

# The Effect of The Effectiveness of The Self-Assessment System, Digitization of Regional Taxes and Tax Utilization on Compliance and Improvement of Regional Tax Revenue Performance in Makassar City

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## ABSTRACT

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This research was conducted with the aim of finding out and analyzing the influence of the Effectiveness of the Self Assessment System, Regional Tax Digitalization, and Tax Utilization on Taxpayer Compliance and Tax Revenue Performance in Makassar City. Data collection was conducted using a questionnaire of 220 respondents, with the data analysis method used in this study being descriptive analysis and SEM (structural Equation Modeling) analysis with the help of the AMOS program. The results of the study show that 1). The effectiveness of the System Self-Assessment directly has a positive and significant influence on Taxpayer Compliance. 2). Regional Tax Digitalization has a positive and significant influence on Taxpayer Compliance. 3). The use of Regional Taxes has a positive and significant influence on Taxpayer Compliance 4). The effectiveness of the Self Assessment System has a positive and significant influence on the performance of Regional Tax Revenue. 5). Digitization of Regional Taxes has a positive and insignificant influence on the performance of Regional Tax Revenue. 6). The use of Regional Taxes has a positive and significant influence on the performance of Tax Revenue. 7). Taxpayer Compliance has a positive and significant influence on the performance of Regional Tax Revenue. 8). The effectiveness of the Self-Assessment System has a positive and insignificant effect on the performance of Regional Tax Revenue through Taxpayer Compliance. 9). Digitization of Regional Taxes has a positive and insignificant effect on the performance of Regional Tax Revenue through Taxpayer Compliance 10). The use of Regional Taxes has a positive and insignificant effect on the performance of Regional Tax Revenue through Taxpayer Compliance.

**Keywords:** Self-Assessment System, Digitalization, Tax Utilization, Compliance, Tax Revenue Performance.

## INTRODUCTION

Development in all fields and the running of the wheels of government are largely financed from the tax sector. Taxes can be said to be the largest contributor to revenue for the central and regional governments. Almost all regions in Indonesia explore their revenue potential through regional taxes. As a consequence of Law 28 of 2009, local governments must be more innovative in exploring the potential for local resource revenue as a regional financial source. Mahmudi (2016:16) explained that in optimizing regional finances, real action is needed and must be done by recognizing sources of income and creating other sources of income. Innovations made by local

governments to optimize regional revenues can be carried out by utilizing technology that can support the effectiveness of regional tax revenue. Regional Original Revenue is obtained from the collection carried out by the regions based on existing regional regulations, where PAD is sourced from regional levies and taxes, management of segregated regional wealth (BUMD dividends), and other legitimate revenues. Philosophically, the paradigm of taxpayer compliance has actually undergone a fundamental shift, and has given birth to the direction of the researcher focusing on two poles or approaches. If at first, the epistemology of research related to taxpayer compliance refers to why taxpayers do not comply. But currently the direction of epistemology has actually regressed, which is why taxpayers must obey.

Research that departs from the first approach tends to use the economic rationality approach, or the school of economic deterrence theory, with variables such as tax sanctions, tax rates, and audits, or tax supervision that affect taxpayer compliance (enforced tax compliance). On the other hand, research that refers to the second approach tends to use a more behavioural cooperation approach. In this case, the taxpayer is considered a good citizen so that he is willing to pay taxes. On this basis, the Government prioritizes improving services to increase taxpayer compliance (service/deference model). Various facilities and procedural facilities are provided to facilitate Taxpayers in fulfilling their tax rights and obligations voluntarily (voluntary tax compliance). In the current phenomenon, research tends to focus more on the role of psycho-social variables (Van Dijke and Verboon, 2010). This is due to the realization that research analysis using deterrence variables alone (such as tax audits, tax rates, and tax fines) is not enough to explain the level of taxpayer compliance. The evolution of theory in the field of taxpayer compliance at this time increasingly shows that there is a gap theory in looking at psycho-social variables that are considered to be solutions to taxpayer compliance (Cahyonowati 2022). So that this approach can realize voluntary compliance, while empirically the government still considers deterrence variables in tax management practices when they are very important in realizing taxpayer compliance, by using a measurement tool to increase tax revenue.

This gap theory then raises speculation about the ambiguity between the deterrence approach and the government's attitude in opening up space for taxpayer non-compliance. This can be proven factually from the fiscal policy scheme taken by the government. One example is tax amnesty and tax incentives. Where amnesty as a policy that aims to encourage an increase in state revenue, and incentives as state revenues that are sacrificed in certain situations. This scheme then became more and more floating and further away from realizing taxpayer compliance. Thus, emerged theories such as slippery slope, which also contain a contradiction between taxpayers' trust in the government, and the enforcement of government authority. This theory also has a gap with the approach of social psychology. Most countries in the world use a self-assessment system. A country that implements a self-assessment system will usually experience problems related to the low level of taxpayer compliance. To increase the level of taxpayer compliance, countries that implement the self-assessment system must routinely conduct tax audits to test the compliance of taxpayers. This is because it is based on the reverse assumption of the government's distrust of taxpayers in the self-assessment system. The Self-Assessment System gives taxpayers the authority to fulfill and carry out their own tax obligations and rights, so that taxpayers do their own to register with the Regional Planning Agency, calculate the amount of tax owed, pay taxes, and report taxes payable. The effectiveness of the Self-Assessment System is closely related to the awareness and honesty of taxpayers to realize the level of compliance of taxpayers in fulfilling their tax obligations. Hi this is also an interesting phenomenon in Makassar City, because of the low awareness of taxpayers, this is evident from the number of Regional Tax Determination Letters returned by Taxpayers, many have been corrected or validated by the tax authorities and many have caused conclusions of non-compliance. The effectiveness of the self-assessment system does require taxpayers to be active in carrying out their tax obligations and rights. The adherence to the self-assessment system brings the mission and consequences of changing the attitude (awareness) of citizens to pay taxes voluntarily (voluntary compliance). However, this system also opens up the possibility of fraud and even tax evasion, Tax non-compliance is a challenge faced by the government regarding the performance of tax revenue. As an illustration, the performance of tax revenues by the Makassar City Government can be identified in table 1 below.

