TAX REFORM IN THE PERFORMANCE OF TAX OFFICERS AND ITS IMPLICATIONS ON TAX COMPLIANCE IN THE PERCEPTION OF TAX PAYERS?

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ABSTRACT

Many complaints submitted to tax authorities have an impact on taxpayer compliance in carrying out their obligations, while also creating opportunities for non-compliance in applicable tax regulations. This study aims to determine how much influence tax reforms have on the performance of tax service officers and its implications for taxpayer compliance according to taxpayer perceptions. The data collection instrument used in this study is a questionnaire administered to 372 corporate taxpayer respondents at the Pratama Kelapa Gading Tax Office using the convenience sampling method. The analytical tool used is the Structural Equation Model (SEM) using the LISREL (Linear Structural Relationship) program. The results of this study show that according to the taxpayers' perception, tax reform has a significant influence on tax service performance, tax service performance has a significant influence on taxpayer compliance and tax reform has a significant influence on tax compliance.

INTRODUCTION

In the framework of realizing national development which aims at achieving a just and equitable welfare, large funding is needed, the main source of which are tax revenues that are the most important element in supporting the state budget revenue. The Law of the Republic of Indonesia number 11 of 2016 concerning tax amnesty states that the government pays considerable attention to realizing the national development plan. The government seeks to improve taxpayer compliance in carrying out their tax obligations.

One of the government's efforts to improve taxpayer compliance is by making the tax system more effective and efficient through improved taxation policies, tax administration systems and expanding tax bases so that tax revenues can be optimally carried out. The system is expected to make it more convenient for taxpayers to carry out their obligations. Vigryana, Mukhzam and Ruhana (2016) state that quality service for taxpayers (TP) has a significant effect on taxpayer satisfaction. According to Mangkunegara and Waris (2015) human resources are seen as an important element in the business development process; therefore, human resources are a very important investment in an organization.

Table 1 shows that the number of registered taxpayers does not reflect ideal conditions. According to the data, the total population of Indonesia that are employed and are registered as individual employee taxpayers is only 22,332,086 people, with a compliance rate ratio of 63.22%, when in fact the workforce in February 2018 reached 133.94 million people, as shown in table 2.

Table 1. Taxpayer Compliance Levels for 2015

Taxpayer	Registered TPs	TPs who must submit Annual Tax Returns	TPs who report their Annual Tax Returns	TPs who paid their taxes	Compliance Ratio
Corporate	2,472,632	1,184,816	676,405	375,569	57.09%
Non-employee individual	5,239,385	2,054,732	837,228	612,881	40.75%
Employee individual	22,332,086	14,920,292	9,431,934	181,537	63.22%
Total	30,044,103	18,159,840	10,945,567	1,169,987	

Source: Directorate General of Taxes (2016)

Table 2. Number of Small and Micro Industries in Indonesia

Type of Major Activity	February 2017	August 2017	February 2018	Changes in 1 year (Feb 2017-Feb 2018)	Changes in 1 Semester (Aug 2017-Feb 2018)
(1)	(2)	(3)	(4)	(5)	(7)
Working Age Population	150,59	192,08	193,55	2,96	1,47
Work Force	131,55	128,06	133,94	2,39	5,88
Employed	124,54	121.02	127,07	2,53	6,05
Unemployed	7,01	7,04	6,87	-0,14	-0,17

Source: Statistics Indonesia (2018)

In addition, according to Statistics Indonesia (BPS) data up to 2015, there were 531,351 small-scale companies operating in 2013, and 2,887,015 micro-companies in 2013, 283,022 small companies in 2015 and 3,385,851 micro-enterprises, as seen in table 3. This means that not all companies are registered as Corporate Taxpayers. Table 3 shows data of micro and small businesses in Indonesia from 2013-2015 obtained from BPS. It can be seen that the number of small businesses from 2013 decreased until 2015. However, micro businesses were actually increasing from 2013.

