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RESEARCH ARTICLE

THE EFFECT OF INTERNAL CONTROL SYSTEM ON TAX EFFECTIVENESS THROUGH THE STRENGTHENING OF TAX OBLIGATION IN TAX SERVICE OFFICES IN MAKASSAR CITY

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Abstract

The purpose of this study was to determine the effect of internal control systems and taxpayer compliance on tax effectiveness at the Tax Service Office in Makassar City. This research was conducted quantitatively and used a questionnaire as a means of collecting data. For testing hypotheses using Structural Equation Modeling analysis tools with the Smart-PLS Version 3.0 program. The population in this study were all tax employees at the Tax Service Office in Makassar City has 460 employees. The sampling technique uses purposive sampling. So that the sample used in this study was 127 samples from tax employee respondents in the Account Representative section, tax checking section and tax collection employee at the Makassar City Tax Service Office. The results of this study indicate that the internal control system has a significant positive effect on tax effectiveness, indicating that the internal control system of taxpayers is needed as a control to detect the number of tax deviations committed by taxpayers, taxpayer compliance has a significant positive effect on tax effectiveness, this indicates that the understanding and awareness of taxpayers regarding their tax obligations and the number of appeals by tax authorities (tax officers) to pay taxes in accordance with the provisions, the internal control system does not have a significant effect on WP compliance, indicating that the taxpayer's internal control system is a more directed form of supervision to prevent the occurrence of misuse and tax fraud by the taxpayer and the taxpayer's fall does not mediate the effect of the internal control system on tax effectiveness, indicating that a strengthening of the internal control system is more directed towards control or supervision, to prevent taxpayers from committing tax irregularities or tax fraud.

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Introduction:-

Since the first tax reform in 1984, it is hoped that tax revenue as the main source of APBN financing can be maintained. Apart from being a source of revenue (budgetary), taxes also have another function, namely the regulated function. The Minister of Finance said that aside from being aimed at increasing state revenue, tax revenue would also be directed at providing limited stimulus to support higher-quality economic growth (Hutagaol, 2013).

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In 2013, when compared to other countries, Tax Ratio in Indonesia was among the lowest, for example Germany (36.7%), Japan (34.7%), United Kingdom (32.9%) and the United States (25.4%), Korea (24.3%), Mexico (19.7%), China (19.4%), the Philippines (14.3%), Indonesia (11.3%) and India (10.3%) based on data (Organization for Economic Cooperation and Development, 2013). The value of the Tax Ratio in Indonesia in 2010 to 2016 is presented in Table 1.

Table 1:- Indonesian Tax Ratio Period 2010-2016.

Year	Tax Ratio
2010	10,5
2011	11,2
2012	11,4
2013	11,3
2014	10,9
2015	12,7
2016	12,2

Source: State Budget Analysis and Implementation Bureau, 2016

Based on Table 1, it can be observed that the Tax Ratio in Indonesia has fluctuated, but is still low compared to other countries. In 2010 the percentage of Tax Ratio was only 10.5%, increasing in 2011 by 11.2%, in 2012 it was 11.4%, in 2013 it was 11.3% and in 2014 it dropped to 10.9% but in 2015 it rose to 12.7% although in 2016 it slightly decreased by 12.2%. This condition is considered irrelevant to the level of business growth in Indonesia. The tax revenue target is planned realistically by basing on the current economic conditions and supporting the implementation of comprehensive taxation policies and administrative measures as well as extra efforts to reduce the gap between potential tax revenue and its realization.

Based on the 2016 Directorate General of Taxes Performance Report data, which includes all tax revenues, the percentage of tax revenue realization over the past four years is as follows.

Table 2:- Percentage of Realized Tax Revenues (in Trillions).

Year	2013	2014	2015	2016
Target	995,21	1.072,37	1.294,26	1.355,20
Realization	921,27	981,83	1.060,83	1.105,81
Achievements	92,57%	91,56%	81,96%	81,60%

Source: DGT Portal Acceptance Performance Menu, 2016.

