

Implementation of Online Tax System: Implications for the Development of a Public Policy course

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The course of Public Policy plays an important role in developing students' understanding to address a shift from a centralized government system to a decentralized government system. Using a qualitative approach, this research attempts to reveal the implications of the implementation of an online tax system in West Java Province for the development of a Public Policy course. The research results may significantly contribute to the development of a Public Policy course, both theoretically and empirically. By using the online tax system as teaching materials, students can understand the theories of public policy contextually and they will be encouraged to participate in the implementation and public campaign of the online tax system in West Java Province.

Key words: *Public policy, online tax.*

Introduction

It is undeniable that the tax sector is the most strategic source of state revenue, not least for the local government. Various innovations in the campaigns and procedures of tax collection have been made to make it easier for people to pay local taxes, one of which is through the implementation of an e-tax system or online tax. Information technology can be used in an attempt of promoting taxation, which in this case can have an effect on increased taxpayer compliance (Winerungan, 2012). This shows that the development of innovations in the era of regional autonomy takes place simultaneously with the democratization process which in

this case can give space for the emergence of various actors (multi-stakeholders) to engage in various policies (Pratikno, 2007).

Such a tax system is made to facilitate the public as taxpayers in obtaining information concerning tax and tax payment mechanisms because an application-based online tax system, when implemented properly, will impact on time and administrative cost savings for the government and provide quality public services to citizens easily, affordably, and fast (Chamberlain & Castleman, 2003). In line with the rapid development of science and technology, the implementation of an online tax system is designed to facilitate the public in accessing information and provide ease in tax payment. This is as shown by a study which reveals that online tax payments contribute to increased local revenue, for the online system in the payment of local taxes provides convenience for taxpayers in tax services, making the tax administration process more effective and keeping confidentiality of tax documents (Leliya & Afyah, 2016). Meanwhile, another study showing that the utilization of information technology has a positive and significant influence on taxpayer compliance (Sudrajat & Ompusunggu, 2015) did not explain in detail the convenience obtained by conventional citizens from the implementation of the system. Therefore, it is necessary to have empirical problem-solving, one of which is through the course of Public Policy (Saudi, Juniati Kozicka & Razimi, 2019). This is so because bottom-up approach can be successfully applied to the administration of local government to overcome the problems (Cleary, 2017; Sinaga, Lis & Razimi, 2019).

Reality in the field shows that the implementation of this online tax system encountered several obstacles. *First*, the online tax system has not been fully accessible by all levels of society, especially people who fall into the category of conventional society and have not been touched by technological advances. *Secondly*, public awareness related to tax compliance is still low. This is evident in the research conducted in 2015, in which as many as 27-30% of motor vehicle owners in West Java did not pay taxes (Bestari et al., 2015). *Thirdly*, the majority of the people are not aware of the latest tax policy launched by the government, which shows ineffective and non-simultaneous promotion of tax services.

In addition to being useful for the community, online tax system implementation can be useful for academics, especially in the development of a Public Policy course. This course belongs to the course cluster of state politics, which is covered in the curriculum of the Department of Civic Education, Faculty of Social Science Education, Universitas Pendidikan Indonesia (UPI). This course can substantially develop students' understanding in order to respond to a shift from a centralized to decentralized government system. This is so because changes in government systems in every country become absolutely necessary in line with the development of globalization. This argument is supported by the results of Quinn's research (2016) showing that in Ireland in 2014 reforms were undertaken on the roles of local

governments that were focused on promoting economic development and social progress, including community welfare. Hence, every citizen, including academics, needs to get ready to deal with the occurring changes in the government system.

Public Policy is one of the course subjects that aim to give an understanding to students about government policies. Theoretically, public policy is defined as “whatever governments choose to do or not to do” (Dye, 1978, p. 3). Similarly, the implementation of an online tax system in West Java Province demonstrates a theoretical interpretation of a public policy, which in practice illustrates what is made by the government and jointly implemented by and for the benefit of the people. This is as mentioned by Wahab (1997) that the success or failure of the implementation of a public policy can be evaluated in terms of the ability to run the previously designed programs. In this case, academics can become one of the evaluators in the implementation of the online tax system in West Java.

The purpose of this research is to develop the lecture materials of a Public Policy course by making the process of implementing online tax system as teaching materials. Using the qualitative research design of case study, this research seeks to provide an overview of the use of online tax system in a Public Policy course. The results of the research show that the implementation of an online tax system as the teaching materials for a Public Policy course can improve students’ civic knowledge, civic responsibility, and civic participation. This is because the online tax system is practically made a stimulant for students to understand public policy theoretically.

