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ABSTRACT

This study evaluates the effectiveness of tax audits at the Bengkulu Dua Tax Office. The evaluation is carried out on factors of top management support, regulatory, audit quality, Tax Auditors, Taxpayers, and information systems. This research uses a case study approach with descriptive qualitative analysis of tax offices' data and interviews with respondents from Unit Heads, Taxpayers, Consultants, and Tax Auditors. The results showed that all factors affect the effectiveness of tax audits. Top management factors and information systems indirectly support the effectiveness of tax audits because they increase the competence of tax auditors and the quality of the audit process. Regulatory factors are not enough to be considered by the existence of the rules, but what is important is how the regulations are implemented. The taxpayer factor is determined by its cooperative attitude during the audit. Bengkulu Dua Tax Office has adequacy on all factors supporting the effectiveness of tax audits, except for the attitude factor of the taxpayer, which is more influenced by choice of the taxpayer.

Keywords: Tax Audit, Tax Auditors, Tax Compliance, Taxpayers, Tax Office.

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1. INTRODUCTION

In the self-assessment tax collection system, taxpayers are obligated to carry out tax reporting themselves, without calculation from the tax authority. This allows for discrepancies between the actual values and those that need to be reported due to intentional or accidental tax evasion. Taxpayers will choose between two self-assessment strategies, reporting some of their income or reporting all of their actual income.

One factor determining the choice is the tax audit (Allingham & Sandmo, 1972). Tax Audit plays a significant role in promoting voluntary compliance, detecting non-compliance, collecting information about the "health" of the tax system, such as patterns of taxpayer behavior, educating taxpayers, and identifying areas that require clarification (OECD, 2006). This process is used by the tax authority to check the correctness of the reported tax in more detail and issue sanctions if necessary.

The low tax ratio is one of the characteristics indicating that a lot still needs to be explored regarding tax potential. In the OECD report, Indonesia's tax ratio in 2018 was 12%, and in 2019, it fell to 11.6%. This value is low compared to countries with similar economic levels, such as Thailand (17.2%), Malaysia (12.4%), and the Philippines (18%). One of the solutions to this problem is a tax audit. Kasper & Alm (2020) stated that a tax audit is likely to have a different effect on increasing compliance than an ineffective audit. An effective tax audit will have a corrective impact, namely adjustments to non-compliance, with deterrent effects capable of affecting the behavior of taxpayers to become compliant in the future while inviting the larger community to comply (Biber, 2010).

According to Chalu & Mzee (2018), studying the supporting factors of tax audits will help us understand the existing situation and determine the critical factors involved. Analyzing factors supporting the effectiveness of tax audits can help assist the tax office that carries out the tax audit function. Chalu & Mzee (2018) found 5 (five) factors responsible for an effective tax audit, namely the implementation of the Tax Auditor's recommendations by management, the adequacy of the tax audit unit, the taxpayer's attitude, the availability and application of standard regulations, and leadership and policies. Ayalew (2014) also conducted similar research using audit quality factors, organizational arrangements, independence, auditee attributes, and top management support. Li et al. (2019) stated that the effectiveness of tax audits could increase post-audit compliance when performed on non-compliant taxpayers. Therefore, taxpayer selection in audit planning is necessary. Drogalas et al. (2015) reported that information system factors support the effectiveness of tax audits, while Isa & Pope (2011) stated the importance of taxpayer audit professionalism and perceptions when audited.

Andri et al. (2021) analyze the effectiveness of Tax Audit in Indonesia using quantitative methods by assessing the perception of Tax Auditors in Indonesia. The research concluded that top management support, taxpayer attitudes, and the use of

information systems positively affect the effectiveness of tax audits. In contrast, tax regulation and tax audit quality have a negative effect. What differentiates this study from Andri et al. (2021) research lies in the method and the supporting factors. The approach used in this research is a case study approach in the form of an evaluation at one of the Tax Offices, so it is expected that a more in-depth picture can be obtained regarding the influence of each factor.

This study analyzes the adequacy of factors supporting the effectiveness of tax audits at Tax Offices (KPP Pratama) in Indonesia. KPP Pratama is the type of office with the highest number, 309 offices. The reason for choosing the Bengkulu Dua Tax Office as the object of study is that there is an untimely completion of tax audits and tax assessments submitted for objections by taxpayers. Our scope of analysis is limited to six factors: top management support, regulation, audit quality, Tax Auditor, taxpayer attitude, and information systems. Using the case study research method, we expected to help increase the effectiveness of the tax audit in Bengkulu Dua Tax Office. This research was conducted to fill gaps related to the lack of research on the determinants of tax audits' effectiveness through case study methods with a qualitative approach.

2. LITERATURE REVIEW

2.1. TAX AUDIT

Alink & Van Komer (2015) defined tax audits as a public investigation process in the form of inspection. It also controls the taxpayers' financial affairs to determine the tax they owe by examining books and accounting records. Meanwhile, in the OECD (2006), tax audits are defined as an examination process to determine whether taxpayers have correctly assessed and reported their tax obligations. Therefore, from the two definitions, tax audits can be defined as a process used to determine the amount owed by the taxpayers through the evidence collection method.

Tax audits are included in the compliance category and do not aim to provide opinions on the financial statements like a regular audit. Instead, they emphasize the taxpayers' correct amount of tax and determine the validity of their claim for a refund. In tax audits, rules are used to assess taxpayers' reporting compliance. Therefore, information and evidence collected, such as tax returns (SPT), supporting evidence for bookkeeping, and others, are related to the taxpayer's business. The person who conducts the tax audits is the auditor representing the tax authority.

