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The Effect of E-Filing Implementation, Level of Understanding of Taxation, and Tax Sanctions on Individual Taxpayer Compliance in Submitting Annual Tax Returns

Ika Destiana Risti Sutopo[1]*, Supriatiningsih[2]
Faculty Economics and Business, Universitas Teknologi Muhammadiyah Jakarta
Corresponding Author: Ika Destiana Risti Sutopo, ikadestiristi@gmail.com

A R T I C L E I N F O

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A B S T R A C T

This study investigates the effects of E-Filing implementation, tax understanding, and tax sanctions on individual taxpayers' compliance with annual tax return submission. Using a quantitative survey approach, data were collected from 300 respondents. Analysis was conducted with SmartPLS version 4, employing inner and outer models, alongside bootstrapping for hypothesis testing. Results indicate that E-Filing adoption, enhanced tax literacy, and enforcement of tax sanctions significantly improve taxpayer compliance. These findings underscore the importance of these factors in increasing compliance levels. The study offers valuable insights for tax authorities aiming to boost state revenue by reducing tax evasion and improving tax administration efficiency, ultimately contributing to optimized national revenue collection.

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INTRODUCTION

It is evident that taxes fulfil a pivotal function in the realm of sustainable development, the realisation of social welfare, and the assurance of equitable income distribution. While not explicitly defined in Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (HPP Law), taxes are described as compulsory contributions to the state based on law, without direct compensation, for the greater good.

Through the Directorate General of Taxes (DJP), the government has implemented tax reforms to maximize tax revenue. One such reform is the implementation of the Self-Assessment System in 1984, which entrusts taxpayers with the responsibility of calculating, paying, and reporting their own taxes.

The success of this system depends heavily on taxpayer compliance, specifically their awareness of and discipline in fulfilling their tax payment and reporting obligations. One example is reporting the Annual Tax Return (SPT). However, taxpayer compliance in Indonesia often falls short of the target. Many taxpayers have failed to report their tax returns on time in recent years, as illustrated by the Directorate General of Taxes' 2022 Performance Report:

Table 1. Taxpayer Compliance Ratio in Indonesia for Submitting Annual Tax Returns, 2018-2022

Description	2022	2021	2020	2019	2018
Registered Taxpayers Filing Tax Returns	**19.075.197**	**19.002.585**	**19.006.794**	**18.334.683**	**17.653.046**
Corporate	1.567.298	1.652.251	1.482.500	1.472.217	1.451.512
Employee Individuals	13.842.704	13.279.644	14.172.999	13.819.918	13.748.881
Non-employee Individuals	3.665.195	4.070.690	3.351.295	3.042.548	2.452.653
Annual Income Tax Return	**16.556.759**	**15.976.387**	**14.755.255**	**13.394.502**	**12.551.444**
Corporate	1.052.482	1.012.302	891.877	963.814	854.354
Employee Individuals	12.971.323	13.110.613	12.105.833	10.120.426	9.875.321
Non-employee Individuals	2.532.954	1.853.472	1.757.545	2.310.262	1.821.769
Compliance Ratio	**86,80%**	**84,07%**	**77,63%**	**73,06%**	**71,10%**
Corporate	67,15%	61,27%	60,16%	65,47%	58,86%
Employee Individuals	93,71%	98,73%	85,41%	73,23%	71,83%
Non-employee Individuals	69,11%	45,53%	52,44%	75,93%	74,28%

Source: Directorate General of Taxes Performance Report 2022

As shown in Table 1, the compliance rate for submitting annual tax returns has never reached 100% for either individual or corporate taxpayers in Indonesia, although there has been an increasing trend from year to year. In 2022, the highest compliance rate was 86.80%. Employee individual taxpayers had a rate of 93.71%, while non-employees had a rate of only 69.11%. These figures indicate that many taxpayers, particularly non-employees, still fail to report their tax returns on time. Many WPOPs are required to file tax returns but do not do so on time, or do not file them at all. Furthermore, the aforementioned compliance ratio is limited to formal compliance and does not include material compliance. Formal tax compliance relates to WP compliance in fulfilling tax administrative requirements, not the actual amount of tax payable.

