

Research Article

Study of Taxpayer Compliance at Kantor Pelayanan Pajak (KPP) Pratama Pati Based on Fishbone Diagram Analysis

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Ike Pramasari: <https://orcid.org/0000-0002-7230-2492>**Abstract.**

Taxation is Indonesia's largest source of national income. Public facilities such as school, hospital, bridges, airport, highway, and more are positive outcome taxpayer contributions to national development. Taxpayer compliance is the main key to generate national income. The Tax Service Office (KPP) in Pati is a unit of the Directorate General of Taxes (DJP) with a broad service area covering Pati Regency and Rembang Regency. This study aims to extract the root causes of taxpayer compliance issues at KPP Pati, focusing on office services, officer resources, taxpayer resources, and modern tax administration using technology analyzed through a fishbone diagram. Qualitative research method was employed to gather insights from 10 informants for gaining multiple points of view representing different perspectives on the four aforementioned aspects. Informants included a frontliner of NPWP, a frontliner customer service representative, two village officials, two account representatives, a service department head, and three taxpayers from different generations. The results revealed that the role of the millennial generation is significant due to their population dominance, while poor digitalization platforms at the DJP were getting worse. Improving digital platform functionality is crucial to enhance taxpayer compliance in the current era. This includes initiatives such as digital marketing, digital account, digital application, and transparent reporting practices.

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1. Introduction

The primary source of national income for Indonesia from domestic sectors is taxation. The highest national income for Indonesia that comes from internal sectors is the tax. From 2013 -2017, the state budget, known as *Anggaran Pendapatan dan Belanja Negara* (APBN) was composed of various components including income tax or *Pajak Penghasilan* (PPh) from non-oil and gas sector, Value-Added Tax (VAT) or *Pajak Pertambahan Nilai* (PPN) and Luxury Good Sales Tax (LST) or *Pajak Penjualan atas Barang Mewah* (PPnBM), land and building tax or *Pajak Bumi Bangunan* (PBB) and income tax (PPh) from oil and gas, and other tax.

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Nowadays, the main issue faced by the Directorate General of Taxes or *Direktorat Jenderal Pajak (DJP)* is taxpayer compliance level in the era of the self-assessment system. This challenge arises due to two main factors, they are low levels of tax awareness and insufficient fairness [1]. In this era, it is crucial for the government to actively explore avenues to maximize state tax revenue. One strategy involves tapping into the potential of the digital economy sector by enhancing tax awareness and compliance through initiatives such as tax socialization [2].

According to annual report of the DJP for 2022, the percentage of compliance of the taxpayers in reporting tax and paying taxes reached 83.2%, which is lower than the previous year's rate of 84.07%. The total number of tax returns filed in 2022 was 15.8 million. To gauge compliance level, it's essential to compare the reported tax amounts with the mandatory tax obligations for the same tax year. The number of taxpayers with new Taxpayer Identification Number or *Nomor Pokok Wajib Pajak (NPWP)* is approximately 70.15 million, while the National Identification Number or *Nomor Induk Kependudukan (NIK)* recorded in Indonesia's Economic Census of the Central Statistics Agency or *Badan Pusat Statistik (BPS)* stands at around 275.77 million. This indicates that only 25.44% of individuals have NPWP.

Ismail Khozen in his manuscript entitled "Managing Taxpayer Compliance: Reflections on the Drivers of Willingness to Pay Taxes in Times of Crisis in 2023" discusses the influence of the COVID-19 pandemic influence on taxpayers' willingness to pay taxes on time. The study was conducted in Jakarta, and the data were collected from 411 individuals through a combination of paper-based study literature and distributed online questionnaires. The results indicate that several factors, including the tax system's complexity, the dissemination of tax information, taxpayer morale, trust in the government, and the perceived value of COVID-19-related expenditures, give a significant impact in influencing taxpayers' willingness to pay taxes [3]. On the other hand, factors such as tax penalties, fairness of the tax system, and tax knowledge may not necessarily have a significant impact. However, utilizing tax fairness and tax knowledge to predict regulatory compliance yields expected results, indicating a need for implementing more intricate tax procedures and ensuring broader aspects of tax compliance.

