

Effect of Service Quality, Socialization and Inspection on Corporate Taxpayer Compliance at Tax Service Office in South Badung-Bali

I Gusti Agung Prama Yoga, I Dewa Gede Wirama, I Gusti Ayu Made Asri Dwija Putri, Ni Made Dwi Ratnadi
Faculty of Economics and Business, University of Udayana, Denpasar, Indonesia
Corresponding Author Email: pramayoga13@gmail.com

Abstract

This study aims to get empirical evidence the effect of service quality on corporate taxpayer compliance in South Badung, to get empirical evidence the effect of socialization on corporate taxpayer compliance in South Badung and to get empirical evidence the effect of inspection on corporate taxpayer compliance in South Badung. The population is effective corporate taxpayers registered at Pratama Tax Office in South Badung. The registered and ever inspected corporate taxpayers for 2014 to 2016 period are 392. The samples are 80 corporate taxpayers. The data is analyzed by multiple regression analysis techniques. The research results found that service quality, socialization and inspection have a significant positive effect on corporate taxpayer compliance at KPP Pratama in Badung Selatan.

Keywords: service quality, socialization, tax audit, taxpayer compliance

1. INTRODUCTION

There are many obstacles to increase state revenues from tax sector; one of them is low level of taxpayer compliance. The taxpayer seeks to pay his tax less than he should have and many taxpayers do not report and pay their taxes. Taxpayer compliance can be affected by two factors: internal and external factors. Internal factor come from taxpayers themselves and associated with individuals characteristics as the triggers to carry out the tax. External factors to affect taxpayer compliances are education, religious awareness, tax awareness, understanding of law, taxation laws, and rationale. These come from outside the Taxpayer, such as the situation and environment around the Taxpayer.

Public compliance to tax is still low. APBN (State Revenue and Expenditure Budget) target for tax revenue in 2016 was greater than the revenue in 2015. Active participation from all communities and taxpayers to pay tax are needed to achieve this target. Unfortunately, level of public compliance to pay tax is still low.

Good service quality to taxpayer is one way to improve taxpayer compliance to pay tax. Service quality in taxation is about the comfort conditions for taxpayer after fulfilling his tax payment. It is closely related to services given. Good service quality from tax officer is highly expected by taxpayer when reporting his tax liability through the service department and when solving the problem through Account Representative. Sanjaya (2014) examines the effect of service quality on taxpayer compliance; the results showed that service has a positive and significant effect on taxpayer compliance.

Taxpayers need to understand the taxation regulation to know their obligation. Understanding tax regulations can increase the taxpayers awareness to pay taxes. The taxpayers can avoid the sanctions established in Tax Law. It needs effort to increase people's understanding to taxes. This is main task of Director General of Taxes to conduct socialization and counseling. Puspitasari (2013) said that socialization by government both orally and in writing was helpful to facilitate taxpayers to pay tax and increase tax revenues in Regional Office of Bali. In addition to economic determinants such as audits and fines, and psychological determinants such as regulatory motivation, taxpayer attitudes to the state, transparency and understanding of Tax Law, and tax-effected perceptions are needed (Alm & Torgler, 2011; Braithwaite, 2002; Kirchler, 2007)

Fiskus has the duty to conduct inspection the tax notice (SPT) from taxpayer in order to achieve the tax revenues target. SPT has three criteria of nil, overpaid and underpaid. SPT Nil comes from Taxpayer not conducting operational activities or Taxpayer whose the business uses Government Regulation Number 46 (PP 46) so that all tax obligation has been paid in current year. PP 46 Year 2013 is a government policy to regulate the income tax policy from business by Taxpayer with gross turnover or turnover not exceeding IDR 4.8 billion in 1 tax year, with amount 1% of total turnover. Underpayment tax means lower tax payment at end period by Taxpayer does not use criteria PP 46 but the turnover has exceeded the 4.8 billion in one year. The overpayment is due to taxpayers' payment exceeding the amount of their obligations. The overpayment must be examined on the taxpayer to return the state's cash to taxpayer. Compliance inspection is not only done to Taxpayer with SPT overpayment, but also to Taxpayer with certain criteria. Dewi and Supadmi (2014) said that inspection has a positive effect on corporate tax compliance. Based on above description, this study aims are follows:

- 1) to get empirical evidence the effect of service quality on corporate taxpayer compliance in South Badung.

