

The Influence of Service Quality and Tax Sanctions on Taxpayer Compliance

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ABSTRACT

Taxpayer compliance has many positive and important impacts on the government and society. Research on service quality and tax sanctions on taxpayer compliance can provide valuable insight into understanding the factors that influence the level of taxpayer compliance. This research aims to analyze the influence of service quality and tax sanctions on taxpayer compliance. Data analysis confirms that service quality and tax sanctions significantly affect taxpayer compliance in paying taxes. The conclusions of this research inform an effective tax education and socialization program that can help taxpayers understand the importance of compliance and the positive impact of tax payments in supporting development. Clear and effective communication between tax authorities and taxpayers can help prevent misunderstandings and uncertainty hindering compliance. Proportionality in the application of sanctions is important so that the sanctions are appropriate to the level of the violation. This creates a sense of fairness and can prevent taxpayers from feeling treated unfairly. Giving tax authorities the power to impose sanctions increases their capacity to enforce tax rules.

Keywords:

Quality of Tax
Sanction
Services,
Taxpayer
Compliance

INTRODUCTION

Research on models for strengthening taxpayer compliance is very important to carry out because taxes are the state's main source of income in meeting society's needs (Karim et al., 2021); (Siahaan et al., 2020). However, many taxpayers still need to fulfill their obligations to pay taxes (Sherly et al., 2020). Tax services that are fair and equal to all taxpayers can strengthen the sense of justice (Batrancea et al., 2022). Taxpayers who feel they are treated fairly tend to be more compliant (Putri et al., 2020). Well-trained tax officers can provide better services to taxpayers (Lukman et al., 2022). They can provide accurate information and provide the assistance needed. From the aspect of tax sanctions, it is considered important to strengthen supervision and law enforcement (Lukman et al., 2022); (Silalahi et al., 2020). This is important to ensure that the tax system runs well and that no violations go unchecked. Sanctions, such as fines and interest, have financial impacts that can provide additional burdens for taxpayers. This can be an economic incentive to comply with tax obligations (Johnson & Rinaldi, 2021). If the quality of services and tax sanctions can be monitored and implemented well, taxpayer participation in paying taxes will increase (Lisa & Hermanto, 2018).

Quality of service in taxation can be interpreted as how tax officers help manage or prepare all the necessities required by taxpayers (Yunianti et al., 2019). Services responsive to taxpayer complaints create an environment where problems can be resolved quickly and fairly (Rahmat et al., 2021). This can help maintain taxpayer confidence in the tax system (Purba, 2021). Friendly and informative tax

consultation services can help taxpayers make the right decisions regarding taxation. Good guidance can minimize the risk of errors and confusion (Risna & Nur, 2021). An efficient and easy-to-use reporting process can increase taxpayer compliance (Risna & Nur, 2021). Facilities such as online reporting systems can speed up the process and reduce potential errors (Citra Dewi et al., 2021). Previous research shows that good-quality tax services can increase taxpayer compliance and reduce tax avoidance behavior (Sugiyani et al., 2023); (Ridhawati et al., 2022). Therefore, based on several previous research results, we can develop a hypothesis:

H1: Service quality affect taxpayer compliance

Apart from the service quality aspect, the role of tax sanctions is also considered crucial in encouraging increased taxpayer compliance. Tax sanctions are one of the factors that influence individual taxpayer compliance (Citra Dewi et al., 2021). Tax sanctions aim to create incentives for taxpayers to comply with tax regulations (Baeli, 2021). The government seeks to prevent rule violations by threatening sanctions and ensuring all parties fulfill their tax obligations (Muniroh, 2022). Tax sanctions can include various forms, such as fines, late interest, or even further legal action (Anto et al., 2021). The amount of sanctions can vary depending on the type of violation and severity. Study (Arif et al., 2023); (Mangiwa & Fun, 2023); (Putra et al., 2022), shows empirical evidence showing that tax sanctions can significantly increase taxpayer compliance. The threat of sanctions can increase the level of taxpayer compliance (Johnson & Rinaldi, 2021). Taxpayers who realize that there are serious consequences for tax violations tend to be more compliant (Andiko et al., 2018). Therefore, based on several previous research results, we can develop a hypothesis:

H2: Tax sanctions affect taxpayer compliance

The urgency of this research, namely research on models for strengthening taxpayer compliance, can also help improve the efficiency and effectiveness of the tax system as a whole. Compliance evaluation may include assessing taxpayer satisfaction with tax services. This is important to understand taxpayers' perceptions and experiences interacting with tax institutions (Irwansyah et al., 2021). Data from research can provide insights for developing better tax policies, including changes in information provision, improved reporting facilities, and customer service developments. Research can help identify the obstacles taxpayers face in complying with tax regulations. In this way, more targeted improvements can be made. Regarding tax sanctions, research can help identify the most common types of tax violations (Suryani et al., 2021). This allows tax authorities to focus on areas that require further treatment. Research could compare tax sanctions practices with international practices to understand how current policies comply with international standards. Therefore, this research aims to analyze the influence of service quality and tax sanctions on taxpayer compliance.