In order to enhance taxpayer compliance with the submission of Annual Tax Returns, the government developed an E-Filing system. The official launch of the E-Filing product was initiated through the issuance of Decree Number Kep-88/PJ/2004 by the Director General of Taxes in May 2004. E-Filing, also referred to as the Electronic Filing System, enables taxpayers to submit their Annual Tax Return online via the Directorate General of Taxes' (DJP) official website. It is no longer necessary for taxpayers to attend the local tax office in order to submit their returns; they can simply access the DJP website and fill out the form.

The Department of Industry, Trade, Cooperatives, and Small and Medium Enterprises of the Jakarta Special Capital Region (Dinas PPKUKM) is a regional agency that implements regional autonomy in government affairs related to industry, trade, cooperatives, and small and medium enterprises. According to Governor Regulation Number 57 of 2022, which concerns the organization and work procedures of regional apparatuses, the PPKUKM Office is a regional apparatus (PD) of the Jakarta Province government. It is responsible for carrying out government affairs in the industrial, trade, and cooperative sectors. The PPKUKM Agency is led by a head of service who reports to the Governor through the Regional Secretary. Based on staffing data updated in May 2024, the PPKUKM Agency has a total of 298 State Civil Apparatus (ASN) employees, consisting of 286 Civil Servants (PNS) and 12 Government Employees with Work Agreements (PPPK), as well as 880 Individual Other Service Providers (PJLP) and 21 experts.

Until today, the PPKUKM Office routinely monitored the submission of annual SPTs for ASN employees. However, due to the large number of PJLP employees, the PPKUKM Office still has difficulty monitoring PJLP taxpayers' compliance with submitting their annual SPTs. Consequently, some PJLP employees received tax billing letters (STP) in 2023. According to Article 14 of Law Number 7 of 2021, a Tax Collection Letter (STP) is issued if the taxpayer (WP) fails to fulfill their tax obligations.

Tax obligations may arise in instances of non- or late reporting of the Annual Tax Return, failure to pay the requisite tax, or the submission of an inaccurate Annual Tax Return. On the other hand, the STP obtained by the PJLP is a sanction for late reporting of the Annual Tax Return (SPT). Consequently, they are subject to administrative sanctions, which are expressed as a financial penalty amounting to Rp100,000. The author realizes this occurs due to a lack of understanding of taxation and responsibilities as a registered taxpayer, including filing tax returns and knowledge of tax sanctions.

Despite the convenience of E-Filing, launched in 2004, some taxpayers within the PPKUKM Office still fail to comply with their tax obligations, resulting in the issuance of STP for late or missing Annual Tax Returns. This shows that there are still taxpayers within the PPKUKM Office who do not understand the applicable tax regulations and sanctions, have not utilized E-Filing to the fullest, or have delayed their tax obligations.

THEORETICAL REVIEW

Tax

In their capacity as the primary source of state revenue, taxes assume an ever-more significant function in underpinning the nation's sustainable growth. Sustainable development is necessary to achieve social welfare and ensure the fair and equitable distribution of income throughout society. While the definition of tax is not explicitly defined in the articles of Law Number 7 of 2021 of the Republic of Indonesia concerning the Harmonization of Tax Regulations (HPP Law), it can be understood from the General Explanation of the HPP Law that Tax may be defined as a compulsory financial contribution to the state that is levied on individuals or entities by law without the provision of direct recompense. These taxes are utilised by the government for the general benefit of the community.

Attribution Theory

This theory emphasizes how individuals interpret events and how these interpretations relate to their thinking and behavior. The theory was first proposed by Heider (1958). According to the theory, when people observe the behavior of others, they try to determine if the behavior is the result of internal or external forces. In the context of taxpayer behavior, attribution theory helps explain the factors underlying compliance or noncompliance with tax obligations. By identifying the internal and external factors that influence compliance, tax authorities and other stakeholders can design more effective interventions to encourage compliance and increase tax revenue.

E-filing

The regulation of the Director General of Taxes, PER-06/PJ/2018, amends PER-41/PJ/2015, which secures electronic transactions for online tax services. This amendment defines an electronic tax return as a tax return in electronic document form. E-filing can be defined as the electronic submission of an annual tax return through the Directorate General of Taxes website or an electronic tax return service provider's website. E-filing is a modern, efficient way to report an annual income tax return (SPT) via the Internet without visiting the tax office in person.

