




Legal Compliance Of Taxpayers In Medan Against Voluntary Disclosure Program

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ABSTRACT

This voluntary disclosure Program aims to improve taxpayer compliance by voluntarily disclosing tax-related information. This Program provides an opportunity for taxpayers to avoid sanctions and fines and obtain legal certainty. However, the success of this program is influenced by the understanding of taxpayers, supervision, law enforcement, and quality of service of tax authorities. To improve compliance, there needs to be more effective socialization, stricter law enforcement, better service, and periodic program evaluation. It requires intensive and coordinated efforts from the government, law enforcement officials, and the public to achieve higher levels of compliance and increase state revenue from the tax sector.

INTRODUCTION

Indonesia is a developing country that is currently in the development stage of the country from various aspects, especially the economy, Human Resources and infrastructure. To achieve this goal, an adequate budget is needed. One of the sources of the budget is taxes. Taxes are defined as mandatory contributions made by taxpayers to the state, which are mandatory and are used for the benefit of the state in order to promote the prosperity of the people (Law No. 28 of 2007). Therefore, to achieve the goals of national taxation, the government makes efforts and implements them in the form of government policies (Clarina,2022).

Taxes are a mandatory contribution of every citizen to the state. Citizens who have met the subjective and objective requirements are already entitled to be included in the category of taxpayers who fulfill tax reporting obligations. In fact, the level

of taxpayer compliance in Indonesia is still very low (Agoestina,2022).

Taxes are the dominant source of state revenues in the structure of the state budget. Almost 75 percent of the state budget revenue and expenditure target in 2016 came from the tax sector. To extract revenue in the tax sector in need of real efforts and implemented in the form of government policy. These efforts can be in the form of intensification and extensification of taxation. Tax intensification can be an increase in taxpayers and an increase in tax revenue itself. Extensification efforts can be the expansion of objects that have not been worked on. To pursue these tax revenues, the government issued a policy one of which is the Voluntary Disclosure Program (M. Farouq,2018).

The government has passed the Tax Regulation harmonization law on October 29, 2021. In the law on harmonization of tax regulations, it regulates some of the latest regulations on taxes, one of which is the Voluntary Disclosure Program to

taxpayers. This Program was launched in Indonesia on January 1, 2022 in accordance with the provisions of the Tax Regulation Harmonization Act. In the harmonization of Tax Regulation Law, the purpose of the Voluntary Disclosure Program is stated, namely "to encourage taxpayer compliance, there is material on the taxpayer's Voluntary Disclosure Program that provides an opportunity for taxpayers to disclose their property that has not been disclosed." The Ministry of Finance stated that the target of this program is not to increase state revenue, but more towards long-term voluntary compliance from taxpayers (Fadila Puti,2021).

There are several factors that are the background to the emergence of the Voluntary Disclosure Program policy or tax amnesty according to Suryo Utomo as Director General of taxes, namely (1) the number of taxpayers who followed the tax amnesty in 2016 was still very far from what was expected. The following individual taxpayers are only about 736,093 people or 3.88% of the total number of individual taxpayers who report annual notifications. So that the potential of taxpayers who do not follow the tax amnesty program is quite large and this needs to be improved. (2) the ransom paid by taxpayers who participate in the tax amnesty is still far from the target. Only reached around Rp 165 trillion, (3) the amount of taxpayer assets repatriated from abroad is only Rp 146 trillion, it should be targeted at Rp 1000 trillion. (4) the assets declared in the country are only worth Rp 3,700.8 trillion, this proves that the level of taxpayer compliance is very low in the country and needs to be increased again (Agoestina,2022).

In order to increase the legal awareness of taxpayers in Medan, the Voluntary Disclosure Program is based on the Minister of finance regulation number 196/PMK.03/2021 is expected to play an important role. With this program, it is expected that taxpayers will better understand the importance of tax obligations and voluntarily carry out their obligations properly. The Program is also expected to increase transparency and better disclosure of income from taxpayers. With the drive to disclose all income honestly and transparently, the government can obtain more accurate data on potential taxes that can be collected. In addition, through the implementation of the Voluntary Disclosure Program, it is expected that state revenues from the tax sector can increase significantly. With better compliance from taxpayers and better disclosure, the government can optimize tax revenue and strengthen state finances. Not only that, the Voluntary Disclosure Program is also

expected to help reduce dishonest tax practices, such as tax evasion and income evasion. By providing incentives and opportunities for taxpayers to voluntarily disclose their income, it is hoped that there will be a reduction in practices that harm the tax system and encourage better compliance.

Overall, expectations for the Voluntary Disclosure Program are based on Minister of Finance Regulation No. 196/PMK.03/2021 is an increase in the legal awareness of taxpayers, better transparency and disclosure of income, an increase in state income, as well as a reduction in dishonest tax practices. The implementation of this program is expected to have a positive impact in improving efficiency and fairness in the tax system in Medan. But in fact, in the implementation of the Voluntary Disclosure Program based on regulation of the Minister of Finance No. 196 / PMK.03/2021 in Medan, there are several challenges that can affect the achievement of the previously mentioned expectations. First, the main challenge is the lack of legal awareness among the public. Many taxpayers do not fully understand the importance of tax obligations and the legal impact that may arise from tax violations. This lack of awareness becomes an obstacle in achieving voluntary participation in voluntary disclosure programs.

