

## INCREASE IN INCOME TAX OF INDIVIDUALS THROUGH TAX AUDIT

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**Abstract.** Taxes are the biggest income for the government in running the wheels of government, therefore citizens or here the public so that they can obey and comply with the obligation to pay taxes, therefore it is necessary to see from the income tax how it increases and it is necessary to examine the taxpayer so that the income tax increases. Increasing and according to the target every year with this inspection it is hoped that the public will be aware of paying taxes. This study aims to find out increasing individual income tax receipts through tax audits whether there is a big effect after conducting an examination of individuals. The method used in this study is a quantitative method. With a descriptive approach and the data used is secondary data. The results of the study show that partially it does not have a significant effect on Individual Income Tax Receipts. Through tax audits from the statistical results, it is necessary for tax officers to examine taxpayers to be more intense and always make taxpayers aware that taxes always increase from the results of examiners to do it regularly and continuously

**Keywords:** Tax, compliance, Personal Income Tax, Tax Audit

### INTRODUCTION

Tax audit is defined as a series of activities for search, collect, process data and/or other information for test the compliance with the fulfillment of tax obligations and/or for the purpose others in order to implement the provisions of laws and regulations taxation. The tax audit system must be able to encourage correctness and completeness of income reporting, delivery withholding and collection as well as deposit of tax by the Taxpayer.

Tax audit in carrying out its duties required effectiveness implementation of tax audits where it has a significant effect quite large in increasing tax revenue other than from the Compulsory Party Tax itself. A system that already exists theoretically as well as regulations applicable taxation must be in accordance with the existing application in the field, if a system is done correctly and in accordance with applicable tax regulations will realize effectiveness inspection. Because with an inspection it can improve tax revenue

It can be seen from the various achievements made by the government, the government has shown very good performance, especially the Directorate General of Taxes in collecting funds from

the public or taxpayers. And also in providing services to the public to obtain information about taxation, thus of course being able to attract more taxpayers to pay their tax obligations. So that with the increase in taxpayers, the tax revenue made by the Directorate General of Taxes will also increase.

The Directorate General of Taxes has a work unit, namely the tax service office, which provides services to the public whether registered as a taxpayer or not. The Pratama Padang Tax Service Office is one of the work units located in the Regional Office of the Directorate General of Taxes of West Sumatra. Padang Pratama Tax Service Office is one of the institutions that serve as tax collectors.

Corporate income tax revenues still play a large role in state revenues due to transactions made from middle to upper class turnover. This is because the corporate income tax is a formal institution, it is easier to identify and monitor and detect its activities so that the payment is still higher than the personal income tax. In terms of collecting personal income tax, it is difficult to monitor, detect and lack financial transaction information from registered individual taxpayers.

Tax audit is a process of collecting and processing data, information and collecting evidence objectively and professionally based on predetermined audit standards. Tax audits need to be carried out to find out the extent to which the taxpayer is complying in fulfilling the registered income tax and ensuring the amount paid is in accordance with what has been determined.

February 2022 tax revenue is supported by 5 dominant sectors which contribute 81.24% of West Java Province's tax revenue. The majority of the main tax revenue sectors continue their positive growth trend. One of them is the performance of the Financial Services and Insurance sector which grew positively by 3.81% due to an increase in income tax payments.

Tax audit is an inseparable part of the self-assessment system implemented in the tax system in Indonesia. "Examination is a series of activities to seek, collect, process data and or other information to test compliance with tax obligations and for other purposes in the framework of implementing the provisions of tax laws and regulations." (Mardiasmo, 2009:50). The collection procedure with a self-assessment system works well if the community has high tax knowledge and discipline. The Directorate General of Taxes (DGT) has the authority to conduct audits to test compliance with the fulfillment of taxpayers' tax obligations and for other purposes in the framework of implementing the provisions of tax laws and regulations. Tax audits are carried out at the time to test compliance with tax obligations, such as when a taxpayer submits an overpaid Annual Tax Return (SPT), submits an SPT declaring a loss, does not submit or submits SPT but exceeds the period in the warning letter, merges, consolidates, expansion,

liquidation, dissolution, or will leave Indonesia forever, submit SPT that meets the selection criteria based on the results of the analysis.

The risk indicates that there are tax obligations that are not fulfilled according to the provisions. By conducting a tax audit, the DGT can find out how many taxpayers have not fulfilled their tax obligations. Without supervision, taxpayers in carrying out their tax obligations tend to avoid paying taxes in improper ways such as reducing turnover, or increasing costs which ultimately eliminates fiscal benefits or minimizes taxable income.

