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Analysis of Digitalization of Regional Tax Administration, Taxpayer Knowledge and Internal Control of Regional Tax Revenue in Batu City with Taxpayer Compliance as a Moderating Variable

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ABSTRACT: This study aims to determine and analyze the Digitalization of Regional Tax Administration, Taxpayer Knowledge and Internal Control on Regional Tax Revenue in Batu City with Taxpayer Compliance as a Moderating Variable. This research is a quantitative study, the data source used is a primary data source. Data was obtained through filling out a questionnaire. The population in this study was 875 and the research sample was 90 respondents determined by the Non-Probability technique with the quota method. Data analysis was carried out through the SPSS program. The data analysis methods used were: descriptive statistical tests, classical assumption tests, multiple linear regression analysis and hypothesis testing. The results of the study indicate that there is a partial and significant influence of the Digitalization of Regional Tax Administration, Taxpayer Knowledge, Internal Control and Taxpayer Compliance on regional tax revenue in Batu City. Taxpayer compliance does not moderate the influence of digitalization of regional tax administration on regional tax revenue in Batu City. Taxpayer compliance does not moderate the influence of taxpayer knowledge on regional tax revenue in Batu City either. Taxpayer compliance does not moderate the influence of internal control on regional tax revenue in Batu City.

KEYWORDS: Tax Administration Digitalization, Taxpayer Knowledge, Internal Control, Regional Tax Revenue, Taxpayer Compliance

INTRODUCTION

The Covid-19 pandemic first emerged in Wuhan, China, in December 2019. Coronavirus Disease 19, or Covid-19, has had an impact on the Indonesian economy, halting economic activity and leaving many people who initially had incomes without them. The country's economic conditions have also become increasingly difficult, exacerbated by a decline in tax revenue targets (Seprillina et al., 2024).

The realization of state taxes in 2020 amounted to Rp. 1,069.98 trillion, only reaching 89.25 percent of the target of the Directorate General of Taxes (DGT) of the Ministry of Finance of Rp. 1,198.82 trillion (Widyastuti, 2021). Economic activity caused by the coronavirus or coronavirus disease 2019 (COVID-19) has caused a contraction in the Indonesian economy. The impact of the coronavirus or Covid-19 has impacted all sectors, particularly tourism and other sectors.

Batu City is known as one of the famous tourist cities in Indonesia because it has extraordinary natural beauty potential, and has the nickname of De Kleine Zwisterland or little Switzerland on the island of Java (Purwanto, 2021). The average elevation of Batu City is 862 meters, so most of the city is hilly/sloping. Batu City's topography is largely mountainous and hilly, and it is known for its cool climate. The average temperature in Batu City is 21-23 degrees Celsius. Therefore, Batu City is a popular tourist destination. There are always many events happening in the city during the holiday season.

The Regional Original Income (PAD) in the initial Batu City Budget was targeted at IDR 207 billion in 2020. Due to the Covid-19 pandemic, there was a change in the APBD so that it decreased to IDR 110.9 billion. Then the Balancing Fund was projected at IDR 566.9 billion, from the initial target of IDR 649.5 billion. Followed by Other Legitimate Regional Income decreased by IDR 136.6 billion from the target of IDR 143.5 billion. Based on the 2020 Batu City Regional Original Income (PAD) target of IDR 110.9 billion. It was recorded that as of December 17, 2020, Batu City's PAD had reached IDR 123.6 billion or 113.91 percent.

Based on the revised Regional Original Income (PAD), the tourism sector in Batu City contributed the highest to PAD, accounting for almost 40% of the target, reaching Rp 38.7 billion. This revenue was absorbed from hotel, restaurant, and entertainment venue taxes. The breakdown is as follows: hotel tax, targeted at Rp 15.2 billion, reached Rp 17.1 billion, restaurant tax reached Rp 11 billion, and entertainment tax reached Rp 13.5 billion, reaching Rp 14.3 billion. Parking tax, from a target of Rp 1 billion, reached Rp 1.1 billion. In addition, Land and Building Tax (BPHTB) also contributed significantly to Batu City's 2020 PAD. Tax absorption from BPHTB reached Rp 34 billion from a target of Rp 22.7 billion, property tax (PBB) reached Rp 12.3 billion from Rp 12.2 billion, and street lighting tax reached Rp 13.7 billion from Rp 14.2 billion (Indonesia, 2021).

