



# Modernization of Tax Administration in DJP Online Service in Terms of Efficiency Principle

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**Abstract.** The DJP Online service is an online based application provided by the DGT in supporting the fulfilling of tax obligations for taxpayers. Indonesia continues to keep up with technological developments in the context of modernizing tax administration. After several years applied, it is necessary to review its implementation and use by taxpayers. The purposes of this research are to describe the modernization of the tax administration system in Indonesia, to analyze the implementation of DJP Online Services in terms of the efficiency and convenience principles, and to describe the problems are faced by taxpayers in using DJP Online services. The research method is qualitative, the discussion is descriptive analysis using data sourced from literature review, case study, observation, and other sources. The results of the discussion show that from year to year, DJP Online Services users are increasing because it can assist taxpayers in fulfilling their tax obligations more easily and quickly. The conclusion of this study are that modernization of tax administration in DJP Online services provides convenience and efficiency to the taxpayers. By using DJP online services, the compliance costs incurred by taxpayers are lower. Modernization of tax administration in DJP Online services in its implementation does not only require the readiness of adequate technological devices, but must be supported by human resources who have the ability to operate that. The results of this research are expected to contribute for the government in improving DJP online services and providing the socialization of the use of these services.

**Keywords:** Modernization, DJP Online, Tax Administration

## 1. Introductions

### 1.1. Research Background

Tax administration reform in Indonesia has started since 1983 and until now is still being refined. Tax administration is universally regarded as the key to tax policy success. As a result, tax administration reform must be ongoing in order for the community to receive the best service possible. Tax administration reform is ideally a tool for increasing taxpayer voluntary compliance, increasing public trust (trust), and improving the integrity of tax authorities. It is envisaged that with a solid administrative system, the government will be able to optimize tax revenue realization and increase tax compliance. Modernization of tax service administration through the use of information and communication technologies is one type of tax reform being pursued. This is necessary so that taxpayers are confident in their ability to meet their tax

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responsibilities. One of the causes of low taxpayer compliance is difficult, complicated and inefficient tax administration [1].

Directorate General of Taxes (DGT) in Indonesia continually strives to reform tax administration, one of which is to increase the use of Information Technology in fulfilling tax obligations and tax databases. The purpose of doing this is to create a reliable and reliable information system to process accurate tax data based on technology according to DGT's core business [2].

The Directorate General of Taxes (DGT) in Indonesia in recent years has continued to campaign for the use of information technology to do various tax obligations. The manual system for paying and reporting taxes is starting to be abandoned and changing to an online system. Campaigns for using the online tax system have been carried out in various ways, such as through electronic media (televisions, radios, etc) social media, the website of [djponline.go.id](http://djponline.go.id), and also direct campaigns for taxpayers carried out by the counseling department at each Tax Office. Examples of online-based tax administration that have been implemented in Indonesia are e-registration, e-filing, e-form, e-billing, e-faktur, and e-bupot and e-bupot unification.

Starting from the Decree of the Director General of Taxes Number Kep-88/PJ/2004 the e-filing product or electronic filing system was officially launched. E-Filing, which is an electronic notification letter (SPT) submission system that is carried out through an online system and in real time through an application service provider company appointed by the DGT. The e-filing system is a way of submitting notification letters (SPT) which is carried out through an online and real time system. The e-filing product is part of the e-system product which is a modernization of taxation in Indonesia [3].

In 2014, DGT unified all tax reporting and payment services under one system. DGT has also created a DJP Online website ([djponline.pajak.go.id](http://djponline.pajak.go.id)) as an electronic Tax Return service. The creation of the official DJP Online website aims to centralize services and data management so that they become centralized and integrated in one application. All old service sites whose systems were still separate were also removed, so that people could use one practical system [4].

Now, after several years of DJP Online services being implemented, it is necessary to analyze the use of this online-based service in terms of the taxpayer as a user and also from the features contained therein. This analysis aims to find out whether this DJP Online service provides administrative convenience and efficiency for taxpayers in fulfilling their tax obligations.

## **1.2. Literature Review**

### **1.2.1. Modernization of Tax Administration**

The concept of modernizing tax administration in principle is a changes to the tax administration system that can change the mindset and behaviour of tax official as well

as organizational values so that the DGT become a professional institution with a good image in society [8].

