MUSYTARI

ANALYSIS OF THE IMPLEMENTATION OF THE CORE TAX ADMINISTRATION SYSTEM TO IMPROVE TAXPAYER COMPLIANCE (CASE STUDY AT KPP PRATAMA PARE KEDIRI)

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ABSTRACT

Core Tax Administration System sebagai sistem administrasi pajak yang merupakan bagian dari Core Tax Administration System is a tax administration system which is part of the government's efforts to carry out tax reform. The Core Tax Administration System can simplify the business process of implementing tax administration, both for the Directorate General of Taxes in carrying out their duties and for taxpayers in fulfilling their tax obligations. The Core Tax Administration System is a tax administration business process redesign project through the development of a COTS (Commercial Off-the-Shelf) based information system accompanied by improvements to the tax database. This research uses qualitative descriptive. The aim of this research is to find out the results of the analysis of the implementation of the core tax administration system to increase taxpayer compliance (study at KPP Pratama Pare Kediri). The data collection techniques used in this research are interviews, observation and documentation. The results of this research reveal that the main strength of KPP Pratama Pare Kediri lies in its strong commitment to implementing tax digitalization through the core tax administration system, accompanied by the ability to disseminate technology and relevant tax policies to taxpayers. However, the weaknesses faced include low taxpayer awareness and mastery of digital services, as well as KPP's internal challenges related to adaptation from conventional to digital systems and system integration that is not yet optimal. Great opportunities arise along with the increasingly widespread digitalization trend in society. This opens up space for KPP Pratama Pare Kediri to develop more modern and integrated tax services, as well as utilize social media for tax education and socialization. However, the threat of taxpayer behavior that is still not fully compliant and difficulties in digitally reporting annual tax returns remain challenges that must be faced.

Keywords: Core Tax Administration, Taxpayer Compliance

INTRODUCTION

The role of taxes in a country is very important in economic development. Taxes are a potential part of state and regional revenue. The size of taxes in a country is determined based on the income level of the people or companies, therefore government policy regarding taxes is very important because it can influence the growth rate of the country itself. In order for the tax target to be achieved, public awareness and compliance needs to be continuously raised in fulfilling tax obligations. Tax awareness arises from within the taxpayer himself, without paying attention to tax sanctions. Meanwhile, tax compliance arises from knowing that there are tax sanctions. However, in practice it is difficult to distinguish whether taxpayers who fulfill their tax obligations are motivated by tax awareness or compliance. If seen from the company's Taxpayer compliance ratio, the level of tax compliance up to the deadline for submitting Tax Returns (SPT) for the tax year. The corporate taxpayer compliance level ratio decreased from the position in 2021 of 84% and in 2022 to 80% (Lakin DJP Indonesia, 2019).

Taxpayer compliance has been defined as the fulfillment of tax obligations carried out by taxpayers in the context of making voluntary contributions. In fact, the compliance ratio or level of compliance of taxpayers in Indonesia in carrying out their tax obligations has still not reached the target expected by the government. There is a decrease in the level of taxpayer compliance from 2019 to 2022 due to the lack of expanding the tax base by increasing taxpayer compliance voluntarily by holding educational activities and the lack of improving services. Apart from that, there is also a lack of expansion of payment channels for corporate taxpayers by the KPP, so that it is easier for taxpayers to access tax administration and pay taxes, there needs to be a technological basis.

In 2020, extraordinary conditions occurred, namely the Covid-19 pandemic. Even though the percentage of tax revenue achieved increased by 5 percent from 2019, tax revenue actually contracted by 19.71 percent. This is due to the economic slowdown due to the impact of Covid-19 and the use of various tax incentives for the business world. The realization of tax revenue is very dependent on the size of the community's contribution as taxpayers. However, this very important tax position is not balanced by the level of community participation in fulfilling its tax obligations. This is proven by the tax ratio in Indonesia which is still low, which reflects the ability to finance the country with tax revenues and is one indicator for assessing tax revenue performance. The size of the tax ratio is influenced, among other things, by tax policy, the effectiveness of tax collection, various tax incentives given to taxpayers, and the possibility of tax crimes occurring.

The Directorate General of Taxes is currently carrying out tax reform to achieve a tax ratio of up to 15 percent. Tax reform began in 2002, which included improving tax administration, improving regulations, and increasing the tax base. The tax reform program is currently entering volume III, namely reform in the field of policy (tax policy reform) and tax administration reform (tax administration reform). Policy reform aims to expand the tax base and increase competitiveness, while administrative reform aims to increase voluntary compliance (voluntary payments), increase public trust, increase taxpayer compliance and the integrity of tax employees through a digital technology-based service system. Digital transformation to increase the efficiency and effectiveness of its performance, especially in terms of service quality and monitoring taxpayer compliance. At the beginning of 2005, the Directorate General of Taxes

implemented an Electronic System (E-System), which consists of e-registration, e-filing, e-SPT, and e-billing. In 2020-2024, the Directorate General of Taxes is developing a core tax administration system or Core Tax Administration System (SIAP).

