year. This amount is very minimal and results in the absence of taxpayer compliance in fulfilling their tax obligations through the self-assessment system method applicable in Indonesia.

Self Assessment System Moderates the Relationship Between Account Representative Performance and Taxpayer Compliance

The fourth hypothesis (H4) proposed in this study is that the Self Assessment System moderates the relationship between Account Representative Performance and Taxpayer Compliance. The proof of the hypothesis can be seen from the significance value of the X2_M variable of 0.600 greater than 0.005. The value of the moderate coefficient is 0.287. Based on the results of the analysis, it was shown that the interaction between the self-

assessment system and the performance of the account representative had no effect on the compliance of taxpayers at the North Malang Pratama KPP or weakened the relationship between the performance of the account representative and the compliance of taxpayers. So it can be concluded that the H4 self-assessment system is not a moderation variable in the relationship between account representative performance and taxpayer compliance. So it can be concluded that H4 in this study is rejected.

A justification that may explain the absence of moderation or interaction between the self-assessment system and the performance of account representatives on taxpayer compliance at KPP Pratama Malang Utara is because taxpayers need counseling that is consistent with a frequency that is more often carried out over a long period of time and carried out by account representatives. This is in accordance with the compliance theory which states that the compliance theory can make a person more compliant with the applicable regulations, so that there is no fraud in paying and no delays in submitting tax returns by taxpayers.

5. CONCLUSION

Based on the results of research and discussion, it was obtained that the tax incentive policy variable has a positive but not significant effect on taxpayer compliance, this occurs because the number of taxpayers who take advantage of tax incentives is very small when compared to the total number of taxpayers, in addition to the lack of information obtained by taxpayers about tax incentives causes a lot of taxpayers who do not take advantage of policy programs mentioned. The performance variable of the account representative has a positive and significant effect on taxpayer compliance, this of course has a very good impact on the world of taxation, if the account representative continues to maintain its good performance, it will indirectly increase taxpayer compliance in fulfilling its tax obligations.

As for the moderation variable, namely the self assessment system has not been able to moderate independent variables to the dependent variables, because quite a lot of taxpayers do not really understand what the meaning of the self assessment system itself is, here the role of tax officers and account representatives is needed where taxpayers must be given counseling related to what the self assessment system is, so that later more and more taxpayers will carry out their own obligations. If the self-assessment system can be implemented properly, it will be an advance for the world of taxation, where taxpayer awareness is needed in fulfilling their obligations independently.

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