Taxes are contributions from society to the state that are used by the government to finance various state expenditures such as infrastructure development, national defense and security system, food subsidies, and so on. Therefore it can be said that taxes have a very important role in the progress of the nation and state. Therefore, taxpayer compliance to fulfill their tax obligations is very necessary to contribute to state revenues. One of the factors that can affect the level of taxpayer compliance is a good tax administration service.

Good quality tax administration services can increase public trust and satisfaction which in turn can increase taxpayer compliance. In order to improve the quality of tax services, the government continues to improve the administrative system, one of which is through tax modernization. Some of the objectives of tax modernization are, first, to optimize revenue based on a database, minimize tax group, and fiscal stimulus. Second, namely increasing taxpayer awareness and compliance. Third is administrative efficiency as well as forming a good image and trust from the community to achieve a society that has professional human resources. [9].

### **1.2.2. Tax Compliance**

Taxpayer compliance defined as the perform of tax obligations (ranging from calculating, levying, cutting, depositing to report tax obligations) by taxpayers in accordance with legislation- tax invitation applicable. There are two kinds of tax compliance [10]:

#### **1. Formal Compliance:**

Formal compliance is the compliance of taxpayers in fulfilling their tax obligations in accordance with the provisions of the applicable tax laws. For example, taxpayers must pay taxes and report tax returns according to the time limit specified in the tax law. An example of regulations in Indonesia, taxpayers must pay tax payable for monthly tax no later than the 10th of the following month. For monthly tax returns reporting, it must be done no later than the 20th of the following month.

#### **2. Material compliance:**

Material compliance has a broader meaning than formal compliance, because material compliance also includes formal compliance. For example, if the taxpayer has paid and reported the tax return on time, it means that formal compliance has been fulfilled, but it is also necessary to review whether the reported tax return is materially correct, complete, and clear. There are several factors that can affect tax compliance, namely compliance costs, tax regulations and law enforcement. To increase taxpayer compliance, these three factors must be implemented in a balanced position.

The three factors are as follows:

#### **1. Compliance Cost**

Compliance costs are costs incurred by taxpayers in the context of carrying out their tax obligations. Compliance costs consist of direct monetary costs, time costs and psychological costs.

- a. Direct money costs are costs that are actually incurred by taxpayers in the context of fulfilling tax obligations, such as fee fees for services, tax consultants, travel expenses to the place of deposit and tax reporting.
  - b. The cost of time used by taxpayers in carrying out their tax obligations. For example, how much time is spent by taxpayers to calculate the tax payable, to report tax returns if they have to be reported manually by coming directly to the tax office or reporting through the online system.
  - c. Psychological costs are the anxiety, worry, and fear of taxpayers in fulfilling their tax obligations when they have to interact with tax officers.
2. Tax Regulation  
Clear, easy and simple tax laws and regulations and do not result in different interpretations for tax officials and taxpayers will increase tax compliance.
3. Law Enforcement  
Law enforcement is the implementation of regulations implemented by the tax officer. Law enforcement that should be carried out by the tax officer if there is a violation of the tax provisions committed by the taxpayer.

### 1.2.3. Efficiency and Convenience Principle

In terms of fiscal efficiency principle means: The cost of supervising and administering taxpayers is relatively low. In terms of taxpayers: Costs for implementing tax obligations are relatively low. The principles of certainty, convenience, and economy are included in one principle, namely the ease of administration principles.

There are four general requirements for the efficient administration of tax laws: clarity, continuity, cost-effectiveness and convenience. Convenience of Payment means Tax is collected at the right time (convenience). Determination of the due date of tax payments and payment procedures must be convenience for the tax payers [11].

## 2. Research Questions

The research question in this paper can be described as follows :

- a. How is DJP Online service provides administrative convenience and efficiency for taxpayers in fulfilling their tax obligations ?
- b. What problems are faced by taxpayers in using DJP Online services and what the solutions to overcome these problems?

