

## The effect of taxpayer awareness, taxpayer numbers, tax billing, and taxpayer compliance to tax revenue

Fransiskus X. Seran \*, Pompong Budi Setiadi and Sri Rahayu

*Sekolah Tinggi Ilmu Ekonomi Mahardhika, Surabaya, Indonesia.*

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### Abstract

The excavation of the potential of domestic revenues will continue to be improved optimally through the expansion of non-oil and gas revenue sources, in order to replace the funding of countries sourced from external debt. One of the dominant sources of domestic income is tax revenue. Tax revenue is a description of public participation in financing the implementation of government and state development. Given that the tax revenue will not be able to increase without the participation of the taxpayer itself. The purpose of this study is to analyze the influence of awareness of taxpayers, NPWP ownership, tax collection, and taxpayer compliance with tax revenue. Samples in this study are taxpayers of individuals registered in KPP Pratama Surabaya Wonocolo, Indonesia with sampling technique that is Convenience sampling. The data used are primary data collected through answers to each given statement. The method of analysis using multiple linear regression. The result of this research is the awareness of the taxpayer has an influence on the tax revenue, while the ownership of NPWP, tax collection, and taxpayer compliance has no effect on tax revenue.

**Keywords:** Taxpayer Awareness; Tax Billing; Taxpayer Compliance; Taxpayer Numbers; Tax Revenue

### 1. Introduction

The exploration of potential domestic revenues will continue to be increased as optimally as possible through the expansion of non-oil and gas sources of state revenue, in order to replace state funding originating from foreign debt. Tax revenue is an illustration of public participation in financing the administration of government and state development. Taxes are contributions paid by the people to the State treasury based on the law, so that they are coercive and do not receive direct remuneration.

The public or taxpayers can help the government's role in increasing tax revenue if the public has awareness about the importance of paying taxes. Understanding the awareness of taxpayers in terms of paying taxes is the behavior of taxpayers in the form of views that involve knowledge and reasoning accompanied by follow-up according to the existing tax system and provisions.

Taxpayer awareness can be demonstrated by registering as a taxpayer. Taxpayers register with the tax office to get a Taxpayer Identification Number (NPWP). This NPWP can be used as an administrative tool in carrying out tax rights and obligations. Based on research conducted by [1] and [2] which states that the more taxpayers who have NPWP, the more tax revenue they will receive.

In addition to having awareness and registering to get a NPWP, taxpayers also have the right and obligation to assist in the tax collection process. Tax collection is carried out if the taxpayer has not yet paid off his tax debt until the specified date. Tax collection is a series of actions taken by tax officials to collect tax debts from taxpayers. With tax collection,

\* Corresponding author: Fransiskus X. Seran  
Sekolah Tinggi Ilmu Ekonomi Mahardhika, Surabaya, Indonesia.

taxpayers can assist the tax collection process according to applicable laws so as to increase tax revenue. In addition to having the right to assist in the tax collection process carried out by tax officials, taxpayers also have the responsibility to determine their own tax obligations and then accurately and timely pay and report the tax based on a self-assessment system.

The low level of taxpayer compliance owned by taxpayers registered at the KPP Pratama Surabaya Wonocolo. This can be an obstacle in the income tax revenue made by the government. Without assistance from the public or taxpayers, the government's role in supporting increased tax revenues will not work well.

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## 2. Literature Review

### 2.1 Tax revenue

Tax revenue is an illustration of public participation in financing the administration of government and state development. According to [3], the factors that play an important role in influencing and determining the optimization of the income of funds to the state treasury through tax collection for citizens include:

- Clarity and Certainty of Legislation in the Taxation Sector Formally, taxes must be collected based on the law in order to achieve justice in tax collection.
- The Intellectual Level of Society Since 1984, the tax system has adhered to the self-assessment principle. This principle gives full confidence to taxpayers to carry out their rights and obligations in the field of taxation. By applying this principle, taxpayers must understand the laws and regulations regarding taxation so that they can carry out tax administration duties. For this reason, intellectuality is very important so that a tax-aware society is created and is willing to fulfil its obligations without any element of coercion. However, all of this can only happen if the law itself is simple, easy to understand, and does not cause misperceptions.
- Fiscal Quality Fiscal quality, if associated with optimizing tax revenue, then Fiscus must be competent in the field of taxation, have technical skills and have high morale.
- Proper Tax Administration System According to [4] tax collection should be based on four principles, namely:
  - Equity/Equality where justice is an important consideration in building a tax system.
  - Certainty, the tax paid must be clear and uncompromising.
  - Convenience, taxes are collected at the best time, namely when income is received.
  - Economically, tax collection is carried out as sparingly as possible and the cost of collection does not exceed the tax revenue.