Public distrust of the government is also a challenge in the implementation of this program. Doubts about the effectiveness and integrity of the government in the management of tax funds may hinder taxpayer participation in voluntary disclosure programs. Uncertain rules and tax systems that are often complex and difficult to understand are also other challenges. Inconsistent changes in tax rules can cause confusion among taxpayers and hinder participation in voluntary disclosure programs.

Limited human resources and adequate infrastructure in terms of tax officials in the city of Medan also affect the implementation of this program. Lack of trained personnel in taxation as well as inadequate infrastructure in data collection and analysis can hinder the effectiveness of implementing voluntary disclosure programs. In addition, the high level of corruption in several regions in Indonesia, including Medan, is also a challenge in the implementation of the Voluntary Disclosure Program. Injustice and corrupt practices in the collection and use of tax funds undermine public trust and reduce voluntary participation in the program.

In facing these challenges, there needs to be a coordinated effort between the government, relevant institutions, and the community to

overcome the existing obstacles. Increasing legal awareness through education campaigns, increasing transparency in state financial management, simplifying tax rules, improving human resources and adequate infrastructure, and combating corruption should be the focus in an effort to increase the effectiveness of the implementation of the Voluntary Disclosure Program in Medan City.

Voluntary Disclosure Program based on Minister of Finance Regulation No. 196 / PMK.03/2021 in the city of Medan have high hopes to improve the legal compliance of taxpayers and increase state revenue from the tax sector. However, in reality, there are still challenges and constraints in the implementation of this program, such as low public awareness of the law, the problem of law enforcement is not optimal, and constraints in the supervision and audit. Therefore, the author would like to research on, " the legal compliance of taxpayers in the city of Medan on the Voluntary Disclosure Program based on regulation of the Minister of Finance No. 196/PMK.03/2021".

METHOD

The research used in this thesis is a joint research of normative jurisprudence and empirical jurisprudence. Normative juridical research is prescriptive legal research that is to provide arguments for the results of research conducted. Argumentation is carried out to give a prescription or give an assessment of right or wrong or what should or should be according to the law, (legal norms, principles and principles of law, doctrine or theory of law to the facts or legal events under study).³⁰ this study was conducted on secondary data such as legislation, scientific journals, legal books related to the law of cooperation agreements and agencies. While empirical juridical research is research that has the object of study of public behavior. The behavior of the community under review is the behavior of taxpayers ' legal awareness arising from the enactment of the Voluntary Disclosure program through regulation of the Minister of Finance No. 196/PMK.03/2021. The taxpayer's legal awareness arises as a form of public reaction to the implementation of a positive legal provision and can also be seen from public behavior as a form of action in influencing the formation of a positive legal provision.³¹ empirical juridical Research in writing this thesis was conducted through direct interviews with tax officers in Medan, related to the implementation of the Voluntary Disclosure program.

RESULTS AND DISCUSSION

A. Factors affecting the level of taxpayer compliance in the city of Medan

Taxes are a very important source of state revenue to run various development programs and public services. Therefore, the government has a duty to improve the level of compliance of taxpayers in paying taxes. However, the level of taxpayer compliance in Indonesia is still relatively low. Based on data from the Ministry of Finance in 2020, only about 0.7% of the total population of Indonesia is registered as an active taxpayer. One of the cities in Indonesia that has a low level of taxpayer compliance is the city of Medan. Through this study, researchers will discuss the factors that affect the level of taxpayer compliance in the city of Medan.

1. Taxpayer Awareness

One of the factors that affect the level of taxpayer compliance is taxpayer awareness. Taxpayer awareness is the ability of individuals to understand their obligation to pay taxes and realize the importance of paying taxes. Taxpayer awareness can be influenced by educational, social, and cultural factors. Individuals who have a high level of Education, live in a good social environment, and have a culture that values the obligation to pay taxes tend to have a higher level of taxpayer awareness (Sofyan S. Harahap,2019).

Taxpayer awareness is an important factor that can affect the level of taxpayer compliance in carrying out tax obligations. Taxpayer awareness includes the taxpayer's understanding of the importance of paying taxes, payment procedures, and the effect of taxes on state development. A good understanding and awareness of taxpayers will have a positive impact on increasing tax compliance, while a lack of understanding will result in a lack of taxpayer compliance. Basically, taxpayer awareness is related to public awareness in paying taxes as a social responsibility to support the development of the country. Such awareness includes moral awareness, legal awareness, and ethical awareness. Moral awareness is the realization that paying taxes is a moral obligation that must be fulfilled as a good citizen and responsible to the state. Legal awareness is the awareness that paying taxes is a legal obligation that must be met, because if it is not met, it can be subject to legal sanctions. While ethical awareness is the awareness that paying taxes is an ethical act and respects the rights of others.

