



The Effect of Audit Coverage, Regulatory Effectiveness and Counseling Effectiveness on Notification Letter Reporting Compliance in Indonesia *

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Article	Abstract
<p>Keywords: audit coverage ratio, effective regulation, effective counseling, tax compliant, annual tax income, notification letter</p> <p>History of Article Received: May 05, 2024; Reviewed: June 03, 2024; Accepted: July 01, 2024; Published: July 23, 2024</p> <p>DOI: 10.56282/jtlp.v3i1.506</p>	<p>Annual Income Tax Return (SPT) reporting for 2018-2022 in Indonesia, which is still in the range of 71.10% - 86.80%, shows the need to research what factors affect the compliance of Annual Income Tax Return reporting in Indonesia. Based on research that uses multiple linear regression models using the ordinary least square method, it is concluded that partially and simultaneously, the audit coverage ratio, effective regulations, and effective counselling greatly affect the level of compliance with annual income tax return reporting in Indonesia. Simultaneously, the audit coverage ratio, effective regulations, and effective counselling have an effect of 99.9% on the compliance of annual income tax return reporting in Indonesia. It is recommended that the government further increase tax audits, produce more effective rules, and increase the intensity of tax counselling for taxpayers in Indonesia. One important tool to increase tax compliance in Indonesia is to increase the Audit Coverage Ratio per year to at least 3%.</p>

A. INTRODUCTION

One of the tools of every tax authority in the world, including Indonesia, in trying to measure the tax compliance output of its taxpayers is the behaviour of taxpayer compliance in reporting tax returns. This Annual Tax Return reporting compliance is also one of the problems in Indonesia, considering that the Annual Income Tax Return (PPh) reporting data for the last five years (2018-2022) is still in the range of 71,10%-86,80%,¹ even though the government has made various efforts to increase tax

¹ Direktorat Jenderal Pajak, *Laporan Tahunan 2022*, Jakarta: Direktorat Jenderal Pajak, 2023, p. 212.

compliance of its taxpayers. The benchmark of the Annual Income Tax Return as a measure of tax compliance is in line with references in several countries, such as the United States, Australia and Canada, which consider tax compliance generally refers to the ability and willingness of taxpayers to comply with tax regulations, pay income tax correctly and report on time, and refer to the International Bureau Of Fiscal Documentation (IBFD) International Tax Glossary which states that tax compliance is a procedural and administrative action required to fulfil taxpayer obligations under applicable tax rules.²

Indeed, many studies and research studies have been on the factors that influence tax return reporting in Indonesia. However, these studies or research still rarely examine the influence of audits, regulations, and tax counselling on compliance with tax return reporting. The results of Putri and Andrianus' research based on multiple regressions found that the level of knowledge, taxpayer awareness, and E-Filing affected compliance with submitting annual tax returns for individual taxpayers. Meanwhile, sanctions and dropbox service variables do not affect compliance with submitting annual tax returns for individual taxpayers.³ Putri and Andrianus' research only conducted a study of the Annual Income Tax Return for Individuals, which has not yet reached the overall compliance of the Annual Income Tax Return, as this study will attempt to calculate the effect or absence of the compliance of the Annual Income Tax Return.

Then, Kristina and Sumarta's research shows that the level of understanding and perceptions of effectiveness affect tax compliance. In contrast, fiscal services, tax sanctions, tax awareness, tax socialization and taxpayer trust do not affect tax compliance.⁴ Furthermore, Purba and Efriyenty on individual taxpayer reporting compliance at the Tax Service Office (KPP) Pratama Batam Selatan concluded that the application of e-filing and tax sanctions has a significant effect on individual taxpayer reporting compliance while understanding taxation does not have a significant effect.⁵ Some of the previous studies still tend to examine the influence of certain perceptions at certain KPPs on Annual Tax Return reporting, not yet conducting research on factors in the form of law enforcement (in this case, tax audits) and the effectiveness of regulations and counselling on overall Annual Tax Return reporting compliance in recent years. Tax authorities worldwide, including the Directorate General of Taxes (DGT), generally carry out 3 (three) functions in achieving self-assessment-based tax compliance: law enforcement, tax services, and tax counselling.⁶ So, it is necessary to research what factors partially and simultaneously affect Annual Tax Return reporting compliance in Indonesia.

