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The Determinant of Tax Compliance in Indonesia (Experience in E-Commerce Environment)

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ABSTRACT: The characteristics of e-commerce transactions that are fast, cross national borders, and present business model innovations that are increasingly developing raise new challenges in terms of taxation. The purpose of this research is to investigate the influence of the self-assessment system, tax socialization, and tax administration modernization on tax awareness and its implications for taxpayer compliance. The population in this study consists of taxpayers engaged in online trading (e-commerce). The data analysis technique employed in this research is quantitative, utilizing the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. The findings of this study indicate that the self-assessment system has a significant impact on tax awareness, tax socialization significantly affects tax awareness, and tax administration modernization has a significant influence on tax awareness. Furthermore, the self-assessment system significantly influences taxpayer compliance, tax socialization has a significant impact on taxpayer compliance, and tax administration modernization significantly affects taxpayer compliance. The study concludes that higher levels of self-assessment system, tax socialization, and tax administration modernization lead to increased tax awareness. Additionally, as tax awareness levels increase, taxpayer compliance also tends to rise.

Keywords: Self Assessment, Tax Socialization, Modern Administration, Tax Awareness, Tax Compliance, E-Commerce

INTRODUCTION

The era of digitalization in Indonesia not only affects social interaction but also affects current business patterns. The digital era has presented new innovations in business models where a company can do business anywhere even in other countries without the need for a physical presence (Fajersztajn et al., 2020). In terms of taxation, this causes new challenges for policymakers, namely related to how to tax with Income Tax (PPH) and Value Added Tax (PPH) (*Organisation for Economic Co-operation and Development,* 2019). Entrepreneurs, both individuals and entities through internet media (*online*) are required to pay value-added tax and income tax according to tax rules. According to Sihombing (2021), all tax rights and obligations that exist in conventional

business people are also attached to *e-commerce* business people. The purpose of tax withdrawal on *e-commerce* business transactions is to apply fairness for all taxpayers and also to improve compliance in paying taxes, both conventional and e-commerce (Sihombing, 2021).

In collecting online trade taxes*, e-commerce* is based on certain principles (Sihombing, 2021). Therefore, in the implementation of tax collection, *e-commerce online* requires a basis for consideration of justice and legal certainty that binds all Indonesian people. As a developing country, Indonesia needs a large enough budget to achieve its economic progress, which tends to increase every year and the largest source of revenue owned by the State of Indonesia comes from the tax sector (Pihany &; Andriani, 2022). This is reflected in the state budget posture for the 2022 period, where the state targets Rp. 2,714.2 trillion. This is an increase of Rp. 17.5 trillion compared to the outlook for the 2021 State Budget, which is projected at Rp. 2,750.0 trillion, and by Rp. 111.5 trillion compared to the 2020 State Budget, which is projected at Rp. 2,739.2 trillion.

Tax is the largest single investment capital for national construction projects, involving transfers to other regions and states or spending from local governments. This is stated in the 2022 State Budget, where taxes, especially Income Tax (PPh), Value Added Tax (PPh), Land and Building Tax (PBB), Import and Excise Duties, and other taxes, contribute 1,716.8 trillion rupiah, or 65.37% of the national gross domestic product. However, the level of compliance of Non-Employee Taxpayers who pay and report taxes is still relatively low. This is proven by data from the DJP of the Ministry of Finance that in 2022 there are 1.16 million Non-Employee WPOPs who submit Annual Tax Reports or have only reached 26.30% of the mandatory tax reports.

According to research conducted by Asrinanda (2018), the main problem faced by DJP today is the low level of taxpayer compliance in the era of the *Self assessment system* due to two factors that are still low in fulfillment, namely a good level of tax knowledge and a high level of honesty (Asrinanda, 2018). The government must work extra in exploring the potential of state tax revenue, one of which is from the digital economy or *e-commerce* sector by increasing tax awareness and compliance in one way, namely programming socialization of tax understanding (Hantono, 2021). In this way, it is believed that the *knowledge gap* that occurs can be minimized.

According to data collected from the annual report of the Directorate General of Taxes for 2022, the percentage of compliance of the public or taxpayers in reporting tax and paying taxes reached 83.2%, which is actually lower than the previous year's result, 84.07%. The recently announced 2022 tax return is 15.8 million. To understand the level of compliance, they should compare the amount of tax report that

must be registered with the tax report during the relevant tax year with the amount of mandatory tax registered during the same tax year. Lakin DJP (2022) shows that the number of taxpayers with new NPWP is around 70.15 million, while the number of NIK in Indonesia recorded in the Economic Census of the Central Statistics Agency (BPS) is around 275.77 million, which means only 25.44% have NPWP (Directorate General of Taxes, 2022).