### **3. Materials and Method**

The research methodology used is a qualitative method with data analysis techniques in the form of descriptive analysis. data collection was obtained from case studies and literature review. Descriptive data in the form of written words or oral statements from observable people and behavior. Both data collection techniques are used to answer more comprehensive research questions. First, literature study is carried out by collecting, reading, and analyzing various literature in the form of books, articles, journals, tax laws and implementing regulations. Second, observations from field studies on Community Service Activities in January-March 2023 at the University of Indonesia. The type of data used is secondary data obtained from observations of taxpayers at the University of Indonesia who carry out consultations for filling out and reporting the Annual Income Tax Return.

### **4. Results and Discussion**

#### **4.1. Results**

##### **4.1.1. Overview of DJP Online Services**

The Directorate General of Taxes (DGT) provides an Online DGT system through [djponline.pajak.go.id](http://djponline.pajak.go.id) which can be accessed by all taxpayers. All activities related to taxation electronically (online) through the website can be accessed on condition that the Taxpayer has a Tax ID Number and activates their respective DJP Online accounts [12]

DJP Online is one of the applications provided by the DGT in supporting tax obligations for taxpayers which are carried out by online system. This application is a service that facilitates taxpayers in making tax payments to reporting Tax Return. Some of the facilities provided in online DJP Online services are as follows [13]:

- a. e-Filing facility, where this facility is provided by the DGT for use by taxpayers in submitting Electronic Monthly Tax Return or Annual Tax Returns
- b. e-Billing facility, where this facility is provided as a billing code creation for online tax payment processing. e-Billing has a function as a substitute for the SSP or Tax Payment Slip
- c. e-Registration Facility, where this facility is provided to make it easier for the public, especially for those who have met the requirements both subjectively and objectively, who wish to register their Tax ID Number by online system
- d. e-Bupot is an application that can be used by tax withholder to create proof of withholding taxes, as well as to report monthly tax return by using an electronic form. Currently, e-bupot has been refined with the e-bupot unification application which can be used by tax withholder to report several types of monthly tax returns that are subject to the withholding tax system mechanism at once.

The features contained in the DJP online service also continue to grow with the addition of several new features such as e-objection, e-SKD, e-PHTB, e-SKTD, e-reporting, and also e-reporting on covid 19 incentives. The addition of these features shows that DGT is continuously working to modernize tax administration in Indonesia as well as to provide convenience to taxpayers in exercising their tax rights and obligations.

**4.1.2. Implementation The Use of DJP Online Services Reviewed From Efficiency And Convenience Principles**

The provision of online services is carried out to facilitate taxpayers in carrying out their obligations. In addition, it also increases the interaction between taxpayers and the system owned by the DGT. This is in line with DGT's data, since 2021 until now DGT online users have continued to increase from 20,000 visits per year to 19 million visits [13]. The number of online service users is predicted to increase every year. This is because taxpayers feel that by using online DGT services, they can carry out their tax obligations easier, more convenience, and more efficient way. This is proven from the results of a survey conducted by DGT on service satisfaction provided by the directorate general of taxes. This survey was conducted in order to determine the level of taxpayer satisfaction with DGT online services as well as to improve service quality in the future.

DGT conducted a survey called Click, Call, and Counter (3C) which was attended by 2,040 taxpayers in a period of 2 months, from December 2021 to January 2022. From the results of this online survey, it was found that 97.27% of respondents that users of DJP online service said they were satisfied/very satisfied with the online services provided by DGT [14]. The following are the results of the 3C survey presented in the form of figures :

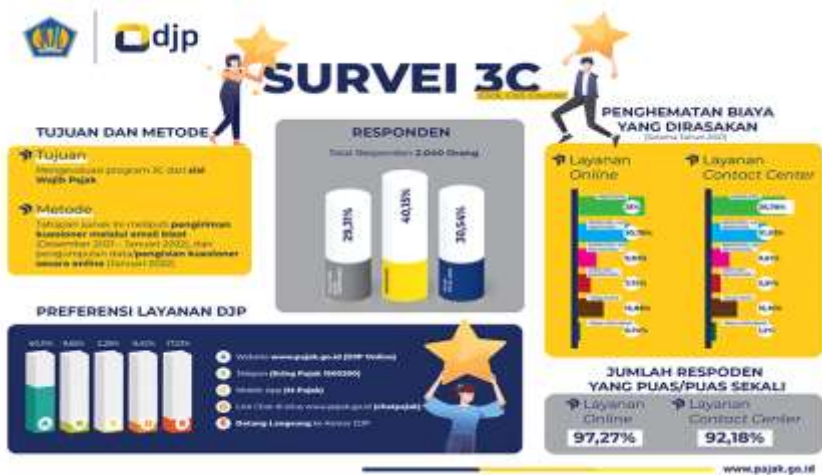


Figure 1. Result of 3C Survey by DGT

Source : <https://news.ddtc.co.id/djp-gelar-survei-pelanggan-soal-layanan-online-ternyata-ini-hasilnya-39283>

