

COMPLIANCE COST AND OFFICER'S SUPERVISION ON MSME'S TAX COMPLIANCE MODERATED BY TAX SYSTEM MODERNIZATION

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PAPER INFO	ABSTRACT
Received: April 2023 Revised: April 2023 Approved: April 2023	Background: One of the primary sources of revenue for the state is taxes. This money will be used by the government to pay for a range of costs, including as fuel subsidies, finance for national development, and other general government expenses. The state will be able to manage a tax-supported administrative infrastructure as a result. The official assessment system and the self-assessment system are the two different types of tax collection techniques. Aim: The researcher would like to analyze compliance cost and officer's supervision on MSME's tax compliance moderated by tax system modernization. Method: The design of this study utilizes a causal research design to empirically test the effect of tax compliance costs and supervision by tax officers regarding individual taxpayer compliance and use moderation variables of tax system modernization. The research approach is quantitative with an explanatory design. The data collection technique that researchers use is a survey with a questionnaire. Findings: Tax Compliance Cost (X1) has a negative and significant effect on Taxpayer Compliance (Y). Supervision from the Tax Officer (X2) has a positive and significant effect on Taxpayer Compliance (Y). Moderating Effect of Tax Expense Has a positive and insignificant effect on Taxpayer Compliance (Y). Moderating Effect Supervision from Tax Officers has a positive and significant effect on Taxpayer Compliance (Y). Tax Modernization (Z) has a positive and significant effect on Taxpayer Compliance (Y).
KEYWORDS 	<i>compliance cost, tax officer, supervision, MSME, tax system modernization</i> © The author(s). This work is distributed under the terms of the Creative Commons Attribution-ShareAlike 4.0 International License (CC BY-SA 4.0)

INTRODUCTION

Taxes are one of the main ways the state generates income. The state will use this cash to cover various expenses, including as fuel subsidies, national development financing, and other public expenditures. This will allow the state to run a tax-funded administrative infrastructure. There are two kinds of tax collection methods, namely official assessment system and self-assessment system (Lim & Indrawati, 2019). Self Assessment System is an Indonesian tax collection technique. In accordance with this system, individual taxpayers are trusted to calculate their own taxes, pay them in full at a bank or post office, and file their returns with the appropriate tax authorities (Sukiyaningsih, 2020).

Based on data from 2018 to 2020, it tends to miss the target, here is the realization of tax revenues and the level of formal compliance for 2018-2020:

Table 1. Realization of Tax Revenue and Formal Compliance Rate for 2018-2020

Year	Tax Revenue (in Trillion Rupiah)			Formal Compliance Rate (in Millions)		
	Target	Realization	Achievement	Target	Realization	Achievement
2018	1424.00	1315.00	92.35%	17,6	12,5	71,10%
2019	1577.56	1332.06	84.44%	18,3	13,3	73,06%
2020	1198.82	758.60	63.28%	19	14,7	77,63%

Source: Ministry of Finance (2021) & DDTC (2021)

The purpose, realization, and achievement of tax collection increased in 2019 according to the table above, but there was a decrease in 2020. Meanwhile, the targets, realizations and achievements of the formal compliance level have increased every year 2019. However, in the 2021 tax year, the level of formal compliance still missed the specified target, the total taxpayers who had to submit annual tax returns increased to 19 million as of April 30, 2022, but the annual tax return reporting in 2021 was only 12.76 million taxpayers, the formal compliance ratio was 67.18%, this result is far from what the DGT expected. Tax authorities have previously set a goal of 2021 80% formal compliance, with 15.2 million Rupiah tax returns processed annually (DDTC, 2022).

Looking at the phenomenon that still occurs in the 2021 tax year, where the level of taxpayer compliance has decreased and still has not reached the formal compliance ratio target that has been set, this shows that taxpayers still need to be made aware of their disclosure obligations. One of the causes of this decline is the difficulty of tax compliance (Suyati & Sugiharto, 2021; Wulandari, 2021).