Method

This research employed qualitative approach with case study method (Creswell, 2012). It was designed as such because this research sought to study the uniqueness of a certain phenomenon or was limited to one unit of research, namely the use of online tax system as the learning materials of a Public Policy course. The object of this research is the implementation of an online tax system and Civic Education teaching and learning in the Department of Civic Education, Faculty of Social Science Education, UPI. The data collected through interviews, observations, and documentation were then analysed using Milles and Huberman model, consisting of data reduction, data display, and data verification (Milles & Huberman, 2007). The data were then validated using the techniques of informant and time triangulation.

Results and Discussion

A Study of Online Tax System as Civic Knowledge Strengthening

One of the objectives to be achieved in the course of Public Policy is the formation of students' understanding of public policy. This is closely linked to their rights and obligations as citizens to have broad knowledge as a basis for their participation in the implementation of policies made by local governments, as students need to make a supportive movement for the implementation of local government policies. This is as indicated by the results of Cleary's research (2017) that the bottom-up approach can be successfully applied to the administration of local governments which impacts on environmental sustainability; socio-economic equity; human, national, regional and global security; and cultural norms and values. Thus, to be able to participate in the implementation of a policy, as citizens students need to have civic knowledge of what should and should not be done. Civic knowledge is a subject matter or knowledge relating to which content or value should be known by citizens (Branson, 1998). Branson further explained that one of the components of civic knowledge is concerned with citizen's knowledge about the concepts of citizenship, politics, government and citizens' role in democracy.

Conceptually, the implementation of an online tax system is to facilitate taxpayers in making payments, as the use of information technology has a positive and significant impact on taxpayer compliance (Sudrajat & Ompusunggu, 2015). It is further asserted that one of the factors that can be emphasized by the apparatus in raising tax awareness and compliance is by promoting tax regulations, either through campaigns, moral appeals through billboards, or opening a website of tax regulations that can be accessed at any time by tax payers (Witono, 2008). In the implementation of an online tax system in West Java Province, it is found that some people do not understand the tax payment mechanism, especially those belonging to the category of conventional society. This is different from the people whose level of knowledge is above the average, who are able to access all information related to the application of online tax system. In addition, several factors that distinguish the two characteristics of society in West Java in the implementation of a similar policy can be seen in the research results presented in Table 1.

Table 1: Characteristics of West Java Society in the Implementation of Online Tax System

Conventional Society	Modern Society
<ul style="list-style-type: none"> • Their place of living is far from the government center 	<ul style="list-style-type: none"> • Their place of living is close to the government center
<ul style="list-style-type: none"> • Their place of living is far from the banking center 	<ul style="list-style-type: none"> • Their place of living is close to the banking center
<ul style="list-style-type: none"> • The majority have not known internet 	<ul style="list-style-type: none"> • They have known internet

<ul style="list-style-type: none"> Limited amount of time in using the internet technology 	<ul style="list-style-type: none"> Intense use of the internet
<ul style="list-style-type: none"> The majority work as farmers or traders 	<ul style="list-style-type: none"> The majority work as company's employees
<ul style="list-style-type: none"> Low mobility 	<ul style="list-style-type: none"> High mobility
<ul style="list-style-type: none"> Reactive 	<ul style="list-style-type: none"> Proactive
<ul style="list-style-type: none"> Limited accessibility 	<ul style="list-style-type: none"> Good accessibility
<ul style="list-style-type: none"> Limited supporting infrastructure 	<ul style="list-style-type: none"> Adequate infrastructure
<ul style="list-style-type: none"> Low education level 	<ul style="list-style-type: none"> High education level

Source: Researchers' processed data (Bestari et al., 2016).

Table 1 shows some people who fall into the category of conventional society have not been able to implement the policy of online tax system. The knowledge of conventional society about the mechanisms of online tax system is still low; accessibility is still limited; and the use of technology is not sufficient, thereby causing the implementation of an online tax system in West Java to be ineffective. Meanwhile, in this era of globalization the internet revolution has brought about significant transformation in how services are provided not only to customers but also to citizens and businesses (Husein et al., 2011). This shows that citizens' knowledge about public policy needs to be enhanced in order to participate in exercising their rights and obligations as citizens, especially by providing knowledge for the conventional society who has not been touched by technological advancement. Another factor causing inequality between modern society and conventional society is demonstrated by Cudden's study (2015) reporting that urban areas have long been recognized as centers of economic growth based on increased potential for the exploitation in various economic forms. For example, companies are located in cities, closer to suppliers, workers, and customers.