The percentage of compliance in carrying out tax obligations in Indonesia is still relatively low, this tax compliance problem causes a low tax ratio (Nurani &; Islami, 2020). Tax ratio is the ratio of tax revenue to Gross Domestic Product (PDB). Based on data obtained from the Directorate General of Taxes and OECD, Indonesia's tax ratio in 2022 is 10.38% below the average of OECD member countries (33.5%) with a difference of 23.12% points, which is lower than countries in the Southeast Asian region, such as the Philippines with a tax ratio of 15.0%, China with a tax ratio of 15.2%, Thailand 15.5%, Vietnam 15.8%, Japan 18.5%, and Mongolia with a tax ratio of 17.3%. Indonesia's low tax ratio is caused by tax revenues that have not been optimally realized. One of the tax targets that is currently the target of state tax revenue is the *online*/digital trade sector (*e-commerce*). *E-commerce* is the fastest-growing sector of digital economic activity (Pusdiklat Keuangan Umum, 2019; Suhono et al., 2022). Based on the Economy SEA 2022 report issued by Google Temasek, during 2022 digital

economy activities in Indonesia reached US$ 77 billion and will continue to grow to US$ 100 billion in 2025. If the Directorate General of Taxes is unable to collect taxes from that sector, then the state loses potential taxes from *online* transactions in terms of PPN collection and does not include income tax on *online* trade transactions (Leonardo, 2020). The withdrawal of digital trade tax levies or *e-commerce* is considered to be a solution to pursue an increase in tax revenue targets. One of the causes of not achieving the tax revenue target is due to tax unawareness and non-compliance of taxpayers in carrying out their tax obligations. Non-compliance in taxation can be interpreted as things that are contrary to the criteria for compliant taxpayers regulated in the Minister of Finance Regulation Number 74/PMK.03/2012. The non-compliance in question means that the taxpayer does not carry out tax provisions in accordance with the applicable Tax Law. Such non-compliance is reflected when taxpayers deliberately fail to pay and report their taxes correctly and on time. The level of compliance of taxpayers in submitting annual tax returns has not reached the target set by the Directorate General of Taxes (DJP) so taxes cannot function as an instrument to redistribute income and reduce social inequality. This is evidenced by the compliance ratio for submitting Annual Income Tax Reports which is at 83.2% in 2022. This means that there are 16.8% of unreported Annual Income Tax Reports for the 2022 tax year, while the taxpayer compliance

ratio in 2018 – 2021 has increased but in 2022 has decreased.

Based on the description above, there are factors that affect taxpayer compliance, one of which is the *Self assessment system*. *The self assessment system* is issued by the government as one of the efforts to improve taxpayer compliance. The more people are aware and compliant with taxation, it will affect the increase in tax revenue. Hutauruk et al. (2019) revealed that taxpayer compliance in carrying out their tax obligations can be influenced by the trust of the government to the public in calculating, paying, and reporting their taxes independently, namely with the *current self assessment system* in Indonesia (Hutauruk et al., 2019). The tax collection system with a *self assessment system* requires a high level of honesty from each taxpayer so that tax objectives can be achieved. And *the self assessment system* needs to pay attention to many factors that cause non-compliance more than just tax knowledge (Hartikayanti &; Siregar, 2019). The relationship between taxpayers and the tax apparatus is also influenced by economic and psychological factors (Wadesango et al., 2018). Meanwhile, another factor that affects taxpayer compliance is tax socialization (Boediono et al., 2018).

Several previous studies have stated that intensive tax socialization is proven to be able to increase taxpayers' tax knowledge and have a positive impact on compliance (Oktaviani et al., 2020). Modernization of tax administration, especially with the e-

system, also improves taxpayer compliance (Nurlis &; Ariani, 2020). Tax awareness acts as a mediating variable that affects taxpayer compliance (Rabiyah et al., 2021; Suprihati, 2021; Adam et al., 2021; E. M. P; Ancient, 2021; Setiyani et al., 2018; Sofiana et al., 2020; Asrinanda, 2018).

Taxpayer awareness has indeed been widely used as a mediating variable in similar studies, but the combination of independent variables is not *self assessment system*, tax socialization & tax administration modernization as proposed in this study, is the combination of other independent variables. Based on this description, the novelty of this study is to build a taxpayer compliance model and link awareness as a mediating variable of the *influence of the self assessment system,* tax socialization & tax administration modernization on taxpayer compliance. Thus, this research emphasizes more on developing new research models as research novelty.

Based on the explanation above, a study was conducted entitled "The Effect of *Self Assessment System*, Tax Socialization, Tax Administration Modernization on Tax Awareness and Implication to Taxpayer Compliance"

METHODS

This study uses a survey method, namely research conducted on large and small populations, but the data studied is data from samples taken from these populations so that relative events, distributions, and relationships between

sociological and psychological variables are found (Sugiyono, 2019: 17). This research is also a type of quantitative research. Quantitative research is based on the *logico-hypotheco-verifiative* positivism paradigm (Sugiyono, 2019). The population in this study is *e-commerce* in the Jabodetabek area. The sampling technique used in this study is *non probability sampling*. Meanwhile, the decisive sampling technique is *purposive sampling* with the provision that the business is established in 2019-2022, domiciled in Jabodetabek, does not have outlets and sells *online*, has outlets and sells *online*, and has complete data according to the researcher's needs.

