

**THE EFFECT OF MODERN TAX ADMINISTRATION SYSTEM AGAINST
TAXPAYERS' COMPLIANCE IN KANTOR PELAYANAN PAJAK
PRATAMA PALEMBANG ILIR TIMUR**



Script by:

TITANIA

01071003089

**Presented in Partial Fulfillment of the Requirements for the Degree
of Sarjana Ekonomi**

**MINISTRY OF NATIONAL EDUCATION
SRIWIJAYA UNIVERSITY
ECONOMICS FACULTY
INDERALAYA**

2011

S
336.207
TIT
2
2011

**THE EFFECT OF MODERN TAX ADMINISTRATION SYSTEM AGAINST
TAXPAYERS' COMPLIANCE IN KANTOR PELAYANAN PAJAK
PRATAMA PALEMBANG ILIR TIMUR**



Script by:

TITANIA

01071003089

**Presented in Partial Fulfillment of the Requirements for the Degree
of Sarjana Ekonomi**

**MINISTRY OF NATIONAL EDUCATION
SRIWIJAYA UNIVERSITY
ECONOMICS FACULTY
INDERALAYA**

2011

**KEMENTERIAN PENDIDIKAN NASIONAL
UNIVERSITAS SRIWIJAYA
FAKULTAS EKONOMI
INDERALAYA**

TANDA PERSETUJUAN SKRIPSI

NAMA : TITANIA
NIM : 01071003089
JURUSAN : AKUNTANSI
MATA KULIAH : PERPAJAKAN
JUDUL SKRIPSI : **THE EFFECT OF MODERN TAX**

**ADMINISTRATION SYSTEM AGAINST
TAXPAYERS' COMPLIANCE IN KANTOR
PELAYANAN PAJAK PRATAMA PALEMBANG ILIR
TIMUR**

PEMBIMBING SKRIPSI

TANGGAL PERSETUJUAN

DOSEN PEMBIMBING

Tanggal 25 April 2011

Ketua : 
Muhammad Nasai, S.E., M.A.F.I.S., Ak.
NIP. 19670608 1992203 1 004

Tanggal 26 April 2011

Anggota : 
Emilia Yuniarti, S.E., M.Si., Ak.
NIP. 19710602 199503 2 002

**KEMENTERIAN PENDIDIKAN NASIONAL
UNIVERSITAS SRIWIJAYA
FAKULTAS EKONOMI
INDERALAYA**

TANDA PERSETUJUAN UJIAN KOMPREHENSIF

NAMA : TITANIA
NIM : 01071003089
JURUSAN : AKUNTANSI
MATA KULIAH : PERPAJAKAN
JUDUL SKRIPSI : **THE EFFECT OF MODERN TAX ADMINISTRATION
SYSTEM AGAINST TAXPAYERS' COMPLIANCE IN
KANTOR PELAYANAN PAJAK PRATAMA PALEMBANG
ILIR TIMUR**

Telah dilaksanakan ujian komprehensif pada tanggal 12 April 2011 dan memenuhi syarat untuk diterima.

Panitia Ujian Komprehensif
Inderalaya, 12 April 2011

Ketua,



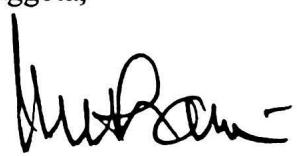
Muhammad Nasai, S.E.,M.A.F.I.S.,Ak.
NIP. 19670608 1992203 1 004

Anggota,



Emilia Yuniarti, S.E.,M.Si.,Ak.
NIP. 19710602 199503 2 002

Anggota,



Drs. Burhanuddin, M.Acc.,Ak.
NIP. 19580828 198810 1 001

Mengetahui,
Ketua Jurusan Akuntansi



Drs. Burhanuddin, M.Acc.,Ak.
NIP. 19580828 198810 1 001

Motto:

"I do not divide the world into the weak and the strong, or the successes and the failures, I divide the world into the learners and non-learners"

-Benjamin Barber-

I dedicate to:

- Allah SWT
- My beloved parents
- My lovely family
- My beautiful homeland, Indonesia
- My Alma mater

PREFACE

Alhamdulillahirabbil'alamin, owing to Allah SWT's mercy and blessing, I finally could complete this perplexing, time consuming yet challenging research entitled "The Effect of Modern Tax Administration System against Taxpayers' Compliance in Kantor Pelayanan Pajak Palembang Ilir Timur". I myself, even though have done my utmost, do believe that this research is far from being perfect; however, for me this is the best work I have ever made. This script is divided into six chapters, consisted of, Chapter I Introduction, Chapter II Review of Literature, Chapter III Research Methodology, Chapter IV Research Data, Chapter V Research Results and Discussion, and Chapter VI Conclusions and Suggestions.

