

Conceptual Model of Factors Influencing the Success of Tapping Box Adoption

Muhammad Alfurqan*, Dekar Urumsah
Universitas Islami Indonesia, Indonesia
*Corresponding author: 22919035@students.uii.ac.id

ABSTRACT

In enhancing local revenue through the restaurant tax sector, local governments have implemented several innovations, one of which is adopting the tapping box system. The tapping box system is hardware and software used to monitor and improve tax revenue collection by ensuring accurate and timely recording of transaction data from restaurant taxpayers. This research aims to formulate a conceptual model to determine the influence of **taxpayer compliance**, **taxpayer awareness**, and **taxpayer knowledge** on the success of **tapping box adoption**. Additionally, it examines the moderating effect of **gender** on the relationships between **taxpayer compliance**, **awareness**, and **knowledge** with the success of **tapping box adoption**. The study adopts a conceptual method by observing and analyzing various information related to the research topic. The conceptual model of this research is expected to provide a reference for local governments to ensure the success of **tapping box adoption**, contribute to better policymaking, and improve implementation strategies.

Keyword: taxpayer compliance, taxpayer awareness, taxpayer knowledge, tapping box adoption

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INTRODUCTION

The local government is intensifying development in the sectors of Infrastructure, Education, Health, and public services. In carrying out regional development, the local government needs funding sources to finance such development, one of which is by increasing Regional Original Revenue (*Pendapatan Asli Daerah* or PAD). According to Law No. 33 of 2004 concerning the Financial Balance between the Central Government and Regional Governments, PAD is revenue obtained by the region, collected based on Regional Regulations in accordance with the legislation. PAD comes from Regional Taxes, Regional Retributions, the results of separated regional wealth management, and other legitimate PAD. Regional Tax, according to Law No. 28 of 2009 on Regional Taxes and Regional Retributions, is a mandatory contribution to the region owed by individuals or entities that is coercive based on the Law. There are several types of Regional Taxes, one of which is Restaurant Tax.

Restaurant Tax is a tax on the services provided by restaurants. The reporting of restaurant tax is carried out using the self-assessment method by filling out the e-SPTPD online and uploading it to the local government's website by the restaurant taxpayers, in this case, the restaurant entrepreneurs. The self-assessment method allows restaurant taxpayers to potentially commit fraud in tax reporting. Therefore, the local government has implemented several innovations to increase

regional revenue through the restaurant tax sector and to avoid fraud in tax reporting by restaurant taxpayers, one of which is by adopting the tapping box system.

The tapping box is a transaction recording device that captures all transaction data from the businesses of local taxpayers and integrates it via a GSM network with the local government's server. This ensures transparency, accountability, effectiveness, and efficiency in tax reporting (Hidayati et al., 2021). The tapping box functions to prevent taxpayers from submitting inaccurate reports regarding their actual income, thereby avoiding tax fraud practices and increasing taxpayer compliance (Dirghayusa and Yasa, 2020).

Taxpayer compliance is defined as the willingness of taxpayers to fulfill their tax obligations based on both legal and moral grounds (Hanlon and Heitzman, 2010). The tax compliance in Indonesia is still very low, as evidenced by the tax ratio figures recorded by the Ministry of Finance. In 2016, it was 10.37%, dropped to 9.89% in 2017, rose to 10.24% in 2018, fell again to 9.76% in 2019, and further declined to 8.33% in 2020 (Palupi and Arifin, 2023). With tax compliance in reporting, it is hoped that the adoption of the tapping box will be successful and raise taxpayer awareness of the importance of transparent and accountable tax reporting.

Taxpayer awareness is a form of good intention or conviction to fulfill tax obligations, which must be based on sincerity. This is expected to improve individual taxpayer compliance in fulfilling their tax obligations (Noviyanti and Febrianti, 2021). Taxpayer awareness of the importance of transparent tax reporting is expected to ensure the successful adoption of the tapping box by local governments and contribute to the region.

