

The Effect of Tax Incentives, Quality of Human Resources, and Service Satisfaction on Taxpayer Compliance (Case Study on Individual Taxpayers in Madiun City)

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ABSTRACT

There are various kinds of sectoral policies in each region to increase taxpayer compliance, including through the provision of incentives and improving the quality of service to taxpayers. This study aims to obtain empirical evidence regarding the effect of providing tax incentives, the quality of human resources, and service satisfaction on taxpayer compliance. This research is a quantitative study with the object of research being individual taxpayers registered in the city of Madiun. The number of samples obtained was 120 respondents. The data used is included in the primary data by distributing questionnaires through Google Forms. This study uses multiple linear regression analysis techniques with the SPSS 26 program. The results show that: (1) tax incentives have an effect on taxpayer compliance, (2) the quality of human resources has an effect on taxpayer compliance, and (3) tax service satisfaction has an effect on taxpayer compliance.

Keywords: *Tax Incentives; Quality of Human Resources; Service Satisfaction; Tax Compliance*

INTRODUCTION

The Regional Office of the Directorate General of Taxes (DJP) East Java II held a socialization of the Voluntary Disclosure Program in Madiun. The authorities invited 120 taxpayers from the Mataraman region which included Madiun, Magetan, Ngawi, Ponorogo, and Pacitan. The Head of the Regional Office of DJP East Java II invited the taxpayers who were present to work together to help the country increase economic growth, reduce inequality, and reduce poverty by complying with paying taxes. This program provides opportunities for taxpayers who wish to improve their tax compliance

through two policy schemes. The first policy scheme for individual and corporate taxpayers, as well as tax amnesty participants on an asset basis as of December 31, 2015, has not yet been disclosed. Meanwhile, the second policy scheme is intended for individual taxpayers who have not participated in a tax amnesty based on acquiring assets in 2016-2020 and have not been reported in the 2020 Annual SPT. Despite this, the tax compliance ratio is still low. In the 2015-2020 period, the tax compliance ratio has not yet reached 80%. The highest in 2020, the tax compliance ratio was 78%, where the number of

taxpayers who complied with submitting SPT was 14.76 million out of 19.01 million taxpayers, meaning there were still 5 million taxpayers who were disobedient.

Research conducted by Putra & Nurhayati (2022) shows that tax incentives have a positive effect on individual taxpayer compliance. This is because tax incentives provide tax relief for individual taxpayers who are registered at KPP Pratama Bandung Cibeunying. This finding has supported Nuskha et al. (2021) which gives the result that tax incentives have a positive effect on taxpayer compliance. Another factor is the demand for improving the quality of good human resources in each tax service office. Afrizal (2014) explains that a company or organization to achieve its goals requires quality human resources as an important factor in success. The higher the quality of human resources, the better the work performance that will be produced by employees, making it easier to achieve the desired goals (Leuhery, 2018).

RESEARCH METHOD

Quantitative research is an approach to test objective theories by examining the relationships between variables. These variables, usually, can be measured using instruments, so data consisting of numbers can be analyzed using statistical procedures

Tax services also play an important role in determining taxpayer compliance. Septarini (2015) states that tax services have a positive effect on taxpayer compliance, meaning that the better the tax service perceived by the taxpayer, the higher the taxpayer compliance. Tax service in this study is an external factor that is formed by the attitude and quality of the tax apparatus, tax regulations, and the applicable tax system. According to Suarjana dkk. (2020) in his research results show that the quality and satisfaction of tax services have a positive and significant effect on taxpayer compliance which is mediated by the motivation to pay taxes. Based on some of the results of these studies, this research is important because there are various kinds of policies in each region to increase taxpayer compliance. Each region has a tax revenue target that must be realized, many efforts have been made so that researchers consider several variables that influence the formation of individual taxpayer compliance.

(Creswell, 2014). The data collection method used in this research is using questionnaires distributed through the online Google form media which have been structured in a structured manner and then respondents are asked to answer honestly. The

primary data in this study were obtained through a survey. In general, the source of data obtained through a survey by distributing questionnaires as a research instrument. This survey can be carried out by the researcher himself or by other parties so that the researcher only has to process the data. Understanding the sample according to Siyoto et al. (2015) is a portion of the number and characteristics possessed by the population, or a small part of the population members taken according to certain procedures so that they can represent the population (Riadi, 2020).