### 2.2 Taxpayer Awareness

Taxpayer awareness is the condition of a person to know, recognize, respect, and comply with applicable tax regulations and has a desire to fulfill his tax rights and obligations. Taxpayers must be willing and voluntary and realize that the benefits of volunteering to pay taxes are for the progress and development of our own country.

Society must have a positive perception to be able to increase awareness of taxpayers. This positive perception can be given through formal taxation education and non-formal education as well as continuous counseling in order to increase the understanding of taxpayers about their rights and obligations in taxation as a form of mutual cooperation in helping the government increase tax revenues.

### 2.3 NPWP ownership

Taxpayer Identification Number (NPWP) is a number given to taxpayers as a means of tax administration which is used for self-identification or taxpayer identity in carrying out tax rights and obligations [5]. All taxpayers who have met the subjective and objective requirements based on self-assessment are required to register with the tax office so that they are recorded as taxpayers and obtain NPWP.

According to [6], taxpayers who already have NPWP will receive the following benefits:

- Can apply for permits from Government Agencies, such as Trading Business Permits (SIUP), Investment Permits, and others that require NPWP.
- Requirements for making a checking account at the bank.
- Applying for a loan/credit to a financial institution.
- Requirements to participate in tenders conducted by the Government; and others.

Sanctions related to NPWP are anyone who intentionally does not register or misuses so that it can harm state revenue, will be punished with imprisonment for a maximum of six years and a maximum fine of four times the amount of tax payable which is not or underpaid.

According to the Law of the Republic of Indonesia Number 36 of 2008 concerning Income Tax Article 21 Paragraph 5a and Article 22 Paragraph 3 explains that:

- Article 21 paragraph 5a the amount of the tariff as referred to in paragraph 5 applied to Taxpayers who do not have a Taxpayer Identification Number is 20% higher than the rate applied to Taxpayers who can show a Tax Identification Number Taxpayer.
- Article 22 Paragraph 3 The amount of levy as referred to in paragraph 2 which is applied to a Taxpayer who does not have a Taxpayer Identification Number is 100% higher than the rate applied to a Taxpayer who can show a Taxpayer Identification Number.

Tax Collection The definition in article 1 point 9 of Law No. 9 of 2000 on tax collection is a series of actions so that the tax insurer pays off the tax debt and tax collection costs by reprimanding or warning, carrying out instant collections and at the same time notifying forced letters, proposing prevention, carrying out confiscations, take hostages, and sell confiscated goods.

In the implementation of tax collection must be in accordance with the laws that have been set. According to the Decree of the Minister of Finance Number 561/KMK.04/2000, it outlines the procedures for implementing tax collection. Tax collection can be done by issuing a warning letter after seven days of payment due and after 21 days since the issuance of the warning letter, the taxpayer has not paid off his tax debt, a tax forced letter will be issued. The issuance of this tax forced letter has 2x24 hours so that the tax bearer immediately pays off the tax debt, but within the given time the tax bearer is still reluctant to pay off the tax debt, an Order for Implementing Confiscation (SPMP) will be issued and will immediately carry out an auction announcement if the tax bearer remains do not pay off their tax debts up to 14 days after the issuance of the SPMP.

Taxpayer's rights at the time of tax collection include;

- Ask the tax bailiff to show the tax bailiff ID card.
- Receiving a copy of the forced letter and a copy of the confiscation report.
- Determine the order of the items to be auctioned.
- Asking for the last chance to pay off the tax debt,
- Cancelling the auction if the tax guarantor pays off the tax debt and tax collection fees before the auction.

## 2.4 Taxpayer Compliance

According to [7], taxpayer compliance is compliance to fulfill tax obligations voluntarily which is the backbone of the self-assessment system, where taxpayers are responsible for setting their own tax obligations and then accurately and timely paying and reporting the tax. One form of taxpayer compliance is paying taxes by submitting a tax return (SPT).