Sulastri in her manuscript entitled "*The Determinant of Tax Compliance Indonesia (Experience in E-Commerce Environment)*" in 2023 mentioned business model innovations with the purpose of rising tax compliance level. The findings of the study show that the self-assessment system significantly impacts tax awareness, while tax socialization also significantly affects tax awareness. Additionally, tax administration modernization

plays in enhancing taxpayers' awareness [1]. Furthermore, the self-assessment system significantly influences taxpayer compliance and tax socialization similarly impacts taxpayer compliance, and tax administration modernization also significantly affects taxpayer compliance. The study concludes that higher levels of self-assessment system implementation, effective tax socialization, and tax administration modernization lead to increased taxpayer awareness and compliance.

Endang Kartini Panggiarti's manuscript in 2021 entitled "*The Revenue, Education, and Awareness of Taxpayer's Toward Obedience of Taxpayer's on The Territory of The Directorate General of Taxes in Central Java*" discussed about the factors influencing tax revenue determination, taxpayer education, and awareness of tax compliance in Central Java region. The study revealed that all hypotheses are accepted, with only the second hypothesis showing statistical significance, namely the level of tax education positively affects the level of taxpayer compliance. While the other hypothesis, namely the positive effects of tax revenue levels and taxpayer awareness on taxpayer compliance, are accepted but not statistically significant [4]. The manuscript concludes that tax education has a very positive influence on people's compliance in tax payments. Therefore, enhancing tax education in the future is essential to increase the potential payment of taxes to the state.

In her manuscript titled "*The Effect of Tax Knowledge, Self-Assessment System, and Tax Awareness on Taxpayer Compliance*" in 2018, Asrinanda examines the influence of tax knowledge, self-assessment system and tax awareness on taxpayer compliance in Banda Aceh City, Indonesia. The study collected data from 100 respondents and found out that taxation knowledge, self-assessment system and tax awareness collectively and partially have a significant effect on taxpayer compliance in Banda Aceh City [5]. The variation in taxation knowledge, self-assessment system and tax awareness affect the taxpayer compliance variation of 93.1%, while the remaining 6.9 % was influenced by other variables outside this research model. In improving taxpayer compliance in Banda Aceh City, the government should emphasize the importance of taxes for development, thereby fostering awareness of taxation and improving public knowledge in paying taxes. The Cause-and-Effect Analysis was originally developed as a quality control tool, primarily for tasks like product design and quality defect prevention, identifying potential factors contributing to an overall effect. Each cause represents a source of variation in the studied phenomena, often categorized into major groups to pinpoint the primary sources of variation leading to a main effect. Generally, the Fishbone diagram serves as an appropriate visual representation of phenomena that involve the investigation of multiple cause-and-effect factors and how they inter-relate [6].

Previous research on tax compliance has identified various factors influencing taxpayer compliance. This study focuses on using The Cause-and-Effect Analysis as the primary tool to uncover the main issues related to taxpayer compliance in KPP Pratama Pati. Qualitative descriptive research methodology was chosen as it generates data that describe the “who, what, and where of events or experiences” from a subjective perspective.

2. Method

The Fishbone diagram analysis or generally called cause-and-effect analysis has been selected as the tool to identify and address issues related to taxpayer compliance at KPP Pratama Pati. This diagram or cause-and-effect diagram or Ishikawa diagram is utilized not only for identifying potential causes but also organizing them in relation to a specific effect, subsequently categorizing them into root causes [7]. The Fishbone diagram is commonly used to conceptualize solutions for problem-solving. Therefore, this article will present the fishbone diagram along with the description of several causes. Finally, suggested solutions will be presented to obtain the goal of cause-and-effect diagram analysis. The data for this study was collected through literature studies from relevant published articles, direct interviews with taxpayers, and observation. Figure 1 depicts the flowchart of this research.