The main data used is primary. Data were obtained by distributing questionnaires to the taxpayers who are directly encountered in Kantor Pelayanan Pajak Palembang Ilir Timur.

Research result shows that modern tax administration system has moderate influence on taxpayers' compliance and both of variables in modern tax administration system show that there is a significant influence between them on taxpayers' compliance. These two variables in total, plays less dominant role because most of taxpayers have known about the consequences when they do not comply with the taxation rule, namely administrative penalties, interest penalty, and even criminal sanction. So, these factors can make taxpayers do their obligation voluntarily.

In order to optimize the performance of modern tax administration system, it is expected that in the future, long term and sustainable research is conducted. It should be applied and improved consistently in all fields to encourage commitment of taxpayers to meet their obligation and to increase public trust of tax administration in Indonesia.

Overall, I hope that this research can give a bit contribution, especially the field of taxation and to further research.

Author
Titania

ACKNOWLEDGEMENT

Alhamdulillahirabbil'alamin, owing to Allah SWT's mercy and blessing, I finally could complete this script entitled "The Effect of Modern Tax Administration System against Taxpayers' Compliance in Kantor Pelayanan Pajak Palembang Ilir Timur" as a prerequisite for obtaining a degree of Sarjana Ekonomi in Economics Faculty Sriwijaya University.

In this occasion, the author would like to thank all those who have helped both morally and materially in this script, namely:

1. Prof. Dr. Hj. Badia Perizade, M.B.A., as Sriwijaya University Rector.
2. Prof. H. Syamsurijal. A.K., Ph.D, as Economics Faculty Sriwijaya University Dean.
3. Muhammad Nasai, S.E., M.A.F.I.S., Ak., as Chief Advisor. Thank you for all guidances since the first script consultation.
4. Emilia Yuniarti, S.E., M.Si., Ak., as Advisor member. Thank you for your kindness and every solution that you have given to me.
5. Drs. Burhanuddin, M.Acc., Ak., as Guest Examiner in comprehensive exam. Thank you, I realized, I still have much to learn.
6. My academic supervisor, Hasni Yusrianti, S.E., M.A.A.C., Ak., thank you for all your support in my entire semesters.
7. All lecturers who have given lectures since author studied in Economics Faculty.
8. Head officer and employees of Directorate General of Taxation of South Sumatera and Bangka Belitung Archipelago and Kantor Pelayanan Pajak Palembang Ilir Timur.
9. Ayunda Aulia Rahmi (Kantor Pelayanan Pajak Pratama Palembang Ilir Timur), thank you for all your kindness.
10. Bapak Fatur and Bapak Rosyidi (Kantor Pelayanan Pajak Pratama Palembang Ilir Timur), thank you for all your kindness and helps.
11. Bapak Bambang (Kantor Pelayanan Pajak Pratama Palembang Ilir Timur), thank you for your helps.
12. My beloved parents Mansyur and Meijiana, I will always make you proud of me.

13. My siblings, Balinda and Malindo who have given me support both morally and materially.
14. Ayunda Yasmin Nazifah, thank you for always borrowing me books.
15. Ayunda Dania Elfitria and Kak Mirza, thank you for always sharing the information.
16. My lovely script consultation friend, Nopika Damayati, Lina Dameria Siregar, Stephannie Valensia, Widya Paranita, Sari Kurniati, and Ratih Khadijah. We have wasted our time together.
17. My academic partner, Rizka Muharyana, Yohannes, Meta Windatama, and Pebriansyah. Thank you for always having discussion in our accounting class.
18. Special Thanks for Anggraini Masri, Dani Setiahadi, Kak Muhammad Hidayat, R.A. Rahman, and Nindytia. Thank you for your support and helps.
19. All my lovely bilingual friends year 2007 and regular class, Febrina Srikandy, Lily Ramayanti, Widya Dwijayanti, Nur Anggraini, Elvina Anggraini, Inna Yusfika, Doni Andriyali, Jansen Adiguna, Jelita Sirait, Isabela Pelawi, Yohana Mastiur, Ciska Raise, Sylvia Tresrika, Marfita Mulyawati, Natasha Fitri Nasution, Indah Parmalia, and Yunita Soraya.
20. Thank you very much to all respondents in Kantor Pelayanan Pajak Pratama Palembang Ilir Timur who are willing to answer my questionnaire's question.
21. And thank you very much to all parties that I can not mention one by one.
22. All Staff and employees in Economics Faculty.
23. All my beloved friends. I am really proud of having all of you.
Hope that Allah SWT. will return all of your kindness, amin.