Furthermore, taxpayer knowledge is also essential in the process of adopting the tapping box. Mardiasmo (2011) explains that taxpayer knowledge is the understanding and proficiency of taxpayers in applying tax regulations, which includes understanding the types of taxes, tax reporting procedures, accurate tax calculations, and comprehension of taxpayer rights and obligations in fulfilling their tax duties.

Gender is a moderating variable that differentiates between men and women based on behavior patterns, societal roles, behaviors, responsibilities, opportunities, needs, and challenges they face (Hubies et al., 1998). Differences in attitudes and actions between men and women are key factors that can influence the success or failure in adopting the tapping box. This means that the impact of the success of tapping box adoption can be influenced by the gender of the subjects studied (Baron and Kenny, 1986).

In previous studies, many have researched the success of information technology adoption. For instance, the success of e-learning adoption was studied by Al-Fraihat et al. (2020) using the ISSM and TAM approaches; mobile marketing adoption was examined by Abbasi et al. (2022) using the TOE Framework; and the success of fintech adoption was analyzed by (Urumsah et al., 2022) using the TOE Framework and ISSM approaches. However, there is still very limited research that tests the success of tapping box adoption using ISSM approach by DeLone and McLean (1992, 2003) and Attribution Theory (Heider, 1958).

Based on the above exposition, this study aims to propose a conceptual model of the factors influencing the success of tapping box adoption, considering the impact of compliance levels, awareness, taxpayer knowledge, and moderated by taxpayer gender. The next sections will discuss the Literature Review, Research Methods, followed by the Proposed Conceptual Framework, and concluded with the Conclusion.

THEORETICAL FRAMEWORK AND LITERATUR REVIEW

Information System Success Model (ISSM)

The Information System Success Model (ISSM) is a theory used to measure the success of an information system based on user perceptions (DeLone and McLean, 1992, 2003). DeLone and McLean (1992, 2003)

formulated the ISSM, which consists of six variables, specifically System Quality, Information Quality, Use, User Satisfaction, Individual Impact, and Organizational Impact. The ISSM is relevant for testing the success of Tapping Box adoption because the tapping box is an information technology system.

Attribution Theory

Attribution theory proposed by Heider (1958) explains that humans tend to seek reasons or causes behind the behaviors of others and themselves. Kelley (1967) identified three factors related to cause-effect relationships in attribution, specifically Consensus, Distinctiveness, and Consistency. Attribution theory is relevant in this research as it can explain the factors influencing the success rate of tapping box adoption. Attribution theory related to attitudes and individual characteristics states that by observing someone's behavior, we can understand their attitudes or characteristics. Human behavior is influenced by both internal and external factors (Kelley, 1967). External factors in this study include taxpayer compliance and gender, while internal factors include taxpayer knowledge and awareness affecting the success of tapping box adoption.

Restaurant Tax

According to Law No. 28 of 2009, Restaurant Tax is levied on services provided by restaurants. A restaurant is a facility that provides food and/or beverages for a fee, including eateries, cafeterias, canteens, bars, and similar establishments, including catering services. Every taxpayer, including restaurant taxpayers, must have a Taxpayer Identification Number for Local Taxes (NPWPD) used as their identity in reporting and paying local taxes. According to the Governor's Regulation of the Special Capital Region of Jakarta No. 65 of 2018 Regarding the Local Tax Identification Number, NPWPD refers to the number given to taxpayers as an administrative tool for local taxation. A restaurant taxpayer is an individual or business entity operating a restaurant that is required to pay restaurant tax. The object of restaurant tax is the service provided by restaurants in selling food and beverages, whether for consumption on-site or takeaway. The taxpayer of the restaurant refers to the person or business entity purchasing food and/or beverages from the restaurant and subject to tax.

Tapping Box

A tapping box is a transaction recording tool used in local tax administration systems and integrated with the local government server (Dirghayusa and Yasa, 2020). Adopting tapping boxes benefits taxpayers by preventing fictitious internal reporting through real-time transaction income monitoring. For local governments, tapping boxes enhance transparency, accountability, effectiveness, and efficiency in collecting local taxes (Paramita and Sumarno, 2022).