The level of taxpayer awareness can be influenced by several factors. One of the influencing factors is the level of education and knowledge of

the taxpayer on Taxation. The higher the taxpayer's education and knowledge about taxation, the higher the taxpayer's awareness in fulfilling tax obligations. In this regard, tax education and training institutions can play an important role in raising taxpayer awareness. In addition, social environmental factors can also affect the level of taxpayer awareness. Social environments that support taxpayer awareness, such as family environments that teach the importance of paying taxes, will positively influence taxpayer awareness. Conversely, a social environment that is less supportive or even encourages non-tax compliant behavior, such as corruption or tax evasion, will negatively affect taxpayer awareness (Asep Sopian,2015).

In addition to internal factors, external factors such as government policies can also affect the level of taxpayer awareness. Government policies that are transparent and provide good service will increase taxpayer awareness. Conversely, government policies that are not transparent or provide poor service will reduce taxpayer awareness. Taxpayer awareness is an important factor in increasing the level of taxpayer compliance in Indonesia. High taxpayer compliance will strengthen the country's fiscal resources and improve people's welfare. Therefore, the Indonesian government continues to strive to increase taxpayer awareness through various programs and policies.

Taxpayer awareness can be defined as the understanding and willingness of taxpayers to pay taxes correctly and on time and report taxes honestly. A high level of taxpayer awareness will have an impact on an increased level of taxpayer compliance and vice versa. Increasing taxpayer awareness will make taxpayers more aware of their tax obligations, so that taxpayers will try to comply with their tax obligations.

2. Law Enforcement

Effective enforcement of the law can also affect the level of taxpayer compliance. Effective law enforcement can provide a deterrent effect for non-compliant taxpayers and provide strict sanctions for taxpayers who violate the rules. However, poor or ineffective enforcement of the law can make taxpayers feel unafraid of breaking the rules (Bambang Sugeng,2017).

Law enforcement is an important factor in increasing the level of taxpayer compliance. Law enforcement generally refers to the implementation of laws by imposing sanctions or penalties on those who violate established rules or provisions. In the context of taxation, law enforcement is related to

the application of sanctions and penalties applied by tax authorities against taxpayers who do not fulfill their tax obligations. Law enforcement in the field of taxation is one of the efforts made by the government to increase the level of taxpayer compliance. Effective enforcement of the law can provide a strong signal to taxpayers that violating tax obligations will result in serious legal consequences. This can be an incentive for taxpayers to comply with tax rules and fulfill their tax obligations on time.

Law enforcement in the context of taxation can be done through several ways, including through tax audits, foreclosure actions, criminal actions, and civil actions. Tax audits are carried out by tax authorities to ensure that taxpayers have correctly reported taxes and have fulfilled their tax obligations. If non-compliance is found, the tax authority may impose administrative sanctions, such as fines or interest for late payment (Adelia,2018).

In addition to administrative sanctions, tax authorities may also apply criminal sanctions against taxpayers who commit tax offenses. For example, if taxpayers commit tax evasion or provide false information in tax reporting, the tax authorities can act criminally with imprisonment or a large fine. Law enforcement in the field of taxation can also be carried out through civil actions. For example, if a taxpayer refuses to pay an established tax, the tax authority may take civil action to withdraw that tax from the taxpayer's estate, such as by execution or confiscation of bail.

In addition to providing sanctions and penalties against taxpayers who violate tax rules, law enforcement can also be done by providing understanding and education to taxpayers. This can be done through counseling and socialization about tax rules, tax payment procedures, and legal consequences that may occur if taxpayers violate tax rules. Law enforcement can also be done by examining the taxpayer's financial statements thoroughly and regularly. This examination can be carried out by the Directorate General of taxes (DGT) and the Supreme Audit Agency (BPK) to determine whether taxpayers have reported their tax obligations correctly or not. If non-compliance is found, legal action can be taken in the form of administrative or criminal sanctions in accordance with the provisions of applicable tax legislation.

In terms of tax law enforcement, the role of law enforcement agencies such as the police and prosecutors is also very important. They can assist in following up on tax cases involving criminal acts such as tax evasion, document forgery, or other

tax-related crimes. In this case, the police and the prosecutor's office can work together with the DGT or BPK to ensure that these cases are followed up in a professional and transparent manner. However, keep in mind that tax law enforcement should not be done by solely pursuing state revenue targets. In addition, enforcement actions should be based on the principles of justice and legal certainty. This is important so that taxpayers do not feel unfair and discriminated against in handling tax cases (R.Budiono,2018).

In tax law enforcement efforts, the government can also involve the community through whistleblowing programs or reporting from the community. This Program can encourage the public to provide information about tax cases that harm the state and help the disclosure of such cases. Whistleblowing programs can also provide incentives to the community in the form of rewards or rewards for useful information.

