

The Special Feature of Compliance Risk Management Strategies on Indonesian Tax Authority

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Abstract: The tax reform in the Directorate General of Taxation (DJP) that was implemented in 1983, established the Self-Assessment System (SAS) as a pillar of tax administration. In this system, taxpayer compliance is the main condition for achieving optimal tax revenue. One indicator of optimal tax revenue is achieving a high tax ratio. Statistics show that Indonesia's tax ratio is still lower compared to other countries, even when compared to fellow developing countries. Improving the quality of information technology and tax databases needs to be supported by the refinement of tax digitalization and risk management.

This paper aims to: (i). Analyze and examine compliance risk management, tax education, the role of digitalization on taxpayer compliance behavior, as well as the role of the functional position of tax instructors on taxpayer compliance behavior; and (ii). Analyze and examine the implementation of compliance risk management towards the functions of extensification, service and education, inspection, supervision, billing, and transfer pricing.

This research is a qualitative research and data was collected through Focussed Group Discussion (FGD). Informants are the senior officials of the DJP, tax practitioners, association members, and academics to elicit the interviewees' perceptions of tax compliance, risk management, and tax counseling. Furthermore, data will be processed by NVivo software

The result of this study shows that: (i) compliance risk management, tax education, the role of digitalization, and the role of the functional position of tax instructors have an impact on tax compliance behavior. Based on the results of the discussion, the role of digitalization through collaboration between the government and the private sector in providing digital tax services can have an impact on the learning curve in understanding tax regulations. Digitalization is also able to provide convenience in administrative implementation which reduces compliance costs; and (ii). Compliance risk management really helps tax authorities in sorting out the types of risks for taxpayers, mapping the risk profile of taxpayers, and helping tax educators make decisions that are in accordance with the risk profile. CRM's accuracy in processing data creates appropriate handling from tax instructors so that taxpayers do not feel intimidated. Regarding the service function, one of the informants stated that there was still a formula adjustment stage related to accelerating the administrative process before it was actually implemented. Findings from this study suggest that DJP risk management must be improved, as well as the risk-based treatment, counseling skills, and digitalization. A tax index needs to be established to provide more valid information regarding national taxpayer compliance.

Keywords: Compliance Risk Management, Counseling, CRM Education, Functional Tax Instructor, Tax Compliance

Introduction

Taxes are mandatory levies imposed by the government on every economic actor, both in terms of income; consumption; and the production of goods and services, in order to achieve certain development goals (Song, 2002). Therefore, how the government administers its taxation is an important aspect in the taxation context (Asaolu et al, 2015). Because the world continues to change, tax reform is one of the steps taken by the government to improve administration (one of them), to maximize revenue. Helms (1985) argues that tax reform is a process of changing how taxes are collected and managed by the government. Based on the results of the Bargain study (2008), the tax reforms carried out had an impact on reducing inequality and poverty. New Zealand is one of the pioneer countries in reforming the tax base, both income; property purchase; and shopping (see Buckle, 2010). Meanwhile, Nigeria has also carried out tax reform and this has had a positive impact on government revenues (Asoulu et al., 2015). The Chinese government also did something similar (see Brys et al., 2013; Yang, 2016; and Zhan et al., 2019), France (see Atkinson et a., 1988; and Scabrosetti, 2002), Malaysia (Mansor & Ilias , 2013; Loganathan et al., 2017; and Asher et al., 2019), Pakistan (Ahmed & Sheikh, 2011; and Ullah, 2021), India (Rao, 2000; Acharya, 2005; Rani, 2014; and Kamthe & Pande, 2021), and so on.

In 1983, Indonesia changed its tax system from an official assessment system to a self-assessment system and made the 1983 tax reform a basic step in developing taxation in Indonesia (Heij, 2001). In the official assessment system, the authority to determine taxes rests with the tax authority, whereas in the self-assessment system (SAS) taxpayers are given full trust in carrying out their tax rights and obligations. Inherent tax obligations include the obligation to report the amount of tax owed until the taxpayer can pay it in accordance with the provisions (Supriyanto, 2011). The self-assessment approach itself is considered a factor that can influence tax compliance (James & Alley, 2004). This approach has also been adopted by several other countries such as New Zealand, the UK, and Australia (see James & Alley, 2004). One other country that has adopted SAS is Bangladesh with the aim of expanding the tax base and increasing tax compliance and has produced good output in its implementation (see Sarker, 2003). To create an effective implementation of SAS, it also needs to be supported by other factors such as Tax Knowledge and a number of sanctions (see Prasetyarini et al., 2019). Other factors that also have an influence are the behavior of taxpayer and the taxpayer's perspective on equality and fairness (see Okon & Israel, 2020).

This issue increasingly arises when the Indonesian tax ratio data presented has a performance below that of other countries. The tax ratio describes the amount of tax revenue compared to gross domestic product in a particular year. In 2017 Indonesia's tax ratio was at 9.89% of Gross Domestic Product (GDP). The figure then increased to 10.24% in 2018, then fell to 9.77% in 2019, and fell further to 8.33% in 2020 due to the blow of the pandemic. This value then increased in 2021 to 9.11% and increased again to 10.1% in 2022. The Organization for Economic Cooperation and Development (OECD) noted that Indonesia's tax ratio in 2022 was below the average tax ratio of other countries. in the Asia Pacific region. According to this institution, Indonesia's tax ratio is far below the average tax ratio of countries in the Asia Pacific, namely 19%. In fact, Indonesia's tax ratio this time is much lower than the average tax ratio for OECD countries, which is 33.5%.