The realization of the compliance ratio for Annual Tax Returns in 2016 was 63.15% of the target set at 72.50%. The compliance ratio in 2016 grew compared to 2015 of 2.73% (realization of the compliance ratio in 2015 amounted to 60.42%). Achievement ratio of submission of Annual Income Tax Year 2013 to 2016 can be explained in the table below.

Table 3:- Tax Returns Compliance Ratio 2013 to 2016.

No	Description	2013	2014	2015	2016
1	Registered Taxpayer	24.347.763	27.379.256	30.044.103	32.769.215
2	Registered Taxpayers Tax Payers	17.731.736	18.357.833	18.159.840	20.165.718
3	Target of Compliance	11.525.628	12.852.301	12.711.888	14.620.146
4	SPT realization	9.966.833	10.852.301	10.972.336	12.735.463

Source: DGT Performance Report, 2016

The table above illustrates the development of the annual SPT submission compliance ratio from 2013 to 2016. In realization it can be seen that there is an increase every year, the achievement of the realization of compliance is still below the target set based on the target set where each year gets an increase targets. WP awareness is still low in carrying out its tax obligations causing the low level of tax compliance. Therefore, one way to support the

achievement of taxpayer compliance targets, efforts have been made to improve the effectiveness of tax revenue by issuing policies, running programs, and conducting oversight.

In essence, every activity in the organization or business needs what is called control. The purpose of control, among others, is to observe what happened and compare it with what should have happened, to immediately report irregularities or obstacles to the leader or the person in charge of the function or activity concerned so that corrective action can be taken as needed. An internal control system is a control tool in carrying out activities at the Tax Service Office. In the above understanding, the company is considered as a Tax Service Office which is very instrumental in increasing state revenue. Internal Control has the objective to provide sufficient confidence to increase taxpayer compliance.

The facts show that the level of compliance of taxpayers in Indonesia is still alarming, seen from the tax ratio which is still low. For this reason, it is necessary to study intensively the factors that influence taxpayer compliance. The phenomenon of taxpayer compliance in Indonesia which is still low is the first motivation for researchers to examine intensively the factors that affect tax effectiveness at the Makassar Tax Service Office. The second motivation in this study is that the researcher wants to explain the factors that influence the strengthening of taxpayer compliance and tax accountability on tax effectiveness at the Tax Service Office (KPP) in Makassar. Because the size of the tax will determine the capacity of the state budget in financing state expenditures, both for development and routine financing and economic growth which is expected to synergize with increased tax revenue in Makassar City.

Based on the background description, the purpose of this study is to analyze and determine the effect of the internal control system directly and indirectly on the effectiveness of taxes through taxpayer compliance in Makassar City.

Literatur Review:-

Internal Control System

The Internal Control System in tax collection plays an important role as a means of evaluating existing systems and procedures. The evaluation is used to measure how well the system has been run so that tax collection can achieve the targets set to optimize its usefulness (Ironkwe, 2015).

Alvin, et.al (2011: 137) states that internal control is a process that is influenced by the activities of the board of commissioners, the management or other employees, which are designed to provide reasonable confidence regarding the achievement of objectives which include: a. Reliability of financial reporting b. Effectiveness and efficiency of operations c. Compliance with applicable laws and regulations. According to Yuniati (2017), the Internal Control System consists of policies and procedures designed to provide reasonable assurance for management that the organization has achieved its goals and objectives.

According to COSO (Committee of Sponsoring Organization) as quoted by Brejita (2016) states that. Internal Control can be judged effective for each of the three business objectives if management has reasonable assurance that they understand the extent to which the organization's objectives are being met; financial and management reports are being prepared reliably, and applicable laws and regulations are being complied with. The COSO statement above states that internal control will be considered effective for the three mission organizations mentioned above if management has sufficient confidence that the goals of the organization are achieved, the management reports and financial statements that have been presented can be relied upon, and the laws and regulations have been complied with.

Taxpayer Compliance

The low compliance of taxpayers can be caused by many things, but most of all are due to the lack of data about taxpayers that can be used to determine compliance (Alm, Bahl, Murray, 1990). Even if there is data, it is usually scattered in various places with different structures from one another. Whereas in New Zealand, the government implements new rules whose aim is to encourage voluntary compliance. Examples of all payments made to suppliers, if done via bank transfer can be used as an input tax (tax credit), whereas can be paid with cash can not be considered as input tax. The rule applies so that all company transactions can be traced.