According to Alink & Van Komer (2015), tax auditors examine the associated books and investigate how the business is managed and operated. In addition, they examine the roles and responsibilities of the parties, assess the quality of the bookkeeping and internal control systems, compare business performance with competitors in the same industry, and analyze the lifestyle of taxpayers. Therefore, an overview of the real world of the business can be obtained.

2.2. THE EFFECTIVENESS CONCEPT IN TAX AUDITS

Kastlunger et al. (2009) define the effectiveness of tax audits as an increase in taxpayer compliance (no tax evasion) after a tax audit is conducted. This is also supported by Isa & Pope (2011), Devos (2014), and Ayalew (2014), which suggested that one of the effectiveness of tax audits is their adequacy in providing a deterrent effect to increase voluntary compliance. Ayalew (2014) stated that the effectiveness of tax audits is to enable the auditor to educate taxpayers on the application of laws, provide improvement in bookkeeping, detect the correct amount of tax payables, recover taxes that need to be paid, and punish non-compliance behaviors. Isa & Pope (2011) added that tax audits should be a place to clarify tax regulations.

2.3. SUPPORTING FACTORS OF TAX AUDIT EFFECTIVENESS

Top Management Support

Ayalew (2014) stated that leadership has a high impact on the organization. Therefore leaders need to ensure the resources needed for tax auditors are sufficient. Chalu & Mzee (2018) reported that top management is expected to provide proper support to Tax Auditor through budget adequacy and facilities. Ayalew (2014) also stated that financial budget, management appreciation for audit reports, and encouragement for professional education support the effectiveness of tax audits.

Regulatory

Chalu & Mzee (2018) stated that the availability of tax audit rules and standards significantly influences audit effectiveness. Rules that should be available are audit manuals to conduct audits professionally, an obligation for taxpayers to keep transaction records, and the right for the tax auditors to access taxpayer documents without restrictions. Furthermore, tax audits need to be based on international standards with clear rules for taxpayers. In the OECD (2016) legal framework, tax audit regulations also need to enable the authorities to access information from third parties.

Audit Quality

Audit quality factors include tax audit planning, tax audit findings, and tax audit reporting. OECD (2006) stated four indicators of good quality tax audits, namely focusing on targeted risks, technically and procedurally correct, and providing the proper references to findings. Audit quality is also usually measured through the audit's conformity with the governing standards. According to Li et al. (2019), the planning needed in the tax audit is selecting the audited taxpayer, which becomes effective assuming the selected taxpayer has a material difference between the accounting and the tax books.

Tax Auditors

Ayalew (2014) included the category of tax auditors on the "staff expertise" factor by providing indicators such as sufficient number, good management, education, training, experience, and professional qualifications to carry out audits. Isa & Pope (2011) stated that tax auditors need to have and maintain their competence, such as technical and tacit knowledge with auditing ability. Drogalas et al. (2015) reported that the level of education, work experience, and training for tax auditors increases their ability to determine audit findings. Isa & Pope (2011) further stated that communication skills are also crucial for tax auditors because when there is a miscommunication, collaboration during tax audits takes longer, thereby leading to additional costs.

Taxpayers

Ayalew (2014) stated that the auditee's attributes related to the audit effectiveness are taxpayer cooperation towards the audit. Chalu (2018) reported that taxpayers' bookkeeping must follow regulations. Isa & Pope (2011) also emphasized the importance of experience and perceptions of taxpayers when audited.

Information Systems

Noh et al. (2014) stated that adopting information technology in the public sector enhances organizational performance and productivity in internal management functions. Floropoulos et al. (2010) reported that service and information qualities are two aspects of employees associated with tax information systems. Meanwhile, according to Drogalas et al. (2015), an effective information system helps Tax Auditors determine irregularities. Drogalas further stated that information systems' simplicity and ease of use help tax auditors do the job.

3. RESEARCH METHODS

This research aims to analyze the adequacy of the factors supporting the effectiveness of tax audits using the qualitative approach through a case study. According to Sugiyono (2020), qualitative research is carried out in natural conditions, with data directly obtained from the author as the key instrument. The research was conducted Bengkulu Dua Tax Office, consisting of 87 employees and 14 Tax Auditors.

The research focus for the six factors studied can be seen in the table below. We used previous research and OECD documents in selecting the focus of analysis for each factor.

Tabel 1 : Focus analysis for each factor

Top Management Support Factor	<ul style="list-style-type: none"> • Top management encouragement for education and training • Top management involvement in tax audit • Top management support for budgets and facilities
Regulatory Factor	Existence of a regulation that supports the effectiveness of tax audit
Audit Quality Factor	<ul style="list-style-type: none"> • planning quality

	<ul style="list-style-type: none"> • findings quality • reporting quality
Tax Auditor Factor	<ul style="list-style-type: none"> • Technical competence • Communication skills • Adequacy of the number of tax auditors
Taxpayer Factor	<ul style="list-style-type: none"> • Taxpayer's attitude • Taxpayer's bookkeeping
Information System Factor	Information system usefulness in tax audit

We use purposive sampling to select interviewees and use the semi-structured interview method. The interviewees consisted of seven people, namely two Supervisors, one Team Leader, the Head of Bengkulu Dua Tax Office, two taxpayers audited with special audits, and one tax consultant. These interviewees are the key person involved in the tax audit. A tax auditor is selected from the most senior and has a role in technical control and quality control roles. The taxpayers are selected from Taxpayer that has been audited with a special audit and submitted objections to the audit results so that they have dynamic information related to their experience when being audited. Tax consultants are selected from those accompanying the Taxpayer during the special audit. The Head of the Office is chosen because he determines office policies and decision-making. Due to the COVID-19 pandemic, interviews were conducted through online meeting media. We also ask the interviewee for permission to ask questions outside of the interview session if there are interview results that we do not understand. We have listed questions on each factor adapted from previous research to get information from the interviewee. When conducting the interview, we adjusted and added more questions depending on the interviewee's information to dig more information. A list of listed questions can be seen in the appendix.

