EFFECT OF SELF ASSESSMENT SYSTEM AND TAX RATES ON DECISION OF TAX EVASION
(Case Study on Taxpayer at Tax Office Primary Majalaya)

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ABSTRACT

This research was conducted at Tax Office Primary Majalaya. The phenomenon that occurs is related that many taxpayers are not understand how to calculate the tax itself, so that the SPT reported wrong or in other words the taxpayer does not fill the SPT with true and tax rates that are too high cause tax evasion and also the motivation to produce and work will go down so that the tax collection base will go down. This study aims to analyze the effectiveness of the implementation of Self Assessment System and Tax Administration Modernization on the Quality of Tax Service in KPP PratamaMajalaya where researchers focus the research on taxpayer. This research is a quantitative research using which using the primary data obtainedthrough the distribution of questionnaires to 100 respondents who are taxpayers in KPP Pratama Majalaya.This research uses technical descriptive-Verifikatif analysis withSEM (Structural Equity Modeling) PLS (Partial Least Square) program. Resultsresearch shows that Self Assessment System against tax evasion gives 22.8% influence while the tax rate against tax evasion gives 25.7% influence. The results of hypothesis testing Self Assessment System and tax rates have a significant effect on Decision of Tax Evasion.

Keywords: Self Assessment System, Tax Rates, Decision of Tax Evasion

I. PRELIMINARY

1.1 Background

The phenomenon associated with tax evasion by Chandra Budi (2013) Investigators DJP Riau and Riau Islands Officers picked up the suspect cases of tax evasion initials AP on Wednesday (18/12/2013), tax crimes committed "AP" electronic equipment, AP does not report the contents of the Notice of Incorrect (SPT) incorrectly. Income that is not in accordance with the actual situation for fiscal years 2005 to 2008. For his actions, it is estimated that the state suffered a loss of Rp 5 billion.

The phenomenon associated with the Self Assessment System is the lack of awareness of the taxpayer to pay the taxes that can be seen from many people who are reluctant to have a Taxpayer Identification Number (NPWP) or report the Notice (SPT). In the tax return there is a taxpayer NPWP itself that each taxpayer has a different number from each other, a description of the taxpayer, tax payable to be paid, income, withholding / tax collection, income subject to final income tax, income not including the object taxes, assets, obligations and there is also the composition of family members so that actually SPT has provided very complete information in order to achieve the objectives of taxation (Danang Rosadi, 2012).

The phenomenon associated with tax rates according to Nugroho SBM (2015) states Decrease in government revenue from taxes is too high tax rates cause tax evasion and also the motivation of

production and work will go down so that the tax collection base will go down. Tax evasion result of cooperation between the tax authorities and taxpayers too much is not because tariffs are too high, but because of the moral good of tax officers and taxpayers.

1.2 Identification of Problems

Based on the above background, then the identification problem that can be concluded is as follows:

1) Self Assessment System that is not yet optimal.
2) Implementation of increasingly complicated tax rates.
3) Taxpayers tend to smuggle taxes.

1.3 Formulation of Problems

From the identification of the problem that has been defined above, then the translation r u musan problem from this research as follows:

1) How much influence Self Assessment System to Decision of Tax Evasion.
2) How much influence the tax rate on Decision of Tax Evasion

1.4 Research Purposeand Objectives

1.4.1 Research Purpose

The purpose of this study is to know and test a prediction statement that links the independent variables to the dependent variable (Kothari, 2008: 3). To find out how much influence Self Assessment System and tax rates against Decision of Tax Evasion.

1.4.2 Research Objectives

The objectives to be achieved in this research are :

1) To find out how much influence Self Assessment System onDecision of Tax Evasionat Tax Office Primary Majalaya.
2) To find out how much influence the tax rate on Decision of Tax Evasionat Tax Office Primary Majalaya

1.5 Usefulness Research

1.5.1 Practical Usefulness

Expected to be useful and used as consideration related to this research.

1.5.2 Kegunaan Akademis

It is hoped that this will be the input and further study related to the topic discussed for colleagues of students who will conduct research.

