



Analysis of The Effect of Tax Audits and Collection on Tax Revenue

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Abstract: Tax revenue is a critical component of the Indonesian State Budget, with tax audits and collection as key mechanisms for optimizing state revenue. This study aims to analyze the effect of tax audits and collection on tax revenue at the Teluk Betung Pratama Tax Office (KPP Pratama), Bandar Lampung, for the 2021-2024 period. This empirical study uses quantitative research methods with secondary data from the Teluk Betung Pratama Tax Office (KPP Pratama) for the 2021-2024 period. Multiple linear regression analysis was conducted to examine the relationship between tax audits, tax collection, and tax revenue. The analysis shows that tax audits have a significant positive effect on tax revenue, while tax collection does not show a significant effect. The tax audit variable shows the highest contribution to optimizing tax revenue.

Keywords: Tax Audit, Tax Collection, Tax Revenue

Introduction

To run a nation and achieve its development, Indonesia requires a substantial State Budget (APBN) from the government. These funds are derived from all state revenues, including tax revenues. For decades, taxes have been at the forefront of determining the direction of the Republic of Indonesia (RI) government, making all aspects related to taxation crucial and potentially valuable. Taxes play a crucial role in national life because they are the source of state revenue used to finance all expenditures, including development expenditures (Mankiw, 2021; Bird & Zolt, 2019; Tanzi & Zee, 2020).

Government spending consistently increases annually. In the 2014 draft State Budget (APBN), the government and the House of Representatives (DPR) targeted an increase in state revenue compared to the 2013 APBN. State revenue in 2014 is projected to reach IDR 1,662.5 trillion, a 10.7% increase from the IDR 1,502 trillion targeted in the 2013 APBN (Ministry of Finance of Indonesia, 2014; hukumonline.com, 2014; OECD, 2021).

The 2021-2024 period showed significant growth in the number of registered taxpayers (WP) in Indonesia. According to data from the Directorate General of Taxes (DGT), the number of registered taxpayers has consistently increased, in line with the policy of matching the National Identification Number (NIK) with the Taxpayer Identification

Number (NPWP). This policy encourages expansion of the national tax base and strengthens the accuracy of tax administration data (DDTC News, 2024; IMF, 2022; Torgler, 2007).

By the end of 2024, the number of registered taxpayers reached 86.7 million, an increase of approximately 12.74 million compared to the previous year's 73.96 million. Of this total, individual taxpayers dominated with 80.27 million (92.58%), while the remainder were corporate taxpayers and other taxpayers (DDTC News, 2024; LinkedIn/DDTC, 2024; World Bank, 2023).

However, when compared to the working population, the level of formal compliance remains a challenge. Data from the Central Statistics Agency (BPS) indicates that as of February 2025, the working population in Indonesia reached 145.77 million. Therefore, the number of registered individual taxpayers only covers approximately 55% of the total workforce. Furthermore, the Directorate General of Taxes (DGT) states that only approximately 17.67 million individual taxpayers are required to file annual tax returns (SPT), creating a significant gap between registered taxpayers and those who are fully compliant (BPS, 2025; Bisnis.com, 2025; OECD, 2022).

Compliance with the 2024 Annual Tax Return (SPT) filing period from March to April 2025 also reflects a suboptimal trend. As of March 29, 2025, 12.05 million taxpayers had filed their SPTs, or approximately 74.3% of the target of 16.21 million SPTs. By April 11, 2025, that figure had increased to 13.008 million, consisting of 12.63 million individual taxpayers and 0.38 million corporate taxpayers (Kompas, 2025; Bisnis.com, 2025; Directorate General of Taxes, 2025).

Overall, developments from 2021–2024 show a significant increase in the number of registered taxpayers, primarily due to the integration of NIK-NPWP-based administration. However, a gap in compliance between registration and SPT reporting remains. This indicates the need to strengthen education strategies, outreach, and tax law enforcement to optimize potential state revenue from the tax sector in the future (DDTC News, 2024; Kompas, 2025; Alm & Martinez-Vazquez, 2021).