² S. Pentanurbowo, Analisis Kepatuhan Pelaporan SPT Tahunan Wajib Pajak Orang Pribadi Karyawan dan Non Karyawan pada Kantor Pelayanan Pajak Pratama Pondok Gede Kota Bekasi, *Syntax Literate: Jurnal Ilmiah Indonesia*, Vol. 7, No. 6, 2022, pp. 7484-7485, DOI: <https://doi.org/10.36418/syntax-literate.v7i6.7422>.

³ Riza Anvillia Putri dan Jimmy Andrianus, Faktor-Faktor Yang Mempengaruhi Kepatuhan Penyampaian Surat Pemberitahuan (SPT) Tahunan Wajib Pajak Orang Pribadi (OP): Studi pada Wajib Pajak Orang Pribadi di KPP Pratama Kepanjen, *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, Vol. 3, No. 2, 2016.

⁴ Maria Ade Kristina dan Rian Sumarta, Faktor-Faktor Yang Memengaruhi Kepatuhan Wajib Pajak Orang Pribadi di Wilayah Bogor, *E-Jurnal Akuntansi TSM*, Vol. 2, No. 2, Juni 2022, p. 1051.

⁵ Neni Marlina Br Purba dan Dian Efriyenty, Faktor-Faktor Yang Mempengaruhi Kepatuhan Pelaporan Wajib Pajak Orang Pribadi, *Akuntansi Dewantara*, Vol. 5 No. 2, 2021, p. 21.

⁶ Tendi Aristo, Hotmal Jafar dan Muhammad Ilham, Strategi Penyuluhan Perpajakan Yang Efektif Dalam Meningkatkan Kepatuhan Wajib Pajak: Studi Kasus Kantor Wilayah Djp Sumatera Utara I, *Educoretax*, Vol. 3, No. 1, 2023, p. 1.

B. LITERATURE REVIEW AND THEORIES ON TAX COMPLIANCE AND TAX RETURNS

Some countries in the world always have a philosophy in collecting taxes, such as the UK with the philosophy of "No taxation without representation", the United States with the philosophy of "Taxation without representation is robbery", and Indonesia with the "Pancasila Philosophy".⁷ Indonesia's tax philosophy shows a manifestation that is almost identical to the philosophies of some developed countries, which are both regulated in the form of laws where Article 23A of the Fourth Amendment to the Preamble of the 1945 Constitution of the Republic of Indonesia (UUD NRI Tahun 1945) states that taxes and other levies that are compelling for state purposes are regulated by law.⁸

One of the tax arrangements that greatly affects tax compliance in Indonesia is tax return reporting compliance. Compliance with taxation, including tax return reporting compliance, is a manifestation of tax regulations in reporting and depositing taxes owed by taxpayers.⁹ A taxpayer is said to comply if he has fulfilled his tax obligations by reporting the tax return before the deadline.¹⁰ This is confirmed in Article 3 paragraph (1) of Law Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times last by Law Number 6 of 2023 concerning Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law¹¹ (General Provisions and Tax Procedures Law) which stipulates that each Taxpayer is obliged to fill out the SPT correctly, completely, and clearly and sign and submit it to the tax office where it is registered or confirmed or other places determined by the Director General of Taxes.

Plenty of literature discusses the factors that influence tax return reporting compliance, especially studies related to law enforcement in taxation, tax regulations and tax counselling. Several studies related to law enforcement in the field of taxation were conducted by Pebrina and Hidayatulloh (2020), Mianti and Budiwitjaksono (2021), Widiiswa and Baskoro (2020), and Kusuma et al. (2023). Pebrina and Hidayatulloh (2020) argue that one of the factors that can affect taxpayer compliance is tax sanctions with sanctions that can cause losses to the state for taxpayers who do not report or report taxes as they should; taxpayers will be encouraged to pay taxes.¹² Then, research conducted by Mianti and Budiwitjaksono found that individual taxpayer compliance is influenced by tax knowledge and tax sanctions.¹³ Furthermore, one of the conclusions of research conducted by Widiiswa and Baskoro states that the deterrent effect of the policy of increasing the tax audit coverage ratio is in line with the tax audit intensification policy carried out at the tax authority which can have a

⁷ Soemitro, Rochmat, 1992, *Pengantar Singkat Hukum Pajak*, Bandung: Eresco, p. 14.