Based on data and information regarding taxpayer compliance and the results of its evaluation, the following results are obtained: taxpayers have greater income tends to be more obedient, lower application rates encourage the need for taxpayer compliance rather than the application of high tax rates, The application of tax sanctions encourages

taxpayer compliance, taxpayers' perceptions of the use of tax money and accountability by the government encourage taxpayer compliance, a complete and accurate database influences the effectiveness of law enforcement and taxpayer compliance. Furthermore, taxpayer complaints affect tax revenue or taxation performance (Tatsuo, 1992).

According to Bradley (1994), the notion of tax compliance is that taxpayers have a willingness to fulfill their tax obligations. Fulfillment of tax obligations must be by applicable regulations without the need for inspection, careful investigation (obtrusive investigation), warnings, threats, and the application of sanctions both law and administration. Compliance with taxpayers in fulfilling their tax obligations will increase state revenue and in turn, will increase the amount of tax ratio.

From the above explanation, it can be concluded that taxpayer compliance is the fulfillment of tax obligations performed by taxpayers in the context of contributing to development. Now, it is expected that fulfillment is voluntary. Taxpayer compliance becomes an important aspect considering the Indonesian tax system adheres to the Self Assessment system which in its process gives trust to taxpayers to calculate, pay and report obligations, taxpayers who obey and fulfill and carry out tax obligations by the provisions of tax legislation.

Tax Effectiveness

In general, effectiveness is often associated with efficiency in achieving organizational goals. Whereas a goal or suggestion that has been achieved by the plan can be said to be effective, but not necessarily efficient. Although an increase in effectiveness in an organization is not necessarily efficient. If the goals or objectives have been achieved by previously planned can be said to be effective (Mc Gill, 2001). So if a job is not completed within the allotted time, it can be said to be ineffective. Effectiveness is a picture of the level of success or excellence in achieving the set goals and the interrelationships between various values. Effectiveness is a basic element to achieve the goals or objectives that have been determined in every organization, activity or program. Called effective if achieved goals or objectives as specified.

Theory of Effectiveness According to Anthony and Vijay (2003: 149), effectiveness is the relationship between the output of a central responsibility with the goals that must be achieved. The greater the contribution of output produced to the achievement value, the more effective the unit can be said. Effectiveness in the outlines can be formulated as a matter relating to the determination of whether the stated objectives of the company have been achieved.

The effectiveness of tax collection to achieve optimal revenue from the tax sector, according to Devas (1989: 143), the tax must reach or deliver, "effectiveness and effectiveness". According to Ikhsan and Solomon (2002: 120) basically, the effectiveness is used to show the success of a business or activity to achieve the targets set. Thus tax effectiveness is a measure that can be used to assess the overall tax administration.

1. Effect of Internal Control System on Taxpayer Compliance.

Increasing public awareness to pay taxes as a civic duty needs to be balanced with an increase in the service of the state apparatus to tax payments by applicable laws and regulations. Tax Examination aims to test compliance with tax obligations to provide legal certainty, fairness, and guidance to taxpayers to support internal control. For the process of fulfilling the taxpayer's tax obligations to run well and the Directorate General of Taxes can carry out optimal supervision, it is necessary to have an effective internal control system by the Directorate General of Taxes.

The results of Tjondro's research (2002) that examined the effect of the internal control system on hotel taxpayer compliance in carrying out tax obligations, the results of the study showed two variables significantly influence the accounting system and control procedures on Taxpayer Compliance with an alpha level of 5%.

The aim of Kiryanto's (2000) research is to examine whether there is a correlation between the application of internal control and taxpayer corporate compliance in maintaining income tax obligations and to check whether the application of internal control structure influences taxpayer compliance in paying income tax. The first hypothesis research results show that the application of internal control structures has a positive correlation with taxpayer corporate compliance in maintaining income tax obligations.