The number of corporate taxpayers paying taxes was 375,569. This number is very small compared to total of more than three million companies operating in Indonesia. Likewise, the number of Non-Employee and Employee Taxpayers paying taxes was 794,418, which is very small compared to the total number of more than 93 million Indonesians who work and have income.

Considering the low levels of compliance that resulted in the low achievement of tax revenues above, it is crucial for tax reforms to be carried out in Indonesia. Tax reforms can be implemented in several aspects, including human resources, IT and databases, business processes and tax regulations (Mardlo, 2018). A summary of tax non-compliance compiled by authors from various published references is presented in table 4.

The cases in table 4 place more emphasis on non-compliance of taxpayers and tax officials in carrying out tax obligations. If taxpayers and tax officials have high integrity and a good understanding of tax, they will be inclined to comply with tax regulations. lstighfarin (2018) mentioned other problems, such as the implementation of tax amnesty in the framework of tax reform that has not been implemented optimally. There is no standardization of information among tax authorities and the Tax Service

Table 3. Number of Small and Micro companies in Indonesia

Small			Micro		
2015	2014	2013	2015	2014	2013
283.022	284.501	531.351	3.385.851	3.220.563	2.887.015

Source: Directorate General of Taxes (2016)

Table 4. Taxpayers Non-compliance Cases

No.	Year	Non-Compliance Cases	Source
1.	2017	Former investigator of the Civil Service at the Directorate General of Taxes, Handang Soekarno, was sentenced to 10 years prison and fined Rp500 million, a subsidiary of 4 months prison. The sentence is lighter than the prosecution of the Corruption Eradication Commission (KPK), which was 15 years prison and a fine of Rp750 mil-	Puspitasari, 2017
2.	2016	The Directorate General of Taxes in 2016 detained 59 people due to tax arrears. Of	Sawitri, 2016b
3.	2016	Finance Minister Sri Mulyani Indrawati said the tax compliance of lawyers was still low based on data from the Indonesian Advocates Association (Peradi), which showed that there were 16,876 lawyers throughout Indonesia. However, only 1,976	Sawitri, 2016a

Office (KPP). There is still a lack of staff providing tax services as well as a lack of quality systems and intensive tax socialization.

The research questions of this study are whether based on the perception of taxpayers, tax reform has a direct effect on the performance of tax services? Based on the perception of taxpayers, does tax service performance have a direct effect on taxpayer compliance in carrying out their tax obligations? Based on the perception of taxpayers, does the tax reform indirectly affect taxpayers' compliance in carrying out their tax obligations?

This study uses the Goal-Setting Theory proposed by Locke (1968) as the grand theory. Goal-Setting Theory as a form of motivation theory, emphasizes the importance of the relationship between the goals set and the performance produced. The basic concept of this theory is that when someone is able to understand the goals of the organization, that understanding will affect his/her work behavior.

Goal-Setting Theory implies an individual's commitment to the goal. If an individual is committed to achieving those goals, then that commitment will affect his/her actions and affect the consequences of his/her performance. The achievement of the goals (objectives) that are set can be seen as the goals/level of performance that the individual wants to achieve. Overall, intention that is related to the set goals, provides a strong motivation in realizing its performance. Individuals must have the skills, goals and receive feedback to assess their performance. Achievement of the target (objectives) has an influence on employee behavior and performance in an organization (Locke & Latham in Lunenburg, 2011).

Tax Reform

Waluyo (2011) defines tax as an achievement that is imposed by one party, i.e. the employer (according to the norms he/she has set in general) without any compensation and which is solely used to cover expenses. Thus, the definition of tax implies the existence of power in its implementation; however, along with the technological development and progress, taxation must also undergo reform so that its implementation can run well. In addition, the many tax cases that have occurred show that reform is needed.

Bawazier (2011) states that tax reform must have clear targets and objectives and be carried out objectively. Tax reform must pay attention to aspects of justice, economic competitiveness within the country or with competing countries, smoothness and ease of implementation, also cost efficiency. According to Satriyo (2007) tax reform is a fundamental change in all aspects of taxation. The tax reform that is now being prioritized concerns the modernization of the mid-term tax administration of three to six years with the aim of achieving high level of voluntary compliance; great trust in tax administration; and high productivity of tax apparatus.