One of the implementations of the tax reform program currently underway is updating the core tax administration system. This system change is not just a change in information technology, but also redesigning business processes to shorten the tax administration process and cut unnecessary stages. The new system will be user-oriented and based on a risk-based compliance approach. The system also provides multichannel and unlimited services (omni channels and borderless services). The aim is to make taxpayer data and/or information more comprehensive and accountable. Adeyeye (2019) in his study revealed that technological factors are very important in tax administration issues. A better administrative system will have an impact on tax revenues (Enahoro & Jayeola, 2012).

Based on this, the Directorate General of Taxes has formally developed big data analytics since 2014 through the development of Compliance Risk Management (CRM). CRM is an effort to increase risk-based compliance by providing treatment to taxpayers according to their compliance risks. The CRM Framework itself is defined as a systematic approach to managing Taxpayer compliance, advocating risks that are based on Taxpayer behavior and is designed to influence current and future behavior (Chooi, 2020). The following is a figure showing the framework in question:

Figure 1. Framework of Compliance Risk Management (CRM)



Source: Chooi (2020)

The strategy realized in the implementation of Compliance Risk Management and Business Intelligence (CRM-BI) is currently regulated in the Circular Letter of the Director General of Taxes Number SE-39/PJ-2021 concerning the Implementation of CRM-BI in the form of a Taxpayer Compliance Risk Map. Through CRM, the taxpayer compliance risk management process is carried out in a structured, measurable, objective and repeatable manner in order to support the best decision making by the DJP, including the stages of preparation activities, determining the context, risk analysis, risk mitigation strategies by determining treatment options, and monitoring and evaluation of compliance risks. Risk determination engines are used in risk weighting to produce risk levels displayed in the form of a taxpayer compliance risk map (Brühne & Schanz, 2019).

Based on compliance risk mapping through CRM, there are groups of taxpayers who require educational treatment in fulfilling their tax obligations. This group of taxpayers is at the bottom of the compliance pyramid. Thus, the role of the tax authority in providing education is very important. Based on the description above, this research aims to analyze and study: (i). The impact of tax education and educational methods and functional positions of instructors on taxpayer compliance behavior; and (ii). Implementation of extensification functions, service functions, education functions; and review CRM implementation of inspection functions, supervision functions, billing functions and transfer pricing.

Theoretical Background

Public Finance and Taxation Theory

According to Gruber (2013), state finance is a study that explains government intervention in the economy. There are 2 (two) main reasons why the government intervenes in the economy, namely; (i). Market failure; and (ii). Redistribution. Market failure is related to the problem of inefficiency in the market, while the problem of redistribution is related to the transfer of resource allocation from one group to another group, meaning that the government must also focus on aspects of equality. In this case, there are several ways the government can intervene in the economy (Gruber, 2013), namely: (i). Imposition of taxes and provision of subsidies; (ii). Restrictions or mandates on private sector purchases or sales; (iii). Provision of public goods and services; and (iv). Public financing. Of these four methods, imposing taxes and providing subsidies are aspects that are relevant to this research. This is because the imposition of taxes and the provision of subsidies on goods and services affects the prices of the goods and services concerned. Imposing taxes on goods and services will increase prices, while providing subsidies on goods and services will reduce prices. From the descriptions above, it can be concluded that state finance is both a science and an instrument through which the government intervenes in the economy due to market failure and redistribution problems.

Furthermore, taxes can be defined as a tool used by the government to collect the funds needed to finance public services and programs (Besley & Persson, 2014). This definition links taxes to the government's role in

meeting community needs, including funding infrastructure, education, health, and other basic services. In an economic context, taxes are one of the most important fiscal policy instruments. This tax is usually calculated based on a number of factors, such as an individual's income, transaction value, or property ownership. According to Musgrave and Musgrave (1989), tax is an instrument collected from the private sector without leaving the burden on the government to provide an obligation to taxpayers. Pass and Lowes (1988), tax is a levy imposed by the government on income, wealth, capital gains and immovable property rights, where these taxes are used by the government as income and a means of controlling the level of expenditure distribution in an economy. According to Hyman (2010), taxes are mandatory payments resulting from a series of economic activities. From the explanations above, it can be said that tax is an instrument that the government can use to become a source of revenue with a coercive nature. In this case, taxes can have certain effects, especially on purchasing power if the tax imposed is an indirect tax. Moreover, this type of indirect tax will create an additional burden on society or someone who is in the poor category.