Author,
Titania



TABLE OF CONTENTS

TITLE PAGE	i
HALAMAN PERSETUJUAN SKRIPSI	ii
HALAMAN PERSETUJUAN PANITIA UJIAN KOMPREHENSIF.....	iii
MOTTO AND DEDICATION PAGE	iv
PREFACE	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENT	viii
LIST OF TABLES	x
LIST OF FIGURES	xi
ABSTRAKSI	xii
ABSTRACT	xiii
PERNYATAAN KEASLIAN SKRIPSI/TIDAK PLAGIAT	xiv

CHAPTER I INTRODUCTION

1.1. Background of Research Statement	1
1.2. The Research Problem Statement	5
1.3. Research Objectives	6
1.4. Systematic of Report	6

CHAPTER II REVIEW OF LITERATURE

2.1. Tax Overview	9
2.1.1. Tax Definition	9
2.1.2. Tax Function	11
2.1.3. Taxation System in Indonesia	12
2.2. Tax Administration Reform Comprehension	14
2.2.1. Tax Administration Definition	14
2.2.2. The History of Indonesian Tax Reform	15
2.2.3. Tax Administration Reform	17
2.3. Modern Tax Administration System Comprehension	18
2.4. Compliance Overview	23
2.5. Previous Study	26
2.6. Research Framework	27
2.7. Research Hypotheses	28

CHAPTER III RESEARCH METHODOLOGY

3.1. Research Scope	30
3.2. Research Design	30
3.3. Population, Sampling, Sample Size, and Sampling Technique	32
3.4. Operational Definition of Research Variables	35
3.5. Data Collection Method	38

3.6.	Research Instrument	38
3.7.	Data Analysis Method	38

CHAPTER IV RESEARCH DATA

4.1.	Research Object and Overview	43
4.2.	Data of Respondents	49

CHAPTER V RESULTS AND DISCUSSION

5.1.	Statistic descriptive	52
5.2.	Result of Classic Asumption Testing	55
5.2.1.	Normality Test	55
5.2.2.	Multicollinearity Test	56
5.2.3.	Heteroscedasticity Test	57
5.3.	Distribution of Respondents' Answer	58
5.4.	Result of Hypothesis Testing	61
5.4.1.	T_{test} Result	62
5.4.2.	F_{test} Result	63
5.4.3.	Regression Equation	64
5.4.4.	Correlation Result	65
5.5.	Discussion	67
5.5.1.	Relationship between Presence of Account Representative and Taxpayers' Compliance.....	67
5.5.2.	Relationship between Information Technology and Taxpayers' Compliance	68
5.5.3.	Indicator of Taxpayers' Compliance Data	69

CHAPTER VI CONCLUSION AND SUGGESTION

6.1.	Conclusion	73
6.2.	Research Limitation	74
6.3.	Suggestion	75

REFERENCES	77
---------------------------	-----------

APPENDICIES

Appendix 1	: Letter of Approval from Kanwil
Appendix 2	: Letter of Approval from Kantor Pelayanan Pajak Palembang Ilir Timur
Appendix 3	: Questionnaire
Appendix 4	: Validity Test of the Presence of Account Representative (X1)
Appendix 5	: Validity Test of the Existence of Information Technology (X2)
Appendix 6	: Validity Test of Taxpayers' Compliance (Y)
Appendix 7	: Distribution of Taxpayers' Liability
Appendix 8	: Finance Ministerial Decree Number 98/KMK.01/2006
Appendix 9	: Directorate General of Taxation Number 159/PJ/2008