Regional taxes are a crucial source of revenue for local governments, supporting development and public services. With the advancement of information technology, digitalization of regional tax administration is crucial for increasing the efficiency and effectiveness of tax management (Hesami et al., 2024). Digitalization aims not only to simplify tax administration processes but also to create transparency and accountability, and improve taxpayer compliance (Hermanto & Lisa, 2025).

Batu City, known as one of Indonesia's leading tourist destinations, has significant potential for regional tax management. However, challenges in tax collection are often related to low levels of taxpayer compliance and a lack of knowledge of tax regulations. Taxpayer knowledge is a crucial factor influencing taxpayer compliance, so providing a sound understanding of taxes is essential. Furthermore, robust internal controls in tax administration are crucial to minimize errors and revenue leakage.

The Batu City Government, through the Batu City Regional Revenue Agency (Bapenda), is currently using a digital platform for its tax administration, allowing PBB payments to be made through an app. Furthermore, the Batu City Government is collaborating with Bank Jatim and e-commerce platforms such as Tokopedia, Alfamart, and Indomaret to facilitate online payments of Land and Building Acquisition Fees (BPHTB) and PBB. Tax payable notification (SPPT) can also be checked and printed independently through the website, enabling future tax service innovations to utilize multi-channel mobile banking, SMS banking, and internet banking to facilitate PBB payments for its citizens.

Another digitalization platform for regional tax administration in Batu City utilizes technology such as tax recording devices, also known as tapping boxes. Tapping boxes monitor every business transaction. Installation of these devices in hotels, restaurants, and entertainment venues is regulated by Batu City government regulations. Tapping boxes are devices installed at cash registers to record every transaction occurring at the business premises. These devices capture transaction data printed by the point-of-sale printer used by taxpayers. With these devices, taxpayers can avoid inaccurate internal reports and accurately assess their income. This program is designed to increase taxpayer awareness in fulfilling their obligations.

This can increase revenue from the regional tax sector. The tax tapping box automatically prints bills or receipts. The data sent to the printer is first entered by the tapping box, which then disrupts the system at the point of sale or on the hardware.

With the ease of digitalization of regional taxes, the aim is, firstly, that taxpayers immediately carry out their obligation to pay taxes before the due date online andreal time, Taxpayers will no longer need to visit the tax office. Second, it will streamline the verification process and prevent manipulation when local governments summarize realized regional tax revenues. When taxpayers pay their taxes, they are expected to go directly to the regional treasury, eliminating the need for further recapitulation by the Regional Revenue Agency (Bapenda). This will also increase transparency. This means that these various conditions will certainly help achieve compliance. Towards Cooperative Compliance digitalization of tax services that creates a mutualistic symbiosis between taxpayers and tax authorities, thereby boostingtax ratio.

The digitalization process in the tax system is believed to be able to change several fundamental things during the pandemic, namely; first, the digitalization of tax administration aims to update the system (new core tax system) administration and service of the taxpayer's obligations and rights is not just a change in information technology, but also redesigning business processes to shorten the tax administration process and cut unnecessary phases, be flexible and fast as well as improve tax revenue productivity, realize customization and utilization of idle taxpayer data, be able to meet the needs of taxpayers/stakeholders, the decision-making process becomes more optimal and becomes dynamic, efficient, intelligent and on-demand (can be customized) at a reasonable cost (Susilowati & Mappanyukki, 2024).

