Self Assessment System, Tax Avoidance, Tax Rate, Tax Evasion on the Effectiveness of Corporate Income Tax Revenue during the COVID-19 Pandemic

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Abstract
The effectiveness of corporate income tax revenue is the ability and ability of the government to collect taxes obtained from corporate income tax according to the applicable rates and based on the amount of tax revenue that has been targeted. This study aims to determine the effect of Self assessment system, Tax Avoidance, Tax Rates and Tax Evasion on the Effectiveness of Corporate Income Tax Revenue during the Covid-19 pandemic. Data collected by distributing questionnaires to respondents via google form. The population used in this study were all Account Representatives of KPP West Denpasar and KPP East Denpasar. The sample used in this study were 48 Account Representatives using data collection techniques with non-probability sampling method. Analysis of the data used is by using the method of multiple linear analysis. The results of this study indicate that the Self Assessment System, Tax Rates, Tax Avoidance and Tax Evasion have an effect on the Effectiveness of Corporate Income Tax Revenue.
Keywords: self assessment system; tax avoidance; tax rate; tax evasion; tax revenue effectiveness

INTRODUCTION

Taxes are compulsory contributions to the state owed by individuals or companies that are compelling based on law, and are used for state purposes for the prosperity of the people. The types of taxes that have the largest contribution are value added tax and income tax. Income tax (PPh), especially corporate income tax, is defined as tax payable by corporate tax subjects on income earned in a certain year. Corporate income tax and VAT income contribute an average of 80% as state revenue. If the

percentage of corporate income tax decreases, it will have an impact on the budget that has been designed in a country (Wahda et al., 2018).

According to Wedha et al (2018), Corporate Income Tax is an important part of the state revenue and expenditure budget (APBN) posture because more than 40% of state revenue sourced from taxes is Income Tax. Therefore, the government must focus on monitoring Corporate Income Tax revenues in all urban districts in Indonesia, especially during the covid-19 pandemic.

During the Covid-19 pandemic, several regions in Indonesia experienced a very significant impact, especially on the sectors, economy, education, and social life of the community. In Indonesia, Denpasar City has the biggest impact on its economy because most of Denpasar City's own-source revenue (PAD) comes from the tourism sector. A decrease in the PAD of Denpasar City will certainly have an impact on the income of its people. Therefore, it is very important to examine the effectiveness of corporate income tax revenue during the Covid-19 pandemic in Bali Province, especially Denpasar City.

Based on data from the Directorate General of Taxes for the Bali Region in 2021, it is known that the percentage of corporate income tax revenue in 2020 was 87.92%, in 2019 it was 95.44% and in 2018 it was 100.20%. The decrease in corporate income tax revenue during the Covid-19 pandemic is certainly important to study and see what variables affect the effectiveness of tax revenue. The results of research by Ngadiman (2019), Cahyono (2017), Tarmidi (2020), Windiarti & Sofyan (2018) and Isnanto et al. (2021) there are four variables that are thought to most affect the effectiveness of corporate income tax revenue, namely, self assessment system, tax avoidance, tax rates, and tax evasion.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Self-assement system is a tax collection implementation system in Indonesia which is interpreted as a system for determining and paying taxes by taxpayers themselves. Taxpayers as active individuals are given discretion both in calculating and reporting the amount of tax. In accordance with Theory Planned Behavior, taxpayers will take these actions due to the intention and self-awareness of taxpayers to carry out tax obligations. Previous research conducted by Mispa (2019) and Rusnan et al. (2020) found that the

self-assessment system has an influence on income tax revenue. Based on this study, the hypotheses proposed are:

H_1: Self assessment system affects the effectiveness of corporate income tax revenue.