Tax Literacy

The Organisation for Economic Co-operation and Development (OECD) defines tax literacy as the ability to understand and effectively apply tax information and knowledge to fulfil tax obligations and make informed decisions about tax matters. It is incumbent upon taxpayers to comprehend a number of elements integral to the functioning of the Indonesian tax system. These include the General Provisions and Procedures for Taxation, in addition to tax functions, tax laws and tax regulations.

Tax Sanctions

In accordance with Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (HPP Law), tax sanctions are defined as "severe actions imposed on taxpayers who violate tax regulations". In the context of Law Number 28 of 2007, the distinction is made between two categories of tax sanctions: administrative and criminal. Administrative sanctions may take the guise of interest, fines or increases, while those of a criminal disposition may entail imprisonment. Administrative sanctions are the lightest sanctions and are generally imposed for unintentional violations.

Taxpayer Compliance

According to the large Indonesian dictionary, compliance is defined as obeying orders or rules. As posited by Septianingrum et al. (2023), tax compliance can be defined as the degree to which a taxpayer is willing to fulfil their tax obligations in accordance with the prevailing regulations. This concept is characterised by the absence of any requirement for inspection, thorough investigation, warning, or threat of legal or administrative sanctions. There are two kinds of compliance: formal and material (Haryanti et al., 2022). Formal compliance is defined as the fulfilment of taxpayers' obligations in accordance with the provisions set out in the relevant tax legislation. Material compliance, on the other hand, is when taxpayers fulfill all tax provisions substantively or essentially. Material compliance can also include formal compliance.

Hypothesis Development

In accordance with Sugiyono's assertion (2017: 84), a hypothesis is a temporary answer that must be verified using collected data. In this case, the authors use a causal hypothesis, which is a guess at the formulation of a causal problem that is still temporary: testing the correlation between two or more variables.

The Effect of E-Filing Implementation on the Compliance of Individual Taxpayers in Submitting Annual Tax Returns

Previous research by Maulidina and Nurhayati (2023), I Gusti Agung Prama Yoga et al. (2022), Andro Julio Hasintongan (2021), and Yetti Mulyati and Juli Ismanto (2021) shows a significant positive correlation between E-Filing application and individual taxpayer compliance. It is evident that there is a direct correlation between the level of e-Filing application and the level of compliance, with higher levels of application corresponding to higher levels of compliance. However, no research has been conducted to date that measures the effect of E-Filing implementation on individual taxpayer compliance in submitting annual tax returns at the Department of Industry, Trade, Cooperatives, Small and Medium Enterprises of the Jakarta Special Capital Region.

H_1: E-filing has a significant positive effect on individual taxpayer compliance.

The Effect of the Level of Understanding of Taxation on the Compliance of Individual Taxpayers in Submitting Annual Tax Returns

Related to attribution theory, knowing the factors that influence a person's understanding of taxes would allow the government and related institutions to design more effective education and socialization programs to increase taxpayer knowledge. According to research by Septianingrum et al. (2023), Mulyati and Ismanto (2021), and Haryanti et al. (2022), the test results show a significant positive correlation between tax understanding and compliance among individual taxpayers. Taxpayers who understand the provisions related to their tax rights and obligations, as well as the deadline for submitting tax returns and the tax system used to calculate, pay, and deposit taxes, are more likely to comply. The higher a person's understanding of taxation, the higher individual taxpayers' (WPOP) compliance in carrying out their tax obligations.

H_2 = Tax understanding positively affects individual taxpayer compliance.

The Effect of Tax Sanctions on Individual Taxpayer Compliance in Submitting Annual Tax Returns

Attribution theory is a highly relevant framework for understanding how individuals respond to tax sanctions. It helps us understand how taxpayers interpret the reasons behind the application of tax sanctions and how these interpretations affect their future behavior. In their research entitled "The Effect of E-Filing Implementation, Tax Knowledge, and Tax Sanctions on Taxpayer Compliance in Ministry of Education and Culture Employees," Mulyati and Ismanto (2021) found a significant and positive relationship between tax sanctions and individual taxpayer compliance, as measured by assessment indicators in reporting and payment, as well as the level of sanctions applied. It is widely acknowledged that tax sanctions can effectively suppress taxpayers' inclination and initiative in fulfilling their tax obligations, thereby enhancing compliance with annual tax return submission.