Second, taxpayer compliance. Improving tax compliance and payment is one of the tax authorities' primary goals in securing revenue. Taxpayer compliance during the pandemic's disruption to services can not only affect the delivery of services but also impact taxpayer compliance. Research conducted by (Mittone, 2006) stated that poor service from the tax office can affect taxpayer compliance. Indonesia adopts a self-assessment system based on voluntary compliance mechanisms, where existing services reflect a good relationship between tax institutions and taxpayers, which plays a crucial role in tax compliance (Braithwaite, 2003). With technology, various administrative processes can be simplified, and taxpayers will receive certainty in every tax service they undertake. From a digital perspective, tax administration involves the interaction between tax service officers and taxpayers. Tax authorities are currently at varying levels of maturity, measuring digital interactions to offer more efficient and tailored services to taxpayers (Mckinsey & Company, 2018).

Technology in the tax system can provide a new experience for taxpayers. However, digitizing regional tax administration is not without challenges. First, not all taxpayers or stakeholders have adequate technological literacy. Therefore, the Batu City Regional Revenue Agency needs to provide education to groups of people who are not yet technologically savvy to prevent them from evading their tax obligations due to this inability. Second, tax avoidance is influenced by the low quality of human resources among taxpayers and the complexity of the tax system. While various digital tax services can assist taxpayers in urban areas, they can pose challenges for those in rural areas. Third, ensuring a stable connection between the Bapenda server and Bank Jatim is crucial. This ensures taxpayers can fulfill their obligations easily. Connection disruptions during tax payments can cause delays and result in fines, which taxpayers naturally want to avoid.

This research will analyze the impact of digitalization of regional tax administration, taxpayer knowledge, and internal control on regional tax revenue in Batu City. Furthermore, this study will explore the role of taxpayer compliance as a moderating variable that can influence the relationship between these factors. By understanding these dynamics, it is hoped that strategic steps can be identified to increase regional tax revenue through effective digitalization and increased taxpayer awareness and knowledge.

This analysis is expected to significantly contribute to understanding how regional tax management can be improved, as well as provide recommendations for local governments in planning more innovative and responsive policies to community needs. Therefore, this research will not only benefit theoretical development in tax administration but also provide practical insights into the implementation of more sustainable tax policies in Batu City.

Based on research by Hartati (2021), tax knowledge influences tax compliance, in contrast to research by Malendes et al. (2024), which found that tax knowledge had no significant impact on tax compliance. Research by Eka (2019) stated that tax administration influences tax revenue, while research by Ningrum et al. (2022) found the opposite, indicating that tax administration had no effect on tax revenue. The research conducted by Syadat and Irwansyah (2024) states that tax digitalization has an effect on taxpayer compliance. This is different from research by Putri and Yulianti (2024) which states that tax digitalization has no effect on taxpayer compliance. Research by Qoriah & Al Kautsar (2017). The results showed that the Internal Control System influences the effectiveness of tax revenue. Research conducted by Diantimala (2018) found that tax knowledge influences tax compliance. Due to inconsistencies or differences in previous research results, further research is needed.

LITERATURE REVIEW

Digitalization of Regional Tax Administration

Digitalization influences the role of the digital economy, leading each country to improve services, particularly in tax administration. The digitalization of tax administration means changes in the function of tax administration due to the influence of modern technology, the use of smart devices, the internet, and the development of e-government. This digitalization can improve services for the public who wish to pay taxes by maintaining the efficiency of economic services and reducing the burden on taxpayers in fulfilling their tax obligations. The influence of globalization is certainly evident in new information technologies that influence the function of tax administration. For example, governments are implementing artificial intelligence in their operations and in the provision of public services to simplify their work.

Digitalization of tax administration plays an important role in the government's tax system, and the government can successfully achieve its expected goal of generating optimal tax revenue if the tax administration is able to implement the tax system effectively (Makori et al., 2013). The digitalization of tax administration certainly seeks to implement tax regulations and tax revenues, as well as determine effective ways to resolve tax issues. Adapting these methods to current developments and current trends will certainly simplify the public's tax payments.