Taxes can also be used to reduce economic inequality by implementing a progressive system that imposes higher tax rates on higher incomes. Additionally, taxes have a microeconomic impact on individual and corporate behavior. Therefore, according to James & Nobes (2009), tax ownership theory identifies three main dimensions that influence tax compliance, namely the economic dimension, the psychological dimension and the social dimension. The economic dimension includes economic aspects such as tax rates, sanctions, and compliance costs. The psychological dimension refers to an individual's or company's perception of whether the tax system is fair or unfair, as well as the risks and benefits of tax compliance or violations. The social dimension refers to the social and cultural factors that influence tax compliance norms in society.

Tax Education and Tax Counseling

Tax education is an important concept in the context of tax management and public policy. This education includes various activities aimed at increasing public understanding of the tax system, tax obligations and the benefits obtained from paying taxes. In essence, tax education aims to create a better level of awareness and compliance in paying taxes. Tax education can be realized through various means, including information campaigns, training, seminars and educational literature on tax regulations and tax responsibilities. The main goal of tax education is to provide the public with a better understanding of how the tax system operates and how their contribution to paying taxes can have a positive impact on the country's development (Bird & Zolt, 2005). Research has shown that tax education can increase tax compliance and reduce the rate of tax violations (James & Alley, 2004). Therefore, tax education not only has a positive impact on tax revenues but also contributes to sustainable social and economic development.

Based on the Regulation of the Director General of Taxes number Per-21/PJ/2021, tax education is every effort and process in developing and increasing the potential of citizens (physical, spiritual, moral, and intellectual) to produce high tax awareness behavior, increase tax knowledge and skills as well as increasing tax compliance through changes in the behavior of the Taxpaying community so that they are encouraged to understand, be able, be aware, care, and contribute to implementing tax rights and obligations.

Meanwhile, tax education is an important strategy in the context of tax administration which aims to increase taxpayers' understanding of their obligations, reduce the level of tax violations, and promote tax compliance. The concept of tax education includes various communication and education efforts to taxpayers regarding the tax system, tax regulations, and their rights and obligations. The main aim of tax education is to change the behavior of taxpayers to be more compliant in paying taxes in accordance with applicable regulations. Tax education can be carried out through various channels, such as public campaigns, training, seminars, social media, and other communication channels. Based on research, effective tax counseling can make a positive contribution in increasing tax compliance (Alm, 2012).

However, the effectiveness of tax education also depends on the program design, the communication approach used, and the understanding the characteristics and behavior of taxpayers. Therefore, a successful tax education program must be based on careful research into taxpayer preferences and needs (Pomeranz & Katharine, 2015). Thus, tax education is not only an important tax administration instrument, but also a tool for building sustainable tax awareness and compliance.

Self-Assessment System (SAS)

The Self-Assessment System (SAS) approach has become a key approach for tax administration systems in developed countries such as England, America and Australia (see Palil, 2010). This approach refers to the taxpayer's

obligation to report their income and determine their own tax obligations. The SAS approach is considered to be able to increase the efficiency of tax collection and create a fair (equitable) tax administration. Therefore, developing public awareness of tax law is an important aspect of SAS. Palil (2010) explains that there are several countries that have switched from Direct Assessment to SAS, namely: the United States (1913), Japan (1947), Sri Lanka (1972), Pakistan (1979), Indonesia (1984), Australia (1986), Ireland (1988), New Zealand (1988) and England (1996). In relation to efficiency, the aim of changing the method to SAS is to increase the level of compliance (voluntary compliance), reduce the burden of tax collection (tax collection costs), and increase the efficiency of tax collection (Palil, 2010). The following is a table showing several countries that have implemented SAS, as follows:

Table 1. The country that Implemented the Self-Assessment System (SAS)

| Country | Company | Personal |
|----------------|---------|----------|
| Sri Lanka | 1972 | 1972 |
| Pakistan | 1979 | 1979 |
| Indonesia | 1982 | 1984 |
| Australia | 1986 | 1992 |
| Ireland | 1988 | 1988 |
| New Zealand | 1988 | 1988 |
| United Kingdom | 1999 | 1996 |
| United States | 1913 | 1913 |
| Japan | 1947 | 1947 |
| Malaysia | 2001 | 2004 |

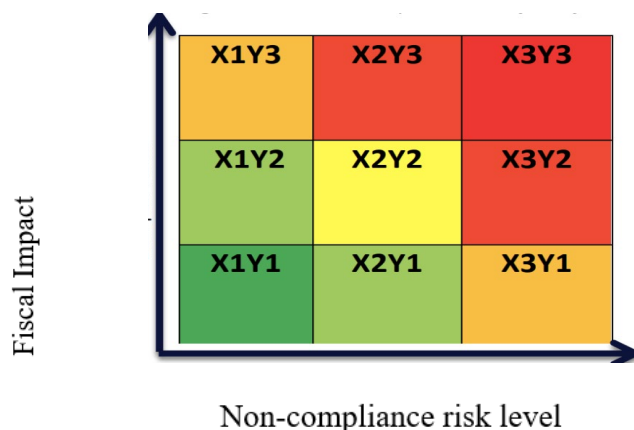
Source: Palil (2010)

Compliance Risk Management (CRM) Business Intelligence (BI) Directorate General of Taxes (DJP)

To encourage compliance and prevent non-compliance by Taxpayers based on their behavior and optimize the resources they have, the DJP requires appropriate strategies in providing services, education, supervision, audits and law enforcement that are more effective and efficient according to the risk level of each Taxpayer. This strategy is realized in the implementation of Compliance Risk Management and Business Intelligence (CRM-BI) which is currently regulated in the Circular Letter of the Director General of Taxes number SE-39/PJ/2021 concerning the Implementation of CRM-BI in the form of a Taxpayer Compliance Risk Map.