2. Effect of Internal Control Systems on Tax Effectiveness.

Internal Control System is a system, structure or process implemented by the board of commissioners, managers, and employees in the organization that aims to provide adequate assurance that the control objectives are achieved, including effectiveness and efficiency, reliability of financial statements and compliance with legislation can be achieved. The Internal Control System in tax collection plays an important role as a means of evaluating existing systems and procedures. The evaluation is used to measure how well the system has been run so that tax collection can achieve the targets set to optimize its usefulness (Ironkwe, 2015).

Findings from Joseph et al's (2015) study revealed that there was a significant positive relationship between the adequacy of internal control systems and fraud prevention and detection in the treasury district in Kakamega District. This study recommends that effective and efficient internal control policies and procedures must be implemented to prevent and detect fraud in the regional treasury and other institutions.

Brejita (2016) states that effective, efficient, transparent and accountable management of state or regional finances needs to be applied in carrying out government activities to determine the effectiveness of the control system. Internal control in the Central and regional governments is guided by Government Regulation Number 60 of 2008 concerning Government Internal Control Systems. The results of the research conducted showed that the Internal Control System that was implemented was effective and adequate.

Yuniati (2017), concluded that internal control variables affect the effectiveness of income tax receipts at the Bandung Tegallega Tax Service Office by 51.3%. While the remaining 48.7% is influenced by other factors outside the internal control variable.

3. The influence of taxpayer compliance on tax effectiveness.

Hariman's research results (2015) show that the application of taxation policies has a positive effect on economic growth. So with material compliance taxpayers have a positive effect on economic growth. This means that if the taxation policy is better and the taxpayer material compliance increases, it will be followed by an increase in the rate of economic growth. The level of taxpayer compliance as measured by the amount (SPT) submitted has a significant effect on increasing corporate income tax revenue. Tax audits measured by the number of audited SPTs do not have a significant effect on increasing corporate income tax receipts at the Tax Office. Income tax payable as measured by the amount of income tax payable paid taxpayers to have a significant effect on increasing income tax receipts at KPP (Suhendra, 2010).

The Akintoye and Tashie Study, (2013) examined the effect of tax compliance on economic growth and development in Nigeria. Tax compliance here is a proxy for the willingness of citizens to pay taxes. This is because tax revenue is an important instrument for economic growth and development in many developing countries such as Nigeria because the internal income generated through taxes goes a long way in providing funds for the supply of public goods. The results of this study indicate that many Nigerians comply with tax payments and the willingness of citizens to pay taxes in the State of Lagos is significantly higher than the State of Oyo. Government Trust, Provision of Infrastructure Facilities, Tax Accountability by the Government, Revenue, Moral Ethics, Tax Knowledge, Tax Rates, and Tax Payment Systems turned out to affect the increase in tax revenue.

Odaibo and Tashie. 2016, the willingness of citizens to pay taxes is very important and cannot be ignored. It is recommended that the government pay attention to the factors that influence the willingness of citizens to pay taxes and improve it, thereby increasing the well-being of the people "willingness to pay taxes, government revenue, and economic growth and national development in general.

Doerrenberg (2015) results show that compliance depends on the use of tax revenue. Sena and Jean-Franc (2017). Empirical results show that the sustainability of development assistance for tax revenue depends on the level of economic development of countries through the real income per capita of society.

Research Methods:-

Research Location and Time

The location of this research is the Pratama tax service office in Makassar City, namely the North Makassar Pratama Tax Office, South Pratama Makassar Tax Office, and the West Makassar Pratama Tax Office. The data collection of this study was carried out for approximately 2 months.

Population and Sample

The population in this study were all tax employees at the Tax Service Office in Makassar City, the sample used was 127 respondents of tax employees in the Account Representative (AR) section, the tax checking section and the tax collection employee at the Makassar City Tax Service Office.

Data analysis method

In this study using the Structural Equation Modeling (SEM) analysis tool using a partial least square (PLS) program. the data used are ordinal data.