Research conducted by Criclivaia (2015) resulted in an analysis stating that tax reform can be done through fiscal legitimacy. This can be achieved by establishing clear, transparent and predictable regulations, especially in the legal and administrative aspects of the taxation system.

According to Devano and Rahayu (2006), the objectives of tax reform are:
1. to improve the quality of service to taxpayers as a source of funds to replenish the state treasury;
2. to suppress the occurrence of tax evasion;

3. to increase taxpayer compliance in implementing their tax obligations;
4. to apply the concept of good governance, the existence of transparency, responsibility, fairness, and accountability to improve the performance of tax agencies as well as the publication of the use and expenditure of tax funds;
5. to increase tax law enforcement, intensive supervision in the implementation of tax administration, both for tax authorities and taxpayers.

According to the Directorate General of Taxes, tax reform focuses on three main things, namely modernization of tax administration, tax policy reform, and tax intensification and extensification.

Tax Service Performance

Services according to Kotler (1967) in Rangkuti (2017) can be defined as a useful activity provided by one or several parties to other parties to satisfy their needs and desires that are essentially tangible and will not cause any ownership for those accepting it; performance is strongly related to the service provided. Heriansyah (2013) states that there is a relationship between employee performance and excellent service at the Loa Tebu Village tax office in the Tenggarong Subdistrict in Kutai Kartanegara Regency. Poor employee performance results in service that is not deemed satisfactory by the community. In addition, bureaucratic reform in public services is in line with Law Number 25 of 2009 concerning Public Services. In carrying out performance evaluations and in an effort to accelerate the quality improvement of public services, it is necessary to compile a rating of public service performance, as contained in Law No. 25 of 2009. Increasing service performance and bureaucratic professionalism is a requirement that cannot be postponed.

Spekle and Verbeeten (2014) state that the organization's performance measurement system for the operational objectives of the organization is intended to measure the outputs and outcomes of the organization. Increasing transparency, good governance and clean government is also an important effort that immediate implementation. Performance evaluation must be carried out in an objective, transparent and accountable manner based on the guidelines for evaluating the performance of public service units. The performance evaluation is also intended to give appreciation to service units that have achieved the highest rank or have provided excellent services, namely services that are fast, precise, inexpensive, safe, fair and accountable. Appreciation given in the form of awards as a way of fostering state apparatus is a strategic step in improving public service quality. Giving appreciation aims to enhance motivation, improvement and innovation in service, as well as to conduct an assessment to obtain an objective description of the performance of the service unit.

Taxpayer Compliance

Tax compliance is a condition in which a taxpayer fulfills all tax obligations and carries out his/her tax rights (Muliari & Setiawan, 2011). Compliance in this study implies that taxpayers strive to comply with applicable tax laws, by either fulfilling their obligations or carrying out their tax rights. The criteria for being a compliant taxpayer are listed in the Finance Minister's Decree No. 74/PMK.03/2012.

The Effects of Tax Reform on Performance of Tax Services

The motivation theory proposed by Locke (1968) emphasizes the importance of the relationship between the goals set and the

performance produced. The basic concept is an officer who is able to understand the objectives expected by the Directorate General of Taxes in tax reform, then the understanding will affect his/her working behavior.

Tax reform is one of the efforts carried out by the Directorate General of Taxes to foster public awareness about the responsibility of paying taxes and increasing taxpayer compliance. One of the objectives of tax reform is to improve the performance of tax services. The ineffectiveness of the taxation system in Indonesia in the tax administration system, government policies regarding taxation and tax extensification and intensification tend to cause low performance in tax services rendered.

The research conducted by Fitria (2016) shows that the taxation system has a positive effect on the performance of the employees in the KPP Pratama Surabaya Krembangan. On the other hand, Sari (2013) found that although tax reforms that have been implemented in the form of amendments to the PPN & PPnBM Law on state tax revenues, the tax targets have not been achieved. The first hypothesis proposed in this study is

H1 : Tax reform has a positive influence on tax service performance.