## **LITERATURE**

According to Law Number 16 of 2009 concerning General Provisions and Tax Procedures Article 1 paragraph 25, an audit is a series of activities to collect and process data, information and/or evidence that is carried out objectively and professionally based on an audit standard to test compliance with obligations taxation and/or for other purposes in the context of implementing the provisions of tax laws and regulations.

Meanwhile, according to Mardiasmo in Neneng Hayati's book (2015: 334), tax audit is a series of activities to search, collect and process and/or other information in the framework of monitoring compliance with the fulfillment of tax obligations based on tax laws and regulations. The purpose of carrying out a tax audit is to ensure that every taxpayer has carried out and complied with the provisions of the applicable tax regulations and ensures that he does not commit a violation in calculating and paying his taxes. According to the Regulation of the Minister of Finance Number 17/PMK.03/2013 Article 2 regarding the purpose of tax audits to test compliance with fulfillment of tax obligations and for other purposes in order to implement the provisions of tax laws and regulations.

Meanwhile, according to Ratnawati (2016: 36), the audit is carried out with the following objectives: To test compliance with tax obligations to provide legal certainty, justice, and guidance to taxpayers. This can be done in the event that: the tax return shows tax overpayment, including those who have been given a preliminary refund of tax overpayment, the annual income tax return shows a loss, the tax return is not submitted or delivered not at the stipulated time, the tax return meets the selection criteria determined by the Director General of Taxes, there are indications of tax obligations other than those mentioned in point 3 not being fulfilled.

To implement the provisions of the tax laws, this can be done in terms of: Granting a Taxpayer Identification Number in office, Deletion of a Taxpayer Identification Number, Confirmation or revocation of the inauguration of a Taxable Entrepreneur, Taxpayer files an objection, Collection of materials for preparation Norms for Calculation of Net Income, Matching data and/or information tools, Determining taxpayers located in remote areas,

Determining one or more places where Value Added Tax is payable, Implementation of provisions in tax laws for purposes other than those stated.

According to Ilyas and Wicaksono (2015: 34), there are 2 (two) types of tax audits, namely: Field Examination, which is an inspection carried out at the place of residence or domicile, place of business activity or independent work, other places of activity of the taxpayer deemed necessary by tax examiners., Office Audit, is an inspection conducted by the Directorate General of Taxes on taxpayers at the office of the tax audit executor unit which includes data on certain types of taxes in the current year and/or previous years which can be carried out by carrying out a simple inspection.

It is stated in the Regulation of the Minister of Finance of the Republic of Indonesia No. 184/PMK.03/2015 Article 4 (1) regarding audit procedures states that the audit criteria are: Taxpayers submitting requests for refunds of overpaid taxes. There is other information in the form of concrete data, Taxpayers submit notification letters stating overpayment, other than those submitting requests for refunds of overpayments of taxes. Taxpayers who have been given preliminary refunds of overpayments of taxes. Taxpayers submit notices declaring losses. Taxpayers merge, consolidate, expand, liquidate, disband, or will leave Indonesia to forever, the Taxpayer changes the book year or method of bookkeeping due to the revaluation of fixed assets. Taxpayers do not submit or submit notification letters but exceed the time period specified in the reprimand letter selected for inspection based on risk analysis.

In Ilyas and Wicaksono (2015: 37), that the scope of the examination which is the scope of the object of inspection, namely: Types of Taxes, The scope of the examination based on the scope of types of taxes, includes: One type of tax (single-tax), several types of taxes, and all types of taxes (all-taxes). The period of recording or bookkeeping carried out by the taxpayer. The scope of the audit is based on the coverage of the period of recording or bookkeeping carried out by the taxpayer, including: One tax period, several tax periods, Parts of the tax year, both in previous years and in the current year.

According to Ratnawati (2016: 121), those referred to as tax subjects or recipients of income deducted from Article 21 Income Tax are individuals who meet the following criteria: Employees, Recipients of severance pay, pensions or pension benefits, old age benefits, or old age security including their heirs, Not employees who receive or earn income in connection with work, services, or activities, including among others: Experts who do free work, consisting of lawyers, accountants, architects, doctors, consultants, notaries, appraisers, and actuaries; Musicians, presenters, singers, comedians, film stars, soap opera stars, advertisement stars, directors, film crews, photo models, models/models, performers, dancers, sculptors, painters,

and other artists; sportsman; Advisors, teachers, trainers, speakers, extension workers, and moderators; Authors, researchers, and translators; Service providers in all fields including computer engineering and application systems, telecommunications, electronics, photography, economics and social as well as service providers to a committee; advertising agency; Supervisor or project manager; The carrier of the order or the one who finds the customer or the intermediary; Merchandise vendor officers; Outside insurance service officer; Distributor of multilevel marketing or direct selling companies and other similar activities.