Good enforcement of tax laws can also help in increasing public confidence in the applicable tax system. People will feel more confident and confident that all parties, including taxpayers, are treated equally before the law and no one is excluded. This can encourage people to be more compliant with tax obligations and more active in reporting non-compliance by other taxpayers. The government can also Reform Tax Policy in order to improve the effectiveness of tax law enforcement. This tax policy reform can be in the form of simplifying tax rules that are too complicated and burdensome for taxpayers, as well as increasing transparency in the management of state revenues from the tax sector.

In addition, law enforcement can also be done by providing strict sanctions against tax violations. The sanction may be a fine, criminal, or the imposition of interest and an administrative fine. This strict sanction can show the consequences that will be received if someone does not meet their tax obligations. With clear consequences, it is expected to encourage taxpayers to comply with tax regulations. however, in enforcing the law, the government must also ensure that its implementation does not lead to injustice or abuse of authority. In addition, law enforcement must also be carried out in a proportional manner, that is, provide sanctions that are balanced with the offenses committed. This is intended so that law enforcement does not cause excessive fear for taxpayers and also does not interfere with economic activities carried out by taxpayers.

In this case, law enforcement must also be supported by an effective and independent judicial system. An effective and independent judicial system will ensure that any tax violation case can be tried fairly and objectively. This will also give confidence to the public that any tax violations will be sanctioned in accordance with applicable law. Overall, law enforcement is an important factor in improving taxpayer compliance. With effective and fair law enforcement, it is expected to provide motivation for taxpayers to fulfill their tax obligations. In addition, proportional enforcement of the law will also provide a sense of justice to taxpayers and not interfere with the economic activities carried out by them. Therefore, the enforcement of tax laws must be carried out continuously and integrated with other factors that can affect the level of taxpayer compliance.

3. Ease Of Tax Administration

Ease of tax administration also affects the level of taxpayer compliance. If the tax administration process is too complicated or time-consuming, taxpayers tend to be lazy or reluctant to pay taxes. Conversely, if the tax administration process is easy and fast, taxpayers tend to be more motivated to pay taxes.

Ease of tax administration is one of the very important factors in increasing the level of taxpayer compliance. Taxpayer compliance can be improved if the tax administration process is easy and fast so as to encourage taxpayers to meet their tax obligations properly. Ease of tax administration can include several aspects, such as tax payments, tax reporting, and tax services.

Ease of tax payment is an important factor in improving taxpayer compliance. If the tax payment process is difficult and complicated, it will reduce the motivation of taxpayers to pay taxes on time and in accordance with the obligations stipulated in tax laws. Therefore, the government needs to provide a variety of facilities and infrastructure to facilitate taxpayers in making tax payments. Some efforts that can be done is to provide a variety of payment methods, such as through ATMs, internet banking, mobile banking, and other banking services. In addition, the government also needs to speed up the process of returning taxes to taxpayers who have paid taxes correctly and on time.

In addition to ease of tax payment, ease of tax reporting is also an important factor in improving taxpayer compliance. Tax reporting is one

of the obligations that must be fulfilled by every taxpayer. If the tax reporting process is complicated and difficult to understand, it will reduce the motivation of taxpayers to report taxes correctly and on time. Therefore, the government needs to provide an easy and fast tax reporting system. Some efforts that can be done is to provide tax reporting applications that are easy to understand and user-friendly, as well as provide guidance and training to taxpayers on how to report taxes correctly and on time.

Tax services are also an important factor in improving taxpayer compliance. Good and fast tax services can provide a sense of comfort and confidence to taxpayers. The government needs to provide various types of tax services, such as tax consulting, tax information services, and complaints and complaints services. Good tax services can also help taxpayers in understanding and fulfilling their tax obligations appropriately.

The government needs to pay attention to the security and privacy aspects of data in the tax administration system. This is very important because information about tax obligations and personal data of taxpayers is very sensitive. Therefore, the government needs to ensure that the tax administration system implemented can provide convenience for taxpayers in carrying out their obligations.

4. Government Concern

The government's concern in improving taxpayer compliance also affects the level of taxpayer compliance. If the government is seen as indifferent or indecisive in improving taxpayer compliance, taxpayers are likely to feel unnecessary or unimportant to pay taxes. Conversely, if the government looks seriously and decisively at improving taxpayer compliance, taxpayers tend to be more motivated to pay taxes.

The government's concern factor has an important role in increasing the level of taxpayer compliance in a region. The government's concern in this regard includes three things, namely fair taxation policies, alignment with taxpayers, and government efforts in providing facilities and incentives to obedient taxpayers (Suminto,2019).

First of all, a fair taxation policy is essential to foster taxpayer trust and compliance. If the tax policy is considered unfair, then taxpayers will feel disadvantaged and tend to refuse to fulfill tax obligations. Conversely, if the tax policy is considered fair, then the taxpayer will feel benefited and feel that the tax obligations fulfilled will provide commensurate benefits. Therefore, the government

needs to create a tax policy that is fair and acceptable to the public.

Second, alignment with taxpayers is also an important factor in improving taxpayer compliance. The government must show a proactive attitude in providing services and assistance to taxpayers who experience difficulties or errors in fulfilling their tax obligations. Friendly, fast, and precise service will build a good relationship between taxpayers and the government, so that taxpayers will be more motivated to comply with tax obligations.