- 2) to get empirical evidence the effect of socialization on corporate taxpayer compliance in South Badung.
- 3) to get empirical evidence the effect of inspection on corporate taxpayer compliance in South Badung.

2. THEORETICAL BASIS

2.1 Attribution Theory

Lubis (2010: 90) explained the Attribution Theory as process inspection to interpret an event, reason or cause of behavior. Basically, attribution theory states that when individuals observe one's behavior, they try to determine whether it is internal or external (Robbins & P, 2001). Internally induced behavior is believed to be under the individual's own personal control. The external induced behavior is behavior under external control. It means the individual will be forced to behave because of situation. Internal or external determinants depend on three factors: specificity (loneliness or distinctiveness), consensus, and consistency (Robbins & P, 2001).

The taxpayer behavior can be caused internally and externally. Internal causes are interpreted as the taxpayers pay tax with awareness and willingness associated with taxpayer compliance. External causes are interpreted that Taxpayers pay the tax with coercion from outside.

2.2. Social Learning Theory

Social Learning Theory stated that one could learn through direct observation and experience (Jatmiko, 2006). This theory explains the behavior of taxpayer to pay tax. The tax payment will be used to development its territory (Lubis, 2010: 90). According to Bandura (in Jatmiko, 2006), the process in social learning includes:

1. Attention process (attention)
2. Detention process (retention)
3. Motor reproduction process
4. Reinforcement process

The attention process drives people to learn from a person or model, if they have known and paid attention to person or model. The retention process is process to remember the action of a model after no longer available easily. The motor reproduction process is process to turn observations into actions. The reinforcement process gives individuals positive stimuli or rewards to behave in accordance with model (Bandura, in Jatmiko, 2006). Jatmiko (2006) explains that theory of social learning is relevant to explain the taxpayer behavior to pay tax. A person will be obedient to pay taxes on time if his direct observation and experience show the tax have made a real contribution to development in his territory. Someone will also pay tax if it has paid attention to tax service, both Fiskus and tax service system. In relation to reinforcement process, whereby individuals are provided with positive stimuli or rewards to behave in accordance with model, it is relevant to correlate the tax sanctions and tax compliance.

2.3. Attitude Change Theory

Morissan (2012) said that Attitude Change Theory could help to predict the most effective approach. Attitude may change as a result of approach and circumstance. This theory relates to socialization variable where the attitudes and behavior of Taxpayer can be affected by messages designed specifically for that matter. Radio, television and newspaper ads always appeal to taxpayers to pay taxes and become taxpayers sympathetic in terms of taxes payment. Tax inspection and collection is also an action of Tax Office especially to change attitudes and behavior of taxpayers to more obedient and timely to pay tax in accordance with applicable law.

2.4. Service quality

Kotler (2005) defined the service quality as a model to describes the customer condition to shape the service expectations from past experience, others promotion and advertising by comparing the services they expect with what they feel. The service to taxpayer as a customer is qualified when it meets or exceeds the taxpayer's expectation or smaller gap between fulfillment and customer expectation means closer to quality.

Circular Letter of Directorate General of Taxation no. SE-84/PJ/2011 contains about the excellent service affirmed several provisions in order to improve the service quality provided by tax officer. Service quality is measured by five indicators adapted from marketing field (ServsQual). According to Parasuraman, et al. (in Chandra (2013), Service Quality (ServsQual) is used to measure service satisfaction. The five five dimensions of Service Quality (ServsQual) instrument can be explained below.