Table 1. Tax Revenue Realization for 2021-2024

Year	Tax Revenue Realization (Rp trillion)	Growth (%)	Notes
2021	1.278,63	+19,3 %	Post-pandemic recovery
2022	1.716,77	+34,3 %	Significant surge
2023	1.869,23 or 1.867,9	+8,9 %	Realization exceeds target
2024	1.932,40	+3,5%	Realization reaches target

In 2021, tax revenues showed a strong recovery, reaching Rp 1,278.63 trillion, a 19.3% increase compared to the previous year. In 2022, there was a sharp increase of 34.3%, bringing the revenue to Rp 1,716.77 trillion. In 2023, growth continued the positive trend, with tax revenues reaching Rp 1,869.23 trillion, or approximately Rp 1,867.9 trillion according to other sources. This exceeded the target set in the State Budget. In 2024, tax

revenues reached IDR 1,932.4 trillion, growing by 3.5%, and reaching 100.5% of the 2024 State Budget target (Ministry of Finance of the Republic of Indonesia, 2024; Directorate General of Taxes, 2024; OECD, 2023).

In this study, the author identified a phenomenon based on official reports from the Directorate General of Taxes (DGT) and field interviews at the Teluk Betung Pratama Tax Service Office in Bandar Lampung in 2023–2024, indicating that some individual and corporate taxpayers still neglect their tax reporting and payment obligations. This low level of compliance is generally influenced by a lack of awareness, a negative perception that taxes are a burden, and persistent negative perceptions of the Indonesian tax system. This is reflected in the compliance ratio for submission of annual income tax returns for individuals and corporations, which has not yet reached the DGT's national target, indicating that tax compliance still needs to be improved (Directorate General of Taxes, 2024; Ministry of Finance of the Republic of Indonesia, 2024; Alm & Martinez-Vazquez, 2021).

The government's efforts to encourage increased taxpayer compliance have been deemed significant, for example through the digitalization of tax services, the expansion of e-SPT and e-Filing, and the implementation of the core tax system in 2024. However, some taxpayers still have not fully fulfilled their obligations. Compliance in submitting tax returns is a key indicator of the effectiveness of state tax revenue. The higher the level of taxpayer compliance in reporting tax returns, the more optimal state revenues will be, ultimately supporting fiscal stability and national development (Pajak.go.id, 2024; Ministry of Finance of the Republic of Indonesia, 2024; Bird & Zolt, 2019).

Based on this phenomenon, optimizing tax revenue depends heavily on taxpayer awareness in exercising their tax rights and obligations in accordance with applicable regulations. Tax awareness is influenced not only by knowledge and understanding of regulations, but also by trust in fiscal authorities and perceptions of the benefits of taxes for national development. Therefore, on the taxpayer side, continuous improvement in fiscal literacy and awareness is necessary. Meanwhile, from the government's perspective, as the fiscal authority, strengthening professional, transparent, and information technology-based tax audit and collection mechanisms is a crucial instrument for ensuring compliance and optimal tax revenue (Ministry of Finance of the Republic of Indonesia, 2024; Directorate General of Taxes, 2024; Torgler, 2007).

Based on the background description, this research focuses on analyzing the role of fiscal instruments in increasing tax revenue. These instruments include tax audits and tax collection carried out by the fiscal authority, in this case the Teluk Betung Bandar Lampung Pratama Tax Service Office (KPP Pratama). Tax audits serve as a monitoring tool to ensure taxpayer compliance in correctly reporting and paying their tax obligations. Meanwhile, tax collection is a follow-up step taken to take action against taxpayers who have not fulfilled their tax payment obligations in accordance with statutory provisions (Directorate General of Taxes, 2024; Alm & Martinez-Vazquez, 2021; OECD, 2022).

Therefore, this research seeks to answer the questions of the extent to which tax audits affect tax revenue and the extent to which tax collection affects tax revenue at the Teluk Betung Bandar Lampung Pratama Tax Service Office (KPP Pratama). This analysis is

expected to provide an empirical overview of the effectiveness of tax oversight and enforcement policies in increasing state revenue (Ministry of Finance of the Republic of Indonesia, 2024; Directorate General of Taxes, 2024; Tanzi & Zee, 2020).