The data collection technique used in this study was through questionnaires. The questionnaire was made using a *Likert* scale of 1-5, and was arranged with variable indicators. The distributed questionnaires were tested first using validity tests and reliability tests. The collected data is then analyzed using SmartPLS 3:0. The tests made in the study consisted of descriptive analysis, validity and reliability tests, and hypothesis tests. The hypotheses tested in this study can be seen in the following model:
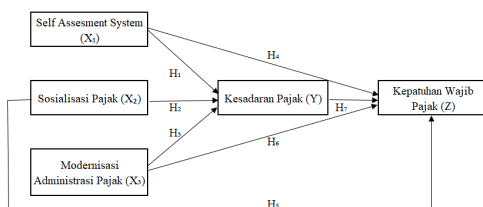

Figure 1. Hypothesis Model

Based on the figure above, the following hypothesis is formed:
The hypotheses in this study are:

H_1: *Self assessment system* has a effect on Tax Awareness

H_2: Tax Socialization has a effect on Tax Awareness

H_3: Modernization of Tax Administration has a effect on Tax Awareness

H_4: *Self assessment system* has a effect on Tax Compliance

H_5: Tax Socialization has a effect on Tax Compliance

H_6: Modernization of Tax Administration has a effect on Tax Compliance

H_7: Tax Awareness has a effect on Tax Compliance

ANALYSIS RESULTS
RESPONDENT DEMOGRAPHICS

The demographics of respondents in this study are divided into several groups, namely based on the year of business establishment, taxpayer category, and domicile. The results of the demographic analysis of respondents based on the year of establishment of the business can be seen as follows:

Table 1. Respondent Demographics Based on Year of Business Establishment

Year Established	Sum	Percentage
2019	33	33%
2020	39	39%
2021	22	22%
2022	6	6%
Total	100	100%

Based on the table above, it is known that respondents whose businesses were established in 2019 were 33% or as many as 33 respondents, in 2020 they were 39% or as many as 39 respondents who were the most dominant in this study, in 2021 they were

22% or as many as 22 respondents, and in 2022 they were 6% or as many as 6 respondents.

The next characteristic of respondents is the category of respondent taxpayers which are grouped into groups of individual taxpayers and corporate taxpayers. The existence of this grouping aims to find out the details of respondent information involved in the research. Here is the detailed information:

Table 2. Respondent Demographics by Taxpayer Category

Taxpayer Category	Sum	Percentage
Individual Taxpayer	39	39%
Corporate Taxpayers	61	61%
Total	100	100%

Based on the table above, the number of respondents to corporate taxpayers in this study was 61% or as many as 61 respondents were more dominant than individual respondents by 39% or 39 respondents from the total of all respondents, which are 100 respondents.

Meanwhile, based on the domicile of taxpayers, respondents were grouped into 5 groups. The division into 5 groups in question is as follows:

Table 3. Respondent Demographics by Domicile

Taxpayer Domicile	Sum	Percentage
Bekasi	7	7%
Jakarta	67	67%
Depok	8	8%
Tangerang	13	13%
Bogor	5	5%
Total	100	100%

Based on the table above, the number of respondents domiciled in Bekasi City and Bekasi Regency is 7% or 7 respondents, respondents who live in DKI Jakarta are 67% or 67 respondents which are the most dominant in this study, respondents who live in Tangerang City, Tangerang Regency, and South Tangerang City by 13% or 13 respondents, and respondents domiciled in Bogor City and Bogor Regency by 5% or 5 respondents.

Model Scheme of *Partial Least Square* (PLS)

Hypothesis testing using Structural Equation Modeling (SEM) analysis techniques with the SmartPLS v.3 program. The combination of all SEM components into a complete model of the measurement model and structural model, depicted in a flowchart (Path Diagram) to make it easier to see the causality relationships to be tested, which can be seen in the following figure.
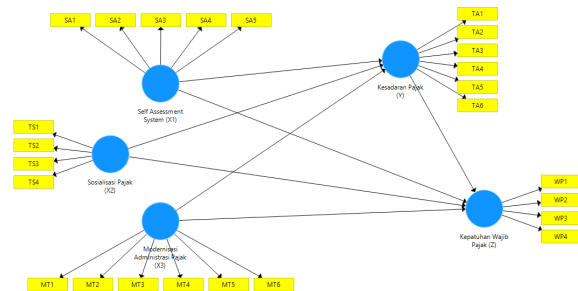

Figure 2. Partial Least Square *Model*

Indicator Validity Test

To test the validity of the indicator used outer loading value or loading factor. An indicator is declared to meet the criteria or in the good category if the outer loading value > 0.7.

