

The effect of administration system and tax reports on line on service quality and restaurant's tax-payer compliance in Badung Regency

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Abstract. Administration system and tax reports have significant role in increasing tax-payer compliance as well as the quality of service. The purpose of this research is to describe the effect of implementation of administration system and tax reports by on line on the quality of service and restaurant tax-payer compliance in area of Badung Regency. This research is quantitative research which use primary and secondary data and then analyzed using structural equation model (SEM). The analysis result shows that administration system and tax reports by on line have significant effect on tax-payer compliance, which shown by significant values 0,00 ($0,00 < 0,05$). The quality of service has significant effect to taxpayer compliance is shown by significant value as 0,00 ($0,00 < 0,05$). Administration system and tax reports by on line do not have significant effect on quality of service shown by 0,30 ($0,30 > 0,05$). For institution, in this case Regional Revenues Agency of Badung Regency, it is suggested to increase services, accuracy and simplicity of administration and reports system as well as to tax payer to continually update the new tax regulations to increase tax-payer compliance.

1. Introduction

Technology development has significant progress nowadays, as well as in archived technology (Dewi, 2009). The progress in archival technology is a new innovation in processing archive that is electronic archives. Electronic archives, surely, more practical and has lower risk. Sophisticated electronic archives are archival technology which is implemented by any public institution as well as businesses.

Modern tax administration system is the improvement or perfection of administration performance which done by individuals, groups or institutions to become efficient, economical and faster. Modernization in tax administration system can be done through registration tax payer by on line, reports tax return/ tax letter of notification (SPT) by on line. Modernization, moreover, is implementation of latest information technology in tax services by on line such as e-registration, e-SPT, e-Filling etc.

On line tax system has a favorable effect on restaurant's entrepreneur in Badung regency. Tax payer has no need to count the tax amount to be paid because the system has done it automatically. The implementation of this system can be done because of collaboration between Bali Regional Bank (BPD Bali) and Regional Revenue Agency of Badung (Dispenda Badung).

From all restaurants in area of Badung regency till 2016, it is recorded 223 registered restaurants as tax-payers on line and the rests do it manually. Fulfilling tax obligation of tax payer is manifested in the form of compliance in doing tax obligation such as counts correctly, pays and reports on time.

Based on the background above, the author can formulate the problem in this research is how the effect of tax administration system and tax reports by on line on quality of service and restaurant's tax payer compliance in Badung regency. Accordancing to the problem formulation, this research has

purpose to analyses the effect of implementation of tax administration system and tax reports on quality of service and restaurant's tax payer.

2. Methodology

The technique used for collecting data was a self-developed questionnaire, self-assessment items measured on the 5-point Likert scale, and open questions. Respondents were chosen through random sampling method, from 223 registered restaurants as tax-payers on line. By using Taro Yamane Formula is obtained 69 sample registered restaurant as tax-payers on line.

The dependent variable is taken as Y that indicates compliance of taxpayers, and the independent variable consists of administration system and tax payments on line and service quality. Administration system and tax payments on line consists of tax payments to the local state treasury of Badung regency (X1) and data transmission of tax payment through on-line media (X2). The quality of the service consists of the performance of the appearance (X3) and the active role of the tax payer (X4).

3. Research hypothesis

Based on the explanation above, the hypothesis will be tested in this research are:

- H1 : Administration system and tax reports by on line have significant effect on service quality of restaurant's tax payer in Badung Regency
- H2 : Administration system and tax reports by on line have significant effect on restaurant's tax payer compliance in Badung Regency
- H3 : Service quality to tax payer has significant effect on restaurant's tax payer compliance in Badung regency.