Tax compliance cost are various fees that taxpayers must pay when filing taxes (Wulandari, 2021). Tresnalyani & Jati (2018) state that the desire to comply with tax laws cannot be fulfilled if the taxpayer has difficulty understanding it because of its complexity and wide range of interpretations. The higher the sacrifice of taxpayers for compliance costs, tax evasion and tax avoidance are two tax non-compliance behaviors that are often carried out by taxpayers (Sucahyani & Sukartha, 2017).

Previous research on the impact of tax compliance costs on taxpayer compliance has yielded a variety of findings. According to the research results of Larasdiputra & Saputra (2021), Suyati & Sugiharto (2021), and Tresnalyani and Jati (2018), due to the increasing cost of tax compliance, which is funded by the Tax Compliance Cost, taxpayer compliance increases. In contrast to Wulandari (2021) and Chindengwike (2022), they found that Tax Compliance Costs negatively affect taxpayer compliance. The study's findings imply that with increasing the cost of tax compliance, taxpayers become more tax-compliant.

The supervision of tax officers is a factor influencing tax compliance in addition to the costs involved. The government has sought to improve taxpayer compliance through changes in the organizational structure and modernization of taxation, especially within the Directorate General of Taxes (DGT), the body in charge of Indonesian tax policing, human resource management reform and implementing tax changes, which was achieved by introducing new initiatives aimed at modernizing the tax code. The establishment of a new role in the DGT office today, namely the establishment of the Tax Service Office (KPP), shows the fulfillment of organizational structure reforms and human resource management.

Account representatives at each Modern Tax Service Office will allow DGT to consistently provide good service to taxpayers (Yap & Mulyani, 2022).

Account representative is a way for the apparatus to account for the provision of services, advice, and direct supervision to taxpayers. The concept of knowing your taxpayers is a reference for the appointment of an account representative. supervision of the tax officer, whose job is to supervise taxpayers and ensure they comply with the law more often (Yap & Mulyani, 2022). Based on the Decree of the Minister of Finance Number 98/KMK.01/2006, as amended by the Regulation of the Minister of Finance Number 68 of 2008. Professional accountants work hard to provide the best customer service and close monitoring to improve taxpayer compliance. It shows that taxpayers are ready to pay their taxes (Ermawati & Afifi, 2018). Providing the best service can improve taxpayer compliance, which is one way to increase tax revenue (Yap & Mulyani, 2022).

Various studies on how the supervision of tax authorities affect taxpayer compliance continue to produce contradictory results. According to the results of research Deli and Murtani (2019), Nasution (2018), and Syahputra and Simanjuntak (2018), the supervision of tax officers has a good impact on taxpayer compliance. Therefore if supervision is increased, compliance will increase. These findings contrast with the findings of Yap & Mulyani (2022), who found that taxpayer compliance is not affected by the supervision of tax officers. Research findings suggest that whether or not tax officers supervise has little impact on taxpayer compliance.

Various kinds of modernization in tax reform realized by launching new programs and can provide elements of convenience in conveying and paying taxes have been launched, including the e-form system, e-bupot, e-PHTB, e-reporting, e-filing, e-billing, e-invoice and others (Wulandari, 2021). The changes are intended to improve taxpayer compliance in filing tax returns. In her research, Yulia and Mulyani (2019) found that, while the environmental influence of the tax system on taxpayer compliance grew as a result of modernization, the impact of tax awareness and knowledge on taxpayer compliance remained essentially stable. According to research by Jumhadi & Mulyani (2019), individual taxpayers who work for themselves are more likely to follow tax regulations when they know about them, and the tax administration system has been updated. The compliance of independent contractors with tax legislation is not significantly affected by the socialization of taxation and tax sanctions.