The Effect of Tax Service Performance on Taxpayer Compliance

Tax service performance is a form of service provided by the tax apparatus to help taxpayers carry out their tax obligations correctly. Improving tax service quality through tangible, empirical, responsiveness, reliability and assurance is expected to increase taxpayer compliance in carrying out their tax obligations (Zeithaml, Parasuraman, & Berry, 1990). Less effective tax service performance tends to be the cause of

the low level of tax compliance. This is the basis of the assumption that tax service performance has an effect on tax compliance. Improved tax service performance is expected to help taxpayers to fulfill their tax obligations and increase taxpayers' satisfaction and compliance.

Research conducted by Bhuasiri et al. (2016) show that tax service performance facilitates the conditions, social influence, and credibility which significantly influences the tax payers to use the e-tax payment system. Hidayatulloh's research (2013) shows that tax service performance has a positive effect on tax compliance in KPP Pratama Bandung Cicadas. The second hypothesis in this study is

H2: Tax services performance has a positive influence on corporate taxpayer compliance.

The Effects of Tax Reform on Taxpayer Compliance

The Directorate General of Taxes, in an effort to increase state revenues, since 1984 has introduced tax reforms by launching a new system of estimating, calculating, paying and reporting taxes using self-assessment methods replacing the previous method in which the tax payable is determined directly by the government (official assessment). The lack of effectiveness of the Indonesian taxation system tends to be the cause of the low level of tax compliance. This is the basis of the assumption that tax reform has an effect on taxpayer compliance.

Research conducted by Agustiningsih and lsroah (2016) shows that tax reform has a positive effect on taxpayer compliance at KPP Pratama Yogyakarta. The research of Punarbhawa and Aryani (2013) shows that tax administration reform and an enhanced knowledge of taxation have a positive and significant effect on the level of compliance

of Taxable Entrepreneurs in KPP Pratama West Denpasar.

Based on the theory and background of the problems raised, the third hypothesis that can be developed in the study is

H3: Tax reform has a positive influence on corporate taxpayer compliance.

RESEARCH METHODS

The research was carried out by distributing questionnaires at the KPP Pratama Kelapa Gading located in North Jakarta. This research was conducted in November 2017 to April 2018 because during this tax period, there were still many corporate taxpayers coming to the KPP Pratama Kelapa Gading for tax related activities. This study uses independent variables namely tax reform (X1), the intervening variable tax service performance (Y1), and the dependent variable taxpayer compliance (Y2). Each variable was measured using a 5-point Likert scale in which 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree.

Tax Reform (X1)

According to Satriyo (2007) tax reform is a fundamental change that is implemented in every aspect of taxation. According to the Directorate General of Taxes, tax reform focuses on three main issues, namely modernization of tax administration, tax policy reform, also tax intensification and extensification. This variable instrument consists of ten questions, using three dimensions of tax reform i.e. administration, regulation and supervision developed by Kartikaputri (2013) with the following explanation.

1. Organizational structure in the work system of KPP helps tax officers in carrying out their work (RPWP1);
2. The Account Representatives are helpful

in providing service, supervision and consultation for taxpayers (RPWP2);

3. The sanctions given to taxpayers will increase taxpayer compliance (RPWP3);
4. Computerized and digital administrative systems makes it easier for taxpayers to carry out their tax obligations (RPWP4);
5. The use of sophisticated technology helps increase efficiency in service, supervision and inspection and makes the service relatively fast (RPWPS);
6. Service facilities that utilize information technology will make it easier for tax officers to process tax reports submitted by Taxpayers (RPWP6);
7. The employee code of ethics can motivate tax officers to improve their performance (RPWP7);
8. The tax officers implement a well-defined employee code of ethics (RPWP8);
9. The tax amnesty policy can improve tax compliance (RPWP9); and
10. Letters of warning, distress warrants, letters of seizure, and auctions can help improve taxpayer compliance (RPWP10).

