

IMPORTANT ROLE OF TAX AUDIT IN STRENGTHENING COMPLIANCE WITH TAX PAYMENTS

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ABSTRACT

This research aims to determine the influence of tax audits and penalties on tax compliance with tax payments. Tax has a significant role as a source of state revenue. Because taxes have an essential role, the tax sector revenue is reliable, while the natural resource sector revenue is unreliable. Using tax audits other than the presence of rules, tax audits make people obedient or pay taxes by applicable laws. Indonesia is one country that has problems related to the lack of awareness of taxpayers to pay taxes. The impact of a lack of public awareness in fulfilling obligations is not achieving the percentage of tax revenue by what was previously determined. The data used in this research is quantitative data, which is numerical data. Secondary Data is derived from records, books, financial reports of corporate publications, government reports, and so on. The data collection method uses documentation techniques by collecting documents related to this research.

Keywords: Tax Compliance, Tax Revenue, Knowledge of Taxation, Tax Audit Effectiveness.

INTRODUCTION

Taxation is one of the sources of revenue that can be used to finance household expenditures and can be beneficial to the general public. If expenditure increases, the government will demand an increase in national income. Therefore, the Directorate-General of Taxation is making every effort to maximize tax receipts (Simamora and Suryaman, 2015). (Mahdi and Ardiati, 2017) explains that through taxes, a country is expected to become an independent state to finance development. Given the importance of taxation in order to enhance development in a country (including Indonesia), it is imperative that taxpayers be aware and comply to pay their taxes in accordance with the regulations in force. The more taxpayers comply in paying their taxes, the greater the tax receipt of a country that will ultimately impact on increasing development in a country. Without taxes, most of the state's activities are difficult to carry out. The use of tax ranges from staff spending to the financing of various development projects. Construction of

public facilities such as streets, bridges, schools, hospitals, police offices is financed using tax. Tax is also used for financing in order to provide a sense of security for the entire layer of society. Every citizen enjoys the facilities or services of a government that is all funded with tax. Taxes are used to subsidize things that people need so much and also to pay off state debt abroad. So far, public awareness of paying taxes has not reached the level expected. In general, people are still cynical and less confident about the existence of taxes because they still feel the same as bullshit, oppression, payments often have difficulties, the inability of society what and how taxes, difficult to calculate and report them. However, there is still an effort to be made so that people are fully aware of paying taxes and this is not something that is impossible to happen. When people have awareness then paying taxes will be done voluntarily, not by force.

In the last few years there has been a decrease in some tax receipts including PPh Contracted bodies quite in to 37.8%, this is due to the reduction in the PPh rate of the bodies from 25% to 22% which is mandated in the Government Regulations Supplementary Law (Perppu) No. 1 Year 2020. In addition, the tax on imports contracted 25.84%, especially on the type of tax PPh Article 22 Contracting imports 49.51%, this pressure is due one because of the use of tax incentives such as exemption from PPh article 22 Import by the taxpayer. The Minister of Finance (Menkeu) Sri Mulyani Indrawati informed that state receipts from taxes have reached Rs1.109.1 trillion by the end of July 2023. Thus, the amount of taxes collected was 64.6% of the target of the State Revenue and Procurement Budget (NAPBN) 2023. This revenue reach has been recorded to grow 7.8% annually. Menkeu revealed that the performance of tax receipts until the end of July 2023 is still growing positively, even though the rate of growth has normalized.

With increasing compliance in paying taxes will make an enormous contribution to the reception of the state (Wahda, 2018). Non-compliance can occur when a taxpayer does not understand tax regulations so much that the taxpayers may accidentally fail to fulfil their tax obligations, such as failure to register to obtain a Compulsory Tax Number (NPWP) and failing to report a Letter of Notification (SPT) or the tax payers are not fully correct in the implementation of their fiscal obligations such as non-payment of taxes and reporting taxes not in accordance with the applicable tax rates (Mulyanti and Sugiharty, 2016). Tax auditing is the investigation of the compliance of the transactions carried out by the taxpayers and the tax administration with the principles determined by laws, regulations, and by-laws. Tax audits within the scope of this conceptual framework aim to prevent tax loss and evasion, ensure that the administration acts in accordance

with the tax legislation, place tax awareness on taxpayers, and increase voluntary compliance with tax with the formation of tax morale.

THEORETICAL BASIS

The compliance theory was initiated by (Stanley Milgram, 1963). This theory describes a condition in which a person obeys orders or rules that have been established. As for two perspectives in sociological literature about compliance with the law, instrumental and normative. The instrumental perspective assumes that the individual is thoroughly driven by personal interests and perceptions of changes associated with behavior. An individual who tends to obey the law is deemed to be consistent and consistent with the internal norms that have already been applied. Normative commitment through personal morality means obedience to the law because the law is regarded as an obligation, whereas normative obligation through legitimacy means obeying the rule because the legislative authority has the right to regulate behavior (Marlina, 2018).

HYPOTHESES

Based on the problem formula, the purpose of the research and the theoretical basis, the hypotheses can be presented as follows:

H1: Tax payer compliance affects tax audit

H2: Tax audit affects tax revenue

H3: Tax audit moderate the impact of tax compliance and tax revenue

METHOD

The data used in this research is quantitative data, which is numerical data.

Secondary Data is data derived from records, books, financial reports of corporate publications, government reports, and so on. The data collection method is carried out using documentation techniques through the collection of documents related to this research.

RESULTS AND DISCUSSION

CONCLUSION

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