Table 1. Makassar City Government Tax Revenue Performance

Year	Target	Realization	%
2018	1,155,991,478,000	942,551,891,961	81,54
2019	1,315,000,000,000	1,067,323,035,833	81,17
2020	846,699,298,871	868,693,840,034	102,08
2021	1,000,025,000,000	926,262,295,663	92,62
2022	1,350,049,800,000	1,187,829,001,552	87,98

Source: Makassar City Regional Revenue Agency 2023

Based on the data in table 1, it can be affirmed that the performance of tax revenues in Makassar City fluctuated in 2020, decreasing in the 2021 and 2022 periods. This decline was caused by the adaptation factor of economic recovery after the Covid-19 event. In an effort to realize the achievement of the PAD target, the way to do so is to take steps to expand the regional tax base, along with the development of the city, as well as intensify the existing potential through the improvement of integrated and digitized tax services (PAKINTA), supervision and enforcement, as part of the form of sanctioning, as well as intensifying the updating of the tax database, and the updating of tax receivables, with the aim that the government has an accurate taxpayer database. Data on taxpayers in Makassar City can be seen in table 2.

Table. 2. Number of Taxpayers in Makassar City

N	Tax Types	Number of Taxpayers
1	Hotel	534
2	Restaurant	2.719
3	Entertainment	217
4	Advertisement	667
5	Street Lighting Tax	2.119
6	Parking	37
7	Groundwater	219
8	Swallow's Nest Tax	453
9	Land and Building Tax	324.137
10	Land Rights Acquisition Fee	8.817
	Number of Taxpayers	<b>339.919</b>

Data source: BAPENDA Makassar City 2023

Table 3. Regional Tax Contributions

Year	Regional Revenue Realization	Realization of Regional Tax Revenue	Contribution Against PAD (%)
2018	947,371,868,404	942,551,891,961	99,49%
2019	1,073,061,660,653,80	1,067,323,035,833,80	99,46%
2020	868,699,900,035,14	864,313,239,295,663,	99,49%

2021	932,175,718,190,12	926,262,295,663,12	99,36%
2022	1,195,679,384,179,82	1,187,829,001,552,82	99,34%

Data source: BAPENDA Makassar City 2023

Based on the data in table 3, it can be interpreted that the contribution of regional taxes managed by the Makassar City Revenue Agency has provided a large portion of PAD in Makassar City, since 2019. This is certainly part of the important aspect of taxpayer compliance in fulfilling their tax obligations. In addition to the effectiveness of the self-assessment system, the variable that is considered important in this study is the digitization of regional taxes. Regional tax digitalization involves the use of information technology and digital systems to automate services and improve the process of tax collection, processing, and monitoring. This step aims to increase efficiency, transparency, and accountability in regional tax management. Digitalization allows local governments to collect and analyze tax data in bulk (big data). By using data analytics, the government can understand taxpayer behavior patterns, detect potential irregularities, and optimize tax collection strategies. Furthermore, the goal of tax digitalization is to increase the acceleration of services, reduce costs, and increase tax compliance (OECD, 2021).

The perception of tax utilization is the taxpayer's assumption or assessment of the benefits that will be obtained by taxpayers from what has been paid (Salman, et al. 2020), with the allocation that provides benefits that the taxpayer feels is the use or benefit felt by the taxpayer after paying taxes (Wibowo 2018). The benefits referred to in this study are the benefits derived from the budget allocation for the provision of public goods and services, especially adequate physical infrastructure (Anugrah 2018). According to Ummami (2015), taxpayers tend to be reluctant to fulfill their tax obligations if it does not bring benefits to them. The high benefits felt by taxpayers will form a mindset about the importance of paying taxes and will encourage taxpayers to carry out their tax obligations (Alim 2018). In line with Novriansyah (2016), Alm et al. (1993) also said that compliance will increase with the increasing perception of the availability of goods and services that are accessible to the public. The use of regional taxes in the context of regional development is carried out by technical agencies, namely the Regional Financial and Asset Management Agency (BPKAD). One of the phenomena that appears in the use of regional taxes is the lack of socialization, which encourages public confidence in accountability, recognizing the importance of budget allocation for the benefit of the community in which there are taxpayers. Caro's (1993) research concluded that it is mandatory in Chile to pay taxes related to trust in the government/fiscal system.

