

An Empirical Investigation of Factors Affecting the Compulsory of Personal Income Tax on Personal Information Tax Services Pratama, West Medan

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The purpose of this study was to investigate the influence of awareness of paying tax, knowledge and understanding of the tax rules, service quality of tax office, modernization of tax administration system, and administrative sanction for the compliance level of individual taxpayers. This study used primary data and the population of this study was 124.872 individual taxpayers in the office of Pratama Tax Service West Medan. The sample in this study were selected through Slovin formula. The data processed through multiple regression model. The result of F-test showed that awareness of paying tax, knowledge and understanding of the tax rules, service quality of tax office, modernization of tax administration system, and administrative sanction have the significant influence on the compliance level of individual taxpayers, simultaneously. However, the result of t-test showed that awareness of paying tax, service quality of tax office, and administrative sanction have the significant influence on the compliance level of individual taxpayers, partially. Meanwhile, the knowledge and understanding of the tax rules, and modernization of tax administration system did not have influence on the compliance level of individual taxpayers.

Keywords: Compliance Level of Individual Tax Payers, Awareness of Paying Tax, Knowledge, and Understanding of the Tax Rules, Service Quality of Tax Office, Modernization of Tax Administration System, Administrative Sanction

1. INTRODUCTION

Tax revenue is one component that becomes the source of state revenue in the State Budget (APBN). Tax revenues are used to finance state development in all sectors. Significant tax revenue tends to support the economy in the context of the realization of national development. National development is an ongoing activity to improve people's welfare materially and spiritually, to realize these objectives. Considering the issue of development financing is necessary. The effort to establish the nation or state in financing the development made by digging the source of funds coming from within the country. Tax is one of the most potential sources of funds to finance the development process because the Directorate General of Taxes focuses on raising public awareness to be obedient in paying taxes. Increased state revenues from the tax sector as one source of financing that is still possible and widely opens based on the number of taxpayers from year to year is expected more and more along with the increasing number of people and the welfare of the community. Tax is the state revenue to be used for general financing of all government activities. Even the tax is also one of the benchmarks of the economic success of a country. Achievement in the process of tax revenue from the community is very dependent

on the level of compliance as a taxpayer. Concrete steps that may be made by the Director General of Taxation is to maximize the service in each Tax Office (KPP) spread throughout Indonesia. Tax Office as the spearhead for the Directorate General of Taxes in collecting taxes from the public should examine the factors that may affect the level of compliance of the Taxpayers in the area of work. Based on data of personal taxpayer compliance level in KPP Pratama West Medan shown in the table below:

Table 1. Taxpayer compliance level in KPP Pratama, West Medan

| Annual SPT Income tax | Registered Reports Annual SPT | Annual SPT entered | Percentage Conformity |
|-----------------------|-------------------------------|--------------------|-----------------------|
| 2012 | 71.729 | 17.095 | 23.83% |
| 2013 | 97.045 | 24.740 | 25.49% |
| 2014 | 108.538 | 27.313 | 25.16% |
| 2015 | 117.826 | 26.990 | 22.91% |
| 2016 | 124.872 | 27.438 | 21.97% |

Source: Processed Data of KPP Pratama, West Medan.

Based on the phenomenon that has been described, the author compiled several questions and to know the empirical evidence, what factors can affect the level of compliance of Individual Taxpayers in the environment of KPP Pratama Medan West as follows:

RQ1: Does awareness of paying taxes, knowledge, and understanding of tax regulations, the quality of tax office services, the

modernization of the tax administration system, and administrative sanctions can affect the level of compliance of Individual Taxpayers in KPP Pratama West Medan simultaneously?

RQ2: Does the awareness of paying taxes affect the level of compliance of an Individual Taxpayer?

RQ3: Does knowledge and understanding of tax rules affect the level of compliance of an Individual Taxpayer?

RQ4: Does the quality of service of the tax office affect the level of compliance of an individual taxpayer?

RQ5: Does the system of tax administration modernization affect the level of compliance of Individual Taxpayers?

RQ 6. Do the administrative sanctions affect the level of compliance of an individual taxpayer?

Hypotheses Development

The author proposed the hypotheses in this research as follows:

H1: There is the influence of awareness of paying taxes partially to the level of compliance of Individual Taxpayers in KPP Pratama, West Medan.

H2: There is the influence of knowledge and understanding about tax regulation partially to the level of compliance of Individual taxpayer at KPP Pratama, West Medan.