II. REVIEW OF LITERATURE, FRAMEWORK AND HYPOTHESES

2.1 Literature review

2.1.1 Self Assessment System

2.1.1.1 Definition Self Assessment System

According to Siti Official (2011: 11)

"Self Assessment Sytem is a tax collection system that authorizes taxpayers to determine their own tax amount annually in accordance with the prevailing laws and regulations".

2.1.1.2 Self Assessment System Indicators

Indicators of self assessment system are:

1. Registering yourself to the Tax Office.
2. Paying Taxes is Owned by Taxpayers

2.1.2 Tax Rates

2.1.2.1 Definition ofTax Rates

According to Rismawati Sudirman and Antong Amiruddin (2012: 9) the definition of tax rates are:

"The provisions of the percentage (%) or amount (rupiah) tax to be paid by the Taxpayer in accordance with the tax base or tax object."

2.1.2.2 Tax Rate Indicators

Indicators of tax rates are:

1. Fixed Rates
2. Proportional Rate

2.1.3 Decision of Tax Evasion

2.1.3.1 Definition ofDecision of Tax Evasion

According to Mardiasmo, (2011: 11) the definition of tax evasion (tax evasion) is:

"The work done by the taxpayer to ease the tax burden by breaking the law."

2.1.3.2 Decision of Tax Evasion Indicators

As for the indicator of tax evasion by M.Zain (2008: 51), namely:

1. Not submitting SPT
2. Delivering SPT but not true
3. Not registering or abusing NPWP or PKP enforcement
4. Does not deposit any taxes that have been levied or withheld
5. Trying to bribe the fiscus.

2.2 Framework

2.2.1 Effect of Self Assessment System onDecision of Tax Evasion

According to Siti Kurnia Rahayu (2010: 142) In general they (taxpayers) tend to escape from any taxes. The tendency of fraud by the taxpayer in fulfillment of tax obligations is more prevalent in the self assessment tax collection system.

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2.2.2 Effect of Tax Rates onDecision of Tax Evasion

According to Siti Kurnia Rahayu (2010: 150). It was revealed that the evasion gap that occurred correlated significantly with the Chinese tax rate. The magnitude of the gap is an indication of the magnitude of evasion. The facts show that many product values are lost due to the high tax rate. Other research findings revealed were the unit value of the product and the amount of taxable products being reduced / not reported.

2.3 Hypothesis

Based on the framework that explains n above, the authors draw the hypothesis of this study, as follows:

H1: Self Assessment Systemaffect onDecision of Tax Evasion.

H2: Tax Ratesaffect onDecision of Tax Evasion.

III. RESEARCH METHODS

3.1 Research Methods Used

The research method used in this research is descriptive method and verifikatif method with quantitative approach, that is the result of research which then processed and analyzed to be taken conclusion, meaning that research is research which emphasize its analysis on numerical data (number) by using research method this will reveal a significant relationship between the variables studied, resulting in a conclusion that will clarify the picture of the object under study.

Based on the description above, the authors conclude that the object of research is the officer in KPP Pratama Majalaya who reported tax evasion as the object of research. This method is done by using the questionnaire instrument to be distributed to respondents (Officers) who are in KPP Pratama Majalaya. Several previous studies stated that there is influence of tax rate on self assessment system and influence between Decision of Tax Evasion against self assessment system.

3.2 Variable Operationalization

To analyze how the influence of Self Assessment System and Tax Rate on Decision of Tax Evasion required operationalization of variables with the aim to understand the relationship between each variable studied. Self Assessment System (X 1) is independent variable (independent) for Decision of Tax Evasion (Y). Tax Rate (X 2) is independent variable (independent) for Decision of Tax Evasion (Y).

3.3 Data Sources and Data Collection Techniques

3.3.1 Data source

The type of data used in research on "The Effect of Self Assessment System and Tax Rate on Decision of Tax Evasion" is primary data and secondary data.

