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**Qualitative Analysis of Factors Affecting Taxpayer Compliance in
Paying Income Tax Article 21 on PTPN IV Regional
1 Kebun Rantau Prapat Employees**

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ABSTRACT

This study aims to identify factors that influence employee compliance of PTPN IV Regional 1 Kebun Rantau Prapat in paying Income Tax (PPH) Article 21. The method used is descriptive qualitative research through observation and document study. The results of the study indicate that tax non-compliance is mainly caused by the lack of public understanding of their status as taxpayers and the obligation to pay taxes. Other factors that influence tax compliance include tax awareness and knowledge, socialization, sanctions, incentives, and tax audits. Increasing tax awareness can increase compliance, while lack of socialization and understanding of tax regulations has a negative impact. In addition, the implementation of appropriate tax incentives and strict supervision through sanctions and tax audits can also increase taxpayer compliance. Therefore, more intensive socialization and education efforts are needed as well as more effective tax policies to improve employee tax compliance. This study is expected to be a reference for policy makers in designing better strategies to increase state tax revenues.

Taxpayers, PPH 21, Tax Compliance, Tax Payment.

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INTRODUCTION

Since 1983, Indonesia has implemented the Self Assessment System. The formation of voluntary conditions in society is necessary for the successful implementation of this system (Mustikasari, 2007). Since the Self Assessment System replaced the previous tax collection system, taxpayers have been fully trusted to calculate, deposit, and report their own taxes owed in accordance with tax laws and regulations. At the same time, the tax authorities must provide services, supervision, and direction to ensure that tax obligations are met. The self-assessment system, which relies on people to decide, deposit, and report their own taxes to be paid, has weaknesses that make it difficult to use or even misused (Tarjo and Kusumawati, 2006). This can be caused by deliberate

non-compliance, lack of information about tax payments, or a combination of both.

Tax compliance is the attitude of taxpayers in fulfilling their tax obligations. According to Article 2 of the Regulation of the Minister of Finance (PMK.74/2012), to meet certain requirements, taxpayers must: (1) submit their SPT on time; (2) have no tax arrears; (3) have audited their financial statements by a public accountant or government financial supervisory agency; and (4) have never been convicted of committing a crime in the taxation sector (Yuliningsih, 2017). According to Harinurdin (2009:97), tax compliance is an ideal condition for taxpayers who obey tax regulations and report their income correctly and accurately. A condition in which the community exercises its tax rights and fulfills all tax obligations through official reporting and materials. This can be seen in the following 2019-2023 tax achievements:



Figure 1.
Tax Revenue Statistics for 2019-2023 in Figures

Source: www.pajak.go.id

The level of public compliance with Indonesian taxes has tended to increase over the past five years (2019–2023). Based on statistical data, tax payments increased between 2019 and 2023, according to the Ministry of Finance. Tax payments in 2019 reached IDR1,332.67 trillion or increased by 1.5%. However, the COVID-19 pandemic had a negative impact, causing tax payments to fall by 19.6% to IDR1,072.11 trillion in 2020. With tax revenues of IDR1,278.63 trillion or an increase of 19.3%, tax payments returned to positive in 2021. The amount of tax offered increased by 34.3 percent to IDR1,716.77 trillion in 2022. Furthermore, taxes collected in 2022 amounted to IDR1,716.77

trillion or an increase of 34.3 percent. In addition, taxes collected in the last tax year (2023) reached IDR1,869.23 trillion or increased by 8.9%.

The strong domestic economic conditions and the dedication of the Directorate General of Taxes in generating tax revenues through various initiatives are the main drivers of momentum towards a significant increase in tax revenues in 2023, according to the Ministry of Finance. The Government-borne VAT incentive for the purchase of electric motor vehicles was also provided by the government in 2023 through the Regulation of the Minister of Finance Number 116 of 2023. Likewise, VAT benefits are provided for the purchase of houses in accordance with the Regulation of the Minister of Finance Number 120 of 2023.