H3: There is the influence of service quality of tax office partially on the level of compliance of Individual taxpayer in KPP Pratama, West Medan.

H4: There is the influence of modernization of tax administration system partially to the level of compliance of Individual taxpayer in KPP Pratama, West Medan.

H5: There is the effect of administrative sanctions partially on the level of compliance of Individual taxpayers in KPP Pratama, West Medan.

H6: There is the influence of awareness of paying taxes, knowledge, and understanding of tax regulation, quality of tax office service, modernization of tax administration system, and administrative sanction simultaneously on the level of compliance of Individual taxpayer in KPP Pratama. West Medan.

2. LITERATURE REVIEW

2.1 Taxpayer Compliance

Compliance in the case of taxation means an obedience to carry out the provisions or rules of taxation that are required or should be realized following the laws and regulations of taxation. A taxpayer duty means a taxpayer who knows and implements taxation rights and obligations by applicable tax laws. The obligations and rights of the Taxpayer must be carried out in a balanced manner. If the Taxpayer has fulfilled the

obligation of taxation, then the Taxpayer will get their right. Compulsory Taxpayer is a Taxpayer who has been determined by the Directorate General of Taxes as a Taxpayer who meets specific criteria as referred to in Decree of the Minister of Finance No. 544 / KMK.04/2000 concerning criteria of Taxpayers who can be addressed Return of Introduction of Excess Tax Payment. The intention is to motivate the Taxpayers in fulfilling their obligations as well as improve some criteria that must be met to become obedient Taxpayers. The Government provides several criteria that must be met to become obedient Taxpayers. The legal basis for the determination of the required Taxpayer criteria is Law No.16, Year 2000, regarding the General Provisions and Procedure of Taxation, and KMK No.554/KMK.04/2000 jo KMK No.235/KMK.03/ 2003 on the Determination of Obligation Tax Obedience.

2.2 Factors Affecting Taxpayer Compliance

Discussion of taxpayer compliance issues cannot be separated from the analysis of factors that may affect the level of compliance. The factors that can affect the compliance of Taxpayers are as follows:

1. Awareness of Paying Taxes.

Taxpayers' awareness in paying tax obligations will increase when there is a positive perception of tax in society. Increasing knowledge of taxation society through the education of taxation both formal and non-formal will have the positive impact on taxpayers awareness to pay taxes. Taxpayer characteristics reflected by cultural, social, and economic conditions will dominantly shape Taxpayers' behavior reflected in their level of awareness in paying taxes. Intensive and sustainable tax counseling will be able to improve the Taxpayer's understanding of the obligation to pay taxes as a form of national mutual-cooperation in raising funds for the benefit of government financing and national development (Suryadi, 2006).

2. Knowledge and Understanding of Tax Regulations

Knowledge is the work of thought that change does not know to know and eliminate doubt on a case (Widayanti and Nurlis, 2010). The study of Widayanti and Nurlis (2010) also outline some indicators that the Taxpayers know and understand the tax regulations, namely: (1) Ownership of NPWP, every taxpayer who has a mandatory income to register themselves to obtain NPWP as one means for tax administration. (2) Knowledge and understanding of the rights and obligations as a Tax Payer. If the Taxpayer has been aware of his obligations as a Tax Payer, then they will do so, one of which is

paying taxes. (3) Knowledge and understanding of tax sanctions. The more knowledge and understand Taxpayers against taxation regulations, the more knowledge and also understand Taxpayers against sanctions to be accepted when neglecting their tax obligations. This will certainly encourage every obedient Taxpayer will carry out their obligations well. (4) Knowledge and understanding of PTKP, PKP, and tax rate. By knowing and understanding the applicable tax rate, it will be able to encourage Taxpayers to be able to calculate their tax liability properly. (5) Taxpayers know and understand the tax regulations through the socialization conducted by the Tax Office. (6) Taxpayers know and understand the tax rules through taxation training that they follow.

3. Quality of Tax Office Services

Quality is a dynamic condition that affects products, services, people, processes and environments that meet or exceed expectations (Tjiptono, 2007). It indicated that the image of good service quality is not based on the perspective of service providers, but it based on consumer's perception. This case is because consumers are consuming and enjoying services, so they are the ones who should determine the quality of services. Consumer perceptions of service quality is a comprehensive assessment of the benefits of a service.

