
Determinants of Tax Compliance: An Investigation at The Kupang Primary Tax Service Office (KPP Pratama Kupang)

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Abstract

Tax becomes the prime and major sources of state revenue. Taxes play an important role because it is related to state revenue. Increased income from the tax sector can be achieved by improving tax compliance from taxpayers. This study aims to explain the effect of tax administration modernization and socialization on tax compliance at the Kupang Primary Tax Office (KPP Pratama Kupang). The sample size of the study is 400 individual taxpayer samples. Data collection was done using a research questionnaire, as part of the quantitative research. The multiple linear regression analysis was used to analyse the data. The research findings indicate that the administration modernization and sanctions have negative effect on the tax compliance of registered taxpayers at the KPP Pratama Kupang.

Keywords: Tax Administration System, Tax Socialization, Tax Compliance.

Introduction

There are three major sources Indonesia's state budget or state revenue and expenditure budget (APBN): the oil and gas sector, taxes, and non-tax state revenue (Isnanto et al., 2021), with taxes being the primary source of funding for the state budget (Evi, 2016; Wijaya et al., 2017; Kato & Tanaka, 2019; Christina, 2022; Z. Zhao et al., 2022). Given the importance of taxes for state fundings, tax compliance continues to be a key issue in various studies. Tax compliance consists of formal and material compliance. The former one refers to the fulfilment of tax obligations from the perspective of self-registration and timeliness, while material compliance is more focused on the accuracy of tax reporting and payment (Toly et al., 2023). To achieve that fulfilment, the tax revenue target can be achieved not only by relying on the role of the Directorate General of Taxes (DJP), but also requires the active involvement of taxpayers.

A press release from the Director of Counselling, Services, and Public Relations (P2 Humas) DJP, dated May 6, 2024, as quoted from news.ddtc.co.id, states that there has been an increase in tax compliance, particularly in the annual submission of income tax returns (SPT tahunan PPh). The number of annual income tax returns reported by the end of April 2024 reached 14,190,000, or 73.61% (an increase of 7.15% compared to the year of 2023). However, this rate is still relatively far from the target previously set, which is 83.20% (or approximately 19,200,000 annual income tax returns) by the end of the 2024 calendar year.

Manrejo & Yulaeli (2022) found that one of the factors preventing tax compliance targets from being met is that the public does not or has not yet understood the importance of tax revenue for the state and society's well-being. Based on the findings of Astuti et al. (2024), referral groups, tax knowledge, tax regulations, and perceptions of equity and fairness influence the tax compliance of 433 e-commerce taxpayers in Indonesia. The study by Arianto et al. (2024) shows a positive impact of the quality and usage of the tax reporting system (e-filing) and user satisfaction of the e-filing on the tax compliance of the MSME (UMKM). However, Ariyanto et al. (2024) could not demonstrate the mediating effect of gender, education level, and age on the relationship between the usage and user satisfaction of the e-filing and tax compliance.

Tax administration modernization is implemented to improve taxpayer compliance. The effort to modernize the tax system is a key factor in enhancing tax compliance. Therefore, DJP has implemented various recent innovations through the creation of tax administration programs aimed at making it easier for taxpayers to fulfil their tax obligations. These programs include e-Billing, e-Filing, and e-Registration (Amalia & Widyanti, 2020). Additionally, a qualitative study shows that the use of artificial intelligence (AI), as part of efforts to modernize the tax system, can reduce tax compliance costs, allowing taxpayers to more comfortably fulfil their tax obligations (Saragih et al, 2023). Meanwhile, Haryanti et al. (2022) concluded that the modernization of the administration system does not affect individual taxpayer compliance. However, Haryanti et al. (2022) had find that the knowledge of taxation, tax socialization activities, and applied tax sanctions have affected individual taxpayer compliance positively. Several studies that cannot prove the effect of tax modernization on tax compliance can be found in Pratiwi & Somantri (2021), Mustakim & Ratnawati (2023), and Sormin et al. (2024).