Both theoretically and empirically, the research results can contribute to the development of the course of Public Policy. Theoretically, students can analyse various processes in the making of online tax system policy in West Java, which are comprised of: 1) agenda setting; 2) policy formulation; 3) policy adoption; 4) policy implementation; and 5) policy evaluation (Dunn, 2003). Meanwhile, empirically the results can stimulate students to solve the problems related to the obstacles in implementing online tax system in West Java based on the public policy analysis they have learned. With these considerations, it can be said that the research results regarding online tax system in West Java can contribute towards the strengthening of students' civic knowledge in the course of Public Policy.

A Study of Online Tax System as Civic Responsibility Strengthening

As previously explained, in the perspective of public policy, the present research on online tax system is linked to the rights and obligations of citizens in a government administration. As good citizens, people are supposed to balance their rights and obligations. Doing that shows that the citizens have the competence of civic responsibility. The competence is part of civic disposition, which in this case is defined as civic character developed from civic knowledge and civic skills, characterized by moral responsibility, self-discipline, and respect for values and human dignity and other traits such as community spirit; courtesy; respect for laws and regulations; critical thinking; and willingness to listen, negotiate, and compromise which is really needed for the success of democracy (Branson, 1998).

In the context of applying online tax system, one of the indicators that affect responsibility is compliance. A study suggests that tax compliance can be approached from a variety of perspectives: Tax compliance may be viewed as a matter of public finance, legal administration, structural organization, availability of labour or culture or a combination of all (Andreoni et al., 2006). Another study revealed that tax compliance is influenced by a lack of money, perception of tax fairness, complexity of tax law, and ignorance of tax due (Ritsema et al., 2003). Meanwhile, a similar study found that tax compliance has five dimensions: (1) fair tax imposition, (2) government’ rewards for taxpayers, (3) wealth tax provisions, (4) tiered or single tax rate system, and (5) personal interest, which are commonly found in Asian jurisdictions (Gilligan & Richardson, 2003). The findings are reinforced by research on taxpayers in Malaysia which also found similarities among taxpayers in the United States, Australia, and Malaysia, in terms of their perception that the variable of tax fairness is important in determining tax compliance (Anna, 2008). Based on the results of the present research, it is found that the application of online tax system in West Java is still not effective due to some obstacles encountered as can be seen in Table 2.

Table 2: The Effectiveness of the Implementation of an online tax system in West Java in 2015

Outcomes of Online Tax System Implementation	Obstacles Encountered
1. Based on the data from West Java Regional Revenue Office (2015), 27-30% motor vehicle owners did not pay their taxes. 2. Policies on promotional programs have not met the principle of good governance oriented towards individual and community empowerment.	On the individual dimension: 1. Low public trust on the government due to the involvement of tax institutions’ civil servants in corruption. 2. The passive attitude of the public in accessing information and promotional programs of services held by the government;

<p>3. The majority of the people not knowing the latest tax policy launched by the government shows that the promotion of tax services is not simultaneously done.</p>	<p>3. A lack of effort made by the public to report and update the administrative data of their tax, which is their responsibility. On the dimension of regulations:</p> <ol style="list-style-type: none">1. Complicated and unintegrated services;2. No systematic and measurable evaluation of the policy on tax service promotion;3. Inaccurate taxpayer data collected by the tax management institution.
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Source: Researchers' Processed Data (Bestari et al., 2015)

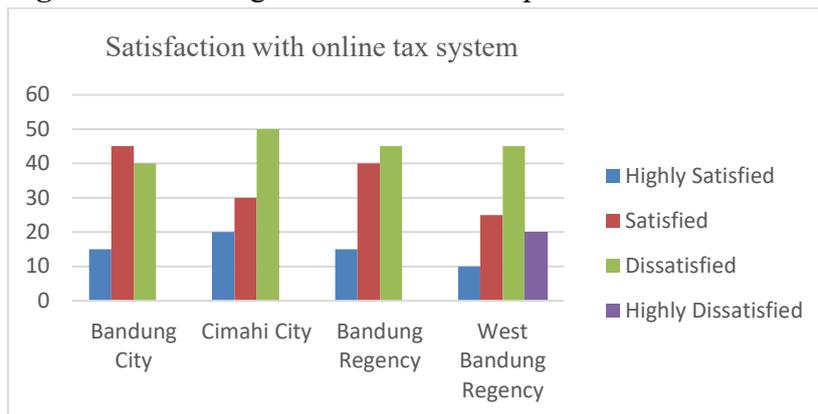
Based on these results, it is found that the implementation of an online tax system in West Java is not effective. This ineffectiveness can be seen in the policy that still does not meet the principles of good governance because it cannot accommodate the limitations of some people in accessing information (Meyer, 2018). Ideally, an organization needs to apply three models of strategic management processes which are interrelated, namely strategy formulation, strategy implementation, and strategy evaluation and control (Lasmin & Heriyanto, 2014). As a consequence of the failure to do so, the tax absorption in West Java in 2015 did not reach 100%, which can be seen in one of the sectors of own-source revenue, namely the ownership of motor vehicles (Nobanee, 2018). The factor causing ineffectiveness of the policy is no synchronization between policy makers and the public as policy implementers that can be seen on the individual dimension and regulatory dimension (Tabor, 2018). Meanwhile, for a system to be able to function properly, every part of its organization body must be well-coordinated so as to create regularity (Kiwang et al., 2014).