1. **Tangible** (physical evidence) is completeness of services that can be seen or felt directly by consumers. These Include physical appearance such as room, cleanliness, tidiness and comfort, information completeness, communication technology equipment and employee appearance.
2. **Reliability** is ability to provide promptly the promised services and ability to trust, especially providing services on a timely basis, in same way as the promised schedule and without making mistakes every time.
3. **Responsiveness** describes the employee response to provide services, such as to user complaints, and

- ability to provide information in a language that is easy to understand and prioritizes user interests.
4. **Assurance** is a dimension to illustrate users confidence to a service through knowledge, capability, friendliness, courtesy and credibility of employees to eliminate the nature of consumer doubt and feel free from harm and risk.
 5. **Empathy** is attitude of employees to understand needs and difficulties of users, has the ease of doing good communication, firm but attentive to user.

2.5. Tax Socialization

Tax socialization is an effort made by Directorate General of Taxation to provide a knowledge to public, especially taxpayers to know everything about taxation, both regulation and taxation procedures through appropriate methods.

Director General of Taxation mentions in Circular Letter no. SE-98/PJ/2011 on Guidelines for Preparation of Work Plan and Taxation Activities Report of Vertical Units in Environment of Directorate General of Taxes those efforts to improve public awareness about the rights tax must be continued for several reasons below.

- 1) Continuous extensive program conducted by Directorate General of Taxation is expected to increase the number of New taxpayers who need socialization/counseling.
- 2) The compliance level of Registered Taxpayer still has a large space to upgrade.
- 3) Efforts to increase the amount of tax revenue and increase the tax ratio.
- 4) Regulations and policies in field of taxation are dynamic.

In order to achieve its objectives, socialization or extension activities of taxation are divided into three focuses, namely socialization activities for taxpayer candidates, socialization activities for new taxpayers and socialization activities for registered taxpayers. The socialization activities for taxpayer candidates aim to build awareness about the importance of taxes and collecting the new taxpayers. The socialization activities for new taxpayers aim to improve understanding and compliance to meet its tax, especially for those who have not submitted SPT and have not made the tax payment for first time. The socialization activities for registered taxpayers aim to keep the Taxpayer's commitment to continue compliance.

The socialization activities or taxation extension can be done in two ways below.

1. **Direct socialization.** Direct socialization is activities of taxation socialization by interacting directly with taxpayers or taxpayers candidate. These include early tax education, tax goes to school/ campus, tax race (intelligent meticulous, debate, taxation speech, articles), tax gatherings, tax clinics classes, lectures, and workshops/technical guidance.
2. **Indirect socialization.** Indirect socialization is tax socialization activity to community with no or little interaction with participants. The examples are socialization through radio/television, spread of books/booklet/tax leaflets. The indirect socialization can be distinguished by medium. Electronic media can be a TV talk show, built-in program, and radio talk show. While the print media (newspaper/magazine/tabloid/book) can become a supplement, advertorial (booklet/tax leaflet), question and answer column, article writing tax, and publishing magazines/books/props extension (including tax comics).

2.6. Inspection

Article 1 paragraph (25) of Law no. 6 of 1983 on General Provisions and Tax Procedures as amended by Law no. Law No. 16 Year 2009 (UU KUP) mentioned that inspection is a series activities in searching, collecting and processing data and/or other information to test compliance fulfillment of taxation obligations and for other purposes in order to implement the Laws of Taxation (Halim, Bawono, & Dara, 2016).

The tax audit implementation has main purpose to get tax compliance by law enforcement that will be able to increase tax revenue. Implementation of operational checks includes activities of:

- 1) improving services to taxpayer community in case of SPT Taxpayer stating more overpayment.
- 2) supervising and foster the compliance of taxpayers in compliance with provisions of tax legislation.
- 3) testing the material completeness and objections from filling out notices.
- 4) determining the certainty about the actual status of taxpayer in terms of both administration and fiscal potential.

The inspections are grouped into several types type below.

- 1) **Field inspection.** It includes any type or all taxes for current year and/or prior years and/or for any other purpose performed at taxpayer place. Field inspection can be done with a complete inspection or simple inspection.
- 2) **Office inspection.** It includes certain types of taxes in current year and/or previous years conducted at Directorate General Office of Taxes. Office checks can only be done with simple checks. A simple office inspection is a tax audit covering certain types of taxes for current year and/or previous years by applying simple checking techniques with weight and depth. A simple office check is conducted within four (four) weeks and can be extended to a maximum of six months.