The core tax administration system is an information technology system that provides integrated support for the implementation of the duties of the Directorate General of Taxes, including automation of business processes starting from the taxpayer registration process, processing of notification letters and other tax documents, processing of tax payments, inspection and billing processes, as well as functions Tax Payer Accounting. Core Tax Administration System is a tax administration system which is part of the government's efforts to carry out tax reform. The Core Tax Administration System can simplify the business process of implementing tax administration, both for the Directorate General of Taxes in carrying out their duties and for taxpayers in fulfilling their tax obligations. The Core Tax Administration System is a tax administration business process redesign project through the development of a COTS (Commercial Off-the-Shelf) based information system accompanied by improvements to the tax database. The transformation of business processes from the implementation of the core tax administration system has become a national priority with testing carried out in 2023 and continued in 2024. The following is the implementation of the Core Tax Administration System until 2024, namely as follows:

This core tax administration system changes the tax service process, including auditing, monitoring and data management, as well as law enforcement in the field of taxation, to become completely digital and integrated, so that updating the core tax administration system becomes a form of tax modernization which aims to create a strong, credible and taxable institution. accountable to effective and efficient business processes for the Directorate General of Taxes. Apart from that, it is hoped that it can increase taxpayer compliance and make it easier for taxpayers to manage their tax administration, this will become a reference for all KPPs, one of which is KPP Pratama Pare Kediri.

In recent years, the Directorate General of Taxes (DJP) has continued to make efforts to digitize the tax system to increase taxpayer compliance. One of the main implementations is the implementation of the core tax administration system (CTAS), which is designed to integrate all tax administration processes starting from registration, reporting, to digital tax payments. The core tax administration system is expected to simplify tax procedures, minimize errors and increase transparency. However, even though this technology has been developed and implemented in various KPPs, including KPP Pratama Pare Kediri, this implementation still faces various challenges, both from the side of taxpayers and internal KPP employees. The phenomenon that occurred at KPP Pratama Pare Kediri shows that although digitalization of the tax system has great potential to increase taxpayer compliance, the level of adoption by the public and the effectiveness of the system still depend on several factors. Taxpayers often still experience difficulties in operating digital platforms, do not understand procedures, and experience technical obstacles in reporting. On the other hand, KPP itself faces challenges in terms of employee adjustment to the new system and imperfect data integration. This challenge shows that implementing a core tax administration system not only requires sophisticated technology but also intensive outreach, continuous training, and the readiness of human resources and infrastructure to ensure its success.

THEORETICAL BASIS & HYPOTHESIS FORMULATION
1.1. Taxation

Taxes are the government's main source of income and are used to fund expenditure in the state. Tax classification by tax collectors consists of central taxes and regional taxes, council taxes (Riftiasari, 2019). Mentioned in Law no. 16 of 2009 article 1 concerning general provisions and procedures for taxation (KUP) The definition of tax is a taxpayer's contribution to the state that is owed by an individual or entity that is coercive based on law, without receiving direct compensation and is used for state needs to as great as the prosperity of the people.

The definition of tax according to Mardiasmo (2015) is a contribution from the people to the state treasury based on the law which can be enforced without receiving reciprocal services (counterperformance) which can be directly demonstrated and which are used to pay for general expenses. From the definition previously explained, it can be concluded that tax has the following characteristics:
1. Participation is mandatory for the state
2. Taxes are collected according to statutory provisions
3. Tax collection is coercive
4. Tax payments are used for general expenses and community welfare.

1.2. Tax Administration

Changes in the tax administration system in terms of management are very important and constructive to meet the demands of various parties as those responsible for tax interests (Ariesta and Latifah, 2017). In the course of the existing tax administration system, the government strives to continue to provide the best service so that taxpayers know and understand the obligations that must be carried out. In this era of globalization, technology really controls all aspects of human desires and needs. With the help of advanced technology, the existing tax administration system must be immediately modernized.

Pandiangan in Sasmita (2019) explains that tax administration is one of the activities related to administration and services carried out by everyone in an organization in order to carry out their rights and obligations in the field of taxation. So the modern tax administration system is a development program in taxation, in this case the field of administration carried out by the agency concerned in order to maximize tax revenues in a country. The tax system within the DJP aims to implement good governance and excellent service to the community. Things that indicate the effectiveness of the online tax system that can be felt by taxpayers include e-registration, e-billing, e-filling and e-invoicing (Rahayu, 2017).

Suparman (2016) states that the modern tax administration system is the refinement or improvement of administrative performance both individually, in groups and institutionally to make it more efficient, economical and fast. According to Pandiangan (2017), the concept of modern tax administration is organizational restructuring, improving business processes through the use of communication and information technology, and improving human resource management. According to Sadhani (2015) that the modern tax administration system is a process of renewal reform in the field of tax administration which is carried out systematically. comprehensive, covering aspects of information technology, namely software,

hardware and human resources with the aim of achieving a level of tax compliance and achieving high performance productivity of tax officials, so that it is hoped that it can reduce the practice of Corruption, Collusion and Nepotism (KKN).

1.3. Core Tax Administration System

The Core Tax Administration System is an information technology system in tax administration which aims to automate business processes carried out by the Directorate General of Taxes as the party holding the tax authority. Several business processes that will be automated in SIAP include the taxpayer registration process, processing notification letters and other tax documents, tax payment processing, as well as tax inspection and collection activities.