Tax Service Performance (Y1)

Tax service performance is the result of the work of the tax apparatus both in terms of quantity and quality over a certain period of time measured using indicators of empathy, physical evidence, reliability, responsiveness and assurance. This variable instrument consists of eight questions developed from the research of Onu and Oats (2015).

1. Services provided by tax officers are satisfactory (KPPWP1);
2. Tax service facilities found in the KPP are sufficient and in good condition (KPPWP2);
3. Tax officers respond quickly to complaints and difficulties experienced by taxpayers (KPPWP3);
4. Tax officers provide information and

explanations that is clear and easily understood (KPPWP4);

5. The use of forms that are easy to understand and complete (KPPWP5);

6. Tax officers prioritize accuracy when recording data so as to minimize the occurrence of errors in recording taxpayer data (KPPWP6);

7. Tax officers seek to provide services as quickly as possible (KPPWP7); and

8. Tax officers always maintain the confidentiality of taxpayer data which in turn increases the taxpayers' trust towards the tax apparatus (KPPWP8).

Taxpayer Compliance (Y2)

Muliari and Setiawan (2011) define tax compliance as a condition in which taxpayers fulfill all their tax obligations and carry out their taxation rights. This variable instrument consists of seven question items developed from the research of Onu and Oats (2015).

1. Register as a taxpayer to get an NPWP (KWPWP1);

2. Always pay your taxes on time (KWPWP2);

3. Always calculate taxes that are payable correctly (KWPWP3);

4. Always pay for income tax shortages that occur before an inspection is carried out (KWPWP4);

5. Always fill out the SPT (Tax Report) correctly and completely in accordance with provisions of the laws and regulations (KWPWPS);

6. Always submit the SPT to the tax office on time, i.e. before the deadline for submitting the SPT (KWPWP6); and

7. Comply to paying fines/administrative sanctions if you are late in submitting the annual SPT (KWPWP7).

The population of this study is the corporate taxpayers registered at the KPP Pratama

Table 5. Operational Variables of Research

No	Variable	Dimension	Indicator	Number of item
1.	Tax Reform (X1)	Administration	High level of voluntary compliance	1,2,3
		Regulations	Great trust in tax administration	4,5,6
		Supervision	High productivity of taxation apparatus	7,8,9,10
2	Tax Service Performance (Y1)	Reliability	Tax officer provides good tax services	1,2
		Assurance	Information provided by the tax officers helps taxpayers understand their rights and obligations	3,4
		Responsiveness	The tax officers always pay attention to the taxpayers' objections to the tax imposed	5,6
		Tangible	Simple/efficient ways of paying taxes	7,8
3	Taxable Entrepreneurs (Y2)	Holder of NPWP	Obligation to own a NPWP (Tax ID Number)	1,2
		Calculate	Always calculates taxes correctly	3
		Pay	Always pays taxes on time	4
		Fill in form	Always fills in tax forms correctly	5
		Report	Reports SPT properly and correctly	6,7

Source: Kartikaputri (2013)

Kelapa Gading, which is in the North Jakarta area comprising 5328 taxpayers. The study used the convenience sampling method, namely by approaching taxpayers who came to the KPP Pratama Kelapa Gading over the period August 2017 to April 2018, and asking taxpayers to complete a questionnaire. The data collected from the questionnaire was processed and analyzed to determine how the tax reforms affect tax service performance and the implications for corporate taxpayer compliance. The sample size in this study was 372 corporate taxpayers, which was determined using the Taro Yamane formula in Ferdinand (2014) to calculate the number of samples needed:

$$n = \frac{N}{1 + Nd^2}$$

Notes :
n = number of samples
N = population
d = specified precision or percentage

Sample calculation

$$n = \frac{5328}{1 + 5328(5\%)^2}$$

$n = 372{,}06 \ rounded \ to \ 372$

RESULT AND DISCUSSION

The demographics of respondents based on age and education level of respondents are presented in table 6 and table 7. The majority of respondents or 61.8% are in the productive age between 20-30 years. Whereas in terms of educational background, the majority of respondents were S1-graduated, in other words most of them had a bachelor's degree.