2.7. Taxpayer Compliance

Compliance is a function of sanction, most behavior can be predicted when we know the rules (Ikhsan, 2014: 68). Tax compliance relates to activities to comply with taxation rules, which include administration, bookkeeping, tax deduction, depositing, reporting, and so on (Anwar, 2013: 8).

Taxpayer's Criteria is complied in according to Decree of Minister of Finance No. 192/PMK.03/2007 below.

1) Obedient taxpayers. They meet the requirements below:

- a) On time notices delivery.
- b) Do not have tax arrears for all taxes, except for tax arrears with granted permission to install or postpone tax payments.
- c) The financial statements are audited by Public Accountant or Government Financial Supervisory Board with unqualified opinion for three (three) consecutive years.
- d) Never been convicted for criminal offenses in taxation field based on court decisions with permanent legal powers within last five years.

2) On Time

On time Notice (SPT) delivery includes:

- a) On time Annual Tax Return delivery within last three years.
- b) Late Notice delivery of late period in last year for period January to November is not more than 3 (three) tax period for each tax type and not consecutively.
- c) The Late Notice Time as referred to in number 2 has been submitted not later than the deadline to submit at the next Tax Notice.

3. Research Hypothesis

3.1. Effect of Service Quality on Corporate Taxpayer compliance

Service quality is a model to describe past service and experience by comparing the expected services with the real. Service quality is based on Attribution Theory, good service quality externally will encourage taxpayers to report taxes more transparently, while poor service quality will encourage taxpayers to behave closer. Therefore, service quality of Tax Office can affect the taxpayer compliance level. Panggabean (2002) stated that taxpayer compliance to pay taxes depends on how the tax officer provides the best service quality to Taxpayer. Jatmiko (2006) found the Fiskus service partially has a significant positive effect on taxpayer compliance. Supadmi (2011) also concluded that in order to improve the taxpayer compliance the service quality should be improved by Fiskus or tax apparatus. Services quality provides security, comfort, fluency, and legal certainty for taxpayers. Setiyoningrum, Tinangon, & Wokas (2014) indicate that service quality positively affects on individual taxpayer compliance at KPP Pratama Manado. Indrayani and Sukartha (2014) showed a service quality has positive effect on corporate taxpayer compliance at KPP Pratama in North Badung. Similar results were also shown by Savitri (2015) that service quality becomes full mediation in relationship between taxpayer awareness and taxpayer compliance. Jotopurnomo & Mangoting (2013) shows that Fiskus service quality has a significant effect on Individual Taxpayer compliance in Surabaya. Sapiei, Abdullah, & Sulaiman (2014) found a positive relationship between the service quality on taxpayers compliance in Malaysia. Based on description above the research hypothesis can be formulated below:

H1: Service quality has a positive effect on corporate taxpayer compliance in South Badung.

3.2. Effect of Socialization on Corporate Taxpayer compliance

Socialization is an effort by Director General of Taxation to provide a knowledge to public, especially taxpayers, about taxation both regulation and taxation procedures through appropriate methods. Socialization is based on Attribution Theory and Attitude Change Theory, where in this case socialization is an external factor that is expected to grow taxpayers awareness. Socialization methods will affect the level of taxpayer compliance. From a policymaker's perspective, information on non-compliance will help tax authorities to develop appropriate strategies (such as taxation and tax counseling programs) to improve taxpayers compliance (Saad, 2012). Setiyoningrum et al. (2014) said that socialization positively affects on individual taxpayers compliance at KPP Pratama in Manado. Novitasari & Hamta (2017) in his research shown that tax socialization positively but insignificantly affect on tax compliance. Puspitasari (2013) shown that socialization has a positive effect on taxpayer compliance in East Java Tax Office I (Surabaya). Based on description above the research hypothesis can be formulated below:

H2: Socialization has a positive effect on corporate taxpayer compliance in South Badung.