Operational definition

By theoretical and conceptual research studies, the operational definition is further described as follows:

a. Internal Control System

An internal control system is the frequency of evaluation of tax compliance and the availability of cash to pay the tax owed. Internal control has the aim of providing adequate confidence. The indicators used are:

1. There are no pending tax payable
2. Reduced tax warning letters and underpayment tax assessments
3. Reduction of late tax penalties (Article 7 Income Tax and Article 9 Income Tax)
4. The low number of tax deviations at the taxpayer

b. Taxpayer compliance

Taxpayer compliance is the fulfillment of tax obligations performed by taxpayers in the context of contributing to development. Indicators of compliance are as follows.

1. Submission of tax returns on time,
2. Submission of tax returns correctly, and
3. Tax arrears (STP / SKP) are paid before maturity.

c. Tax Effectiveness

The achievement of tax revenue is based on the potential and tax targets set by the Director-General of Tax of the Ministry of Finance. indicators of effectiveness include:

1. Increased tax revenue based on the potential local tax office tax
2. Increased tax revenue based on the tax target of the local tax service office
3. Increasing the ratio of tax revenue to the economic growth of the local tax service office

Research Result:-

Description of Research Data Quality Test

Evaluate Measurement (Outer), Models

A measurement model for data analysis techniques to assess the outer model, as follows.

Convergent Validity

The convergent validity of the measurement model using reflective indicators is assessed based on the loading factor of the indicators that measure the construct. Based on the results of preliminary testing the research model shows several outer indicators that have met the requirements. Based on the test results of the measurement models shown in the table and can be explained as follows.

Table 4:- Value of Outer Loadings (Measurement Model).

	Tax Control System	Taxpayer Compliance	Tax Effectiveness
X.1	0.522		
X.2	0.828		
X.3	0.885		
X.4	0.867		
Y1.1		0.850	
Y1.2		0.786	
Y1.3		0.735	
Y2.1			0.902
Y2.2			0.877
Y2.3			0.865

Source: SmartPLS Processed Data, 2019.

The results of processing using SmartPLS can be seen in Table 4. above. The outer model value or the correlation between constructs and variables initially fulfill convergent validity because this research model shows that outer indicators meet the requirements because the loading factor indicator is still above the loading standard with the latent variable that wants to be measured ≥ 0.5 .

Composite Reliability and Cronbach's Alpha

In addition to the construct validity test, a construct reliability test is also measured by composite reliability and Cronbach's alpha from the indicator block that measures the construct. The following are the results of testing the reliability and Cronbach's alpha composite of Smart PLS:

Table 5:- Composite Reliability and Cronbach's Alpha.

	R Square	Cronbachs Alpha CA > 0.6	Composite Reliability	Information
Tax Control System		0.785	0.865	Reliable
Taxpayer Compliance	0.382	0.702	0.834	Reliable
Tax Effectiveness	0.669	0.857	0.913	Reliable

Source: Data processing with PLS, 2019

The construct is declared reliable if it has a composite reliability value above 0.70 and Cronbach's alpha above 0.60. From the results of SmartPLS output above all constructs have composite reliability values above 0.70 and Cronbach's alpha above 0.60. So it can be concluded that the construct has good reliability.

Structure Model Testing (Inner Model)

Test The Significance of the Model

The significance test of the model using the bootstrapping technique with the results can be seen in Table 6. below and the model picture shows the t-statistic value of the tension between the variables to be compared with the t table value

Table 6:- Path Coefficient.

Direct Influence		Variable Endogen	Original Sample	Standard Error	T Statistics	Significance 5 persen Cut off>1,96	Significance 10 persen Cut off>1,65
Tax Control System	->	Tax Effectiveness (Y3)	0.299	0.128	2.333	significant	significant
Taxpayer Compliance	->		0.384	0.082	4.675	significant	significant
Tax Control System	->	Taxpayer Compliance	0.137	0.152	0.901	not significant	not significant
Variable Eksogen	Variable Mediator	Variable Endogen	Original Sample	Standard Error	T Statistics	Significance 5% Cut off>1,96	Significance 10% Cut off>1,65
Tax Control System	Taxpayer Compliance	Tax Effectiveness (Y3)	0.321	0.154	0.109	not significant	not significant

Source: SmartPLS Processed Data, 2019.