Meanwhile the demographics of respondents based on positions are divided into four categories, namely supervisors, managers, partners and others as in table 8. The majority of corporate taxpayers respondents, or 70.70%, are in other positions which could

Table 6. Profile of Respondents in terms of age

Age	Frequency	Percentage
<20	13	3.5%
21-30	230	61.8%
31-40	86	23.1%
41-50	31	8.3%
> 50	12	3.2%
Total	**372**	**100%**

Table 7. Profile of Respondents in terms of education

Education	Frequency	Percentage
SMA	124	33.3%
D3	56	15.1%
S1	187	50.3%
S2	5	1.3%
Total	**372**	**100%**

Table 8. Profile of Respondents in Terms of Position

Position	Frequency	Precentage
Supervisor	70	18.8%
Manager	25	6.7%
Partner	14	3.8%
Others	263	70.7%
Total	372	100%

be in the position of owner or other top management.

Each variable was tested for validity and reliability. The validity test was carried out using the Factor Analysis model, taking into account the value of the Standardize Loading Factor (SLF) in the Anti Image and Extraction Values table in the Communalities table. Questions will be considered valid if the SLF and Extraction values are greater than 0.5 (Ghozali, 2013). The reliability test was calculated using the formula Variance Extract and Construct Reliability (Ghozali, 2013). Based on the results of the validity

and reliability tests, the three variables were considered to be valid and reliable. Furthermore, with the overall suitability test of variables using the SEM LIRSREL 8.8 application (Joreskog & Sorbom, 1996), it can be seen that the constructs used to form the research model on the majority measurement fulfills criteria of the goodness of fit determined.

After determining the structural model with a proper goodness of fit test, the next step is to test the research hypotheses using the t-value test measurement model test. The value of the estimated causal relationship of the structural model tested is determined by the standard t-table value -1.96 or ≥1.96. The results of the suitability test and structural model using the t-value test are presented in the appendices.

Test results of the t-value measurement model are presented in a summary in table 9 which show that all the hypotheses proposed in this study were accepted. Table 9 shows that the tax reform variable has a significant effect on the tax service performance variable. This is indicated by the t-value which is greater than the t-table value. Thus, according to taxpayers registered at the KPP Pratama Kelapa Gading in North Jakarta, tax reform is a variable that should be taken into

consideration and can affect the performance of tax service officers.

The results of this study, in line with those of the research carried out by Fitria (2016), show that each of the variables of organizational structure, procedures, strategy and culture have a positive influence on the performance of the KPP Pratama Krembangan Surabaya officers. A research conducted by Aryati and Putritanti (2016) showed that the modern tax administration system has a positive influence on individual taxpayer compliance.

The tax service performance variable with a t-value greater than the t-table value means that it has a significant effect on the taxpayer compliance variable. In other words, tax service performance is a variable that should be taken into consideration and can affect the compliance of taxpayers in the KPP Pratama Kelapa Gading in North Jakarta. These results are in line with the motivation theory proposed by Locke (1968) that asserts the importance of the relationship between goals and performance produced. The basic concept of this is that a tax officer should be able to understand the objectives expected by the Directorate General of Taxes, namely helping taxpayers who encounter obstacles when

Table 9. Hypothesis Testing Results

Hypothesis	Structural Path	t-value	Notes	Conclusion
H1	Tax Reform (X1) → Tax Service Performance (Y1)	8.26	Hypothesis accepted	Tax Reform has a significant effect on Tax Service Performance
H2	Tax Service Performance (Y1) → Taxpayer Compliance (Y2)	7.14	Hypothesis accepted	Tax Service Performance has a significant effect on Taxpayer Compliance
H3	Tax Reform (X1) → Taxpayer Compliance (Y2)	6.65	Hypothesis accepted	Tax service performance has a significant effect on Taxpayer Compliance

Source: Results Processed using Lisrel 2018

fulfilling their tax obligations and increasing the satisfaction of taxpayers as customers.