4. Modernization of Tax Administration System

Study by Rahayu (2010) declared that the tax administration in the sense of procedure includes among others the stages of taxpayer registration, tax determination, tax payment, tax reporting and tax collection. One of the indicators of proper tax administration is the level of efficiency. Efficiency can examine from two sides. Concerning tax collection tax is said to be efficient if the tax collection fees made by the Tax Office is less than the amount of tax collected. From the Taxpayer side, the tax collection system is said to be efficient if the cost that must be paid by the Taxpayer to fulfill the tax obligation can minimize. In other words, tax collection is said to be efficient if compliance costs are low (Rosdiana and Irianto, 2011). According to Rahayu and Lingga (2009), the tax administration reform program is realized in the application of modern tax administration system which has special characteristics such as organizational structure which is designed based on function, no longer according to the sections based on tax type, service improvement for each Taxpayer through establishment account representative and compliant center to accommodate Taxpayer objections. Modern tax administration system also follow technological

progress with e-system based services, such as e-SPT, e-Filing, e-Payment, and e-Registration which is expected to improve the more effective control mechanism supported by the application of employee code of ethics Directorate General of Tax which regulate the behavior of employees in carrying out the duties and implementation of Good Governance.

5. Administrative Sanctions

Administrative sanctions can be regarded as a negative punishment to people who violate the rules by paying money. The laws and regulations outline the rights and obligations action that are permitted and are not allowed by the public. For the laws and regulations to be followed, there must be sanctions for violators, as well as for tax law (Suyatmin, 2004).

3. RESEARCH METHOD

3.1 Research Approach

This research according to the level of explanation is associative research, that is research which aims to know the relation between two variable or more (Sugiono, 2007). The nature of this research is descriptive explanatory that intends to explain the position of the variables studied and the relationship between one variable with another (Sugiono, 2007).

3.2 Population and Samples

In this study determined a hundred Individual Taxpayer in the environment of KPP Pratama, West Medan as respondents. The technique of determining the sample using accidental sampling technique, and sampling method using a proportional random sampling method that is a way of sampling from each population by calculating the sub-sub population.

3.3 Operational and measurement variables

The operational definition and method of measuring the research variables will be described as follows:

Personal Taxpayer Compliance Level; Interpreted as Formal Compliance of compliance to reporting the tax obligations on time and Compliance of the Compliance of the compliance of reporting the total amount of tax liability in a complete and accurate. The personal taxpayer compliance rate will be measured using the Likert's five-point scale to measure the compliance level of an Individual Taxpayer, and four items are used in connection with the indicator of the compliance level of the individual Taxpayer. The higher the weight of the scale obtained from the questionnaire then the compliance rate of the individual taxpayer is getting better, and vice versa.

Awareness of Paying Taxes: Awareness of paying taxes in this study is interpreted as a positive perception of Taxpayers to the tax function for the state and the positive perception of Taxpayers as citizens in paying taxes. This variable is measured by five-point statement relating to the indicator referred to in this study. The awareness of paying taxes will be measured using the Likert's five-point scale. The higher the value of the scale obtained based on the weight of each statement answer indicated that the awareness of paying taxes is higher and vice versa.

Knowledge and Understanding of Tax Regulations: Knowledge and understanding of tax regulation in this research are defined as the ability of Taxpayers in understanding tax laws as well as procedures for the process, calculation and reporting taxation as well as taxation functions. Knowledge and understanding of tax regulations are measured using the Likert's five-point scale. The variables were measured by five items of statements relating to the high indicator low indicated in this study. The higher the value of the scale obtained by the weight of each statement evidence that the level of knowledge and understanding of tax regulations is higher and vice versa.

Quality of Tax Office Services: The quality of tax office services in this study is seen from the resources involved in providing services to Taxpayers such as Human Resources involved in services, as well as information technology used in providing tax services. The variables were measured by four item statements using the Likert's five-point scale concerning the indicator referred to in this study. The measurement results can be known by looking at the answers of questionnaires from each respondent on each item statement relating to the variable concerned. The higher the value of the scale obtained based on the weight of each statement answer hinted that the quality of tax office service is higher and vice versa.

Modernization of tax administration system: Modernization of tax administration system in this research is seen from effectiveness and efficiency of modernization process of tax administration conducted by Directorate General of Taxation. Modernization of tax administration system in this research can be interpreted easiness and benefit in doing tax administration Taxpayer. The modernization of the tax administration system is measured using the Likert's five-point scale. The variables were measured by four items of statements related to the indicators referred to in this study. The measurement results can be known by looking at the answers of questionnaires from each respondent on each item

statement relating to the variable concerned. The higher the value of the scale obtained based on the weight of each answer statement then proposed that the modernization of tax administration system is better and vice versa.

