

Chapter I

Introduction

1. Background

Vehicle tax is one of the largest revenues in provincial revenues. The role of the tax itself is regional income which is again used for regional expenditures such as financing public services and regional development to improve people's welfare. Vehicle taxes also affect the level of high and low income in an area. Therefore, it is necessary to optimize the acceptance of vehicle tax through various efforts that can increase the amount of income from this sector, one of which is by increasing the compliance of vehicle taxpayers (Amri, 2015).

Vehicle tax is a tax on the ownership of a vehicle. In its implementation, vehicle tax collection is carried out in an integrated manner in a system package consisting of three government agencies, namely the Regional Finance Agency, the Police of the Republic of Indonesia, and One-stop Administration Services Office. Based on the Presidential Regulation of the Republic of Indonesia No. 5 of 2015 Article 1, One-Stop One-Stop Administration System is an administrative system that carries out activities in the implementation of registration and identification of motorized vehicles, payment of vehicle taxes, transfer of title fees for motorized vehicles, and payment of mandatory contributions to traffic and transportation accident funds. The integrated and coordinated way is fast, precise, transparent, accountable, and informative in the One-stop Administration Services Office joint office. Vehicle tax is paid by motorized vehicle taxpayers every year. Payments can be made through the One-stop Administration Services Office joint office established by the local government in each region, One-stop Administration Services Office online or the Official Web from, Drive-Thru, and also Alfamart.

Table 1.1 Comparison of the Number of Vehicles with Vehicles Paying Regional Taxes for the Province of West Sumatera 2018-2020.

Year	Number Vehicle	Total Vehicles Paying Tax	Differences
2018	2.267.804	1.014.692	1.253.112
2019	2.374.526	1.044.375	1.330.151
2020	2.421.828	967.504	1.454.324

Sources: BPS Sumatera Barat

Based on table 1.1, motorized vehicles are increasing every year. Along with the increase in the number of vehicles, the increase in tax revenue for motorized vehicles will also increase. The table shows the large difference between the number of vehicles and the number of vehicles paying taxes. In 2020 there was a decrease in vehicle tax payments, while the number of existing vehicles continued to increase.

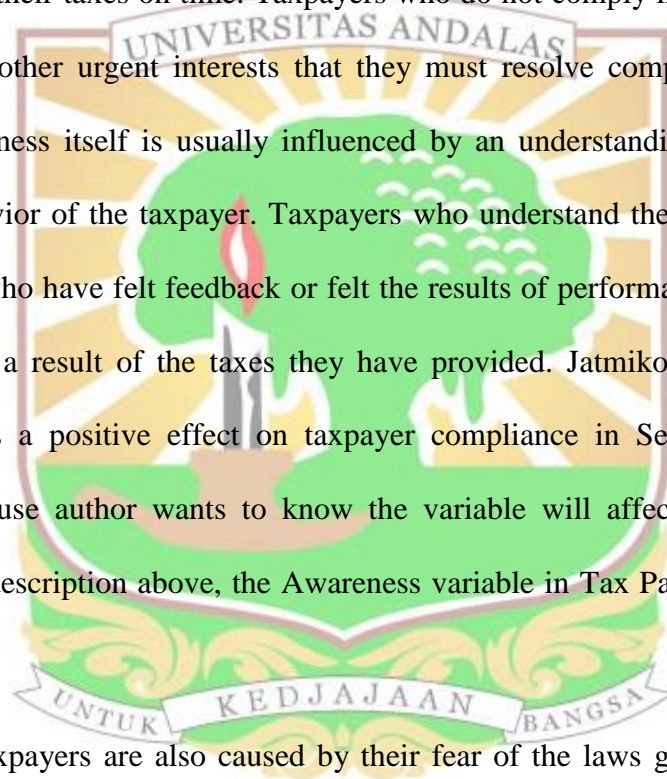
Table 1.2 Realization of Regional Tax Revenue of West Sumatera Province.

No	Descriptions	2018	2019	2020
1	Vehicle tax	622.921.808	710.350.016.850	694.824.700.275
2	Motor Vehicle Transfer Fee	431.318.184.900	397.332.050.250	278.602.859.050
3	Motor Vehicle Fuel Tax	399.303.581.697	439.120.025.020	424.934.768.578
4	Surface Water Tax	8.599.780.134	9.076.613.922	9.037.145.511
5	Cigarette Tax	309,536,205,268	317,053,771,068	401,510,489,633
	Total	1,771,679,560,308	1,872,932,477,110	1,809,809,963,047

Sources: Badan Keuangan Daerah Provinsi Sumatera Barat

Table 1.2 shows that the receipt of vehicle tax is a type of provincial tax that provides the largest contribution to regional tax revenue each year, thus giving a great influence on the regional original income received by the Province of West Sumatera. The need to optimize the collection of vehicle taxes because there are still many taxpayers who do not comply with their vehicle tax obligations. The taxpayer's compliance with obligations is usually influenced by internal and external factors of the taxpayer. Internal factors due to behavioral or characteristics and from the personal self by the Taxpayer. While external factors are usually due to the regulations that apply in the taxpayer's area.

The vehicle tax collection system itself is an official assessment, this system is fully responsible for the collection by government agencies. Because the collection of vehicle tax is an official assessment, the role of the taxpayer in paying his obligations is that the taxpayer has to come to the institution concerned, namely the One-stop Administration Services Office. Awareness is a factor that influences the success or failure of vehicle tax receipts. Aware in here means that the individual is aware that there is no coercion and voluntary element in paying their vehicle tax. Taxpayers who comply with their obligations are a taxpayer who pays their taxes on time. Taxpayers who do not comply in paying their vehicle tax are caused by other urgent interests that they must resolve compared to paying their vehicle tax. Awareness itself is usually influenced by an understanding of the benefits of taxes and the behavior of the taxpayer. Taxpayers who understand the benefits of taxes are usually taxpayers who have felt feedback or felt the results of performance or facilities from the government as a result of the taxes they have provided. Jatmiko (2006) said that tax awareness also has a positive effect on taxpayer compliance in Semarang, variable tax awareness add because author wants to know the variable will affect on the taxpayer in Padang. From the description above, the Awareness variable in Tax Payment Compliance is formed.