Activity participants who receive or earn income in connection with their participation in an activity include the following: Participants in competitions in all fields, including sports, arts, agility, science, technology and other competitions Participants in meetings, conferences, conferences, meetings, or working visits Participants or members in a committee as organizers of certain activities Participants in education, training and apprenticeships Participants in other activities.

According to Ratnawati (2016: 123), Income that is deducted from Article 21 Income Tax is as follows: Income received or earned by permanent employees, either in the form of regular or irregular income, Income received or obtained by pension recipients regularly in the form of pensions or income the like, Income in connection with termination of employment and income in connection with pensions received simultaneously in the form of severance pay, pension benefit money, old age benefits or old age security, and other similar payments, Income of non-permanent employees or freelance workers, in the form of daily wages , weekly wages, unit wages, piece wages, or wages paid on a monthly basis. Rewards for non-employees, including honoraria, commissions, fees and similar rewards in any name and in any form as compensation in connection with work, services and activities carried out, Rewards to activity participants, including in the form of pocket money, representation money, meeting money, honorarium, prizes or awards in any name and in any form, and similar rewards with whatever name, Income withheld with Article 21 Income Tax includes receipts in the form in kind and/or other benefits in any name and in any form provided by: Not a taxpayer; Taxpayers who are subject to final Income Tax; or Taxpayers subject to Income Tax based on special calculation norms (deemed profit).

According to Ratnawati (2016: 122), the rights of Article 21 PPh taxpayers are as follows: Taxpayers have the right to request proof of Article 21 PPh deduction from the withholding agent. The amount of PPh Article 21 that has been deducted can be credited from income tax for the tax year concerned, except for PPh Article 21 which is final. In the event that Article 21 Income Tax withheld by the tax cutter is not in accordance with the applicable regulations, the

taxpayer has the right to submit an objection letter to the Director General of Taxes. Taxpayers have the right to submit a written appeal in Indonesian with clear reasons to the Tax Court against a decision regarding their objection stipulated by the Director General of Taxes.

According to Ratnawati (2016: 122), the obligations of taxpayers in PPh Article 21 are as follows: Taxpayers are obliged to make a statement containing the number of family dependents at the beginning of the calendar year or when they start to become domestic tax subjects as the basis for determining PTKP and are required to submit to Article 21 PPh withholding agents when starting work or starting retirement. In the event of a change in family responsibilities, the taxpayer is obliged to make a new statement and submit it to Article 21 withholding tax at the latest before starting the next calendar year. The taxpayer is obliged to submit proof of withholding income tax. Article 21 to: New branch office withholding tax in the event that the person concerned is transferred, New workplace tax withholder in the case of a job transfer, the taxpayer is obliged to submit an annual tax return (SPT), if the taxpayer has an NPWP, the taxpayer is obliged to submit a tax return (SPT) Annually, if the taxpayer has income from more than one employer.

## **RESEARCH METHODS**

The research method is basically a scientific way to obtain data with specific purposes and uses. Based on this, there are four keywords that must be considered, namely the scientific method, data, goals and uses. The research method used in this research is quantitative. According to quantitative research, it is a research procedure that produces data in the form of numbers and is generally analyzed using descriptive or inferential statistics. From this understanding, it means that the numerical data that has been obtained will be processed and its influence will be found on the formulation of the research problem that has been determined. -variables to be studied. Descriptive research is research conducted to make systematic, factual, and accurate predictions about the facts and characteristics of a particular population or region. Descriptive research was conducted to determine the existence of independent variables, either only one variable or more standing variables or independent variables without making comparisons of these variables to other samples. This study uses descriptive type research in order to find out how the performance of the realization report and the target of increasing personal income tax through tax audits at KPP Pratama Cibeunying.

