

# Implementation of Information And Communication Technology Can Increase Taxpayer Compliance In Reporting PPH 21

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## ABSTRACT

This research aims to explore how the implementation of ICT can increase taxpayer compliance in reporting PPh 21 in South Sulawesi Province. By understanding the role and benefits of ICT, it is hoped that effective strategies can be found that can be implemented by several companies in order to increase tax compliance. The method used in this research is qualitative research which examines problems in depth using a non-statistical approach. framework of thought derived from thoughts and literature studies, expert opinions and other sources relevant to the topic of individual taxpayer compliance in reporting PPh 21 in South Sulawesi Province. The results of research conducted show that the implementation of ICT can increase taxpayer compliance in reporting PPh 21 in South Sulawesi Province, which is still not in line with the tax revenue target in 2023. It is still necessary to increase PPh 21 tax compliance by utilizing the role of Information and Communication Technology to significantly increase taxpayer compliance in reporting PPh 21 in Indonesia. In increasing taxpayer compliance in reporting PPh 21, information and communication technology has played an important role. There is a great need for taxpayer awareness regarding the use of e-filing, e-SPT, e-Invoice application, Tax Corner, and consultation and education so that it can help increase taxpayer compliance. Therefore, the government must continue to improve the convenience and quality of tax services to increase taxpayer compliance effectively. Efficiency of the reporting process, increasing knowledge and awareness of taxpayers, as well as reducing operational costs due to the use of ICT. However, to achieve optimal results in taxpayer compliance in South Sulawesi Province, it is necessary to provide adequate training to the community and overcome the challenges of technological adaptation. Such implementation requires support from management, investment in technology infrastructure, and ongoing training.

**Keywords:** Taxpayer Compliance, PPH 21, Role of ICT

## INTRODUCTION

The role of taxes in a country's development cannot be denied as one of the main pillars that supports economic and social sustainability. In the context of a modern economy, taxes are the government's main instrument for collecting development funds. Income Tax (PPh) 21 on employee salaries is the main source of state revenue in Indonesia. Even though the government is trying to increase taxpayer compliance, the challenge of achieving optimal levels remains a concern. In Indonesia, income tax (PPh) is a type of tax that makes a significant contribution to state income. One of the important segments in PPh is PPh 21, which is imposed on income in the form of salaries, wages, honorarium, allowances and other payments received by employees.

Taxpayer compliance in reporting and paying PPh 21 is crucial to ensure state revenues are on target. However, the main challenge faced is the level of compliance which is still not optimal. Many factors influence taxpayer compliance, including knowledge about taxation, tax awareness, and the complexity of the tax regulations themselves. Taxpayer compliance in implementing PPh 21 is still a crucial issue, threatening state revenues and the effectiveness of the tax system. Increased compliance is needed to support the country's economy. Therefore, in order for state revenues from taxes to be optimal, the Directorate General of Taxes must be able to strive to increase taxpayer compliance in recording, calculating, paying and declaring tax obligations.

In this digital era, Information and Communication Technology (ICT) offers potential solutions to overcome these challenges. The implementation of ICT in tax administration can provide various conveniences, such as simplifying the reporting process, increasing data accuracy, and providing real-time information. Manufacturing companies, as one of the labor-intensive industrial sectors, have an urgent need to utilize ICT to increase efficiency and compliance in reporting PPh 21.

In 2021, only 9 million Taxpayers will report Tax Returns (SPT), far from the target of 80% or 15.2 million Taxpayers to comply with reporting SPT. The details are 9 million taxpayers who have paid taxes, including 8.7 million individual taxpayers and 282 thousand corporate taxpayers. Of the 8.7 million individual taxpayers, there are 8.4 million people who report their annual SPT via e-filing and 306 thousand manually. Meanwhile, for 282 thousand corporate taxpayers, there are 237 thousand reporting taxes via e-filing and 44 thousand others manually. Quoted from ([kemenkeu.go.id](http://kemenkeu.go.id)) in 2022 the number of Taxpayers reporting Tax Returns (SPT) increased to 11.39 million according to data received by the Ministry of Finance until March 31 2023. This figure shows an increase and growth of around 4,000. 97%. The compliance ratio for submitting Notification Letters (SPT) has indeed increased to 58.61% but is still far from the target.