Tax Knowledge

Tax knowledge is the ability of taxpayers to know and understand tax regulations based on the law and to consciously understand their obligations as citizens. Tax knowledge is tax information that forms the basis for taxpayers' actions and decisions and for determining specific directions or strategies related to fulfilling their rights and obligations in the tax sector. According to Nugroho & Zulaikha (2012) the more a taxpayer knows about taxation, the better they can determine their behavior and comply with tax regulations. However, if a taxpayer lacks knowledge of tax regulations and processes, they cannot determine their behavior appropriately.

Internal Control

Bodnar & Hopwood (2013) states that internal control is a process designed to provide reasonable assurance that objectives will be achieved: Reliability of financial reporting; Effectiveness and efficiency of company operations; and Compliance of the organization with existing rules and regulations.

Taxpayer Compliance

Tax compliance is the act of obeying, submitting to, and complying with tax regulations, and requires the public to participate in tax compliance. The level of compliance is measured by the level of taxpayer compliance in fulfilling their obligations. This compliance is related to the self-assessment system, where taxpayers are responsible for determining their own tax obligations, then paying and reporting taxes accurately and on time. According to Regulation of the Minister of Finance of the Republic of Indonesia Number 74/PMK 03/2012, taxpayers who meet certain criteria are considered to be compliant. These criteria include timely submission of tax returns, no tax arrears, and having a public accountant audit their financial statements.

Nasucha (2004) it also explains taxpayer compliance, such as taxpayer obligations in registering, re-depositing, and paying arrears. Furthermore, an evaluation of the level of corporate taxpayer compliance is conducted to assess the level of compliance of a group of individuals or entities according to the provisions of tax laws and regulations. Tax compliance can be interpreted as reporting all recorded taxpayer assets within the specified time and returning accurate tax accountability reports in accordance with the income code, regulations, and court decisions at the time of recording (Nasucha, 2004).

Research Hypothesis

H1 : There is a partial and significant influence of Digitalization of Regional Tax Administration, Taxpayer Knowledge, Internal Control and Taxpayer Compliance. on regional tax revenue in Batu City.

H2 : Taxpayer compliance moderates influence digitalization of administration regional taxes on regional tax revenue in Batu City

H3 : Taxpayer compliance moderates influence taxpayer knowledge regarding regional tax revenue in Batu City

H4 : Taxpayer compliance moderates influence internal control of regional tax revenue in Batu City.

MATERIALS AND METHODS

This research is a quantitative study. The research approach used is associative research. Associative research is a type of research used to determine the relationship between two or more variables (Sugiyono, 2018).

Population and Sample

The population of this study is Taxpayers who pay taxes at Bapenda Batu City who are served at the Bapenda office (among tani) totaling 875 people in 2023. In this study, to determine the size of the sample taken from the population, the researcher used the formula proposed by Slovin in Mustafa (2010:90) with a confidence level of 90% with a value of e = 10%, so that the number of samples obtained was 90 people.

Operationalization of Variables

The data collection method in this study was conducted by distributing questionnaires. The scale used for measurement was a Likert scale with intervals of 1-5, from strongly disagree to strongly agree.

Table 1. Research Variables and Indicators

No	Variables	Indicator	Source
1.	Digitalization of regional tax administration	1. System quality and information 2. Service quality and accessibility 3. Perceived ease of use	Devi, et al. (2024)
2.	Taxpayer knowledge	1. Understanding of legislation 2. New tax provisions 3. Decision from the Director General of Taxes	Sari (2018)
3.	Internal control	1. Control environment, 2. Risk assessment 3. Control activities 4. Information and communication, and monitoring 5. Internal control	Nisa (20200
4.	Regional tax revenue	1. The tax rate is appropriate 2. Tax revenue is allocated for development 3. Increase in revenue according to calculations 4. Tax revenue is administered Tax revenues are reported publicly	Fadhilah (2018)
5.	Taxpayer compliance	1. Reporting SPT regularly and orderly 2. Calculate the tax owed yourself, 3. Make payments according to the time schedule stipulated in the law, 4. Transparent reporting of tax objects.	Government Regulation of the Republic of Indonesia Number 60 of 2008