3.3. Effect of inspection on corporate taxpayer compliance

Inspection can drive the taxpayer to remain in corridor of tax regulations. The inspection is based on Attribution Theory, where the inspection is a compelling external factor so that taxpayer becomes more obedient to tax laws. The inspection purpose is to ensure that taxpayer has implemented the Law on Taxation Law applicable in

Indonesia. Saputro (2012) states that inspection has a positive effect on tax compliance. Novitasari & Hamta (2017) said that service quality and tax socialization simultaneously shown a significant effect on tax compliance. Mohdali, Isa, & Yusoff (2014) stated that taxpayers tend to avoid taxes when they are treated with fines. The threat of punishment does not have a significant effect on compliance and trigger the Taxpayer's intention to disobey. Based on description above the research hypothesis can be formulated below:

H3: The inspection has a positive effect on corporate taxpayer compliance in South Badung.

3. Research Methods

3.1 Population and Sample

The study population is an effective corporate taxpayer registered at Pratama Tax Office in South Badung. The data was recorded at Regional Office of Directorate General of Taxes in 2016, number of registered taxpayers within period 2014 to 2016 are 392. The samples of this study are 80 corporate taxpayers. It is calculated from Slovin formula.

$$n = \frac{N}{1 + Ne^2}$$
$$n = \frac{392}{1 + 392 (0,1)^2}$$
$$n = 79,67 = 80$$

Description:

N = Population

n = Sample

e = The error rate

The purposive sampling method is a technique to determine sample. This method determines the sample with certain criteria below.

- a. Corporate taxpayers are registered at South Badung Tax Office.
- b. Corporate taxpayer still operates until 2017.
- c. Corporate taxpayers understand SE 06/PJ/2016.
- d. Agency taxpayers have been examined between 2014 and 2016.

3.3 Data Analysis Techniques

Data analysis technique uses multiple linear regression analysis, with significance level of 0.05. This analysis is used to know the effect of independent variables on dependent variable. Sugiyono (2013) formulate multiple linear regression model as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Description:

Y = Corporate taxpayer compliance

a = Constant

b = Regression coefficient

X₁ = Quality of Fiscal Service

X₂ = Taxation Socialization

X₃ = Tax Inspection

e = Error Level

4. Research Results

4.1. Validity test

The instrument is valid if the coefficient correlation of Pearson product moment $\alpha > 30$ (Sugiono, 2014). Validity Test Results show that all questions coefficient correlation used has a coefficient > 0.30 . It means that the instruments is valid. The questions or statements from questionnaire can reveal the questionnaire measurements.

4.2. Reliability Test Results

A questionnaire is reliable if one's answer to statement is consistent or stable over time or in different times at. This research use Croanbach Alpha (α) > 0.60 (Sugiono, 2014). Reliability Test Result indicates that service quality variable (X₁), socialization (X₂), inspection (X₃) and compliance of Taxpayer Agency (Y) are reliable at Croanbach's Alpha > 0.60 These mean that all variables can be used in further analysis.

4.4 Classic Assumption Test

The classical assumptions test are performed to check a deviation of classical assumptions on regression

equation. This study uses multiple linear regression analysis model to test the effect of service quality, socialization, and inspection on corporate taxpayer compliance in South Badung. The classical assumption test consisted of normality, multicollinearity, and heteroscedasticity test. The test result proved that all classical assumption test meet the requirement of regression test.

4.5 Hypothesis Test Results

Hypotheses test use multiple linear regression analysis. This analysis is used to predict or estimate the effect of service quality (X_1), socialization (X_2) and inspection (X_3) on corporate taxpayer compliance (Y). Hypothesis test results are shown in table 1 below:

Table 1. Regression Test Results

Summary of multiple regression test	<i>Unstandardized Coefficient</i>		<i>Standardized Coefficient</i>	T count	Sig
	Beta	Standar Error	Beta		
<i>Constant</i>	-2,588	7,413		-0,349	0,729
Service quality (X_1)	0,232	0,048	0,459	4,869	0,000
Socialization (X_2)	0,167	0,064	0,236	2,591	0,011
Inspection (X_3)	0,296	0,145	0,191	2,033	0,046
R		0,611	F count		15,095
<i>R Square (adjusted)</i>		0,349	Sig		0,000
<i>Std Error of the Estimate</i>		3,258			

Source: Primary data processed, 2018

Table 1 become basis to formulate regression equations below.

$$Y = 0.459X_1 + 0.236X_2 + 0.191X_3 + e$$

The formulation can be interpreted below.