3.3.2 Data Collection Techniques

The data collection techniques used in this study are:

1. Library Research (Library Research)
2. Field Studies

3.4 Population, Sample, and Place and Time of Study

3.4.1. Population

Population in this research is Individual Taxpayer registered at KPP Pratama Majalaya that is 171.894 Individual Taxpayer.

3.4.2. Sampling

Sample size can be calculated as follows:

$$n = \frac{171.894}{(171.894\ X\ 0.01) + 1} = 100 \text{ peoples}$$

Source : Umi Narimawati (2010:38)

From the above calculation then sempel taken by as many as 100 officers at KPP Pratama Majalaya.

3.4.3. Place and Time Of Research

In this study the authors will conduct research on Tax Office Primary Majalaya at **Jl. Peta No. 7, Bandung - 40232. Tel.** 0233-281629, Fax 0233-281629. The time of the research began in October 2017 until February 2018.

3.5 Data Collection Method

Metode yang digunakan terdiri dari:

1. Test of Validity
2. Test of Reliability

3.6 Data analysis method

3.6.1 Design of Analysis

The analysis that researchers use to the data that has been described by using descriptive analysis method (qualitative) and Verifikatif (quantitative) with quantitative approach. The method of analysis using the analysisprogram in this study by using statistical test tool yaitudengan variance-based structural equation test or better known as Partial Least Square (PLS) using smartPLS 2.0.

Partial least square test (PLS) is applied to obtain the result of processing that is able to reach the research objectives and prove the research hypothesis, with the following steps:

1. Step One: Designing a Structural Model (inner model)
2. Step Two: Designing a Measurement Model (outer model)
3. Step Three: Construct Line Diagram
4. Step Four: Convert Line Diagram into Equation System
5. Step Five: Estimates
6. Step Six: Goodness of Fit

3.6.2 Hypothesis Testing Method

1. Partial Testing

To test whether there is a significant influence of the independent variables (X) on the dependent variable (Y), then the test is done by using statistical test t as follows:

The t test formula used is:

The result is compared with table t for degrees of nk-1 free with a significance level of 1 %.

Criteria for withdrawal of test: if using error level (α = 0,01) to be tested by two parties, acceptance or rejection criteria of hypothesis are as follows:

- If $t_{arithmetic} \geq t_{table}$ then H_0 is the area of rejection, mean H_a accepted means between independent variables and dependent variables have to do.
- - If $t_{arithmetic} \leq t_{table}$ then H_0 is in the area of acceptance, means H_a rejected means between the independent variable and the dependent variable has nothing to do.

IV. RESEARCH RESULT AND DISCUSSION

4.1 Research Result

4.1.1 Descriptive Analysis Results

4.1.1.1 Descriptive ofSelf Assessment System

The result of calculating the percentage of total score of the Self Assessment System variable of 2476 (82.10%) is between the intervals of 68% - 84%. Thus it can be concluded that the variable Self Assessment System is in good category, but still there is a gap of 17.10%

indicating that there are still weaknesses in Self Assessment System.

4.1.1.2 Descriptive ofTax Rates

The result of the calculation of the percentage of total score of the Tax Rate variable of 1506 (75.3%) is between the intervals of 68% - 84%. Thus it can be concluded that the variable tax rates are in good category, but there is still a gap of 24.7% which indicates that there is still a problem in Tax Rates and in accordance with the phenomenon that occurs that tax rates are too high to cause tax evasion and also the motivation of production and work will go down so that the tax collection base will go down. Tax evasion of tax officials and taxpayers also happens much not because the tariff is too high, but because of bad morale from tax officials and taxpayers.

4.1.1.3 Descriptive ofDecision of Tax Evasion

The calculation result of percentage of total score from variable Decision of Tax Deduction equal to 1257 (50,3%) is between interval 36% -52%. Thus it can be concluded that the variable Decision of Tax evasion in the category of less good, it shows that there is still a weakness in the Decision of Tax evasion.