Figure 2 shows that the Taxpayer compliance risk map has nine risk quadrants. On the (x) axis, the level of possible non-compliance is the level of non-compliance by taxpayers who do not carry out their obligations. Meanwhile, the fiscal impact as the (y) axis is the consequence of loss of revenue because taxpayers do not carry out their obligations. Meanwhile, Taxpayer Compliance Risk is any possibility (likelihood) or uncertainty that has an impact (consequences) on Taxpayer compliance. So the Compliance Risk Map is a matrix/map that describes a combination of probability level and impact level and contains the value of the Taxpayer's Compliance Risk amount based on a combination of elements of possibility level and impact level.

Figure 2. Map of Taxpayer's Compliance Risk



Source: DJP (2023)

Previous Study Research Method

This research uses a qualitative approach with data collection techniques through Focus Group Discussions (FGD) involving stakeholders in accordance with the research formulation that has been developed. Bandur (2019) describes several characteristics that need to be considered in qualitative research, namely: (i). Understand the meanings conveyed by respondents to the phenomenon being studied; (ii). Provide open-ended questions to understand the complexity of the main ideas or phenomena under study; (iii). Data can be in the form of words/text, images and so on; (iv). Use of analysis of text, images, etc. to obtain broad and general patterns; and (v). Identify the opinion/position of each participant. Based on the existing characteristics, in the FGD carried out, stakeholders will be directed to provide perspectives on the formulation of this research, so that the objectives of this research can be achieved. After data collection has been carried out, the next stage is to express the perspectives of each informant/stakeholder in the form of a transcript. Based on the transcript that has been prepared, the coding process will then be carried out systematically. In this case, coding is intended to be able to draw out existing themes contained in the informant's perspective in the form of coding nodes. In carrying out coding and analysis, researchers were assisted by NVivo software.

In this research, there were 7 (seven) informants who represented the perspectives of stakeholders. The seven informants involved will be categorized into informant groups based on the institutions involved. The following is a profile of some related data, as follows:

Table 2. Informant Profile

| No. | Organization | Categorization |
|-----|--|----------------|
| 1 | Yon Aرسال, S.E., Ak., M.Ec., Ph.D. Expert Staff to the Minister of Finance in the field of tax Compliance | Regulator |
| 2 | Dwi Astuti, S.H Director of Extension, Services and Public Relations, Director General of Taxes | Regulator |
| 3 | Wahyudi, S.E., BKP PT Garuda Food Representative | Taxpayer |
| 4 | Darma Rimbawan, S.Si Representative of the Tax Application Services Company PT Mitra Tiketku | Taxpayer |
| 5 | IDAM Manik Sastri Akademician, Universitas Warmadewa | Academician |
| 6 | Vinanda Langgeng Kencana APINDO Member | Association |
| 7 | Bina Heru Setiawan, S.E., Ak., S.Si., CA KADIN Member | Association |

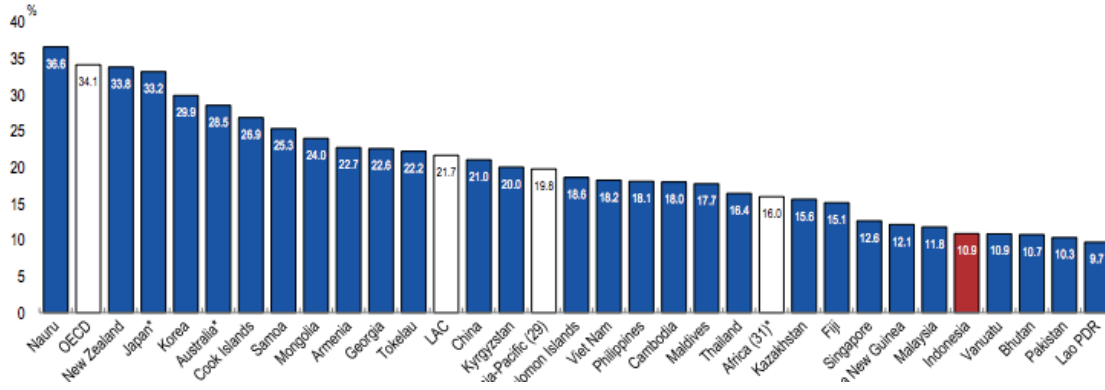
Source: Author

Analysis and Discussion

Research Object Description

The following will show the development of the performance of variables related to taxation numerically. First, the ranking of Indonesia's tax ratio will be shown. The following is a graph that shows what is meant:

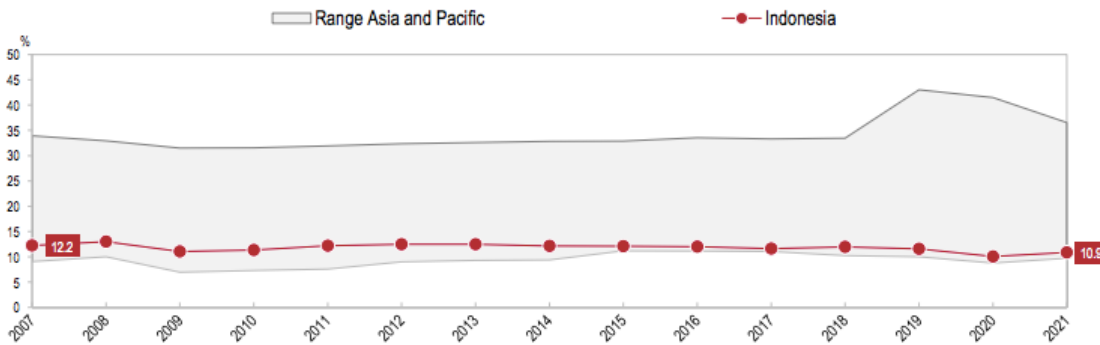
Graph 1. Tax Ratio Ranking



Source: OECD (2023)

Based on the graph above, it can be seen that Indonesia is in the 5th most backward position and is only ahead of Pakistan, Bhutan, Laos and Vanuatu. Below, we show the performance of Indonesia's tax ratio which has tended to be constant over the last 1.5 decades. The following is a graph that shows this:

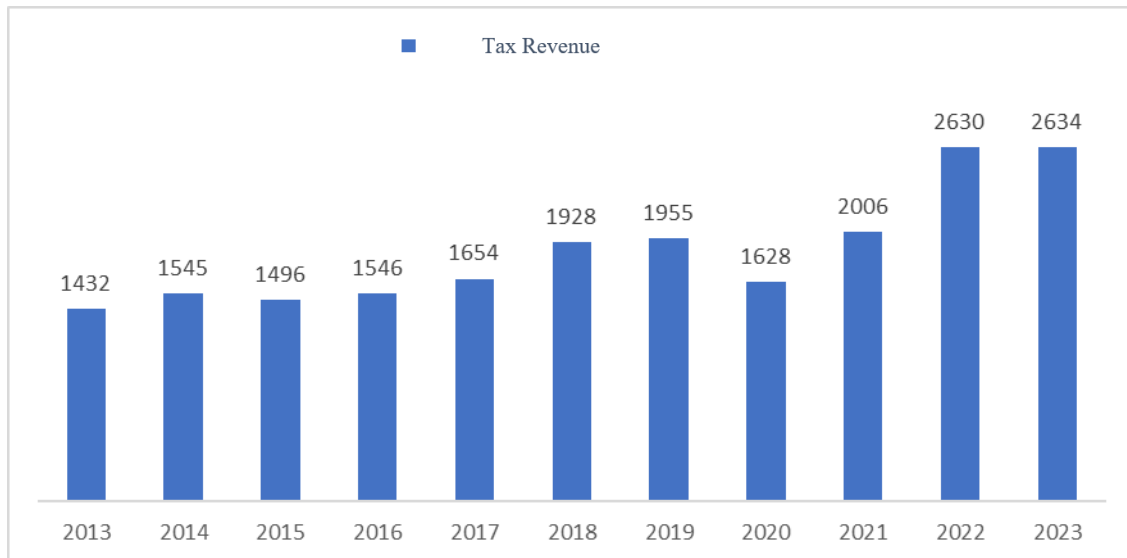
Graph 2. Indonesia Tax Ration Performance



Source: OECD (2024)

Next, it will be shown regarding the realization of tax revenues from 2013-2023:

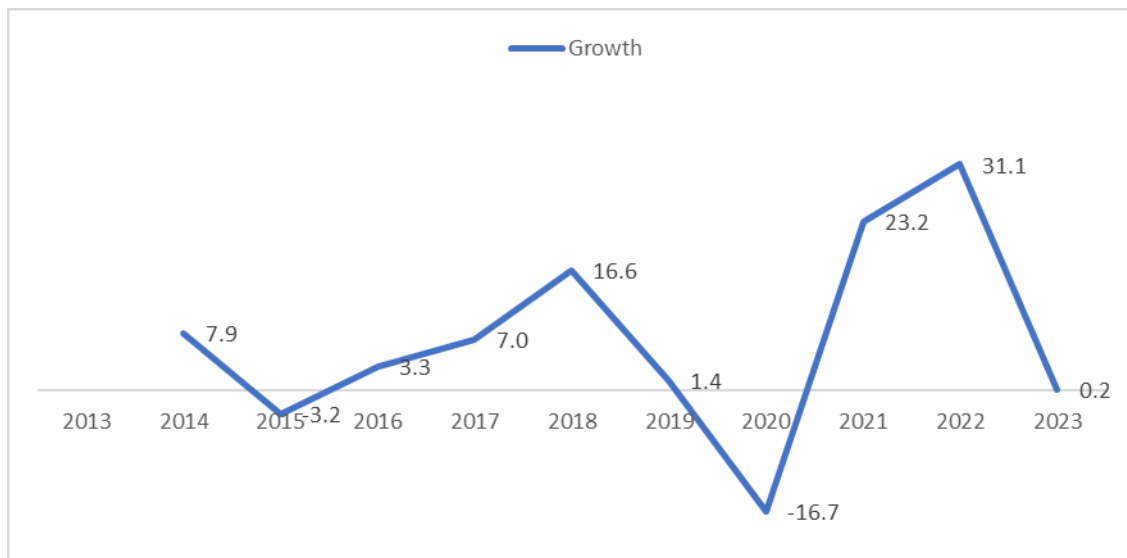
Graph 3. Realization of Indonesia Tax Revenue (2013-2023)