## LITERATURE REVIEW

### Economic Deterrence Theory

This theory inspires the relational relationship between the state and the people, which can be promoted as the relationship between the tax authorities and taxpayers. In previous research Kirchler et al., (2014) in Tambun et al. (2020), the neoclassical economic view that prevails in tax behavior research is that trust is good, but control is better. According to this model, deterrence can be achieved through a number of approaches, punitive and persuasive. That is, deterrence can take various forms such as increasing the probability of inspection and detection, increasing tax rates and imposing penalties in the form of fines and sanctions. Other forms are better education, increased advertising/publication and incentives. This model assumes that the taxpayer is a utility maximizer and will choose to commit tax evasion if the profits earned exceed the costs incurred. Simply put, it can be said that tax compliance decisions are made based on the calculation of taxpayer cost-benefits. Some researchers have argued that individuals are expected to weigh the uncertain benefits of successful embezzlement against the perceived risks of fraud. The deterrence model has been very commonly used to explain and test tax evasion and compliance from a theoretical perspective. The factors that have been tested in this deterrence model include the complexity of the tax system, the level of income information services, information reporting and withholding of taxes by third parties (withholding), the responsibilities and penalties of tax report presenters, the probability of obtaining tax audits, progressive tax rates, and penalties for non-compliance. The relevance of Economic Deterrence Theory in this study is to look at aspects of taxpayer behavior and their attitudes towards tax obligations. In this case, it is the obligation to fulfill tax payments. The essence of this theory is that the taxpayer is only willing to pay taxes if they will be examined, subject to fines, and tax rate increases. (Latief dkk, 2020).

## **Fiscal Exchange Theory**

Many theories can be the antithesis of EDT theory. However, there have been many studies that have given birth to gaps from EDT theory. Theories that can refute EDT theory are slippery slope theory by Erich Kirchler and Fiscal exchange theory which argues that the government can improve taxpayer compliance by providing something that is needed and easily accessible to the public (Tilly, 1992; Moore, 2004). Legitimacy theory related to government trust. This is supported by research, for example Doerrenberg and Peichl (2017) stated that the community will tend to participate if there is reciprocity from the government in the form of facilities that are enjoyed publicly. Hallsworth et al. (2017), argue that Reciprocity in this context means that the motivation to comply with taxes depends on the perceived service and the quality of the country/government that citizens receive in return for their tax payments (this is also related to the concept of conditional cooperation; as the theory of the social contract posits). Castro and Scartascini 2015; Pomeranz 2015; Dwenger et al. 2016; Boyer et al. 2016; Hallsworth et al. 2017; Bott et al. 2017; Drago et al. 2017), which generally concludes that the behavioral anatomy of taxpayers is related to social norms personally. In the context of different moral behaviors, in the fulfillment of tax obligations. And Umashanker Trivedi (2003) in his research *The Effect of Friendly Persuasion and Gender on Tax Compliance Behavior* suggests that friendly persuasion, in contrast to preventive measures such as tax audits and sanctions on unreported taxes, is a cost-effective method and is possible to increase taxpayer compliance.

## **Attribution theory and taxpayer compliance**

The third theory used in this study is attribution theory. The theory of attribution was put forward by Heider in 1958. This theory explains that Attribution is one of the processes of impression formation. Attribution refers to how people explain the causes of the behavior of others or themselves. Attribution is the process by which people draw conclusions about the factors that influence the behavior of others. Puteri et al (2019), this theory explains the understanding of how a person reacts to the event experienced, by knowing the cause of the event experienced. Attribution is a theory that describes what causes a person to behave. Attribution is a process in which individuals attempt to explain the reason for an event. More specifically, individuals will try to analyze why certain events arise and the results of that analysis will affect their behavior in the future (Sari, 2018). Basically, attribution theory states that when individuals observe a person's behavior, they try to determine whether it is caused internally or externally (Robbins, 2009:177). Internally caused behavior is behavior that is believed to be under the individual's own personal control or stems from internal factors such as personality traits, awareness, and abilities. This is an internal attribution. Whereas, externally induced behavior is behavior that is influenced from outside or from external factors such as equipment or social influence from others, meaning that individuals will be forced to behave due to the situation, this is an external attribution. The relevance of attribution theory in this study is to justify the behavioral aspects of restaurant taxpayers in Makassar City, in behavior, related to their tax obligations, and the institutional aspect in this case is due to the insistence of the KPK, as an external factor and through the use of electronic transaction tools in the perspective of modernizing tax administration or online systems in the field of taxation.

## **The Concept of Effectiveness of the Self-Assessment System**

The implementation of the self-assessment system requires that the public is fully aware of the provisions of tax calculation and applicable tax regulations according to Kirchler (2007); Kirchler et al., (2008); Sidhartha (2016). According to Kirchler (2007), the self-assessment system is applied on the basis of trust in the authority of the power given to taxpayers to be given freedom in carrying out their tax obligations. According to Suandy (2016), there are several conditions that are necessary and must be met to support the success of the implementation of the self-assessment system, namely the taxpayer's Awareness of the taxpayer willing to carry out their tax obligations by themselves. The honesty of taxpayers is that taxpayers carry out their true obligations without any manipulation. The willingness to pay taxes from taxpayers (Tax Mindedness) taxpayers are required to have a high desire to pay the taxes owed. Tax Discipline (Tax Discipline) carries out tax obligations in a timely manner in accordance with applicable provisions and regulations. The use of the self-assessment system has different goals and missions in each country, as an overview of the use of the self-assessment system can be seen in the following table.