The population used in this study is individual taxpayers who are registered at KPP Pratama Madiun with convenience sampling as the sample. Researchers used the results of respondents' answers obtained from distributing questionnaires regarding the research topic as primary data. Questionnaire is a data collection technique that is carried out by giving a set of questions or written statements to respondents to answer (Sugiyono, 2017). The instrument is said to be good if it fulfills two conditions, namely valid and reliable. An instrument is said to be valid if the questions or statements on the instrument are able to express something that will be measured by the instrument. Wahyuni (2014) explained that a testing technique that is often used by researchers to test validity is to use the Pearson moment

product. This analysis is done by correlating each item's score with the total score.

The variable studied is taxpayer compliance as the dependent variable, while tax incentives, quality of human resources, and satisfaction with tax services are the independent variables. Taxpayer compliance is an act of compliance and awareness regarding the orderly payment and reporting of periodic and annual tax obligations from taxpayers in the form of individuals and/or entities. Tax incentives are a form of fiscal policy pursued by the government by providing fiscal stimulus to taxpayers. The quality of human resources is the value of a person's actions in taking responsibility for all their actions, both in their personal life and in the life of society and the nation. Tax service satisfaction is taxpayer satisfaction with the service procedures provided by the tax authorities.

An instrument is said to be reliable if the respondents' answers to the statements submitted are consistent or stable from time to time (Ghozali, 2011; Wahyuni, 2014). The data analysis technique in this study used multiple linear regression analysis using SPSS version 26 software. Multiple linear regression analysis is regression analysis used to measure the strength of the relationship between two or more variables, as well as indicating the

direction of the relationship between the dependent and independent variables (Ghozali, 2013).

The multiple regression equation is shown as follows:

$$TC = \beta_0 + \beta_1 TI + \beta_2 HRQ + \beta_3 SS$$

C = constanta; TC = taxpayer compliance; TI = tax incentive; HRQ = human resources quality; and SS = services satisfaction.

RESULT AND DISCUSSION

The number of respondents who were used as the research sample was 120 people with a convenience sampling technique.

The results of the validity test can be concluded that the value of r calculated for all statement items from the tax incentive variable, the human resource quality variable, the tax service satisfaction variable and the taxpayer compliance variable has a Pearson correlations value > r table

0.1793. The r table value is obtained from the degree of freedom (df) with the formula $df = n - 2$ sig. 5% and n is the number of research samples of 120 respondents. So, $df = 120 - 2 = 118$ can be seen in the r table of df values of 118 with a sig level. 5% which is 0.1793. Thus, it can be said that all statements from each variable are declared valid, that is, they have a significant correlation with the total score (Table 1).

Table 1. Validity Test

Variables	Indicators	Pearson correlation value (r value)	Results
Tax Incentive (TI)	X1.1	0.773	Valid
	X1.2	0.764	Valid
	X1.3	0.748	Valid
	X1.4	0.646	Valid
	X2.1	0.727	Valid
Human Resource Quality (HRQ)	X2.2	0.780	Valid
	X2.3	0.829	Valid
	X2.4	0.800	Valid
	X2.5	0.806	Valid
	X2.6	0.837	Valid
	X2.7	0.810	Valid
	X3.1	0.680	Valid
Service Satisfaction (SS)	X3.2	0.718	Valid
	X3.3	0.696	Valid
	X3.4	0.665	Valid
	X3.5	0.637	Valid
	X3.6	0.764	Valid
	X3.7	0.775	Valid
	X3.8	0.708	Valid
	X3.9	0.762	Valid
	X3.10	0.758	Valid
	X3.11	0.659	Valid
Taxpayer Complince	Y.1	0.625	Valid

(TC)	Y.2	0.706	Valid
	Y.3	0.736	Valid
	Y.4	0.730	Valid
	Y.5	0.763	Valid

Table 2. Reliability Test

Variables	Cronbach's Alpha	Results
Tax Incentive (TI)	0.712	Reliable
Human Resource Quality (HRQ)	0.902	Reliable
Service Satisfaction (SS)	0.913	Reliable
Taxpayer Complinance (TC)	0.754	Reliable

The results of the reliability test showed that all statement indicators of all research variables were declared reliable. This can be seen from the Cronbach's Alpha value which is greater than 0.70. So, it can be said that the respondents' answers to the statements submitted by the researchers are consistent and appropriate to use (Table 2).