Data analysis

Data analysis is the process of arranging sequences, organizing data into a pattern of categories and basic descriptive units.(Moleong, 2004)To obtain findings from the research problem, the collected data was combined and analyzed. For this data analysis, the researcher used the SPSS program. Moderated regression analysis (MRA) was used.

RESULTS

Validity and Reliability Test Results

Instrument validity testing is conducted by examining the instrument or question items that significantly correlate with the total score. An instrument is declared valid if the calculated r ≥ table r or if the results of a 2-sided test have a significance level of 0.05. In this study, which used testing with 90 respondents, the table r value was 0.205.

From the results of the data processing carried out, the data obtained are as in Table 2 below:

Table 2: Instrument Validity

No	Item	Calculated r value	Information
1	DAP1	0.795	Valid
2	DAP2	0.850	Valid
3	DAP3	0.744	Valid
4	DAP4	0.818	Valid
5	DAP5	0.794	Valid
6	PWP1	0.779	Valid
7	PWP2	0.827	Valid
8	PWP3	0.724	Valid
9	PWP4	0.818	Valid
10	PWP5	0.824	Valid
11	PIN1	0.809	Valid

No	Item	Calculated r value	Information
12	PIN2	0.794	Valid
13	PIN3	0.847	Valid
14	PIN4	0.736	Valid
15	PIN5	0.780	Valid
16	PPD1	0.809	Valid
17	PPD2	0.794	Valid
18	PPD3	0.847	Valid
19	PPD4	0.736	Valid
20	PPD5	0.780	Valid
21	KWP1	0.813	Valid
22	KWP2	0.737	Valid
23	KWP3	0.700	Valid
24	KWP4	0.808	Valid
25	KWP5	0.706	Valid

Source: processed data.

From Table 2, all items in the instrument have calculated values above the table r value of 0.205. Thus, all items are valid and can be used to uncover research problems. Meanwhile, the reliability of the instrument is presented in Table 3 below:

Table 3.Instrument Reliability

Variables	Cronbach's Alpha	Information
Digitalization of Regional Tax Administration	0.862	Reliable
Taxpayer Knowledge	0.852	Reliable
Internal Control	0.851	Reliable
Taxpayer Compliance	0.809	Reliable
Regional Tax Revenue in Batu City	0.856	Reliable

Source: processed data.

According toJanti (2015)A measuring instrument is considered reliable if its reliability coefficient is more than 0.7 and if the value is less than 0.7, the measuring instrument is considered unreliable. The results of data processing show that the instrument has a Cronbach's Alpha value of more than 0.7, which means the research instrument is reliable.

Hypothesis Testing

Hypothesis testing in this study was conducted using Moderated Regression Analysis (MRA).

Table 4. Hypothesis Testing

Hypothesis	Variables	Regression Coefficient	t	Sig	Results
H_1	Digitalization of Tax Administration	0.247	3,312	0.001	H_1 accepted
	Taxpayer Knowledge	0.185	2,426	0.017	
	Internal Control	0.238	3,184	0.002	
H_2	Digitalization of Tax Administration*Taxpayer Compliance	0.0001	0.019	0.985	H_2 is rejected
H_3	Taxpayer Knowledge*Taxpayer Compliance	0.046	1,561	0.122	H_3 is rejected
H_4	Internal Control*Taxpayer Compliance	-0.030	-1.259	0.211	H_4 is rejected

Source: Processed data.