⁸ Leo B. Barus, On Tax Obligatory and Taxpayer and Its Implications, *Journal of Tax Law and Policy* 1, no. 1 (2022): 3, <https://doi.org/https://doi.org/10.56282/jtlp.v1i1.59>.

⁹ Dian Kartika Zega and Suzy Noviyanti, Pengaruh Pelaksanaan Penyuluhan Peraturan Perpajakan Terhadap Kepatuhan Wajib Pajak, *COSTING: Journal of Economic, Business and Accounting*, Vol. 5 No. 1, 2021, p. 351.

¹⁰ Neni Marlina Br Purba dan Dian Efriyenty, *Op.cit.*, p. 23.

¹¹ BPK RI, Undang-undang Nomor 6 Tahun 2023 tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 tentang Cipta Kerja menjadi Undang-Undang, available at <https://peraturan.bpk.go.id/Details/246523/uu-no-6-tahun-2023>, accessed on April 3, 2024.

¹² Rizky Pebrina and Amir Hidayatulloh, *Ibid.*

¹³ Yosy Fryli Mianti, Gideon Setyo Budiwitjaksono, Pengaruh Pengetahuan dan Sanksi Perpajakan terhadap Kepatuhan Wajib Pajak Orang Pribadi Dimediasi Kesadaran Wajib Pajak, *Jurnal Ilmiah Akuntansi dan Humanika*, Vol. 11, No. 2, 2021, p. 349.

positive impact on taxpayer behaviour related to tax avoidance practices.¹⁴ The urgency of using the audit coverage ratio (ACR) aligns with the opinion of Kusuma et al. (2023), which states that an effective audit to secure tax revenue targets can be carried out using the ACR measure.¹⁵ So, in terms of research on legal enforcement in the field of taxation, this study uses the ACR, considering that the ACR, which is calculated based on the results of the division between the audited taxpayers and the number of registered taxpayers who are required to file tax returns,¹⁶ is the amount to determine the level of taxpayer audibility nationally.¹⁷ There is no limit or standard for the amount of ACR for certain countries, but based on research conducted by Lemgruber et al. (2015), the ACR limit to increase voluntary compliance and prevent tax evasion¹⁸ is in the range of 3%-5%¹⁹. The number of registered taxpayers in Indonesia is not proportional to the ACR and the number of Tax Auditors in the DGT,²⁰ as the data in 2019-2020 shows that the ACR is around 2.44% of 1.45 million Corporate Taxpayers, and still around 1.08% of 2.45 million Individual Taxpayers,²¹ and around 2.42% of Corporate Taxpayers, and still around 1.11% of Individual Taxpayers.²²

Then, there are several studies related to tax regulations, including those conducted by Pebrina and Hidayatulloh (2020), Safitri and Silalahi (2020) and Triogi, Diana, and Mawardi (2021). Research using the survey method conducted by Pebrina and Hidayatulloh found that the application of e-spt and understanding of tax regulations did not affect taxpayer compliance.²³ Likewise, Safitri and Silalahi's research found that understanding tax regulations partially did not affect taxpayer compliance.²⁴ Meanwhile, research by Triogi, Diana, and Mawardi found that tax knowledge positively and significantly affects compliance with submitting annual tax returns.²⁵ Taxpayers who have a high commitment to knowledge of tax regulations are indicated by indicators of understanding general regulations and tax procedures, understanding the Indonesian tax system, and knowledge of tax functions, so that with

¹⁴ Ryan Agatha Nanda Widiiswa, Randy Baskoro, Good Corporate Governance dan Tax Avoidance Pada Perusahaan Multinasional dalam Moderasi Peningkatan Tax Audit Coverage Ratio, *Scientax*, Vol. 2, No. 1, 2020, p. 73.

¹⁵ I Gede Komang Chahya Bayu Anta Kusuma, Supriyadi, Sulfan, and Agus Puji Priyono, Determinan Efektivitas Pemeriksaan Pajak Menurut Persepsi Pemeriksa Pajak, *Jurnal Pajak Indonesia*, Vol.7, No.1, 2023, p. 110.

¹⁶ Direktorat Jenderal Pajak, Surat Edaran Direktur Jenderal Pajak Nomor SE - 11/PJ/2017 Tentang Rencana, Strategi, Dan Pengukuran Kinerja Pemeriksaan Tahun 2017.

¹⁷ Direktorat Jenderal Pajak, Laporan Tahunan Tahun 2018, Jakarta: Direktorat Jenderal Pajak, 2019.