With the results of the study still inconsistent and the phenomenon of not achieving the target of the tax authority for the ratio of formal compliance. Thus, in contrast to previous studies, this study examines the effect of compliance and supervision costs of tax officers on taxpayer compliance by using modernization of the taxation system as a moderation variable. As a result, a new model will be introduced in the study, and as a result, the title of the study is "Compliance Cost and Officer's Supervision on MSME's Tax Compliance Moderated by Tax System Modernization." The research is expected to contribute to complete the testing of tax compliance and can contribute theory in the form of an explanation of the effect of compliance costs and supervision from tax officers on taxpayer compliance and use the modernization of the tax system as a moderation variable and can be used by anyone who researches Taxpayer compliance as reference material or additional sources.

METHOD

The design of this study utilizes a causal research design to empirically test the effect of tax compliance costs and supervision by tax officers regarding individual taxpayer compliance and use moderation variables of tax system modernization. The research approach is quantitative with an explanatory design. The data collection technique that researchers used was a survey with a questionnaire.

All MSMEs of Corporate Taxpayers and Individuals registered in Jakarta are an unknown population in this study. For the sample in this study, 100 respondents of MSME Corporate and Individual Taxpayers were obtained.

Data analysis was carried out using the Partial Least Square (PLS) method using SmartPLS version 3 software. Hypothesis testing by looking at the value of the Path Coefficient calculation in the inner model test. A hypothesis is said to be accepted if the statistical T-value is greater than the T-table 1.96 (α 5%) which means that if the T-statistical value of each hypothesis is greater than the T-table then it can be declared accepted or proven.

RESULTS AND DISCUSSION

Discriminant validity

Discriminant validity is used to see the average variant extracted (AVE) value for each indicator, which is required to be > 0.5 for a good model (Ghozali, 2014).

Tabel 2. Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Tax Compliance Cost	0.609
Tax Compliance	0.571
Moderating Effect of Tax Compliance Cost	1.000
Moderating Effect of Tax Officers' Supervision	1.000
Tax Modernization	0.571
Tax Officers' Supervision	0.619

Based on table 2, it is known that all research variables have met the AVE standard value above 0.5 ($AVE > 0.5$). Based on the consideration of the AVE value owned by each variable, it can be concluded that all variables meet the Discriminant Validity value because they have an AVE value greater than 0.5. Thus, it can be stated that each variable has good discriminant validity.

Cronbach Alpha

Reliability test using the Cronbach alpha value, a variable can be declared reliable or meet Cronbach alpha if it has a Cronbach alpha value > 0.7 (Ghozali, 2014). The following is the Cronbach alpha value of each variable:

Table 3. Cronbach's Alpha

	Cronbach's Alpha
Tax Compliance Cost	0.786

Tax Compliance	0.892
Moderating Effect of Tax Compliance Cost	1.000
Moderating Effect of Tax Officers' Supervision	1.000
Tax Modernization	0.916
Tax Officers' Supervision	0.878

Based on the data presentation above in table 3, it can be seen that the Cronbach Alpha value of each research variable is > 0.7 . Thus these results can show that each research variable has met the requirements of the Cronbach alpha value, so it can be concluded that all variables have a high level of reliability.

Hypothesis Test

The following are the hypothesis test results obtained in this study through the inner model.

Table 4. T-Statistics and P-Values

	Original Sample (O)	STDEV	T-Statistics (O/STDEV)	P-Values	Info.
Tax Compliance Cost -> Tax Compliance	-0.457	0.000	6.701	0.000	Significantly Negative
Moderating Effect of Tax Compliance Costs -> Tax Compliance	0.078	0.213	1.247	0.213	Not Significant
Moderating Effect of Tax Officers' Supervision -> Tax Compliance	0.114	0.041	2.051	0.041	Significantly Positive
Tax Modernization -> Tax Compliance	0.428	0.000	5.928	0.000	Significantly Positive
Tax Officers' Supervision -> Tax Compliance	0.314	0.000	5.303	0.000	Significantly Positive