For the tax incentive variable, it is said that the average individual taxpayer in the Madiun area agrees with the existence of tax incentives. For the variable quality of human resources, it is shown that the average individual taxpayer in the Madiun area has a fairly good quality of human resources. For the service

satisfaction variable, it is known that the average individual taxpayer in the Madiun area strongly agrees with the services provided by the Pratama Madiun Tax Service Office both in terms of employee services and facilities. For taxpayer compliance, it is made with the following conditions: if the average number of taxpayer compliance is < 1.8 then it is categorized as non-compliant, conversely if the average number of taxpayer compliance is > 1.8 then it is categorized as compliant. The results showed that the average value of the respondents' answers was $4.54 > 1.80$ so that the respondents in this study could be categorized as obedient (Table 3).

Table 3. Descriptive Statistics

	Min	Max	Mean	Standard Deviasion
Tax Incentive (TI)	11	20	17.47	2.063
Human Resource Quality (HRQ)	19	35	31.74	3.426
Service Satisfaction (SS)	36	60	52.05	6.037
Taxpayer Compliance (TC)	16	25	22.70	2.097

The results of the normality test show that the Kolmogorov-Smirnov value is 0.075 and the

significant value is Asymp. Sig. (2-tailed) of $0.097 > 0.05$. So according to the basis for decision making that

the data in this study are normally distributed (Table 4). The results of the heteroscedasticity test can be seen that the significance value for the variable tax incentives, quality of human resources and tax service satisfaction is > 0.05 so it can be concluded that there is no heteroscedasticity for these variables (Table 5). The results of the

multicollinearity test show that all independent variables have a tolerance value greater than 0.1 or (tolerance ≥ 0.10) and have a VIF value less than 10 (VIF < 10). So it can be concluded that the independent variable in the regression does not have a multicollinearity problem (Table 6).

Table 4. Normality test

	Unstandardized Residual
Fest Statistic	0.075
Asymp.Sig (2-Tailed)	0.097

Table 5. Heteroskedasticity test

Variables	Sig.
(Constant)	0.004
Tax Incentive (TI)	0.338
Human Resource Quality (HRQ)	0.270
Service Satisfaction (SS)	0.138

Table 6. Multicollinearity test

Variables	Tolerance	VIF
Tax Incentive (TI)	0.569	1.757
Human Resource Quality (HRQ)	0.508	1.967
Service Satisfaction (SS)	0.725	1.379

Table 7. Hypothesis test

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	6.224	1.356
Tax Incentive (TI)	0.202	0.082
Human Resource Quality (HRQ)	0.313	0.052
Service Satisfaction (SS)	0.058	0.025

$$TC = 6.224 + 0.202TI + 0.313HRQ + 0.058SS$$

The tax incentive policy used in this study is a tax amnesty. According to Law No. 11 of 2016 concerning Tax Amnesty, tax

amnesty is the elimination of taxes that should be owed so that they are not subject to tax administration sanctions and criminal sanctions in

the field of taxation, by disclosing assets and paying ransom as stipulated in the Act. The test results based on the t test obtained a significance value of $0.015 < 0.05$ in a positive direction so that it can be concluded that tax incentives affect taxpayer compliance. Based on the results of the questionnaire tabulation that has been carried out also shows that the average respondent already knows information related to tax incentives provided by the government.

The quality of human resources in this study is the tax knowledge possessed by taxpayers to understand the importance of the role of taxation in the tax system, understand why taxes are paid and what taxes are used for. The test results based on the t test obtained a

CONCLUSION

The results of the study indicate that there is a significant effect of tax incentives, quality of human resources, and quality of service on taxpayer compliance. The provision of tax incentives carried out by the government through tax amnesty and other tax incentive regulations has an impact on taxpayers' efforts to take advantage of these opportunities by increasing their taxpayer compliance. In addition, knowledge of taxation is a fundamental thing that must be possessed by taxpayers because by

significance value of $0.000 < 0.05$ in a positive direction so that it can be concluded that the quality of human resources has an effect on taxpayer compliance.

The customer's perception of service quality does not require the customer to use the service first to provide an assessment, while the perception itself is a process by which individuals select, organize and interpret or seek information to create a picture of the world and interpret the stimulus received into a meaning. The meaning of this process can affect customer satisfaction (Purnamasari, 2019). The test results based on the t test obtained a significance value of $0.021 < 0.05$ in a positive direction so that it can be concluded that satisfaction with tax services affects taxpayer compliance.

having knowledge of taxation, taxpayers will find it easier to carry out their tax obligations compared to taxpayers who do not have knowledge of taxation. If the higher the quality of human resources, the higher the awareness of taxpayers to comply with their tax obligations. Many of the individual taxpayers consider the tax rules are complicated and convoluted. By optimally improving the quality of tax services provided by tax officers, it is proven to be able to increase taxpayer awareness to pay taxes.

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