As previously mentioned, although the government has implemented many strategies and new breakthroughs to improve tax compliance, many people are still unaware of and do not understand the importance of taxes; therefore, tax socialization is needed to communicate this role (Hidayah, 2022). Briefly, tax socialization is defined by Lestary et al. (2021) as the efforts of the DJP to provide knowledge or information to taxpayers, with the aim of increasing their understanding of taxes, so that taxpayers become aware of the importance of taxes revenue for the state and consistently contribute through tax payments. Some research that cannot prove the effect of tax socialization on tax compliance can be found in Karnowati & Handayani (2021) and Damayanti & Jati (2024).

There are several tax service offices (KPP) in the East Nusa Tenggara (NTT) Province. Each KPP is responsible for managing tax administration, providing services to taxpayers, and monitoring tax compliance within its respective area. The KPP Pratama Kupang is in the capital city of NTT Province, Kupang, and its surrounding areas. Table 1 below shows the tax compliance of taxpayers registered at the KPP Pratama Kupang from 2020 to 2022. Based on this table, tax compliance at the KPP Pratama Kupang, especially regarding the submission of annual income tax returns (SPT tahunan PPh), has not yet reached 50% compared to the number of registered taxpayers. In fact, during this period, there was a decline in tax compliance from 35% (in 2020 and 2021) to 31% in 2022.

Table 1. Individual Taxpayers and Tax Return Submissions at the KPP Pratama Kupang

DISTRICTS	TAX YEARS					
	2020		2021		2022	
	REGISTERED TAXPAYERS	ANNUAL TAX RETURN SUBMISSIONS	REGISTERED TAXPAYERS	ANNUAL TAX RETURN SUBMISSIONS	REGISTERED TAXPAYERS	ANNUAL TAX RETURN SUBMISSIONS
Alak	13,870	4,119	14,598	4,248	15,757	4,210
Kelapa Lima	18,617	6,139	19,489	6,620	20,709	6,054
Kota Lama	12,701	4,346	13,081	4,649	13,674	4,229
Kota Raja	18,315	6,318	18,991	6,569	19,853	6,057
Maulafa	20,402	7,458	21,654	7,841	23,330	7,498
Oebobo	30,026	11,276	31,540	11,910	33,434	11,222
TOTAL	113,931	39,656	119,353	41,837	126,757	39,270

Source: KPP Pratama Kupang

As reported on the official website of the DJP, various efforts have been made by the KPP Pratama Kupang to increase tax compliance among taxpayers. A combination of improved services and the optimization of technology has become a key strategy for serving taxpayers. Learning from the experience during the pandemic, the KPP Pratama Kupang has combined online and face-to-face services since 2021. There are six WhatsApp services for e-FIN activation or recovery due to forgetfulness, 16 WhatsApp consultation services for annual tax returns (SPT), and a reporting mode for annual SPT through the official website.

Literature Review

Social Learning Theory

Social learning theory or SLT (Bandura, 1977) suggests that human behaviour emerges because of observation and experience. SLT assumes that behaviour is a function of consequences and acknowledges the existence of learning through observation and how important the perception in a learning process. Instead of responding to objective consequences, individual tends to respond on how they perceive and define consequences.

According to Robbins (2003), SLT relates to how a person learns through observation or direct experience. There are four stages in SLT. The first stage is the attentional stage, where a person learns from those who capture their attention. The second stage is the retention stage, where a person recalls the actions of a model when they can no longer perform them directly. The third stage is the motor reproduction stage, where a person performs actions based on prior observation or understanding. The final stage is reinforcement, which is the stage where a person receives stimuli or triggers to act according to the model.