According to plans from the Directorate General of Taxes, the core tax administration system will begin testing starting in June 2023, so it is hoped that by October 2023 the system will really be running. The development of this tax administration system is intended to create a credible and accountable tax institution so that the business processes carried out can take place effectively and efficiently. By renewing the tax administration system, it is also hoped that optimal synergy will be created between institutions so that they can achieve the ultimate goal, namely increasing state revenues in line with high levels of taxpayer compliance. Several reasons why the Directorate General of Taxes needs to reform the administration system include the current system of the Directorate General of Taxes not being fully able to implement policy changes made by the government. As an integrated system, it should be able to immediately adjust applications according to the latest policies that have been set. Apart from that, the existing system still relies on central data servers, so that if there is a disruption at the center, the system used nationally will also experience problems.

The Core Tax Administration System has 21 business processes of the Directorate General of Taxes which will be redesigned, including the following:

1. Registration
2. Regional supervision or extensification
3. SPT Management
4. Payment
5. Third party data
6. Exchange of information (EOI)
7. Billing and tax payer management (TPM).
8. Inspections, inspections and investigations
9. Compliance risk management
10. Business intelegence
11. Document management system
12. Data quality management
13. Supervision
14. Assessment
15. Educational services

Currently, the core tax administration system development process has entered the build and test stage which will take place from June 2021 to April 2023. At this stage,

application system development and testing will be carried out accompanied by the construction of core system application modules and testing. The testing process is carried out on the entire system, system integration and user trials. If the entire core tax administration system development process is completed, it will certainly provide benefits for the DJP as the system provider and taxpayers as the users. For the DGT, this new system will help business processes run more accountably, quickly, and be more trusted by taxpayers. Meanwhile, for taxpayers, using this digital tax system will reduce compliance costs and get higher quality services.

RESEARCH METHODS

3.1 Types of Research

The type of research carried out was qualitative descriptive research. According to Sugiyono (2019), the qualitative approach in this research is research that produces descriptive data and research questions are formulated with the aim of understanding complex symptoms, the existence of social interactions that occur, and the possibility of finding new hypotheses or theories.

3.2 Data and Data Sources

The data used in this research include:

1. Data Primer

Primary data is data obtained by researchers directly from the source, containing information that is directly related to the problem being studied. Primary data in this research was obtained through direct interviews with employees of the Laharpang ground coffee company who have duties and functions of service, supervision and law enforcement. Researchers also conducted field observations and direct observations at work units regarding the implementation of the core tax administration system and then developed and processed further according to needs

2. Data Seconds

Secondary data is a source of data obtained or collected by researchers from various existing sources. Secondary data in this research is data obtained from books, research journals, articles and other written materials.

3.3 Data Collection Techniques

Data collection techniques in this research are interviews and documentation. To examine clear and original data, appropriate data collection techniques are needed. According to Mursidah & Nasution, (2022), data collection techniques are the most important step in research, because the main aim of research is to obtain data. In the sense that data collection techniques are a way of collecting data needed to answer the research problem formulation. The procedures used for data collection are as follows:

1) Observation

Observation is a data collection method carried out by direct observation by researchers. In collecting data using this observation method, the researcher uses a form of participatory observation, where the researcher is directly involved with the daily

activities of the person being observed or used as a source of research data. In this research, observations were made on the digitalization of each business process, the technology available to support tax business processes, the use of technology by Laharpang ground coffee company employees, as well as other objects related to taxpayer compliance.

2) Interview

According to Sugiyono (2017), an interview is a meeting of two people to exchange information and ideas through questions and answers, so that meaning can be constructed on a particular topic. The interviews that will be used in this research are semi-structured interviews, where the interview process can be flexible and adapt to field conditions but there are still initial interview guidelines as a reference so that the interview process can continue to run according to the research objective.

3) Documentation

Documentation is an inseparable part of the techniques used in this research, such as interviews. Documentation is a data collection technique by reading, recording and analyzing documents related to research. Regarding evidence of company activity transactions, in the form of sales, payroll, list of assets, inventory and costs incurred for business purposes and financial reports that have been carried out by the company. The documents that have been obtained are then analyzed and evaluated according to the research objectives. Documentation itself acts as a reinforcement of information from interviews or observations made by researchers during the research from the beginning to the end of the research. The information that the researcher obtained from the documentation is a depiction of what the researcher observed, researched and obtained from KPP Pratama Pare Kediri. The documents in this research are as follows:

1. KPP Pratama Pare Kediri profile book
2. Documentation of technology use related to services, supervision and law enforcement.
3. Circular Letter of the Director General of Taxes Number SE-39/PJ/2021 concerning Implementation of Compliance Risk Management and Business Intelligence.
4. Circular Letter of the Director General of Taxes Number SE-49/PJ/2016 concerning Supervision of Taxpayers Through the Administration System.
5. Minister of Finance Decree No.483/KMK.03/2020 concerning Renewal of the Core Tax Administration System.