This research also uses documents related to tax audits as secondary data. We combined both interview data and documents to analyze the adequacy of supporting factors for tax audits effectiveness. We describe data obtained in the field and compare it with the literature.

4. ORGANIZATION PROFILE

Bengkulu Dua Tax Office is a third echelon level unit at the Directorate General of Taxes. In 184/PMK.01/2020 of 2020, Bengkulu Dua Tax Office has the task of carrying out services, education, supervision, and law enforcement for Taxpayers in the fields of Income Tax, Value Added Tax, Sales Tax on Luxury Goods, Other Indirect Taxes and Land and Building Taxes, and exercise control over information on tax subjects and objects within their jurisdiction based on statutory regulations.

Bengkulu Dua Tax Office is under the management of the Regional Office of the DGT Bengkulu and Lampung. The area includes the city of Bengkulu (Gading Cempaka , Selebar , Ratu Agung , Kampung Melayu and Singaran Pati), Seluma

District, South Bengkulu District and Kaur District. Bengkulu Dua Tax Office also manage Manna Tax Service, Counseling and Consultation Office (KP2KP) with the South Bengkulu district working area and Bintuhan KP2KP with Kaur district working area.

Bengkulu Dua Tax Office has 87 employees and has nine divisions of Sections/Sub-divisions, and has a group of Functional Tax Auditors, Functional Tax Assessors, and Functional Tax Counselors.

5. RESULT AND DISCUSSION

Top Management Support Factor Analysis

The scope of the management support analysis is limited to three aspects: top management encouragement for education and training, top management support for tax audit exercises, and top management support for budgets and facilities. The role of the office heads as Top Management cannot be ruled out because they are the direct supervisors of the Tax Auditor and those with the highest authority in the Tax Office.

Head of Office promotes education and training of Tax Auditors by monitoring Key Performance Indicators (KPI) and policies related to in-house training. Based on the Performance Report (LAKIN) of Bengkulu Dua Tax Office, the KPI in the form of the percentage of employees that met the standard hours of training achieved in the last three years are shown in Table 2. The existence of this KPI signifies that the organization gives responsibility to the Head of Office to ensure its employees meet the standards of training hours.

**Table 2: KPI Percentage of Employees Who Meet Standard Training Hours
(Source Lakin Bengkulu Dua Tax Office 2018 to 2020)**

Year	Target	Realization
2020	85%	100%
2019	85%	100%
2018	85%	85.91

Source: processed from LAKIN Bengkulu Dua Tax Office

“We have IHT (In house Training) which is monitored quarterly with material related to taxation technicalities... ..Office heads often ask about the fulfillment of these training hours...” (Supervisor Group 1).

“...As far as I know, the head office has been encouraging. For example, when someone participates in the training, they are asked to conduct IHT...” (Team Leader).

The interview results show that the office head often asks the Supervisor to fulfill training hours while mandating employees who have completed their training to represent training material through in-house training.

The office head also supports tax audits and makes a policy to discuss audit findings before it formalized. Furthermore, discussions are held by Tax Auditors, Account Representative (AR), Billing and Appraisal Section, and Head of Office. The forum aims to improve the quality of findings, accommodate input, and transparency of audit results.

“The office head is not directly involved. However, before the SPHP, he must have followed the discussion of the findings between the tax auditor, AR, the Audit, Billing and Assessment Section, and the Supervision Section... ..to submit inputs and opinions...” (Supervisor Group II).

The presence and opinion of the office head in this forum are evidence of participation and support for tax audits. The office Head has prepared a sufficient budget with tax auditors' input regarding the budget and tax audit facilities.

“The actual budget submission provides the requirements needed by the tax auditors, and during the pandemic, a large amount of our budget was diverted for aid...” (Supervisor Group II).

Bengkulu Dua Tax Office provided enough supporting facilities, such as laptops for tax audits, vehicles for transport to the taxpayer's residence, and other general office facilities. However, interview data suggest some facilities need to be improved, such as adding more online meeting rooms and renewing the tax audits' desk or cubicle.

“We have enough facilities, such as laptops and official cars” (Supervisor Group I).

“...Regarding facilities, we already have laptops for tax auditors. However, the workspace, tables, chairs, and cubicles are inadequate... There is no specific room for discussion and zoom meetings.” (Supervisor Group II).

The absence of facilities may cause problems, as shown in Melat (2016), where the Auditors had to borrow the taxpayer's laptop to exercise audit tasks. However, we found no problems related to tax audit supporting facilities that threaten the smoothness of its processing in Bengkulu Dua Tax Office.

We conclude that top management supports tax audits' effectiveness in indirect ways. The encouragement for the education and training supports the Tax Auditor competencies, while the Head of Office's participation supports the quality of audit findings. Facilities and budget support the smooth implementation of the work of the Tax Auditors. This finding explains Ayalew's perspectives (2014), which state that top management support individually has an insignificant effect on tax audits' effectiveness. However, together with other factors, it significantly influences the effectiveness of tax audits.

Regulatory Factor Analysis

Based on Chalu & Mzee (2018) and OECD (2016), the regulatory factor focuses on the existence of regulations that support the effectiveness of tax audits. We compare the rules that should exist with references from Chalu & Mzee (2018) and OECD (2016) to tax rules in Indonesia. This comparison can be seen in Table 3.