¹⁸ Andrea Lemgruber, Andrew R, Masters, Duncan Cleary, *Understanding Revenue Administration: An Initial Data Analysis Using the Revenue Administration Fiscal Information Tool*, Washington, D.C.: International Monetary Fund, 2015.

¹⁹ DDTCNews, "Tingkat Keterperiksaan Wajib Pajak Masih Rendah", available at <https://news.ddtc.co.id/tingkat-keterperiksaan-wajib-pajak-masih-rendah-15888>, 2019, accessed on March 20, 2023.

²⁰ Yuli T. Hidayat dan Henry DP Sinaga, Certainty and Simplicity Principle in Broadening the Scope of Tax Audit in Indonesia, *Journal of Tax Law and Policy*, Vol. 1, No. 1, 2022, p. 12.

²¹ Direktorat Jenderal Pajak, Laporan Tahunan 2019, Jakarta: Direktorat Jenderal Pajak, 2020.

²² Direktorat Jenderal Pajak, Laporan Tahunan 2020, Jakarta: Direktorat Jenderal Pajak, 2021, p. 192. Availbale at <https://pajak.go.id/sites/default/files/2021-10/Laporan%20Tahunan%20DJP%202020%20-%20Bahasa.pdf>, accessed on Marc 27, 2022.

²³ Rizky Pebrina and Amir Hidayatulloh, Pengaruh Penerapan E-SPT, Pemahaman Peraturan Perpajakan, Sanksi Perpajakan, dan Kualitas Pelayanan Terhadap Kepatuhan Wajib Pajak, *Jurnal Ilmiah Ekonomi dan Bisnis*, Vol. 17, no. 1, 2020, p. 7.

²⁴ Devi Safitri and Sem Paulus Silalahi, Pengaruh Kualitas Pelayanan Fiskus, Pemahaman Peraturan Perpajakan Dan Penerapan Sistem E-Filling Terhadap Kepatuhan Wajib Pajak: Sosialisasi Perpajakan Sebagai Pemoderasi, *Jurnal Akuntansi dan Pajak*, Vol. 20, No. 2, 2020, pp. 145-153, doi: <http://dx.doi.org/10.29040/jap.v20i2.688DOI>.

²⁵ Krisma Adhi Triogi, Nur Diana, and M. Cholid Mawardi, Pengaruh Kesadaran Wajib Pajak, Pemahaman Peraturan Perpajakan dan Sanksi Pajak Terhadap Kepatuhan Wajib Pajak Orang Pribadi Yang Terdaftar di KPP Pratama Malang Utara, *E-JRA*, Vol. 10 No. 06, 2021, p. 81.

this, taxpayers will fill out forms correctly and taxpayers will submit annual tax returns on time.²⁶

Furthermore, Ulfa and Ariwibowo (2021), Zega and Noviyanti (2021), and Sulastri and Liyana (2023) conducted studies on tax awareness employing tax counselling. Ulfa and Ariwibowo (2021) concluded that increasing awareness and compliance of Micro, Small and Medium Enterprises (MSME) taxpayers is done through education, namely through counselling.²⁷ Although there are obstacles faced in the implementation of tax counselling, such as human resources (HR), budget, facilities and infrastructure, in the implementation of counselling, the Subdirector of Taxation Counseling of the Directorate General of Taxes (DGT) collaborates with other ministries or institutions by presenting weighty and interesting material that can increase taxpayer awareness.²⁸ Zega and Noviyanti (2021) argue that socialization is an interaction carried out to increase the knowledge of taxpayers and prospective taxpayers related to taxation.²⁹ Then, Sulastri and Liyana (2023) concluded that tax counselling through TikTok has an important role in increasing tax knowledge for MSME users of TikTok. However, the quantity and quality of video uploads on the @ditjenpajakri account are still considered inadequate by MSME players.³⁰ Apart from being based on studies or literature, taxation counselling matters have been regulated in the Regulation of the Director General of Taxes number PER-03 / PJ / 2013 concerning Guidelines for Taxation Counseling and Circular Letter of the Director General of Taxes number SE-05 / PJ / 2013 concerning Procedures for Implementing Taxation Counseling Activities. Both provisions fill the need for standardization of tax counselling, which more specifically arises in the context of improving compliance with annual tax return reporting. This involves collaboration between tax counselling, other internal business processes (supervision and law enforcement), and third-party cooperation.³¹ Future tax compliance is determined by the early cultivation of tax awareness through tax counselling.³²