Source: Data processed

Based on the graph above, it can be seen that the realization of tax revenues from 2013-2023 has an increasing trend. The following will show the growth in revenue realization each year:

Graph 4. Growth of Tax Revenue

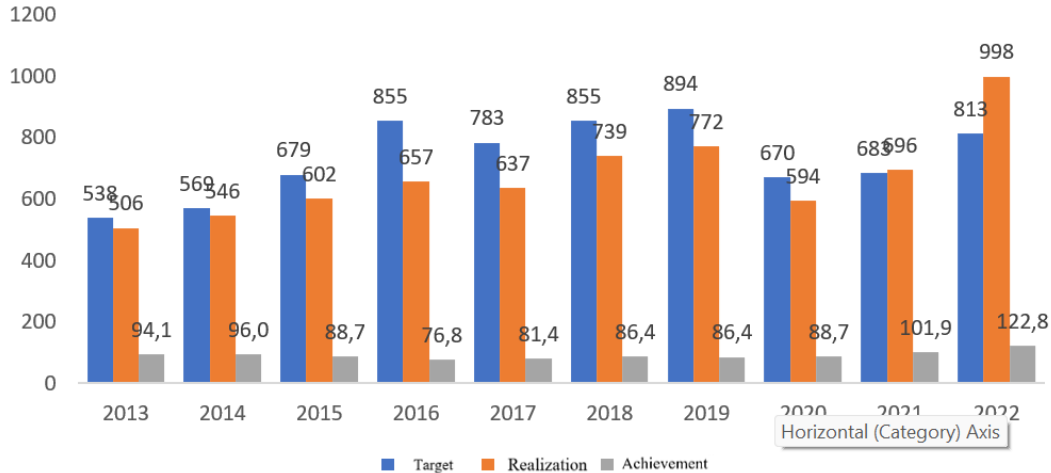


Source: Data processed

Based on the graph above, the largest growth in tax revenues was in the post-pandemic period, growing 31.1% (2022) compared to the previous year. Meanwhile, negative growth occurred during the pandemic, namely (-16.7%) and in 2015 it was (-3.2%).

Furthermore, regarding the level of tax compliance, the following shows the performance of revenue realization from each type of tax during 2013-2022. First, it will be shown regarding income tax revenues, as follows:

Graph 5. Realization of Income Tax Revenue 2013-2022



Source: Data processed

Based on the graph above, it can be seen that, only in 2021 and 2022 the government was able to achieve income tax revenue realization that was more than the set target. Meanwhile, in 2021 the government succeeded in collecting revenues of 996 trillion Rupiah with a target achievement of 101.9%. Meanwhile, in 2022 the government will be able to record PPh revenues of 998 trillion or an achievement of 122.8%. The lowest revenue realization was in 2016 with an achievement of 76.8% compared to other years.

Focus Group Discussion (FGD)

As previously explained, in this research, informants were divided into 4, namely: Regulator, Taxpayer, Association, and Academician. For the Regulator category, there are 2 relevant informants, namely: (i). Yon Aرسال; and (ii). Dwi Astuti. Furthermore, for the Operator category there are also 2 informants namely; (i). Wahyudi; and (ii). Darma Rimbawan.. Furthermore, for the Association category, there were also 2 informants involved, namely: (i). Bina Heru Setiawan; and (ii). Vinanda Langgeng Kencana. Meanwhile, for the Academic category, there was only 1 informant involved, namely: (i). I Dewa Ayu Manik Sastri. In this case, there are 8 transcripts that will be processed for coding.

Coding Analysis

The following is an aggregate coding hierarchy to see which nodes are the most dominant (or have the highest number of coding activities) of all informants. There are 19 nodes with the highest hierarchy, which describes the aggregate number of references as seen in the following table:

Table 3. Hierarchy Reference of Nodes Aggregate

| No. | Nodes | Ref. | Files Coded | Max. Value | Share |
|-----|---|------|-------------|------------|-------|
| 1 | Treatment | 5 | 5 | 7 | 72% |
| 2 | Risk Based Treatment | 5 | 5 | 7 | 72% |
| 3 | Counseling Skill | 4 | 4 | 7 | 58% |
| 4 | Digitalization | 4 | 4 | 7 | 58% |
| 5 | Hunting in the Zoo | 4 | 3 | 7 | 58% |
| 6 | Tax Mindset | 3 | 3 | 7 | 43% |
| 7 | Interpretation of Tax Regulations | 3 | 3 | 7 | 43% |
| 8 | Digitalization > Cost of Compliance | 3 | 3 | 7 | 43% |
| 9 | Digitalization > Administration | 3 | 3 | 7 | 43% |
| 10 | CRM | 3 | 3 | 7 | 43% |
| 11 | Tax Rate | 2 | 2 | 7 | 29% |
| 12 | Private Role | 2 | 2 | 7 | 29% |
| 13 | Tax System Integration > Taxation Understanding | 2 | 2 | 7 | 29% |
| 14 | Data Integration | 2 | 2 | 7 | 29% |
| 15 | Administration | 2 | 2 | 7 | 29% |
| 16 | Taxpayer Target | 2 | 2 | 7 | 29% |
| 17 | Sosialisation | 2 | 2 | 7 | 29% |
| 18 | Data Availability | 2 | 2 | 7 | 29% |
| 19 | Company Profile | 2 | 2 | 7 | 29% |

Source: Data processed

These results show that, overall (4 categories of informants), both implicitly and explicitly, touched on the issue of appropriate treatment of Taxpayers which influences the level of compliance. In addition, the "Treatment" and "Risk Based Treatment" nodes have the highest source value (5) with a total contribution of 72%. This indicates that 72% of the informants involved mentioned a treatment approach to taxpayers that was in accordance with the taxpayer's compliance risk profile in the context of supervision. The other nodes, namely "Hunting in the Zoo", have 4 references with a contribution value of 58%. These nodes also refer to one of the tax authorities' treatments from the Taxpayer's perspective related to exploring the Taxpayer's potential. This indicates that the issue regarding the treatment of Taxpayers is most often touched upon, which is related to the follow-up to the implementation of Compliance Risk Management (CRM).

Furthermore, System Nodes 1 is a combination of two research objectives, namely: (i). To analyze and assess the impact of tax education and educational methods and functional positions of instructors on taxpayer compliance behavior. The following are the contribution values which can be seen in the table below:

Table 4. Hierarchy Reference of System Nodes 1

| No. | Nodes | Ref. | Files Coded | Max. Value | Share |
|-----|---|------|-------------|------------|-------|
| 1 | Digitalisation | 4 | 4 | 7 | 58% |
| 2 | Counseling Skill | 4 | 4 | 7 | 58% |
| 3 | Tax Mindset | 3 | 3 | 7 | 43% |
| 4 | Interpretation of Tax Regulation | 3 | 3 | 7 | 43% |
| 5 | Digitalization > Cost of Compliance | 3 | 3 | 7 | 43% |
| 6 | Digitalization > Administration | 3 | 3 | 7 | 43% |
| 7 | CRM | 3 | 3 | 7 | 43% |
| 8 | Tax Rate | 3 | 3 | 7 | 43% |
| 9 | Private Role | 2 | 2 | 7 | 29% |
| 10 | Tax System Integration > Taxation Understanding | 2 | 2 | 7 | 29% |
| 11 | Data Integration | 2 | 2 | 7 | 29% |
| 12 | Administration | 2 | 2 | 7 | 29% |
| 13 | Counselor Role > Data Validation | 2 | 2 | 7 | 29% |
| 14 | Law Enforcement | 2 | 2 | 7 | 29% |

Source: Data processed (2024)

From the table above, it can be seen that there are 14 nodes mapped in the Nodes 1 System with "Digitalization" and "Instructor Skills" as the ones with the largest contribution, namely 58%.

Furthermore, System Nodes 2 answers the research objectives, namely: the impact of CRM implementation on extensification functions, service functions, education functions; and on the inspection function, supervision function, billing function and transfer pricing. The contribution value can be seen in the table below:

Table 5. Hierarchy Reference of System Nodes 2

| No. | Nodes | Ref. | Files Coded | Max. Value | Share |
|-----|----------------------|------|-------------|------------|-------|
| 1 | Risk Based Treatment | 5 | 5 | 7 | 72% |
| 2 | Hunting in the Zoo | 4 | 3 | 7 | 58% |
| 3 | Taxpayer Target | 2 | 2 | 7 | 29% |
| 4 | Sosialisation | 2 | 2 | 7 | 29% |
| 5 | Data Availability | 2 | 2 | 7 | 29% |

Source: Data processed

From the table above, it can be seen that there are 5 nodes mapped in the Nodes 2 System with "Risk Based Treatment" and "Hunting in the Zoo" as the ones with the largest contribution, namely 58%.

Furthermore, the following will show the hierarchy of the Other Nodes System (things outside the research objectives that were touched upon by all informants), as follows: These results mean that, outside the context of the research objectives that have been determined, the majority of informants touched on the Profile Companies, especially in the Operator category. The contribution value can be seen in the table below:

Table 6. Hierarchy Reference of System Nodes Others

| No. | Nodes | Ref. | Files Coded | Max. Value | Share |
|-----|---------------------------------|------|-------------|------------|-------|
| 1 | Company Profile | 2 | 2 | 7 | 29% |
| 2 | Policy Gap | 1 | 1 | 7 | 14% |
| 3 | Compliance Gap | 1 | 1 | 6 | 14% |
| 4 | Growth of Taxpayer Amount > CRM | 1 | 1 | 6 | 14% |
| 5 | Tax Function | 1 | 1 | 6 | 14% |
| 6 | Tax Concept | 1 | 1 | 6 | 14% |

Source: Data processed

From the table above, it can be seen that there are 6 nodes mapped to the other nodes system. The "Company Profile" has a contribution of 29% of all existing sources. Meanwhile, other nodes only have a contribution of 14%. This indicates that the DGT must also take into account the company profile of this category of taxpayer. This includes policy gaps and compliance gaps that exist in the industrial environment.