Hypothesis 1

The results of hypothesis testing show that the effect of Tax Compliance Cost (X1) on Taxpayer Compliance (Y) has a statistical T value of 6,701 and a P-Value of 0,000. The statistical T value greater than the T table ($6.701 > 1.96$) and the P value of 0.000 or less than the alpha standard of 5% ($0.000 < 0.05$) shows that there is a significant effect of Tax

Compliance Cost (X1) on Taxpayer Compliance (Y). The negative path coefficient value shows the effect exerted by the Tax Compliance Cost (X1) on Taxpayer Compliance (Y) is negative. So it can be concluded that there is a negative and significant influence by the Tax Compliance Cost (X1) on Taxpayer Compliance (Y). In other words, Tax Compliance Cost (X1) to Taxpayer Compliance (Y). In other words, a high Tax Compliance Cost (X1) can decrease the Taxpayer's Compliance (Y) or the first Hypothesis (H1) is accepted.

Hypothesis 2

The results of hypothesis testing show that the effect of Supervision from the Tax Officer (X2) on Taxpayer Compliance (Y) has a statistical T value of 5,303 and a P-Value of 0,000. The statistical t-value greater than t-table $5.303 > 1.96$) and the P value of 0.000 or less than the alpha standard of 5% ($0.000 < 0.05$) shows that there is a significant effect of Supervision from the Tax Officer (X2) on Taxpayer Compliance (Y). The positive path coefficient value shows the effect given by the Supervision of the Tax Officer (X2) on Taxpayer Compliance (Y) is positive. So it can be concluded that there is a positive and significant influence by Supervision from the Tax Officer (X2) on Taxpayer Compliance (Y). In other words, better Supervision from the Tax Officer (X2) is able to increase Taxpayer Compliance (Y) or the second hypothesis (H2) is accepted.

Hypothesis 3

The results of hypothesis testing show that the effect of Moderating Effect of Tax Compliance Costs on Taxpayer Compliance (Y) has a statistical T value of 1.247 and a P-Value of 0.213, a statistical T-value smaller than the T-table ($1.247 < 1.96$) and a P value of 0.091 or greater than the 5% alpha standard ($0.213 > 0.05$) showing an insignificant effect Moderating Effect of Tax Compliance on Taxpayer Compliance (Y). The positive value of the path coefficient shows the effect exerted by the Moderating Effect of Tax Compliance Costs on Taxpayer Compliance (Y) is positive. So it can be concluded that there is a positive and insignificant influence by the Moderating Effect of Tax Compliance Costs on Taxpayer Compliance (Y). In other words, the Moderating Effect of Tax Compliance on Taxpayer Compliance (Y). In other words, the Moderating Effect of Tax Compliance has not been able to increase Taxpayer Compliance (Y) or the third hypothesis (H3) is rejected.

Hypothesis 4

The results of hypothesis testing show that the effect of Moderating Effect of Tax Officers' Supervision on Taxpayer Compliance (Y) has a statistical T value of 2.051 and a P-Value of 0.041. The statistical T-value greater than the T-table ($2.051 > 1.96$) and the P value of 0.041 or less than the alpha standard of 5% ($0.041 < 0.05$) shows that there is a significant effect of Moderating the Effect of Tax Officers' Supervision on Taxpayer Compliance (Y). The positive value of the path coefficient shows the effect exerted by the Moderating Effect of Tax Officers' Supervision on Taxpayer Compliance (Y) is positive. So it can be concluded that there is a positive and significant influence by the Moderating Effect of Tax Officers' Supervision on Taxpayer Compliance (Y). In other words, the Moderating Effect of Tax Officers' Supervision on Taxpayer Compliance (Y). In other words, the Moderating Effect of

Tax Officers' Supervision is getting better able to increase Taxpayer Compliance (Y) or the fourth hypothesis (H4) is accepted.