LIST OF TABLES

Table 1.1.	Total of Individual Taxpayers Registered Year 1997-2000	2
Table 1.2.	Percentage of Individual Taxpayers in Returning Tax Return Year 1999-2000	2
Table 3.1.	The Population of Taxpayers (Personal Taxpayers and Corporate Taxpayers in KPP Palembang Ilir Timur Year of 2010	33
Table 3.2.	Variable, Sub variable, and Indicators of Research	37
Table 3.3.	Distribution of Questionnaire Questions	38
Table 3.4.	Interpretation of Correlation Coefficient	42
Table 4.2.1.	Total Respondents	49
Table 4.2.2.	Distributions of Respondents' Job	50
Table 4.2.3.	Distributions of Respondents' Education	50
Table 4.2.4.	Distributions of Respondents' Working Period	51
Table 4.2.5.	Distributions of Respondents' Tax Administrator	51
Table 5.1.1.	Summary of Validity Test for Account Representative (X1)	53
Table 5.1.2.	Reliability Test Result for Variable of X1	53
Table 5.1.3.	Summary of Validity Test for Information Technology (X2)	54
Table 5.1.4.	Reliability Test Result for Variable of X2	54
Table 5.1.5.	Summary of Validity Test for Taxpayers' Compliance	55
Table 5.1.6.	Reliability Test Result for Variable of Y	55
Table 5.2.1.	Table of Skewness and Kurtosis	56
Table 5.2.2.	Table to Determine Multicollinearity	57
Table 5.3.1.	Score Distribution of Respondents' Answer for Presence of AR (X1)	59
Table 5.3.2.	Score Distribution of Respondents' Answer for Existence of IT (X2)	60
Table 5.3.3.	Score Distribution of Respondents' Answer for Taxpayers' Compliance (Y)	61
Table 5.4.1	Result of T_{test}	62
Table 5.4.2.	Result of F_{test}	63
Table 5.4.3.	Result of Multiple Linear Regression Equation	64
Table 5.4.4.	Data of Model Summary for Testing Regression Analysis Coefficient	65
Table 5.4.5.	Result of Sub Variable Correlation of Research	66
Table 5.5.1	Annual Tax Return Reporting Data Year 2006-2009 (in spreadsheet)	69
Table 5.5.2.	Total Tax Penalty (Article 25 and 29) in KPP Pratama Palembang Ilir Timur Year 2003-2009 (in thousand Rupiah)	69
Table 5.5.3.	Total of Personal Taxpayers Who Registered their selves to Get TIN in KPP Pratama Palembang Ilir Timur Year 2003-2010	70
Table 5.5.4	Tax Revenue Data in KPP Pratama Palembang Ilir Timur Year 2004-2010 (in Rupiah)	71

LIST OF FIGURES

Figure 2.2.	Conceptual Framework of Research	28
Figure 2.3.	Research Hypotheses	29
Figure 4.1.	Organization Structure in KPP Pratama Palembang Ilir Timur	45
Figure 5.2.3.	Scatter Plot of Heteroscedasticity Test	58
Figure 5.3.1.	Normal Curve of Presence of AR (X1)	59
Figure 5.3.2.	Normal Curve of Existence of IT (X2)	60
Figure 5.3.3.	Normal Curve of Taxpayers' Compliance (Y)	61
Figure 5.4.1.	Model of Paradigm Sub variable of modern Tax Administration System and Taxpayers' Compliance	65
Figure 5.5.1.	Trend of Tax Revenue in KPP Pratama Palembang Ilir Timur ..	71

Pengaruh Sistem Administrasi Perpajakan Modern terhadap Kepatuhan Wajib Pajak di Kantor Pelayanan Pajak Pratama Palembang Ilir Timur

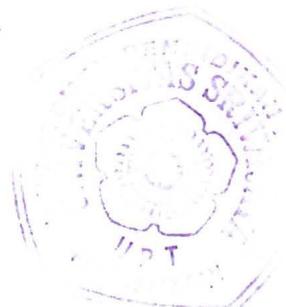
ABSTRAKSI

Tujuan penelitian ini adalah (1) untuk mengetahui hubungan antara sistem administrasi perpajakan modern (dibatasi oleh variable kehadiran Account Representative (AR) dan adanya teknologi informasi) dan kepatuhan wajib pajak di Kantor Pelayanan Pajak Pratama Palembang Ilir Timur dan (2) untuk menganalisis pengaruh implementasinya terhadap kepatuhan wajib pajak.

Hasil penelitian mengungkapkan bahwa sistem administrasi perpajakan modern mempunyai pengaruh terhadap kepatuhan wajib pajak dan kedua variabel dalam sistem administrasi perpajakan modern menunjukkan bahwa ada pengaruh yang signifikan terhadap kepatuhan wajib pajak, baik itu secara parsial maupun secara simultan. R^2 menunjukkan nilai sebesar 0,329, berarti bahwa pengaruh sistem administrasi perpajakan modern hanya sebesar 32,9% terhadap kepatuhan wajib pajak dan 67,1% lainnya dipengaruhi oleh variabel lain yang tidak termasuk dalam penelitian ini. Variabel yang paling berpengaruh adalah teknologi informasi yang memberikan kontribusi 21,071% dari jumlah total dan AR hanya memberikan kontribusi 11,7486% dari jumlah total. Kedua variabel secara total, memainkan peran kurang yang dominan karena sebagian besar wajib pajak telah mengetahui konsekuensi ketika mereka tidak mematuhi aturan perpajakan, yaitu sanksi administrasi, sanksi bunga, dan bahkan sanksi pidana. Jadi, faktor-faktor ini dapat membuat wajib pajak melakukan kewajiban mereka secara sukarela.