Table 3: Supporting Regulations for Tax Audit Effectiveness

Tax Audit Effectiveness Supporting Regulations	Tax Regulations in Indonesia
Taxpayer's obligation to provide document access to auditors	Article 29 of the Law on General Provisions and Tax Procedures (UU KUP) Article 14 PMK 17/PMK.03/2013 concerning Audit Procedures as amended by 18/PMK/03/2021
Auditors' legal power to access taxpayer documents	PMK 17/PMK.03/2013 concerning Audit Procedures as amended by 18/PMK/03/2021
The authority assigned to the auditors in determining the correct amount of tax	Article 13 KUP Law
Professional tax audit standards by the Auditors	PMK 17/PMK.03/2013 concerning Audit Procedures as amended by 18/PMK/03/2021
Authority to access third party data	Article 35 of the KUP Law UU no. 9 of 2017 concerning Stipulation of Government Regulation in Lieu of Law Number 1 of 2017 concerning Access to Financial Information for Tax Purposes
Sufficient sanctions to punish non-compliance behavior	Sanctions and fines in the KUP Law

Source: has been processed by the author (2021)

The regulation provides apparent legal certainty regarding the rights and obligations of the Auditors and taxpayers during their interaction in the audit. The obligation of the taxpayers to provide the tax auditors access to their documents is intended for them to examine the supporting evidence of the notification letters. However, taxpayers sometimes fail to cooperate by not providing supporting documents or not granting tax auditors access. The following excerpts from interviews conducted with tax auditors indicate that taxpayers do not always act cooperatively.

"It is not always smooth, sometimes taxpayers refuse to cooperate with us..." (Supervisor Group I).

"It does not always go smoothly, because most times taxpayers refuse to provide the necessary documents especially when the relationship is not good at the beginning, which is likely to affect subsequent stages..." (Supervisor Group II).

"... we do not force the transport of files or seals, and always tend to avoid conflicts with taxpayers, especially those living in the same area with us..." (Team Leader).

The Tax Auditor of Bengkulu Dua Tax Office Dua does not impose the authority to take files or seal the room when the taxpayers do not permit it due to the risk of conflict. Therefore, the auditors tend to apply more persuasive methods according to Article 38 17/PMK.03/2013, which states that if the taxpayers are not cooperative in determining the tax payable in office, then the authority needs to provide consequences to uncooperative actions. Therefore, the auditors are promoted to negotiate with taxpayers regarding requests for supporting documents by reminding them of the associated consequences.

The same condition happened to third-party data access. Some third-party organizations do not always respond to requests for data on time. The following is an interview excerpt regarding this process.

“Although the auditor is authorized to carry out numerous activities, we still depend on the taxpayerS and third parties. For example, we can ask for a checking account from the taxpayer’s bank, which in most cases is denied or delayed.... It has broad authority but cannot execute optimally...” (Supervisor Group I).

When a third party is not cooperative, they are sanctioned according to Government Regulation in Law Number 1 of 2017 concerning Access to Financial Information for Tax Purposes Article Seven. This law stipulates a sanction of one year in prison or a maximum fine of one billion rupiahs for leaders of financial services institutions that do not provide the data requested by the DGT. Unfortunately, the Bengkulu Dua Tax Office has never issued a warning to financial institutions that do not comply or provide late requests regarding bank statement data.

In terms of tax sanctions, taxpayers feel they are pretty high compared to bank interest, as stated in the following excerpt.

“...it is burdensome, for commercial bank interest per month, it is around 0.75%..” (Taxpayer II).

The existence of regulations related to severe sanctions promotes taxpayers to fulfill material compliance in submitting SPT. Meanwhile, sanctions promote them to be cooperative at the tax audit stage.

We concluded that the DGT already has a set of regulations that support the effectiveness of tax audits under the recommendations of Chalu & Mzee (2018) and OECD (2016). Tax audit regulations support the effectiveness of tax audits by enabling tax auditors to access the taxpayer's books, analyze the books, obtain tax audit findings and punish non-compliance behavior. However, its implementation is still constrained by the cooperative attitude of taxpayers and third parties. The existence of regulations encourages a more cooperative attitude because taxpayers and third parties are faced with a greater risk of sanctions. In addition, we also find that the authority in regulation is not fully enforceable.

Audit Quality Factor Analysis

The quality of tax audits is assessed from three aspects, namely, audit planning, findings, and reporting. With quality audits, the effectiveness of tax audits is expected to be achieved.

SE-15/PJ/2018 on Audit Policy, SE-07/PJ/2020 on taxpayer Supervision and Audit Policy in the Context of Expansion of the Tax Base, and SE-39/PJ/2021 on Implementation of Compliance Risk Management (CRM) are policies related to tax audit planning. Furthermore, they select taxpayers in special audits based on the risk map, which has also been allowed to explain data that refers to indications of non-compliance through the SP2DK (Request for Explanation of Data and Information) mechanism. Taxpayers audited by a special audit are likely to provide audit findings

that recover tax loss from the non-compliance behavior. The following interview results support this.