C. METHODS

In answering the formulation of existing problems, this study uses multiple linear regression models with the ordinary least square (OLS) method. This model is used to see the relationship between more than one independent and dependent variable.³³ The equation in multiple linear regression analysis with the OLS method is:

$$Y = c + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

Variable Y is the dependent variable in the form of Compliance Reporting of Tax Return (SPT), the measurement of which is the ratio (percentage). Variable X1 is an independent variable in the form of an audit coverage ratio, the measurement of which

²⁶ *Loc.cit.*

²⁷ Mutia Ulfa dan Irwan Ariwibowo, Strategi Meningkatkan Kesadaran dan Kepatuhan Wajib Pajak UMKM di Indonesia, *Jurnal Pajak dan Keuangan Negara*, Vol. 3, No. 1, 2021, p. 69.

²⁸ *Loc.cit.*

²⁹ Dian Kartika Zega and Suzy Noviyanti, *Ibid.*

³⁰ Heni Sulastri and Nur Farida Liyana, Peran Akun Tiktok Sebagai Sarana Penyuluhan Pajak Dalam Rangka Meningkatkan Kesadaran Pajak Pelaku UMKM, *Jurnal Pajak Indonesia*, Vol.7, No.2, 2023, p. 105.

³¹ Tendi Aristo, Hotmal Jafar dan Muhammad Ilham, *Ibid.*

³² *Loc.cit.*

³³ Agus Widarjono, *Ekonometrika: Teori dan Aplikasi Untuk Ekonomi dan Bisnis*, Yogyakarta: Penerbit Ekonisia, 2005, 77.

is a ratio (percentage). Variable X2 is an independent variable in the form of regulatory effectiveness, the measurement of which is the ratio (percentage). Variable X3 is an independent variable in the form of counselling effectiveness, the measurement of which is the ratio (percentage).

To determine whether there is a classical assumption problem in the multiple linear regression model with the OLS method, this study conducted a classical assumption test consisting of data normality test, linearity test, heteroscedasticity test, autocorrelation test, and multicollinearity test. Completing the classical assumption test will lead this research to the next stage: answering the existing hypotheses using the Statistical Package for the Social Sciences (SPSS) software.

The data used in this study are secondary in the form of audit coverage ratio data, regulatory effectiveness, counselling effectiveness, and compliance with annual income tax return reporting in Indonesia, the data of which are contained in the Annual Report 2022, Directorate General of Taxes.³⁴

D. ANALYSIS AND DISCUSSION

1. Classical Assumption Test Results

The classical assumption test, which consists of a data normality test, linearity test, heteroscedasticity test, autocorrelation test, and multicollinearity test, has been fulfilled in this study. The data normality test was carried out using the One-Sample Kolmogorov-Smirnov Test. The Normality Test results show a significant value of 0.200, which means the value is greater than 0.05, so it can be concluded that the residual value is normally distributed. The evidence of the One-Sample Kolmogorov-Smirnov Test is briefly described in the following table.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		5
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.08666966
	Most Extreme Differences	
	Absolute	.260
	Positive	.139
	Negative	-.260
Test Statistic		.260
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

³⁴ Direktorat Jenderal Pajak, Annual Report 2022, Jakarta: Direktorat Jenderal Pajak, 2023.

The linearity test is conducted using the variance analysis (ANOVA) table. Based on the ANOVA Table output, the Deviation from Linearity value for X1 is 0.210, for X2 is 0.506, and for X3 is 0.056. The values of the three independent variables are greater than 0.05, so it can be concluded that there is a significant linear relationship between variable X1 and Y, between variable X2 and Y, and between variable X3 and Y. The ANOVA Table summary of the independent and dependent variables is summarized in the following table.