The reason why it is important to increase taxpayer compliance with PPh 21 on employee salaries is the role of tax in sustainable development. Data shows that a number of taxpayers do not fulfill their tax obligations, which has a negative impact on state tax revenues. It is important for Taxpayers to understand tax regulations, such as having a Taxpayer Identification Number (NPWP), knowing their rights and obligations as Taxpayers, knowing tax sanctions if they do not comply, understanding PTKP, PKP and tax rates, as well as knowing and understanding tax regulations through socialization provided by the tax services office.

Taxpayer compliance problems are not only related to administrative aspects, but also involve complex social, economic and cultural factors. Torgler's (2011) study highlights the importance of legal awareness and trust in the government in determining the level of taxpayer

compliance. In relation to PPh 21 reporting on employee salaries, taxpayer compliance can also be influenced by transparency and efficient use of tax funds.

However, it should be noted that increasing taxpayer compliance does not only depend on social factors alone. Research (Hidayat, 2015) emphasizes the importance of an effective tax inspection system and strict law enforcement as important factors in encouraging taxpayer compliance. A transparent and firm audit system can provide a clear signal to taxpayers regarding the consequences of violating tax regulations, which can then motivate them to comply with tax obligations.

Taxpayer non-compliance can be caused by a lack of understanding of tax regulations, resulting in violations of regulations and evasion of tax payments. Adequate understanding of tax regulations is important, because it influences the taxpayer's decision to comply with taxes. In today's digital era, information and communication technology (ICT) can help reduce administrative burdens and increase reporting regularity. Recent research by (Nurhayati, 2022) shows that the use of sophisticated information technology in the tax reporting process can help reduce administrative burdens and increase reporting regularity. By utilizing appropriate information technology, the government can simplify the reporting process for taxpayers and simultaneously increase transparency and accountability in the tax system.

This research aims to explore how the implementation of ICT can increase taxpayer compliance in reporting PPh 21 in South Sulawesi Province. Several companies in Makassar City are still having difficulty reporting PPh 21 taxes using ICT. By understanding the role and benefits of ICT, it is hoped that effective strategies can be found that can be implemented by several companies in order to increase tax compliance. This will not only benefit the company from an operational perspective, but will also contribute to increasing state tax revenues, which in turn will support national development. This research is important because it provides insight into innovative ways of managing tax obligations through technology. In addition, it is hoped that the results of this research can become a reference for policy makers in formulating regulations that encourage the use of ICT in tax administration in Indonesia.

## **LITERATURE REVIEW**

### **Understanding Tax**

According to (Official, 2019) Tax is an achievement imposed unilaterally by and owed to the authorities (according to generally established norms), without any interpretation, and is solely used to cover general expenses. According to Law Number 28 of 2007, the third amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures, Tax is a mandatory contribution to the state that is owed by an individual or entity that is coercive based on law, without receiving rewards directly and used for state needs for the greatest prosperity of the people.

Tax is a mandatory contribution from the people to the state, it is coercive because based on the law without receiving direct compensation, it is intended to finance the public interests and prosperity of the people. (Law No. 28 of 2007, 2007) One of the tax collection systems that applies in Indonesia is a Self Assessment System where taxpayers are given the authority by the state to calculate, report and pay their own taxes owed. (Camelia, 2019). Therefore, as a taxpayer, you should have the ability in taxation, especially in terms of calculating, reporting tax returns and paying taxes in accordance with applicable tax regulations.

### **Taxpayer compliance**

According to (Hasanudin et al., 2020) taxpayer compliance is a condition where taxpayers fulfill all tax obligations and fulfill tax rights. Compliance in terms of taxation means the condition of a Taxpayer who carries out his rights and especially obligations, in a disciplined manner, in accordance with applicable laws and tax procedures and does not deviate from tax provisions. Based on this definition, it can be concluded that taxpayer compliance is the attitude of taxpayers to exercise their tax rights and fulfill all their tax obligations by reporting, filling in and paying their taxes in accordance with the provisions that have been determined.