Hypothesis 5

The results of hypothesis testing show that the effect of Tax Modernization (Z) on Taxpayer Compliance (Y) has a statistical T value of 5.928 and a P-Value of 0.000, a statistical T-value greater than the T table ($5.928 > 1.9845$) and a P value of 0.045 or smaller than the alpha standard of 5% ($0.000 < 0.05$) shows that there is a significant effect of Tax Modernization (Z) to Taxpayer Compliance (Y). The positive value of the path coefficient shows the effect exerted by Tax Modernization (Z) on Taxpayer Compliance (Y) is positive. So it can be concluded that there is a positive and significant influence by Tax Modernization (Z) on Taxpayer Compliance (Y). In other words, Tax Modernization (Z) to Taxpayer Compliance (Y). In other words, better Tax Modernization (Z) is able to improve Taxpayer Compliance (Y) or the fifth hypothesis (H5) is accepted.

Coefficient of Determination (R^2)

After testing the outer model that has been met, the next is testing the inner model (structural model). The inner model can be evaluated by looking at the r-square (reliability of the indicator) for the dependent construct and the t-statistical value of the path coefficient test. The higher the r-square value means the better the prediction model of the proposed research model. The value of path coefficients indicates the level of significance in hypothesis testing. Variant Analysis (R^2) or Determination Test is to determine the magnitude of the influence of the independent variable on the dependent variable. A fundamental drawback of using coefficients of determination is a bias towards the number of independent variables fed into the model. Therefore, it is recommended to use adjusted R-Square (R^2) when evaluating the best model (Ghozali, 2014). The value of the coefficient of determination can be shown in Table 3:

Table 3. Value of Coefficient of Determination (R^2)		
	R-Square	R-Square Adjusted
Taxpayer Compliance (Y)	0.676	0.659

Based on the data presented in table 3, it can be seen that the R-Square value for the taxpayer compliance variable is 0,676. The value gain explains that taxpayer compliance can be explained by a compliance mix of 67,6%. While the remaining 32,4% is explained by other factors that are outside this research model.

Effect of Tax Compliance Costs (X1) on Taxpayer Compliance (Y)

The results of hypothesis testing show that the effect of Tax Compliance Cost (X1) on Taxpayer Compliance (Y) has a statistical T value of 6,701 and a P-Value of 0,000. The statistical t-value greater than the t-table ($6.701 > 1.96$) and the P-value of 0.000 or less than the alpha standard of 5% ($0.000 < 0.05$) shows that there is a significant effect of Tax Compliance Cost (X1) on Taxpayer Compliance (Y). The negative path coefficient value shows the effect exerted by the Tax Compliance Cost (X1) on Taxpayer Compliance (Y) is

negative. So it can be concluded that there is a negative and significant influence by the Tax Compliance Cost (X1) on Taxpayer Compliance (Y). In other words, Tax Compliance Cost (X1) to Taxpayer Compliance. In other words, a high Tax Compliance Cost (X1) can decrease Taxpayer Compliance.

The amount of tax compliance is also influenced by the costs that must be incurred by taxpayers to fulfill their tax obligations. Individual and business taxpayers will be forced by high compliance costs to promptly meet their tax responsibilities; As a result, the Tax Service Office will incur greater compliance costs as more taxpayers meet the requirements to submit tax returns.

The costs associated with compliance correlate with perceived behavioral control, according to the idea of the theory of planned behavioral. The idea of compliance costs includes many expenses that Taxpayers are obliged to pay in order to fulfill their responsibilities as well as receive their tax entitlements. According to the Theory of Planned Behavior, regarding compliance costs, taxpayers who experience significant financial difficulties to fulfill their duties are more likely to engage in tax evasion. However, taxpayers will prevent tax evasion if the amount requested is not burdensome.