The second variable that affects the effectiveness of tax revenue is tax avoidance. Tax avoidance as a legal method to reduce the tax burden, tax avoidance but is included in the scope of the law that applies in tax audits (Tikupadang & Palalangan, 2020). Tax avoidance practices by paying attention to the impact and avoiding regulations to reduce the burden on taxpayers. The practice of tax avoidance is an action to seek payment of a lower tax burden, compared to the applicable provisions through finding weaknesses in these regulations (Moeljono, 2020). Attribution Theory is a method of observing and predicting the intentions, motives, and behaviors of individuals seen in themselves (Cookson & Stirk, 2019), where tax avoidance is carried out by reducing the tax burden without violating applicable laws and this action may be motivated by two factors internally and externally. According to the research results of Tikupadang & Palalangan (2020) found that tax

avoidance has a negative effect on income tax revenue. Based on these theoretical and empirical studies, it can be concluded that:

H_2: Tax avoidance affects the effectiveness of corporate income tax revenue

The next variable that is thought to affect the effectiveness of tax revenue is the tax rate. The tax rate in a tax collection is considered as one of the elements that determine fairness. According to Manna et al. (2018) define it as a percentage amount to determine the amount of tax payable. The amount will be determined through the tax law where the determination of the tax rate is not always determined using a percentage value but can be done using a nominal value. The theory of planned behavior is used to show the relationship between individual behavior to respond to a matter. The amount of the rate is associated with subjective norm as an action that is assumed to agree on an action and encourage individuals to carry out their responsibilities. Previous research conducted by Manna et al. (2018) found tax rates obtained the result that tax rates have a positive effect on income tax revenue. Based on this study, the hypotheses proposed are:

H₃: Tax rates affect the effectiveness of corporate income tax revenue.

Tax evasion is an act of violation of the Tax Law, by expressing a lower nominal in the Annual Tax Return (SPT) than actually submitting a smaller income than in fact. In accordance with attribution theory, a person will take action motivated by external and internal factors. Ramadhan (2020) conducted research on tax evasion showing the results that tax evasion has a negative effect on tax revenue. Based on this study, the hypotheses proposed are:

H₄: Tax evasion has a negative effect on corporate income tax revenue.

METHOD

This study uses a quantitative approach, using independent variables including self-assessment system, tax avoidance, tax rates and tax evasion, while the dependent variable is the effectiveness of corporate income tax revenue. The indicators used to measure the self-assessment system refer to the actions of taxpayers in self-registration, independent calculation and independent payment. Tax avoidance will be measured by referring to the understanding and knowledge of taxation, the attitude of

tax officials, the imposition of taxes not based on actual profits and the system and implementation of taxation. Tax rates are measured using indicators related to the principle of willingness to pay taxes, the ability to pay taxes, and the applicable tax rates. Tax evasion is measured using indicators in the form of questions related to not reporting tax returns, reporting inappropriately, not registering, blaming tax ID number (NPWP), and not depositing taxes that have been collected. The variable effectiveness of corporate income tax revenue is measured by questions related to how clear and certain the tax regulations are, the level of taxpayer intellect, the quality of the apparatus, and a good administrative system.

This research was conducted at Tax Office Pratama West Denpasar and East Denpasar. This is because according to the data obtained, there are more registered corporate taxpayers compared to several other Tax Offices in the province of Bali and there is a fluctuating percentage of tax revenue over the last few years. The population of this research is all Account Representatives who work at Tax Office Pratama West Denpasar as many as 25 people and East Denpasar as many as 23 people. The sample was selected using non-

probability sampling method specializing in saturated sampling so that the respondents were all Account Representatives who worked at Tax Office Pratama West Denpasar. The data source in this research is primary through data collection techniques in the form of surveys with questionnaires measured using a Likert Scale. The effect of the independent variables on the dependent will be measured using multiple linear regression analysis, which is formulated as follows

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Explanation:

Y = Effectiveness of corporate income tax revenue
A = Constant
X1 = Self assessment system
X2 = Tax avoidance
X3 = Tax Rate
X4 = Tax evasion
β = Coefficient of each factor
ε = Standard error

RESULTS AND DISCUSSION

The findings of the analysis, self assessment system variables and tax rates then tax evasion and tax evasion have a negative direction value. Variable Self assessment system, Tax Avoidance, Tax Rates and Tax Evasion on the Effectiveness of Corporate Income Tax Revenue has a significant effect, this is because the significance value of each variable <0.05. Adjusted R-Squared 0.853 concluded that the independent variables were able to play a role of 85.3% and the remaining 14.7% was influenced by factors outside this model. The F significance value of 0.000 means that the regression model made is feasible.