This theory is relevant in explaining taxpayer behaviour related to fulfilling tax payment obligations. Observation and direct experience influence a person's accuracy in paying taxes (Mebratu, 2024). Understanding and attention to tax services also affect an individual's compliance in tax payments. The government's serious efforts to provide tax socialization and improve the tax service system through modernization have begun to be recognized by taxpayers as part of their contribution to the state. This, in turn, has triggered their behaviour to fulfil their tax obligations, both formal and material.

Tax Compliance

Tax compliance is associated to an individual's attitude in form of positive response to fulfil tax obligations (Pradana & Firmansyah, 2020). This includes self-registering, tax own calculating, paying the liable taxes, settling tax arrears, and submitting the tax return. There are two types of tax compliance, theoretically, namely: formal and material tax compliance. The former one, often referred to as administrative tax compliance, is tax compliance that is indicated by the extent to which a taxpayer complies with procedural and administrative tax requirements in accordance with formal provisions in tax laws. These indicators include reporting requirements and the time for submitting and paying taxes. Meanwhile, the later one, or often referred to as technical tax compliance, is tax compliance that is indicated by whether the taxpayer has met the material provisions of tax law based on the substance and spirit of tax laws, which include self-registration, correct, complete, and clear SPT reporting, as well as compliance in tax payments. In the research conducted by Pujilestari et al. (2021), there are some several indicators used to measure tax compliance, including awareness of obtaining a Taxpayer Identification Number (NPWP), not having tax arrears, calculating correctly, paying on time, and not committing violations.

The ongoing tax reform initiated by the government is one way to achieve the effectiveness and efficiency of the tax administration system. The modernization of the tax administration system is one manifestation of tax reform (Saragih et al., 2022). Tax administration system modernization is the application of information technology in tax services carried out by the DJP to improve its performance (Arfah & Aditama, 2020). The dimensions or indicators of tax administration system modernization include the speed of the administration system, ease of online payments, and the use of modern administrative systems (e-SPT, e-Filing, and e-Faktur). Tax administration system modernization is also an initiative by the DJP to provide excellent service by making updates in the field of tax administration using reliable and advanced information technology (Nurlis & Ariani, 2020). The other dimensions or indicators of this variable also include organization and human resources, regulations and laws, business processes, information technology,

and databases (Nurlis & Ariani, 2020). In line with this, the research conducted by Haryanti et al. (2022) explains that tax administration system modernization is a systematic development program in the taxation field, particularly in administration, that carried out by the relevant authorities to maximize state tax revenue. Such modernization is an innovation or reform aimed at helping taxpayers fulfil their tax obligations.

Tax socialization plays a crucial role in the tax reform process. Public awareness of tax reform can be achieved, in part, through tax socialization (Rathi et al., 2021). Regarding research specific to certain tax offices, the research by Oktaviani et al. (2018) found that tax knowledge and socialization affect self-employed taxpayer compliance and awareness in the West Semarang. Alvin (2020) also concluded that the modernization of the administration system and tax sanctions influence the tax compliance of individual taxpayers at the Palmerah Tax Office (West Jakarta).

Mardiasmo (2018) stated that tax socialization is one of the strategies employed by tax authorities in a country to provide understanding about taxes, which is delivered in the form of dissemination of regulations and tax procedures. Totanan et al. (2024) put tax socialization as a mediator between tax regulation complexity and tax compliance. As tax regulations become more complex, tax compliance tends to decrease. To minimize the effect of tax regulation complexity on tax compliance, tax socialization is needed, even for less complex tax regulations. Socialization is carried out through various methods such as training, counselling, socialization, and so on. However, it is essential to consider the effectiveness factor. Other forms of socialization can be found through competitions or writing contests with a tax theme. Effective counselling through various media, whether print or digital, also has a significant impact. The goal of tax socialization is not only to provide understanding about the latest tax regulations but also to increase public compliance in paying taxes so that the established revenue targets can be achieved. The research by Pujilestari et al. (2021) outlines several indicators for measuring tax socialization, including the use of media for providing information, the provision of tax materials and information, the provision of information by officers at the KPP, the media used by officers at the KPP, and counselling by the KPP.

