



**ACCOUNTING DEPARTMENT
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THESIS

**The Effect of Tax Services Quality on Taxpayer Compliance in Tax Services Office
Kebayoran Baru 3**

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**Submitted in partial fulfillment of the requirement for
Undergraduate degree in economics**

2011

ABSTRACT

The main objective of tax service quality is to improve the taxpayer compliance. Taxpayer compliance in paying taxes has an important role in increasing tax revenue. This research investigates whether the tax service quality in tax service office have been implement according to “*Peraturan Direktorat Jenderal Pajak No. SE-55/PJ./2008 tentang Peningkatan Kualitas Pelayanan Pajak*”. Using the data from taxpayer that are listed in Tax Service Office Kebayoran Baru 3 South Jakarta, the researcher find the tax service quality give direct influence in increasing taxpayer compliance. Partially, assurance and tangible has positive and significant influence in increasing taxpayer compliance. This result suggests that the tax service office should do more not only assurance and tangible, but also responsibility, responsiveness and empathy.

Keyword: Tax Service Quality, taxpayer compliance, tax revenue

CHAPTER I

INTRODUCTION

1.1 Research Background

State revenue is the basis for determining the annual budget of the State. Tax as one element of state revenue has played a large role and more reliable to support economic growth and government expenses. At the end of year 2010, state revenue was reached Rp. 1.013 trillion. In 2011, the target of tax revenue in *APBN* was Rp. 708 trillion not includes taxes on international trade and target tax revenue of domestic income such as customs revenue (Investor daily, March 25 2011). State revenue is also affected by the practice of tax avoidance and tax evasion.

Besides that, taxation policy is not broad enough in the process of data collection taxpayers, such as reform of tax administration which is defined as the requirement for tax legislation that can reach all people with progressive tax rates. However, there is no attempt to change the assurance benefits to taxpayers from paying the tax. Less assurance affected the lack of awareness of the community in paying taxes and increased the negative perspective of the public about tax, because taxpayers are worry about taxes that paid will be use as a means of payment of Indonesia's foreign debt. It is affecting the provision of public facilities such as health facilities, educational facilities, and transportation facilities. In addition, there are negative views in society about corruption in the tax agency. All factors above affect people's compliance in paying taxes.

Taxpayer compliance in paying taxes has an important role in increasing tax revenue. To increase taxpayer compliance, the Directorate General of taxes is doing modernization the taxation in two aspects, which are internal and external aspects. Government is support the

Directorate General of taxes in modernizing the internal aspects such as reform of laws and tax regulations in order to improve the quality of tax service. The steps in reform of law and tax regulation are includes the reform of tax policy and tax administration. The implementation of taxation policy reform is through a revision of the Income Tax Act, VAT (Value Added Tax) Act, Luxury Goods Sales Act, the United Nations Act, Stamp Duty Act and Customs and Excise Act.

Besides that, external aspects that affect taxpayer compliance are tax administration reform and the sunset policy. Various efforts to improve tax administration have implemented. First, increase the qualification of individual and corporate as taxpayers. Second, by enforcement of laws and consistent in tax collection. Third, improve the quality of service in order to encourage voluntary compliance by expanding the application of e-registration system, *e*-filling, and *e*-payment. Tashiyuki (2001, 42) explains that ending target of the tax administration is to improve taxpayer compliance. Summers et al. (1991, 45) stated the self-assessment system is the main activity of the tax administration is monitoring compliance and ensuring that the taxpayers doing their tax obligations as accordance as applicable regulations.

Tax reform as a priority, is aiming to increase tax compliance such as tax administration reforms are also evaluated the measurement of taxation policies, that in the last three years is more aimed at increasing fiscal stimulus. Those policies include border adjustments Taxable Income (PTKP) from Rp. 13.2 million to Rp. 15.84 million for each taxpayer by January 1, 2009 (extended until February 2009). Additional number of taxpayers in the past three years more than the total taxpayer in the 10 years before the reformation carried out. The hardest main work is improved morale, discipline, and the ability of the authorities. In 1989, tax reformation was follow by changes in administration and improvements also, through the changes in organizational structure of the Tax Inspection

Office (KIP) to the Tax Services Office (KPP). According to Levine et al. (1990:190) improvement of tax administration system through reorganization should continue to be gradual and continuous, with the hope to improve the performance that can be measured by productivity, quality service, responsiveness, responsibility, and accountability.