Administrative Sanctions: Administrative sanction in this research is interpreted as the perception of Taxpayers on the implementation of administrative sanctions in the process of tax collection. Likert's five-point scale measures this variable. The variables are measured by five items of the statement relating to Taxpayers' perception of the application of administrative sanctions in tax collection. The measurement results can be known by looking at the answers of questionnaires from each respondent on each item statement relating to the variable concerned. The higher scores obtained by the weight of the answers to each statement indicates that there is a positive perception of the application of administrative sanctions in tax collection, and vice versa.

3.4 Data Collection Techniques

The use of questionnaires that refers to previous researchers, because the questionnaire in question has been tested in previous research and has been tested against 30 peers who are also Individual Taxpayers with a filling time of about 15-20 minutes.

3.5 Conceptual Framework

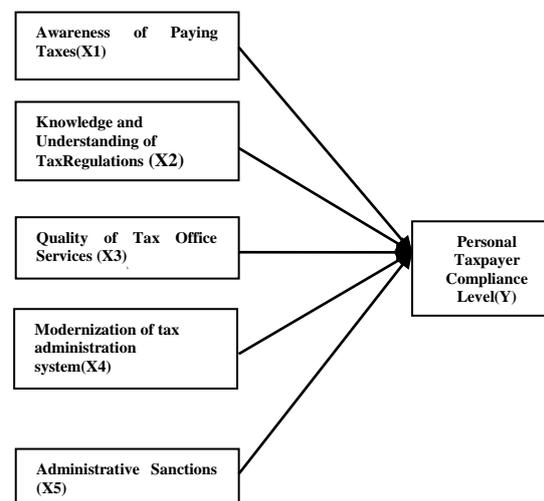


Figure 1. Conceptual Framework

4. RESEARCH METHOD

4.1 Data Analysis

Data analysis method aims to manage data to produce a research result that can be proven empirically. Data must appear at least two major requirements of validity and reliability. Gradually the analysis is done in the following way:

- Validity test: validity testing is performed by calculating the correlation between the score of each item with the total score, and assessed by Pearson correlation.
- Reliability test: reliability testing aims to see the reliability of the instruments used in this study.
- Normality test: normality testing aims to test whether, in the regression model, both dependent and independent variables are normally or not normally distributed (Ghozali, 2005).
- Multicollinearity Test: multicollinearity testing aims to test whether in the regression model found the existence of the correlation between independent variables or not (Ghozali, 2005).

5. RESULT AND DISCUSSION

5.1 Hypothesis Test Results

Hypothesis testing is conducted to test whether there is the influence of awareness of paying taxes, knowledge, and understanding of tax regulations, the quality of tax office services, modernization of tax administration system, and administrative sanctions simultaneously. Moreover, partially to the level of compliance Individual Taxpayer KPP Pratama, West Medan to investigate how much the ability of independent variables affect the dependent variable and how many the contribution of independent variables in influencing the dependent variable it will see the R and R Square values in the Summary Model table.

Coefficients Determination Analysis

Here are the results of calculations using SPSS software to determine the coefficient of determination:

Table 2. Coefficients Determination
Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .952 ^a | .906 | .901 | .54109 |

From the table above note that the value of R is 0.952. This case means the awareness of paying taxes, knowledge, and understanding of tax regulations, the quality of tax office services, the modernization of the tax administration system, and administrative sanctions have a strong influence on the compliance level of Individual Taxpayers KPP Pratama West Medan. The value of R Square is 0.906. This case means that the personal taxpayer compliance rate of KPP Pratama West Medan 90.6% is influenced by the awareness of paying taxes, knowledge, and understanding of tax regulations, the quality of

tax office services, the modernization of tax administration system, and administrative sanctions.