H_3 = Tax sanctions have a significant positive effect on individual taxpayer compliance.

Conceptual Framework

Based on existing theories and previous research reviews, this research's framework can be described as follows:

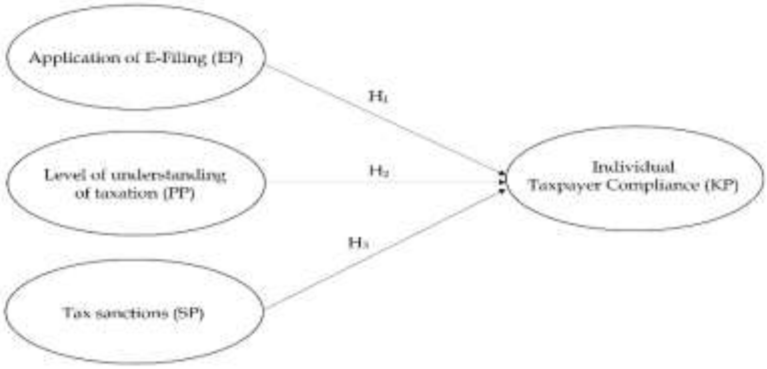

Figure 1. Conceptual Framework

METHODOLOGY

Research Design

This research used a causal design, which is used to analyze the influence of one variable on others by testing a hypothesis. The independent variables incorporated within the present study encompass the following:

X1: Application of E-Filing (EF)
X2: Level of understanding of taxation (PP)
X3: Tax sanctions (SP)
The dependent variables are:
Y: Individual Taxpayer Compliance (KP)

Population and Sample (Research Objectives)

This research is based on 1,199 employees of the Department of Industry, Trade, Cooperatives, and Small and Medium Enterprises of the Province of Jakarta in 2024. The study used probability and simple random sampling. Using the Slovin formula with a leeway percentage of 5%, it turns an employee size of 300 is needed.

Description of Research Data

The research was conducted among employees of the PPKUKM Office, ranging from ASN to non-ASN, by distributing questionnaires to 300 respondents. Information regarding ASN and non-ASN employees was collected from the PPKUKM Service Personnel Subgroup. Data was collected from April 2024 for PJLP employees and from November 2024 for ASN and TA employees. Of the 300 respondents, 119 were civil servants, 12 were PPPK employees, 155 were PJLP employees, and 14 were experts.

Research Gap

The research sample is limited to employees within certain agency, namely the DPPKUKM Prov. DKI Jakarta and the Annual Tax Return submission period is limited to 2023 which is reported in 2024.

Data Collection Technique

This research uses a questionnaire method, which involves giving respondents a questionnaire with statements and a guide. Questionnaires were distributed to respondents to measure their perceptions using the Likert scale. The statements presented to respondents in the questionnaire employed a five-point scale, ranging from one to five, to ascertain their opinions on specific subjects.

Data Analysis Technique

The subsequent analysis of the collected data is a process that occurs after the collection of data from all respondents has been completed. Data analysis activities encompass the following the grouping of data based on variables and the categorisation of respondents, the presentation of data for each variable studied, the performance of calculations to test the hypothesis to be proposed (Sugiyono, 2017, p, 244). The tools used to process the data are the Smart PLS version 4 application. Validity and reliability tests represent external models, whilst multiple linear regression analysis, coefficient of determination and hypothesis testing (T-statistic test) are representative of the internal models.

Validity Testing

Validity testing is a measure of the degree to which a measuring instrument is both valid and reliable. An instrument that is valid indicates a high level of validity, while a low validity value indicates a less valid instrument. Researchers use the following criteria: if the value is >0.7, the instrument is valid; if the value is <0.7, the instrument is invalid.

Reliability Testing

Reliability testing determines the level of reliability of the instrument used. Reliability implies that an instrument will consistently collect reliable data because it is a good instrument. A reliable instrument provides reliable data. A variable is considered reliable if Cronbach's Alpha value is greater than 0.6. In other words, if the research is conducted again at different times and in different spaces, the resulting data will be consistent. Conversely, if $\alpha < 0.6$, the variable is considered less reliable, meaning that if research is conducted again with different time and space, the resulting data will differ.