## **DISCUSSION**

Realization of personal income tax receipts in 2017 amounted to IDR 317,731,520,920. In 2018 the growth in personal income tax revenue increased by 20.75%, from a nominal value of IDR 317,731,520,920 to IDR 383,662,690,589. This increase was due to a change in payment

behavior by taxpayers who were participants in the tax amnesty, who began to report significantly additional income compared to the annual tax returns before the tax amnesty was enforced. Then the following year in 2019 the growth in personal income tax revenue experienced a percentage of 16.90% with the realization in the previous year of IDR 383,662,690,589 to IDR 448,497,650,488. This realization has increased due to the healthy labor market which is deducted through wages/salaries as the basis for deductions. In 2020 personal income tax receipts decreased by -9.50% with the realization in 2019 amounting to IDR 448,497,650,488 to IDR 405,895,589,001. This was due to the policy of relaxing the deadline for submission of Annual Tax Returns, which was originally March to April 2020. In 2021 the receipt of Individual Income Tax again increased quite substantially from the previous year of Rp.405,895,589,001 to Rp.809,578,497,578 with a percentage of 99.45%. This increase was due to individual taxpayers who voluntarily disclose assets that had not previously been reported in the annual individual income tax returns in the previous year.

In 2022 the growth in personal income tax receipts will increase from 2021 of IDR 809,578,497,578 to IDR 1,263,401,825,754 with a percentage of 56.06%, this is due to many domestic companies re-conducting job recruitment. Realization of tax audits in 2017 amounted to IDR 38,184,350,077. In 2018 growth in tax audits decreased by -44.68%, from a nominal value of IDR 38,184,350,077 to IDR 21,123,282,825. This happens because the issues that arise are related to the inspection process which is carried out frequently and can be done more than once and often worries taxpayers. Unlike the previous year, in 2019 growth in tax audits increased by 26.99% with the realization in the previous year of IDR 21,123,282,825 to IDR 26,825,505,900. This increase is due to the SKP that has been issued in the current year can be paid in the following year. In 2020 the growth in tax audits decreased by -84.22% with the realization in 2019 of IDR 26,825,505,900 to IDR 4,233,003,324. This decrease was due to an accelerated tax refund policy without going through the stages of inspection.

In 2021 the tax audit again experienced a significant increase from the previous year of IDR 4,233,003,324 to IDR 8,893,365,443 with a percentage of 110.10% because the tax audit has experienced an increase in quality and effectiveness, tax administration law enforcement continues taking into account productive new order during the Covid-19 pandemic. In 2022 the tax audit growth will increase from Rp8,893,365,443 in 2021 to Rp18,304,349,550 with a percentage of 105.82%. This increase is due to taxpayers having carried out orderly tax administration so as to avoid tax calculation errors and paying according to the nominal taxation.

The Individual Income Tax Receipt Variable (X) has a value range of yes with a minimum value reaching IDR 7,551,476,750 while the maximum value is IDR 101,255,876,777. Besides

that, the average value obtained was IDR 24,538,721,586.83 with a standard deviation value of IDR 37,603,466,953.196. This can show that the Cibeunying Bandung Pratama Tax Service Office (KPP) has succeeded in generating tax collection receipts through tax collection letters (STP) within this range in one year. The Tax Audit variable (Y) has a minimum value of Rp. 4,233,003,324 while the maximum value reaches Rp. 38,184,350,077 with an average value of Rp. 19,593,976,186.50 with a standard deviation value of Rp. 12,266,715,099.067. This can show that the Cibeunying Bandung Pratama Tax Service Office (KPP) has succeeded in generating Tax Audit receipts through Tax Assessment Letters (SKP) within this range in one year. Partial Testing of Individual Income Tax Receipts on Individual Income Tax Receipts. Based on the obtained tcount value of -0.394 because  $t_{count} < t_{table}$  ( $-0.394 < 3.182$ ) then  $H_0$  is accepted and  $H_1$  is rejected which means that Tax Collection does not partially affect Personal Income Tax Receipts. This effect is negative because the tcount value is negative of -0.394, this means that if the Tax Audit decreases, the Personal Income Tax increases and vice versa if the Tax Audit increases, the Personal Income Tax will decrease.

## CONSLUSION

Realization of Individual Income Tax Receipts at KPP Pratama Bandung Cibeunying in 2017-2022 reached an average of IDR 604,794,629,055 with a percentage of 118.02%. Realization of Tax Audit Receipts at KPP Pratama Bandung Cibeunying in 2017-2022 reached an average of IDR 19,593,976,187 with a percentage of 56.14%. Tax collection also has no significant effect with a very low relationship and is in the opposite direction.

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