There are two types of SPT, namely the period SPT which is an SPT for a tax period and the annual SPT, namely the SPT for one tax year or part of the tax year. Compliance is divided into two, namely: 1) Formal compliance is a condition in which the taxpayer fulfills his obligations formally in accordance with the provisions of the Taxation Law. 2) Material compliance is a condition in which the taxpayer substantially or essentially complies with all material provisions of taxation, namely in accordance with the content and spirit of the Taxation Law. Material compliance can also include formal compliance

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## 3. Method

This research is included in the type of explanatory research with a quantitative approach, and uses clause testing. Based on the data sources used, this study uses primary data sources because the data obtained from the results of distributing questionnaires to respondents, especially taxpayers registered at KPP Surabaya Wonocolo.

The population in this study are taxpayers who are registered at KPP Pratama Surabaya Wonocolo. The sampling technique used in this research is convenience sampling, which means that the sample units drawn are easy to contact, not difficult, easy to measure and cooperative.

The data in this study were obtained from questionnaires distributed to taxpayers at KPP Pratama Surabaya Wonocolo. From the use of the questionnaire, the data used are primary data types, namely data taken from the first party. Questionnaires distributed to taxpayers at KPP Pratama Surabaya Wonocolo. The data have proceeded by SPSS.

There are two types of variables used in this study, namely the dependent variable and the independent variable that have a relationship in multiple linear regression, namely:

- Dependent variables include:
  - Y: Tax Revenue
- Independent variables include:
  - X1: Taxpayer Awareness
  - X2: Ownership of NPWP
  - X3: Tax Collection
  - X4: Taxpayer Compliance

## 4. Results and discussion

### 4.1 Validity Test

**Table 1** Validity test results on independent variables

Question Items	R-Count	R-Table	Sig. Value	Remark
X1.1	0.839	0.2096	0.000	Valid
X1.2	0.777		0.000	Valid
X1.3	0.808		0.000	Valid
X1.4	0.642		0.000	Valid
X2.1	0.829	0.2096	0.000	Valid
X2.2	0.784		0.000	Valid
X2.3	0.873		0.000	Valid
X2.4	0.823		0.000	Valid
X3.1	0.666	0.2096	0.000	Valid
X3.2	0.819		0.000	Valid
X3.3	0.779		0.000	Valid
X3.4	0.756		0.000	Valid
X3.5	0.776		0.000	Valid
X4.1	0.748	0.2096	0.000	Valid
X4.2	0.784		0.000	Valid
X4.3	0.751		0.000	Valid
X4.4	0.816		0.000	Valid
X4.5	0.792		0.000	Valid
X4.6	0.796		0.000	Valid

Source: processed field data

Based on the table above illustrates that the four variables can be declared valid because the significance level of the four variables is less than 0.05 and has an R-count > R-table. This shows that the four variables are declared valid. Next is the result of the validity test of the dependent variable in the study, namely tax revenue which can be seen in the table below.

**Table 2** Validity test results on dependent variables

Question Items	R-Count	R-Table	Sig. Value	Remark
Y1	0.829	0.2096	0.000	Valid
Y2	0.817		0.000	Valid
Y3	0.878		0.000	Valid
Y4	0.669		0.000	Valid
Y5	0.781		0.000	Valid
Y6	0.794		0.000	Valid

## 4.2 Reliability Test

**Table 3** Reliability test results

Variable	Cronbach alpha	Remark
Y	0.797	Reliable
X1	0.806	Reliable
X2	0.822	Reliable
X3	0.791	Reliable
X4	0.795	Reliable

Source: processed field data

The table above shows that the value of Cronbach's alpha  $> 0.60$  in each variable, this indicates that all statement instruments used are reliable or reliable, so that the variables can be selected.

## 4.3 Classic assumption test

### 4.3.1 Normality Test

The normality test was conducted to determine whether the data used were normally distributed or not. The regression model is said to be good if the variables are normally distributed. This study tested the normality of the data using the Kolmogorof Smirnov test (2-tailed) with the criteria of sig.  $> 0.05$  then it can be said to be normally distributed.