Agency Theory

The agency relationship perspective is the primary foundation for understanding the concept of corporate governance. Within this framework, managers have an obligation to maximize shareholder welfare, but on the other hand, managers also have a vested interest in maximizing their own welfare. This situation has the potential to create a goal inconsistency between the capital owner (principal) and the company manager (agent), known as agency conflict (Jensen & Meckling, 1976).

Jensen and Meckling (1976) explain an agency relationship as a contract in which one party (the principal) engages another party (the agent) to perform a number of services, with the delegation of decision-making authority to the agent. Similarly, Berle and Means (1932) asserted that in agency theory, shareholders are the legitimate owners of the company, while managers act as agents charged with maximizing shareholder returns. Both principals and agents are assumed to be rational individuals motivated by self-interest, thus opening up the opportunity for opportunistic behavior that can be detrimental to one party (Fama & Jensen, 1983; Shleifer & Vishny, 1997).

Agency Theory Approach to Tax Collection in Indonesia

Agency theory focuses on the relationship between principals and agents, which often have conflicting interests. The principal is the party who authorizes and pays the agent to perform a task, while the agent is the party who receives that authority to perform the task in exchange for compensation (Mathiesen, 2004). Within this framework, both principals and agents are assumed to be rational individuals oriented toward self-interest, potentially giving rise to conflicts of interest (Jensen & Meckling, 1976).

In the context of taxation, the government acts as the principal, authorized to collect taxes for the benefit of national development, while the tax authorities or tax authorities act as agents carrying out tax collection and audit duties. Ideally, agents should act in line with the principal's interests, namely optimizing state tax revenue. However, in practice, moral hazard can occur when agents prioritize personal interests, for example by allowing illegal tax evasion practices due to a weak oversight system (Sari & Martani, 2020). To minimize this potential conflict, the state needs to establish an effective incentive system and oversight mechanism to align the agent's interests with the principal's goals, even though this incurs additional costs known as agency costs (Eisenhardt, 1989; Setyaningsih & Rahayu, 2022).

Tax Revenue Effectiveness

Effectiveness is generally understood as the degree to which results are achieved in accordance with established objectives. Effectiveness indicates the extent to which an activity is able to produce the expected output on target (Halim & Abdullah, 2021). In the context of taxation, tax revenue effectiveness can be defined as the comparison between

actual tax revenue and the established target, thus reflecting the tax authority's success in achieving its planned fiscal objectives (Rahayu, 2022). Thus, tax revenue effectiveness at the Teluk Betung Tax Office (KPP Pratama) can be measured by the alignment between monthly tax revenue realization and the predetermined revenue target.

Principles of Tax Imposition

In the international tax system, several principles serve as the basis for countries to determine their authority to impose taxes, particularly regarding income tax. First, the domicile principle states that every individual or entity with resident status in a country is taxed on all income, whether earned domestically or abroad, in accordance with the concept of worldwide income (OECD, 2021). Second, the source principle asserts that taxation is based on the location of the source of income, so that all income derived from within a country is taxed, regardless of the taxpayer's domicile status (Supramono, 2022). Third, the nationality principle stipulates that tax obligations are based on citizenship status, so citizens remain taxed even if they earn income from abroad (Arifin, 2023). These three principles serve as the primary reference in building a fair tax system and preventing cross-border tax evasion practices.

Tax Collection Requirements

In the context of taxation, the government, as the tax collecting authority, is obligated to implement collection fairly, transparently, and in accordance with legal provisions. Several key principles must be met in tax collection. First, tax collection must reflect the principle of justice, both in regulations and in its implementation, so that every taxpayer is treated equally according to their rights and obligations. Second, tax collection must be based on law, as stipulated in Article 23 of the 1945 Constitution, to ensure legal certainty, taxpayer protection, and the confidentiality of tax data. Third, tax collection must not disrupt economic stability but must support the smooth running of production and trade activities. Fourth, efficiency requirements must be met by ensuring that administrative collection costs are lower than the tax revenues generated. Fifth, the tax collection system needs to be designed simply so that it is easily understood by taxpayers, thereby increasing compliance and awareness in fulfilling their tax obligations (Waluyo, 2022; Pohan, 2023).