This is in line with research conducted by Larasdiputra and Saputra (2021) where the results of the study show that the cost of tax compliance has a positive and significant effect on taxpayer obligations. This is in line with research conducted by Suyati and Sugiharto (2021) where the results of the study also show that the cost of taxpayer compliance has a positive and significant effect on taxpayer compliance. However, this is different from research conducted by Tresnalyani and Jati (2018) and Wulandari (2021) where the results showed that compliance costs have a negative and significant effect on taxpayer compliance. In addition, research conducted by Mahangila (2017) shows that the cost of tax compliance has no effect and is significant on taxpayer compliance.

Effect of Tax Officers' Supervision (X2) on Taxpayer Compliance (Y)

The results of hypothesis testing show that the effect of Tax Officers' Supervision (X2) on Taxpayer Compliance (Y) has a statistical T value of 5,303 and a P-Value of 0,000. The statistical T value greater than T table $5.303 > 1.96$ and the P value of 0.000 or less than the alpha standard of 5% ($0.000 < 0.05$) shows that there is a significant effect of Tax Officers' Supervision (X2) on Taxpayer Compliance (Y). The positive path coefficient value shows the effect given by the Supervision of the Tax Officer (X2) on Taxpayer Compliance (Y) is positive. So it can be concluded that there is a positive and significant influence by Tax Officers' Supervision (X2) on Taxpayer Compliance (Y). In other words, better Tax Officer' supervision (X2) can improve Taxpayer Compliance (Y).

According to Vikansari and Parsa (2019), supervision is any effort or activity to ensure and evaluate the reality of the actual implementation of tasks, including whether or not it is appropriate to what it should be. The primary responsibility of an Account Representative (AR) is to oversee taxpayers' compliance with applicable laws and/or regulations with respect to the payment of their tax obligations by tracking taxpayers and informing them of the amount of tax that ultimately becomes their obligation. Account Representative (AR) attention to taxpayers under his care is in the form of supervision.

According to Handayani (2020) stated that supervision is a methodical approach to ensure that all company resources are utilized as effectively and efficiently as possible to achieve company goals. To do this, the implementation standards should be determined for planning reasons, a feedback information system should be designed, actual activities should be compared with established standards, deviations should be identified and measured, and appropriate corrective measures should be taken.

According to Marviana (2018), controlling is the process of learning and using tools and techniques to ensure that plans have been carried out based on decisions. This may be beneficial or detrimental. Positive oversight seeks evidence that organizational goals are being met effectively and efficiently. Negative control aims to prevent the occurrence or recurrence of unwanted or necessary activities.

In accordance with Widomoko and Nofryanti (2017), to ensure that the implementation of responsibilities, functions, to achieve organizational goals, authority does not deviate from established standards, and supervision is one of the management functions that is a continuous action. According to Yasmin and Rinaldi (2018) noted that supervision is the process of supervising how all organizational actions are carried out to ensure that everything is carried out according to a predetermined plan. All efforts and actions made to study and evaluate the actual state of affairs surrounding supervision are the process of monitoring how the work or activity is completed or not, including whether the work meets expectations.

This is in line with research conducted by Panjaitan (2021) and Gangl et al. (2014) where the results showed that tax supervision has a positive and significant effect on taxpayer compliance. However, it is different from the research conducted by Yap and Mulyani (2022) where the results of the study show that supervision does not have a positive and significant effect on taxpayer compliance.

Effect of Moderating Effect of Tax Compliance Costs on Taxpayer Compliance (Y)

The results of hypothesis testing show the effect of Moderating Effect of Tax Compliance Costs on Taxpayer Compliance (Y) has a statistical T value of 1.247 and a P-Value of 0.213, a statistical t-value smaller than the t-table ($1.247 < 1.96$) and a P-value of 0.213 or greater than the 5% alpha standard ($0.213 > 0.05$) shows that there is an insignificant effect Moderating Effect of Tax Compliance on Taxpayer Compliance (Y). The positive value of the path coefficient shows the effect exerted by the Moderating Effect of Tax Compliance Costs on Taxpayer Compliance (Y) is positive. So it can be concluded that there is a positive and insignificant influence by the Moderating Effect of Tax Compliance Costs on Taxpayer Compliance (Y). In other words, the Moderating Effect of Tax Compliance on Taxpayer Compliance (Y). In other words, the Moderating Effect of Tax Compliance has not been able to increase Taxpayer Compliance (Y).

