ANALYSIS OF FACTORS AFFECTING AWARENESS IN REPORTING TAX OBLIGATIONS IN THE SMALL AND MEDIUM ENTERPRISES SECTOR IN LUBUK PAKAM DISTRICT

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ABSTRACT

The purpose of this study was to find out the factors that influence the level of awareness of taxpayers in fulfilling their tax obligations in the sector of Cooperatives in Lubuk Pakam District. The approach taken in this study is an associative approach, the population in this study are small and medium enterprises in Lubuk Pakam Subdistrict, amounting to 44 small and medium enterprises. Whereas in this study there were 30 small and medium enterprises. Independent variables in this study consisted of taxpayer knowledge, understanding of self-assessment systems, and income levels of taxpayers, while the dependent variable was awareness of tax obligations. Data collection techniques in this study are using observations and questionnaires. Meanwhile the analysis techniques used are descriptive statistics, data quality, multiple linear regression, classical assumption test, hypothesis test (test). Data processing in this study uses the SPSS software program package for Windows. The results of this study prove that the knowledge of taxpayers partially does not affect the awareness of tax obligations. And understanding the self-assessment system also does not affect the awareness of tax obligations. And the level of mandatory income does not affect the awareness of tax obligations. While simultaneous research proves that the knowledge of taxpayers, understanding system self-assessment and the level of taxpayer income affect the awareness of tax obligations in the small and medium business sector in Lubuk Pakam District.

Keywords: Awareness of tax obligations, knowledge of taxpayers, understanding of self-assessment system, taxpayer income level

PRELIMINARY

According to article 1 of Law No. 28 of 2007 concerning General Provisions and Procedures for Taxation, tax is a mandatory contribution to the state which is owed by an individual or entity that is compelling under the law, with no direct compensation and used for the state's interests for the greatest prosperity of the people. Tax is a contribution to the state (which can be imposed) which is owed by those who are obliged to pay according to the regulations, with no return performance, which can be directly appointed, and the point is to finance general expenses in connection with the tasks of the state that administers the government (Adriani, 2008).

And one of the tax revenues comes from Small and medium enterprises (UKM), which is a driving force for a resilient people's economy. Small and Medium Enterprises (UKM) are business units managed by community groups and families. SMEs have a strategic role in national economic development, because in addition to member contributions to national economic growth can also absorb labor in large numbers. The development of SMEs in Indonesia is very important to do, given the strategic social economic and political functions.

Seeing the large number of economic actors and their ability to absorb labor, SMEs deserve attention. The development of SMEs will strengthen the structure of the
domestic economy because of the absorption of the workforce, increasing public purchasing power, increasing the level of demand and increasing investment growth. Factors that hinder the development of SMEs include:
1. lack of knowledge about the market,
2. Weak bargaining power,
3. lack of capital, and
4. low technology.
In addition, SMEs also face several external challenges, including:
1. the emergence of globalization which has resulted in increasing market competition,
2. weak regulation and law enforcement,
3. low consumer confidence in the quality of domestic SME products,
4. There has not been widespread support for adequate infrastructure for SME production centers.

The government in 2013 issued a new regulation namely government regulation number 46. This regulation is actively put into effect starting July 1, 2013 and regulating special treatment regarding the imposition of income tax (PPh) on the business by obtaining a turnover of Rp 4.8 billion annually subject to tax of 1%, also known as PPh for business small medium (UKM).

Taxpayer awareness is a condition where taxpayers know, understand and comply with applicable tax provisions and have seriousness in fulfilling their tax obligations by paying taxes in a timely and exact amount. Empirically it has been proven that the higher the taxation awareness of taxpayers, the higher the level of taxpayer compliance (Suyatmin, 2004).

Effect of Understanding the Self Assessment System in Indonesia, the system tax collection uses a self-assessment system, namely the collection system tax where the taxpayer must calculate, deposit and report the amount tax payable. The advantage of the self assessment system is the taxpayer given trust by the tax authorities to calculate, pay and report own tax payable in accordance with applicable tax regulations. Required tax must understand the system of self assessment, because it is getting higher the level of understanding of the system, the taxpayer will be more easy to understand in filling out the notification letter.