Based on Table 6. shows some coefficients of direct influence and indirect effect between exogenous variables and endogenous variables as follows.

Uji Direct

- a. The internal control system has an effect on tax effectiveness with a coefficient of 2,333, accepted at an error rate of 5% and 10%, with an effect of 0.299 or 29.9% which means that the more optimal the internal control system will affect the increase in tax effectiveness at the Tax Service Office in Makassar City.
- b. Taxpayer compliance has an effect on tax effectiveness at an error rate of 5% with a coefficient value of 4.675, but accepted at an error rate of 10% with an influence of 0.384 or 38.4% which means the higher WP compliance will continue to influence the increase in tax effectiveness at the Tax Office in the City Makassar.
- c. The internal control system does not affect WP compliance with a coefficient value of 0.901, either at an error rate of 5% and 10%, meaning that the higher the internal control system does not affect the increase in tax compliance.

Uji Indirect

Based on Table 1.6. shows some indirect effect coefficients between exogenous variables and endogenous variables, namely the indirect effect of the internal control system on tax effectiveness through WP compliance with a coefficient value of 0.109, meaning WP compliance does not mediate the strengthening of internal control systems to increase tax effectiveness at the Service Office Taxes in Makassar City.

Findings and Discussion of Research Results**Internal Control System for Tax Effectiveness**

These conditions explain the internal control system that is implemented properly, creating a system of internal control of taxpayers in tax collection that causes positive and conducive behavior of taxpayers to make tax payments, thereby increasing tax effectiveness at the Makassar City Tax Service Office. Strengthening the taxpayer's internal control system is urgently needed as a control for pending tax debt, control of tax warning letters and underpayment tax assessments, as well as control of tax administration sanctions in the form of interest or penalties arising from the Taxpayer's negligence in carrying out his tax obligations and control Internally, it is needed to detect the number of tax deviations committed by taxpayers.

In line with Joseph et al (2015) research findings, there is a positive relationship between the adequacy of the Internal control system and fraud prevention. This study recommends that effective and efficient internal control policies and procedures must be implemented to prevent and detect fraud in the local treasury and other institutions to increase the effectiveness of institutions. Consistent also with research Brejita (2016) which shows, that the internal control system applied has been effective and adequate. So it needs to be applied in carrying out government activities to find out the effectiveness of the control system. The same result was obtained by Yuniati (2017), that the internal control variable influenced the effectiveness of income tax receipts at the Bandung Tax Service Office.

For the process of fulfilling the tax obligation of the taxpayer to run properly and the Tax Service Office can carry out optimal control, an effective internal control system is needed. Internal control has the aim of providing adequate confidence. Strengthening the internal tax control system by evaluating the compliance of taxpayers to pay their tax debt and for coaching to WP, the evaluation results are issued in the form of issuance of warning letters, warning letters, up to bills.

Taxpayer Compliance with Tax Effectiveness

These conditions explain the taxpayer compliance has a significant effect on tax effectiveness. That is, taxpayer compliance has increased due to the understanding of taxpayers to taxation and there have been many appeals by the tax authorities (tax officials) to pay taxes by the provisions.

Taxpayer compliance is the fulfillment of tax obligations performed by taxpayers in the context of contributing to development. Simanjuntak and Mukhlis (2012: 85) explained that tax compliance is not only the availability of taxpayers to carry out tax obligations because there are tax regulations that govern them, but also includes the spirit to carry out tax obligations according to the intended tax rules. taxpayers are expected to be able to carry out their tax obligations in accordance with applicable regulations as in the activities of deduction, deposit and reporting that are filled honestly, completely, and correctly, as well as in submitting Notification Letter before the deadline ends to the Tax Service Office Primary around the residence or where the Taxpayer resides.