Table 4. Self-Assessment System

Yes	Country	Purpose of Implementation
1	United States	The change of the tax system to a <i>self-assessment</i> system aims to improve tax efficiency in terms of tax collection and increase tax awareness to finance development
2	Australia	to provide greater equity and fairness for taxpayers, as well as increase certainty and simplicity of the tax system
3	Japan	The purpose of the <i>self-assessment</i> system is to build a relationship of trust between the Taxpayer and the tax authorities
4	England (the United Kingdom)	The purpose of the self-assessment system is to simplify the tax system, so that it can make it easier for taxpayers to calculate their taxes without intervention from the UK tax authority (the Inland Revenue (IR)) (Her Majesty Revenue and Customs (HMRC),
5	Canada	The purpose of this system is to increase awareness of voluntary tax compliance, simplify the tax system and increase taxpayers' knowledge of tax rules. (the Canada Revenue Agency (CRA),
6	Indonesia	The implementation of the <i>self-assessment</i> system is to simplify the tax collection system and increase awareness and voluntary compliance from taxpayers.

Source : Developed from Liyana, (2019)

## METHODOLOGY

The research approach used is a quantitative approach which is a systematic approach to examine parts and phenomena and their relationships. Research with a quantitative approach is defined as research based on the philosophy of positivism, used to research on a specific population or sample, data collection using research instruments, quantitative or statistical data analysis with the aim of testing a hypothesis that has been established. This research is associative, which is research conducted to find the relationship between one variable and another, as well as test and use the truth of a problem or knowledge (Sugiyono, 2016:17). This study uses exogenous variables (Effectiveness of the self-assessment system, digitization of regional taxes, and utilization of regional taxes), and variables (Taxpayer compliance, as an intervening and tax revenue performance as endogenous variables).

### Types and data sources

The types of data used in this study are qualitative data and quantitative data. Quantitative data is data in the form of numbers such as responses or responses of respondents about social objects outlined in the Likert measurement scale. The data sources used in this study are primary data, and secondary data. Primary data is data that is processed and collected directly by researchers for analysis purposes in solving problems such as responses or responses of respondents outlined in questionnaires (Sugiyono, 2016:44). Meanwhile, secondary data was obtained such as documents, and similar sources that support this research. In addition, there are also other research approaches such as historical, experimental approaches, action research, and so on. The choice of research approach depends on the research question, the nature of the phenomenon being studied, and the research objectives to be achieved. Research on SMAN 1 Bulukumba schools requires information about population and samples. The population in this study is the principal, teachers (especially PAI teachers) and all students enrolled in SMAN 1 Bulukumba, while the sample is a small part of the population chosen as the object of the research.

## Data Collection Methods

The data collection method in this study is intended to obtain data that is relevant and accurate to the problem discussed. The method of data collection is in the form of distributing questionnaires. Namely a data collection technique by asking a number of questions in writing given to respondents with the intention of obtaining accurate and valid data.

## Population and Sample

1. Population. The population in this study is the Tax Fiscal Authority, in this case the State Civil Apparatus (ASN), at the Makassar City Revenue Agency office, which is spread across all work units with the following details:

ASN Tax Fiscal Authority (PNS)	170 people
Non-ASN Tax Fiscal Authority	50 people
<b>Total Population as Many as</b>	<b>220 Tax Authorities</b>

2. Sample. The determination of the sample is used by census, because the total population is used as a research sample. The sampling method is carried out by means of purposive sampling so that the Tax Authorities can really provide an objective assessment of the variables being measured.

## Data Analysis Methods

1. Instrument Validity Test

The internal validity test through item analysis is carried out by correlating the score on the item with the total score of the item. If the item's score has a positive significant correlation ( $\text{sig} \leq 0.05$  or product moment correlation  $= r \geq r \text{ table}$ ), it means that the item can be used as an indicator to measure the variable.

2. Instrument Reliability Test

The reliability test of research instruments can be carried out by means of external reliability and internal reliability. The way to test internal reliability can be done through the Spearman-Brown formula, the Flanagan formula, the Rolon formula, the K-R.21 formula, the Hoyt formula, the Alpha Cronbach formula. The reliability test used in this study uses an internal reliability method through the Alpha Cronbach formula. The instrument is declared reliable if the cronbach alpha value  $\geq 0.6$ .

3. Descriptive and Inferential Analysis

Statistical analysis using inferential statistics to test the influence between independent variables and dependent variables. The inferential statistical analysis technique used is multiple regression analysis. The analysis used to answer the hypothesis in this study uses the Structure Equation Model (SEM) using the Amos release 23 software.

## RESULTS AND DISCUSSION

Based on the empirical model proposed in this study, testing of the proposed hypothesis can be carried out through testing the path coefficient on the structural equation model. The hypothesis testing criteria by looking at the p-value  $< 0.05$ , then the relationship between the variables is significant. The results of the hypothesis testing can be described in Table 23 as follows:

Table 23. Hypothesis Testing

	Variable			Straight	Indirect	Total	P-Value	Ket
H	Independent	Intervention	Dependent					
1	Effectiveness of Self Assessment System	-	Taxpayer Compliance (Y1)	0,416	-	0,416	0,040	(+) Significan