<table>
<thead>
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<th>TABLE I.1</th>
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<tbody>
<tr>
<td>DATA UKM 2018 Subdistrict Lubuk Siram</td>
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<tr>
<td><strong>TYPE OF BUSINESS</strong></td>
</tr>
<tr>
<td>1. CAFE</td>
</tr>
<tr>
<td>2. PRINTING</td>
</tr>
<tr>
<td>3. RENTAL</td>
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<tr>
<td>4. PHOTOCOPY</td>
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<td>5. RESTAURANT</td>
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Based on the background of the problem above, this research was conducted to find out what factors influence the raising of awareness of tax obligations in small and medium enterprises whose level of awareness is still low, especially registration to have a Tax Identification Number (NPWP) in Lubuk Pakam sub-district. Based on the description above, the author is interested in researching about "ANALYSIS OF FACTORS THAT AFFECT AWARENESS IN REPORTING TAX LIABILITIES IN SME SECTORS IN LUBUK PAKAM SUB-DISTRICT".

IDENTIFICATION OF PROBLEMS
Based on the background of the problem, the writer can identify problem as follows:
1. Still lack of education for SMEs
2. There is still a lack of understanding of the self-assessment system

FORMULATION OF THE PROBLEM
Based on the background of the problem, the problems in the study this can be formulated as follows:
1. Does taxpayer knowledge affect the awareness of tax obligations in the small and medium business sector?
2. Does understanding the self-assessment system affect it awareness of tax obligations in the small and medium business sector?
3. Does the taxpayer's income level affect awareness tax obligations in the small and medium business sector?

RESEARCH OBJECTIVES AND BENEFITS
a. Aim Research
   Based on the formulation of the problem, this study aims to find empirical evidence on the following matters:
   1. Effects of taxpayer knowledge on awareness of tax obligations in the small and medium business sector.
   2. Influence of understanding of system self-assessment on awareness of tax obligations in the small and medium business sector.
   3. Effect of taxpayer income level on obligation awareness Taxation in the small and medium business sector.

b. Benefits of research
   Based on the above research objectives, this research is expected to provide benefits for:
   1. Researcher
      To add insight and add references to the awareness of tax obligations in the small and medium business sector and obtain results that are useful for researchers in the future.

<table>
<thead>
<tr>
<th>SMEs</th>
<th>Education</th>
<th>Income</th>
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<tbody>
<tr>
<td></td>
<td>Junior high school</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>High school</td>
<td>10</td>
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<tr>
<td></td>
<td>SI</td>
<td>30</td>
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<td></td>
<td>5M</td>
<td>10</td>
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<td></td>
<td>5-10 million</td>
<td>20</td>
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<td></td>
<td>10-15 million</td>
<td>25</td>
</tr>
</tbody>
</table>

TABLE II.2
DATA UKM 2018 Subdistrict Lubuk Siram

Padang Panjang, 1 – 2 Juli 2019
2. Small and Medium Enterprises
   To increase awareness of the importance of paying taxes by small and medium enterprises, so that it will add to the state treasury of the small and medium enterprises.

3. Government
   So that the government can increase the number of taxpayers with a purpose end to increase the amount of state revenue from taxes, especially tax revenues from the small and medium business sector.

THEORETICAL BASIS

Understanding Awareness of Tax Obligations

Awareness is a process of learning from experience and gathering information received to get confidence from what drives an action (Padilla, 2010).

Taxpayer awareness is a condition where tax is known admit, respect and comply with applicable tax provisions and have the sincerity and desire to fulfill their tax obligations. Taxpayers are said to have awareness if (Manik Asri, 2009).

Awareness of taxpayers in fulfilling their tax obligations will occur if supported by all parties, both support from the tax authorities, aspects of facilities and infrastructure. Conditions that are thought to affect awareness in fulfilling tax obligations are:

a. Taxpayer Knowledge
b. Understanding of Taxpayers
c. Tax benefits felt by taxpayers
d. Optimistic attitude of taxpayers

Factors that influence awareness of tax reporting on business Small and Medium

Factors are things or events that cause or influence the occurrence of an event. From this explanation, we can find out the factors that know the taxpayer of awareness in conducting taxation, so that they can find solutions to overcome obstacles and obstacles in making tax payments to small and medium enterprises (Tatiana Vanessa Rantung, 2009)

a. Taxpayer Knowledge,
b. Understanding self assessment system,
c. Taxpayer Income Level,
d. Tax office services,
e. Ease in payment of the taxation system,
f. Neighborhood,
g. Tax information.