In the Big Indonesian Dictionary (KBBI), the meaning of the word compliance is to submit to or follow binding rules. Simon James et.al quoted by Gunadi (2005:57) tax compliance is the willingness of taxpayers to fulfill their tax obligations in accordance with applicable regulations without the need for audits or threats of legal or administrative sanctions. Meanwhile, Nurmantu (2003: 148) states that tax compliance is a situation where taxpayers fulfill all tax obligations and exercise their tax rights. From the definition above, taxpayer compliance is an attitude shown by the taxpayer himself in paying and reporting his taxes without having to do anything that encourages taxpayers to comply with tax procedures and rules.

In an effort to increase taxpayer compliance in reporting PPh 21, information and communication technology (ICT) has played an important role. The tax system in Indonesia which adopts a self-assessment system makes compliance in fulfilling tax obligations voluntarily an important thing in the implementation of the tax system.

### **Use of Information Technology**

The use of information technology has helped increase taxpayer compliance in several ways as follows: (Harjanti et al., 2023)

1. E-Filing: An online taxpayer registration system (e-registration) has been implemented, making it easier for taxpayers to collect and send tax data electronically. This has increased taxpayer compliance in reporting Annual Tax Returns.

2. E-SPT: The use of e-SPT has made it easier for taxpayers to calculate, report and pay taxes electronically. This has increased taxpayer compliance in following the normal reporting schedule which ends on March 31.
3. e-Invoice Application: The e-Invoice Desktop application version 3.2 has been implemented to make it easier for taxpayers to manage and report taxes electronically. This has increased taxpayer compliance in following the normal reporting schedule which ends on March 31.

### **Use of Communications**

The use of communication has also played an important role in increasing taxpayer compliance, namely: (Natasya & Andhaniwati, 2023)

1. Tax Corner: The opening of Tax Corners in several public areas has helped taxpayers in reporting their Annual SPT. Even though 98% of the total SPT has been submitted via e-filing and e-form, the remainder still requires assistance in submitting tax reports.
2. Consultation and Education: The government has opened opportunities for taxpayers to receive consultation and education about taxation. This has increased taxpayers' awareness and ability to calculate, report and pay taxes accordingly

## **RESEARCH METHODS**

The method used in this research is that this research applies a qualitative research paradigm that examines issues in depth with a non-statistical approach (Sugiyono, 2015). Data sources come from interviews, literature such as books, scientific journals, and various other literature. The analysis technique is carried out in a descriptive-inductive manner. Framework of thought derived from thoughts and literature studies, expert opinions and other sources relevant to the topic of individual taxpayer compliance in reporting PPh 21 in South Sulawesi Province. Based on a number of theories and concepts, research that influences taxpayer compliance such as Compliance Theory Taxes, Role of the Tax Inspection System, Use of Information and Communication Technology, Economic Theory of Taxes.

## **RESULTS AND DISCUSSION**

### **ICT Implementation Can Increase Taxpayer Compliance in Reporting PPh 21**

The results of research conducted on individual taxpayer compliance in reporting PPh 21 are still less than in line with the tax revenue target in 2023. This is in accordance with the Tax revenue target for South Sulawesi Province in 2023 which is supposed to receive IDR 12.83 Trillion while with the Revenue performance Tax up to July 31, 2023 will only reach IDR 7.02 trillion or 56.68%. (djpb.kemenkeu.go.id). It is still necessary to increase PPh21 tax compliance by utilizing the role of Information and Communication Technology (ICT). Tax compliance is very

real in the implementation carried out by the Directorate General of Taxes. It must be able to strive to increase taxpayer compliance in implementing PPh 21 by recording, calculating, paying, and stating tax obligations. The ICT system, with the use of e-filing, e-SPT, e-Invoice application, Tax Corner, and consultation and education has helped increase taxpayer compliance in following the normal reporting schedule which ends on March 31. Therefore, the government must continue to improve the convenience and quality of tax services to increase taxpayer compliance effectively. It can improve taxpayer performance in terms of PPh21 tax reporting.