Dalam rangka mengoptimalkan kinerja sistem administrasi perpajakan modern, diharapkan bahwa di masa yang akan datang, penelitian jangka panjang dan berkelanjutan dilakukan dalam rangka memberikan informasi mengenai keberhasilan sistem administrasi perpajakan modern yang telah diterapkan sejak tahun 2008. Tidak hanya itu, sistem administrasi perpajakan modern harus selalu diterapkan secara konsisten di semua bidang dan harus selalu ditingkatkan untuk mendorong komitmen wajib pajak memenuhi kewajiban mereka dan meningkatkan kepercayaan publik mengenai sistem administrasi perpajakan yang ada di Indonesia.

Kata Kunci: Sistem Administrasi Pajak Modern dan Kepatuhan Wajib Pajak, dan Kantor Pelayanan Pajak Pratama Palembang Ilir Timur.



The Effect of Modern Tax Administration System against Taxpayers' Compliance in Kantor Pelayanan Pajak Pratama Palembang Ilir Timur

ABSTRACT

The objectives of this research are (1) to know the relationship between modern tax administration system (limited by variable of the presence of Account Representative (AR) and the existence of information technology) and taxpayers' compliance in Kantor Pelayanan Pajak Pratama Palembang Ilir Timur and (2) to analyze the effect of the implementation against tax payers' compliance.

Research finding has shown that modern tax administration system has influence on taxpayers' compliance and both of variables in modern tax administration system show that there is a significant influence between them on taxpayers' compliance, both partially and simultaneously. R^2 shows value of 0.329, means that modern tax administration system effect only 32.9% on taxpayers' compliance and the other 67.1% is influence by other variables which are not included in this research. The most influential variable is the existence of information technology which contributed 21.071% from total amount and the presence of AR only contribute 11.7486% from total amount. These two variables in total, plays less dominant role because most of taxpayers have known about the consequences when they do not comply with the taxation rule, namely administrative penalties, interest penalty, and even criminal sanction. So, these factors can make taxpayers do their obligation voluntarily.

In order to optimize the performance of modern tax administration system, it is expected, that in the future, long term and sustainable research is conducted in order to give information of the success of modern tax administration system that has been implemented since 2008. Not only that, modern tax administration system should be applied consistently in all fields and it must always be improved to encourage commitment of taxpayers to meet their obligation and to increase public trust in tax administration in Indonesia.

Key Words: Modern Tax Administration System and Taxpayers' Compliance and Kantor Pelayanan Pajak Pratama Palembang Ilir Timur.



PERNYATAAN KEASLIAN SKRIPSI/TIDAK PLAGIAT

Yang bertanda tangan di bawah ini,

Nama : Titania

Nim : 01071003089

Jurusan : Akuntansi

Fakultas : Ekonomi

Menyatakan dengan sesungguhnya bahwa skripsi saya yang berjudul:

The Effect of Modern Tax Administration System against Taxpayers' Compliance in
Kantor Pelayanan Pajak Pratama Palembang Ilir Timur

Pembimbing

Ketua : Muhammad Nasai, S.E.,M.A.F.I.S.,Ak.

Anggota : Emylia Yuniarti, S.E., M.Si.,Ak.

Tanggal diuji : 12 April 2011

adalah benar-benar hasil karya saya di bawah bimbingan tim pembimbing.

Isi skripsi ini tidak ada hasil karya orang lain yang saya salin keseluruhan atau sebagian tanpa menyebutkan sumber aslinya.

Demikianlah surat pernyataan ini saya buat dengan sebenar-benarnya dan apabila di kemudian hari ternyata pernyataan saya ini tidak benar, maka saya bersedia menerima sanksi sesuai dengan peraturan, termasuk pembatalan gelar sarjana saya.

Inderalaya, 14 April 2011

Yang memberi pernyataan,



Titania

NIM 01071003089

CHAPTER I

INTRODUCTION

1.1. Background of Research Statement

In carrying out its duty, the government requires a lot of fund. Funds were collected from all potential resource owned by a country, whether in the form of the natural wealth and contributions from the community. One form of community contribution is tax. Tax is the main source of government financing. Almost all the countries in this world charged tax to its society. In Indonesia, tax revenue has a great role in securing the state budget. This situation happened in the early decade of 1980 where the price of oil and gas really fluctuated. At that time, our government really depended on oil and gas sector. Only the revenue from tax that is really possible and feasible to be developed into the most sustainable state revenue. Since then, government repositioned the mainstay revenue, from oil and gas became tax.