Taxpayer Compliance

Taxpayer compliance is a key factor in the effectiveness of state revenue from the tax sector. Generally, tax compliance can be defined as the condition when taxpayers fulfill their tax obligations, including reporting, calculating, and paying taxes in a timely manner and in accordance with applicable laws. This compliance is not only driven by legal and formal aspects, but is also influenced by the level of understanding, awareness, and perception of the fairness of the tax system (STIE AAS Jurnal Akuntansi dan Pajak, 2024).

Consistently, recent research emphasizes that tax compliance is influenced by the interaction of internal and external factors. Internal factors include taxpayers' understanding of regulations and sense of responsibility, while external factors include the

quality of tax authorities' services, administrative burdens, and transparency of the tax system (Juliardi et al., 2024). Perceptions of tax fairness and the level of trust in tax authorities have also been shown to play a significant role in encouraging voluntary compliance (James & Alley, 2002; reviewed in Dialnet, 2023).

Thus, taxpayer compliance in the modern era is not solely a consequence of legal coercion, but rather the result of a combination of regulatory understanding, the quality of tax administration, and the legitimacy of fiscal authorities in the eyes of the public (Meta-Analysis of Tax Compliance in Indonesia, 2022).

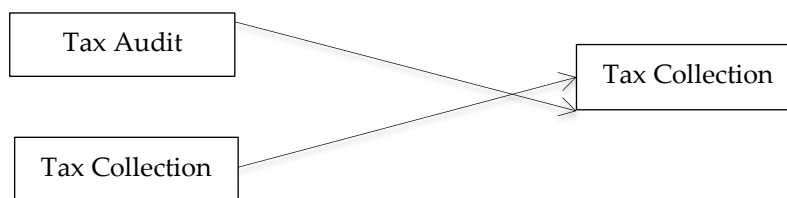


Figure 1. Research Framework

Recent empirical research has shown a positive and significant impact of tax audits on tax revenue. For example, a study at the Jayapura Pratama Tax Office (KPP Pratama) concluded that tax audits had a positive impact on revenue growth, even more dominant than other variables, based on the highest beta coefficient value.

Similar findings were obtained from research at the Medan Petisah Pratama Tax Office (KPP Pratama). Multiple regression testing showed that both audits and tax collection, both partially and simultaneously, contributed significantly to increasing income tax (PPh) revenue.

Furthermore, analysis at the South Makassar Pratama Tax Office (KPP Pratama) also supported this finding, indicating that the effectiveness of audits and collection together significantly increased tax revenue. Based on the literature and empirical evidence above, the following hypothesis can be formulated:

Hypothesis (H1): Tax audits have a positive and significant impact on tax revenue at the Teluk Betung Bandar Lampung Pratama Tax Office.

Tax audits are a series of activities that objectively collect and process data based on audit standards to test taxpayer compliance, starting from the issuance of an Audit Order to the Audit Result Report, which can serve as the basis for issuing a Tax Assessment Letter (PMK No. 15/2025). Meanwhile, tax collection is the tax authorities' action to settle tax debts in accordance with the latest procedures stipulated in Minister of Finance Regulation No. 61/2023, through mechanisms such as seizure, blocking, or extending the collection deadline.

Recent research has shown mixed results: at the Sekayu Tax Office (KPP Pratama), collection was shown to have a significant impact on VAT revenue, while audits did not (Habibah et al., 2025). Conversely, research at the South Makassar Tax Office (KPP South) found that both had a significant positive impact on tax revenue (Teri & Rura, 2023). Similarly, Azzahra and Binekas (2023) confirmed that tax audits and collection significantly contribute to state revenue. Based on this study, this study hypothesizes that tax audits and

collection have a positive and significant impact on tax revenue at the Teluk Betung Bandar Lampung Tax Office (KPP Pratama).