The results of the direct effect test show that the Digitalization of Regional Tax Administration has a regression coefficient of 0.247, a t-value of 3.312, and a significance level of 0.001, which is less than 0.05. These results indicate that the Digitalization of Regional Tax Administration has a positive and significant effect on Regional Tax Revenue, so the second hypothesis. Testing of Taxpayer Knowledge shows a regression coefficient of 0.185, a t-value of 2.426, and a significance level of 0.017. A significance value smaller than 0.05 indicates that Taxpayer Knowledge has a positive and significant effect on Regional Tax Revenue in Batu City. Internal Control shows a positive and significant influence on Regional Tax Revenue with a regression coefficient of 0.238, a calculated t-value of 3.184, and a significance level of 0.002. Thus, the first hypothesis (H1) is accepted.

Based on the results of the moderation test, the interaction between Tax Administration Digitalization and Taxpayer Compliance has a regression coefficient of 0.0001, a calculated t-value of 0.019, and a significance level of 0.985. A significance value greater than 0.05 indicates that the interaction does not have a significant effect on Regional Tax Revenue. Thus, Taxpayer Compliance is unable to moderate the effect of Tax Administration Digitalization on Regional Tax Revenue. Therefore, the second hypothesis (H2) is rejected.

Furthermore, the results of the interaction test between Taxpayer Knowledge and Taxpayer Compliance show a regression coefficient of 0.046, a calculated t-value of 1.561, and a significance level of 0.122 greater than 0.05. Thus, Taxpayer Compliance is unable to moderate the effect of Taxpayer Knowledge on Regional Tax Revenue. Therefore, the third hypothesis (H3) is rejected.

Similarly, the interaction between Internal Control and Taxpayer Compliance has a regression coefficient of -0.030, a t-value of -1.259, and a significance level of 0.211, greater than 0.05. Therefore, Taxpayer Compliance does not act as a moderating variable in the influence of Internal Control on Regional Tax Revenue. Therefore, the four hypothesis (H4) is rejected.

DISCUSSION

The research results indicate that both independent and moderating variables have a partial influence on regional tax revenue. Digitalization of regional tax administration, taxpayer knowledge, internal control, and taxpayer compliance can influence regional tax revenue in Batu City. These research findings are relevant to the theory.

The Influence of Digitalization of Regional Tax Administration, Taxpayer Knowledge, Internal Control and Taxpayer Compliance on Regional Tax Revenue in Batu City.

Digitalization of Regional Tax Administration

Systems theory states that organizations consist of various interacting elements. In the context of digital tax administration, this system can include elements of taxpayers, tax officials, tax regulations, information technology, and procedures. Interaction is the process of exchanging information and activities between these elements, such as integrated digital systems enable better coordination between various tax departments, ensuring timely and accurate information for tax collection (Sterman, 2000). with the aim of increasing efficiency, transparency and tax compliance (Challender, 1999).

Increased Efficiency by automating processes such as Routine tasks at the Batu City Regional Revenue Agency (Bapenda), including tax calculations, reporting, and payments, can be automated, reducing time and costs. Automation can also reduce manual errors, as digital systems minimize human error that often occurs in manual processes. Increased productivity allows tax officers to focus on more strategic tasks, such as data analysis and tax oversight.

Increasing Transparency, through Web-based information access via bapenda.batukota.go.id, Taxpayers can easily access information regarding tax payment status, tax regulations, and reporting procedures through the online regional tax portal. Taxpayer compliance is improved through easy access, as the digital system facilitates taxpayers in fulfilling their tax obligations. The Batu City Regional Revenue Agency (Bapenda) also raises taxpayer awareness through digital media outreach, raising public awareness about the importance of paying regional taxes.

Bapenda with coordination and integrationapplied through an integrated system, where the integrated digital system enables better coordination between various areas within the organizational structure at Bapenda, ensuring timely and accurate information for regional tax collection so that with an integrated system, data in one system will facilitate analysis and decision making.