4.1.2 VerifikatifAnalysis

1. Testing Measurement Model (Outer Model)

A. Test of Validity

a. Convergent Validity

Outer loading value for each indicator of the Self Assessment System, Tax Rates and Tax Evasion Decision has a value of ≥ 0.6, which means that all the indicators are stated to have good validity in explaining latent variable.

b. Discriminant Validity

Based on the table above shows the value of cross loading any latent constructs correlation to the corresponding indicator is higher than other constructs, so that it can be concluded that the indicators used to measure latent variables are qualified.

B. Test of Reliability

Based on the above table, the value of Composite Reliability (CR) of each latent variable exceeds 0.7 (Uce Indahyanti, 2013) so that the model is stated to have high reliability.

C. Fit Evaluation Test Of Combination Model (Entire Model)

It is known that the valueof Goodness of Fit (GoF) obtained from the multiplication of the value of communality and R-square of0.3433. GoF value of 0,5859 according to Uce Indahyanti (2013) is classified as strong or high, so it can be concluded that the fitness test model goodness of fit model is already high.

2. Structural Model Testing (Inner Model)

Hypothesis in this research will be tested by using coefficient value of path and t-values presented as follows:

Coefficient values obtained structural lines X 1 to Y at 0.342 and structural path coefficients X 2 to Y at 0.362.

Magnitude The effect of each variable is as follows:

1. Self Assessment System contributes 22.8 % influence to Decision of Tax Evasion.
2. Tax Rate gives 25.7 % influence contribution to Decision of Tax Evasion.
3. In the table above, seen the value of R Square obtained is equal to 0.485 or 48.10%. These results show that the Self Assessment System $_{(X-1)}$ and the Tax Rate ($X_{2)}$ together to give effect to the Decision of Tax Evation amounted to 48,10%, while as many as (1- R Square) 51.10% is a big contribution influence given by other factors not investigated (ζ) in this study.

1) Hypothesis testing

To see whether the effects exerted by these two exogenous latent variables are

significant or not, hypothesis testing is as follows:

a) Effect of Self Assessment System(X_1) onDecision of Tax Evasion(Y) (Hypothesis 1)

Tabel 4.1
Test of tSelf Assessment System (X_1) onDecision of Tax Evasion(Y)

Latent Variable	Path Coefficient	$t_{statistics}$	$t_{critical}$	Information	Conclusion
X1 -> Y	0,342	2,327	1,660	Ho is rejected	Significant

Sumber: Data diolah menggunakan software PLS

b) EffectTax Rates(X_2) OnDecision of Tax Evasion(Y) (Hypothesis 2)

Tabel 4.2
Uji tTax Rates (X_1) OnDecision of Tax Evasion(Y)

Latent Variable	Path Coefficient	$t_{statistics}$	$t_{critical}$	Information	Conclusion
X2-> Y	0.362	2,410	1.660	Ho is rejected	Significant

Sumber: Data diolah menggunakan software PLS

4.2 Discussion

4.2.1 Effectof Self Assessment System OnDecision of Tax Evasion

The phenomenon that occurs in KPP Majalaya Bandung is related to the self assessment system is still a lot of taxpayers who do not understand how to calculate the tax itself, so that the tax return is wrong or in other words the taxpayer does not fill the SPT correctly (Ayi Miraz Sidiq, 2018) .It is in accordance with what the researchers found in the field, namely through the Paying Taxes indicator Alone by Payer Forum Pajakdengan percentage of78.1% can be interpreted in either category, and there is still a gap of 21.9%.

Based on the results of research in the field, Self Assessment System (X_1) has an effect of 22.8% on the Decision of Tax Evasion (Y) with a correlation value of 0, 669 which means Self Assessment System gives a strongpositive influence toward the Decision of Tax Evasion in the Office of Service Tax Pratama Majalaya . Direction of positive relationship Self Assessment System with Decision of Tax Evasion shows that the higher tendency Self Assessment System will increase the Decision of Tax Evasion . So from the results of this study note that the Self Assessment System gives 22.8% influence on Decision of Tax Evasion, while 77.2 % of the rest is influenced by other factors not examined. The results of this study supported by Siti Kurnia Rahayu's theory (2010: 142) In general they (taxpayers) tend to escape from any taxes. The tendency of fraud by the taxpayer in fulfillment of tax obligations is more prevalent in the self assessment tax collection system . This is because with the implementation of self assessment system that gives full trust to the taxpayer to calculate, pay and report his own debtor justrulebih give more opportunity to taxpayer to embezzle tax.