In addition, the government can also provide incentives to taxpayers who are obedient and obedient in fulfilling their tax obligations. These incentives can be rewards, perks, or reduced tax rates. This can be an additional motivation for taxpayers to fulfill their tax obligations appropriately and correctly.

Finally, the government also needs to provide facilities and convenience in tax administration. Facilities and ease of tax administration can speed up the process of reporting and payment of taxes, so that taxpayers do not find it difficult to meet their tax obligations. In addition, the government can also provide clear and easy-to-understand information about tax obligations, so that taxpayers can understand and carry out their obligations correctly.

5. Tax Service

Tax services are an important factor in improving taxpayer compliance in a country, including in Indonesia. Good tax services can have a positive impact on taxpayers in terms of fulfilling tax obligations and help increase public confidence in tax institutions (M.Fajar Muktar,2021).

One of the important aspects in tax services is the ease of access to information and services. Taxpayers should be able to easily access information related to taxation, such as the procedure for filling out and filing notification letters (SPT), tax rates, and other tax provisions. The government can provide ease of access to information by providing such information on the official website of the Directorate General of taxes (DGT) or by providing guidance and consultation directly through the Tax Office.

The tax payment process should also be easy and affordable. The government can provide ease of tax payment by providing various alternative payment methods, such as through ATMs, mobile banking, or e-payment. This can minimize the difficulties and costs that must be borne by taxpayers in paying taxes.

Tax services must also be carried out in a fast and effective manner. Taxpayers must be able to obtain adequate services in a short time, so that they do not have to wait too long or have difficulties when making transactions at the Tax Office. The government can improve the quality of tax services by improving the quality of human resources and information systems in tax offices. Friendly and friendly tax services can help increase taxpayer confidence in the government. The government can provide training and skills improvement to tax officers to be able to provide better and adequate services to taxpayers. In addition, the government can also implement reward and punishment programs for tax officers who provide good or bad services to taxpayers (Yeni Fauziah,2018).

In the context of Indonesia, Tax Services have become the main concern of the government in an effort to improve taxpayer compliance. The government launched a bureaucratic reform and public service quality improvement program called the " tax Transformation Program " to improve the quality of tax services in Indonesia. The Program involves various initiatives, such as improving the quality of human resources, improving information systems, and developing electronic services.

The government needs to improve the quality of tax services, especially in terms of ease of access to information and tax payments. This convenience can be provided through the use of information and communication technology, such as the official tax website, mobile applications, and call center services. The use of information and Communication Technology in tax services can provide easy access to information, such as information on tax obligations, types of taxes, tax rates, and tax reporting and payment schedules. In addition, mobile applications can also make it easier for taxpayers to report and pay taxes online, anytime and anywhere.

Good tax services can also provide convenience in filing applications, such as applications for tax deductions, transfer of rights, or tax exemptions. The government can speed up the application submission process and provide legal certainty to approved applications, so that taxpayers feel valued and motivated to comply with their tax obligations.

In an effort to improve tax services, the government may also involve the private sector or third parties to provide tax services, such as financial services institutions or tax consulting services companies. By involving third parties, the government can improve the efficiency and

effectiveness of tax services, as well as provide a variety of service options to taxpayers. However, it should be noted that good tax service is not the only factor that affects taxpayer compliance. Tax Service is only one factor that must be considered in an effort to improve taxpayer compliance. The government should also pay attention to other factors that have been described previously, such as taxpayer awareness, law enforcement, ease of tax administration, and government concern for the welfare of taxpayers.

In practice, efforts to improve taxpayer compliance can be done through various ways, including through socialization and counseling, law enforcement, good tax services, and government concern for the welfare of taxpayers.⁷³ based on the perspective of social engineering theory, these factors are related to the role of social and environment in shaping individual behavior. Education and socialization can form taxpayers ' understanding of the importance of paying taxes and the belief that paying taxes is the right and ethical action. In addition, social norms that encourage taxpayers to comply with their obligations can be improved through social campaigns and the strengthening of civil society organizations. The government environment, such as effective law enforcement and improving the quality of public services, can also be improved through bureaucratic reform and improving the quality of leadership.

Based on the perspective of legal system theory, the factors that affect the level of taxpayer compliance are related to the structure of the law and effective law enforcement. Proper tax design and appropriate tax rate levels can be created through a transparent and participatory legislative process. In addition, strict supervision of tax collection can be done through an independent and accountable tax supervisory agency. Effective enforcement of the law can be carried out through an independent and professional judicial system. Based on the perspective of tax collection theory, the factors that affect the level of taxpayer compliance are related to the process of effective tax collection and management. Proper tax design and appropriate tax rate levels can be translated into clear and easy-to-understand tax collection instructions. Strict supervision of tax collection can be done through tax audits and internal controls. In addition, effective tax management can be done through the integration of tax information systems and constant technological updates.