“Currently, the new proposal is based on Risk Management. Therefore, those included in the risk profile are examined as priorities, while those that are in the non-compliance quadrant... .. are the same as potential tax revenues...” (Team Leader)

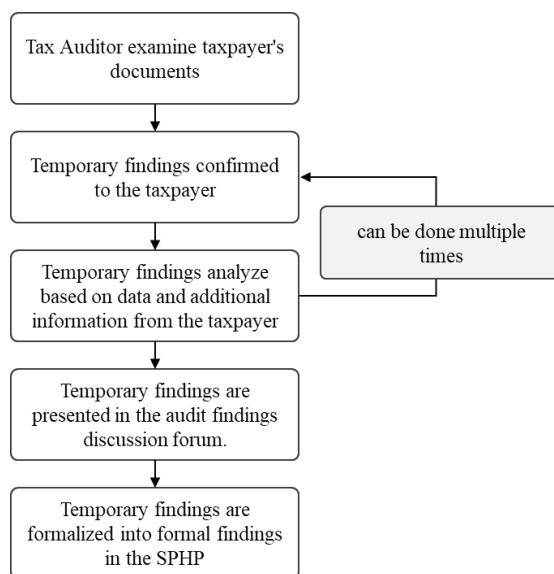
This is in accordance with the research by Li et al. (2019), which stated that the selection of taxpayers with different values in the accounting and tax books leads to a more effective auditing process. Furthermore, it increases their tax rate, which is marked by the correction of the SPT and the application of audit findings. The audit planning process of Bengkulu Dua Tax Office is also following OECD (2016), which stated that taxpayers being audited need to have the potential for underreporting.

Besides planning, audit quality concerns the findings, which tends to minimize disputes that waste time and money for taxpayers and tax authorities. The Tax Auditors will confirm the temporary findings to the taxpayers to obtain a clearer picture and are given sufficient time to provide the proper explanation.

“The auditor allows us to explain the nature of the transaction before the SPHP is finally issued.” (Taxpayer I).

Bengkulu Dua Tax Office Dua also has a policy that audit findings should be discussed with the Account Representative, Supervision Section, Audit, Billing, Assessment Section, and Office Head. This policy is intended to make tax audits more transparent and accommodate related parties' input, as shown in Figure 1.

Figure 1: Confirmation process and discussion of audit findings



Source: interview data processed by the authors

“... I also witnessed the discussion forum between the Supervising and Consulting Section and the auditor. This forum, which was held before the SPHP was published, aimed to create transparency and accommodate input from Supervising and Consulting Section as well as Account Representative of taxpayer supervisors”
(Head of Office)

It is also possible for the tax auditors to request a review of the audit findings to the regional office if:

“...the ones issued by the auditor have gone through sufficient reviews from the team, supervisors, and even regional office ...” (Team Leader).

No KPIs related to tax revenue were obtained in the Tax Auditor's KPI, as seen in Table 3. This policy is intended to make the Tax Auditor not impose audit findings to obtain tax revenue. Hence the tax assessments of the audit results are expected to be of higher quality.

Table 3: Main Performance Indicators of Tax Auditors

Strategic Target	Key Performance Indicators
Effective Law Enforcement	Percentage of Audit Completion*)
	Percentage of Timely Audit Completion
	Percentage of All Taxes Audit Completion**)
	Percentage of Completion of Audit Progress Report
Qualified Data and Information	Percentage of Provision of Tax Potential Data from Audit or Appraisal Activities
*)This KPI is only handled by the Team Leader and Team Members.	
**)This KPI is only handled by Supervisor.	

Source: Tax Auditor Performance Indicator 2021

The policy regarding audit findings is in accordance with the OECD (2016), which stated that audit findings need to have an accurate/valid reference.

The Tax Auditors need to compile an LHP with complete documentation because the Objection Reviewer uses it in supervisory activities to handle tax disputes after the tax auditing process. AR also uses audit reports to supervise taxpayers after tax audits are completed.

“...Account Representative (AR) analyzes the potential/tax gap as the basis for issuing a clarification letter (SP2DK) and an appeal for SPT correction to taxpayers... ...The Objection Reviewer also refers to the LHP during the objection process.” (Team Leader).

DGT already has guidelines for preparing Tax Audit Results Reports (LHP) regulated by SE-28/PJ/2017. LHP helps understand what happened during the audit, how the Tax Auditor conducts the test, and how the taxpayer responds to the findings. It is formally sent to the supervision section to implement post-tax audit supervision. The LHP is also requested by the Objection Reviewer, assuming the taxpayer files an objection to the audit findings. Ayalew (2014) and Chalu & Mzee (2018) stated that an

audit report is essential because it contains audit recommendations. Based on SE-28/PJ/2017, the recommendation in the LHP terminology is the "Auditor's Proposal," which includes the following:

A statement that the auditor conducts the audit objectively and professionally based on the standard. The proposed issuance of Tax Assessment Letter and Tax Collection Letter per tax period is based on the audit results. Proposal for termination of audit assuming the tax auditor proposes termination, along with the reasons. Other recommendations were deemed necessary.

The element in LHP that distinguishes it from the compliance audit's report is the lack of recommendations for taxpayers to follow up. A document equated with a recommendation for a taxpayer is an explanation of a tax audit findings in a final discussion document. A copy of the document is provided to the taxpayers and can be used to improve their reports and bookkeeping.

This audit quality analysis concludes that the auditee selection planning based on taxpayer risk assessment produces more effective audits and improves taxpayer compliance. Quality findings also minimize tax disputes so that the audit findings will be approved and paid by Taxpayers, and unpaid tax can be recovered, while quality reporting is helpful for post-tax audit guidance and acts as a reference for tax dispute processes.

Tax Auditor Factor Analysis

A Tax Auditor audits a taxpayer and ensures the process's effectiveness, so Tax auditors become an essential factor in a tax audit. This factor is assessed from 3 aspects: technical competence, communication skills, and the adequacy of the number of tax auditors.