3.4 Data Analysis Techniques

After collecting the data, then carry out analysis. This research collects data related to the implementation of the core tax administration system in the Laharpang ground coffee company, then compares it with the theory of the core tax administration system based on the Directorate General of Taxes to draw conclusions from the interpretation of this research. The analysis steps in this research are as follows:

1. Researchers conduct literature studies to find out more about the topics raised.
2. The researcher summarizes the data that has been obtained. The following is the data taken by researchers:

a. Taxpayer registration or taxpayer registration for the Laharpang ground coffee company, this means obtaining a NPWP through the SABH system of the Directorate General of AHU.
b. Activation of the Laharpang ground coffee company taxpayer account. After having a NPWP, continue by activating the taxpayer account via the DJP page or coming directly to the KPP/KP2KP office:
c. Preparing electronic signatures, Electronic signatures (TTE) are used to sign taxpayer documents.
d. Tax Payments, tax payments are made in just one application because the payment system between the perception bank and the DJP system is already integrated.
1) After obtaining data regarding the implementation of the core tax administration system, the researcher made a SWOT analysis consisting of:
    a. Strengths, which includes the following statements:
        (1) Ease of reporting SPT
        (2) Tax revenues have increased and are comprehensive
        (3) Improved service felt by taxpayers
    b. Weaknesses, which include the following statements:
        (1) Human resources are less skilled in operating the system.
        (2) Blank spot areas that are still difficult or even unreachable by the internet.
        (3) Technological developments that are not accompanied by public learning.
    c. Opportunities, which includes the following statements:
        (1) Can speed up tax reporting
        (2) Tax compliance
        (3) Agreement to exchange data for tax purposes.
    d. Threats, which include the following statements:
        (1) High maintenance costs and risks
        (2) Dependence on external parties
2) Then the data is adjusted and presented in the form of a research interpretation.
3) Researchers make conclusions based on the results of the research.

DATA ANALYSIS
4.1 Overview

The Tax Service Office (KPP) is a work unit of the Directorate General of Taxes (DJP) which carries out all tax services to the public. As a DJP agency, the KPP is directly related to Taxpayers. KPP Pratama is an implementing element or vertical agency which is under the Regional Office of the Directorate General of Vertical Taxes in the Directorate General of Taxes which is one of the agencies under the Ministry of Finance. Know the history, duties, functions and structure of KPP Pratama below. Since 2002, KPP has gradually modernized its system and organizational structure towards a function-oriented agency. The Tax Service Office which has undergone modernization is a combination of the Conventional Tax Service Office and the Tax Inspection and Investigation Office. Then in the same year, two Large Tax Office KPPs or also known as LTO (Large Tax Office) were formed. One year later, namely in 2003, ten special KPPs were formed, the DJP then formed the Middle Tax Office or MTO (Medium

Tax Office) in 2004. Furthermore, two years later, KPP Modern, better known as KPP Pratama or STO (Small Tax Office), began to open to serve taxpayers. KPP Pratama was formed from 2006 to 2008. KPP Pratama is the largest KPP spread throughout Indonesia. Apart from that, KPP Pratama also handles the largest number of taxpayers.

4.2 Implementasi Core Tax Administration System

The following is the implementation of digitalization of tax administration in every business process at KPP Pratama Pare Kediri:

a. Digitalization of Services in the Core Tax Administration System

KPP Pratama Pare Kediri has implemented a core tax administration system which is realized by using web-based tools and applications as well as utilizing other information technology. Based on figure 4.1, digitalization of tax services is integrated in the main service channel, namely the official DJP website, www.pajak.go.id, which consists of three main menus, namely tax education, NPWP registration, and digital services. Taxpayers can access all services including those provided by KPP Pratama Pare Kediri.

In the tax education menu, taxpayers can search for tax regulations, access instructional videos (tutorial for NPWP registration, payment by e-Billing, etc.), access tax resume materials, download tax service forms and tax applications. In the NPWP registration menu, taxpayers can register their NPWP via the registration application on the https://ereg.pajak.go.id page which will be connected directly when the taxpayer selects the NPWP registration menu. Taxpayers only need to register an account and fill in the NPWP registration form. The taxpayer then uploads the required documents for NPWP registration and then electronic proof of receipt (BPE) and Electronic NPWP will be sent via registered email. On the digital service menu, the taxpayer will be connected directly to the page https://djponline.pajak.go.id, which contains everything Directorate General of Taxes online service which can be accessed via Single Sign On (SSO) or with just one login using the registered NPWP and password. The services available at DJP Online are divided into several menus as follows:

a) Information
b) Mandatory Profile
c) Payment
d) Reporting

There are three ways to report SPT to DJP Online, namely e-Filing, e-Form, and e-Bupot.

1) *E-filing*

Taxpayers can report their Annual PPh OP SPT via e-filing by filling in the form provided or uploading a CSV file that has been created using the e-SPT application. Meanwhile, for Periodic SPT reporting, taxpayers can only upload CSV files that have been created previously. E-filing is very dependent on the stability of the internet connection and the smoothness of the DJP Online page so that if a network error occurs, the taxpayer must repeat the first steps.

2) *E-Form*

The e-form application currently used is PDF e-form where the electronic SPT form downloaded by taxpayers is in PDF form and can be opened with the Adobe PDF

Reader application. E-form applications are a combination of online and offline channels. Taxpayers fill out the SPT electronic form (PDF) offline and submit or upload it online.