F-test

F-test is used to determine the effect of independent variables on the dependent variable simultaneously. From the results of the F test, the ANOVA table can be seen the value of the level of significance. If the significant value is smaller than Alpha 5%, the independent variables simultaneously affect the dependent variable and vice versa. Here is the result of F test summary which is made by using software SPSS 16.0:

Table 3. Result of F-test
Model Summary
ANOVA^b

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|---------|-------------------|
| Regression | 265.039 | 5 | 53.008 | 181.052 | .000 ^a |
| Residual | 442.140 | 77 | 5.742 | | |
| Total | 771.542 | 82 | | | |

Based on the above table if using the significance level $\alpha = 5\%$ then it can be compared that the significance of $< \alpha$ or $0.000 < 0.05$. This case means simultaneously awareness of paying taxes, knowledge, and understanding of tax regulations, the quality of tax office services, taxation, and administrative sanctions affect the level of compliance of Individual Taxpayer KPP Pratama, West Medan.

t-test

The t-test is used to determine the effect of independent variables on the dependent variable partially. The calculation process uses SPSS through linear regression analysis, and the results can be shown in the Coefficients table. From the result of the t-test, hence will be known level of significance from every independent variable to dependent variable. If the value is significantly smaller than Alpha 5% then partially independent variables affect the dependent variable and vice versa. The following is a summary of t-test conducted using SPSS software:

Table 4. Results of t-test

| Model | Coefficients | | | | t | Sig. |
|--|-----------------------------|------------|---------------------------|--|-------|------|
| | Unstandardized Coefficients | | Standardized Coefficients | | | |
| | B | Std. Error | Beta | | | |
| (Constant) | .985 | .681 | | | 1.446 | .152 |
| Awareness of Paying Taxes | .210 | .046 | .260 | | 4.604 | .000 |
| Knowledge and Understanding of Tax Regulations | .002 | .043 | .048 | | .048 | .962 |
| Quality of Tax Office Services | .443 | .052 | .453 | | 8.531 | .000 |

| | | | | | |
|--|------|------|------|-------|------|
| Modernization of tax administration system | .133 | .063 | .109 | 2.108 | .038 |
| Administrative Sanctions | .211 | .042 | .266 | 5.077 | .000 |

Based on the above table using the level of significance $\alpha = 5\%$ (0.05). It can be indicated that the significance value of the four independent variables, namely awareness of paying taxes, service quality tax office, modernization tax administration system and administrative sanctions is 0.000 and 0.038. This case means value significance $< \alpha$ (0.05) then partially these four variables have the positive and significant effect on the level of compliance of Individual Taxpayers. Meanwhile, other variables that are knowledge and understanding of taxation regulation have an insignificant effect on the level of Personal Taxpayer compliance because the value of variable significance is equal to 0.962 higher than alpha 5% (0.05). From the table above can also be known result of a regression equation that is as follows:

$$(Y) = 0.985 + 0.210X_1 + 0.002X_2 + 0.443X_3 + 0.133X_4 + 0.211X_5 + e$$

Based on the regression equation can be explained as follows:

- The constant value of 0.985 means that any increase in common variables outside the model will have an impact on the increase in the compliance rate of individual taxpayers by 0.985 units.
- The coefficient of awareness of paying the tax of 0.210 can be interpreted that if the awareness of paying taxes increases one-unit, then the level of compliance of Individual Taxpayers will increase by 0.210 units.
- Knowledge coefficient and understanding of tax regulation of 0.002 can be interpreted that if the knowledge and understanding of tax regulation increased one-unit, then the level of compliance of Individual Taxpayers will increase by 0.002 units.
- The coefficient of service quality of tax office amounted to 0.443 can be interpreted that if the quality of service tax office increased one-unit, then the level of compliance of Individual Taxpayers will increase by 0.443 units.
- The coefficient of modernization of tax administration system of 0.133 can be interpreted that if the modernization of tax administration system increased one-unit, then the level of compliance of Individual Taxpayers will increase by 0.133 units.
- The coefficient of administrative sanction of 0.211 can be interpreted that if the modernization of administrative sanctions increased one-unit, then the level of

compliance of Individual Taxpayers will increase by 0.211 units.