Taxpayer Knowledge

Behavioral Economics Theory. This theory combines insights from psychology and economics to understand how individuals make economic decisions that are often not entirely rational. Understanding Tax Obligations: Taxpayers who have a better understanding of their tax obligations tend to be more compliant. Good knowledge reduces confusion and uncertainty. Psychological Influence: Clear information and effective tax education can reduce cognitive biases and encourage tax compliance behavior (Kahneman & Tversky, 1979).

The influence of knowledge on tax compliance at Bapenda is due to 3 (three) things, namely; First, the framing effect which isThe way information is presented can influence taxpayer perceptions and decisions. Positive and simple information tends to increase taxpayer compliance. Second, heuristics, where taxpayers often use rules of thumb (heuristics) in making decisions. Good knowledge can help them avoid biased heuristics. Third, prospect theory, where individuals tend to be more sensitive to losses than gains. Information about the negative consequences of tax avoidance can increase compliance.

Simple explanation The Framing Effect of Bapenda is the way officials convey information about taxes can greatly influence how people respond. If we convey information in a positive and easy-to-understand manner, people are more likely to comply with their tax obligations. Bapenda conveys positive information, for example, "By paying taxes, you contribute to national development and enjoy better public facilities." (This makes people feel more motivated to comply with paying local taxes). Heuristic delivery carried out by Bapenda by explaining to taxpayers provides good knowledge, for example, "Taxes are used to build infrastructure such as roads, bridges, and schools. Taxes are also used to finance health and education services." (This information helps us see the direct benefits of paying taxes.).

The Role of Psychology in Tax ComplianceFrom a social norm perspective, individual taxpayers tend to follow prevailing social norms in their environment. If social norms support tax payment, individuals are more likely to comply. Effective tax education from the Regional Revenue Agency (Bapenda) can increase taxpayer knowledge, reduce cognitive bias, and build trust in the regional tax system. Bapenda conducts education through various means, such as outreach through mass media, seminars, and community activities.

Internal Control

Internal Control Theory. This theory focuses on the mechanisms used by organizations to ensure the effective and efficient achievement of operational, reporting, and compliance objectives. Reliability and Accuracy: Strong internal controls help ensure that tax data and transactions are managed correctly and reliably. Fraud Prevention: An effective internal control system can prevent and detect fraud, which contributes to increased tax revenue (COSO, 1992).

The implementation carried out related to internal control at the Batu City Bapenda is Information and Communication as well as Monitoring, especially in the context of digitalizing regional tax administration by building an Integrated Information System, for example Implementing Monitoring in digitalizing Regional Taxes that are integrated with WEB and Modules. This system allows all tax data, starting from SSPD

(Regional Tax Payment Letter), SPPT (Tax Payable Notification Letter), payments, to arrears, to be recorded in one centralized and controlled database.

Taxpayer Compliance

Tax Compliance Theory. This theory explains the factors that influence taxpayer compliance, including economic, social, and psychological factors. Social Norms and Social Influence: Tax compliance can be improved through the influence of social norms and campaigns that emphasize the importance of paying taxes. Incentives and Sanctions: The use of incentives for compliant taxpayers and strict sanctions for non-compliant taxpayers can increase the level of tax compliance (Alm & Torgler, 2011).

In relation to Regional Tax Revenue in Batu City, whereA deep understanding of tax compliance theory is crucial for local governments, particularly the Regional Revenue Agency (Bapenda), in their efforts to increase tax revenue. By understanding the factors that influence taxpayer compliance, Bapenda can design more effective strategies to encourage taxpayers to comply with tax payments. Factors influencing tax compliance in Batu City are influenced by several factors. First, economic factors, from income levels, namely taxpayers with high incomes tend to be more compliant than those with low incomes. Second, compliance costs, the higher the costs incurred to fulfill tax obligations, the lower the level of compliance. and Third, the benefits obtained. If taxpayers feel that the taxes they pay provide real benefits, they tend to be more compliant.