According to Larasati and Buga (2020), the methods for capturing transaction data from tapping box systems consist of two types:

- a. **Printer Data Capture:** This method is applied to businesses that use printed receipts as transaction proof, such as restaurants. The device is placed between the cash register and printer to capture transaction data, which is then sent to the local government server for processing with software. The local government technical team conducts direct surveys at taxpayer locations for device installation.
- b. **Server Data Capture:** This method does not require printed receipts because the system centrally records, stores, and processes transaction data in a database. The local government technical team coordinates with the taxpayer's technical team to configure the required data.

Taxpayer Compliance

Taxpayer compliance refers to the awareness of taxpayers in fulfilling all their tax obligations while exercising their tax rights (Urumsah and Lasmono, 2022). Taxpayer compliance can be understood as the condition where a restaurant taxpayer fulfills all tax obligations and utilizes tax rights according to applicable regulations. Taxpayer compliance is also defined by Garnetia and Rasmini (2020) as the voluntary fulfillment of tax obligations by taxpayers contributing to regional development and submitting annual tax notifications completely and accurately.

Taxpayer Awareness

Taxpayer awareness is a condition where a taxpayer has sufficient understanding and knowledge of tax regulations and complies with them correctly and voluntarily. The lack of taxpayer awareness is reflected in the state's tax revenue falling short of annual targets (Fitria, 2017). According to Lerche (1980), the issue of tax collection not meeting targets, both at the central and local government levels, stems from taxpayers' lack of awareness of the importance of taxes for national and regional development.

Taxpayer Knowledge

Taxpayer knowledge can be defined as the understanding and ability of restaurant taxpayers to comprehend tax regulations, including tax rates to be paid, tax benefits, how to calculate tax liabilities, reporting tax obligations, and the role and function of taxes. According to Resmi (2019), knowledge and understanding of tax regulations involve taxpayers learning about taxation and applying that knowledge to meet tax payment obligations.

RESEARCH METHOD

In this research, a conceptual framework method is utilized. The conceptual framework method involves observing and analyzing information related to the research topic (Mufidta and Urumsah, 2024). The conceptual framework method consists of four steps as explained in Figure 1 (Mamahit and Urumsah, 2018).

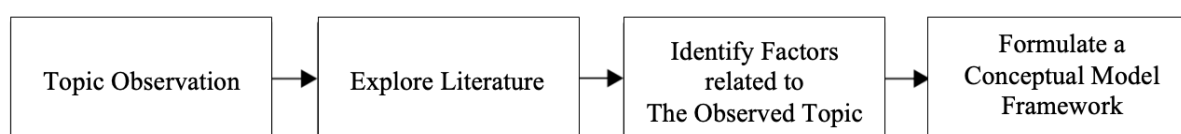


Figure 1. Steps to Formulate a Conceptual Model

The first step in formulating the conceptual model involves observing and analyzing the topic to be researched, combining previous studies with current phenomena. The second step is to explore relevant literature related to the phenomenon or topic to create a research gap. The third step is to identify factors related to the observed topic to introduce novelty in the research. The fourth step is to formulate a conceptual model framework based on the observations of the topic, exploration of literature, and identification of related factors.

Impact of Restaurant Taxpayer Compliance on Tapping Box Success

Rahayu (2017) defines tax compliance as actions or behaviors by taxpayers in fulfilling their tax obligations according to legal regulations. According to Abbasi et al. (2022), employee or user capabilities positively influence the success of information system adoption. However, Urumsah and Lasmono (2022) found that tax policies do not significantly affect taxpayer compliance.