The contribution of tax revenue to the state revenue expected to increase from year to year. But unfortunately, the role of tax as major of government financing is not supported by good condition of taxation system. There are several conditions that can reflect the taxation system in Indonesia before decade of 2000, namely:

1. Low compliance of the taxpayers. Total of taxpayers in Indonesia is low compared with its potency. (It can be seen in Table 1.1 and Table 1.2)



Table 1.1.
Total of Individual Taxpayers Registered Year 1997-2000

Year	Number of Tax Payers (people)
1 st of January 1997	1.193.899
1 st of January 1998	1.263.993
1 st of January 1999	1.291.906
1 st of January 2000	1.311.582
31 st of December 2000	1.320.157

Source: Majalah Berita Pajak in Pandangan (2008:3)

From Table 1.1, we can see that the taxpayers' compliance is still low, whereas the real total of the taxpayers amount of 45 million people. It means that the number of personal taxpayers who registered their selves just as much as 3% from the total. Not only that, the noncompliance of the taxpayers also reflects how well they did their tax obligation. One of its indicators is the low of awareness in returning the tax return. (It can be seen in Table 1.2)

Table 1.2.
Percentage of Individual Taxpayers in Returning Tax return
Year 1999 and 2000

Year	Amount of Percentage	Increase / (decrease)
1999	35,20%	(2,71%)
2000	32,49%	

Source: Majalah Berita Pajak in Pandangan (2008:4)

2. Bad tax administration system where the work process in the tax office still uses manual system and moreover, the tax payers felt difficult to get information related to their tax. This condition makes the level of tax understanding of among tax payers become lower or even, they did not understand about tax at all.

In order to build a good tax foundation, government conducted tax reform.

Tax reform comprehensively conducted on three areas (Pandiangan, 2007:64):

1. administration, through modern tax administration system,
2. tax rule, through the amendment of tax law, and
3. supervision, through the forming of national tax data bank.

The fundamental changes in taxation institution are the conversion of function and naming of tax office. Tax office originally called Kantor Inspeksi Pajak (KIP) and then the name was changed into Kantor Pelayanan Pajak (KPP). With these changes, tax office put forward its function as community services. The program of a tax reform is briefly called as modernization. The soul of this modernization program is the implementation of good governance, namely the implementation of tax administration system that is transparent and accountable, by utilizing information technology systems that are reliable and current. The strategy adopted is the provision of excellent service as well as intensive supervision to the taxpayers.

From these three agendas that has been mentioned, the first agenda (tax administration system) plays the most important role in determining how effective the country's taxation system. Many things that can be a problem if tax administration system conducts worse, one of them namely, difficulty in collecting tax from taxpayers, because of the lack of awareness of the taxpayers. The concept of modernization of tax administration in principle is a change in the tax administration system that can change the mindset and behaviors of officials as well as the values of the organization, so it can make the Directorate General of Taxation become one of the professional institutions. Tax administration should be undertaken effectively and

efficiently so that it can give a good effect on income distribution and economic stability.

Effective modernization of tax office can increase the tax revenue. To assess the success of tax revenue, we need to remember about tax administration target namely: (1) improve tax payers' compliance, and (2) implement a uniform tax policy to get the maximum revenue with optimum cost. According to Chaizi Nasucha, effectiveness of tax administration can be detected by measuring compliance gap (tax gap). Tax gap is the difference between potential taxes that can be collected with the real realization that can be accepted. According to Finance Department, there are three things that can cause tax gap, they are tax policy (45,89%), tax rule (0.02%), and the most significant one is tax administration (54,09%). The cause of tax gap is the weakness of tax administration.

Tax gap reflects the noncompliance of the taxpayers. The indicator of taxpayers' compliance can be identified from the compliance of the taxpayers in registering their selves, compliance in returning tax return, compliance in tax calculation and payment of tax payable, and compliance payment of arrear tax. Compliance issue become important because simultaneously, non-compliance will lead efforts to avoid taxes, such as tax evasion and tax avoidance, which result in reduced of tax payment to the state treasury. In essence, tax compliance is influenced by the condition of tax administration including tax service and tax enforcement. Improvement of tax administration is expected to encourage the tax payment compliance. Based on the description above, it can be said that the level of taxpayer compliance influenced by how well the tax administration conducted. Compliance is important because it is one of factor that has significant role in determining the amount of tax revenue.

This modern administration system has some features namely forming of account representative. Not only that, modern tax administration system are also embracing the latest technological advances including tax information system, integrated tax administration system, and various kind of e-system such like e-filing, e-spt, e-payment, and e-registration.

In connection with that issue, Kantor Pelayanan Pajak (KPP) Pratama Palembang Ilir Timur has implemented good governance and clean governance by conducting modernization of tax office which consists of modern administration system, information technology, and infrastructure. Modernization of tax office actually has good and comprehensive goals, namely optimizing revenue, minimizing the tax gap, implementing reliable system and the administration, increasing the voluntary compliance of tax payers, and forming a good image.