Development and improvement of human resource database was support by the newest information systems technology. According to information from Mochammad Tjiptardjo as Director General of taxes, based on a survey of community satisfaction survey conducted by AC Nielsen, the integrity of tax officer are recorded improves from year to year. (Okezone.com, January 27, 2010). Quality of tax service improved in line with the increased number of user facilities that are provides by Directorate General of taxes, such as *Kriing Tax*.

Directorate General of Taxation is also issued *Peraturan Direktorat Jenderal Pajak No. SE-55/PJ./2008 tentang Peningkatan Kualitas Pelayanan Pajak*. One of the instructions is always improve the quality of service to taxpayers and society. Parasuraman, A., Zeithaml, VA, and Berry, LL, (1990) in Tjiptono (2005:156-159) has developed a measure of service quality in call Servqual (Service Quality). Servqual is a multi-item scale consisting of 22 attributes which are detailed in these statements based on the *likert* scale, from 1 (Strongly Disagree) to 7 (strongly agree).

Statement that relating to the expectations and perceptions can be use to measures customer perceptions of service quality. The results showed that the dimensions and attributes Servqual model used for the measurement of quality is the variables of reliability, responsiveness, assurance, empathy, and tangibles.

- Reliability

Reliability is the ability to perform the promised service dependably and accurately.

- Responsiveness

Responsiveness is the willingness to help customers and provide prompt service.

- Assurance

Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence.

- Empathy

Caring, individualized attention provided to the customer.

- Tangibles

Tangible is the appearance of physical, equipment, and personnel facilities, and communication materials.

Reform of tax administration is conducted with aim to improve the performance of the organization which are involves organizational structure, organizational procedures, organizational strategy and organizational culture (Caiden, 1991, 97-104). Unfortunately, in reality there are still weaknesses in the Indonesians' tax administration system. These weaknesses could we seen from public complaints about the quality of tax services relating to the complexity of systems and procedures (Kompas, February 19, 2000). Besides that, level of taxpayer satisfaction (Customer Satisfaction Index, eQ Index) to Tax Service Office services reaches 81. This index exceeds the average size of the survey in Indonesia 75. Even exceeds the same index in some countries, like Australia 74, Hong Kong 75, India 78, and Singapore 76. In fulfillment of tax obligations, 84% said it was easier, 13% said it was no change, 2% said it was more difficult, and 1% said did not know (Bisnis, 26 September

2010). This 16% shown the unsatisfied respond could have been because rarely touch or communicate with Tax Service Office, which is assumed the service still the same. Level of satisfaction obtained from the professional integrity (honesty, transparency of service, confidentiality, and consistency) 85% above the standard level of 79%. Services such as professional, respect, problems solving, responsive, contact and efficiency of service is 78% above the standard level of 55%.

Based on form letter issued by Directorate General of taxes "*Peraturan Direktorat Jenderal Pajak No. SE-55/PJ./2008 tentang Peningkatan Kualitas Pelayanan Pajak*", and the current condition of Indonesia tax which is still has weaknesses in tax administration system, and public complains about the quality tax services. The researcher wants to know whether the tax service office in Kebayoran Baru 3 has implementing the good service or not. The researchers interested to do research and wants to know the effect of tax service quality on taxpayer compliance, entitled **"The Effect of Tax Services Quality on Taxpayer Compliance in Tax Services Office in Kebayoran Baru 3"**.

1.2 The Problem Statement

From the background of the problems described above, in this research can be formulated problem is:

1. Does the tax service quality give direct influence in increasing taxpayer compliance in the Tax Services Office Kebayoran Baru 3?
- 2.a Does the responsibility variable has directly influence to increase taxpayer compliance?

2.b Does the responsiveness variable has directly influence to increase taxpayer compliance?