	(X1)							t
2	Digitization of Regional Taxes (X2)	-	Taxpayer Compliance (Y1)	0,233	-	0,233	0,020	(+) Significant
3	Utilization of Regional Taxes (X3)	-	Taxpayer Compliance (Y1)	0,308	-	0,308	0,002	(+) Significant
4	Effectiveness of Self Assessments System (X1)	-	Regional Tax Revenue Performance (Y2)	0,422	-	0,422	0,011	(+) Significant
5	Digitization of Regional Taxes (X2)	-	Regional Tax Revenue Performance (Y2)	0,031	-	0,031	0,646	(+) Insignificant
6	Utilization of Regional Taxes (X3)	-	Regional Tax Revenue Performance (Y2)	0,249	-	0,249	0,001	(+) Significant
7	Taxpayer Compliance (Y1)	-	Regional Tax Revenue Performance (Y2)	0,247	-	0,247	0,000	(+) Significant
8	Effectiveness of Self Assessments System (X1)	Taxpayer Compliance (Y1)	Regional Tax Revenue Performance (Y2)	0,416	0,103	0,519	0,101	(+) Insignificant
9	Digitization of Regional Taxes (X2)	Taxpayer Compliance (Y1)	Regional Tax Revenue Performance (Y2)	0,233	0,058	0,291	0,166	(+) Insignificant
10	Utilization of Regional Taxes (X3)	Taxpayer Compliance (Y1)	Regional Tax Revenue Performance (Y2)	0,308	0,076	0,384	0,129	(+) Insignificant

Source: Data processing results, 2025

Table 23, shows that of the ten (10) paths analyzed there are six (6) significant paths and there are empty (4) that are not significant. The interpretation of these results can be explained as follows:

1. The effectiveness of the Self-Assessment System (X1) directly has a positive and significant influence on Taxpayer Compliance (Y1) with  $p\text{-value} = 0.040 < 0.05$ . This coefficient shows that with a high System Self-Assessment Effectiveness; it will increase Taxpayer Compliance at the Makassar City Regional Tax Revenue Office. Thus, the first hypothesis is accepted.
2. Digitization of Regional Taxes (X2) has a positive and significant influence on Taxpayer Compliance (Y1) with  $p\text{-value} = 0.020 < 0.05$ . This coefficient shows that good Regional Tax Digitalization will increase Taxpayer Compliance at the Makassar City Regional Tax Revenue Office. Thus, the second hypothesis is accepted.
3. The use of Regional Taxes (X3) has a positive and significant influence on Taxpayer Compliance (Y1) with  $p\text{-value} = 0.002 < 0.05$ . This coefficient shows that high Regional Tax Utilization will increase Regional Tax Utilization at the Makassar City Regional Tax Revenue Office. Thus, the third hypothesis is accepted.
4. The effectiveness of the Self-Assessment System (X1) has a positive and significant influence on the performance of Regional Tax Revenue (Y2) with  $p\text{-value} = 0.011 > 0.05$ . This coefficient shows that a good System



Self-Assessment Effectiveness (X1) can improve the performance of Regional Tax Revenue (Y2) at the Makassar City Regional Tax Revenue office. Thus, hypothesis four is accepted.

5. Digitization of Regional Taxes (X2) has a positive and insignificant effect on the performance of Regional Tax Revenue (Y2) with  $p\text{-value} = 0.646 > 0.05$ . This coefficient shows that Regional Tax Digitization (X2) is not able to increase Regional Tax Revenue (Y2) at the Makassar City Regional Tax Revenue office. Thus, hypothesis five is rejected.

6. The use of Regional Taxes (X3) has a positive and significant influence on the performance of Regional Tax Revenue (Y2) with  $p\text{-value} = 0.001 > 0.05$ . This coefficient shows that good Regional Tax Utilization (X3) is able to improve the performance of Regional Tax Revenue (Y2) at the Regional Tax Revenue Office (Y2) of Makassar City. Thus, hypothesis six is accepted.

7. Taxpayer Compliance (Y1) has a positive and significant influence on the performance of Regional Tax Revenue (Y2) with  $p\text{-value} = 0.000 < 0.05$ . This coefficient shows that high Taxpayer Compliance (Y1) is able to improve the performance of Regional Tax Revenue (Y2) at the Makassar City Regional Tax Revenue Office. Thus, hypothesis seven is accepted.

8. The effectiveness of the System Self-Assessment (X1) has a positive and insignificant effect on the performance of Regional Tax Revenue (Y2) through Taxpayer Compliance (Y1) with  $p\text{-value} = 0.101 > 0.05$ . This means that the effectiveness of the good Self-Assessment System (X1) is not able to improve the performance of Regional Tax Revenue (Y2) either directly or through Taxpayer Compliance (Y1).

9. Digitization of Regional Taxes (X2) has a positive and insignificant effect on the performance of Regional Tax Revenue (Y2) through Taxpayer Compliance (Y1) with  $p\text{-value} = 0.166 > 0.05$ . This means that good Regional Tax Digitalization (X2) is not able to improve the performance of Regional Tax Revenue (Y2) either directly or through Taxpayer Compliance (Y1).

10. The utilization of Regional Taxes (X3) has a positive and insignificant effect on the performance of Regional Tax Revenue (Y2) through Taxpayer Compliance (Y1) with  $p\text{-value} = 0.129 > 0.05$ . This means that a good Regional Tax Utilization (X3) is not able to improve the performance of Regional Tax Revenue (Y2) either directly or through Taxpayer Compliance (Y1).