Determinant Test (R^2 Model Test)

A low R^2 suggests the independent variables don't explain much of the dependent variable's variation. Conversely, an R^2 near 1 implies the independent variables offer almost all the data required to forecast the dependent variable.

Hypothesis Test (T-Test Statistics)

The objective of hypothesis testing in this study is to ascertain which hypothesis is to be accepted. The objective of this study is twofold: firstly, to provide a response to the initial problem formulation proposed by the researcher, and secondly, to contribute to the advancement of the field through the dissemination of the findings. The present study employs hypothesis testing to ascertain the impact of variables X1 (e-filing application), X2 (level of understanding of taxation), X3 (tax sanctions) on variable Y (compliance of individual taxpayers).

Multiple Linear Regression Analysis

This analytical instrument is utilised to forecast the impact of two or more independent variables on a dependent variable. Furthermore, it assists in determining the existence of a functional relationship between multiple independent variables and a single dependent variable. This analysis determines if the variables have an influence, measures the strength of the influence, and makes predictions based on the influence's strength and weakness.

$$Y = \beta 1X1 + \beta 2X2 + \beta 3X3 + e \quad (1)$$

Description:
Y = Individual Taxpayer Compliance (KP)
X1 = Implementation of E-Filing (EF)
X2 = Level of Understanding of Taxation (PP)
X3 = Tax Sanctions (SP)
β = Coefficient of Variable X
e = Confounding Factors Outside the Model (error)

RESEARCH RESULTS

Descriptive Analysis

This test aims to describe data based on the mean, standard deviation, maximum, minimum, and p-value of each variable. In this study, we will use the following variables: X1 (E-Filing/EF application), X2 (level of understanding of taxation/PP), and X3 (tax sanctions/SP), as well as the variable Y (taxpayer compliance/CP).

Table 2. Descriptive Analysis Results

Name	Mean	Median	Scale min	Scale max	Observed min	Observed max	Standard deviation	Cramér-von Mises p value
EF	4.019	4.000	3.000	5.000	3.000	5.000	0.750	0.000
PP	4.209	4.000	3.000	5.000	3.000	5.000	0.748	0.000
SP	4.321	4.000	3.000	5.000	3.000	5.000	0.761	0.000
KP	4.279	4.125	3.000	5.000	3.000	5.000	0,755	0.000

Source: SmartPLS Version 4.0, processed 2025

As shown in the table above, the mean value of E-Filing Implementation (EF) is 4.019, with a standard deviation of 0.750 and values ranging from a minimum of 3,000 to a maximum of 5,000. The level of understanding of taxation (PP) has a mean of 4.209, a standard deviation of 0.748, a minimum value of 3,000, and a maximum value of 5,000. The value of tax sanctions (SP) has a mean of

4.321, a standard deviation of 0.761, a minimum value of 3,000, and a maximum value of 5,000. The Taxpayer Compliance (KP) variable has a mean of 4.279, a standard deviation of 0.755, a minimum value of 3,000, and a maximum value of 5,000.