1. The regression coefficient of service quality (X_1) shows the positive direction and significant. It means the improvement of service quality will also increase the corporate taxpayer compliance, assuming the other constant. The service quality has the highest value, it means that service quality has dominant effect on taxpayer compliance.
2. The regression coefficient of socialization (X_2) shows the positive direction and significant. It means the increase of socialization will increase taxpayer compliance, with assumption the other variables constant.
3. The regression coefficient of inspection (X_3) indicates a positive direction and significant. It means an increase in inspection will also increase the compliance of Taxpayer of Agency, assuming variable service quality and constant checking.

The number of coefficients R in Table 1 of 0.611 indicates that relationship between independent and dependent variables is strong. The coefficient value of adjusted R^2 is 0.373. It means that corporate taxpayer compliance at KPP Pratama in South Badung can be explained by variables X_1 , X_2 and X_3 at 37.3% while the remaining 62.7% is explained by other factors outside the model. The Standard Error of Estimate (SEE) is 3.25777. It implies that smaller the standard error of estimate (SEE) will make the regression model prediction more precise (Ghozali, 2013: 100).

The F Test show the simultaneous effect of all independent variables on dependent variable. F test aims to determine the feasibility of multiple linear regression model. ANOVA testing result has F value 15,095 with a significance value of $0.000 > 0.05$. It can be interpreted that all independent variables simultaneously have a significant effect on dependent variable.

The partial test result can be explained below.

4.5.1 Effect of service quality on corporate taxpayer compliance.

The first hypothesis (H_1) said that service quality positively affect on corporate taxpayer compliance. Table 1 shows that significance value of service quality (X_1) is 0.000 smaller than 0.050 so that H_0 is rejected and H_1 accepted. It can be concluded that service quality has a positive effect on corporate taxpayer compliance. The results of this study consistent with research conducted by (Setiyoningrum et al., 2014) that service quality positively affect on the compliance of Individual taxpayers at KPP Pratama in Manado. Indriyani & Sukartha (2014) shows service quality has a positive effect on corporate taxpayer compliance at KPP Pratama in Badung Utara. The similar result of Jotopurnomo & Mangoting (2013) indicates that Fiskus services quality significantly affect on the Individual taxpayers compliance in Surabaya. Attribution Theory studies the process of how one interprets an event, reason or cause of its behavior (Lubis, 2010). Based on Attribution Theory, one's behavior can be driven by internal and external factors. Service quality is an external factor to affect taxpayer on how his attitude toward compliance. The quality of Fiskus services has a positive effect on compliance of Taxpayer Agency, better the service quality provided by Fiskus will increase the compliance of Taxpayer of Agency in

carrying out its tax. Social Learning Theory said that a person will obey to pay taxes on time, if through direct observation and experience, results of tax levies have made a real contribution to development in region. Someone will also obey the tax if it has paid attention to tax service, both Fiskus and tax service system. Service quality has a full mediation role in relationship between taxpayer awareness and Taxpayer compliance (Savitri, 2015).

4.5.2 The effect of Socialization on corporate taxpayer compliance

The second hypothesis (H2) stated that socialization has a positive effect on corporate taxpayer compliance. Table 1 shown that value of socialization variable (X2) of $0.011 < 0.050$ so that H_0 is rejected and H2 is accepted. It can be concluded that taxation socialization has a positive effect on corporate taxpayer compliance. This means that better the socialization by Director General of Taxes can increase the corporate taxpayer compliance. This study results supported by Setiyoningrum et al., (2014) that socialization positively affects on compliance of individual taxpayers in KPP Pratama Manado. When associated with underlying theories of this research, results of research are supported by Attribution Theory and Attitude Change Theory. Socialization is an internal factor of Attribution Theory, which affects the attitudes of taxpayers in tax compliance. Behavior change theory can help predict the most effective approach, to change the response or attitude as a result of approach and circumstance. Socialization conducted by tax office either directly or through the media convey information about taxation and taxpayers obligation to pay taxes may affect or encourage taxpayers to be more compliant in fulfilling their tax.

