

# Constraints and Context of Tax Billing, Tax Examination and Tax Acceptance of Agency

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## Abstract

This study aims to investigate the relationship of causality and co integration among collection, inspection and tax revenue of the company at tax office KPP Pratama kelapa gading. This research uses data analysis method of causality and co integration to see the long-term relationship and causal relationship between variables. From the research that has been done in the conclusion that there is a long-term relationship between variable kepatuha, tax audit and corporate tax revenue in KPP Pratama kelapa gading, but only have one-way relationship for variable compliance rate and tax revenue, tax audit with tax revenue, but between the variable compliance level and tax audit have a two-way relationship.

**Key Words:** Taxpayer compliance rate, tax collection, tax receipt, causality granger, co integration.

## 1. Preliminary

Tax revenues in the State Budget (APBN) of Indonesia in 2017 is targeted to reach Rp 1,498.9 trillion. In the draft State Budget of Indonesia Changes, the government proposed tax revenue target to Rp 1,450.9 trillion. The target of tax revenue increased to Rp 1,452.7 trillion. This figure is a tax receipt tag that has been tested by the Indonesian government through a representative body of the people. With this additional tax revenue, the tax revenue target in RAPBN-P 2017 becomes Rp 1,472.7 trillion. Value Tax revenues until the first half reached Rp 571.9 trillion, this value increased by 9.6 percent. In the same period last year, tax revenues were only around Rp 522 trillion, an increase of 2.4%.

However, over time, the process of inspection and collection of taxes continues and goes according to the corridor, which is pointed to the Government Regulation (PP) 36 post-amnesty tax. Thus, in this case the parties at the Directorate of Inspection and Billing will continue to make a sweep to WP who do not participate in tax amesti. On the one hand in the 2017 APBN, the non-oil and gas tax target of Rp1,271.7 trillion. Then in APBN-P 2017, the Director General of Taxes proposed only Rp1.221.7 trillion. Then the result Banggar decided Rp1.241, 1 trillion. This means there should be an extra effort of Rp20 trillion. "Gizjeling is the last step in order to meet the current target of revenue plus Rp20 trillion, so it has been ensured almost all the 341 KPP, there must be one who was held hostage," The process of collecting, checking and taking tax payers who delinquent (gizjeling) has given acceptance tax of Rp28 trillion in the first half of 2017.

## 2. Literature Review

In the study [1,2] describes how the concepts of effectiveness associated with tax audits, tax collection and tax receipts are just how much realization can be achieved on the targets set by the KPP in each year to meet the stated objectives. This is viewed from the perspective of settlement based on SKP, the settlement of tax collection through the forced letter and warning letter and in terms of tax revenue from taxpayers based on the number of targets and the realization of tax assessment, tax collection and tax revenue. The object of research is KPP Pratama Kota Kotamobagu. The research method used is descriptive research that focuses on effectiveness. The results of research effectiveness of inspection, billing and tax revenue from 2013 to 2015 has a high percentage in tax revenue of 99.17% and categorized effective. While examination and collection of taxes entered in the category of ineffective with a percentage of 37.76% and 60.91%. The leadership of KPP Pratama Kota Kotamobagu should improve the performance and inform tax benefits on all communities in Kota Kotamobagu.

But in another study that discusses the tax audit and collection of tax revenues, see [3,4]. From the research they discuss about the Effect of Tax Inspection and

Implementation of Tax Collection on Tax Receipts in 10 KPP Pratama Registered in DJP Office Wilyah West Java I, then in this chapter the authors to conclude, among others, the process Positive tax inspection of 23.1% and significant to Tax Revenue.

This means that the more often the tax officer conducts tax audit then the tax will increase and will always reach the target every year. But there are some obstacles in tax examiner that is difficult to find documents from the Taxpayer so difficulty in finding evidence that in the end many Taxpayers who make an appeal of the SKPKB results that have been determined by the tax authorities. Furthermore, the process of tax collection has a positive effect of 43% and significant to tax revenue.

This means that the more often the tax collector taxes then the tax will increase so that the needs of the State will be achieved. But there are some obstacles in tax collection such as tax bills issued not up to the Tax Payer because the address has moved and there is no confirmation from the Taxpayer.

For studies conducted by [5,6] explaining the existence of tax revenues including tax receipts and duties and excise duty, the backbone of the state budget.

The achievement of tax targets for years has not given maximum results. As the parties directly involved in the tax officer's tax collection procedures (tax authorities) became one of the factors affecting tax revenues. This study aims to determine the effect of tax assessment and tax collection for tax revenue. Sampling method using saturated sampling consisting of 50 respondents in Tax Office Pratama Manado.