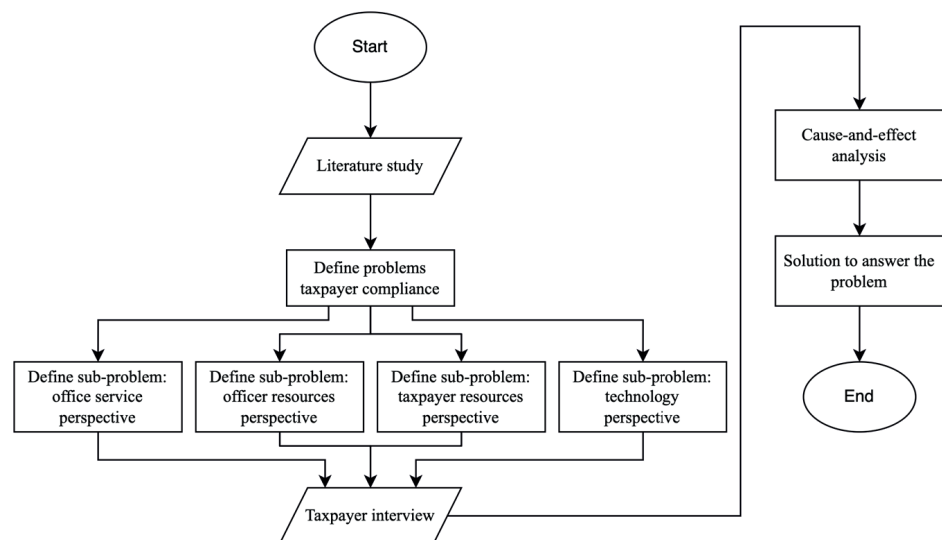


Figure 1: Flowchart researchData and Result.

2.1. Fishbone diagram

Fishbone diagram depicted in Figure 2 shows four sub-problems and each with its associated causes. The results of literature studies and observations have identified the following sub-problems: office service, taxpayer quality, officer quality, and technology. The fishbone diagram will facilitate the description of these problems by breaking them down into their respective causes.

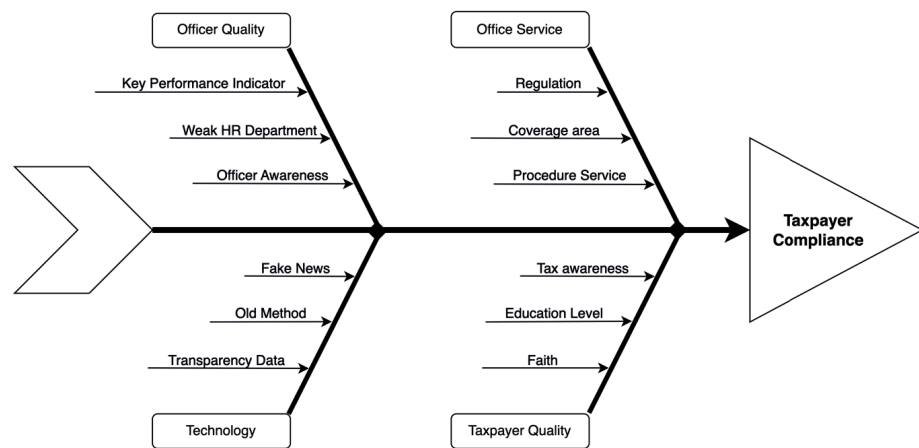


Figure 2: Fishbone diagram of taxpayer compliance at KPP Pratama Pati.

2.2. Social Community

Pati and Rembang regencies consist of several ethnic groups, religions, communities, and generations. According to BPS data that is shown in Table 1, the total population in Pati and Rembang Regency amounts to 1,905,890 population. Table 1 presents the segmentation of different generations and their corresponding percentages.

Table 1. Total population based on age in Pati and Rembang Regency at 2019

The characteristics of each generation are unique and play a crucial role in analyzing and developing mitigation plans tailored to their specific needs. Table 2 provides an overview of the generational characteristics across different age groups. The total productive population in Pati and Rembang Regency area amounts to 1,488,342 individuals, representing 64.47% of the total population. The breakdown by generation is as follows: the baby-boom generation takes 26.9% of total population, X-generation takes 12.92% of total population, Y-generation takes 15.52% of total population, and Z-generation takes 22.68% of total population. Only the baby-boom generation lacks proficiency in using technology.