However, this study was conducted due to the phenomenon of previous research findings. A number of factors, including awareness, knowledge, socialization, tax sanctions, tax incentives, and tax audits, can affect individual taxpayer compliance.

a) Tax Compliance

Tax Compliance According to Article 2 of the Regulation of the Minister of Finance (PMK.74/PMK.03/2012), taxpayers must meet the following requirements in order to be categorized as meeting certain criteria:

- 1) Submitting a Tax Return (SPT) on time;
- 2) Having no tax arrears;
- 3) Having been audited by a public accountant or government financial supervisory agency; and
- 4) Having never been convicted of a tax crime.

Tax compliance is an optimal condition for taxpayers who obey tax regulations and report their income accurately and correctly (Harinurdin 2009:97). Tax compliance can be achieved if taxpayers exercise their tax rights and fulfill all their tax obligations both formally and materially..

b) Taxpayer Compliance (Employees)

Law Number 16 of 2009 concerning General Provisions and Tax Procedures defines taxpayers as individuals or entities, including taxpayers, tax withholding agents, and tax collectors, who comply with the provisions of tax laws and regulations. Tjahjono & M. Fakhri (2014) define taxpayer compliance as taxpayers' actions to fulfill their tax obligations in accordance with applicable laws and regulations. According to Purnamasari et al. (2016), taxpayer compliance is the behavior of taxpayers who obey the regulations and pay their taxes.

There are two types of compliance, namely formal and material. When formal taxpayers comply with the provisions of the Tax Law, they are said to be formally compliant. For example, the deadline for submitting the Annual Income Tax Return (SPT PPh) is March 31. If the Annual SPT is submitted before March 31, then the taxpayer has met the formal requirements, but the contents do not necessarily meet the material requirements, namely the requirements for taxpayers to fulfill all material tax provisions. Material compliance is another term for formal compliance. Individuals who fill out the SPT correctly, completely, and accurately in accordance with the provisions and submit it to the tax office before the due date.

c) PPh 21 (Income Tax Article 21)

Siti Resmi (2019:117) states that "Income Tax Article 21" or also known as PPh Article 21 is a tax levied on the income of Domestic Individual Taxpayers sourced from work, services, and other sources. This provision is based on Article 21 of the Income Tax Law, hereinafter referred to as PPh Article 21. Tax deductions on income received or collected by Domestic Individual Taxpayers by name and in any manner in connection with work, services, or activities regulated in the provisions of Article 21 paragraph (1). Furthermore, Article 1 Number 2 of the Regulation of the Director General of Taxes Number PER-32/PJ/2015 states that "Income Tax as referred to in Article 21 of the Income Tax Law is a tax on income received by domestic individual Tax Subjects in the form of salaries, wages, honorariums, allowances, and other payments by name and in any manner related to work, employment, services, and activities carried out by individual Tax Payers who are domestic tax subjects."

RESEARCH METHOD

This study uses a qualitative descriptive research approach, which focuses more on characteristics, relationships between activities, and quality to explain and provide an overview of current events, both natural and caused by humans. Meanwhile, Sugiyono argues that a descriptive research approach is an approach used to explain or evaluate a research result without drawing conclusions from the results (Sugiyono, 2009).

This type of research uses a library research approach that not only involves collecting, reading, and recording literature or books, but also paying attention to how research methods are used when collecting data, reading, and processing library materials. In addition, there are a number of tools that need

to be prepared for this study to make it easier for researchers to access the data in question (Harahap, 2015).

There are two data collection techniques in this study, namely observation and document study:

1. Observation

One method of collecting research data is observation, which involves sensing and observing. This method is used to collect more accurate and comprehensive details and reports about an incident or event that occurs in the field. Researchers can collect information through observation that would not be revealed through interviews or other methods. The information collected can be in the form of opinions, conversation results, images, face-to-face interactions, and more (Semiawan, 2010).

2. Document Study

One method of data collection is document study, which involves observing and evaluating written materials relevant to the research subject. Articles, books, letters, photographs, meeting minutes, journals, and other types of materials can be included. Primary and secondary documents are two categories included in the paper. Primary materials, such as research reports, are written by those present at the event. On the other hand, secondary materials, such as bibliographies, are written from reports or notes of other individuals. This method of data collection has the advantage of not being limited by time or place. Sugiyono (2013) defines documentation as a written, visual, or monumental record of previous events. In this study, document analysis serves as a complement to observation techniques. The documents used include news articles, scientific journals, and essays or websites from www.pajak.go.id.