The convenience provided by information and communication technology, especially in preparing tax reports or SPT, is felt to be a positive step, especially e-SPT, created to make it easier for taxpayers, especially employees in Indonesia in general, in manufacturing companies in particular, in carrying out tax transactions. . The use of e-SPT produces significant convenience in carrying out tasks with these benefits including speeding up work and increasing Taxpayer compliance, so that the use of ICT here is not only considered as a good thing but also as a positive aspect that has a positive impact on the implementation of tax tasks. The implementation of ICT clearly has a positive impact on increasing tax compliance. Electronic systems such as e-filing make it easier for companies to report PPh 21 more quickly and accurately. This reduces the risk of delays and errors in reporting that often occur in manual systems. Using ICT speeds up the tax reporting process.

In research by Nurhayati et al. (2022) highlights that the use of information and communication technology in tax reporting contributes greatly to increasing taxpayer compliance. This is in accordance with research conducted by (Risna, Priono, 2022) stating that Taxpayer Compliance is the submissive, obedient and compliant behavior of taxpayers in carrying out their rights and obligations in terms of taxation which have been determined by the applicable taxation law. The low level of taxpayer compliance in Indonesia can of course be caused by several factors, one of which is a lack of knowledge of submitting SPT to DJP Online.

Research conducted by (Dewi, 2024) the e-billing and e-filing system launched by the Directorate General of Taxes is used to provide benefits for taxpayers who want to easily receive bills, pay and report their tax obligations online without having to come to the office tax. With an easy administration system, taxpayers can receive bills, pay and report their taxes quickly and easily, which will have an impact on the level of taxpayer compliance. Taxpayers will be more compliant in carrying out their tax obligations because they have experienced the usefulness and convenience of this tax technology. Taxpayers have followed the advice given by the Directorate General of Taxes in carrying out their tax obligations. The encouragement given is the modernization of the tax system by launching the implementation of e-billing and e-filing. Research conducted by (Baaj et al, 2018) states that an electronic taxation system in taxation can

reduce tax avoidance. Research results (Saptono et al, 2023) show that the level of taxpayer compliance in Indonesia continues to increase to around 70%, reaching 84.07% in 2021, after the introduction of the e-Form service. So these findings encourage tax policy makers and electronic tax service providers to improve their services so as to increase taxpayer satisfaction and compliance.

What needs to be done is to increase tax knowledge and awareness through training and use of ICT applications, employee knowledge regarding tax regulations increases. These apps often include guidance and up-to-date information on tax regulations, which helps employees better understand their tax obligations. This contributes to increasing awareness and compliance in reporting taxes. This can reduce operational costs in ICT implementation, helping companies reduce costs associated with tax reporting. The use of digital systems reduces the need for paper, sending physical documents, and manual labor. However, ICT implementation also faces several challenges. Some companies reported initial difficulties in adapting to new systems, especially for employees less familiar with the technology.

Even though online tax services are quite widespread, several problems arise such as technical issues with the online tax system. For example, the website prepared by the Directorate General of Taxes (DGT) before the final deadline for reporting Taxpayers' SPT often experiences access problems. The solution implemented by the DJP extends the tax reporting deadline, especially for users of electronic systems such as e-filing and e-SPT. The implications are very significant, considering that this can affect the level of taxpayer compliance.

## CONCLUSION

The results of research conducted show that the implementation of ICT can increase taxpayer compliance in reporting PPh 21 in South Sulawesi Province, which is still not in line with the tax revenue target in 2023. It is still necessary to increase PPh 21 tax compliance by utilizing the role of Information and Communication Technology to significantly increase taxpayer compliance in reporting PPh 21 in Indonesia. In increasing taxpayer compliance in reporting PPh 21, information and communication technology has played an important role. There is a great need for taxpayer awareness regarding the use of e-filing, e-SPT, e-Invoice application, Tax Corner, and consultation and education so that it can help increase taxpayer compliance. Therefore, the government must continue to improve the convenience and quality of tax services to increase taxpayer compliance effectively. Efficiency of the reporting process, increasing knowledge and awareness of taxpayers, as well as reducing operational costs due to the use of ICT. However, to achieve optimal results in taxpayer compliance in South Sulawesi Province, it is necessary to provide adequate training to the community and overcome the challenges of technological

adaptation. Such implementation requires support from management, investment in technological infrastructure, and ongoing training.

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