4. Literature review and theoretical framework

After 10 years passed, tax reformation in 1983 continued by reformation in 1994 and 1997 which has changed previous law and establish a new law. In follow-up reformation, income tax tariff has been lowered again and start to introduce final income tax. Beside that, for the first time, local tax and local retribution have been formulated into a law. In the local level, Badung regency has established local regulation concerning taxing to restaurant and hotel, that is Peraturan Daerah Kabupaten Badung Nomor 15 Tahun 2011 tentang Pajak Hotel (Badung Local Regulation Number 15 Year 2011 about Hotel Tax) and Peraturan Daerah Nomor 16 Tahun 2011 tentang Pajak Restoran ((Badung Local Regulation Number 16 Year 2011 about Restaurant Tax).

Research model development in order to know the driving factors of individual in using certain system, has been done a lot. Technology Acceptance Model (TAM) developed by David F.D (1989) is one of models which has been used a lot in research of information system (IS) because it is simple and easy to be implemented. TAM model which is naturally adopted from The Theory of Reasoned Action (TRA) model which is theory of reasoning action and developed by Fishbe and Ajzen (1975) with one premise that someone's perception and reaction about something will determine someone's attitude and behavior. The Theory of Reasoned Action (TRA) is a special model that has proven to predict and explain someone's behavior in using technology in diverse areas. One of the models is Unified Theory of Acceptance and Use of Technolog (UTAUT) which is developed by Venkatesh, et al. (2003). UTAUT model is one of the latest model which is suitable to be used to identify factors about acceptance of using e-Filling because this model is the result of combination of previous models which has eliminated the weakness and combine superiority of previous models to become a new model.

However there is inconsistency result, so it is appropriate to do another research using UTAUT model to test this model. Research done by Winna (2012) explained that performance and effort expectation have effect to someone's behavior interest to use e-Filling, and on the other hand, complexity, experience, safety and secrecy do not have effect to interest in using e-Filling. This result is consistent with research by Venkatesh, et al. (2003). The same result shown by the research done by AlGhamdi et al. (2012), Affandy and Mahendra (2013), Widyawati (2013), and also by Andayani and Bendi (2013). There is also another research that shows a different result done by Alshehri et al. (2012) which did research using UTAUT model and analyzed benefit acceptance of e-Government. The result shows that

performance expectation, effort expectation and facility condition have positive effect to the interest of using e-Government, and the other hand social factors did not have significant effect. Another research also shows different result done by Djunaidy dkk (2013), and Al-Qeisi et al. (2015).

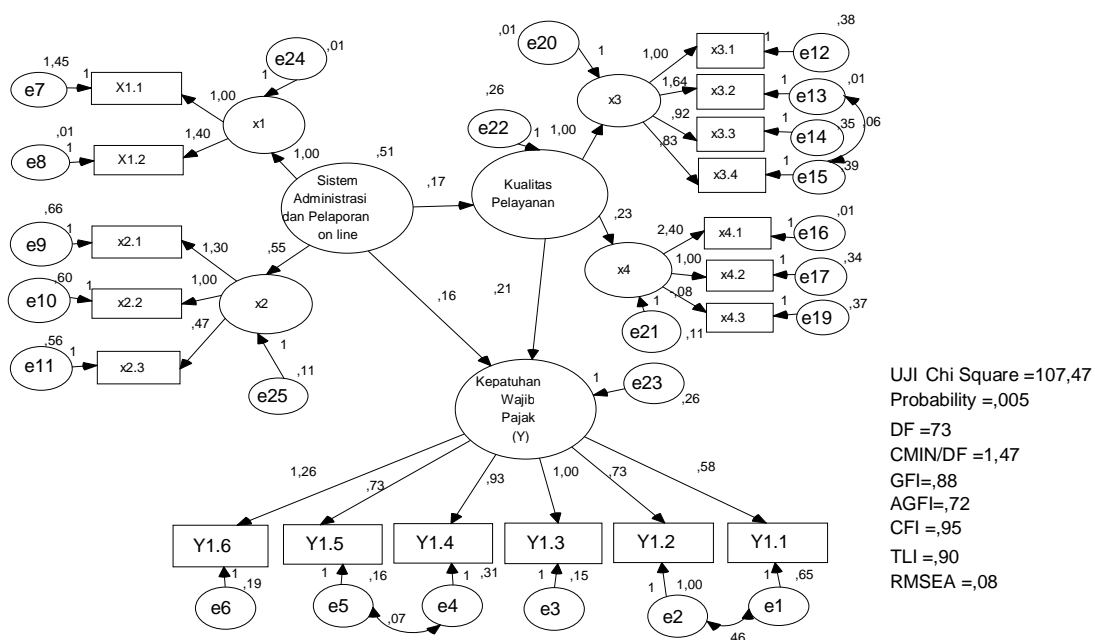
Tax payer compliance defines as counting and reporting tax obligation on time to all information needed, fill in correctly amount owed tax, paid it on time without any coercion. Disobedience arises if one of conditions as defined is not fulfilled (Kiryanto dalam Hardika, 2006). Tax payer compliance can be divided into two which are voluntary compliance and direct enforcement (Marquardt in Hardika, 2006). In tax system using self-assessment system, it is emphasized on voluntary compliance and it is a significant factor. Voluntary compliance can be realized properly if it is supported, such as, by implementation of sanction to tax violations explicitly, less personal contact between tax officer and tax payer and there is a good tax administration.