Hypothesis (H2): Tax collection does not have a significant impact on tax revenue at the Teluk Betung Bandar Lampung Tax Office (KPP Pratama).

Methodology

This research uses primary data as the primary source. This data was obtained directly from employees of the Teluk Betung Bandar Lampung Tax Service Office (KPP Pratama) through questionnaires and interviews. Therefore, the collected data accurately reflects the actual conditions on the ground and is relevant to the issues being studied. Furthermore, I utilized secondary data in the form of books, scientific articles, and official documents related to taxation to strengthen the theoretical foundation and analysis of the research (Sugiyono, 2019).

I collected my data through literature review and field research. I used the literature review to examine theories, concepts, and previous research findings related to this research topic (Creswell & Creswell, 2018). Furthermore, I conducted my field research using three methods: direct observation within the KPP, interviews with competent parties, and questionnaires distributed to the employees who participated in the research.

The questionnaire used closed-ended questions with a five-point Likert scale, allowing respondents to indicate their level of agreement with each statement. I chose this scale because it provides adequate interval measurements for analyzing respondent perceptions (Hair et al., 2019; Sekaran & Bougie, 2020). After collecting the data, I processed and analyzed it using SPSS version 25 to support hypothesis testing and empirically address the research problem formulation.

In this study, the population is defined as all subjects possessing certain characteristics relevant to the research focus (Sugiyono, 2019). The population of this study was all tax employees working in the audit and tax collection divisions at the Teluk Betung Pratama Tax Office (KPP Pratama) in Bandar Lampung. The sampling technique used was saturated sampling, a technique in which all members of the population are included in the research sample. Therefore, the sample size for this study was 30 employees, consisting of both auditors and tax collectors. Saturated sampling was considered appropriate because the population size was relatively small, allowing the researcher to sample the entire population (Etikan & Bala, 2017; Taherdoost, 2022). This approach not only minimizes bias in respondent selection, but also increases the validity of research results, because the data obtained reflects the actual conditions of the entire population studied.

Result and Discussion

Descriptive Statistical Analysis

Table 2. Descriptive Statistical Results

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Audit	30	28,00	35,00	32,5333	2,34496
Tax Collection	30	36,00	45,00	42,8333	2,18274
Tax Receipt	30	12,00	15,00	14,0000	,90972
Valid N (listwise)	30				

Source: Processed data, 2025

This study used three main variables: Tax Audit (X1), Tax Collection (X2), and Tax Revenue (Y). Data obtained from respondents were then processed and analyzed using the Statistical Package for the Social Sciences (SPSS) version 20 for Windows. Descriptive analysis was conducted to provide an overview of the characteristics of each research variable. The results of the data processing are presented in a descriptive statistical table containing measures of central tendency, such as minimum, maximum, and mean values, as well as measures of dispersion in the form of standard deviation.

Based on the descriptive analysis results in Table 2, the number of respondents in this study was 30. The independent variable, Tax Audit, had a minimum value of 28.00 and a maximum of 35.00, with a mean of 32.53 and a standard deviation of 2.344. Furthermore, the Tax Collection variable showed a minimum value of 36.00 and a maximum of 45.00, with a mean of 42.83 and a standard deviation of 2.182. Meanwhile, the dependent variable, Tax Revenue, has a minimum value of 12.00 and a maximum of 15.00, with a mean value of 14.00 and a standard deviation of 0.909. These results indicate that respondents' perceptions of the three variables are relatively consistent, as indicated by the relatively low standard deviation values for each variable.

Table 3. Normality Test Results

		Unstandardized Residual
N		30
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	,81388611
	Absolute	,090
Most Extreme Differences	Positive	,084
	Negative	-,090
Kolmogorov-Smirnov Z		,491
Asymp. Sig. (2-tailed)		,969

a. Test distribution is Normal.

b. Calculated from data.