With the substance that limited by modern tax administration system that has been implemented in Kantor Pelayanan Pajak Pratama Ilir Timur since 2008, author interested in doing research with title "**The Effect of Modern Tax Administration System against Taxpayers' Compliance in Kantor Pelayanan Pajak Pratama Palembang Ilir Timur**".

1.2. The Research Problem Statement

Based on the background described above, hence the formulations of the problem are:

1. Does modern tax administration system which consists of the presence of AR (Account Representative) and the existence of information technology simultaneously affect the taxpayers' compliance?

2. Does modern tax administration system which consists of consists of the presence of AR (Account Representative) and the existences of information technology partially affect the taxpayers' compliance?

1.3. Research Objectives

The purposes of this research namely, knowing the implementation modern tax administration system in KPP Pratama Palembang Ilir Timur and the effect of the implementation against taxpayers' compliance.

The result of this research is expected to give benefit, namely:

1. Giving the information and evaluation of the implementation of modern tax administration system in KPP Pratama Palembang Ilir Timur.
2. As the information to be considered for Directorate General of Taxation to understand the aspects that effect taxpayers' compliance.
3. Encouraging public trust of tax administration in Indonesia.
4. Provide reference and information sources for further researcher to conduct further research in accordance with the topic in this study.

1.4. Systematic of Report

In order to give a clear illustration and direction of the discussions, author divides the discussion of this script into 6 (six) chapters, where each chapter is divided into several sub-chapters with the following systematic:

CHAPTER I : INTRODUCTION

In this chapter will be described about the background, problem formulation, objectives, and systematic of report.

CHAPTER II**: REVIEW OF LITERATURE**

In this chapter will describe the understanding of taxation, tax function, taxation system in Indonesia, tax administration, the history of tax reform, comprehension of modern tax administration system, compliance overview, previous study, research framework, and research hypotheses.

CHAPTER III**: RESEARCH METHODOLOGY**

In this chapter will be elaborated about research scope, research design, population, sample, data collection method, research instrument, and data analysis method.

CHAPTER IV**: RESEARCH DATA**

This chapter will present the overview of the research object and data of respondents.

CHAPTER V**: RESULTS AND DISCUSSION**

This chapter is the main point of this script. This chapter will give overall explanation of the result from CHAPTER IV. This chapter consists of statistic descriptive, result of classic assumption test, result of hypotheses test, regression equation, correlation result, and discussion.

CHAPTER VI

: CONCLUSIONS AND SUGGESTIONS

This chapter is the closing chapter of this script, which outlines the conclusions of CHAPTER V, limitations of this study, and suggestions who might be useful for further research.

REFERENCES

- Anonymous. 2006. *Keputusan Menteri Keuangan Republik Indonesia Nomor 98/KMK.01/2006 tanggal 20 Februari 2006 Tentang Account Representative Pada Kantor Pelayanan Pajak yang Telah Mengimplementasikan Organisasi Modern.*
- Anonymous. 2010. *Pengertian Distribusi Normal.* Accessed on 20th of February 2011 from <http://www.scribd.com/doc/43407296/Pengertian-Distribusi-Normal>
- Anonymous. 2006. *Peraturan Menteri Keuangan Nomor 132/PMK.01/2006. Tentang Organisasi dan Tata Kerja Instansi Vertikal Direktorat Jendral Pajak.*
- Creswell, John. W. 2003. *Research design: Qualitative, Quantitative, and Mixed Methods Approaches.* Accessed on 13th of December 2010 from http://id.wikipedia.org/wiki/Penelitian_kuantitatif
- Direktorat Jendral Pajak. *Undang-undang Republik Indonesia Nomor 6 Tahun 1983 tentang Ketentuan Umum dan Tata Cara Perpajakan sebagaimana telah diubah terakhir dengan Undang-undang Nomor 28 Tahun 2007.*
- Dodge, Y. 2003. *The Oxford Dictionary of Statistical Terms.* Accessed on 13th of Decemmmber 2010 from http://en.wikipedia.org/wiki/Quota_sampling
- Ghazali, Imam. 2009. *Aplikasi Analisis Multivariate dengan Program SPSS Cetakan IV.* Semarang : Badan Penerbit Universitas Diponegoro.
- Gill, Jit.B.S. The Nuts and Bolts of Revenue Administration Reform. Accessed on 17th of November 2010 from <http://siteresources.worldbank.org/INTTPA/Resources/NutsBolts.pdf>
- Gujarati, Damodar. 1995. *Ekonometrika Dasar, Terjemahan Sumarno Zain.* Erlangga. Jakarta.
- Harahap, Abdul Asri. 2004. *Paradigma Baru Perpajakan Indonesia Perspektif Ekonomi.* Integrita Dinamika Press. Jakarta.
- Ilyas, Wirawan B. and Richard Burton. 2004, *Hukum Pajak.* Jakarta: Salemba Empat.
- Ismawan, Indra. 2001. *Memahami Reformasi Perpajakan.* 2000. Jakarta: PT Elex Media Komputindo.
- James, Simon and Clinton Alley. *Tax Compliance, Self-Assessment, and Tax Administration.* Accessed on 16th of November 2010 from http://www.cipfa.org.uk/thejournal/download/jour_vol2_no2_c.pdf