One of several types of innovation or renewal known as system modernization makes it easier for people to fulfill their tax obligations. Modernization of the system can also lead to better compliance of taxpayers. The taxpayer will decide whether or not to operate the system based on how simple it is to do so. Even if the system is intelligent and up-to-date, if it is difficult to implement, taxpayers often choose not to do so. Although the system is simple, individuals are more likely to use it if it is easy to understand and implement (Putra, 2020).

The amount of tax compliance is also influenced by the costs that taxpayers must incur to fulfill their tax obligations. Individual and business taxpayers will be forced by high compliance costs to promptly meet their tax responsibilities. As a result, the Tax Service Office will incur greater compliance costs as more and more taxpayers meet the requirements to submit tax returns.

The associated costs of compliance correlate with perceived behavioral control, according to the idea of a theory of planned behavioral. The idea of compliance costs includes many expenses that taxpayers must bear in order to fulfill their responsibilities as well as receive their tax rights. Based on the Theory of Planned Behavior, regarding compliance costs, taxpayers who experience significant financial difficulties to fulfill their duties are more likely to engage in tax evasion. However, the taxpayer will prevent tax evasion if the requested amount is not burdensome.

This is in line with research conducted by Larasdiputra and Saputra (2021) where the results of the study show that the modernization of tax compliance costs has a positive and significant effect on taxpayer compliance. However, it is different from the research conducted by Chindengwike (2022) where the results of the study show that the cost of tax compliance has a negative and significant effect on taxpayer compliance.

Effect of Moderating Effect of Tax Officers' Supervision on Taxpayer Compliance (Y)

The results of hypothesis testing show that the effect of Moderating Effect of Tax Officers' Supervision on Taxpayer Compliance (Y) has a statistical T value of 2.051 and a P-Value of 0.041. The statistical t-value greater than the t-table ($2.051 > 1.96$) and the P-value of 0.041 or less than the alpha standard of 5% ($0.041 < 0.05$) shows that there is a significant effect of Moderating the Effect of Tax Officers' Supervision on Taxpayer Compliance (Y). The positive value of the path coefficient shows the effect exerted by the Moderating Effect of Supervision from the Tax Officer on Taxpayer Compliance (Y) is positive. So it can be concluded that there is a positive and significant influence by the Moderating Effect of Tax Officers' Supervision on Taxpayer Compliance (Y). In other words, the Moderating Effect of Supervision from the Tax Officer on Taxpayer Compliance (Y). In other words, the Moderating Effect of Supervision from the Tax Officer is getting better able to increase Taxpayer Compliance (Y).

One of several types of innovation or renewal known as system modernization makes it easier for people to fulfill their tax obligations. Modernization of the system can also lead to better compliance of taxpayers. The taxpayer will decide whether or not to operate the system based on how simple it is to do so. Even if the system is intelligent and up-to-date, if it is difficult to implement, taxpayers often choose not to do so. Although the system is simple, individuals are more likely to use it if it is easy to understand and implement (Putra, 2020).

According to Yap and Mulyani (2022), which is monitored by AR by sending invoices and letters informing taxpayers about the amount of tax bills that are due, encouraging periodic and annual tax return deposits, and providing research and supervision proposals based on current tax laws, will increase compliance with taxpayers' tax obligations. According to planned behavior theory (SDGs) as well as compliance theory, which argues that people follow the law for fear of punishment or due to social pressure, Account Representative supervision has an impact on taxpayer compliance.

According to Deli and Murtani's research (2019), Account Representative Supervision will result in increased compliance of Taxpayers who register NPWP, calculate or pay tax deficiencies, calculate or pay taxes owed, and pay tax bills. This is supported by research carried out by Nasution (2018).