Based on SLT, the formation of tax compliance behaviour can be inferred because of the observation process of various efforts made by the DJP in socializing various tax provisions, while simultaneously improving and modernizing the tax administration system. This intention for compliance is then further reinforced by the positive experiences of taxpayers when they experience ease in understanding and tax services. This is then implemented in the research model, as presented in the following Figure.

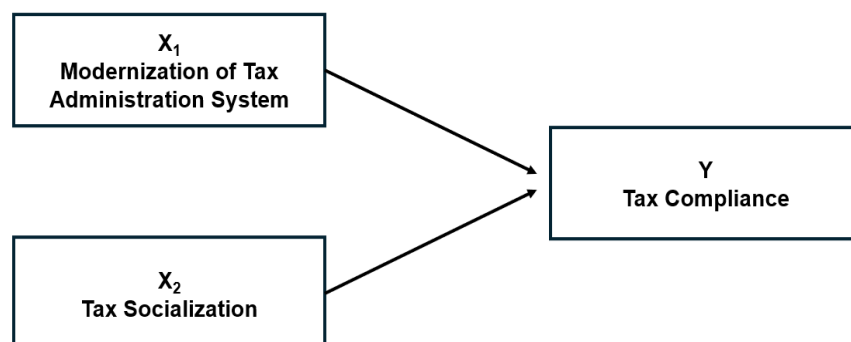


Figure 1. Research Model

Hypothesis Development

Tax administration system modernization is a strategy aimed at increasing speed, efficiency, and accuracy in tax services. Products that have already been implemented,

such as e-Registration, e-Filing, e-Faktur, and e-Billing, are expected to provide convenience for individual taxpayers and thus enhance compliance in fulfilling tax obligations (Pramastiwi & Ratih, 2021). According to Pandiangan (2008), the modernization of the tax administration system can include organizational restructuring, refreshing business processes, and reorganization of management. Through these activities, tax revenue and service quality can be improved, which in turn will enhance tax compliance. Along with the development of the concept of tax compliance, the modernization of the tax administration system can be seen as an effort by the government to strengthen tax compliance, thereby boosting the GDP ratio (Saragih et al., 2022). Prichard et al. (2019) also emphasize that law enforcement plays a role in encouraging the level of tax compliance, one of which is using information technology.

H₁: The modernization of the tax administration system has a positive effect on tax compliance at the KPP Pratama Kupang.

Tax socialization is an effort made by the government, particularly tax authorities, to convey understanding, information, and guidance to the public regarding everything related to tax regulations and legislation. If tax socialization is communicated clearly and accurately by the tax authorities, taxpayers will gain knowledge about the importance of paying taxes, which will directly contribute to increased tax compliance. This statement is supported by previous research by Haryanti et al. (2022), which stated that tax socialization has a positive impact on tax compliance. Tax socialization is also carried out to provide understanding of norms and knowledge related to taxation. Erasashanti et al. (2024) could not identify any mediator to explain the influence of tax socialization on tax compliance. In other words, tax socialization has a direct impact on tax compliance. In Social Learning Theory (SLT), it is explained that behaviour and actions are based on observation and direct experience. Therefore, experiences (such as ease in the tax reporting process), whether received indirectly from the government or directly from tax officers, will motivate taxpayers to fulfil their obligations.

H₂: Tax socialization has a positive effect on tax compliance at the KPP Pratama Kupang.

Methodology

Sample Criteria and Data Sources

This study uses primary data collected directly from respondents through a survey method and a questionnaire, which is then processed using SPSS version 29.0. The population used in this study includes 126,757 individual taxpayers registered at the KPP Pratama Kupang for the 2022 tax year. The sampling technique used is non-probabilistic sampling, with the sample size determined using Slovin's formula, which is:

$$n = \frac{N}{1 + N(e^2)} \quad (1)$$

where:

- n : the number of respondents
- N : population size
- e : margin of error

So, with a 5% margin of error, 400 respondents are the appropriate sample size to represent the population of 126,757 taxpayers at KPP Pratama Kupang.