Validity Test

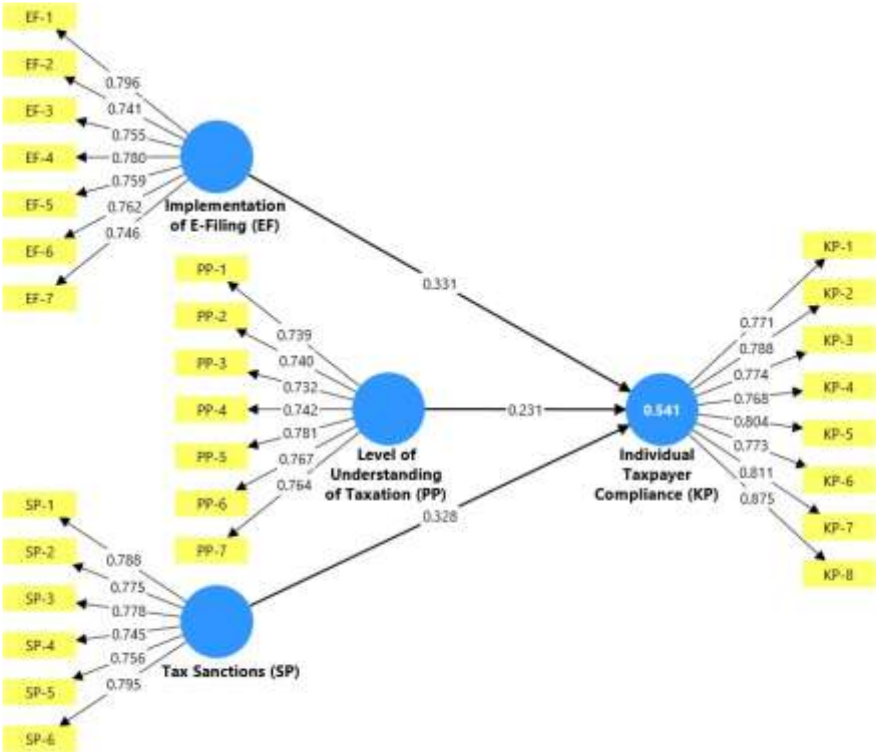

Figure 2. Validity Test Results
Source: SmartPLS Version 4.0, processed in 2025

Based on the loading factor values in the path diagram above, there are no indicators with a loading value below 0.7. Therefore, these variables are considered valid. According to the output diagram, the loading factor has met the criterion for convergent validity, as the indicator value is above 0.7.

Reliability Test

There are two methods for conducting a reliability test: Cronbach's Alpha and composite reliability. A questionnaire is considered reliable if its composite reliability value is greater than 0.7 and its Cronbach's alpha value is at least 0.6.

Table 3. Reliability Testing Results

Variabel	Composite Reliability (rho_c)	Cronbach's Alpha
Implementation of e-Filing	0,881	0,880
Level of Understanding of Taxation	0,875	0,872
Tax Sanctions	0,869	0,865
Taxpayer Compliance	0,920	0,917

Source: SmartPLS Version 4.0, processed 2025

Based on the reliability output results above, it can be concluded that the indicators used for variables X1, X2, and X3 are reliable and able to measure their constructs because all values are greater than 0.6. Therefore, the statement used to measure variable X is believed to be consistent when repeated.

Determinant Test (R^2 Model Test)

The coefficient of determination, denoted by 'R^2', is a statistical term which quantifies the relationship between the independent and dependent variables in a linear regression model.

Table 4. Determinant Test Results

	R-Square	R-Square Adjusted
Taxpayer Compliance	0.541	0,536

Source: SmartPLS Version 4.0, processed 2025

As demonstrated in the above table, the R-squared value for taxpayer compliance (Y) is 0.541, while the adjusted R-squared value is 0.536. This finding suggests that taxpayer compliance is predominantly influenced by the implementation of e-filing, the extent of taxpayers' comprehension of taxation, and the imposition of tax sanctions, accounting for 54.1% of the observed variance. The residual influence is attributed to other indicators and variables that were not examined in this research.

Hypothesis Test (T Test Statistics)

Table 5. Hypothesis Test Results (Path Coefficients)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Implementation_of E-Filing (EF) -> Individual_Taxpayer_Compliance (KP)	0.331	0.331	0.055	5.998	0.000
Level of_Understanding_of Taxation (PP) -> Individual_Taxpayer_Compliance (KP)	0.231	0.231	0.067	3.448	0.000
Tax Sanctions (SP) -> Individual_Taxpayer_Compliance (KP)	0.328	0.330	0.061	5.423	0.000