2.c Does the assurance variable has directly influence to increase taxpayer compliance?

2.d Does the empathy variable has directly influence to increase taxpayer compliance?

2.e Does the tangibles variable has directly influence to increase taxpayer compliance?

1.3 The Objectives of Research

The purposes of this research are;

1. To examine how the tax service quality gives direct influence in increasing taxpayer compliance in Tax Services Office Kebayoran Baru 3.
2. To examine what are variables that directly influence in increasing taxpayer compliance.

1.4 The Benefits of Research

The benefits to be achieved from this research are:

1. In terms of science, research is expected to become reference material for future research that more thoroughly in the future.
2. From practical terms, this research will then used as suggestion for the tax officer and tax service in order to improve the tax service quality to taxpayers and for taxpayers is expected to improve compliance in taxation obligations.

1.5 The Systematic of Writing

The research will be divided into five chapters. First chapter is introduction which consists of research background, the problem statement, the objective of research, the benefit of research and the systematic of writing. Second chapter is theoretical background. This chapter includes definition of service quality, definition and characteristics of good service, definition of taxation, definition of taxpayer, definition of taxpayer compliance, and relationship with service quality of taxpayer compliance and hypothesis development. Third chapter is research methodology. In this chapter, researcher explains about types of research, population, sample and sampling method, data collection method, identification and measurement of variables, research instruments, data analysis method. Fourth chapter is data collection process, sample description, multicollinearity test, autocorrelation test, heteroscedasticity test, normality test, analysis the effect of quality tax service to taxpayer compliance, hypothesis testing, and analysis of research results. Fifth chapter is the conclusion, limitations, suggestion, and implication of the research.

CHAPTER V

CONCLUSION

5.1 Conclusion

This research examines how the effect of tax service quality includes reliability, responsiveness, assurance, empathy, and tangible on taxpayer compliance. Research is conducted on registered taxpayers in the Tax Service Office Kebayoran Baru 3, South Jakarta. From this research we can conclude that:

1. From the results of regression analysis, tax service quality in the tax office that includes reliability, responsiveness, assurance, empathy, and tangible has a positive and significant influence on taxpayer compliance that are listed in the Tax Service Office Kebayoran Baru 3 on the significance level of 0.05.
2. Only partial assurance and tangible that are have a positive and significant influence on taxpayer compliance, while reliability, responsiveness, and empathy did not have a positive and significant influence on taxpayer compliance. It means that assurance and tangible are significant factor in influencing the taxpayer compliance in Tax Service Office Kebayoran Baru 3 South Jakarta.

5.2 Limitations

Although this research has been done as well as possible, but there are some limitations that cannot be avoided by researcher. The limitations that may affect the results of this research:

1. Basic sample selected in this research at one Tax Service Office only, not some Tax Service Office.
2. The questionnaire should be included whether the respondent is an individual Taxpayer or corporate taxpayer, so the ease in data processing.

5.3 Suggestions

Suggestions that researcher could give for future research excellences are:

1. Further research, selection of samples is better not only in one Tax Service Office, but also in some Tax Service Office.
2. Future research should be examined each sub variable so the results support the theory.
3. From the results of this research, indicate that assurance and tangible variables have significant effect on taxpayer compliance Tax Service Office Kebayoran Baru 3. Based on these realities, the officers should increase their communication skills, hospitality, and facilities to improve taxpayer compliance.

5.4 Implications

1. For the tax authorities, for more attention to and improve the quality of services provided, especially in the aspects of assurance and tangible because both these aspects have a positive and significant influence on taxpayer compliance.
2. To improve the quality of assurance aspect of service in one of them improve the quality of the resources of all employees as a way to communicate, receive suggestions and problems faced by the taxpayer in the taxation obligation.
3. To improve the quality of service in tangible aspect should Tax Service Office Kebayoran Baru 3 more to increase comfort effectiveness of physical layout, such as

spatial structure and the flow of revenues (from the beginning process until it's complete).

Both variable of tax service quality must be a concern for Tax Service Office to do their service because it is gives significant effect on taxpayer compliance to do their tax obligation.

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