Model Setting

This study uses the multiple linear regression analysis method. The equation used for the multiple linear regression method is:

$$TC = \alpha + \beta_1 MTAS + \beta_2 TS + e \quad (2)$$

which are
TC : tax compliance
 α : constant
 β : regression coefficient
MTAS : modernization tax administration system
TS : tax socialization
 e : error

Hypothesis testing was then conducted using SPSS for Windows v.29 software.

Variables Description

Tax compliance is postulated as the dependent variable in this study, which uses proxies for formal and material compliance of individual taxpayers at the KPP Pratama Kupang. These include compliance with the matching of NPWP with national identity number (NIK), accurate calculation, payment, and timely reporting of taxes, as well as the presence or absence of tax arrears. This is measured using questions Y.1 to Y.5 on the questionnaire.

The first independent variable used is the modernization of the tax administration system, which indicates how often registered taxpayers use the tax services provided by the KPP Pratama Kupang. The questionnaire questions representing this variable can be found in section X1.1 to X1.7.

Tax socialization as the second independent variable indicates the variety of tax socialization efforts conducted by the KPP Pratama Kupang, including online and offline outreach, as well as posts on social media. This is represented by the questionnaire questions in section X2.1 to X2.9.

All the above questions are presented in the questionnaire, which is then distributed to respondents using Google Forms. The questionnaire questions measure each variable using a Likert scale, where the lowest scale (1) indicates the frequency of "never," (2) rarely, (3) occasionally, (4) often, and the highest scale (5) indicates the frequency of "always."

Analysis and Discussion

After distributing 400 questionnaires to meet the minimum sample requirement according to Slovin, 369 questionnaires were valid and eligible for processing and testing. The breakdown is as in Table 2.

Table 2. General Description of the Research Object

Item	Numbers
the distributed questionnaires	400
the completed questionnaires	400
the incomplete questionnaires	31
the questionnaires that can be further processed	369

Using the categorization technique from Firmansyah et al. (2022), which determines the average interval of variables in two groups, namely low (with average up to 3.00) and high (with average more than 3.00 up to 5.00), the average intervals for each variable can be presented as follows: tax compliance shows an average of 4.17 (categorized as high), modernization of the tax administration system with an average of 3.30 (categorized as high), and tax socialization with an average of 3.00 (categorized as low).

Reliability test is conducted to demonstrate that the statements in the questionnaire have reliability, which refers to the ability to make respondents answer consistently. The reliability test uses the Cronbach's alpha statistic, and when the value is above 0.60, the statements for the research variables are considered reliable. Reliability test is performed for all the statements in each variable. The results of the reliability test can be seen in the Table 3.

Table 3. Reliability Test for Research Variables

No.	Variables	Reliability	
		Cronbach's Alpha	Criteria
1	tax compliance	0.631	reliable
2	modernization of tax administration system	0.845	reliable
3	tax socialization	0.788	reliable

The validity test is conducted by comparing the calculated value (r_{hitung}) and the critical value (r_{tabel}) for each indicator. The calculated value is based on the corrected item-total correlation (statistical result), while the critical value is taken from statistical tables. The questionnaire statements are considered valid if the calculated value is higher than the critical value. After conducting this test, it can be concluded that all the questionnaire items are valid.

Multicollinearity testing, according to Ghozali (2018), is conducted to examine whether there is or is no correlation between the independent variables in the regression model. A good regression model is characterized by the absence of correlation between the independent variables. To detect the presence or absence of multicollinearity in the regression model, the following can be checked: if there is a high correlation (above 0.9) between any of the independent variables, it indicates the potential presence of multicollinearity. Additionally, multicollinearity indicators can be observed from the tolerance value and the variance inflation factor (VIF). The cutoff value used to indicate multicollinearity is when the tolerance is below 0.10 or the VIF is above 10. Based on the following test results, this study concluded that there is no multicollinearity between independent variables.