Table 4. Indicator Validity Test Results

Item	(Z)	(Y)	(X3)	(X1)	(X2)
MT1			0.869		

MT2	0.874	
MT3	0.835	
MT4	0.808	
MT5	0.875	
MT6	0.820	
SA1		0.950
SA2		0.861
SA3		0.842
SA4		0.857
SA5		0.881
TA1	0.842	
TA2	0.844	
TA3	0.849	
TA4	0.831	
TA5	0.858	
TA6	0.847	
TS1		0.882
TS2		0.877
TS3		0.884
TS4		0.854
WP1	0.819	
WP2	0.875	
WP3	0.871	
WP4	0.895	

Based on the table above, it is known that from 25 indicators in this study, all have an outer loading value of > 0.7 with values ranging from 0.808 to 0.950, it can be interpreted that the 25 indicators have a good correlation with their constructs or all indicators can be said to be valid because they have met the requirements for indicator validity.

Internal Reliability Test

Reliability tests are carried out by calculating *Composite Reliability* and *Cronbach Alpha* values. According to Ghozali, a variable can fulfill the *composite reliability* if the value of *composite reliability* > 0.6 and *cronbach's alpha* if the value of *cronbach's alpha* >0.7.

Table 5. Internal Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability
(Z)	0.888	0.923
(Y)	0.920	0.937

(X3)	0.921	0.938
(X1)	0.926	0.944
(X2)	0.897	0.929

Based on the table above, it can be seen that the *composite reliability* value for all research variables is greater than 0.6 with values ranging from 0.923 to 0.944 and *Cronbach's alpha* value for all variables is greater than 0.7 with values ranging from 0.888 to 0.926. These results show that all variables in the study have met the criteria, so it can be concluded that all variables have a good level of reliability. In addition, the *average variance extracted* (AVE), these values are also used for each variable where the AVE value must be > 0.5 for a good model. The results of reliability tests using the AVE table can be seen in the following results:

Table 6. AVE Reliability Test Results

Variable	Average Variance Extracted (AVE)	Information
(Z)	0.749	Reliable
(Y)	0.714	Reliable
(X3)	0.718	Reliable
(X1)	0.772	Reliable
(X2)	0.765	Reliable

Based on the table above, it is known that the AVE value in all variables is greater than 0.5 with values ranging from 0.714 to 0.765. Thus, it can be stated that each variable has a good *convergent validity*.

Discriminant Validity Test

From the AVE value that has been obtained, a discriminant validity test is carried out which explains that an indicator is declared to meet the discriminant validity if the AVE square root in the variable is the largest compared to the correlation of the variable with other variables or by

looking at the crossloading value between the indicator and the latent variable is greater than other variables.

Table 7. Discriminant Validity Test Results

Item	(Z)	(Y)	(X3)	(X1)	(X2)
MT1	0.793	0.793	**0.869**	0.787	0.777
MT2	0.798	0.782	**0.874**	0.763	0.754
MT3	0.769	0.752	**0.835**	0.761	0.712
MT4	0.756	0.735	**0.808**	0.752	0.729
MT5	0.797	0.780	**0.875**	0.792	0.757
MT6	0.742	0.775	**0.820**	0.692	0.724
SA1	0.909	0.856	0.871	**0.950**	0.857
SA2	0.790	0.744	0.723	**0.861**	0.747
SA3	0.796	0.798	0.807	**0.842**	0.745
SA4	0.788	0.753	0.739	**0.857**	0.754
SA5	0.789	0.765	0.782	**0.881**	0.734
TA1	0.767	**0.842**	0.737	0.751	0.763
TA2	0.752	**0.844**	0.796	0.752	0.737
TA3	0.788	**0.849**	0.760	0.771	0.739
TA4	0.783	**0.831**	0.781	0.754	0.722
TA5	0.801	**0.858**	0.766	0.724	0.744
TA6	0.761	**0.847**	0.767	0.774	0.734
TS1	0.788	0.760	0.743	0.755	**0.882**
TS2	0.810	0.791	0.768	0.794	**0.877**
TS3	0.770	0.760	0.791	0.755	**0.884**
TS4	0.781	0.751	0.763	0.755	**0.854**
WP1	**0.819**	0.761	0.769	0.755	0.742
WP2	**0.875**	0.811	0.800	0.830	0.770
WP3	**0.871**	0.787	0.787	0.797	0.789
WP4	**0.895**	0.817	0.815	0.831	0.815

Based on the table above, it can be seen that the cross loading value in bold in green has the highest value in the variable formed compared to the value of other variables with a cross loading value of more than 0.7, which ranges from 0.808 to 0.950. So it can be concluded that all indicators have met the criteria and can be said to be good for further analysis.

Inner *Model Evaluation*
a. Coefficient of Determination (R2)

The evaluation of the Coefficient of Determination (R2) is used to show how much effect or influence the independent variable has on the dependent variable.

Table 8. Coefficient of Determination Test Results

Variable	*R Square*	*R Square Adjusted*
(Z)	0.918	0.914
(Y)	0.867	0.863

Based on the table above, it can be seen that in this study there is one dependent variable and one intervening variable with *an R squared* value as follows:

1. The variable of Tax Awareness (Y) is influenced by the *Self assessment system* (X_1), Tax Socialization (X_2), and Tax Administration Modernization (X_3) with an *R-Square Adjusted* value of 0.863, which means that 86.3% of the variation in Tax Awareness is explained by these three variables, while 15.7% is

influenced by other factors outside this research model.