Next, the results of the comparison diagram analysis will be displayed. This section is the second stage in coding analysis (Second Cycle Coding). The following will show the similarity of nodes between Regulators and Operators. There are 5 similar nodes in this case (namely Treatment, Extension Skills, Role of Extension > Data Validation, Hunting on the Zoo, and Digitalization) which were touched upon by both parties. Furthermore, there are similarities in nodes between Regulators and Associations and there are 8 similarities in nodes (namely Risk Based Treatment, Treatment, Data Availability, Extension Skills, Hunting on the Zoo, Digitalization, CRM, and Tax Mindset) which were touched on by both parties. Furthermore, there are similarities in nodes between Regulators and Academics. There are 3 similar nodes (Risk Based Treatment, Treatment, and Tax Mindset) that were touched on by both parties. Furthermore, there are similarities in nodes between Operators and Associations. There are 9 similar nodes (Treatment, Extension Skills, Interpretation of Tax Regulations, Tax System Integration > Understanding Taxation, Digitalization > Cost of Compliance, Digitalization > Administration, Data Integration, Hunting on the Zero, and Digitalization) which were touched upon by both parties. Furthermore, there are similarities in nodes between Operators and Academics. There are 2 similar nodes (Treatment and Interpretation of Tax Regulations) which are touched upon by both parties. Lastly, there are similarities in nodes between Associations and Academics. There are 5 similar nodes (Risk Based Treatment, Treatment, Interpretation of Tax Regulations, Tax Rate, and Tax Mindset) which were touched upon by both parties. From these results, treatment and risk-based treatment, counseling skills and digitalization are the main factors that will increase tax compliance in Indonesia.

Conclusion and Policy Recommendation

Conclusion

Based on the results and analysis described previously, several conclusions can be drawn regarding this research, as follows:

1. Compliance risk management and tax education show that educational factors and educational methods can have an impact on tax compliance behavior. Next, is the digitalization factor. Based on the results of the discussion, digitalization is the aspect that is most often mentioned both explicitly and implicitly. The role of digitalization through collaboration between the government and the private sector in providing digital tax services can have an impact on the learning curve in understanding tax regulations. Digitalization is also able to provide convenience in administrative implementation which reduces compliance costs (cost of compliance). It can be concluded that digitalization can make it easier for taxpayers to complete administration and receive education so that it has an impact on taxpayer compliance behavior.

2. CRM really helps tax authorities in sorting out the types of risks for taxpayers, so that the role of tax instructors is very strategic as executors who must be skilled in providing treatment according to the risk categories of taxpayer groups. The importance of tax instructor skills is demonstrated by the large contribution amounts. CRM implementation in extensification, service and education functions is achieved through mapping the risk profile of Taxpayers. This means that CRM as a reflection of digitalization is able to support tax authorities in supervising and providing services to taxpayers in accordance with their risk profile. The CRM function in education also helps tax educators in making decisions that are in accordance with the risk profile. So in this case CRM can also contribute to Taxpayer compliance behavior. CRM's accuracy in processing data creates appropriate handling from tax instructors so that taxpayers do not feel intimidated. Regarding the service function, one of the informants stated that there was still a formula adjustment stage related to accelerating the administrative process before it was actually implemented.

Recommendation

Based on the research results described above, this research recommends several things:

1. Determination of the taxpayer compliance index.

The compliance index can be a parameter that shows the extent to which taxpayers comply nationally. Various efforts made by the Directorate General of Taxes to increase compliance, one of which is education, need to be evaluated. One evaluation material that can be used is the compliance index.

2. Increasing digitalization capacity

Considering the important role of digitalization in increasing compliance, along with technological developments, the Directorate General of Taxes is expected to continue to increase digitalization capacity in managing tax administration. Valid data input will produce quality data. The results of data processing in CRM will be used as the basis for treatment for each group of taxpayers. Appropriate treatment will motivate taxpayers to fulfill their tax obligations.

3. Determination of treatment based on CRM.

Compliance Risk Management, which is a taxpayer compliance risk mapping tool, must be optimized for use. Based on CRM, taxpayers can determine the appropriate treatment (taxpayers who decide not to comply, taxpayers who only comply if detected by authorities, taxpayers who want to comply but are unsuccessful, taxpayers who decide to comply). Treatment in the form of excellent service and education according to needs is the most appropriate treatment to be given.

4. Increased cooperation with the provision of tax application services.

One effort to improve tax compliance is providing accurate tax understanding or information. To be able to provide tax information in a broader and more massive way, it is necessary to collaborate with third parties. Companies providing tax application services usually have tax information services as well. Their website is usually used as a reference for people looking for information about taxation.

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