Source: Processed data, 2025

The results of the normality test using the Kolmogorov-Smirnov presented in the table above show that the dependent K-Z is 0.491 with a significance level of 0.969. From these results, it can be seen that the significance number (Sig) for the dependent variable in the Kolmogorov-Smirnov test is $0.969 > 0.05$, meaning that the sample is normally distributed

Table 4. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	5,365	4,367		1,229	,230		
1 Tax Audit	,179	,069	,462	2,587	,015	,930	1,076
Tax Collection	,065	,074	,157	,880	,387	,930	1,076

a. Dependent Variable: Tax Revenue
Source: Processed data, 2025

Based on the multicollinearity test results presented in the table above, it is known that the Tax Audit variable has a tolerance value of 0.930 with a Variance Inflation Factor (VIF) value of 1.076. Similarly, the Tax Collection variable shows a tolerance value of 0.930 and a VIF value of 1.076. All VIF values obtained are less than 10, so it can be concluded that there are no symptoms of multicollinearity among the independent variables in the regression model. Thus, the regression model used in this study meets the classical assumptions regarding multicollinearity.

Table 5. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	5,365	4,367		1,229	,230		
1 Tax Audit	,179	,069	,462	2,587	,015	,930	1,076
Tax Collection	,065	,074	,157	,880	,387	,930	1,076

a. Dependent Variable: Tax Revenue
Source: Processed data, 2025

Based on the table above, a multiple linear regression equation can be made as follows:
 $Y = 5.365 + 0.179 X1 + 0.065 X2$

The equation shows that the Tax Audit variable (X1) has a regression coefficient of 0.179. This value indicates that every one-unit increase in the Tax Audit variable is predicted to increase Tax Revenue (Y) by 0.179 units, assuming other variables are constant. Furthermore, the Tax Collection variable (X2) has a regression coefficient of 0.065. This means that every one-unit increase in the Tax Collection variable is predicted to increase Tax Revenue (Y) by 0.065 units, *ceteris paribus*. Thus, both independent variables have a positive influence on tax revenue even though with different levels of contribution.

Hypothesis Testing (T-Test)

Table 6. Results of the T-Statistic Test

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	5,365	4,367		1,229	,230
1	Tax Audit	,179	,069	,462	2,587	,015
	Tax Collection	,065	,074	,157	,880	,387

a. Dependent Variable: Tax Revenue

Source: Processed data, 2025

Based on the t-statistic test above, the results for the Tax Audit variable (X1) show that the calculated t value (2.587) > t table (2.048) with a significance of 0.015 < 0.05). This means that partially the Tax Audit has a significant influence on Tax Revenue. Then for the Tax Collection variable (X2) shows that the calculated t value (0.880) < t table (2.048) with a significance of 0.387 > 0.05.

Discussion

The Impact of Tax Audits on Tax Revenue

Based on applicable laws and regulations, tax audits are a crucial instrument in the tax administration system. According to Article 1, point 2 of Minister of Finance Regulation Number 17/PMK.03/2013, a tax audit is defined as a series of activities to collect and process data, information, and/or evidence conducted objectively and professionally based on audit standards, with the aim of testing taxpayer compliance with tax obligations and/or for other purposes in the implementation of tax regulations.

The results of this study indicate that tax audits have a significant impact on tax revenue. This finding indicates that the effectiveness of audit implementation by tax officials in the audit section still needs to be improved, as the issued Tax Assessment Letters (SKP) have not fully achieved the revenue targets set by the Tax Office (KPP). This finding aligns with previous research conducted by Primerdo (2015), which examined the impact of tax audits on tax revenue at the Surakarta Pratama Tax Office (KPP Pratama), which found that

tax audits significantly impact tax revenue. The consistency of these findings is also supported by recent studies, such as those by Halim & Santoso (2022) and Rahayu (2023), which concluded that tax audits play a crucial role in improving taxpayer compliance and have a direct positive impact on state tax revenue.

The Impact of Tax Collection on Tax Revenue

As stipulated in Article 1, number 9 of Law Number 19 of 1997 concerning Tax Collection by Distress Warrant, which was amended by Law Number 19 of 2000, tax collection is a series of actions taken to ensure that taxpayers pay their tax debts and collection costs. These actions include issuing warnings or reprimands, implementing immediate and simultaneous collection, issuing Distress Warrant notifications, proposing preventive measures, implementing confiscations, taking hostages, and selling confiscated assets.