## Discussion of Research Results

### The Effect of System Self-Assessment Effectiveness on Taxpayer Compliance.

Based on the results of the study, it is known that the Effectiveness of the Self-Assessment System (X1) directly has a positive and significant influence on Taxpayer Compliance (Y1) with  $p\text{-value} = 0.040 < 0.05$ . This coefficient shows that with a high System Self-Assessment Effectiveness; it will increase Tax Taxpayer Compliance in Makassar City. Thus, the first hypothesis is accepted. To provide an explanation of the relationship between these variables, this study uses four indicators, including self-awareness through willingness to be registered as a taxpayer, calculating revenue turnover independently, reporting income turnover, and paying taxes owed according to time and amount. Based on descriptive analysis, the indicator that has the strongest influence is reporting revenue turnover, and the lowest indicator is calculating turnover independently. From the four indicators measured, it can be explained that taxpayers in Makassar City, even though they have their own awareness with the willingness to be registered as regional taxpayers very effectively, and carry out their tax obligations by reporting revenue turnover, and paying according to the value of taxes owed. However, many taxpayers in calculating their income turnover still do not have honesty. This is in accordance with the factual condition that when they are first identified as a taxpayer by the tax data collection officer, the taxpayer, although for various reasons, is still willing to be registered as a taxpayer. And if the administrative requirements as mandatory have been completed with the issuance of the regional taxpayer identification number (NPWPD), then the business actor can carry out his tax obligations in accordance with the system's self-assessment mechanism.

### The Effect of Regional Tax Digitalization on Taxpayer Compliance

Based on the results of the study, it is known that regional tax digitalization directly has a positive and significant

influence on Taxpayer Compliance (Y1) with  $p\text{-value} = 0.020 < 0.05$ . This coefficient shows that good Regional Tax Digitalization will increase Taxpayer Compliance in Makassar City. Thus, the second hypothesis is accepted. To provide an explanation of the trends of each indicator, this study uses four indicators, including the willingness to use a real-time turnover reporting information system, the efficiency of tax services, the ease and usefulness of the use of tax service digitization facilities. Based on descriptive analysis, the indicator that has the lowest value of the four indicators is the willingness of taxpayers to use the digitization application of tax services launched by the government, in this case by the Regional Revenue Agency. This can be understood by all respondents involved in the declaration of the tax service digitization program. The results of this finding are in accordance with the theory used, namely the Technology Acceptance Model Theory which places the attitude factor of each technology user behavior with three dimensions, namely usefulness, ease of use, and user's intention. TAM theory explains the acceptance of information technology with certain dimensions that can affect the acceptance or not of the technology. The suitability of TAM theory in the digitization of tax services at all levels of State and Regional revenue management agencies can be understood and felt by the tax fiscal officer at the Makassar City Regional Revenue Agency, at the beginning of the launch of digitalized and integrated tax services (PAKINTA). The two dimensions of TAM theory, namely ease of use, and usefulness felt by taxpayers, show that the digitalization of regional taxes can be felt by taxpayers due to the ease of use. Taxation is a form of fiscal policy, therefore its application is also adjusted to the parameters of fiscal instruments. Especially with the change or transition from conventional taxation to digital taxation, it requires commitment and meticulousness in welcoming these changes.

### **The Effect of Regional Tax Utilization on Taxpayer Compliance.**

Based on the results of the study, it is known that the Utilization of Regional Taxes (X3) has a positive and significant influence on Taxpayer Compliance (Y1) with  $p\text{-value} = 0.002 < 0.05$ . This coefficient shows that the high utilization of Regional Taxes will increase mandatory compliance in Makassar City. Thus, the third hypothesis is accepted. To provide an explanation of the trends of each indicator, this study uses four indicators, including the allocation of the use of PAD for infrastructure development, the allocation of the budget for basic needs (education and health), the budget allocation that can be enjoyed by the entire community, and the budget allocation to encourage the improvement of the quality of public services. Based on the responses from respondents, it is known that the indicator of the allocation of PAD utilization for infrastructure development. The results of this response are in accordance with the plat form of the local government expenditure instrument which is sourced from local original revenue (PAD). The results of this response indicate that there is a very close relationship between budget allocation sourced from Regional Original Revenue (PAD) and infrastructure development, as PAD is one of the main sources of funding that can be used by local governments to finance various development projects, including infrastructure. PAD is a fund obtained by local governments from various sources of local income such as regional taxes, levies, and the results of regional wealth management. The budget allocation from PAD is often used to finance infrastructure development in the region. The higher the PAD, the greater the potential for local governments to finance infrastructure projects without relying on funds from the central government or regional loans. This increases the financial independence of the region, which is crucial to ensure the sustainability of infrastructure development. Budget allocation for infrastructure development sourced from PAD is often prioritized for infrastructure development that can be directly benefited by the community, such as roads, bridges, and other public facilities. Infrastructure development funded by PAD can contribute directly to the regional economy, such as by creating jobs, improving connectivity, and smoothing the distribution of goods and services. Good infrastructure can also attract investment and increase regional competitiveness. Overall, the budget allocation sourced from PAD greatly affects the ability of local governments to build and maintain infrastructure, which in turn impacts economic development and community welfare in Makassar City.

### **Influence of the Effectiveness of the Self-Assessment System on Improving Tax Revenue Performance**

The effectiveness of the Self-Assessment System (X1) has a positive and significant influence on the performance of Regional Tax Revenue (Y2) with  $p\text{-value} = 0.011 > 0.05$ . This coefficient shows that a good Self-Assessment System (X1) Effectiveness can improve the performance of Regional Tax Revenue (Y2) in Makassar City. Thus, hypothesis four is also accepted. The effectiveness of the Self-Assessment system in taxation has a significant influence on

improving the performance of tax revenue in a country or region. Self-assessment is a system in which taxpayers (WP) are solely responsible for calculating, reporting, and paying taxes owed in accordance with applicable tax regulations, without direct supervision from tax authorities on any transaction or reporting. In this case, this system provides flexibility to taxpayers, but still prioritizes their obligation to report and pay taxes honestly and accurately. The results of the study support the research of Windy Aprilia, Lickie Bieattant, (2023), that the implementation of the Self-Assessment System is expected to make taxpayers comply with applicable laws, but what happens in areas, especially in Makassar City, the implementation of the self-assessment system results in inconsistencies and opens up room for deviations in practice. The self-assessment system requires an active role of the community in fulfilling tax obligations. An important factor in the implementation of the self-assessment system is the high awareness and compliance of taxpayers. If all taxpayers have a high level of compliance, then tax revenue will be optimal and the impact on PAD revenue will be greater. However, in practice, not all existing tax potentials can be utilized because there are still many taxpayers who are not aware of the importance of tax compliance as good citizens. Thus, this system can allow the potential for taxpayers who do not carry out their tax obligations properly due to negligence, intentionality, or ignorance that will have an impact on tax revenue.