Table 2. Generational characteristic of different age-group [8]Baby-boom
(1946 – 1960)

View Communal,unified thinking

Relationship First and fore- most personal

X-generation

(1960 – 1980)

Self-centered and medium-term

Personal and virtual networks

Y-generation (1980 – 1995) Egotistical, short-
term

Principally virtual, network

Z-generation

(1995 – 2010)

No sense of commitment, be happy with what you have and live for present

Virtual and superficialAim Solid existence Multi-environment, secure position

Rivalry for leader position

Live for the presentIT It is based on self- instruction and incomplete

Value Patience, soft skills, respect for traditions, EQ, hard work

Uses with confidence

Hard work, openness, respect for diversity, curiosity

practicality

Part of its everyday life

Flexibility, mobility, board but superficial knowledge, success orientation,

creativity, freedom of

information takes priority

Intuitive

Live for present, rapid reaction to everything, initiator, brave, rapid information access
and content search

2.3. Office service category

Taxpayers often find themselves burdened with an excessive number of handwritten entries required on service forms. They are expected to complete these forms independently without guidance from tax officers, as mandated by the regulation. This process repeats each time taxpayers require service, with no obligation for tax officers to provide assistance. Despite the presence of tutorials on form backsides, video tutorials on YouTube and kiosk devices, these resources are ineffective to guide taxpayers. Taxpayers require interactive guidance and assistance, such as instruction from officers or bots on digital platforms.

The coverage area of KPP Pratama Pati consists of Pati Regency and Rembang Regency with a total productive population of 1,488,342 individuals. Long queues are a daily occurrence, and it is worsened by the limited number of customer service representatives available at KPP Pratama Pati. Taxpayers often spend extra time seeking guidance for their issues at customer service. These factors - large coverage area, limited customer service resources, and prolonged service time - are contributing to the persistent long queue in KPP Pratama Pati.

Tax officers are typically only able to address the specific issue requested by the taxpayer at the time of interaction. However, it's essential for tax officers to comprehensively review the taxpayer's profile during each encounter to ensure that all issues are addressed and resolved. Taxpayers may have multiple issues that need attention, and visiting KPP Pratama Pati more than once a year to resolve newly realized issues is not uncommon. Therefore, by thoroughly examining the taxpayer's profile during each interaction, tax officers can effectively assist in resolving all relevant issues, contributing to improved taxpayer satisfaction and compliance.

2.4. Taxpayer resources category

Indonesia, especially Pati and Rembang regencies, is characterized by a diverse array of religions and ethnic groups. In some cases, certain religious or ethnic beliefs may not prioritize compliance as taxpayers. While individuals belonging to these groups may intend to comply, they may require additional approaches to raise awareness.

Tax knowledge plays a crucial role in increasing taxpayer awareness. It's essential to engage in socialization efforts to educate taxpayers about the impact of taxes on the nation, the objective of taxation and the consequences of non-compliance. By providing

information on these aspects, individuals can better understand the importance of fulfilling their tax obligations and the broader implications for society.

2.5. Officer resources category

Innovations among tax officers are essential due to their significant role in determining tax income tax rates. Today, tax officers are the closest related people to taxpayers. However, their educational backgrounds may vary, even within the same position. Salaries are often based on education level, while advancements in the management system are often tied to performance. Implementing key performance indicators (KPIs) can foster a conducive environment in offices, enhancing officer performance. Cultivating good ethics, attitudes, performances, and fostering creative thinking are crucial for officers' growth.

The human resource department is tasked not only with managing rights and obligations but also with optimizing resource performance. Analyzing resource performance becomes crucial in achieving organizational goals. Consequently, the HR department is entrusted to create innovative movements or programs. Officer's awareness of their duty is a must. They must possess the capabilities to execute their main duties effectively and happily. However, many officers tend to emulate the bad habits of their seniors and avoid taking an innovative approach. Therefore, promoting a culture of innovation and continuous improvement is essential for enhancing the effectiveness and satisfaction of officers in their roles.

2.6. Technology category

The Covid-19 pandemic has triggered significant shifts in human habits, particularly in technology transformation. Digitalization has rapidly expanded to assist various tasks. Yet, taxpayers still have to physically visit KPP Pratama Pati to address all tax issues. This outdated method should be modernized through technology. Digitalization can hasten the time service, eliminate office hour constraints, reduce the need for physical visits, and most importantly, mitigate fraud risks.