In line with Hariman's research (2015), taxpayer material compliance increases, it will be followed by an increase in the rate of economic growth. It is also consistent with (Suhendra, 2010) that the income tax payable as measured by

the amount of income tax payable paid by taxpayers has a significant effect on increasing income tax revenue. In line with the results of research by Akintoye and Tashie (2013) tax compliance has a positive effect on economic growth and development in Nigeria. Odaibo and Tashie (2016), taxpayer compliance is very important and cannot be ignored to increase government revenue and economic growth and national development in general. Also consistent with the results of Sena and Jean-Franc's research (2017) shows that tax revenue depends on the level of tax compliance.

In line with the statement of Rizal Palil et al. (2016) which states tax compliance has become a major issue for all taxing authorities in developed and developing countries. Thus, improving the level of tax compliance among taxpayers which in turn will increase the tax revenue figure in the APBN.

Internal Control System for WP Compliance.

This condition explained that the improvement of the internal control system did not affect increasing taxpayer compliance. this is because the taxpayer's internal control system is a form of supervision aimed more at preventing the occurrence of tax abuses and fraud by taxpayers, which does not necessarily increase taxpayer compliance.

In contrast to Tjondro's research (2002), the internal control system has a positive effect on hotel taxpayer compliance in performing tax obligations, contrary to research by Kiryanto (2000) which shows that the application of the internal control structure has a positive correlation with corporate taxpayer compliance in maintaining tax obligations income.

Increasing public awareness to pay taxes as a civic duty needs to be balanced with an increase in the service of the state apparatus to tax payments by applicable laws and regulations. Tax Examination aims to test compliance with tax obligations to provide legal certainty, justice, and guidance to taxpayers to support internal control. For the process of fulfilling the tax obligations of the taxpayer to run properly and the Directorate General of Taxes can carry out optimal oversight, an effective internal control system is needed.

Discussion of Indirect Effects:-

Internal Control System on Taxpayer Compliance with Tax Effectiveness.

Tax compliance does not mediate the strengthening of internal control systems to increase tax effectiveness. This condition occurs because the strengthening of the internal control system is more directed towards control or supervision, to prevent taxpayers from making tax deviations or tax fraud. For the process of fulfilling the tax obligation of the taxpayer to run well and the Directorate General of Taxes can carry out optimal supervision, an effective internal control system is needed.

Closing

Conclusions:-

Based on the results of the analysis and discussion, then it is concluded as follows.

1. The internal control system has a significant positive effect on tax effectiveness, indicating that the taxpayer's internal control system is needed as a control to detect the number of tax deviations committed by taxpayers.
2. Compliance of taxpayers has a significant positive effect on tax effectiveness, this indicates that the understanding and awareness of taxpayers about their tax obligations and the number of appeals by tax authorities (tax officials) to pay taxes by the provisions.
3. The internal control system does not have a significant effect on WP compliance, which indicates that the taxpayer's internal control system is a form of supervision aimed more at preventing the occurrence of tax misuse and fraud by taxpayers.
4. Compliance of taxpayers does not mediate the effect of the internal control system on tax effectiveness, indicating that the strengthening of the internal control system is more directed towards control or supervision, to prevent taxpayers from committing tax irregularities or tax fraud.

Limitations, Suggestions and Research Implications

Research Limitations

This research is only limited to a number of exogenous variables, namely regarding the internal control system and tax effectiveness through strengthening taxpayer compliance at the Tax Service Office in Makassar City so that the

next researcher can add other factors that affect tax effectiveness through aspects of service, supervision and tax law enforcement.

Research Suggestions:-

To increase tax effectiveness through increasing taxpayer compliance and tax management accountability, it is expected that the tax authorities can do ways to strengthen the internal tax control system by evaluating taxpayer compliance to pay tax debt and for coaching to taxpayer the evaluation results are issued in the form of issuing warning letters, letters warning, to the invoice.

Implication

The internal control system and taxpayer compliance can strengthen tax effectiveness with the adequacy of the Internal control system to prevent tax fraud, the strengthening of the internal tax control system by evaluating the compliance of taxpayers to pay their tax debt and for coaching to WP the results of the evaluation are issued in the form of issuing warning letters, warning letter, to the invoice. even by demonstrating pragmatic data advantage by independent institutions so that customers are more trustworthy and more loyal in choosing products with a higher image.

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