Technical competence is knowledge, skills, and attitudes or behaviors that can be observed, measured, and developed according to the technical field of position (191/PMK.01/2018). Unfortunately, the rules regarding the details for the technical competence of the tax auditors do not exist. The minimum standard of technical competence to be appointed as a tax auditor is to pass functional training in auditing. Based on the interview results, respondents stated that one of the things capable of enhancing technical competence is experience. The more experienced the Tax Auditor is, the greater their ability to understand the taxpayer's bookkeeping and tax rules, and the better their problem-solving abilities.

"In my opinion, the most important thing is experience. The more often a person audits, the greater the experience. Auditors learn from understanding the rules and dealing with problems, one of the most important things in increasing their competence." (Team Leader)

We found that the tax auditors at Bengkulu Dua Tax Office had different educational backgrounds, and there were auditors with educational backgrounds outside of taxation and finance areas. However, this condition was not a problem because tax audits were carried out as a team, not as individual work.

“So far, there have been no problems. People with different backgrounds, such as graduates majoring in computer science, are reliable and have no problems after working for several years at DGT... However, with a tax and accounting background, they already have a basic in analyzing financial statements.” (Supervisor Group I).

A tax auditor may lack technical competence, especially for newly appointed auditors. However, this can be covered by other team members. In order to determine the technical competence, professionalism, and integrity of the Bengkulu Dua Tax Office Tax Auditors, we asked the taxpayers several questions. The following is an excerpt from the interview with a taxpayer.

“Overall, this last audit is the most professional and upholds integrity... we understand more about the taxation aspect... ...we also use the reconciliation report from the auditor to date; hence it is neater when audited.” (Taxpayer I)

Taxpayers have a better understanding of the taxation aspect, thereby indicating the adequacy of the technical competence of the Tax Auditors at Bengkulu Dua Tax Office. The recap of the Tax Auditor's findings that the taxpayer used to make better reports is also an indicator that the audit is running effectively.

Tax Auditor communication skills also play an important role in the effectiveness of tax audits because, during the audit process, there are numerous interactions and communication between the Tax Auditor and the taxpayer. The Tax Auditor is also obliged to provide guidance; hence, the audit findings need to be clearly explained to the taxpayer. Based on the interview results, the Tax Auditors of Bengkulu Dua Tax Office Dua have communicated the audit findings properly. Therefore, there is an improvement in the business process of the taxpayer.

“The explanation is very detailed, adequate, and clear enough. We are even welcome to ask questions.....They explain the legal basis article by article... Hence, our income is final and non-final, and from that audit, we are able to determine the tax regulations... ...The audit results really help us understand that there are new things that are yet to be implemented.” (Taxpayer I)

This result is in accordance with Ayalew (2014), which stated that Communication has an essential role because the tax auditor's recommendations must be communicated to the taxpayer. The taxpayer needs to follow it up.

The adequacy of Tax Auditor personnel affects the effectiveness of audits in terms of their adequacy in handling the workload. Therefore, assuming the number of Auditors is insufficient, the targets formulated become challenging to achieve. DGT has calculated the ideal formation of Tax Auditors as stipulated in KEP-244/PJ/2021, which is estimated by the ideal workload standard per Tax Auditor. For Bengkulu Dua Tax Office, the ideal number of Tax Auditors is 14 people and has already been fulfilled. Chalu (2018) stated that an adequate number of auditors is needed to carry out all planned tasks. Additionally, the Head of the Office stated that an increase in the number of Tax Auditors leads to an increase in Audit Coverage Ratio (ACR).

The Tax Auditor factor increases tax audits' effectiveness, which also happens at Bengkulu Dua Tax Office. This result aligns with other studies related to the Tax Auditor Factors. Based on the results, technical competence and experience help auditors determine adequate audit findings. Communication skills help smooth communication between Auditors and taxpayers, especially in comprehending information, requesting documents, and explaining audit findings. Meanwhile, the number of tax auditors affects the execution of audit policies related to the number of taxpayers to be audited.

Taxpayer's attitude Factor Analysis

Taxpayers are obliged to explain their business and fulfill the request of the tax auditors in terms of document presentation. Uncooperative taxpayers tend to hamper the tax audit process. Chalu (2018) states that deterrence theory applies to taxpayers in choosing a cooperative attitude during tax audits so that we access taxpayers' attitudes toward tax audits in the analysis. Taxpayers can choose to provide or withhold bookkeeping documents. By not providing bookkeeping documents, the tax auditor will find it difficult to examine the correctness of the tax reporting value. When this happens, the remaining options for the tax auditor are to determine the tax based on his judgment or increase the status of the tax audit to an initial evidence examination that leads to a tax crime examination. This happened at Bengkulu Dua Tax Office.

"For cooperativeness, taxpayers are generally cooperative, only a few are uncooperative. Therefore, we will submit information, data, reports, and complaints (IDL) for these uncooperative taxpayers." (Head of Office)

"We can use norms or corrections using internal data from the tax system." (Supervisor Group II).

According to the Tax Auditors, there is a tendency for taxpayers audited with special audits to be less cooperative and tend to be resistant.

"You could say it is roughly 50:50 between the cooperative and the uncooperative." (Supervisor Group II).

"In my opinion, most taxpayers are less cooperative in special audits contrary to the overpayment (LB) ..." (Supervisor Group I).

Taxpayers' uncooperativeness hampered the process associated with testing tax audits, thereby affecting its effectiveness. This is in accordance with Ayalew (2014) and Chalu (2018) research.