2. The variable of Taxpayer Compliance (Z) is influenced by *the Self assessment system* (X1), Tax Socialization (X2), Tax Administration Modernization (X3), and Tax Awareness (Y) with an *R-Square Adjusted value* of 0.914. This means that 91.4% of the variation in Taxpayer Compliance is explained by these four variables, while 8.6% is influenced by other factors outside this research model.

b. Q-Square (Predective Relevance)

Q-Square predictive relevance measures how well the observation value is generated by the model and also the parameter estimation generated using the blindfolding procedure by looking at the dependent variable's *Q square* value. If the value of *Q square* > 0 then it can be said to have a good *predictive relevance* value.

Tabel 9. *Q-Square Predictive Relevance*

Variable	SSO	SSE	Q^2 (=1-SSE/SSO)
(Z)	400.000	172.190	0.570
(Y)	600.000	242.942	0.595
(X3)	600.000	239.609	0.601
(X1)	500.000	174.427	0.651
(X2)	400.000	162.233	0.594

Based on the output above, a Q^2 value of 0.570 was obtained in the variable of Taxpayer Compliance Interest (Z), a Q^2 value of 0.595 in the Tax Awareness variable (Y), a Q^2 value of 0.601 in the Tax Administration Modernization variable (X3), a Q^2 value of 0.651 in the *Self assessment system* variable (X1), and a Q^2 value of 0.594 in Tax Socialization (X2). So it can be concluded that this study has a good

observation value because the Q^2 value obtained is greater than 0.

c. F-Square (Effect Size)

The *F-Square value* describes the minimum size that is considered meaningful. The values of 0.02, 0.15 and 0.35 can be interpreted whether the predictor of the latent variable has a weak, medium, or large influence at the structural level (Ghozali, 2015).

Table 10. *F-Square*

Variable	(Z)	(Y)
(Y)	0.088	
(X3)	0.067	**0.242**
(X1)	**0.237**	0.109
(X2)	0.085	0.073

Based on the test results above, some information can be known as follows:

1. The effect of Tax Awareness (Y) on Taxpayer Compliance (Z) has a weak effect with an F^2 value of 0.088.

2. The effect of Tax Administration Modernization (X3) on Taxpayer Compliance (Z) also has a weak effect with an F^2 value of 0.067.

3. The effect of *the Self assessment system* (X1) on Taxpayer Compliance (Z) has a medium effect with an F^2 value of 0.237.

4. The effect of Tax Socialization (X2) on Taxpayer Compliance (Z) also has a weak effect with an F^2 value of 0.085.

5. The effect of Tax Administration Modernization (X3) on Tax Awareness (Y) has a medium effect with an F^2 value of 0.242.

6. The effect of *the Self assessment system* (X1) on Tax Awareness (Y)

has a medium effect with an F^2 value of 0.109.

7. The effect of Tax Socialization (X2) on Tax Awareness (Y) also has a medium effect with an F^2 value of 0.109.

Hypothesis test

Test the hypothesis in this study by looking at the value of T-Statistics where the research hypothesis can be declared acceptable if the value of T-Statistics > *T table*. The results of the hypothesis test can be seen in the following table:

Table 11. Hypothesis Test Results

Path	B	T Stat	P Values	Information
Y > Z	0.234	3.424	0.001	Significant
X1 > Z	0.363	4.141	0.000	Significant
X1 > Y	0.297	3.054	0.002	Significant
X2 > Z	0.198	2.339	0.020	Significant
X2 > Y	0.225	2.366	0.019	Significant
X3 > Z	0.205	2.031	0.043	Significant
X3 > Y	0.445	5.042	0.000	Significant

Note: B = Regression Coefficient

The test results above explain several things as follows:
a. *Self assessment system* Knowledge (X1) has a positive and significant influence on Tax Awareness (Y) with a path coefficient value of 0.297 (*T-Statistics* = 3.054, *P-value* = 0.002). That is, the higher or better the value of the *Self assessment system*, the higher or increased Tax Awareness.
b. Tax Socialization Knowledge (X2) has a positive and significant influence on Tax Awareness (Y) with a path coefficient value of 0.225 (*T-Statistics* = 2.336, *P-value* = 0.019). That is, the higher or better the value of Tax Socialization, the higher or increased Tax Awareness.
c. Tax Administration Modernization Knowledge (X3) has a positive and significant influence on Tax Awareness (Y) with a path coefficient value of 0.445 (*T-Statistics* = 5.042, *P-value* = 0.000). That is, the higher or better the value of Tax Administration Modernization, the higher or increased Tax Awareness.
d. *Self assessment system* Knowledge (X1) has a positive and significant influence on Taxpayer Compliance (Z) with a path coefficient value of 0.363 (*T-Statistics* = 4.141, *P-value* = 0.000). That is, the higher or better the value of the *Self assessment system*, the higher or higher the Taxpayer Compliance.
e. Tax Socialization Knowledge (X2) has a positive and significant influence on Taxpayer Compliance (Z) with a path coefficient value of 0.198 (*T-Statistics* = 2.339, *P-value* = 0.020). That is, the higher or better the value of Tax Socialization, the higher or higher the Taxpayer Compliance.
f. Tax Administration Modernization (X3) has a positive and significant influence on Taxpayer Compliance (Z) with a path coefficient value of 0.205 (*T-Statistics* = 2.031, *P-value* = 0.043). That is, the higher or better the value of Tax Administration Modernization, the higher or higher the Taxpayer Compliance.
a) Tax Awareness Knowledge (Y) has a positive and significant influence on Taxpayer Compliance (Z) with a path coefficient value of 0.234 (*T-Statistics* = 3.424, *P-value* = 0.001).