Laodesyamri. *Pengertian Pajak*. Accessed on 17th of November 2010 from <http://id.shvoong.com/writing-and-speaking/presenting/2060462-pengertian-pajak/>

Lumbantoruan, Sophar. 1997 *Ensiklopedi Perpajakan*. Jakarta: Erlangga.

Marzuki, C. 1999. *Metodologi Riset*. Jakarta: Erlangga.

Nasucha, Chaizi. 2004. *Reformasi Administrasi Publik: Teori dan Praktik*. Jakarta: PT Gramedia Widiasarana Indonesia.

Nurmantu, Safri. 2003. *Pengantar Perpajakan*. Jakarta: Kelompok Yayasan Obor.

Pandiangan, Liberty. 2007. *Modernisasi & Reformasi Pelayanan Perpajakan Berdasarkan UU Terbaru*. Jakarta: PT. Elexmedia Komputindo.

Rachman, Arpan. 2010. *SPT Tahunan di Sumsel & Babel Capai 47%*. Accessed on 21st of March 2011 from <http://economy.okezone.com/read/2010/04/12/20/321903/20/spt-tahunan-di-sumsel-babel-capai-47>

Rosandy, Nursakti Niko. 2007. *Pengaruh Penerapan Sistem Administrasi Perpajakan Modern Terhadap Kepatuhan Wajib Pajak Pada Kantor Pelayanan Pajak Wajib Pajak Besar I Dan II*. Accessed on 12th of December 2010 from <http://jurnal.dikti.go.id/jurnal/detil/id/2:9057/q/pengarang:NIKO/offset/0/limit/15>

Santoso, Slamet. 2009. *Materi XVII : Analisis Regresi dan Korelasi Berganda 1*. Accessed on 21st of February 2011 from <http://ssantoso.blogspot.com/2009/06/materi-xvii-analisis-regresi-dan.html>

Sekaran, Umar. 2003. *Research Methods for Business: A Skill Building Approach*. New York: John Wiley and Sons Inc.

Setiyaji, Gunawan and Hidayat Amir. 2007. *Evaluasi Kinerja Sistem Perpajakan Indonesia*. Accessed on 23rd of February 2011 from <http://gsetiyaji.files.wordpress.com/2007/09/jurnal-ekonomi-indonusa.pdf>

Sihotang, Ferdy. A. 2003. *Mengkaji Administrasi Perpajakan yang Baik*. Accessed on 20th of December 2010 from <http://els.bappenas.go.id/upload/other/Mengkaji%20administrasi%20perpajakan.htm>

Sofyan, Marcus Taufan. 2005. *Pengaruh Penerapan Sistem Administrasi Perpajakan Modern Terhadap Kepatuhan Wajib Pajak Pada Kantor Pelayanan Pajak di Lingkungan Kantor Wilayah Direktorat Jendral Pajak Wajib Pajak Besar*. Skripsi Sekolah Tinggi Akuntansi Negara.

Suandy, Erly. 2002. *Hukum Pajak*. Jakarta: Salemba Empat.

- Sugiyono. 2004. *Metode Penelitian Administrasi*. Bandung: Alfabeta.
- Sulaiman, Wahid. 2002. *SPSS 10 Jalan Pintas Menguasai*. Yogyakarta: Penerbit Andi.
- Sumitro, Rochmat. 1990. *Asas dan Dasar Perpajakan*. Bandung: Eresco.
- Waluyo. 2008. *Perpajakan Indonesia*. Jakarta: Salemba Empat.
- Yuniarto, Saiful Rahman. *Definisi Pajak*. Accessed on 17th of November 2010 from <http://saifulrahman.lecture.ub.ac.id/files/2009/10/definisi-pajak.pdf>
- Yurizalfirzal. 2010. *Karakteristik Penelitian Kuantitatif dan Kualitatif (Bag.2)*. Accessed on 14th of December 2010 from <http://yusrizalfirzal.wordpress.com/2010/10/05/karakteristik-penelitian-kuantitatif-dan-kualitatif-bag-2/>