METHOD

This research uses a literature and field research design with a causal associative approach to see the relationship between several uncertain variables. (Sugiyono, 2015), mentions that causal design is useful for analyzing how one variable influences other variables and is also useful in experimental research, where the researcher treats the independent variable in a controlled manner to see its impact on the dependent variable directly. The sampling method used in this

research is the convenience sampling method. This technique was chosen because it is the fastest method due to time constraints, and anyone who accidentally meets the researcher can be used as a sample if that person is deemed suitable as a data source. According to (Hair, 2014), if the population size is unknown, the sample size can be determined from 5-10 times the number of indicators used in a single construct. This research uses 15 indicators from 3 existing variable dimensions, so the number of research samples obtained is $13 \times 10 = 130$. Data collection in this research used the observation method by observing directly in the field, and documentation came from secondary data in the form of documents and structured interviews using questionnaire instruments. This study uses a research instrument test consisting of validity and reliability tests. The quantitative analysis consists of a normality test, regression test, hypothesis test, correlation test, and coefficient of determination.

RESULTS AND DISCUSSION

Validity and Reliability Test

Table 1. Validity Test Results

Variables	Corrected items - Total correlation	N of Items	Test results
Service Quality	0.470	4	Valid
Tax Sanctions	0.510	4	Valid
Taxpayer Compliance	0.605	5	Valid

Source: Processed SPSS Data (2023)

Based on the validity test of Table 1 above, it is concluded that all indicators in the study have a value above 0.30, and the measurement items used in this research are valid. Next, a reliability experiment is carried out to measure the measurement items on the questionnaire items that describe the indicators of the variables. A questionnaire is reliable if a person's response to a question does not change or is normal occasionally.

Table 2. Reliability Test Results

Variables	Cronbach's Alpha	N of Items	Test results
Service Quality	0.805	4	Reliable
Tax Sanctions	0.820	4	Reliable
Taxpayer Compliance	0.880	5	Reliable

Source: Processed SPSS Data (2023)

Based on the results of the reliability experiment shown in table 2 above it proves that all indicators have a Cronbach alpha value for each instrument > 0.60 , so it can be concluded that all the instruments used are reliable.

Multiple Regression Test

Table 3. Multiple Regression Test Results

Model	Unstandardized Coefficients		t-count	Sig.	
	B	Std. Error			
1	(Constant)	4,515	1,901	2,820	,003
	Service Quality	,202	0.057	4,440	,000
	Tax Sanctions	,196	0.070	3,710	,000

Source: Processed SPSS Data (2023)

From the multiple linear regression above, the equation model is obtained: $= 4.515 + 0.202X_1 + 0.196X_2$, meaning that service quality and tax sanctions

positively affect taxpayer compliance. Based on these equations, it can be explained as follows:

1. The constant value of 4.515 can be interpreted if the variables of service quality and tax sanctions are considered zero, then the value of taxpayer compliance will be in the range of values of 4.515.
2. The value of the beta coefficient on the service quality variable is 0.202, which means that every change in the service quality variable by one unit will result in a change in taxpayer compliance of 0.202 units with the assumption that the other variables are at a constant value.
3. The beta coefficient value on the tax sanctions variable is 0.196, which means that every change in the tax sanctions variable by one unit will result in a change in taxpayer compliance of 0.196 units with the assumption that the other variables are at a constant value.

Simultaneous and Partial Hypothesis Testing

To examine the variable binding simultaneously, experiment F is used. Simultaneous hypothesis testing attempts to analyze whether service quality and tax sanctions can influence taxpayer compliance.