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Y* X1	Between Groups	(Combined)	177.139	2	88.570	43.117	.023
		Linearity	170.296	1	170.296	82.903	.012
		Deviation from Linearity	6.843	1	6.843	3.331	.210
	Within Groups		4.108	2	2.054		
	Total		181.247	4			

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Y* X2	Between Groups	(Combined)	157.797	3	52.599	2.243	.448
		Linearity	89.546	1	89.546	3.818	.301
		Deviation from Linearity	68.251	2	34.125	1.455	.506
	Within Groups		23.451	1	23.451		
	Total		181.247	4			

ANOVA Table

			Sum of Squares	df	Mean Square	F	Sig.
Y* X3	Between Groups	(Combined)	181.164	3	60.388	727.657	.027
		Linearity	154.455	1	154.455	1861.134	.015

	Deviation from Linearity	26.709	2	13.355	160.919	.056
	Within Groups	.083	1	.083		
	Total	181.247	4			

The multicollinearity test results are based on the “Coefficients” output table in the “Collinearity Statistics” section. It is known that the Tolerance value for variable X1 is 0.275, for variable X2 is 0.585, and for variable X3 is 0.281. Meanwhile, the VIF values for variable X1 are 3.638; for X2, they are 1.708; and for X3, they are 3.560, less than 10.00. Referring to the basis for making multicollinearity test decisions, it can be concluded that there are no multicollinearity symptoms in the regression model. The summary of the “Coefficients” output table is summarized in the following table.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	105.580	7.134		14.799	.043		
	X1	-8.463	.426	-.488	-19.859	.032	.275	3.638
	X2	-.860	.065	-.222	-13.205	.048	.585	1.708
	X3	.656	.041	.390	16.047	.040	.281	3.560

a. Dependent Variable: Y

The heteroscedasticity test was carried out using the Glejser test. The significant value for variable X1 is 0.581, for X2 is 0.396, and for X3 is 0.890. These values are greater than 0.05, so it can be concluded that there are no symptoms of heteroscedasticity in the regression model. The “Coefficients” output table is summarized in the following table.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.417	1.424		-.995	.501
	X1	.066	.085	.435	.774	.581
	X2	.018	.013	.537	1.394	.396

X3	-.001	.008	-.097	-.175	.890
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a. Dependent Variable: Abs_Res

The autocorrelation test is obtained based on the Durbin-Watson (D-W) value. The D-W value of 2.309 shows a value greater than the upper limit (dU) of 1.306 and less than (4-dU) of 2.694. It can be concluded that there are no autocorrelation symptoms. The values are summarized in the following table.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000 ^a	1.000	.999	.17334	2.039

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y

Multiple Linear Test Results

Multiple linear tests are carried out through 2 (two) tests, namely, the F test and the t-test. The results of the F test show a Sig. with a value of 0.016. This value is smaller than 0.05, so the hypothesis is accepted. It can be concluded that variables X1, X2, and X3 simultaneously affect variable Y. The magnitude of the coefficient of determination (R Square) is 0.999 or equal to 99.9%, which means that variables X1, X2, and X3 simultaneously affect 99.9% of variable Y, while other variables outside this regression equation influence the rest. A summary of the F Test values is summarized in the following table.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000 ^a	1.000	.999	.17334

a. Predictors: (Constant), X3, X2, X1

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	181.217	3	60.406	2010.409	.016 ^b
	Residual	.030	1	.030		
	Total	181.247	4			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X2, X1

The Sig value is obtained based on the t test that has been carried out. X1 is 0.032, X2 is 0.048, and X3 is 0.40. Each of these values is smaller than 0.05, so it can be

concluded that the variables X1, X2, and X3 partially affect Y. The following table summarizes the t-test values.

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	105.580	7.134		14.799	.043
	X1	-8.463	.426	-.488	-19.859	.032
	X2	-.860	.065	-.222	-13.205	.048
	X3	.656	.041	.390	16.047	.040

a. Dependent Variable: Y

The regression equation formula in this research analysis is as follows:

$$Y = c + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

$$Y = 105.580 - 8.463X_1 - 0.860X_2 + 0.656X_3 + 0.05$$

E. CONCLUSION

Based on the background, analysis, and discussion, it is concluded that the audit coverage ratio, effective regulations, and effective counselling greatly affect the level of compliance with annual income tax return reporting in Indonesia. Even simultaneously, the audit coverage ratio, effective regulations, and effective counselling have an effect of 99.9% on compliance with annual income tax returns reporting in Indonesia. It is recommended that to increase compliance with Annual Income Tax Return reporting in Indonesia, the government should increase tax audits, produce more effective regulations and increase the intensity of tax counselling for taxpayers in Indonesia. One important suggestion for improving tax compliance in Indonesia is increasing the ACR per year to at least 3%.

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