Deterrence theory is based on beneficial paradigm and has closed relationship with exchange theory in sociology science and utility theory in economic science. This theory explains about a model which consider about potential costs and benefits will be gotten from certain decision chosen. Material and physical loss come up from legal sanction as a potential loss cause of illegal action taken. Therefore, related to deterrence theory, someone's perception to legal certainty will effect someone's commitment to do illegal action. Deterrence theory is researching about a deterrent effect by implementing punishment to behaviour illegally or unwanted behaviour. Punishment can be given in three forms which are legal sanction (*state-imposed punishment*), defective (stigma), and social sanction (*peer-imposed punishment*) and feel guilty (*self-imposed punishment*) (Grasmick and Green in Hardika, 2006), Furthermore, Gibb classifies general deterrence into absolute deterrence (prevention of criminal act) and restrictive deterrence (restriction of the number of times an individual commits a crime) (Hardika, 2006).

5. Results and Discussion

5.1. Test goodness of fit

Overall suitability of the model can be tested using some indicators of absolute vales. Using method developed by AMOS program which accommodate all conformity indicator models at least there are 30 statistical indicators of conformity (Byrne, 2001:80). As shown, that all indicators of Goodness of Fit test are stand in range of values that are expected and therefore this model is accepted. Above table shows the values of χ^2 – Chi square, GFI, AGFI, CFI, TLI, IFI, NFI, CMIN/DF, FMIN, RMSEA, nearly it almost shows good result and can be accepted.



5.2. *The significant effect of administration system and tax reports by on line to service quality of tax payer*

The effect of administration system and tax reports by on line on service quality of tax payer as shown in above table is 0,17 with standard error 0,16 and critical ratio 1,04. Insignificant properties shown in the table based on the value of t-table is bigger than 0,05. Therefore, the hypothesis that states administration system and tax reports by on line have significant effect on service quality of tax payer is unacceptable. It means that administration system and tax reports by on line do not have effect on service quality. The reason is because both tax reports and tax payment by on line are not dependable to tax officer. It is because there is no direct personal contact between tax officer and tax payer in giving those services.