By providing satisfactory services and adequate tax service facilities, tax officers are expected to also be more responsive to the various complaints and difficulties experienced by taxpayers. Tax officers must be able to provide information and explanations which are clear and easily understood, prioritizing the accuracy of recording data in their work so as to minimize the occurrence of errors in recording taxpayer data. These matters result in an increase in tax officers' service performance that can increase taxpayers' compliance.

The results of the studies have not been able to provide conclusions that can be generalized. The results of Winerungan's (2013) study that show that the services of the tax officers do not affect the compliance of individual taxpayers registered at the KPP Pratama Manado and Bitung. While the results of Kartikaputri's research (2013) are in line with this study, namely that tax service performance has a very strong, direct and significant relationship and positive influence on taxpayer compliance. Another study by Sari and Rasmini (2017) states that the service quality of electronic taxation systems can increase the satisfaction of individual taxpayers at the KPP Pratama East Denpasar.

The tax reform variable has a significant effect on the Taxpayer Compliance variable, as indicated by the t-value which is greater than the t-table value. This means that tax reform is a variable that can positively influence taxpayer compliance in the KPP Pratama Kelapa Gading in North Jakarta.

According to the Directorate General of Taxes (2016), the tax reform that has been carried out by the Directorate General of Taxes can help improve taxpayer compliance. The tax reforms have been carried out through, for example, the issuance of the tax amnesty policy, the Sunset Policy letters of reprimand, forced letters, seizures, auctions, and tax sanctions.

The results of this study, in line with the results of a study found by Taha et al. (2018), show that tax policy reforms can improve the effectiveness and efficiency of the tax collection systems, including changes in tax rates imposed on individual and corporate taxpayers to reduce the burden on taxpayers. A research conducted by Criclivaia (2015) shows that tax reforms in Moldova achieved some progress by reducing bureaucracy and simplifying administrative procedures.

CONCLUSION

Tax reform has a significant effect on tax service performance. Tax reform that includes revamping various fields including technology policy bureaucracy implemented by the Directorate General of Taxes can improve the tax service performance of tax officers.

Tax service performance has a significant effect on tax compliance, in the sense that good tax service performance carried out by tax officers can improve taxpayer compliance in carrying out their tax obligations. Tax officers who provide good services will be able to stimulate and increase the desire of taxpayers to carry out their tax obligations.

Tax reform has a significant effect on taxpayer compliance. The tax reforms carried out by the Directorate General of Taxes can increase taxpayer compliance in carrying out their tax obligations. Taxpayers will feel more comfortable with the tax reforms, giving rise to the desire to be obedient to the regulations when carrying out their tax obligations.

Some policy recommendations arising from this study are the need for a guarantee that the implementation of tax reforms will be carried out by all tax authorities to ensure the performance of tax services expected by corporate taxpayers, a reform in the implementation of control over information technology-based performance applied for taxpayers as well as tax officers. In addition, transparent information is also needed on sanctions or rewards for the performance of tax services carried out by tax officials, so that the public are informed and the tax officers can implement the reforms and improve their performance. There is a need for information on the performance assessment of the Tax Service Office and the officers carried out by external and independent parties. This information should be made available for taxpayers who need it. This will ensure them that the tax reforms are being well-implemented.