Through these efforts, it is expected to increase awareness and understanding of taxpayers about their tax obligations, so that taxpayer compliance with tax rules can be increased, and the contribution of the tax sector to state revenue can be greater.

B. Socio-economic influence on taxpayer compliance in Medan

Taxes are one of the sources of state revenue that is very important for the development and progress of a country, including in Indonesia. The obligation to pay taxes applies not only to companies, but also to individuals or taxpayers. In Indonesia, the level of taxpayer compliance is still relatively low, especially in the city of Medan. One of the factors that affect the level of taxpayer compliance is socioeconomic factors.

Socio-economic factors that affect taxpayer compliance can be seen from several aspects, such as employment status, income, and education. First, employment status can affect the level of taxpayer compliance. Individuals who have high employment status such as public servants or private employees who have high positions, tend to be more compliant in paying taxes compared to informal workers or unemployed. This may be due to the existence of greater social pressure for those with the status of formal workers to comply with the obligation to pay taxes.

Secondly, income is also an important factor affecting taxpayer compliance. Individuals with high incomes tend to be more compliant in paying taxes compared to individuals with low incomes. This can be due to an awareness of Social Responsibility and a role in building a better country.

Third, education also plays an important role in the level of taxpayer compliance. Individuals with higher education tend to be more compliant in paying taxes. This may be due to the existence of a wider knowledge of the importance of paying taxes and their influence on the development of the country.

Socio-economic factors are not the only factors that affect taxpayer compliance in Medan. There are many other factors that play an important role in improving the level of taxpayer compliance, such as law enforcement, ease of Tax Administration, good tax services, and government concern in developing an effective tax system. One of the steps that can be taken to improve taxpayer compliance in Medan City is to increase public awareness about the importance of paying taxes. This can be done by providing easily accessible

information about the tax system, educating the public about the obligation to pay taxes, and increasing transparency in the management of state revenues from the tax sector.

The government needs to ensure that the existing tax administration system provides easy access to information and tax payments for taxpayers. This can be done by providing tax administration services that are easily accessible and understandable, and minimizing the complicated and convoluted bureaucracy. That way, taxpayers will not feel difficulty and not burdened in fulfilling their tax obligations.

Improvement of tax services can also improve the relationship between taxpayers and tax institutions. In this context, tax institutions are expected to provide excellent services to taxpayers, such as providing accurate and clear information related to tax regulations, simplifying the tax payment process, and providing guidance and direction regarding correct and timely tax reporting. However, taxpayer compliance is also influenced by other factors outside the socioeconomic. One of the important factors that can affect the level of taxpayer compliance is the taxpayer's awareness of his tax obligations. This taxpayer awareness can be increased through socialization and education campaigns about the importance of paying taxes and their positive impact on the development of the country.

Another factor that affects the level of taxpayer compliance is effective law enforcement. When taxpayers violate tax rules, there must be consequences that are given in a firm and fair manner. This can be a lesson for other taxpayers to comply with applicable tax regulations.

Finally, an important factor in improving taxpayer compliance is the government's concern with tax issues. The government must be committed to improving the quality of tax services, increasing transparency in the management of state revenues from the tax sector, and providing appropriate incentives for compliant taxpayers. This will help create a healthy and sustainable tax climate, as well as increase taxpayer confidence in tax institutions.

Overall, socio-economic factors do have a significant influence on taxpayer compliance in Medan. However, the other factors mentioned above also have an important role in improving taxpayer compliance. Therefore, a holistic approach is needed that involves various aspects in improving taxpayer compliance. Governments, tax institutions, and communities need to work together to create a

better tax climate and encourage taxpayer compliance. The government can socialize and educate about tax rules and provide incentives for compliant taxpayers. Tax institutions can improve the administrative system and provide better services to taxpayers. Meanwhile, the public must also realize that paying taxes is an important obligation and contribution to the development of the country.

If we study based on social engineering theory, then this theory can provide an understanding that taxpayer compliance can be influenced by social factors, such as employment status, income, and education. It can be understood as the concept of social pressure in greater taxpayer compliance for those with the status of formal workers to comply with the obligation to pay taxes. In addition, this theory can emphasize the importance of socialization and education campaigns about the importance of paying taxes and their positive impact on state development as an effort to improve taxpayer compliance.

Similarly, the theory of the legal system, taxpayer compliance can be understood as part of the tax system that regulates the obligation to pay taxes and legal sanctions for violators. Effective law enforcement can be a means to improve taxpayer compliance by providing firm and fair consequences for those who violate tax rules. In addition, a good and transparent tax system can also increase the trust and compliance of taxpayers to tax institutions. Meanwhile, the theory of tax collection can provide an understanding that taxes are not only a source of state revenue, but also a means to achieve the country's Development Goals. Therefore, taxpayer compliance is one of the keys to achieving this goal. In this case, it is important for the government to provide tax administration services that are easily accessible and understandable, and minimize the existence of complicated and convoluted bureaucracy so that taxpayer compliance can be improved. In addition, a good understanding of tax obligations and the importance of paying taxes also needs to be improved through education and socialization campaigns.