From the figure above it can be seen that the majority of respondents are users of DJP online service namely 60.11%. The rest are respondents who use other services provided by DGT, namely the Kring Pajak, the Mobile App (M-Pajak), Live Chat on the website [www.pajak.go.id](http://www.pajak.go.id) (chat pajak), and come directly to the DGT office. From the survey results it can also be seen that respondents who use DGT online services feel that using these services can save expenses to carry out their tax obligations. The users of DJP online can use the service to make tax payments and report Tax Return by online system anytime anywhere and this service can be accessed 24 hours a day. Of course, this system can save expenses incurred by the taxpayers because they do not need to come directly to the bank to make tax payments or come directly to the Tax Office to report their Tax Returns.

According to the principle of efficiency, tax collection is efficient if the cost of taxation is low. With the DJP online service, the tax payer no longer needs to report Tax Returns manually by visiting the Tax Office directly or by sending that Tax Returns with registered post or by courier. The Tax Payer only needs to open the website : <https://djponline.pajak.go.id/account/login>, then select the required service features by using electronic devices anywhere and anytime before the deadline ends. Taxpayers can follow the instructions contained in the DJP online service step by step.

If the taxpayer is going to make a tax deposit, simply open the e-billing menu. In this menu, taxpayers can choose the type of tax and deposit type code and fill in the amount of tax to be paid. Furthermore, taxpayers will get a billing code and can make tax payments through various easy ways such as using mobile banking, bank transfers, or through ATM machines. After making a payment and obtaining a State Receipt Number or known as NTPN, taxpayers can make tax reports by filling out Tax Returns electronically. Reporting Tax Return can be done through the Reporting menu, where taxpayers can choose to use the e-filing or e-form method.

Tax e-filing can be interpreted as a way of submitting online Tax Return and in real-time through the DGT Online website or an application belonging to an ASP (Application Service Provider/Application Service Provider) such as Online Tax. E-form is an electronic form file or document. Filling in this e-Form can be done offline via the DGT's Form Viewer application. After the Annual Tax Return e-Form is made offline, taxpayers can directly upload that by online through the DJP Online website. The transition of the tax administration system from manual to electronic system is part of the modernization of tax administration. With the use of online-based electronic media, it is hoped that taxpayers can fulfill their various tax obligations in a more efficient time and can provide greater comfort for taxpayers.

After filling the tax return and attaching the required documents and proof of tax payment (NTPN input), taxpayers can report tax returns by selecting the submit button. After the Tax Return is reported correctly, the taxpayer will receive Proof of Receipt of Electronic Letters which is proof that the taxpayer has reported a tax return. This

reporting can be done anywhere, anytime, within 24 hours a day, before the reporting due date ends.

From the description above, it can be seen that by making payments and reporting taxes through the DJP online service, taxpayers do not need to pay for transportation costs to go to the tax office or make payments directly to the bank, this becomes efficient in terms of costs for the taxpayer. Efficiency here is not only in terms of cost but also in terms of time. By using the DJP online service, taxpayers do not need to provide special time to go to the tax office or make tax payments to the bank. Tax payment and reporting can be done from the home or workplace of each taxpayer, which means it doesn't take much time.

The principle of convenience requires convenience or comfort for taxpayers in fulfilling their tax obligations. Viewed from the principle of convenience, the use of this DJP online service also makes taxpayers feel comfortable. This is because taxpayers do not need to be tired of queuing at the bank to make tax payments or queuing at the tax office to make tax reports. Tax payment and reporting can be done by the taxpayer at a convenient time. For example, taxpayers can do this during work breaks or after working hours. So the activity of paying and reporting taxes does not interfere with working time and activities of the taxpayer. In addition, taxpayers also feel more comfortable because they do not have to meet face to face with tax officers. It is undeniable that in fact in Indonesia until now taxpayers still feel afraid to deal directly with tax officers for various reasons. So if the taxpayer can carry out his tax obligations without having to meet directly with the tax officer, it is also a comfortable for the taxpayer because it can reduce the psychological burden for taxpayers.