This is in line with research conducted by Panjaitan (2021) and research conducted by Gangl et al. (2014) where the results of the study show that tax supervision has a positive and significant effect on taxpayer compliance. However, it is different from the research conducted by Yap and Mulyani (2022) where the results of the study show that supervision does not have a positive and significant effect on taxpayer compliance.

Effect of Tax Modernization (Z) on Taxpayer Compliance (Y)

The results of hypothesis testing show that the effect of Tax Modernization (Z) on Taxpayer Compliance (Y) has a statistical T-value of 5.928 and a P-Value of 0.000, a statistical T-value greater than the T table ($5.928 > 1.9845$) and a P value of 0.045 or smaller than the alpha standard of 5% ($0.000 < 0.05$) shows that there is a significant effect of Tax Modernization (Z) to Taxpayer Compliance (Y). The positive value of the path coefficient shows the effect exerted by Tax Modernization (Z) on Taxpayer Compliance (Y) is positive. So it can be concluded that there is a positive and significant influence by Tax Modernization (Z) on Taxpayer Compliance (Y). In other words, Tax Modernization (Z) to Taxpayer Compliance (Y). In other words, better Tax Modernization (Z) can improve Taxpayer Compliance (Y).

One of several types of innovation or renewal known as system modernization makes it easier for people to fulfill their tax obligations. Modernization of the system can also lead to better compliance of taxpayers. The taxpayer will decide whether or not to operate the system based on how simple it is to do so. Even if the system is intelligent and up-to-date, if it is difficult to implement, taxpayers often choose not to do so. Although the system is simple, individuals are more likely to use it if it is easy to understand and implement.

System modernization is one of several examples of innovations or updates that help make it easier for individuals to carry out their tax obligations. An additional way to improve taxpayer compliance is to improve the system. Taxpayers will consider the ease of use of the system when deciding whether to operate it or not. Even if the system is intelligent and up-to-date, if it is difficult to implement, taxpayers are more likely not to do it. However, although the system is simple, if it is simple to understand and use, people are more likely to use it (Putra, 2020).

Someone thinks that the tax reporting system should be simple, both to understand and operate, according to Wulandari (2021) research. The entire process of filing taxes from calculation to deposit to filing is considered complicated and time-consuming by some taxpayers. This is especially true for MSME taxpayers whose time is widely used as a professional activity. Operating the tax system simply can also encourage more MSME players to participate in tax compliance.

This is in line with research conducted by Pratiwi et al. (2020), Putra (2020), and Sitorus (2018). The results of the study show that system modernization has a positive and significant effect on tax compliance.

CONCLUSION

Tax Compliance Cost (X1) has a negative and significant effect on Taxpayer Compliance (Y). Tax Officers' Supervision (X2) has a positive and significant effect on Taxpayer Compliance (Y). Moderating Effect of Tax Compliance has a positive and insignificant effect on Taxpayer Compliance (Y). Moderating Effect of Tax Officers' Supervision has a positive and significant effect on Taxpayer Compliance (Y). Tax Modernization (Z) has a positive and significant effect on Taxpayer Compliance (Y).

Tax knowledge about the applicable tax rate in Indonesia is still lacking in socialization because most people still do not understand how to calculate the tax rate. Therefore, it is recommended to the Directorate General of Taxes (DGT) to increase the intensity of socialization to the community.

The level of compliance of taxpayers in doing tax calculations correctly is also still low so it needs to be increased again. The DGT is advised to further increase socialization about the correct way to calculate taxes according to the applicable tariff.

Taxpayer compliance is influenced by compliance cost variables and supervision from the remaining tax officers is influenced by other variables not described in the study. For this reason, it is necessary to have further research on other factors that affect taxpayer compliance.

Researchers can then use other variables so that henceforth new variables can be found that will affect the level of taxpayer compliance. In addition, it is advisable to make more research observations so that the resulting data will be more accurate and allow for generalization.

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