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Appendices

Appendix 1. Overall Suitability Test Result

No	Indicators	Suitability Target Level	Estimated Result	Suitability Level
1.	Root Mean Square Error of Appoximation (RMSEA) P (Close Fit)	RMSEA ≤ 0,08 p ≥ 0,50	0.067	Marginal Fit
2.	Normal Fit Index (NFI)	NFI ≥ 0,90	0.96	Good Fit
3.	Non-Normal Fit Index (NNFI)	NNFI ≥ 0,90	0.98	Good Fit
4.	Comparaive Fit Index (CFI)	CFI ≥ 0,90	0.98	Good Fit
5.	Incremental Fit Index (IFI)	IFI ≥ 0,90	0.98	Good Fit
6.	Relative Fit Index (RFI)	RFI ≥ 0,90	0.96	Good Fit
7.	Goodnes of Fit Index (GFI	GFI ≥ 0,90	0.87	Bad Fit
8.	Adjusted Goodnes of Fit Index (AGFI)	AGFI ≥ 0,90	0.84	Bad Fit

Appendix 2. The results of the suitability test and structural model using the t-value test
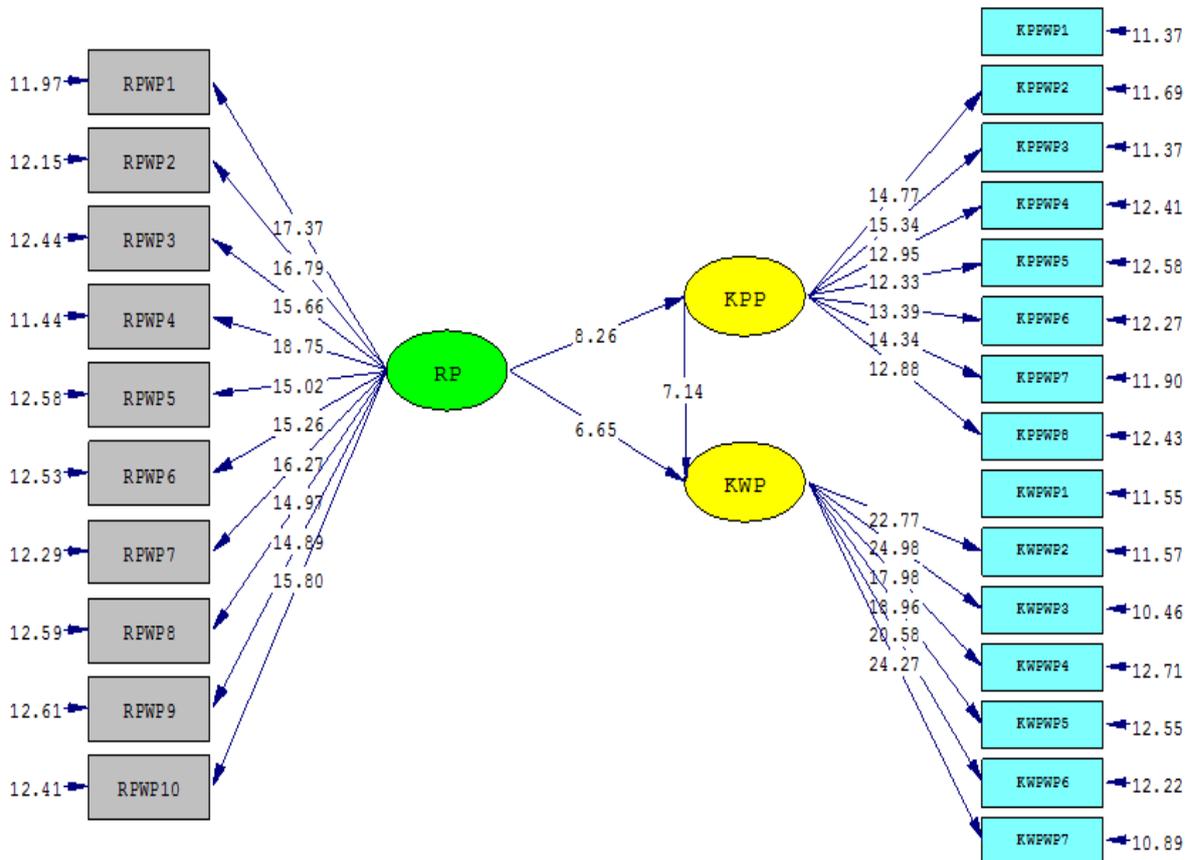
Chi-Square=722.37, df=272, P-value=0.00000, RMSEA=0.067