That is, the higher or better the value of Tax Awareness, the higher or higher the Taxpayer Compliance.

DISCUSSION

Self Assessment System Has a Significant Effect on Tax Awareness (Survey on the *E-Commerce Online Commerce* Sector in Jabodetabek)

Based on the General Tax Law, Article 1 No. 24 stipulates that free work is work performed by a person who has a special ability to obtain income unrelated to employment relations. Conversely, according to PMK No. 215/PMK.03/2018, Article 1 Paragraph 4, Certain Individual Business Entities are allowed to carry out commercial business activities or services, except services related to independent work. Taxpayers who do more than one place of business that is different from the place of residence of the Taxpayer.

Although the government has taken steps to improve taxpayer compliance, this is still low, one of which is an increase in increasing taxpayer awareness itself, taxpayer awareness is a taxpayer who is aware of his tax obligations and has the willingness to carry out and obey these obligations. Taxpayer awareness is very necessary because the tax collection system that applies in Indonesia now is a *self assessment system* which provides opportunities for taxpayers to complete their tax obligations (Fitriasuri &; Ardila, 2022). The collection system in Indonesia is a *self assessment system*, requiring taxpayers to actively participate in fulfilling their obligations. The implementation of the *self assessment system* is a way for the Indonesian government to give confidence to taxpayers to register, calculate, pay, and report their own obligations in accordance with applicable tax regulations.

Based on the results of the data analysis conducted, it can be seen that the positive value of the path coefficient is 0.297. It is also known that the value of *T-Statistics* (*3.054*) > value of *T table* (1.984) and the value of *P-value* (0.002) < 0.05, then the hypothesis of H_0 is rejected and H_1 is accepted. This means that there is a significant positive (unidirectional) influence of the *Self assessment system* (X1) on Tax Awareness (Y). This explains that the higher or better the value of the *Self assessment system*, the higher or increased Tax Awareness. Vice versa, if the value of the *Self assessment system* is getting lower or worse, then Tax Awareness will be lower or decreased.

Tax Socialization Has a Significant Effect on Tax Awareness (Survey on the *E-Commerce Online Trade Sector* in Jabodetabek)

Indonesia as a developing country always carries out development in all fields. National development is a continuous and continuous development that aims to improve the welfare of the community. National development will run smoothly if a country has a source of one of which is taxes. Taxes are something that must be well understood, it happens because taxes have become an important part of the economy. Anyone, especially taxpayers, will deal with taxes, although taxes are the most important thing in the

economy, but not a few people have difficulty in setting taxes. This is because there are still many people who do not know well so they do not understand about taxes.

For the general public, taxes are a problem in an effort to report and pay their tax obligations. Tax according to article 1 of Law Number 28 of 2007 concerning General Provisions and Tax Procedures, Tax is a mandatory contribution to the State owned by an individual or entity that is coercive according to law, without obtaining direct reciprocal services and used for the benefit of the State is the greatest prosperity of the people. The current tax collection system in Indonesia is self assessment, in this system taxpayers are considered capable of calculating taxes, able to understand applicable tax regulations, have high honesty, and realize the importance of paying taxes. Taxpayers are entrusted with calculating and paying.

Tax Socialization is an effort made by the Director General of Taxes to provide tax knowledge to the public, especially taxpayers to know everything about taxation both in terms of tax regulations and procedures in appropriate ways. Accompanied by the renewal of the tax return reporting system and online tax payments since 2014, namely *e-filing* and *e-billing*, the Director General of Taxes always strives to provide this information through counseling or socialization so that it is better known and understood by Taxpayers (Lestary et al., 2021). The Directorate General of Taxes provides several points related to socialization

indicators where these activities are expected to provide tax awareness on taxes modified from the development of tax service programs (Karlinah, 2022).

Based on the test results, it can be seen that a positive path coefficient value of 0.225 is obtained. It is also known that the value of *T-Statistics (2.336)* > value of *T table* (1.984) and the value of P-value (0.019) < 0.05, then the hypothesis of H_0 is rejected and H_1 is accepted. This means that there is a significant positive (unidirectional) influence of Tax Socialization (X2) on Tax Awareness (Y). This explains that the higher or better the value of tax socialization, the higher or increased tax awareness. Vice versa, if the value of tax socialization is getting lower or worse, tax awareness will be lower or decreased.