3) *E-Bupot*

E-bupot is used starting August 1 2020 to create proof of withholding of Income Tax Article 23/26 as well as create and report Periodic Income Tax Returns Article 23/26.

Tabel 1. Types of SPT and Electronic Reporting Channels

	SPT Reporting Channel		
	E-filling	*E-form*	*E-bupot*
Type SPT	**Formulir** Employee Annual PPh OP SPT **csv e-SPT** 1. Annual Income Tax Return for Non-Employee OP 2. Annual Corporate Income Tax Return 3. Periodic Income Tax Return Article 21 4. Periodic Income Tax Return Article 4(2) 5. Periodic VAT SPT 1111 DM	1. Annual PPh OP SPT for employees with income > 60 million a year 2. Annual Income Tax Return for Non-Employee OP 3. Annual Corporate Income Tax Return	Periodic Income Tax Return Article 23

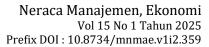Source: Data processed, 2024

Based on table 1, taxpayers can report Annual Income Tax Returns for both OP and Corporate by choosing the electronic SPT reporting channel either via e-filing or e-form. Meanwhile, for reporting Periodic Income Tax Returns Article 21, 4 paragraph (2), and Periodic VAT SPT 111 DM, taxpayers can report via e-Filing by first making an electronic SPT via the e-SPT application. Specifically for reporting Periodic Income Tax Returns Article 23/26, taxpayers can make proof of withholding and report SPT electronically via e-bupot.

e. Service

Some of the digital services available in the core tax administration system are as follows:

Tabel 2. List of Services in the Core Tax Administration System

No	Service Type	Information
1.	e-SKD	Services for obtaining a Domicile Certificate (SKD), used by Indonesian domestic tax subjects (SPDN) to benefit from the Double Taxation Avoidance Agreement (P3B)
2.	E-SKTD	Services to obtain a certificate of VAT exemption for the import and/or delivery of certain means of transportation as well as the acquisition and/or utilization of taxable services related to certain means of transportation
3.	E-CBCR	Services to make it easier for corporate taxpayers to submit transfer pricing documentation in the form of country-by-County Reports (CbCR)
4.	E-PHTB	Validation services for fulfilling the obligation to pay PPh on the transfer of land and/or buildings (PHTB)

5.	Info KSWP	Services for obtaining information on taxpayer status for tax administration purposes. Used by the government before providing certain public services
6.	Home Document Confirmation	Services for confirming the validity of tax documents issued by the DJP and confirming NTPN
7.	e-Reporting	Service to submit realization reports on the use of incentives and relaxation in the taxation sector for taxpayers affected by the Corona virus outbreak.
8.	e-Objection	Services for submitting legal objection requests electronically.

Source: Data processed, 2024

Based on table 2, there are eight services in the core tax administration system that can be utilized by taxpayers according to their needs. The availability of services in the core tax administration system makes it easier for taxpayers because the process is simpler, can be used anywhere and at any time as long as it is connected to the internet, and cuts down the service time required. If taxpayers experience difficulties in accessing core tax administration system services, they can contact the DJP call center via the live chat feature available on the DJP official website.

Apart from implementing all the core tax administration system services provided by the DJP, KPP Pratama Pare Kediri has an innovation in the service sector in the form of Linktree, namely a landing page that summarizes all the core tax administration system services of KPP Pratama Pare Kediri. Linktree consists of several menus containing links to make it easier for taxpayers to obtain tax services. Linktree can be accessed via the link linktr.ee/pajaksmgparekediri and Lintree-QR Code.

b. Digitalization of Supervision in the Core Tax Administration System

Digitalization of the core tax administration system in the supervision process includes research activities carried out by account representatives including the use of digital data, analysis, counseling and follow-up on research results. Supervision activities begin with research by an account representative (AR). The research was carried out comprehensively consisting of research through the system, namely Approweb and independent research by AR using data on SIDJP and Apportal. This comprehensive research will produce tax potential which will be outlined in the Research Results Report (LHP) on the Approweb application. After the LHP is approved by the Head of the Supervision Section, AR can issue a Request for Explanation of Data and/or Information (SP2DK) automatically via Approweb. The SP2DK is then delivered to the taxpayer manually via postal delivery service. For SP2DK that the taxpayer has responded to both verbally and in writing, counseling is held which is documented in the form of a counseling report.

The account representative then records the event report on Approweb as the basis for publishing a Report on the Results of Requests for Explanation of Data and/or Information (LHP2DK). Conclusions from the LHP2DK include SP2DK completed/closed, taxpayers in the supervision process, and proposed preliminary evidence audits or examinations. Digitalization cannot yet be fully implemented in supervision activities and

there are still manual processes carried out. According to the account representative, this manual process on Approweb is needed to correct errors or imperfections in the application, especially related to data validity.

c. Digitalization of Law Enforcement in the Core Tax Administration System

The law enforcement process in the core tax administration system at KPP Pratama Pare Kediri consists of inspection and collection.