Taxpayers' bookkeeping and recording affect the effectiveness of tax audits because they are objects examined and tested by Auditors to obtain assurance in the correctness of the amount reported in tax returns. When the taxpayer does not have adequate bookkeeping or has books and records but does not provide it to Tax Auditors, the auditor will find it difficult to calculate the correct amount of tax payable. The Tax Auditors of Bengkulu Dua Tax Office stated that many taxpayers still do not have adequate bookkeeping. The implication is that taxes are calculated using improvised documents or the norms for calculating payable income, making it less effective. In some cases, the Tax Auditor promotes the audit as a preliminary evidence audit.

“...We usually only use existing data because the requested data is not fully provided. However, we also try to find and use the available data.” (Supervisor Group I).

Based on the interview results, only one taxpayer experienced problems in bookkeeping, which is related to the joint use of personal accounts for several business units. Therefore, the testing process for checking accounts became more complicated and time-consuming.

“I do not think it is neat. For example, in terms of checking accounts, payments made by taxpayers were mixed and centralized in Jakarta ...” (Tax Consultant).

Other taxpayers revealed that they did not experience problems in bookkeeping but needed a longer time to fulfill the documents requested by the Tax Auditors.

“...We are having problems with archiving the required bookkeeping...the difficulty is that the data is in a separate position ...” (Taxpayer I

“Because we are more of a service company...the difficulty level of our bookkeeping is not as complex as that of a manufacturing company. Hence, there is no problem. ...” (Taxpayer II)

Inadequate bookkeeping in the taxpayers' audits promotes the Tax Auditors of Bengkulu Dua Tax Office to propose a preliminary evidence audit. Other options include calculating the tax payable with the norms and making corrections based on the data obtained.

“We can use norms or corrections to determine the internal data from the existing tax system.” (Supervisor Group II).

“...We usually use only existing data because the requested data is not fully provided. However, we are trying our best to find and use the available data.” (Supervisor Group I).

We conclude that taxpayers as auditees. Hence, their attitude and bookkeeping conditions tend to affect the effectiveness of tax audits. According to deterrence theory, the choice of taxpayers to comply or ignore also occurs at the audit stage, which is in accordance with the research by Ayalew (2014) and Chalu & Mzee (2018).

Information System Factor Analysis

The tax information system in Bengkulu Dua Tax Office has helped the tax audits, especially in obtaining data, documenting work, and as a source of knowledge. The information system allows data extraction to be automatically and directly presented in working papers so that the data extraction process is faster and more efficient than manual data extraction. DGT also has an audit desktop application to document each stage of tax audits, including the correspondence. Good documentation helps audit reporting users search for historical tax audit data for supervision or post-tax audit disputes. Regarding knowledge sharing, DGT already has an Antariksa Application that functions as a storage and file sharing for Audit Guidance in specific business fields and Tax Audit Training videos. It can be concluded that an information system

is a tool that helps tax audits perform efficiently. Besides that, using the information system in tax audits is relatively easy.

“The system is easy to use and provides convenience especially ease in terms of documentation, because we now own an audit desktop application. This has supervision easier with documents recorded and uploaded to it...” (Team Leader).

Information systems indirectly support tax audits' effectiveness by providing convenience to the tax audit process, documentation, acceleration of making working papers and LHP, and as a source of information. With appropriate documentation and acceleration of constructing working papers, tax audits will become more efficient so tax auditors are not preoccupied with administrative matters and can focus on discovering audit findings. The resulting data is relatively accurate, although it still needs to be checked. The use of information systems is also relatively easy. These findings are in accordance with Drogalas et al. (2015)..

6. CONCLUSION AND DISCUSSION

This research assesses the adequacy of 6 factors of tax effectiveness in the Bengkulu Dua Tax Office, consisting of top management support, regulation, tax audit quality, Tax Auditor, taxpayer's attitude, and information system. These six factors support tax audit effectiveness, but we provide some notes. Top management factors and information system factors support the effectiveness of tax audits in indirect ways. Top management's factor enhanced Tax Auditor's competencies and Tax Audit quality. This finding is in accordance with the research carried out by Ayalew (2014), which stated that top management support individually has a negligible effect on the effectiveness of tax audits. However, together with other factors, it significantly influences the effectiveness of tax audits. Information system factors provide convenience to the tax audit process.

Furthermore, regulation factors are not enough to be assessed by only referring to the existence of the rule but also need to be evaluated regarding how the rule can be executed in the field. Meanwhile, taxpayers' attitude factors are more influenced by taxpayer decisions. The tax authorities can only make persuasive efforts and provide threats to make taxpayers more cooperative. Bengkulu Dua Tax Office already has all the factors supporting the effectiveness of Tax Audits except for taxpayers' attitude factors because the control is in each taxpayer's preference.

Empirically, this research has proven that the factors supporting the effectiveness of tax audits affect the achievement of tax audit effectiveness at the Small Tax Office level. Therefore, the dynamics related to how these factors affect the effectiveness of audits in this study can be used as guidelines and knowledge for other offices in achieving tax audit effectiveness.

For the tax authorities, it is essential to ensure that the power of the Tax Auditor and DGT carried in the tax law can be executed smoothly. Hence auditing can be carried out effectively. National education programs are also needed regarding procedures for

carrying out adequate bookkeeping and business documentation for taxpayers. Furthermore, Bengkulu Dua Tax Office needs to ensure adequate support related to education, training, supporting facilities, and budget.

Regarding the limitation of this research, it only analyzes six supporting factors that affect the effectiveness of tax audits that we thought to relate to the Small Tax Offices. We also only used seven respondents in an interview. Therefore, further research is recommended to add other supporting factors for tax effectiveness, replace the object with another type of office, and increase the number of respondents. We also recommend assessing how the tax authorities' power is exercised in regulatory factors.