Definition of Taxpayer Knowledge

Knowledge of taxpayers is an important factor in increasing awareness of tax reporting in small and medium enterprises. Taxpayer knowledge about taxes is a process of changing attitudes and behavior of a taxpayer regarding the benefits of paying taxes. The higher taxpayer knowledge, then the higher the level of awareness of taxpayers in paying taxes. Tax Knowledge is a step maturation of the thoughts of a taxpayer through teaching and training efforts (Pancawati and Nila, 2011). In the results of Siti Qamaria’s (2008) study that the variable knowledge and education level affect awareness of tax obligations.
Understanding of Taxes

Tax revenues are mostly used to finance national development to carry out government duties in a country. Tax is the contribution of the people to the State treasury under the law (which can be forced) with do not get lead (counterpart) services, which can be directly shown and used to pay for public expenses (Rochmat Soemitro, 2010)

Tax Function

Tax has a very important role in the life of the state, especially in the implementation of development because taxes are a source of state income that is used as financing for development. In a book entitled "Taxation Theory and Case" (Official, 2013), there are 2 (two) functions including the following:

1. Budgetair Function
2. Function Set (Regularend Function)

Type of Tax

Central Taxes are taxes managed by the Central Government which in this case are partly managed by the Directorate General of Taxes and the Ministry of Finance, while Regional Taxes are taxes managed by the Regional Government both at the Provincial and Regency / City levels.

The Central Taxes managed by the General Tax Dire of the Taxation include:

a. Income Tax (PPh)
b. Value Added Tax (VAT)
c. Sales Tax on Luxury Goods (PPnBM)

In addition to being subject to VAT, certain taxable goods classified as luxurious are also subject to PPnBM, which is meant by Taxable Luxury classified as:

1. These items are not basic necessities.
2. The goods are consumed by certain people.
3. In general, these items are consumed by high-income people.
4. The item is summed to show status.
5. If consumed, it can damage the health and morals of the community, and disrupt public order.
d. Land and Building Tax (PBB)
e. Fees for Acquisition of Land and Building Rights (BPHTB)

Tax Collection System

a. Official Assessment system
b. Self Assessment System
c. With Holding System

Tax Based on Group

1. Direct Tax
2. Indirect Tax

Tax Based on Nature

1. Subjective Tax
2. Objective tax
Factors Affecting Taxpayer Knowledge
1. Education
2. Information / Mass Media
3. Socio-cultural and economic
4. Environment
5. Experience
6. Age

Understanding the Self Assessment System
The Self Assessment System is a mandate of Law No. 28 of 2007 About Tax Procedures, the application of the Self-Assessment System in implementation of payment of income tax as referred to in Article 23 of Law No. 36. In 2008 the full tax on corporate income taxpayers make their own tax calculations.

In Indonesia, the tax collection system uses a self assessment system, namely a tax collection system where taxpayers must calculate, deposit and report the amount of tax owed.

Definition of Taxpayer Income Levels
Income is an increase in owner's equity as a result of selling goods or services to customers (James M Revee, 2009: 58). From this opinion it can be concluded that broad opinions are considered including all the results of the company and investment activities. In this case it also includes changes in net assets arising from production activities and from profit and loss originating from the sale of assets and investments, except for capital contributions and capital adjustments.

Factors Affecting Taxpayer Income Levels
1. Capital Against Revenue
3. Long Trying for Revenue

CONCEPTUAL FRAMEWORK
Taxpayer awareness is an effort or action accompanied by the willingness and encouragement of oneself in implementing tax rights and obligations in accordance with applicable regulations. Taxpayer awareness itself has an effect on 3 factors: Knowledge of taxpayers, system self-assessment, income.

Research conducted by Rahmatika (2010) shows that knowledge of taxpayers, understanding of self assessment system, level income taxpayers, and ease in making payment systems taxation simultaneously and significantly influences awareness taxation obligations. With the increasing knowledge of taxpayers will taxation, the understanding of the self assessment system is also higher so that awareness of tax obligations will also increase.

The results of the research conducted by Hasanah (2010) note that the benefits felt by taxpayers influence mandatory awareness tax in reporting tax obligations. From this it can it was concluded that the more tangible or the higher the perceived benefits by the taxpayer on the payment of the tax then awareness of obligations the taxation will also be higher.