Discussion

Based on the test results show that the significance value of F 0.000 is smaller than 0.05. This proves variable awareness of paying taxes, knowledge, and understanding of tax regulations, the quality of tax office services, modernization of administrative system of taxation and administrative sanctions have a significant effect on compliance level Mandatory Individual Tax at Tax Office Pratama, West Medansimultaneously. From the results of statistical tests showed that partially, the variable awareness to pay taxes shows a positive and significant influence on the level of compliance of Individual Taxpayers with a significant value of 0.000 smaller than 0.05. From the results of multiple linear regression awareness of paying taxes to have a positive coefficient of 0.210. This case means the awareness of paying tax increases one-unit then the level of compliance of Individual Taxpayers will increase by 0.210 units. Variable knowledge and understanding of tax regulation have the significant value equal to 0.962 higher than 0.05. It indicated that the variables of knowledge and understanding of taxation regulation partially have not the significant influence on taxpayer compliance level. From the results of multiple linear regression of knowledge and understanding tax regulations have a positive coefficient of 0.002. This case means that the variable knowledge and understanding of tax regulations increased one-unit, then the level of compliance of Individual Taxpayers will increase by 0.002 units. Variable quality of service tax office has a significant value of 0.000 smaller than 0.05. It indicated that the variable of service quality of tax office has a positive and significant influence on taxpayer compliance level partially. From the results of multiple linear regression variable quality of service tax office has a positive coefficient of 0.443. This case means that the quality of tax office services increased one-unit, then the level of compliance of Individual Taxpayers will increase by 0.443 units. Variable modernization tax administration system has a significant value of 0.038 is smaller than 0.05. It indicated that the variable modernization of tax administration system has a positive and significant influence partially to the level of taxpayer compliance. From the results of multiple linear regression of knowledge, and understanding of tax regulations have a positive coefficient of 0.133. This case means that the variable modernization tax administration system increased one-unit, then the level of compliance of Individual Taxpayers will increase by 0.133 units. Administrative sanction variables have a significant value of 0.000 less than 0.05. It

indicated that administrative sanction variables have a positive and significant effect on taxpayer compliance level partially. From the results of multiple linear regression administrative sanction variable has a positive coefficient of 0.244. This case means the administrative sanctions increased one-unit then the level of compliance of Individual Taxpayers will increase by 0.244 units. From the results, we can see that the need for an effort from the Directorate General of Taxation to create a program can arouse the hearts of the public to raise awareness in fulfilling its tax obligations as a form of citizens compliance to the tax laws in force in Republic Indonesia. Also referred to the Directorate General of Taxes to improve the quality of services to facilitate the Taxpayer with a service procedure that can attract the sympathy of the Taxpayer within the process of fulfillment of obligations a Taxpayer does not encounter obstacles, and everything can work smoothly and unconfiscate many time. The higher administrative sanctions provide the higher of Taxpayers compliance in fulfilling tax obligations. Therefore, the Directorate General of Taxes should conduct more frequent socialization and counseling to understand matters relating to Taxpayer compliance, tax laws, tax administration system and taxation sanctions. The results of the socialization and counseling are possible for increase the compliance of taxpayers and the achievement of high taxes.

6. CONCLUSION AND SUGGESTION

6.1 Conclusion

From the results of research conducted, it can be indicated as follows:

Awareness of paying taxes, Knowledge and understanding of tax regulations, Quality of tax office services, Modernization of tax administration system, and administrative sanctions affect the level of compliance of Individual Taxpayers simultaneously. The awareness of paying taxes has a positive and significant influence on the compliance level of the individual taxpayer partially. Knowledge and understanding of tax laws have not the significant influence on the compliance level of Individual Taxpayer partially. The quality of tax office services has a positive and significant influence on the compliance level of the individual taxpayer partially. The modernization of the tax administration system has a positive and significant influence on the compliance level of the individual taxpayer partially. Administrative sanctions have a positive and significant effect on the compliance level of an individual taxpayer partially.

6.2 Suggestions

Taxpayers are expected to increase further awareness in paying taxes and understand the tax function which is one source of state revenue to carry out state development. Taxpayers are expected to enhance knowledge and understanding of tax regulations further. Moreover, KPP Pratama, West Medan to deliver the socialization of tax regulations especially Taxpayers understand tax regulations. Tax Office Pratama West Medan is expected to continue improving the quality of service to taxpayers following the concept of excellent service that aimed the implementation of good governance work. For the activities and objectives of tax reform in the tax office to operate maximally, the quality of human resources and services in the Tax Office Pratama, West Medan should be further improved by training for tax officials due to the quality of good tax officials. Later, the Taxpayer will feel the benefit and function of the tax payment, especially Account Representative (AR) tax. It causes Account Representative (AR) tax is one of the tax apparatus directly related to Taxpayer. To provide socialization about the tax administration system to understand the tax administration system associated with using internet technology. Socialization of tax regulations and sanctions imposed by the Tax Office Pratama, West Medan continues to be improved, so Taxpayers can understand the regulations and tax sanctions. The imposition of administrative sanctions in form of interest, penalty, and increment should be applied to Taxpayers who do not fulfill tax obligations following the provisions of the taxation legislation. Subsequent research should use other variables that are not used in this study. and involve the corporate taxpayer as well as taxpayers. This results found a more comprehensive study.

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