Source: SmartPLS Version 4.0, processed in 2025

Based on Table 5 above, the exogenous variables have a T-statistic value >1.96 or a P-value <0.05. The analysis shows that the application of E-Filing significantly affects taxpayer compliance. Table 5 shows that the T statistic value is 5,998, which is greater than 1.96. The P value is also less than 0.05, at 0.000. These results prove that E-Filing significantly increases the compliance of individual taxpayers in submitting annual tax returns to the tax office. It also proves that E-Filing significantly affects the compliance of individual taxpayers in submitting annual tax returns to the PPKUKM Office of the Jakarta Province. The analysis shows that the level of understanding of taxation significantly affects taxpayer compliance. The T-statistic value is 3.448, which is greater than 1.96, and the P-value is 0.000, which is less than 0.05. This proves that the level of understanding of taxation significantly affects individual taxpayers' compliance with submitting annual tax returns to the PPKUKM Office of the Jakarta Province. As seen in Table 5 above, tax sanctions significantly affect taxpayer compliance. The T statistic value is 5.432, which is greater than 1.96. This can also be proven by the P value, which is 0.000 or less than 0.05. These results prove that tax sanctions significantly impact individual taxpayers' compliance with submitting annual tax returns. Therefore, tax sanctions significantly impact the compliance of individual taxpayers in submitting annual tax returns within the PPKUKM Office of the Jakarta Province.

Multiple Linear Regression Analysis

Based on Table 5, $\beta_1 = 0.331$, $\beta_2 = 0.231$, and $\beta_3 = 0.328$. Therefore, the multiple linear regression equation is as follows:

$$Y = 0.331X_1 + 0.231X_2 + 0.328X_3 + e \quad (2)$$

The multiple linear regression equation used in this study is as follows:

1. The regression coefficient of the E-Filing/EF Implementation variable (X1) is 0.331, indicating that for every 1% change in X1, the level of taxpayer compliance in submitting the annual tax return increases by 33.1%.
2. The regression coefficient of the variable level of understanding of taxation/PP (X2) is 0.231, or 23.1%. This indicates that for every 1% change in X1, the level of taxpayer compliance in submitting the annual tax return increases by 23.1%.
3. The regression coefficient of the tax sanctions/SP (X3) variable is 0.328, or 32.8%. This indicates that for every 1% change in X1, the level of taxpayer compliance in submitting the annual tax return increases by 32.8%.

DISCUSSION

The Effect of E-Filing Implementation on the Compliance of Individual Taxpayers in Submitting Annual Tax Returns

In accordance with the findings of the hypothesis test enumerated in Table 5, the e-filing application variable has been determined to be statistically significant (p-value < 0.05). Consequently, the null hypothesis (H0) is refuted, and the alternative hypothesis (H1) is substantiated. It is therefore evident that the e-filing application variable exerts a substantial influence on taxpayer compliance in submitting the annual tax return. It is hypothesised that an increase in the number of individuals utilising e-filing for their tax obligations will concomitantly result in an escalation in the level of compliance with the submission of annual tax returns.

This is consistent with the findings of Maulidina and Nurhayati (2023), I Gusti Agung Prama Yoga et al. (2022), Andro Julio Hasintongan (2021), and Yetti Mulyati and Juli Ismanto (2021), they concluded that e-filing has a significant positive effect on individual taxpayer compliance. Since the introduction of the e-filing system, taxpayers have not necessitated a visit to the tax office to submit their annual tax returns. The e-filing system is also more environmentally friendly as it reduces paper usage. It can help taxpayers calculate taxes more quickly and accurately and can be accessed wherever taxpayers are, as long as they have an internet connection.

The Effect of the Level of Understanding of Taxation on the Compliance of Individual Taxpayers in Submitting Annual Tax Returns

Based on the results of the hypothesis test in Table 5, the significance value (p-value) for the level of understanding of taxation is less than 0.05, so H0 is rejected and H1 is accepted. This implies that a person's level of understanding of taxation significantly affects their compliance with the obligation to submit annual tax returns. This suggests that the degree to which individuals comprehend their tax obligations is directly correlated with their propensity to adhere to the relevant tax obligations.

This is consistent with the findings of Septianingrum et al. (2023), Mulyati and Ismanto (2021), and Haryanti et al. (2022), who found a significant positive correlation between tax knowledge and taxpayer compliance. Taxpayers understand that the tax function is the largest source of state revenue and is used for state financing. They know how to register and obtain an NPWP, which serves as their taxpayer identification number. They also have a good understanding of their rights and obligations as individual taxpayers.