Based on the results of this study, it was found that tax collection did not have a significant impact on tax revenue. This condition is suspected to be caused by the lack of firmness in implementing administrative sanctions against taxpayers who fail to report their tax obligations or are reluctant to pay their tax arrears. Furthermore, effective collection is often hampered by technical constraints, such as the failure to deliver warning letters or enforcement letters to taxpayers due to administrative issues, such as difficult-to-find addresses. These collection instruments are expected to encourage taxpayers to promptly pay their tax debts.

The results of this study are consistent with the findings of Fahrul (2016), who examined the effect of tax collection on tax revenue at the North Makassar Tax Office (KPP Pratama), and found that tax collection had no significant impact on tax revenue. Similar findings are also supported by recent studies, such as Putri & Ardiansyah (2022) and Wijayanti (2023), which show that weaknesses in collection implementation, particularly related to the effectiveness of issuing enforcement letters and enforcing sanctions, prevent tax collection from contributing significantly to tax revenue.

Conclusion

This study aims to empirically examine the effect of tax audits and collection on tax revenue at the Teluk Betung Pratama Tax Office (KPP Pratama). The study sample consisted of 30 respondents, who were tax employees in the Audit and Collection Sections. The data used was primary data obtained through questionnaires distributed to the respondents. Data analysis was conducted using multiple linear regression with the aid of SPSS 20 for Windows software. Based on the data processing, the following conclusions were drawn:

1. Tax audits have a significant effect on tax revenue at the Teluk Betung Pratama Tax Office (KPP Pratama) in Bandar Lampung. This indicates that the more intensive tax audits conducted by the tax authorities, the greater the increase in tax revenue.
2. Tax collection does not have a significant effect on tax revenue. These results differ from the findings of Syahhab and Arief (2008), who stated that tax collection through Distress Warrants, both simultaneously and partially, significantly impacted Corporate Income

Tax (PPH) revenue. This difference may be caused by the effectiveness of the collection process, which still faces various administrative and technical obstacles, so that it does not have a real impact on increasing tax revenue (Rahmawati & Santoso, 2021; Wijayanti, 2023).

Implications

The findings of this study have several implications. First, they highlight the crucial role of tax audits as a strategic instrument in ensuring taxpayer compliance and optimizing state revenue. This suggests that strengthening the capacity of tax auditors, improving audit methodologies, and ensuring transparency in audit processes can enhance taxpayer trust and compliance. Second, the insignificant effect of tax collection suggests that administrative processes in tax enforcement need improvement. This implies that without an efficient and integrated enforcement mechanism, tax collection may not serve as an effective deterrent or revenue booster. Finally, the results reflect the importance of balancing persuasive and enforcement-based approaches in Indonesia's tax administration system, particularly at the regional level.

Practical Recommendations

1. Strengthening audit quality: The Directorate General of Taxes (DGT) should continue to improve the quality and frequency of audits by equipping auditors with advanced digital tools, training in risk-based auditing, and enhancing data integration with other government institutions.
2. Improving collection mechanisms: Streamlining administrative procedures in tax collection, especially related to Distress Warrants, electronic tracking of arrears, and real-time monitoring systems, will help minimize delays and strengthen enforcement effectiveness.
3. Taxpayer education and outreach: To complement audits and collections, the government should intensify taxpayer education programs to build fiscal awareness, reduce negative perceptions, and foster voluntary compliance.
4. Technology integration: Expanding the use of the core tax administration system and adopting digital enforcement tools can reduce human error, corruption risks, and inefficiencies in collection.

Suggestions for Future Research

Future studies could expand the research sample by including multiple tax offices across different regions in Indonesia to capture a broader picture of audit and collection effectiveness. In addition, researchers may incorporate secondary data such as financial reports, SPT compliance rates, and actual collection performance to strengthen the empirical analysis. Further, applying longitudinal methods or comparative studies between different types of taxes (e.g., VAT, Corporate Income Tax, and Personal Income Tax) could provide deeper insights into the effectiveness of fiscal instruments in boosting state revenue.

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