RESULT AND DISCUSSION

Factors Affecting Taxpayer Compliance in Paying Income Tax 21

- 1) The Influence of Tax Awareness

Tax awareness is the ability to carry out obligations and contribute to the country that drives the progress of the country. Taxpayer awareness logically boils down to the readiness of taxpayers to contribute to the implementation of tax obligations by paying taxes on time and in the right amount (Subarkah & Dewi, 2017).

The country will be better able to finance national development if taxpayers are more enthusiastic in fulfilling their obligations by paying taxes on time and in the right amount. Individuals who understand and fulfill their tax obligations will be more compliant (Muliari & Setiawan, 2011). Tax awareness

has an impact on taxpayer compliance, according to research by Perdana and Dwirandra (2020).

There are a number of ways to increase tax awareness, including government initiatives to ensure that regulations are applied fairly to taxpayers and tax officials. The government must also ensure that money collected from taxes is used to improve infrastructure, public facilities, and health and education services. To reduce the likelihood of tax law violations, the government must also continue to create a better, easier, and more effective tax collection system. Employee compliance and awareness of tax payment requirements will be driven by a positive evaluation of the attitude of taxpayer employees towards the implementation of state functions by the government.

Therefore, efforts to increase public knowledge and awareness of tax rights and obligations must continue to be carried out.

- a. The counseling program that continues to be carried out by the Directorate General of Taxes is expected to have an impact on increasing the number of New Taxpayers who require socialization and counseling.
- b. There are still opportunities to increase the compliance of registered taxpayers.
- c. Efforts are made to increase the tax ratio and increase the quantity of tax revenue.
- d. Tax laws and regulations are subject to change at any time.

2) The Influence of Tax Knowledge

Must use tax knowledge as a source of information to fulfill their tax obligations, such as accounting, reporting, payment, and tax calculation. Faturahman et al. (2018) define tax knowledge as tax information that can be used by taxpayers to influence decisions, actions, and strategies or certain instructions when exercising their rights and obligations based on tax regulations. The level of tax knowledge possessed by taxpayers will have an impact on their fulfillment in fulfilling their tax responsibilities. The more they know their tax rights and obligations, the objectives and benefits of tax, and the ease of completing their tax obligations, the more compliant taxpayers will be in paying taxes.

Tax knowledge has an impact on taxpayer compliance, according to research by Perdana and Dwirandra (2020). Offices and corporate organizations must strive to improve taxpayer tax literacy. They often conduct socialization and education to taxpayers, both directly and indirectly, about the basics of taxation, such as tax benefits, tax objectives, tax rates, non-taxable income (PTKP), and sanctions for not paying or reporting taxes. To improve its

implementation, tax socialization can also help taxpayers understand how important tax coverage is. It is expected that with the socialization of taxation, public understanding of taxes can increase.

In addition, there are a number of methods to increase tax knowledge:

- a. Reading written materials and books: To gain a deeper understanding of taxes, consult bold resources such as the official website of the tax department and books on the subject.
- b. Participating in the tax community: Participating in the tax community can provide an opportunity to talk and share knowledge with other tax professionals and specialists.
- c. Talking to tax experts: If possible, talking to tax experts can provide a deeper understanding of taxes.

3) The Impact of Tax Socialization

To ensure that the public understands the ins and outs of taxation, the benefits of taxation, and their rights and obligations as taxpayers, the Directorate General of Taxes strives to provide education to the public, especially taxpayers, about taxes and new tax regulations. In addition to the renewal of the SPT reporting system and online tax payments (e-filing and e-billing) which have been running since 2014, the Directorate General of Taxes is committed to providing education to taxpayers through counseling and socialization (Andinata, 2015).

In order for the objectives of socialization to be achieved, this activity needs to be planned carefully and implemented periodically. Effective and efficient socialization will increase taxpayer knowledge. With better tax knowledge, taxpayer awareness will increase and motivate them to pay taxes more appropriately. Tax socialization has an impact on taxpayer compliance, based on research by Nababan and Dwimulyani (2019).