Tax Administration Modernization Has a Significant Effect on Tax Awareness (Survey on the *E-Commerce Online Commerce* Sector in Jabodetabek)

State revenue from taxes is very dominant, because taxes can determine the sustainability of the country's development and people's welfare. Tax revenue for a country has a very dominant role in supporting the wheels of government and continues to increase from year to year. But in practice, state revenue from taxes is still not running optimally. In connection with developments and changes regarding taxation and increasingly sophisticated technology, the Directorate General of Taxes (DJP) as an agency appointed by the government to

collect tax revenues seeks to provide changes that are in line with the development needs of taxpayers. Therefore, it is necessary to carry out tax reform in Indonesia to maximize state revenue. The modernization of the tax administration system is a development program in the field of administration carried out by DJP or related agencies. A major change in the modernization of tax reporting occurred in 2014 when DJP issued Regulation Per-06/PJ/2014 concerning electronic-based tax reporting which requires PPN and PPh Article 21 reporting to use e-Filing on the DJP online website. Significant changes in tax services occur due to the implementation of regulations, from what was originally required by taxpayers to meet face-to-face in tax reporting, to *online* services that taxpayers can access anytime and anywhere. The improvement and development in the tax administration system is expected to increase awareness among taxpayers and can increase fiscal productivity so as to achieve voluntary compliance from taxpayers.

Based on the results of data analysis, it can be seen that a positive path coefficient value of 0.445 is obtained. It is also known that the value of *T-Statistics* (5.042) > value of *T table* (1.984) and the value of *P-value* (0.000) < 0.05, then the hypothesis of H_0 is rejected and H_1 is accepted. This means that there is a significant positive (unidirectional) influence of Tax Administration Modernization (X3) on Tax Awareness (Y). This explains that the higher or better the value of Tax Administration Modernization, the

higher or increased Tax Awareness. Vice versa, if the value of Tax Administration Modernization is getting lower, then Tax Awareness will be lower or decrease.

Self Assessment System Has a Significant Effect on Taxpayer Compliance (Survey on the *E-Commerce Online Commerce* Sector in Jabodetabek)

The development of a country's economy is something we often hear. In its development, the government needs large funding to carry out development. One of the sources of funding received by the state comes from taxes. Through taxes, the government can regulate its policies regarding taxation for various state purposes. Taxes hold important benefits in financing state expenditures, both for general financing purposes, as well as financing in the context of carrying out government functions (Hutauruk et al., 2019). Taxes in the State Budget (APBN) are the largest source of state revenue with an amount that continues to increase every year.

Tax reform changed the tax collection system in 1983 which came into effect on January 1, 1984, namely from an official assessment system to *a self assessment system*. In the previous official assessment system, the responsibility for tax collection lies entirely with the government authority represented by the tax officer (fiscus) as reflected in the tax determination system which is fully the authority of the tax administration. The taxpayer only acts as a payer of the amount of tax, which is previously set by the fiscus, while in the *self assessment system*, the taxpayer is entrusted to calculate, pay and report the amount of tax owed, and

the fiscus itself is tasked with supervising it. *The self assessment system* requires active participation from the community in fulfilling their tax obligations.

Indonesia in the tax system adheres to *the self assessment* system as a tax collection system linking the level of compliance of taxpayers in paying their taxes. The higher the number of taxpayers correct, honest, and timely in depositing their taxes, it can directly increase taxpayer compliance.

Based on the results of data analysis, it can be seen that a positive path coefficient value of 0.363 is obtained. It is also known that the value of *T-Statistics* (4.141) > the value of *T table* (1.984) and the value of *P-value* (0.000) < 0.05, then the hypothesis of H_0 is rejected and H_1 is accepted. This means that there is a significant positive (unidirectional) influence *of the Self assessment system* (X1) on Taxpayer Compliance (Z). This explains that the higher or better the value of the *Self assessment system*, the higher or higher the Taxpayer Compliance. Vice versa, if the value of the *Self assessment system* is getting lower or worse, the Taxpayer Compliance will be lower or decreased.

Tax Socialization Has a Significant Effect on Taxpayer Compliance (Survey on the *E-Commerce Online Trade Sector* in Jabodetabek)

Taxes are state levies that do not provide direct remuneration, are binding and can be enforced, which are used for the prosperity of the people (Mediawahyu &; Daito, 2020). If taxpayers are given a good and correct understanding through socialization,

then taxpayers will have knowledge about the importance of paying taxes. This is supported by Ginanjar &; Saparinda's (2022) research finding that intensive tax socialization can increase the knowledge of prospective taxpayers regarding all matters related to taxation (Ginanjar &; Saparinda, 2022).

Based on the test results, it can be seen that a positive path coefficient value of 0.198 is obtained. It is also known that the value of *T-Statistics* (2.339) > value of *T table (1.984)* and the value of *P-value* (0.020) < 0.05 then the hypothesis of H_0 is rejected and H_1 is accepted. This means that there is a significant positive (unidirectional) influence of Tax Socialization (X2) on Taxpayer Compliance (Z). This explains that the higher or better the value of Tax Socialization, the higher or higher the Taxpayer Compliance. Vice versa, if the value of Tax Socialization is getting lower or worse, Taxpayer Compliance will be lower or decreased.