The effect of administration system and tax reports by on line on service quality of tax payer is small that indicates that there is not enough reasons to support that the effect of administration system and tax reports by on line to service quality of tax payer. The result of this current research is different with a research by Santi, Musadieq and Heru Susilo (2015) which showed that e-Tax quality has significant effect to service quality of tax payer. It is understandable because the former research was more emphasized on the benefit of administration system and reports by on line compared with quality of e-Tax. Administration system and tax reports facilitate payment and delivery tax reports easier and have small effect to service quality by tax officer. The former research was more emphasized on quality of e-Tax and the current research is emphasized on benefits and convenience that can be provided by administration system and tax reports by on line

5.3. *The effect of administration system and tax reports by on line to tax payer compliance*

The effect of administration system and tax reports by on line on tax payer compliance is 0, 16 with standard error 0, 08 and critical ratio 2, 62. Based on result test, p value is less than 0, 05. Therefore, the hypothesis that states administration system and tax reports by on line have significant effect on tax payer compliance is acceptable. It means that administration system and tax reports by on line have positive and significant effect to tax payer compliance. Improvement in administration system and tax reports will increase tax payer compliance. It happens because it is difficult for tax payer to do tax avoidance and tax evasion.

This results of study support theoretical and empirical views of previous study. This result of this study is accordance with Marquardt (1975), Witte and Woodbury (1985), and Jakson and Milliron (1986) in Hardika (2006) which stated that implementation of tax administration system had effect to tax payer compliance. This result is also similar with Sari (2015), Santi, Musadieq, and Heru Susilo (2015), Fahmi and Fauzan (2012), and Putra, Endang Siti Astuti, and Riyadi (2015) which stated that implementation of modern tax administration system had significant effect on tax payer compliance.

In self-assessment system, tax payer's compliance contains the understanding that tax payer has obligation to count, take into account, pay and report tax accurately, completely and on time. Westat in Jackson and Milliron (1986) stated that : people tend not to care about the amount of money paid when tax collection is done with withholding. Someone will be motivated to avoid paying tax if tax payment done by his/herself.

Tax audit's result as a form of direct enforcement does not give enough significant result for the increase of tax revenue (Marquardt, 1975). Tax payment will be more successful when done by direct enforcement instead of voluntary compliance. In these societies, withholding tax collection is more helpful in increasing tax payer compliance. This condition is supported by prospect theory (Jackson and Milliron, 1986) and deterrence theory (Grasmick and Green, 1980) in Hardika (2006).

5.4. *The effect of administration system and tax reports by on line to tax payer compliance through service quality*

The result of this study is similar with the findings by Marquardt (1975), Witte and Woodbury (1985), and Jakson and Milliron (1986) in Hardika (2006) which stated that tax administration system had effect to tax payer compliance. These results are similar with the findings by 2015), Santi, Musadieq, and Heru Susilo (2015), Fahmi and Fauzan (2012), and Putra, Endang Siti Astuti, and Riyadi (2015) which stated

that implementation of modern tax administration system had significant effect to tax payer compliance through service quality. Reduction in the occurrence of direct contact with apparatus/ tax officers, improvement to data bank will be able to improve tax payer compliance.

6. Conclusion

Based on the description analysis and discussion above, some conclusion can be drawn:

1. Administration system and tax reports by on line have positive effect and significant on tax payer compliance. Improvement in administration system and tax reports will increase tax payer compliance
2. Service quality has positive effect and significant on tax payer compliance. The better the service provided by apparatus/ tax officer, it will raise the awareness of the tax payer to carry out his tax obligations. Tax payer will voluntarily performance his tax obligations either obligation to register, reporting tax letter of notification (SPT), recording and bookkeeping and paying of tax.
3. Administration system and tax reports by on line have no effect to service quality. There is no significant effect of administration system and tax reports caused by the reasons either payment and tax reports by on line are not dependable to tax officer in giving service. There is because tax payer does not have direct contact with apparatus / tax officer.

7. Recommendation

Based on the findings in this study we hereby make recommendation that will increase tax payer compliance as it has been concluded that not only the increasing of accuracy and simplicity of administration system and reporting, but also the increasing the service to tax payer, the agency in this case, Regional Revenue of Badung Regency, it is suggested to increase the service to tax payer, increase communication and information to tax payer while for tax payer is always expected to follow new tax regulations through update regulations in order to increase tax payer compliance update to administration system and reporting.

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