4.5.3 The effect of inspection on corporate taxpayer compliance

The third hypothesis (H3) states that the inspection positively affects on corporate taxpayer compliance. Table 1 shows the significance value of tax audit variable (X2) of 0.046 is smaller than 0.050 so that H_0 is rejected and H3 accepted. This implies that inspection has a positive effect on corporate taxpayer compliance. This means that better and effective inspection by Tax Office can increase corporate taxpayer compliance.

This study results support Saputro (2012) and Novitasari & Hamta (2017) which show a positive relationship between taxpayer compliance and compliance. Masdi (2012) with product moment correlation analysis tool illustrates that inspection has a positive effect on tax compliance. Mohdali et al. (2014) stated that attitude of Taxpayer is affected by fine sanction if it does not fulfill its obligations. Inspection and tax collection is an effort made by Tax Office to change attitudes and behavior of taxpayers to be more obedient and timely in paying and depositing their tax in accordance with applicable Law. When it is associated with Attitude Change Theory, inspection is an attempt to approach, to take an approach that may affect the attitude of Taxpayer Agency.

5. Conclusions and Suggestions

5.1. Conclusion

Based on data collected from questionnaires distributed to 80 taxpayers Agency registered in KPP Pratama South Badung and multiple linear regression analysis, it can be shown the conclusion below:

1. The results found that service quality has positive coefficient beta. It means that higher service quality will increase the corporate taxpayer compliance. Partial test results indicate the significance of variable service quality is $0.000 < 0.050$, then the hypothesis H1 is accepted. It means service quality significantly affect the compliance of corporate taxpayers.
2. The results of study found that socialization variable has a positive beta coefficient value. It means the more socialization will increase corporate taxpayer compliance. Partial test results show the significance value 0.011 of socialization variable is 0.050. Then the hypothesis H2 is accepted. It means socialization affect the corporate taxpayer compliance.
3. The results showed that tax audit has a positive beta coefficient value. It means the higher inspection can increase corporate taxpayer compliance. Partial test results show a significance value of 0.046 is smaller than $\alpha = 0.050$, then the third hypothesis H3 is accepted. It means that inspection affects on the corporate taxpayer compliance at KPP Pratama in South Badung.

5.2 Suggestions

This research has been well designed so it give suggestion to maintain and improve corporate taxpayer compliance in South Badung KPP can be.

1. Service at KPP Pratama South Badung has been performing duties according to its function that is providing services to taxpayers who need and come to KPP. So far taxpayers feel very served its various interests, without any intention to complicate the Taxpayer. Any type of service that can be facilitated, it will be done according to Taxpayer's request. This service should be maintained by KPP Pratama Badung Selatan.
2. The socialization pattern has been done through various approaches, has touched the Taxpayer, such as inviting all taxpayers if there is a new regulation, providing gathering or banquet for big taxpayers to be aroused their awareness through personal and in-depth meetings. The tax socialization by KPP Pratama in

South Badung should continue to be improved. So far, taxpayers always get information from KPP through AR. Tax authorities can improve the service quality by establishing comprehensive and professional tax procedures in various ways, one of them with website services, smartphone apps and phones to be considered motivated, competent (Alm & Torgler, 2011).

3. Tax inspection conducted by KPP Pratama South Badung does not suppress the position of Taxpayer. It should be concerned, so that although Taxpayer is undergoing tax audit, but feels like not depressed by officer, so that Taxpayer voluntarily perform compliance in fulfilling tax.

5. 3 Implications of Research

This research has been well designed so that it can give implication for KPP to concentrate on service excellence, because service proved very dominant effect level compliance of Taxpayer Agency.

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