1. Inspection

The digitalization and modernization of tax audits is realized by using the Audit Desktop Application (Derik) where the entire audit process is currently carried out in an integrated and documented manner in one application. Apart from that, there are other supporting applications such as Antariksa, PortalP2, SIDJP. The Derik application helps administer inspection activities which include preparation, implementation and reporting. Audit preparation activities include preparing an audit plan. After the supervisor prepares the inspection plan and inputs the inspection team through Derik, the Executor of the Inspection, Assessment and Collection Section will issue an Inspection Order (SP2) and a Field Inspection Notification Letter (SPPL)/Summon Letter for the purpose of an Office Inspection (SPPK). The implementation of the audit begins with the delivery of the SPPL/SPPK to the taxpayer via postal/fax delivery services. The tax auditor then inputs the date of submission of the SPPL or SPPK into the Derik Application to mark the start of the audit and holds meetings with taxpayers face to face or during the Covid-19 pandemic this can be done via video conference. The Tax Inspector then withdraws internal DJP data (for example SPT data) and makes a letter requesting evidence and/or information (IBK) to the bank via the Antariksa application to obtain taxpayer account information. This data is used in the data processing and testing process, as well as preparing the Audit Working Paper (KKP). Inspection reporting activities include preparing an Inspection Result Notification Letter (SPHP), compiling an Inspection Result Report (LHP), and creating a Calculation Note (Nothit). According to Nothit, the Service Section issues Tax Assessment Letters (SKP) via SIDJP and sends the SKP to taxpayers via postal delivery services.

2. Billing

Collection activities are carried out on overdue tax debts. Digitalization of the collection process begins, consisting of the issuance of warning letters, forced letters, confiscation warrants (SPMP) which are processed using the SIDJP application. Collection actions are carried out sequentially and systematically, which means that a collection action can only be carried out after the previous collection action has passed its due date. For tax debts that have not been paid after the forced letter has been submitted to the tax insurer, the next collection action is blocking the tax insurer's account at the relevant bank. The Account Blocking Request Letter is created manually and sent to the destination bank. The bank then processes the account blocking. If the tax person has not paid off the tax debt, the collection action will continue by preventing the tax person from traveling abroad and can be increased by taking the

tax person hostage. All administration in preventing and taking hostages is processed systemically through the SIDJP-Nine application.

4.3 Implementation of the Core Tax Administration System to Increase Taxpayer Compliance

The tax system in Indonesia adheres to a self-assessment system, namely that taxpayers are given the authority to calculate, deposit and report their own tax obligations. This system does not guarantee that taxpayers fulfill their tax obligations correctly and is very dependent on the taxpayer's level of awareness. Digitalization of the tax administration system aims to make it easier for taxpayers to access services to fulfill their tax obligations while encouraging increased tax compliance.

1. Taxpayer Compliance Achievements 2020-2023

Gambar 1. Capaian Kepatuhan Wajib Pajak Periode 2018-2023

This figure shows the taxpayer compliance ratio from 2018 to 2023 based on data from the Indonesian Ministry of Finance. The image contains several important elements, namely:

a. Target Ratio is displayed in green. This is the percentage of taxpayer compliance targets set by the government each year

b. he Realization Ratio is displayed in blue. This shows the actual percentage of taxpayers who actually comply with the obligation to report Annual Tax Returns (SPT).

Mandatory SPT is displayed as a red line graph with the number of millions of taxpayers who are required to report SPT every year. In 2018 the target ratio was 70%, the realized ratio was 60% and the number of SPT taxpayers was 18.16 million people. In 2019 the target ratio was 72.5%, the actual ratio was 61% and the number of SPT taxpayers was 20.16 million people. In 2020, the ratio target is 75%, the ratio realization is 73% and the number of SPT taxpayers is 16.60 million people. In 2021, the target ratio is 80%, the realized ratio is 71% and the number of SPT taxpayers is 17.65 million people. In 2022, the target ratio is 85%, the realized ratio is 73% and the number of SPT taxpayers is 18.33 million people. In 2023, the target ratio is 80%, the realized ratio is 78% and the number of SPT taxpayers is 19.00 million people. Taxpayer compliance (realization ratio) experienced fluctuations throughout the 2018-2023 period. Even though there was an overall increase, in several years, the realized ratio still did not meet the set targets. The number of SPT taxpayers also fluctuates, but shows an increasing trend from 2018 to 2023, with a peak in 2023 of 19 million taxpayers. Comparing the target and realization in 2018, 2019 and 2021,
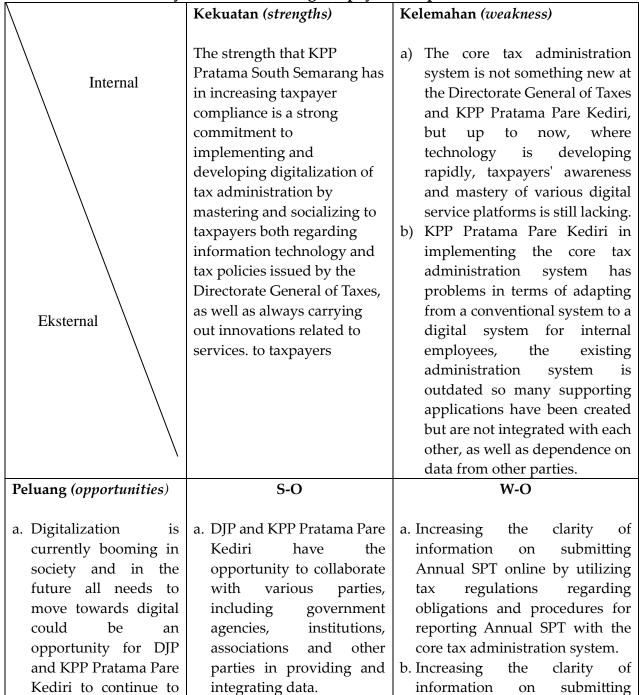
the realization of taxpayer compliance is lower than the target set. In 2020 and 2023 the realization of the ratio will almost approach or reach the target.