Social Factors, namely from social norms where If the social environment or community where the taxpayer is located has strong norms about the importance of paying taxes, then the individual is likely to follow those norms. Psychological Factors, namely attitudes towards taxes by showing a positive attitude towards taxes will encourage someone to be more compliant. In addition, Trust in the government: The higher the taxpayer's trust in the government, the more likely they are to comply. With these conditions, Bapenda implemented implementation in the field by providing exemption from regional tax fines during the Batu City Anniversary for taxpayers. This incentive of providing fine exemptions can encourage taxpayers to pay taxes on time. As well as Improving services at the Among Tani Public Service Mall in Batu City, by providing excellent service, Bapenda can increase satisfaction for taxpayers.

Taxpayer compliance as a moderator

The inability of the Tax Compliance variable to moderate the relationship between the Digitalization of Regional Tax Administration, Taxpayer Knowledge, and Regional Tax Revenue in Batu City is influenced by other factors such as perceptions of tax authorities, social norms, and education levels. In many cases, digitalization can function effectively even if tax compliance levels are low because digital systems are designed to increase efficiency and reduce opportunities for tax evasion (Lisa, 2016). Furthermore, tax compliance is influenced by external factors not directly related to digitalization, such as law enforcement policies and tax incentives. Therefore, tax compliance may not have a significant influence in moderating the effect of digitalization on tax revenue. The digitalization of tax administration should be able to change taxpayer behavior directly through increased transparency and ease of access to information. Taxpayers who may be non-compliant due to complicated or opaque processes may become more compliant when digital systems make it easier for them to understand and fulfill their tax obligations.

Tax Compliance Does Not Always Moderate the Relationship Between Digitalization and Tax Revenue. Regarding factors influencing Perceptions of Tax Authorities, if taxpayers do not trust or respect the tax institution, in this case the Batu City Regional Revenue Agency (Bapenda), they may not be motivated to comply, even if the system is digital. For example, if taxpayers feel that the taxes they pay are not being used effectively, they may be reluctant to pay their local taxes in full.

Social norms, when compared to a social environment, can influence a person's behavior. If many people in the surrounding environment do not comply with taxes, then individuals tend to follow suit. For example, if in a community, not paying taxes is considered normal, it will be difficult for the government to change this behavior simply through digitalization. Education level, when compared to understanding taxes, is very important. The higher a person's education, the easier it is for them to understand the tax system and the importance of paying taxes. For example, if taxpayers do not understand the digitalized tax system, they may still have difficulty complying.

Another external factor is law enforcement policies. If law enforcement against non-compliant taxpayers is weak, digitalization alone will not be enough to increase compliance. Tax incentives, if attractive incentives are available to compliant taxpayers, can increase their motivation to pay taxes.

CONCLUSION

From the discussion outlined previously, this study can be concluded as follows: There is a partial and significant influence of Digitalization of Regional Tax Administration, Taxpayer Knowledge, Internal Control and Taxpayer Compliance on regional tax revenue in Batu City.

Taxpayer compliance does not moderate the effect of digitalization of regional tax administration on regional tax revenue in Batu City. Taxpayer compliance interaction is unable to moderate the relationship between digitalization of regional tax administration and regional tax revenue in Batu City. This type of moderation is Homologizer Moderator (Potential moderation) is a variable that has the potential to be a moderating variable.

Taxpayer compliance does not moderate the influence of taxpayer knowledge on regional tax revenue in Batu City. Taxpayer compliance is unable to moderate the relationship between digitalization of regional tax administration and regional tax revenue in Batu City. This type of moderation is Homologizer Moderator (potential moderation), which is a variable that has the potential to act as a moderator.

Taxpayer compliance does not moderate the effect of internal control on regional tax revenue in Batu City. The type of moderating variable in this equation is Pure Moderator.

In general, digitalization can increase tax revenue, but this doesn't always translate into increased tax compliance. Other factors such as perception, social norms, and education are also crucial. To achieve optimal results, a combination of digitalization and other efforts to increase taxpayer awareness and compliance is necessary.

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