There are two approaches to making tax socialization or counseling actions better.

- a. Direct socialization. Talking to taxpayers or prospective taxpayers directly is known as "direct socialization." Seminars, lectures, talks, tax classes, tax clinics, and workshops/technical advice are examples of direct socialization activities.
- b. Socialization through indirect means. Tax socialization through minimal or no interaction with taxpayers is known as indirect socialization. Examples of indirect socialization efforts include distributing tax books, brochures, and flyers as well as fostering socialization through tax education video tutorials.

4) The Impact of Tax Sanctions

The implementation of the self-assessment method that Indonesia has chosen so far in tax collection makes the imposition of strict tax sanctions crucial. The relevant Tax Law contains laws and regulations made by the government to ensure that the implementation of tax collection is not arbitrary, is right on target, measurable, and is able to achieve the desired goals. The application of tax sanctions functions as a motivator for taxpayers to pay their taxes. Tax sanctions have an impact on the compliance of individual taxpayers, according to research by Nababan and Dwimulyani (2019) and Perdana and Dwirandra (2020).

Tax sanctions can be used in the following ways to increase taxpayer compliance:

- a. Tightening and strengthening the police to eradicate tax violations.
- b. Making regulations that impose heavier sanctions on tax violators.
- c. Making tax reporting more transparent and supervised.
- d. Giving awards to people who reveal tax violations.

5) The Impact of Tax Incentives

Although there are some circumstances that make taxpayers reluctant to pay taxes, tax incentives are intended to motivate them to continue to fulfill their tax obligations. Taxation is not only used to fund government operations, but is also used to encourage economic growth in certain industries. According to Latief et al. (2020), tax incentives are government policies that support taxpayers so that they can serve the interests of the state. It is hoped that with tax incentives, individuals will be motivated to continue to report and pay taxes on time. Tax incentives have an impact on taxpayer compliance, according to research by Nuskha et al. (2021).

There are various approaches to improving tax compliance through tax incentives:

- a. Tax deductions or reductions for taxpayers who are on time are examples of incentives for timely payment.
- b. Taxpayers who submit their taxes accurately and on time are given awards for timely and accurate tax reporting.
- c. Giving awards and gratitude: Giving awards or incentives to taxpayers who comply with tax laws correctly.

6) Impact of Tax Audits

Article 1 paragraph (25) of Law Number 28 of 2007 defines audits as a series of actions to collect and process data, information, and/or evidence professionally and objectively using audit standards to assess compliance with tax obligations and/or for other purposes in order to implement the provisions

of laws and regulations in the field of taxation. Article 3 paragraph (1) of the Regulation of the Minister of Finance Number 199/PMK.03/2007 states that “the scope of audits to test compliance with tax obligations may include one or more tax periods, parts of a tax year, or tax years of previous years or the current year.”

Based on Article 29 paragraph (1) of Law Number 28 of 2007, the Director General of Taxes is authorized to conduct audits to determine whether Taxpayers have fulfilled their tax obligations and for other reasons in order to implement the provisions of tax laws and regulations. In addition, in accordance with the Regulation of the Minister of Finance Number 199/PMK.03/2007 which has been amended by the Regulation of the Minister of Finance Number 82/PMK.03/2011 concerning Tax Audit Procedures, an audit must be carried out to determine whether the Taxpayer has fulfilled his/her tax obligations when submitting an application for a refund of excess tax payments (Article 3 paragraph 2):

- a. Submitting an SPT with a claim of excess payment, even for individuals who have received an early tax refund.
- b. Sending a letter of notification of loss.
- c. Not submitting a letter of notification or submitting it after the deadline for the warning letter.

CONCLUSION

The importance of understanding and realizing the obligations as an employee (taxpayer) in terms of tax payments, starting from calculating the amount of tax owed in a year, reporting SPT, to using the e-filing system for reporting and paying taxes online through the DJP website.

Socialization is important to be carried out, so that all taxpayers understand and are able to pay taxes, so that it can improve the efficiency and compliance of employee tax payments. The Importance of Consistent Training I understand that even though company tax payments are made once a year, this is actually an opportunity for employees (taxpayers) to learn directly from tax officers so that when the time comes they can pay their own taxes.

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