2. SWOT Analysis

　　　　After looking at the various implementations of digitalization carried out by KPP Pratama Pare Kediri and there are several obstacles or obstacles in the implementation of digitalization of tax administration, researchers will group the various strengths, weaknesses, opportunities and threats that occur in the implementation and development of digitalization of tax administration at KPP Pratama Pare Kediri. The following is a SWOT analysis in this research, namely as follows:

Tabel 3. SWOT Analysis of the Implementation of the Core Tax Administration System in Increasing Taxpayer Compliance

Internal / Eksternal	Kekuatan (*strengths*)	Kelemahan (*weakness*)
Internal Eksternal	The strength that KPP Pratama South Semarang has in increasing taxpayer compliance is a strong commitment to implementing and developing digitalization of tax administration by mastering and socializing to taxpayers both regarding information technology and tax policies issued by the Directorate General of Taxes, as well as always carrying out innovations related to services. to taxpayers	a) The core tax administration system is not something new at the Directorate General of Taxes and KPP Pratama Pare Kediri, but up to now, where technology is developing rapidly, taxpayers' awareness and mastery of various digital service platforms is still lacking. b) KPP Pratama Pare Kediri in implementing the core tax administration system has problems in terms of adapting from a conventional system to a digital system for internal employees, the existing administration system is outdated so many supporting applications have been created but are not integrated with each other, as well as dependence on data from other parties.
Peluang (*opportunities*)	**S-O**	**W-O**
a. Digitalization is currently booming in society and in the future all needs to move towards digital could be an opportunity for DJP and KPP Pratama Pare Kediri to continue to	a. DJP and KPP Pratama Pare Kediri have the opportunity to collaborate with various parties, including government agencies, institutions, associations and other parties in providing and integrating data.	a. Increasing the clarity of information on submitting Annual SPT online by utilizing tax regulations regarding obligations and procedures for reporting Annual SPT with the core tax administration system. b. Increasing the clarity of information on submitting

develop digitalization of core tax administration system tax services b. The working area of KPP Pratama Pare Kediri which is not too large and is located in the central area of Kediri City allows taxpayers to be more open to updates and will facilitate the socialization and implementation of the core tax administration system.	b. The rapid development of social media can be used as a medium for socialization, education and tax counseling to taxpayers. Apart from that, it can also be used as a source of monitoring data	Annual Tax Returns with the core tax administration system by utilizing positive responses from Taxpayers regarding socialization.
Ancaman (*threats*) a. Taxpayer behavior in reporting Annual SPT. b. Obstacles for Taxpayers in submitting Annual Tax Returns using the core tax administration system. c. Obstacles in obtaining information from the institution/agency concerned.	**S-T** a. Increase training efforts to overcome obstacles in submitting Annual Tax Returns with the core tax administration system. b. Implementation of the mission to achieve the vision to change the behavior of Taxpayers so that they are compliant in submitting Annual Tax Returns.	**W-T** a. Increasing the quantity and quality of human resources to encourage Taxpayer compliance behavior in submitting their Annual Tax Returns. b. Optimizing the function of facilities and infrastructure to overcome obstacles in submitting Annual Tax Returns using the core tax administration system.

Source: Data processed, 2024

Digitalization through the core tax administration system is one way to increase taxpayer compliance. Several things that KPP Pratama Pare Kediri needs to pay attention to in increasing taxpayer compliance through the core tax administration system are as follows:

1. Ensure that taxpayers have easy access to services and other tax administration so that voluntary taxpayer compliance can be formed.
2. Optimizing the use of information technology in every business process to increase performance productivity.
3. Optimizing the 3C service scheme (Click, Call, and Counter). Apart from aiming to improve the integrity of the tax system by reducing interactions between tax officers and taxpayers, maximum use of 3C services can increase taxpayers' digital literacy in tax administration.

DISCUSSION

Implementation of the Core Tax Administration System (CTAS) is a strategic step taken by the Indonesian government to increase the efficiency and effectiveness of tax administration. The core tax administration system allows digitalization and automation of tax processes, including registration, reporting, payments and tax audits. With this system, tax data can be accessed in real-time and more accurately, thereby reducing the potential for errors and data manipulation. Apart from that, the Core tax administration system also makes it easier for taxpayers to fulfill their obligations, because this system can be accessed online, reduces complicated bureaucracy, and speeds up the tax reporting and payment process.