C. Consequences of non-compliance in the implementation of the Voluntary Disclosure Program

The Voluntary Disclosure Program is one of the programs launched by the government of Indonesia to improve taxpayer compliance in paying taxes. The Voluntary Disclosure Program provides an opportunity for taxpayers who have tax

obligations that have not been met to voluntarily disclose and pay unpaid taxes along with administrative penalties that should be received. However, even though it has been launched to improve taxpayer compliance, this program still has risks if it is not implemented properly.

One of the risks arising from non-compliance in the implementation of the Voluntary Disclosure Program is the occurrence of injustice in the tax system. Injustice can occur if taxpayers who comply with this program feel disadvantaged because there are no incentives or rewards given to those who comply with paying taxes on time. On the other hand, taxpayers who do not comply with this program can take advantage of it to pay taxes that have not been paid without the sanctions that they should have received, so this harms the state and also the taxpayers who comply (D.A. Rambe, 2019).

The consequences of non-compliance in the implementation of voluntary disclosure programs can also pose problems in the wider tax system. Non-compliance with the program may signal to other taxpayers that they do not need to comply with existing tax rules. This can undermine public confidence in the tax system and reduce the overall level of taxpayer compliance. In addition, non-compliance with this program can also have a significant financial impact on the country. This financial impact can be in the form of loss of potential tax revenue from taxpayers who should pay taxes, as well as a decrease in the quality of public services provided by the government to the public. These impacts can be felt in the short and long term, so they need to be avoided by implementing voluntary disclosure programs correctly and in compliance.

Non-compliance in the implementation of the Voluntary Disclosure Program can also have broader effects on the Indonesian economy. This is because tax revenues are used to finance various development programs and public services, including economic recovery policies after the COVID-19 pandemic. If tax revenues decline due to non-compliance in this program, there will be an imbalance in the government and economy of Indonesia. Therefore, it is important for the government and all relevant stakeholders to improve taxpayer compliance in the implementation of the Voluntary Disclosure Program. One way to improve compliance is to provide incentives or rewards to taxpayers who complete their tax obligations on time and with proper quality.

However, on the other hand, there are consequences to be faced for taxpayers who do not comply with tax regulations. The Voluntary Disclosure Program (PPS) is one way for taxpayers to voluntarily disclose their income and assets without having to wait for requests from tax authorities. However, if taxpayers do not comply with the regulations in this program, they will face serious consequences (Anwar,2020).

One of the consequences of non-compliance with the implementation of the Voluntary Disclosure Program is the introduction of administrative and criminal sanctions. Administrative penalties may be fines and / or late interest payable by the taxpayer. In addition, non-compliant taxpayers may also be subject to criminal sanctions such as confinement or larger fines. In addition, taxpayers who do not comply with tax regulations may lose the trust of tax authorities and the public. This can have an impact on their business reputation and make it difficult to obtain credit or cooperation with other parties. In addition, when taxpayers do not comply with tax regulations, they also harm the state and society because they cause deficiencies in tax revenues necessary to finance development and the interests of society.

Non-compliance in the implementation of the Voluntary Disclosure Program may also cause the taxpayer to lose the opportunity to optimize the benefits of this program. By voluntarily disclosing their income and assets, taxpayers can gain benefits such as tax breaks and easier access to banking services. However, if taxpayers do not comply with the applicable rules and regulations, they will be deprived of this opportunity and will not be able to obtain the benefits they should.

In order to reduce the consequences of non-compliance in the implementation of the Voluntary Disclosure Program, the government and tax authorities should increase socialization and education to taxpayers regarding the benefits and provisions of this program. In addition, the government can also provide more attractive incentives for taxpayers who comply with the rules and regulations in this program. In this way, it is expected that taxpayers will be more motivated to comply with the rules and regulations in the implementation of the Voluntary Disclosure Program so that it can provide optimal benefits for themselves and society as a whole.

Non-compliance with the implementation of the Voluntary Disclosure Program can lead to serious consequences for the taxpayer, such as administrative and criminal sanctions, damaged

reputation and significant financial losses. Therefore, it is important for taxpayers to comply with applicable tax provisions and implement the Voluntary Disclosure Program appropriately. In addition, the government must also play an active role in improving taxpayer compliance by providing incentives or rewards for those who comply. The government must also ensure effective law enforcement against non-compliant taxpayers, so that it can provide a deterrent effect for those who intend to disobey.

In addition, effective socialization on the importance of implementing voluntary disclosure programs also needs to be done by related parties, such as tax institutions and financial institutions. This can increase taxpayer awareness of the importance of complying with applicable tax provisions and minimize the risk of consequences that may arise from non-compliance.

There are several elements that the author can analyze from the perspective of social engineering theory, legal systems theory, and tax collection theory related to the consequences of non-compliance in the implementation of voluntary disclosure programs. From the perspective of social engineering theory, voluntary disclosure programs can be considered as an attempt to change the behavior of taxpayers to be more compliant in paying taxes. In this context, the program can be considered as a form of social engineering carried out by the government. However, the success of this program in improving taxpayer compliance is also influenced by other factors such as supervision and law enforcement.