Obedient taxpayers are also caused by their fear of the laws governing vehicle tax. One of the government's efforts to improve compliance in paying vehicle tax is to impose sanctions on taxpayers who do not or are late in paying their vehicle tax. Sanctions are punishments if the actions taken violate the rules. When a taxpayer has to pay more than the amount due to late-paying taxes, a person will feel a penalty of loss when paying taxes. In the tax law, there are two kinds of sanctions, namely administrative sanctions and criminal sanctions. administrative sanctions can be in the form of interest, fines, and increases. Laws are made to be obeyed so in order to comply with the law, there will be sanctions for

taxpayers who do not follow the regulations in the law. Aprita (2019) told that tax sanctions have a significant effect on vehicle tax compliance in Bandar Lampung. The authors add tax sanction because the authors want to know is it variable tax sanction will affect taxpayer compliance in Padang. From the explanation before, the tax sanctions variable is formed. In order for the applicable law to be successfully applied, it is required that there are applicable sanctions as well, for this reason, a sanctions variable is created.

The services provided when paying Vehicle tax, the government strives to make the best possible so that Taxpayers are comfortable when paying their obligations. Tax services are included in public services because they are run by government agencies, aiming to meet the needs of the community as well as in the context of implementing the law and are not profit-oriented. Vehicle tax Payment Services are made in various places. Servers through Drive-Thru are made so that taxpayers do not have to queue at the One-Stop Administration Services Office office to make payments so that taxpayers are satisfied with the services and innovations that have been made by the government, with the aim that taxpayers want to return to pay their taxes on time without feeling wasted time in waiting in line to pay their taxes. Even though government already give convenience for taxpayers in paying taxes, but taxpayer who pay taxes are not proportional to the number of vehicles circulating in the Padang area. From this description, it can be said that the attitude of taxpayers in looking at the quality of service of tax officers is expected to affect taxpayer compliance in paying taxes. The variable of Drive-Thru service satisfaction is formed in compliance with vehicle tax payments.

Based on the explanation, there is a big gap between the number vehicles in Sumatra Barat and the total taxpayers who paid their vehicle and there are various factors that affect the level of taxpayer compliance in paying vehicle tax in Padang. Therefor this research to find out there are factors that have a significant effects or reasons why taxpayer paid their

vehicle tax. From previous research variables of taxpayer awareness, tax sanction, and service satisfaction are formed, this research also to find out these variables also have affects on people who paid their tax but with different object which is Padang city.

1.2 Problem Formulation.

Vehicle tax itself uses official assessment and there is a difference between taxpayer who paid their tax and not, then this study wants to examine vehicle taxpayer. Based on the background of the problems described, the issues to be discussed in this study are :

1. Does awareness affect compliance with paying vehicle taxes in the city of Padang?
2. Does the sanction affect the compliance of paying vehicle taxes in the city of Padang?
3. Does the service of the Drive-Thru system affect the compliance of motorized vehicle taxpayers?

1.3 Research Objectives

Vehicle tax is the largest contribution of province income that occurs each year. Thus giving a great influence on the Regional Original Income received by the Province. There's so many factors that influences taxpayers to pay their vehicle tax. This research to examine is variable taxpayer awareness, tax sanction, and service satisfaction are have effect on vehicle tax paying compliance. The objective from the problem formulation is :

1. To examine the effect of awareness of vehicle taxes on compliance with paying vehicle taxes.
2. To examine the Drive-Thru system has an effect on taxpayers' intentions to pay vehicle taxes.
3. To examine the effect of the services Drive-Thru system on taxpayer compliance in paying vehicle taxes.

1.4 Contribution of Reserach

This research is expected to provide benefits and contributions for the future and also interested parties. Fist contribution is practical for One-stop Administration Services Office. From the result, data can be considerations especially related to the factors that affect taxpayers want to pay their tax vehicle. Beside that this research also how people's satisfaction with Drive-Thru system and the One-stop Administration Services Office can improve their performance in the future. Another contribution from this study is theoretical in expected to add and develop insight knowledge about taxpayer behavioral and the reason why taxpayer must pay their vehicle tax. This research also hopes it can help for the next research related to vehicle tax.

1.5 Writing Systematic

This research study consists of five parts of the chapter to deliver systematic discussions and simplify research understanding. Chapter I is an introduction chapter, it explains the research background, problem statement, research objectives, research contribution, and writing systematically. Chapter II talks about the literature review that provides the supporting theory which is presented in this research, including the definitions and literature explanation regarding the topic used. This chapter will explain the literature review, the concepts and theories of taxation-related variables regarding research, previous research, and the last conceptual framework to develop the hypothesis. Chapter III explains the research methodology, which contained all methods that can be used in developing this research. It explains the research design, the type, and source of data, and then sample, population, and sampling methods. This chapter also explains data collection methods, research variables, and data analysis methods. Chapter IV is the result of the research that has been done based on data and information which has been gathered, and analysis of this study that explains the hypothesis testing to answers the hypotheses developed and discussed. It

starts from the analysis of each variable based on the data. Chapter V is the last chapter that provides the conclusion of the study, research limitation, implication of the research that has been done, as well as the recommendation for future study.