Table 4. Multicollinearity Test

No.	Independent Variables	Collinearity Statistics		
		Tolerance	VIF	Criteria
1	modernization of tax administration system	0.490	2.043	no multicollinearity
2	tax socialization	0.490	2.043	no multicollinearity

After conducting other classical assumption tests, excluding multicollinearity, it can be concluded that the regression model in this study is suitable for use because it is free from issues of data normality, heteroscedasticity, and autocorrelation. Next, a multiple linear regression estimation test will be conducted, which will then be further interpreted.

Table 5. Multiple Linear Regression Estimator

Variable	Unstandardized		t	Sig.
	Coefficients B	Std. Error		
constant	4.872	0.035	139.043	0.000
X ₁ (MTAS)	-0.048	0.013	-3.651	0.000
X ₂ (TS)	-0.027	0.012	-2.311	0.021

From the results of the multiple linear regression test, it can be explained that the constant value of 4.872 indicates that if there is no modernization of the tax administration system and no socialization (both values equal to zero), the tax compliance would be 4.872. The coefficient of -0.048 indicates that for every one-unit increase in the modernization of the tax administration system, there will be a decrease in tax compliance by 0.048. Additionally, for every one-unit increase in tax socialization, there will be a decrease in tax compliance by 0.027.

The research model that can be derived from Table 5 is:

$$Y = 4,872 - 0,048 X_1 - 0,027 X_2 + e \tag{3}$$

As part of the model feasibility test, an F-test is conducted to determine whether the research model above is suitable for further interpretation.

Table 6. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.024	2	2.012	31.378	0.000
Residual	23.469	366	0.064		
Total	27.493	368			

Based on Table 6, the significance level is 0.000, which means the research model is suitable for further interpretation because, simultaneously, all independent variables influence the dependent variable (tax compliance).

The second model feasibility test conducted is the coefficient of determination test. The coefficient of determination (indicated by R square or adjusted R square) is used to measure how well the model can explain the fluctuations in the dependent variable (Ghozali, 2018). The coefficient of determination has a value range between zero and one. The extent to which the model can explain the dependent variable is indicated by the adjusted-R² value.

Table 7. The Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.383	0.146	0.142	0.253

Based on Table 7, it can be concluded that the research model can explain the fluctuating that occur in the dependent variable (tax compliance) by 0.142 or 14.20%.

After all the previous stages were completed, hypothesis testing was then conducted using a t-test. Through this test, the effect of each variable on tax compliance can be seen partially.

Based on Table 5, it can be observed that the modernization of the tax administration system has a coefficient value of -0.048 with a significance level of 0.000. Thus, it can be concluded that the modernization of the tax administration system has a negative effect on tax compliance. This indicates that when the use of the modernized tax administration system increases, tax compliance at KPP Pratama Kupang decreases, and vice versa.

In addition, the table also shows that tax socialization results in a coefficient value of -0.027, with a significance level of 0.021. In line with the results of the previous variable test, there is a negative effect of the tax socialization variable on tax compliance. This indicates that when tax socialization increases, tax compliance at KPP Pratama Kupang decreases, and vice versa.

The Effect of Modernization Tax Administration System on Tax Compliance

The results of the hypothesis test on the influence of modernization of the tax administration system on tax compliance show a negative effect. This proves that H₁ is rejected, as the direction of the hypothesis suggests otherwise, indicating a positive influence. In contrast, modernization can introduce new complexities in tax administration.