The implementation of the core tax administration system also aims to increase transparency and accountability in the tax system. With an integrated system, the government can monitor taxpayers better and detect violations or non-compliance more quickly. Data stored in this system can be analyzed to find patterns of non-compliance, which can then be used to take a more appropriate approach to tax law enforcement. Apart from that, the core tax administration system also facilitates coordination between tax institutions and increases the effectiveness of overall tax supervision and audits. The implementation of the core tax administration system is expected to be able to increase tax compliance by simplifying the administrative process and minimizing bureaucratic obstacles. This more user-friendly and centralized system also provides convenience for taxpayers in fulfilling their tax obligations. In addition, with greater transparency, taxpayers will feel more confident in the tax system, which can encourage increased awareness and voluntary compliance. Ultimately, the implementation of the core tax administration system is expected to be able to create a fairer and more effective tax environment, as well as encourage growth in state revenues from the tax sector.

The digitalization of services in the core tax administration system (CTAS) has brought significant changes to tax administration in Indonesia. By adopting digital technology, this system automates many aspects of taxation such as registration, reporting, payment, and tax processing, which were previously done manually. One of the biggest benefits of digitalization is operational efficiency. Taxpayers can now report and make payments online without having to go to the tax office. This not only saves time and costs, but also increases taxpayer compliance by making access to tax services easier. Apart from that, digitalization also increases accuracy and transparency in managing tax data. Through the core tax administration system, all tax data is integrated into one platform that can be accessed by taxpayers and tax authorities. Data entered into this system is processed more quickly and the potential for manual errors is minimized. From the government side, the core tax administration system makes it easier to monitor taxpayers, so that violations or non-compliance can be identified more quickly. With more modern services, digitalization through the core tax administration system plays an important role in creating a tax system that is more efficient, transparent and accountable, so that it can encourage increased state revenues.

Digitalization of supervision in the tax system through the core tax administration system (CTAS) brings various significant benefits. The core tax administration system utilizes technology to automate and monitor tax activities, ensuring transparency and accuracy in tax reporting. By implementing this system, tax authorities can monitor taxpayer compliance in real-time through integrated data from various sources. Data such as business transactions, financial reports and

SPT reporting can be accessed automatically, reducing the risk of fraud and speeding up detection of non-compliance. In addition, digitalization of supervision strengthens the tax audit system by analyzing data in more depth using algorithms and analytical technology. This enables faster identification of anomalies or discrepancies in tax reports, as well as providing the basis for more targeted supervisory actions. This process increases the effectiveness of supervision and reduces the potential for data manipulation, thereby creating a fairer and more efficient tax environment.

Digitalization of law enforcement through the core tax administration system (CTAS) has brought significant changes to tax management. With this system, law enforcement in the tax context becomes faster, more effective and accurate. The core tax administration system allows tax authorities to track every financial transaction, integrate data, and automatically analyze non-compliance or violations. This means that taxpayers who commit violations such as tax evasion or data manipulation can be more easily identified and acted upon through a structured legal process and supported by strong digital evidence. Apart from that, digitizing law enforcement through the core tax administration system also includes increasing reporting capacity and resolving tax disputes. The investigation and prosecution process becomes more structured with organized electronic evidence. This allows for reduced time in the legal process, providing quicker legal certainty to taxpayers involved in tax disputes. The use of technology in law enforcement not only strengthens the integrity of the tax system but also increases public confidence in the legal system and tax administration.

CLOSURE

Based on the analysis above, it shows that there are several conclusions in this research, namely as follows:

1. The main strength of KPP Pratama Pare Kediri lies in its strong commitment to implementing tax digitalization through the core tax administration system, accompanied by the ability to disseminate technology and relevant tax policies to taxpayers. However, the weaknesses faced include low taxpayer awareness and mastery of digital services, as well as KPP's internal challenges related to adaptation from conventional to digital systems and system integration that is not yet optimal. Apart from that, dependence on data from external parties is also a significant obstacle.
2. Great opportunities arise along with the increasingly widespread digitalization trend in society. This opens up space for KPP Pratama Pare Kediri to develop more modern and integrated tax services, as well as utilize social media for tax education and socialization. However, the threat of taxpayer behavior that is still not fully compliant and difficulties in digitally reporting annual tax returns remain challenges that must be faced. Solutions that can be implemented include increasing internal training, optimizing human resources, and improving facilities and infrastructure to support the implementation of the core tax administration system more effectively.

Suggestions that can be put forward by researchers for KPP Pratama Pare Kediri and taxpayers are as follows:

1. For KPP Pratama Pare Kediri
   a. Increase socialization, education and counseling activities for taxpayers to use the online services provided to exercise their rights and fulfill their tax obligations.
   b. Approach taxpayers continuously because by establishing relationships and communication, service activities, supervision activities and even law enforcement become easier and optimal.
   c. Monitoring compliance and efforts to increase taxpayer compliance periodically, so that compliance risks can be anticipated, including by optimizing the use of digital technology.
2. For Taxpayers
   a. Taxpayers are expected to be able to use various online services optimally, if they experience problems they can contact the communication channels provided. Taxpayers use offline services only when obstacles or problems cannot be resolved online.
   b. Taxpayers are expected to participate actively in exercising their rights and fulfilling their tax obligations, submitting data correctly and completely so that tax administration can run optimally.

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