Impact of Restaurant Taxpayer Awareness on Tapping Box Success

Taxpayer awareness is when a taxpayer understands the meaning, purpose, and benefits of paying taxes to the state (Rahayu, 2017). Dirghayusa and Yasa (2020), found that taxpayer awareness positively influences taxpayer compliance. Conversely, Prasetyo et al. (2022) found that taxpayer awareness does not affect tax revenue increases.

Impact of Restaurant Taxpayer Knowledge on Tapping Box Success

Knowledge refers to human understanding of a specific object, whether tangible or abstract, including psychological issues (Urumsah and Lasmono, 2022). In addition, knowledge of the function and role of taxes is crucial. According to Urumsah and Lasmono (2022), taxpayer knowledge alone does not ensure taxpayer compliance.

Moderating Effect of Gender on Restaurant Taxpayer Compliance, Awareness, and Knowledge on Tapping Box Success

In social sciences, gender refers to the social characteristics distinguishing between male and female patterns of behavior, influenced by cultural, social, and biological factors (Zainuddin and Mahdy, 2017). Gender differences shape thinking, behavior, and life experiences (Hubies et al., 1998). Syahputra and Urumsah (2019) concluded that gender acts as a moderating variable. However, Yulianis et al. (2022) found that gender differences do not moderate tapping box adoption success.

CONCEPTUAL FRAMEWORK

Tapping box adoption is a strategic innovation for local governments to enhance revenue through restaurant sector taxation. Successful tapping box adoption is influenced by taxpayer compliance, awareness, and knowledge. Gender also moderates tapping box adoption success, as depicted in Figure 2.

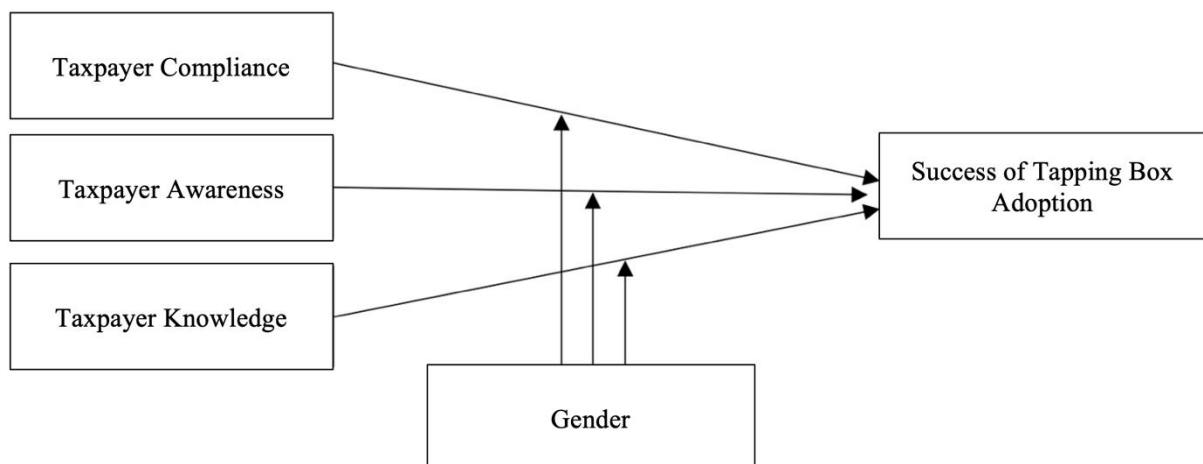


Figure 2. Proposed Conceptual Model for Success of Tapping Box Adoption

CONCLUSION

This study conceptually develops a model concerning factors influencing the success of tapping box adoption. It contributes to ongoing innovations by local governments aiming to boost regional revenue through restaurant sector taxation, specifically via tapping box adoption. Key aspects considered relevant for testing in achieving tapping box adoption success include taxpayer compliance, awareness, and knowledge, moderated by taxpayer gender.

Several limitations exist in this study, such as presenting only a conceptual model and discussing research findings as a summary of previous studies. Therefore, future research is recommended to empirically test this proposed model, potentially incorporating additional variables, and exploring other grand theories related to information systems and taxation.

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