If taxpayers (WP) are unable to understand how to use the new system, confusion and the potential for errors in tax reporting may occur, even though the administrative system is claimed to be more efficient. Moreover, while the modernization of the tax administration system can improve efficiency and accuracy in tax collection, it does not necessarily lead to a significant increase in overall tax compliance. Without a sufficient understanding of the importance of taxes, the correct ways to report, and the consequences of tax evasion, tax compliance may still fail to improve (Subagijo, 2023). This research also emphasizes that to achieve a high level of compliance, the government must prioritize tax education and awareness campaigns. This includes educating taxpayers about the importance of paying taxes for national development, understanding their rights and obligations as taxpayers, and providing resources to help taxpayers understand and comply with applicable tax regulations. In other words, the modernization

of the tax administration system is part of a larger solution, which includes education and tax awareness. Without this holistic approach, the potential for improving tax compliance may not be fully realized, despite improvements in technology and the administrative system.

A modern and simple tax administration system is highly relevant in the context of efficiency and effectiveness in public administration. However, the sophistication of modern technology often does not align with ease of use. This means that although advanced technology can offer excellent features, if its complexity makes it difficult to use, the benefits may be diminished.

Rao & Rao (2023) state that efforts to increase the costs of meeting tax compliance (tax compliance cost) can result from a system that is not user-friendly. Tax compliance costs include the time and resources required by individuals and businesses to comply with applicable tax regulations. The more complex the tax system, the greater the likelihood of errors and confusion in fulfilling tax obligations, which in turn can increase overall administrative costs. Therefore, simplifying the system can reduce this administrative burden. A simple system not only makes it easier to understand and operate by users but also reduces errors and improves compliance. This does not mean sacrificing innovation or modern features, but rather prioritizing an intuitive and efficient use of the available technology. Rao & Rao (2023) also add that an approach focused on simplicity in the design of administrative systems, including tax systems, can bring significant benefits in terms of reducing administrative costs and improving compliance.

The Effect of Tax Socialization on Tax Compliance

The results of the hypothesis test on the influence of tax socialization on tax compliance show a negative effect. This proves that H_2 is rejected, as the direction of the hypothesis suggests otherwise, indicating a positive influence. Tax compliance behaviour is influenced by tax socialization but with a counterproductive tendency.

Iswanto (2023) in his research states that tax socialization is less effective if it is not accompanied by responsive assistance. This can create an environment that supports the overall improvement of tax compliance. This approach not only facilitates a better understanding of tax obligations but also builds a positive relationship between tax authorities and taxpayers, which in the end can benefit both the state's tax revenue and voluntary taxpayer compliance.

Iswanto (2023) also adds that tax socialization and counselling aim to improve taxpayers' understanding and awareness of their obligations, as well as the importance of tax compliance. However, the effectiveness of socialization and counselling can be significantly improved when this approach is complemented by responsive assistance. Responsive assistance in this context refers to the ability to provide timely and relevant help, guidance, or answers to taxpayers' needs and questions. This can be done through various communication channels, such as easily accessible customer service, contact centres, or online platforms that provide quick responses to tax inquiries.

Conclusions and Recommendations

This study aims to examine the effect of tax administration system modernization and tax socialization on tax compliance at the KPP Pratama Kupang. The hypothesis test shows that there is an effect, but in the opposite direction, namely negative. An increase in the modernization of the tax administration system and tax socialization leads to a decrease in tax compliance. On the other hand, a decrease in the modernization of the tax administration system and tax socialization increases tax compliance.

The respondent characteristics, which are demographically relatively homogeneous but dominated by millennials, with the majority coming from the civil servant profession, may have an impact on how they respond to the extensive modernization and numerous socializations. It can be inferred that geographic factors, with their unique

culture and similar mindset towards government policies, perceive modernization and socialization as psychological barriers that hinder their compliance.

Future research should consider the factors of similarity and uniqueness mentioned above. If the same location and respondents are to be used, it is recommended to add variables related to these aspects. Increasing the number of variables is also expected to improve the coefficient of determination of the research model.

Tax authorities, need to consider how the modernization of the tax administration system can be optimized without reducing face-to-face services with taxpayers. KPP as general must also work hard to find a more appropriate and tailored socialization approach that aligns with the characteristics of its taxpayers.

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