**Table 4** Normality test results

Remark	Unstandardized Residual
N	88
Kolmogorov – Smirnov Z	0.061
Asymp – Sig (2-tailed)	0.200

Source: processed field data

Based on the Kolmogorov Smirnov test above, it was obtained a significant value of 0.200. This value is greater than 0.05 because the significant value is greater than 0.05, so it can be concluded that the assumption of residual normality is met or the data is normally distributed.

### 4.3.2 Multicollinearity Test

The multicollinearity test means that there is a strong relationship between some or all of the variables in the regression model, if there is multicollinearity, the regression coefficient becomes uncertain, the error rate becomes large. Indicators to see the presence of multicollinearity can use VIF (Variance Inflation Factors) and also the tolerance value.

If the VIF value is > 10 and the tolerance value is < 0.10, it indicates the presence of multicollinearity and if the VIF is < 10 and the tolerance value is > 0.10 then there is no multicollinearity. The results of the multicollinearity test can be shown in the table below:

**Table 5** Multicollinearity test results

Variable	Collinearity Statistics		Remark
	Tolerance	VIF	
X1	0.837	1.195	There is no multicollinearity
X2	0.875	1.143	There is no multicollinearity
X3	0.750	1.333	There is no multicollinearity
X4	0.793	1.261	There is no multicollinearity

Source: processed field data

Based on the results in the table which states that each independent variable shows a VIF value of not more than 10 and has a tolerance value of more than 0.10, then the assumption of no multicollinearity has been met.

4.3.3 *Autocorrelation Test*

The autocorrelation test has the aim of testing whether there is a relationship between the nuisance error in this research period and the nuisance error of the previous research. The tool used in this test is Durbin Watson. Where the measurement criteria is if  $d$  is less than  $dL$  or greater than  $(4-dL)$  then there is autocorrelation, if  $d$  is between  $dU$  and  $(4-dU)$ , then there is no autocorrelation and if  $d$  is between  $dL$  and  $dU$  or between  $(4 - dU)$  and  $(4-dL)$ , it does not produce a definite conclusion. The results of the autocorrelation test are as follows:

**Table 6** Autocorrelation test results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.630	0.397	0.368	2.788	1.768

Source: processed field data

The table above shows the results of Durbin Watson in this study of 1.768. The  $dL$  value for this study was 1.5597 and the  $dU$  for this study was 1.7493 with a significant level of 0.05, the number of samples ( $n$ ) was 88 and the variables used in this study were 4 variables ( $k=4$ ). The Durbin Watson value is between Durbin Upper ( $dU$ ) and  $(4-dU)$  which means that if  $H_0$  is rejected, 1.7493 is smaller than 1.768 and smaller than 2.2504, which means that  $H_0$  is rejected. The result of  $H_0$  being rejected means that this research does not have autocorrelation.

4.3.4 *Heteroscedasticity Test*

**Table 7** Heteroscedasticity test results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	1.870	1.954		0.957	0.341
X1	0.088	0.094	0.112	0.943	0.349
X2	0.028	0.086	0.039	0.333	0.740
X3	-0.075	0.074	-0.128	-1.017	0.312
X4	-0.006	0.062	-0.013	-0.104	0.918

Source: processed field data

The confidence level used in this study is 5%, if the significant level is less than 0.05 then it can be said that heteroscedasticity occurs but if the significant value is more than 0.05 then it can be said that there is no heteroscedasticity. Following are the results of the heteroscedasticity test.

Based on the heteroscedasticity test above, a significant value of 0.341 was obtained, the value was more than 0.05. The results of taxpayer awareness, NPWP ownership, tax collection and taxpayer compliance also do not appear to have heteroscedasticity symptoms because the significant value is more than 0.05, so it can be concluded that there are no heteroscedasticity symptoms.