The Effect of Tax Sanctions on Individual Taxpayer Compliance in Submitting Annual Tax Returns

In accordance with the findings of the hypothesis tests enumerated in Table 5, the significance value (p-value) for the tax sanction variable is less than 0.05 (0.000), thereby indicating that H0 is rejected and H1 is accepted. The findings of this study lend support to the third hypothesis (H3), which posits that tax sanctions have a substantial impact on enhancing individual taxpayer compliance. It is evident that the tax sanction variable exerts a substantial influence on taxpayer compliance in submitting the annual tax return. The introduction of tax sanctions is expected to encourage taxpayers to adhere more strictly to their tax obligations, thereby enhancing the overall level of compliance in submitting annual tax returns.

These results align with those of Mulyati and Ismanto (2021), Yoga and Dewi (2022), Sudiarto and Junianto (2023) and Haryanti et al. (2022). All of these studies found that tax sanctions have a positive and significant impact on the compliance of individual taxpayers. Based on the responses to the questionnaire, it can be concluded that taxpayer compliance increases when the Directorate General of Taxes adopts a firm and clear stance against taxpayers who violate tax laws. Such sanctions are considered capable of increasing taxpayer discipline. The tax sanctions given must be balanced, meaning they must be in accordance with the type of violation. Furthermore, it is imperative that sanctions are imposed on those who violate these principles, and that these sanctions are applied with unwavering strictness.

CONCLUSIONS AND RECOMMENDATIONS

This research delves into the influence of e-filing implementation, the extent of tax comprehension, and tax penalties on the adherence of individual taxpayers, notably employees within the Department of Industry, Trade, Cooperatives, and Small and Medium Enterprises of Jakarta Province, when filing yearly tax declarations. Drawing from the findings derived through Smart PLS Version 4.0, it can be inferred that, firstly, the deployment of e-filing exerts a noteworthy positive impact on individual taxpayer compliance concerning the submission of annual tax filings. This stems from the fact that the e-filing system obviates the necessity for taxpayers to physically visit the tax office and queue for submission. The e-filing approach is also more sustainable, minimizing paper consumption. Furthermore, tax computation and reporting have been considerably streamlined through the adoption of e-filing.

Secondly, a robust grasp of taxation substantially bolsters individual taxpayer compliance concerning the submission of yearly tax declarations. An insightful comprehension of taxation empowers taxpayers to precisely compute taxes, discern the classification of tax due, and meticulously complete tax returns. It also enhances awareness of tax responsibilities and fosters confidence in the tax framework. Moreover, a sound understanding of taxation streamlines the utilization of accessible tax mechanisms. Thirdly, tax penalties markedly augment individual taxpayer compliance regarding the submission of annual tax declarations. Stringent and unambiguous tax sanctions reinforce taxpayer discipline, thereby amplifying compliance and dissuading taxpayers from neglecting their tax responsibilities.

Based on the research outcomes, data scrutiny, discussions, and conclusions, recommendations can be directed towards the government, particularly the Directorate General of Taxes, to refine the implementation of e-filing. One proposition involves advocating for the submission of SPT via the e-filing platform to elevate individual taxpayer compliance, notably among older taxpayers who may encounter difficulties in swiftly acquiring internet usage skills. This would optimize the efficacy of e-filing. Furthermore, penalties against taxpayers found in violation of tax statutes should be rigidly enforced in accordance with pertinent tax mandates and protocols.

Recommendations addressed to the PPKUKM Office, in its capacity as the agency where the research was conducted, include increasing the frequency of monitoring of annual tax returns submitted by employees (including civil servants and PJLP) and strengthening the dissemination of information on the latest tax regulations. For future researchers, it is suggested to expand upon this research by incorporating supplementary variables that may serve to elucidate the determinants capable of bolstering taxpayer compliance in submitting annual tax declarations.

ADVANCED RESEARCH

The present study is subject to several limitations. Initially, the variables under scrutiny are confined to e-filing applications, the degree of comprehension regarding taxation, and tax sanctions. Secondly, the submission deadline for Annual Tax Returns is set for 2023, with reporting scheduled for 2024. Thirdly, the research sample is limited to employees of specific agencies, such as the Department of Industry, Trade, Cooperatives, and Small and Medium Enterprises of the Jakarta Special Capital Region. It is anticipated that future researchers will build upon the findings of this study by incorporating additional variables to explain factors that increase taxpayer compliance in submitting annual tax returns.

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