The Self assessment system variable has a significant value of 0.019, so H1 is accepted, meaning that this variable has a positive effect on the dependent variable. This also means that the effectiveness of corporate income tax revenue is influenced by the self-assessment system. In accordance with the Theory Planned Behavior theory, it is revealed that the behavior of taxpayers will be influenced by the intention of a taxpayer. The more taxpayers are given trust, the taxpayer is aware of the responsibility of taxation. Through the self-assessment system, it is hoped that it can increase the effectiveness of corporate income tax revenue. The findings of this research support the findings of Mispa (2019).

The tax avoidance variable has a significant value of 0.007, so H_2 is accepted, where tax avoidance has a negative effect on the effectiveness of corporate income tax revenue. In accordance with attribution theory

Table 1. Multiple Linear Regression Analysis Results

Coefficients[a]

Model		Unstandardized Coefficients			Standardized Coefficients	t	Sig.
		B		Std. Error	Beta		
1	(Constant)	33,601	2,208			15,219	0,000
	X1	0,047	0,019		0,165	2,447	0,019
	X2	-0,213	0,076		-,0292	-2,817	0,007
	X3	0,148	0,052		0,226	2,833	0,007
	X4	-0,252	0,083		-0,341	-3,050	0,004
Adjusted R Square		0,853					
F Significance		0,000					

a. Dependent Variable: Y

Source: SPSS Data Processing, 2022

where this theory says that a person's actions will be motivated by various factors, the factors behind tax avoidance actions such as encouragement or pressure from other parties or from within oneself in order to obtain. The existence of this tax avoidance action affects the effectiveness of corporate income tax revenue, the higher the tax avoidance action, the more negative the effect on the effectiveness of tax revenue. This finding supports the research results of Tikupadang & Palalangan (2020) and Tunna (2019).

The tax rate variable has a significant value of 0.007, so H_3 is accepted, where the tax rate positively affects the dependent variable. Thus, it means that there is an influence of tax rates on the effectiveness of tax revenue. Theory of Planned Behavior states that the amount of tax rates is closely related to subjective norm as a form of action that is perceived as an action and encouragement of individuals in carrying out their responsibilities. With the decrease in tax rates, it is able to motivate taxpayers to increase tax revenue. The suitability in determining the tax rate will affect the effectiveness of tax revenue. This finding supports the research of Vanomy (2021) and Manna et al. (2018) which found the effect of tax rates on the dependent variable of this research. The tax evasion variable has a significance value of 0.004, so H4 is accepted, tax evasion has a negative effect on the effectiveness of corporate income tax revenue. Attribution theory says that individual actions are motivated by external and internal factors. With

this tax evasion action, it affects the effectiveness of tax revenue. The high level of tax evasion will negatively affect the effectiveness of tax revenue. The research findings support the results of Vanomy's research (2021) which states that tax evasion has a negative effect on the effectiveness of tax revenue, while it is inversely proportional to the research findings conducted by Vanessa & Meiden (2020).

CONCLUSION, IMPLICATION AND LIMITATION

Based on the results and discussion, it can be concluded that the Self assessment system, Tax Avoidance, tax rates and tax evasion have a partial influence on the effectiveness of corporate income tax revenue. This provides evidence that the main factor in the effectiveness of corporate income tax revenue is influenced by the actions of taxpayers based on their motivation.

Further research is expected to develop other variables that are thought to be able to influence the effectiveness of tax revenue outside the variables used in this research seeing the r square of 85%. The author's advice is also given to the account representative (AR) tax service office specifically at the research location to focus on

supervising the actions of taxpayers seeing the results of research showing that the self-assessment system, tax avoidance, tax evasion, and tax rates have a significant effect on the effectiveness of corporate income tax revenue.

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