This research uses quantitative analysis by using multiple regression method. The results show that variable tax audits and tax collection affect the positive and significant income tax variables.

### **3. Research Methodology**

This research was conducted in February 2018, using tax report data such as taxpayer compliance (Variable KPTHN), Tax Inspection (Variable PMRKN) and with Tax Revenue at KPP Pratama Tax Office of Kelapa Gading, Jakarta, Indonesia.

In this study the data downloaded from the website [www.djp.go.id](http://www.djp.go.id), for monthly report data between 2010 to 2017 data.

In this study using data analysis techniques namely the test of causality and co integration, to see the relationship between the variables in the pery. Here the authors display descriptive statistical analysis of research data:

Table 1: Result for Statistic Descriptive

	KPTHN	PMRKN	TAX_REVENUE
Mean	213.3079	21.29282	1.860009
Median	20.12500	19.25000	2.040009
Maximum	1604.000	67.00000	4.520009
Minimum	0.000000	5.000000	3.330008
Std. Dev.	354.6358	9.599123	7.940008
Skewness	2.005671	1.345413	0.136960
Kurtosis	6.722908	6.412192	2.914173
Jarque-Bera	134.7791	84.97618	0.370795
Probability	0.000000	0.000000	0.830774
Sum	23037.25	2299.625	2.010011
Sum Sq. Dev.	13457021	9859.318	6.740019
Observations	108	108	108

Sourced: Author proceed.

#### 4. Research Result and Discussion

As one of the monitoring mechanisms against the self assessment system, the Director General of Taxes is authorized to conduct the examination.

This matter is regulated in Article 29 paragraph (1) of Law Number 6 Year 1983 concerning General Provision and Tax Procedure as already amended several times and the latest by Law Number 16 Year 2009 (KUP Law) stating that the Director General of Taxes is authorized to conduct examination to test compliance fulfillment of tax obligations and for other purposes in order to implement the provisions of the taxation legislation.

Table 2: Result for Granger Causality Test

Pairwise Granger Causality Tests			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
PMRKN does not Granger Cause KPTHN	106	2.70849	0.0715
KPTHN does not Granger Cause PMRKN		7.49322	0.0009
TAX_REVENUE does not Granger Cause KPTHN	106	6.79409	0.0017
KPTHN does not Granger Cause TAX_REVENUE		0.99191	0.3745
TAX_REVENUE does not Granger Cause PMRKN	106	2.45231	0.0912
PMRKN does not Granger Cause TAX_REVENUE		1.36109	0.2610

Sourced: Author proceed.

Table 3 : Result for Co Integration Test

Series: KPTHN PMRKN TAX_REVENUE				
Lags interval (in first differences): 1 to 1				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigen value	Statistic	Critical Value	Prob.**
None *	0.505748	105.9748	29.79707	0.0000
At most 1 *	0.165793	31.27559	15.49471	0.0001
At most 2 *	0.107545	12.06057	3.841466	0.0005
Trace test indicates 3 co integrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				

Sourced: Author proceed.

From the research results seen in table 2 and table 3 on how to determine the focus of national examination in order to improve compliance with tax obligations, the Director General of Taxation considers it necessary to establish the focus of the examination. The focus of the examination is a certain business sector or certain Taxpayers who are the main target of Special Inspection at the national level because the compliance level of tax obligations is indicated to be low.

## 5. Conclusion

Indonesia's tax system embraces a self-assessment system based on the system. Taxpayers are awarded a great trust to calculate, calculate, pay and report their own tax obligations. Self assessment system will work properly if the Taxpayer implements the entire obligation of taxation with the level of accuracy which is accompanied by an optimal supervision and law enforcement mechanism by the Directorate General of Taxes (DGT). From observations and research that have been done look how the delay of payment of corporate taxes ranged from 1 to 22 months and the delay should be followed up with the imposition of administrative sanctions in the form of interest of 2% per month through the issuance of STP. As a result, minimum tax revenues of approximately Rp 4 billion have not been realized.

So the examination load on the DJP Regional Office of North Jakarta is getting bigger with the number of unfinished check arrears. And the potential of state revenues on fiscal correction in some WP has not been realized. Optimization of State Revenue to comply with the period of inspection as set forth in Regulation of the Minister of Finance (PMK) no. 17 / PMK.03 / 2013 in the implementation of tax audit.

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