Empirically, the results of the research can contribute to the development of the course of Public Policy. They stimulate students to identify factors causing obstacles in the implementation of an online tax system in West Java Province. One of the obstacles faced is the low responsibility of the public who still perceive that they pay taxes because they are forced to do so rather than because of the desires of the taxpayers themselves. This assumption is created because the outcome of tax collection is not directly enjoyed by the taxpayers and the public never know the concrete form of reward from the money spent on paying taxes (Hardiningsih, 2011). Thus, students can provide solutions for the low awareness and responsibility of the citizens regarding tax compliance through a case study of the implementation of an online tax system in West Java as well as contributing ideas to encourage the public to have the responsibility for paying taxes.

A Study of Online Tax System as Civic Participation Strengthening

Similar to civic responsibility, the competence of civic participation is part of the civic disposition developed by Branson. Civic participation becomes an important part for all citizens in the implementation of a public policy, including the implementation of an online tax system in West Java Province. This is so because taxpayer compliance as measured by tax audit, law enforcement, and tax compensation significantly influences tax revenue (Suryadi, 2006). Descriptions of the results of previous research from 2015 to 2016 in the previous section show that there is still a fairly low public participation in tax payment, as found in the research of Suryadi (2006). The research results in four regencies and cities in West Java Province show that the level of public participation—in this case of the taxpayers—in the implementation of an online tax system in West Java is still low. This can be seen in research findings which demonstrate public dissatisfaction with the online tax system as shown in Figure 1.

Figure 1. Percentages of West Java People’s Satisfaction with Online Tax Services



Source: Researchers’ Processed Data (Bestari et al., 2016)

Based on the research results, it can be seen that some people in West Java are dissatisfied with the online tax system. In Bandung City, as many as 40% of the respondents express their dissatisfaction with the online tax system. Meanwhile, in other areas of Cimahi City, Bandung Regency, and West Bandung Regency, people’s dissatisfaction is found at the percentages of 50%, 45%, and 45%, respectively. Even in West Bandung Regency, as much as 20% state their high dissatisfaction. The great number of percentages for “dissatisfied” responses shows that most of the people of West Java are still not ready with the tax system, causing low participation in tax payment. On the other hand, public dissatisfaction with the tax system is influenced by the perception of taxpayers of the authority of the tax inspectors to decide and determine the amount of the tax due based on position, which is frequently very much different from the calculation made by the taxpayers; this difference in calculation is perceived by the taxpayer as something unfair (Purwono, 2015). As explained by the theory

on the relationship between tax and risk taking, taxpayers generally highlight the impact of tax implementation on policies that govern their sources of income (Mossin, 1968; Stiglitz, 1969).

Empirically, the results of the present research can provide new knowledge for students in the course of public policy related to the level of public participation in the implementation of a public policy. In addition, students will get stimulated to reveal conduct analyses and provide solutions related to efforts to encourage public participation in paying taxes. This is supported by several assignments that provide opportunities for students to conduct relevant research in the field related to the implementation of an online tax system in West Java Province. Thus, besides providing new information related to the effectiveness of the online tax system, students can also train their self-actualization in participating in the implementation of public policy in West Java Province. This is in line with the results of Gore's (2014) research showing that in Ireland academics are given the opportunity to engage in the administration of local government through recruitment for chiefs, assistant chiefs, administrative staff, junior diplomats, auditor training participants, and executive officers at the local government. Such opportunities are important for students because taxpayers' adequate knowledge about taxes will minimize tax evasion, in which tax knowledge will increase in line with the length of time taken for completing education and courses, although indirectly no relation is found to the attitude of the taxpayers (Palil, 2005).

Conclusion

Based on the research on the implementation of an online tax system in West Java Province, it is found that the results of the research can give theoretical and empirical contribution to a Public Policy course. Theoretically, the results of this research can provide new information related to the implementation of an online tax system in West Java Province as an interpretation of public policy which in practice illustrates what is made by the government and implemented jointly by and for the benefit of the public. Meanwhile empirically, the results of this research can stimulate students to be able to foster a sense of responsibility and participation as citizens, realized through efforts to solve the problems found in the implementation of an online tax system in West Java Province.

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