While the results of research conducted by Siti Qamariah (2008) Knowledge and education of taxpayers greatly influences awareness taxation obligations, because the
higher the education and knowledge of the perpetrator UKM, the awareness of taxation is getting higher.

**RESEARCH METHODS**

**Data collection technique**

Keusi is a technique of data collection conducted by giving a set of questions or written questions to the respondent to answer "(Sugiono 2013: 137)."

**Data analysis technique**

The data analysis technique used is the classical assumption test includes regression, hypothesis testing.

1. Classic assumption
   a. Normality test
   b. Multicollinearity Test
2. Hypothesis testing
   a. Multiple linear regression
   b. Coefficient of Determination

**RESULTS AND DISCUSSION**

**The Influence of Taxpayer Knowledge on Awareness of Tax Obligations in Lubuk Pakam District**

Calculation results show that the significance value of knowledge is 0.578, indicating that the significance value for the test is partially greater than 0.05. Because the significance value is 0.578> 0.05, then a decision can be made that knowledge does not influence the awareness of tax obligations in UKM Medan Timur.

Judging from the respondents' answers that most respondents have good knowledge of tax provisions. This knowledge regarding tax rules and provisions is expected to increase tax compliance in paying taxes, but based on this information it is known that there are still many taxpayers who lack awareness in paying taxes. Because the amount of information that they get from the media can lead to negative taxpayers' awareness of tax obligations.

In the theory of Tatiana Vanessa Rantung, 2009 Knowledge of taxpayers is an important factor in increasing awareness of tax reporting in small and medium enterprises. Taxpayer knowledge about taxes is a process of changing attitudes and behavior of a taxpayer regarding the benefits of paying taxes. The higher the knowledge of taxpayers, the higher the level of awareness of taxpayers in paying taxes.

**Effect of Understanding of the Self Assessment System on Awareness of Tax Obligations in Lubuk Pakam District**

Calculation results show that the significance value of understanding the self assessment system is 0.157 indicating that the significance value for the test is partially smaller than 0.05. Because the significance value is 0.157> 0.05, then a decision can be made that the understanding of the self assessment system does not affect the awareness of tax obligations.

In the theory of Tatiana Vanessa Rantung, 2009 Effect of Understanding the Self Assessment System In Indonesia, the tax collection system uses a self-assessment system, namely a tax collection system where taxpayers must calculate, deposit and report the amount of tax payable.
From the respondents' answers, there were still many respondents who still did not understand the information about the self assessment system because of a lack of information about taxation. Therefore, the Small and Medium Enterprises in Lubuk Pakam Subdistrict must understand the tax regulations so that they understand the self assessment system.

**Effect of taxpayer income levels on awareness of tax obligations in Lubuk Pakam District**

Calculation results show that the significance value of the taxpayer's income level is 0.988 indicating that the significance value for the test is partially greater than 0.05. Because the significance value is 0.988 > 0.05, it can be concluded that the Taxpayer's Income Level does not affect the awareness of tax obligations in Lubuk Pakam District. The results show that income has no effect in paying taxes.

In the theory of Tatiana Vanessa Rantung, 2009 the level of income of a taxpayer influences the awareness of making tax payments in the small and medium business sector, the higher the level of income a person receives then the higher the tax must be paid.

**CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion**

Based on the results of research conducted in Lubuk Pakam sub-district, this study draws a conclusion:
1. There is no influence on the awareness of partial tax obligations. This is indicated by the results of the significance value of 0.578 > 0.05.
2. There is no influence on understanding the self-assessment system on the awareness of partial tax obligations. This is indicated by the significance value of 0.157 > 0.05.
3. There is no effect on the taxpayer's income level on the awareness of partial tax obligations. This is indicated by the results of the significance value of 0.988 > 0.05.

**Suggestion**

Based on the conclusions above, conclusions can be given as follows:
1. An optimistic attitude towards benefits and obligations to taxpayers needs to be invested through various meetings that provide sufficient knowledge that tax revenues will increase.
2. Further research is expected to add other independent variables, to find out other variables that can affect the dependent variable.
3. Further research is expected to expand the research sample area, not only in Lubuk Pakam city but in other regions, so that better research results can be obtained.

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