It is also supported by previous research that is research of Audia Citra, Popi Fauziati, Resti Yulista, Arie Frinola (2014) the result of his research suggests that Pelaksanaa self assessment system have significant effect to tax evasion.

4.2.2 Effectof Tax RatesOnDecision of Tax Evasion

The phenomenon associated with tax rates according to Nugroho SBM (2015) states Decrease in government revenue from taxes is too high tax rates cause tax evasion and also the motivation of production and work will go down so that tax collection base will go down. Tax evasion result of cooperation between tax officials and taxpayers also occur not because the tariff is too high, but because of bad morale from tax officials and taxpayers.This is in accordance with what the researchers found in the field is through proportional rates

indicator with percentage 74.0 % can be interpreted in good category, and there is still a gap of 26 %.

Based on the results of research in the field, the Tax Rate (X_2) has an effect of 25.7% on the Decision of Tax Evasion (Y) with a correlation value of 0.711 which means that the Tax Rate gives a strong positive influence toward the Decision of Tax Evasion in the Primary Tax Office Majalaya . The direction of the positive relationship of Tax Rate with Decision of Tax Evasion indicates that the higher Tax Rate will increase the Decision of Tax Evasion .So from the results of this study note that the Tax Rate gives 25.7% influence on Decision of Tax evasion, while the remaining 74.3 % influenced by other factors not examined. The result of this research is supported by Siti Kurnia Rahayu's theory (2010: 150) that revealed that evasion gap happened correlated significantly with Chinese tax rate . The magnitude of the gap is an indication of the magnitude of evasion. The facts show that many product values are lost due to the high tax rate . Other research findings revealed are the unit value of the product and the amount of taxable products being reduced / not reported.

It is also supported by previous research that is research Nun Fadilah Salam, Syamsuri Rahim (2016) the results of his research argued that tax rates have a positive and significant impact on tax evasion. This indicates that the higher the tax rate, the tendency of taxpayers to do tax evasion higher. High tax rates will increase the tax burden thereby decreasing the profit of the tax office.

V. CONCLUSIONS AND SUGGESTIONS

5.1. Conclusions

1. Self Assessment System affect the Decision of Tax evasion, where the higher tendency Self Assessment System it will increase the Decision of Tax Evasion and so if otherwise .
2. Tax Rates effect on Decision of Tax Evasion, where if the higher tax rate, the tendency of taxpayers to tax evasion will be higher and so if otherwise.

5.1 Suggestion

a. Practical Suggestion :

After the authors give conclusions from the results of research on the influence of Self Assessment System and Tax Rate on Decision of Tax Evasion, the authors will give some suggestions as follows:

1. In Self Assessment System then that should be given the focus of attention is on the indicators Paying Taxes is Owned by Taxpayers where KPP can be more optimal in providing training or counseling to taxpayers in order to increase understanding of Self Assessment System so that taxpayers can pay taxes as they should and minimize tax evasion .
2. At the Tax Rate , the focus should be on the proportional rates indicator which to reduce the amount of tax evasion and the increase of income in the tax revenues, the Directorate General of Taxes can apply the tax rate as fair as possible and the tax scheme meets the principle of justice.
3. On Decision of Tax Evasion is on indicator Not to deposit the tax that has been collected or cut where to minimize tax evasion the DGT may create a reminder system or automatic reminder given to each taxpayer email regarding the time and procedure of payment of tax

b. Academic Suggestions :

In the development of accounting science, especially tax accounting is expected this result can be used as a reference for future researchers can use the same variable, the same method but the unit of analysis, population and different samples

or look for other variables that affect Decision of Tax Evasion.

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