Table 4. Simultaneous Test Results

Model		Sum of Squares	df	F	Sig.
1	Regression	138,980	2	17,110	,000b
	Residual	253,482	127		
	Total	422,285	129		

Source: Processed SPSS Data (2023)

Based on the results of the simultaneous test analysis in Table 4, the Fcount value is 17.110 > from Ftable with (0.05; 2 vs 127) of 3.07 or with a significant 0.000 < 0.05, it can be interpreted as service quality and tax sanctions effects unpaid compliance simultaneously. Subsequently, a partial test was conducted to partially analyze the effect of service quality and tax sanctions on taxpayer compliance. Based on the results of data analysis in Table 3, the results of the t-test in this study are as follows:

1. Service quality has a significant level of 0.000 < 0.05, meaning that the service quality significantly affects taxpayer compliance.
2. Tax sanctions obtained a significant level of 0.000 < 0.05, meaning that tax sanctions significantly affect taxpayer compliance.

Coefficient of Determination Test

The coefficient of determination is used to measure the ability of a model to explain the variation of the dependent variable. The results of the determination test in this study can be explained in Table 5 below:

Table 5. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.745a	,550	,528	1,423

Source: Processed SPSS Data (2023)

Based on the results of the data analysis in Table 5 above, the coefficient of determination value is 0.550, which means that the level of taxpayer compliance of 55.0% can be explained by service quality and tax sanctions, while other factors can explain the remaining 45.0 % not discussed in this study.

CONCLUSION

This research concludes that service quality has a positive and significant effect on unpaid compliance. These results confirm that when tax services run well, taxpayers tend to be more motivated to comply with their obligations. Good service quality creates an environment that is transparent, easy to understand, and efficient so taxpayers feel supported in tax reporting and payment. Taxpayers tend to be more compliant if they believe the tax system is fair and equal. Service quality that reflects these principles can increase compliance. An efficient tax reporting and payment process helps reduce the administrative burden for taxpayers. Friendly and helpful service can also make this process easier and less stressful. Service quality includes the ability to provide tax consultations to taxpayers. By getting accurate guidance, taxpayers can make better decisions regarding their obligations. Good tax services provide clear and easily accessible information regarding tax obligations, reporting procedures, and benefits obtained from taxes paid. This makes taxpayers better able to understand their responsibilities.

The results of this research conclude that tax sanctions positively and significantly affect unpaid compliance. These results inform that sanctions incentivize taxpayers to comply with their obligations. The threat of sanctions, such as fines or tax penalties, can encourage taxpayers to report correctly and pay taxes on time. The presence of sanctions can be a deterrent factor for taxpayers to avoid violating tax regulations. When taxpayers know the serious consequences of not complying with tax provisions, they are more likely to follow the rules. Furthermore, tax sanctions are a law enforcement tool that can be used by tax authorities to ensure taxpayer compliance. Through the application of sanctions, tax authorities emphasize that tax rules must be followed and that violations will be punished. Tax sanctions can be a source of additional revenue for the government. Fines and other sanctions can be used to obtain funds that can be reallocated for public purposes, including infrastructure development and public services.

This research also confirms practical implications, namely that service quality can highlight the importance of informative and educational services in increasing taxpayers' awareness and understanding of tax rules and regulations. By providing clear and accurate information about tax obligations, tax agencies can help taxpayers better understand their responsibilities. Thus, good quality tax services can build trust and cooperation between tax authorities and taxpayers. On the other hand, if the service could be better, it can make taxpayers feel frustrated, less motivated to comply, or even look for ways to avoid tax obligations. Furthermore, this research can highlight the importance of perceptions of fairness and equality in applying tax sanctions. If taxpayers feel that sanctions are applied fairly and proportionally to tax violations, they are more likely to comply with their obligations voluntarily. However, it is important to remember that sanctions alone are not always enough. A balanced approach between sanctions and positive incentives, such as tax counseling, tax refunds, and efficient tax services, can be more effective in creating an environment where taxpayers feel encouraged to comply with their obligations without facing sanctions.

This research has suggestions to be used as a reference for research and decision-making for parties with a relationship with improvement and paid compliance. To increase mandatory compliance through improving service quality, the government can provide reporting facilities that are efficient and easy to use. The

use of technology and online systems can speed up the reporting process. Take advantage of the latest technology, such as artificial intelligence and data analysis, to improve service efficiency and provide more personalized solutions to taxpayers. To increase mandatory compliance through tax sanctions, the government can provide clear information regarding tax dispute resolution procedures. This openness can create the perception that the legal process is fair. Carry out educational campaigns regarding the consequences of tax violations. Understanding taxpayers about the risks of sanctions can be an incentive to comply. This research also confirms the weakness in the aspect of the sample size used, which is still unable to generalize the characteristics of business actors as a whole; therefore, for further research, it is necessary to add a larger sample size and include several research variables that are not discussed in this research. On the other hand, you can use data analysis methods with the CB-SEM approach using the Amos application for more complex models.

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