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APPENDIX

Appendix 1. List of Interview Questions

Factors	List of Questions
Top Management Support	<p>Question to Head of Office:</p> <ul style="list-style-type: none"> - Is the number of tax auditors sufficient? - What things do Auditors usually escalate to the Head of Office? - How does the DGT carry out the competency development towards the Tax Auditor? - There are times when the Tax Auditor gets educational and training opportunities. On the other hand, this education and training could cause the auditor to postpone work. What do you think about this? <p>Question to Tax Auditor:</p> <ul style="list-style-type: none"> - What support did the Head of Office give towards Education and Training for Tax Auditors? - How is the head office's participation in tax audits? - Is there any particular policy from the Head of Office regarding Tax Audit? - How are the facilities and budget for tax audits? Are they sufficient?
REGULATORY	<p>Question to Tax Auditor:</p> <p>Tax Auditors are given broad authority to borrow taxpayers' bookkeeping documents. They can even ask for banking data. Is this authority sufficient to achieve an effective audit? And how it is implemented?</p> <p>Question to Tapayers:</p> <p>Are there still tax rules or laws interpreted differently by the taxpayer and the tax auditor?</p> <p>Question to Tax Consultant:</p> <p>Are there still tax rules or laws interpreted differently by the taxpayer and the tax auditor?</p>
Audit Quality	<p>Question to Head of Office:</p> <ul style="list-style-type: none"> - How is the quality of tax audit planning? - How do you assess the quality of audit findings? - Do you think that the Tax Auditor's audit report is good in terms of quality? <p>Question to Tax Auditor:</p> <ul style="list-style-type: none"> - Tax audit will be more effective if carried out on taxpayers known to have material non-compliance, has the special audit focused on that Taxpayer? - What is your opinion regarding the findings objected to by the Taxpayer? - Are taxpayers who have been examined through a particular examination is a non-compliant taxpayer? - Is the Taxpayer given sufficient time to explain the audit findings, sir? - After the taxpayers are audited, do they make corrections to another tax year? - What does the tax auditor do to make his findings valid?

Factors	List of Questions
	<p>Question to Taxpayer:</p> <ul style="list-style-type: none"> - Does the Auditor provide an opportunity to explain or prove the findings before formalizing them in the form of SPHP? - Were the findings of the tax audit at that time valid? - Is one month enough to provide the document required by the tax auditor? Does the Tax Auditor give extra time? - Do you think the findings of the tax auditor are valid? - Before the SPHP was issued, was the Taxpayer given the opportunity to explain? <p>Question to Tax Consultant:</p> <ul style="list-style-type: none"> - Is there any follow-up from the DGT regarding mirroring finding for other tax years after the tax audit?
Tax Auditors	<p>Question to Head Office:</p> <ul style="list-style-type: none"> - Have you ever heard complaints related to audits or Tax Auditors? <p>Question to Tax Auditor:</p> <ul style="list-style-type: none"> - Are there differences in the technical competence of each member of your team, especially regarding competence in law, accounting, and taxation? Are there any problems with that? <p>Question to Taxpayers:</p> <ul style="list-style-type: none"> - Does the Tax Auditor provide sufficient information regarding the tax audit carried out on you, including your rights and obligations during the audit? - Do you think that the Tax Auditor who examined you already has knowledge and understanding regarding tax regulations? - During the audit, were there any problems with communication with the examiner? - Do you understand the explanations and questions of the tax auditor when the tax audit is carried out? - In your opinion, what is the professionalism and integrity of the Tax Auditor who examines you? - Was there any direction provided by the Tax Auditor when you were audited? Mainly related to tax audit findings. <p>Question Ask to Tax Consultant:</p> <ul style="list-style-type: none"> - Did the Tax Auditor provide sufficient information regarding the tax audit carried out on you, including your rights and obligations during the audit? - During the audit, were there any problems with communication with the Auditor? - Did the Tax Auditor who conducted the audit have good knowledge and understanding regarding tax regulations? - How is the professionalism and integrity of the Tax Auditor?
Taxpayers	<p>Question Ask to Tax Auditors:</p> <ul style="list-style-type: none"> - How cooperative is the Taxpayer when it is audited? - If Taxpayer is not cooperative, for example, in terms of borrowing documents, what does the Auditor usually do? - In general, how is the audited condition of the taxpayers' books in Bengkulu?

Factors	List of Questions
	<ul style="list-style-type: none"> - After the taxpayers are audited, do they make corrections to another tax year? <p style="margin-left: 20px;">Question Ask to Taxpayers:</p> <ul style="list-style-type: none"> - So far, have you experienced any problems in bookkeeping? <p style="margin-left: 20px;">Question Ask to Tax Consultant:</p> <ul style="list-style-type: none"> - Is the Taxpayer in a position to understand why the audit is being carried out? - At that time, were the client's bookkeeping and recording conditions adequate? - After the tax audit is complete, does the Taxpayer make corrections for the next tax year by mirroring the findings in the tax year audited? - How does the client feel during and after the examination? - Is there any improvement from the Taxpayer, especially regarding the aspects that are the findings of the tax audit?
Information System	<p>Question Ask to Tax Auditors: How do you feel about the current tax information system in carrying out the tax audit? Is the existing information system easy to use? Is the data accurate and timely?</p> <p>Question Ask to Tax Auditors: Knowledge sharing through information systems is one of the advantages that information systems can offer. How far is the knowledge sharing in the Tax Information System at DGT? Do you often use it?</p>