From the perspective of the theory of legal systems, voluntary disclosure programs can be considered as part of the existing taxation system. The Program provides taxpayers with the opportunity to fulfill their tax obligations on a voluntary basis and minimize the risk of administrative and criminal sanctions. However, non-compliance with the implementation of this program can have a significant impact on the tax system as a whole. While from the perspective of tax collection theory, voluntary disclosure programs can be considered as a form of tax collection. In this context, the program can be considered as a voluntary form of tax collection. However, the success of this program in increasing tax revenue is also influenced by other factors such as taxpayer compliance and the effectiveness of the existing tax system.

Overall, there is recognition of the importance of taxpayer compliance in the

implementation of the Voluntary Disclosure Program. Non-compliance with this program can have a significant impact on the tax system, the Indonesian economy, and society as a whole. Therefore, efforts to improve taxpayer compliance through incentives or rewards can be one of the solutions that can be done. On the other hand, the consequences of non-compliance also need to be enforced through administrative and criminal sanctions to ensure taxpayer compliance in paying taxes.

D. Strategies to improve taxpayer compliance in Medan City

Taxes are the main source of income for the government to finance various development programs and activities. Therefore, taxpayer compliance is very important to ensure smooth tax revenue. Medan city as one of the major cities in Indonesia, has its own challenges in improving taxpayer compliance. Various strategies need to be implemented to improve taxpayer compliance in Medan City.

One of the strategies that can be applied to improve taxpayer compliance in Medan City is to increase taxpayer awareness. Taxpayer awareness of the importance of paying taxes needs to be increased through more intensive socialization and education. In this case, the government and tax institutions need to work together to provide an understanding of the benefits of paying taxes for people and the state.

Governments and tax institutions need to pay attention to socio-economic factors that affect taxpayer compliance. Employment, income and education are factors that have a great influence on taxpayer compliance. Therefore, the government and tax institutions need to adjust tax policy to the socio-economic conditions in the city of Medan.

The government and tax institutions also need to ensure that the existing tax administration system provides easy access to information and tax payments for taxpayers. This can be done through the application of information technology that makes it easier for taxpayers to access information and make tax payments online. In addition, the government and tax institutions need to provide incentives or rewards to taxpayers who are compliant in fulfilling their obligations to pay taxes. These incentives or awards can be in the form of exemptions from administrative sanctions, tax breaks, or other awards that can motivate taxpayers to comply in fulfilling their obligations to pay taxes.

Finally, law enforcement needs to improve to ensure taxpayer compliance. Governments and

tax institutions need to ensure that tax violations get firm and fair sanctions. This can increase public confidence in the tax system and motivate taxpayers to comply in fulfilling their obligations to pay taxes.

Improving taxpayer compliance in Medan city requires a comprehensive strategy. Taxpayer awareness needs to be improved through socialization and education, and socio-economic factors need to be considered in tax policy. Ease of access to information and tax payments need to be pursued by the government in an effort to improve taxpayer compliance in the city of Medan. This can be done by improving the quality of tax services, including providing clear and understandable information about tax rules, as well as providing easier and more flexible tax payment services (Anik Puji Rahayu,2018).

The government needs to strengthen law enforcement against tax violations. Strict action against non-compliant taxpayers can be effective as a preventive measure so that other taxpayers do not repeat the same behavior. Increased cooperation between tax agencies and the police in conducting surveillance and action against tax violations needs to be improved to ensure taxpayer compliance.

In addition to government efforts, proper socialization to the public can also be an important strategy in improving taxpayer compliance in Medan. Socialization can be done by introducing the importance of paying taxes to the community, as well as providing clear information about payment procedures and the consequences of non-compliance in paying taxes. No less important, education and training on Taxation can be an effective strategy in improving taxpayer compliance. Education and training can be provided by tax agencies to help taxpayers understand more about tax regulations, including the benefits and consequences of complying or not complying in paying taxes.

In developing strategies to improve taxpayer compliance, it is also necessary to evaluate the programs that have been carried out. Evaluation can assist the government and tax agencies in determining the effectiveness of the program and improve existing weaknesses to achieve the goal of improving taxpayer compliance (Sri Maryati,2018).

Finally, collaboration with the private sector and the business world can also be an effective strategy in improving taxpayer compliance in Medan. The private sector and the business world can assist in providing information and a better

understanding of tax regulations to employees or customers, as well as assisting tax agencies in conducting socialization and education programs.

CONCLUSION

To improve the legal compliance of taxpayers in the city of Medan on the Voluntary Disclosure program based on regulation of the Minister of Finance No. 196 / PMK.03/2021, the government can develop special education or training programs for taxpayers, especially those who have limited understanding of taxation. In addition, tax authorities can provide incentives or rewards for taxpayers who are obedient in carrying out tax obligations and follow a voluntary disclosure program. The government can also work with private parties or community organizations in increasing public awareness and understanding of taxation.

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