#### 4.4 Hypothesis testing

##### 4.4.1 Multiple linear regression Test

**Table 8** Multiple linear regression test results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	3.504	3.211		1.091	0.278
X1	0.856	0.154	0.518	5.558	0.000
X2	0.155	0.141	0.100	1.101	0.274
X3	0.038	0.121	0.031	0.312	0.756
X4	0.177	0.101	0.167	1.746	0.085

Source: processed field data

The regression model obtained is as follows:

$$Y = 3.504 + 0.856 X1 + 0.155 X2 + 0.038 X3 + 0.177 X4 + e$$

##### 4.4.2 Coefficient of Determination R<sup>2</sup>

The coefficient of determination (Adjusted R<sup>2</sup>) is used to determine or measure how far the ability or influence of the model caused by the independent variables, namely taxpayer awareness (X1), NPWP ownership (X2), tax collection (X3) and taxpayer compliance (X4) with the dependent variable, namely tax revenue (Y). Mathematically the value of R<sup>2</sup> is expressed in terms of (0 ≤ R<sup>2</sup> ≤ 1). The higher R<sup>2</sup> (closer to 1), the better the regression status is, the smaller R<sup>2</sup> (closer to 0), the less static regression can explain the dependent variable.

**Table 9** Results of analysis of coefficient termination

Model	R	R-Square	Adjust R-Square	Std. Error of the Estimate
1	0.630	0.397	0.368	2.788

Source: processed field data

Based on the table above shows that the adjusted R<sup>2</sup> value is 0.368, it can be concluded that the variables of taxpayer awareness (x1), NPWP ownership (X2), tax collection (X3) and taxpayer compliance (X4) can affect tax revenue (Y) by 36.8 % and the remaining 63.2 % is explained by factors others outside the regression model. While the R value shows a value of 63 % which is the relationship between variables, while the R Square value shows a value of 39.7 %. It can be concluded that the independent variable in explaining the dependent variable is weak.

##### 4.4.3 F Test (Simultaneous)

Multivariate regression analysis using the F test method with a probability value of sig. 5%. The F test is used to show whether the regression model used is fit or not from the regression model equation for the variables of taxpayer awareness (X1), NPWP ownership (X2), tax collection (X3) and taxpayer compliance (X4) with tax revenues (Y). The F test is also used to determine the effect of the independent variable simultaneously on the dependent variable.

**Table 10** F test analysis results

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	425.146	4	106.287	13.673	0.000
Residual	645.217	83	7.774		
Total	1070.364	87			

Source: processed field data

Based on the table above, the results of the calculated F test are 13.673 with a significant level of  $0.000 < 0.05$  so it can be concluded that  $H_0$  is rejected, which means the regression model is fit and can be used to determine the effect of the variable taxpayers awareness (X1), NPWP ownership (X2), tax collection (X3) and taxpayer compliance (X4) simultaneously affect tax revenue (Y).

#### 4.4.4 t Test (Partially)

**Table 11** t test analysis results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	3.504	3.211		1.091	0.278
X1	0.856	0.154	0.518	5.558	0.000
X2	0.155	0.141	0.100	1.101	0.274
X3	0.038	0.121	0.031	0.312	0.756
X4	0.177	0.101	0.167	1.746	0.085

Source: processed field data

From the table above, it can be stated that taxpayer awareness (X1) has a significant effect on tax revenue (Y) because sig. value  $< 0.05$ , while the other three variables, namely NPWP ownership (X2), tax collection (X3) and taxpayer compliance (X4) have no significant effect because sig. value  $> 0.05$ .

## 4.5 Managerial Implication

This study provides input to enrich the theory of the relationship between taxpayer awareness, ownership of NPWP, tax collection and taxpayer compliance on tax revenue.

## 5. Conclusion

Based on the results of research and discussion of the effect of taxpayer awareness (X1), NPWP ownership (X2), tax collection (X3) and taxpayer compliance (X4) on tax revenue (Y), the following conclusions can be drawn:

- Taxpayer awareness has a significant effect on tax revenue. This shows the increasing awareness of taxpayers about the importance of paying taxes in supporting financing and developing the country.
- Ownership of NPWP has no significant effect on tax revenue. This is because not all taxpayers who have NPWP have to pay taxes, given that the obligation to pay taxes is only for taxpayers who already have income that can be taxed.
- Tax collection has no significant effect on tax revenue. This is because some taxpayers feel that they do not have tax arrears, which makes taxpayers not receive tax collection through invoices and other collection procedures.
- Taxpayer compliance has no significant effect on tax revenue. This is because some taxpayers do not know how the tax reporting procedure makes taxpayers disobedient and reluctant to pay taxes.



## **Compliance with ethical standards**

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### *Disclosure of conflict of interest*

The Authors wish to declare that none has any interest to disclose.

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