By using DJP online services the compliance cost that must be incurred by the taxpayer is lower. Compliance costs consist of direct money costs, time costs and psychological costs. In terms of direct money costs, the costs incurred by taxpayers directly become lighter because taxpayers do not need to go to the tax office directly by incurring transportation costs. Besides that, taxpayers also do not need to pay for sending files if the tax return is submitted manually and sent by post or courier service. In terms of Time Cost, it is certain that the time needed by taxpayers to make tax payments or reports is faster and more efficient because taxpayers do not need to spend time coming directly to the tax office which might take quite a long time because due to the distance of the tax office away, hit by traffic jams, and so on. And in terms of psychological costs, the absence of direct meetings between taxpayers and tax officials certainly has a better psychological impact because taxpayers feel calmer and less afraid.

#### **4.2. Discussion**

Even though the DJP online service has made taxpayers feel more efficient and comfortable in carrying out their tax obligations, there are still a number of problems found in its implementation. Based on the data the author obtained during community service activities in the form of consulting on filling in the Annual Tax Return for



individual taxpayers, which was held by the Indonesian university's vocational program majoring in tax administration, it was found that there were still a number of taxpayers who did not understand how to report and pay tax via DJP online service. This activity is held every year during March, before the deadline for submitting the Annual Personal Income Tax Return ends, which is on March 31. The number of participants who took part in the activity was quite a lot, coming from supervisors, lecturers, as well as structural officials at the University of Indonesia and its surroundings. At that time the participants asked for assistance in filling out and reporting Tax Returns online through the DJP online website. Participants cannot report the tax return themselves for various reasons as follows:

1. do not know how to calculate taxes correctly
2. do not have sufficient knowledge of taxation
3. do not understand how to make online tax payments and reports
4. technological stuttering
5. do not want to try because afraid of making mistakes
6. more confident when accompanied by people who are more competent in the field of taxation

From these reasons above, it can be said that DGT still needs to make efforts to socialize the use of DJP online services to the public more broadly and deeply. Broadly in the sense that it includes all layers of the taxpayer community with various professions and types of work, in various regions and not only in big cities but also has to touch the taxpayer community in small towns and even in rural areas. Deeply what is meant here is that socialization is not only carried out through electronic media or social media, but it is also necessary to carry out direct socialization where tax officers go directly to the field to provide assistance to taxpayers.

The diversity of characteristics of taxpayers in Indonesia, who have various cultural backgrounds and different levels of education, is something that needs to be considered by the government because it affects the level of understanding of taxpayers towards applicable tax regulations. The government must take into account the fact that in practice there are still many taxpayers who do not understand how to operate information technology and other online media to fulfill their tax obligations. This can be seen from the large number of taxpayers who still ask for help from officials at the Tax Service Office or other parties to input their tax payment data through the e-billing system or fill out SPT electronically because they cannot operate information technology devices. strive even harder to provide education, training, direct assistance to taxpayers regarding the use of the online system in fulfilling various obligations of these taxpayers. This is of course an additional burden for the tax officer [5].

Good service quality to taxpayers is needed in realizing a tax-compliant society. Good service quality is able to increase public trust and satisfaction which in turn can increase taxpayer compliance. Improving the quality of tax services through the modernization

of tax administration is one of the steps taken by the government and is continuously refined. Modernization also encourages fairness and honesty of tax officials in implementing tax regulations, this can foster public trust and make people believe that their tax obligations will not be abused [9].

## 5. Conclusion

From the results of the discussion in the previous section, it can be concluded as follows:

- a. Modernization of tax administration in DJP Online services provides convenience and efficiency to the taxpayers in fulfilling their tax obligations. By using DJP online services, the compliance costs incurred by taxpayers are lower, both in terms of direct money costs, time costs, and psychological costs.
- b. In practice, there are taxpayers who are unable to fulfill their tax obligations by online system for various reasons. Modernization of tax administration in DJP Online services in its implementation does not only require the readiness of adequate technological devices, but must be supported by human resources who have the ability to operate these technological devices

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