Tax Administration Modernization Has a Significant Effect on Taxpayer Compliance (Survey on the *E-Commerce Online Commerce* Sector in Jabodetabek)

society and taxation is used as one of the government's affairs for state development to improve the welfare of citizens in supporting state development. Tax collection in a country is considered successful if there is a high level of national compliance and discipline so that taxpayers are automatically willing and obedient in paying their tax debts, so as to make taxes optimal and can be used in financing the development of the State

and as a benchmark to measure taxpayer behavior is the level of compliance in carrying out the obligation to fill out and submit a Notification Letter (SPT) correctly and in a timely manner. The higher the level of truth in calculating, calculating, and submitting the Notification Letter (SPT) correctly and on time, it is expected that the higher the level of compliance of taxpayers in carrying out their tax obligations. If taxpayer compliance is high, then State tax revenue will increase. For this reason, it is necessary to study more deeply about matters that can affect the level of taxpayer compliance.

Based on the results of previous tests, it can be seen that a positive path coefficient value of 0.205 is obtained. It is also known that the value of T-Statistics (2.031) > value of *T table* (1.984) and the value of *P-value* (0.043) < 0.05, then the hypothesis of H_0 is rejected and H_1 is accepted. This means that there is a significant positive (unidirectional) influence of Tax Administration Modernization (X3) on Taxpayer Compliance (Z). This explains that the higher or better the value of Tax Administration Modernization, the higher or higher the Taxpayer Compliance. Vice versa, if the value of Tax Administration Modernization is getting lower or worse, Taxpayer Compliance will be lower or decreased.

Tax Awareness Has a Significant Effect on Taxpayer Compliance (Survey on the *E-Commerce Online Commerce* Sector in Jabodetabek)

The Republic of Indonesia is a state of law based on Pancasila and the 1945 Constitution that upholds the rights and obligations of citizens. One of the obligations of citizens is to pay taxes as contained in Article 23a of the 1945 Law which reads: "Taxes and other levies of a coercive nature for State purposes are regulated by law". Taxes are the main source of state revenue in government financing and development. Indonesia relies on several sectors such as state revenues sourced from taxes, non-tax revenues, to revenues derived from loans or foreign aid. However, one of the biggest sources of revenue is revenue from the tax sector, so the amount of tax revenue that has been targeted needs to be optimized.

The participation of taxpayers greatly determines the achievement of the tax revenue plan. However, in practice it is often found that there are taxpayers who lack or do not have awareness in carrying out tax obligations correctly and even make tax avoidance efforts, so that affects the decrease in the level of taxpayer compliance and reduced state revenue. The lack of willingness to pay taxes, among others, the results of tax collection can not be directly felt by taxpayers. This happens because people do not know the concrete form of rewards from the money spent to pay taxes. People will be more inclined to meet their basic needs first than to fulfill their tax obligations.

The phenomenon that occurs from these data proves that there are still taxpayers who have not complied in carrying out their tax obligations in terms of paying taxes. This non-compliance of taxpayers is due to the low awareness of taxpayers to pay taxes. Because paying taxes is not an easy and simple action to get something (consumption) for society, but its implementation is full of emotional

things. Basically, no one enjoys paying taxes like shopping. In addition, the potential to survive not paying taxes has become *taxpayers* behavior. Therefore, taxpayer awareness in paying taxes is the most important factor. Taxpayer awareness affects compliance. The higher the level of taxpayer awareness, the compliance of taxpayers in carrying out their tax obligations, namely paying taxes, will increase and tax revenue will be achieved.

Based on the results of the data processing carried out, it can be seen that the positive path coefficient value of 0.234 is obtained. It is also known that the value of *T-Statistics* (3.424) > value of *T table* (1.984) and the value of *P-value* (0.001) < 0.05 then the hypothesis of H_0 is rejected and H_1 is accepted. This means that there is a significant positive (unidirectional) effect of Tax Awareness (Y) on Taxpayer Compliance (Z). This explains that the higher or better the value of Tax Awareness, the higher or higher the Taxpayer Compliance. Vice versa, if the value of Tax Awareness is getting lower or worse, then Taxpayer Compliance will be lower or decreased.

CONCLUSION

Based on the results of the study, it can be concluded that there is a positive and significant influence between the variables of *Self assessment system* (X1), Tax Socialization (X2), and Tax Administration Modernization (X3) on Tax Awareness (Y). The higher or better the value of the three variables, the higher or increased Tax Awareness. In addition, the Tax Awareness variable (Y) also has a positive and significant influence on Taxpayer Compliance (Z). That is, the higher or better the Tax Awareness, the higher or higher the Taxpayer Compliance. The results of this study provide important insights for authorities in developing strategies to increase taxpayer awareness and compliance.

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