### **The Effect of Regional Tax Digitalization on Improving Tax Revenue Performance.**

Based on the results of the study, it was stated that Regional Tax Digitalization has a positive and insignificant influence on the performance of Regional Tax Revenue with  $p\text{-value} = 0.646 > 0.05$ . This coefficient shows that Regional Tax Digitalization ( $X_2$ ) is not able to improve the performance of Regional Tax Revenue in Makassar City. Thus, hypothesis five is rejected. This insignificant influence can be interpreted that even though the regional tax system has undergone adaptation in digitalized and integrated taxes, if taxpayers do not have the understanding or habit to operate such digital platforms, then the system will not be effective. This is also related to the age factor of the taxpayer, and the perception of enjoyment from the taxpayer. If it is associated with digitalization indicators, for example, the willingness to accept the digital system, even though it is accepted, but not significant with compliance in paying. People who are less familiar with technology or digital devices may have difficulty in reporting or paying taxes online, which hinders the increase in tax revenue. The deployment of unestablished digital infrastructure, as well as the existence of a force majeure digital system such as internet network connection devices, with the accuracy of tax payment report evidence from the banking side can be a big obstacle, and pose risks and weaken taxpayers in terms of trust in digitalization. On-site, with weak internet connections or limited access to digital devices, the utilization of tax digitization systems can be hampered. This causes many taxpayers to still be unable to take advantage of digital facilities, so that tax revenue is not optimal. Although digital systems make it easier to pay and report taxes, tax non-compliance can still occur if other factors, such as lack of tax awareness or weak law enforcement, make it easier. If taxpayers don't feel compelled to pay taxes, digitization alone isn't enough to change their behavior. The indicators of regional tax digitalization in this study include the willingness to use a real-time turnover reporting information system, the efficiency of tax services, the availability of convenience, and the usefulness of the use of digitalization facilities. An indicator that has a low value is the willingness to use digitalization facilities in tax services, in this case digitized and integrated taxes (PAKINTA).

### **The Effect of Regional Tax Utilization on Tax Revenue Performance.**

Based on the results of the study, it was stated that the Utilization of Regional Taxes has a positive and significant influence on the performance of Regional Tax Revenue with  $p\text{-value} = 0.001 > 0.05$ . This coefficient shows that a good Regional Tax Utilization ( $X_3$ ) is able to improve the performance of Regional Tax Revenue in Makassar City. Thus, hypothesis six is accepted. The proper use of regional taxes can encourage taxpayers to be more compliant in reporting and motivated in paying taxes. For example, if taxpayers see firsthand that the government allocates taxes paid for the benefit of the community, such as the fulfillment of basic needs (education and health), infrastructure, public facilities, which can support the community's economy from the taxes they pay, such as infrastructure improvements or better public services, they tend to be more interested in fulfilling their tax obligations. If there is awareness that taxes are being used for obvious purposes and have a direct impact on their well-being, tax compliance can improve. The findings of this study are in accordance with the substance of the slippery slope theory, which also contains a contradiction between taxpayers' trust in the government, and the enforcement of government authority (Cahyonowati 2022). The urgency of this theory, with the results of the research (sixth

hypothesis), is that if the public, in this case the taxpayer, believes in the government, that the government budget sourced from the taxes paid can be allocated to the needs of the public, then this trust will have an effect on increasing the motivation to pay taxes voluntarily in accordance with government provisions (Law, PP, Perda, Perwali), so that it will improve the performance of tax revenue.

### **The Effect of Taxpayer Compliance on Tax Revenue Performance**

Based on the results of the study, it was stated that Taxpayer Compliance has a positive and significant influence on the performance of Regional Tax Revenue with  $p\text{-value} = 0.000 < 0.05$ . This coefficient shows that high Taxpayer Compliance is able to improve the performance of Regional Tax Revenue in Makassar City. Thus, hypothesis seven is accepted. To provide an explanation of the influence of taxpayer compliance on tax revenue performance, this can be seen from the indicators measured, including compliance in re-depositing the tax return (SPT) on time, compliance in providing business information appropriately and accurately, taxpayers' compliance in paying tax arrears (SPT or SKPDKB) before maturity, compliance in receiving tax sanctions. Based on the assessment of each indicator in this study, the indicator that has the lowest value is the timely re-deposit of tax returns, in accordance with applicable regulations. Meanwhile, the indicators of compliance in providing business information appropriately and accurately, taxpayer compliance in paying tax arrears (SPT or SKPDKB) before maturity, compliance in receiving tax sanctions, have a value with the criteria of a continuum scale are very effective.