Unfortunately, negative news surrounding DJP has perpetuated a stigma that discourages compliance among taxpayers. Social media platforms have been filled with propaganda meant to discourage compliance among taxpayers. In this context, technology serves as a catalyst for the dissemination of false information.

Transparency in data is crucial for fostering fairness in this era. Society increasingly relies on data-driven discussion. While DJP publishes annual reports, the lack of detailed information for each regency limits' transparency. Greater transparency in data for each regency could encourage taxpayer compliance by providing insight into national income from taxes in each region.

3. Discussion

The Fishbone diagram has proven to be an invaluable tool for researchers in breaking down complex problems into manageable components. Each component can then be thoroughly explained and analyzed to uncover deeper insights.

Nowadays, technology has become an integral part of daily life for everyone, with electronic devices facilitating communication and connectivity. Globalization has demonstrated its positive impact on society. Therefore, it is imperative for institutions like DJP, especially KPP Pratama Pati, to embrace technology and integrate it into their operational framework.

Technology has the remarkable ability to transform seemingly impossible tasks into achievable ones. By leveraging technology, taxpayers no longer need to physically visit tax offices during office hours or navigate through extensive paperwork. Instead, they can conveniently address their tax issues remotely and efficiently, minimizing errors and enhancing overall convenience.

Mobile applications are an excellent example of the advantages of technology. They consolidate various services into a single platform, offering convenience and efficiency. DJP or KPP Pratama Pati should explore this model further to enhance taxpayer compliance. Mobile applications have the potential to address several societal challenges, including [9]:

1. Quick search for job vacancies
2. Quick communication
3. Considerable cost savings
4. Time-saving and increased productivity
5. Less power consumption because of less computer use
6. Improvement of IT infrastructure in developing countries
7. Entertainment

Limitation of online platforms in DJP or KPP Pratama Pati can result in information gaps for taxpayers. Socialization to disseminate knowledge about tax issues can significantly improve tax awareness. The Baby-boom generation, as shown in Table 2, is the only generation currently not proficient in technology. While technology penetration may pose challenges for them, the younger generation is readily available to provide assistance and support.

Transitioning tax services to digital platforms can mitigate the impact of coverage areas on KPP Pratama Pati. Digitalization can potentially reduce queues as processes become more streamlined. Online platforms can offer features such as auto filling forms upon taxpayer login, providing access to historical transactions, identity information, and reporting deadlines all within a single application.

Talking about digital data, one of the main concerns is the prevalence of scams and cybercrimes. Hackers can exploit vulnerabilities to gain access to personal data for criminal purposes. Therefore, education about technology is a must in this era to safeguard against scams. Another alternative solution is the utilization of blockchain technology, which ensures the privacy and security of data. The key characteristics and principles of blockchain technology include [10][11]:

- a. Privacy
- b. Transparency
- c. Pseudo-anonymity
- d. Integrity
- e. Security
- f. Distributed trust, governance
- g. Sustainability
- h. Open source
- i. Immutability

Nowadays, tax officers are dominated by X-generation and Y-generation who are proficient in technology. Technology-driven practices, common in the private sector, are being adopted to enhance performance. The HR department plays a pivotal role in disseminating information and motivation to all officers simultaneously, leveraging technology to streamline communication and improve overall efficiency.

4. Conclusion

Taxpayer compliance is influenced by both taxpayers themselves and the tax officers. Using a fishbone diagram, the problems can be extracted into several possible causes allowing for analysis to derive solutions. In this study, the problem of taxpayer compliance stems from categories such as office service, taxpayer quality, tax officer performance, and technology integration. To address these main causes, technology penetration is proposed as a solution. Indonesia's demographic bonus must be accompanied by appropriate technology to optimize the country's resources effectively. The government should develop a comprehensive plan to harness Indonesia's potential fully.

KPP Pratama Pati as tax service authority in Pati and Rembang Regency must conduct studies on taxpayer compliance to enhance compliance levels. Given that the majority of the population in Pati and Rembang regency are proficient in technology, solutions such as mobile application and blockchain technology are proposed. Mobile applications allow for the easy dissemination of tax information and service anytime, anywhere, leveraging the widespread use of mobile phones. Meanwhile, blockchain technology can enhance security and transparency within digitalization systems, bolstering trust in the tax system.

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