### **The Effect of the Effectiveness of the Self-Assessment System on Revenue Performance through Taxpayer Compliance**

Based on the results of the study, it was stated that the Effectiveness of the System Self-Assessment had a positive and insignificant effect on the performance of Regional Tax Revenue through Taxpayer Compliance with  $p\text{-value} = 0.101 > 0.05$ . This means that the effectiveness of a good system of self-assessment is not able to encourage the improvement of the performance of Regional Tax Revenue, either directly or through Taxpayer Compliance. This means that although the Self-Assessment System (SAS) is expected to increase the effectiveness of regional tax management, the reality is that this system has not been able to have a significant impact on increasing regional tax revenue, either directly or through increasing taxpayer compliance. This is caused by several interrelated factors. One of the main obstacles is that taxpayer compliance is not only dependent on the quality or convenience of the SAS system itself, but is also influenced by other, more complex factors. One of them is the lack of understanding of the use of digital systems among taxpayers. Although SAS is designed to simplify the administrative process, without adequate knowledge on how to access and utilize the system, taxpayers may neglect or not take advantage of existing technology. In addition, the practice of the self-assessment system will give birth to a prototype of direct and indirect compliance with the performance of tax revenue. In Cahyonowati's (2022) research, using the slippery slope theory, it is explained that the difference between voluntary and enforced tax compliance is explained in showing the dynamic interaction between taxpayers and tax authorities. With a self-assessment system taxpayers have the responsibility to calculate, report, and pay their own taxes, without direct supervision from the authorities. This system provides flexibility to taxpayers to carry out their tax obligations, but also relies on the taxpayer's level of compliance and honesty. A good self-assessment system alone is not enough to encourage a significant increase in regional tax revenue. Taxpayer compliance is the main factor that affects regional tax revenue. If taxpayers do not carry out their obligations correctly or there is tax evasion, then even if the system is good, tax revenue is still not optimal. Therefore, it is important to support a self-assessment system with strong education, effective oversight, and better law enforcement to encourage higher taxpayer compliance and ultimately increase local tax revenue.

### **The Effect of Regional Tax Digitalization on the performance of tax revenue through taxpayer compliance.**

Based on the results of the study, it was stated that Regional Tax Digitalization had a positive and insignificant effect on the performance of Regional Tax Revenue through Taxpayer Compliance with  $p\text{-value} = 0.166 > 0.05$ . This means that good Regional Tax Digitalization (X2) is not able to improve the performance of Regional Tax Revenue. Digitization of Regional Taxes has a positive effect This means that in general, regional tax digitalization (for example, the implementation of electronic systems or technology to facilitate tax payment and reporting) has a



positive impact, namely it can increase the potential for regional tax revenue. However, this influence is not significant. The P-value obtained is 0.166, which is greater than the threshold value usually used in the study (i.e. 0.05). This means that even though there is a positive effect, it is not strong enough to be considered statistically influential on the performance of regional tax revenues. In this context, we cannot confidently state that digitalization actually increases regional tax revenues significantly. Taxpayer Compliance, as an intervener. Although the digitization of regional taxes is expected to increase taxpayer compliance (because it makes it easier for them to report and pay taxes), the results show that good digitization of regional taxes alone is not enough to improve the performance of regional tax revenues. In summary, although the digitization of regional taxes is expected to increase regional tax revenues, the fact is that the effect is not significant because other factors (such as taxpayer compliance) may still be a barrier or not optimally support. This has been explained in the relationships between variables or in previous hypotheses. This means that taxpayer compliance alone is not able to mediate the relationship between tax digitalization and tax revenue. If the taxpayer's compliance is only limited to formal compliance, then the effect on revenue performance is not significant.

### **The Effect of Regional Tax Utilization on Tax Revenue Performance through Taxpayer Compliance**

Based on the results of the study, it was stated that the Utilization of Regional Taxes (X3) had a positive and insignificant effect on the performance of Regional Tax Revenue (Y2) through Taxpayer Compliance (Y1) with p-value = 0.129 > 0.05. This means that a good Regional Tax Utilization (X3) is not able to improve the performance of Regional Tax Revenue (Y2) either directly or through Taxpayer Compliance (Y1). Utilization of Regional Taxes (X3) has a positive effect: In general, good or optimal use of local taxes (e.g. the use of tax funds that is transparent and beneficial to the community) should have a positive impact on regional tax revenues, as this can increase taxpayers' trust in the tax system and motivate them to comply.

### **CONCLUSION**

Effectiveness Of Self-Assessment System, Regional Tax Digitalization and Tax Utilization On Compliance and Improving Regional Tax Revenue Performance It Can Be Concluded That: 1). The Effectiveness of System Self-Assessment directly has a positive and significant influence on Taxpayer Compliance. 2). Digitization of Regional Taxes has a positive and significant influence on Taxpayer Compliance. 3). The use of Regional Taxes has a positive and significant influence on the Compliance of Makassar City Regional Tax Taxpayers. 4). The effectiveness of the Self-Assessment System has a positive and significant influence on the performance of Regional Tax Revenue. 5). Digitization of Regional Taxes has a positive and insignificant influence on the performance of Regional Tax Revenue. 6). The use of Regional Taxes has a positive and significant influence on the performance of Regional Tax Revenue. 7). Taxpayer Compliance has a positive and significant influence on the performance of Regional Tax Revenue. 8). The effectiveness of the Self-Assessment System has a positive and insignificant effect on the performance of Tax Revenue. 9). Digitization of Regional Taxes has a positive and insignificant effect on the performance of Regional Tax Revenue. 10). The use of Regional Taxes has a positive and insignificant effect on the performance of Regional Tax Revenue.

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