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THE INFLUENCE OF SERVICE INNOVATION, POLICY AND SUPERVISION ON TAXPAYER COMPLIANCE

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Abstract:

This research aims to analyze the influence of service innovation, policy and supervision on taxpayer compliance in East Luwu Regency. Even though East Luwu Regency has large tax potential, the realization of PAD from the tax sector is still not optimal. Tax service innovation, effective tax policies and strict tax supervision are important factors that are expected to increase taxpayer compliance. This research problem examines the influence of tax service innovation, tax policy, and tax supervision on taxpayer compliance in Malili Regency. The phenomenon of low levels of taxpayer compliance in Malili Regency shows that there is an urgent need to evaluate and improve service systems, policies and tax supervision. This research is quantitative research with a descriptive and associative approach, the population of this research is taxpayers in Malili District. East Luwu. The research sample used a non-probability sampling technique by determining the sample using the MoE formula so that a sample size of 100 respondents was obtained. Data was collected through a questionnaire that had been tested for validity and reliability, the data was tested using the SmartPLS statistical tool. The research results show that tax service innovation and tax supervision have a positive and significant effect on taxpayer compliance. Tax policy has a positive but not significant effect on taxpayer compliance. Simultaneously, these three factors in an integrated and sustainable manner can increase taxpayer compliance in Malili, East Luwu Regency.

Keywords:

Compliance, Innovation, Tax, Taxpayer

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Introduction

In Indonesia, taxes have the most dominant role in state revenues allocated to carry out infrastructure development. Without taxes, the government cannot carry out its activities properly (Trần, 2022). The government as an agency that has the authority to explore the potential for state revenue, especially in the field of taxation, has made various efforts considering the importance of the tax function.

Revenue from the tax sector has a very vital role in supporting development and community welfare. Taxes are the main source of income for local governments in managing and implementing various development programs. Therefore, increasing taxpayer compliance is one of the government's main priorities to ensure smooth tax revenue. East Luwu Regency, as a developing region, faces significant challenges in optimizing tax revenues from existing taxpayers.

One of the efforts made by the government is to improve services which will affect the level of community satisfaction. The government tries to fulfill the needs of the community through quality services (Reddy & Abay, 2018). Quality services will be known from the response of the community itself, especially taxpayers as service users. Taxpayers can compare their expectations before receiving the service and the reality obtained after receiving the service. So, it can be concluded that the success of a service is based on consumer or taxpayer satisfaction by comparing the service received with the expected service (Poolsuk & Methavasaraphak, 2019).

Taxpayer compliance is a key factor in optimizing tax revenues. A low level of compliance can result in revenue leakage and hinder the increase in PAD. Factors that influence taxpayer compliance include tax awareness, perceptions of tax fairness, and clarity of tax regulations. Therefore, understanding and improving taxpayer compliance is an important priority for local governments (Bani-Khalid et al., 2022). In addition, effective tax supervision is needed to ensure that each taxpayer fulfills their obligations correctly and on time. Good supervision can prevent tax avoidance and corruption practices that can harm the region. However, weak supervision can lead to rampant non-compliance and reduce local revenues (Deviana et al., 2021).

Tax service innovation is also an important element in increasing PAD. The application of information technology in the tax system, such as e-filing and e-payment, can increase efficiency, transparency and convenience for taxpayers. This innovation not only simplifies the tax administration process but also increases public confidence in the tax system. Tax service innovation refers to efforts to introduce and apply new methods, technology and procedures in tax administration and services aimed at increasing efficiency, effectiveness and taxpayer satisfaction. This innovation can involve various aspects, such as digitalization, transparency, ease of access, and reducing bureaucracy (Bellon et al., 2022).

Based on a report from the East Luwu Regency Regional Revenue Agency, there are several main problems that cause low levels of taxpayer compliance. First, there are still many taxpayers who feel that the tax administration process is too complicated and time consuming. Second, there is a lack of understanding and awareness of the importance of taxes and their benefits for regional development. Third, supervision is still weak, which opens up opportunities for taxpayers to avoid their tax obligations. One solution to overcome this

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problem is through tax service innovation. Tax service innovation can increase the efficiency and effectiveness of tax administration, as well as make it easier for taxpayers to carry out their obligations. By implementing information technology and digitizing tax services, it is hoped that the tax administration process will become faster, more transparent and easier to access for taxpayers. Apart from that, appropriate policies and strict supervision are also important factors in increasing taxpayer compliance.

This research aims to analyze the influence of service innovation, policy and supervision on taxpayer compliance in East Luwu Regency. By understanding the factors that influence taxpayer compliance, it is hoped that the results of this research can provide practical recommendations for local governments in increasing tax revenues through increasing taxpayer compliance. Thus, it is hoped that this research can make a positive contribution in efforts to increase tax revenues and support more sustainable regional development in East Luwu Regency. It is also hoped that this research can become a reference for further research that wants to study in more depth the influence of service innovation, policy and supervision on taxpayer compliance in various other regional contexts.

Literature Review

Tax Service Innovation

Tax service innovation refers to efforts to introduce and apply new methods, technology and procedures in tax administration and services aimed at increasing efficiency, effectiveness and taxpayer satisfaction. This innovation can involve various aspects, such as digitalization, transparency, ease of access, and reducing bureaucracy (Syahdilla et al., 2022).

Joukhadar et al., (2023) state that innovation is an idea, practice, or object that is considered new by an individual or other unit that adopts it. In the context of tax services, innovation can take the form of applying information technology for online services, easier payment systems, or the introduction of mobile applications to make tax access and reporting easier. Patricia et al., (2022) explains that innovation is the introduction of new products or changes in production processes, the opening of new markets, the development of new raw materials or resources, and industrial restructuring. In tax services, this can be translated as the introduction of electronic services, modernization of payment systems, as well as improving the quality of interaction between tax officers and taxpayers.

Tax service innovation is an important step in efforts to increase efficiency, effectiveness and taxpayer satisfaction. Various studies show that this innovation can contribute to increasing taxpayer compliance and local tax revenues. With the right indicators, such as digitalization of services, transparency, ease of procedures, quality of interaction, use of information technology, and innovation in tax products and services, local governments can optimize tax management and increase Regional Original Income (PAD).

Research on tax service innovation has been carried out in various contexts and countries. Several previous studies have shown that innovation in tax services can increase taxpayer compliance and local tax revenues. Bongomin et al., (2020) shows that the use of information technology in tax administration increases taxpayer compliance. The use of e-filing and e-payment helps reduce errors in tax reporting and makes it easier for taxpayers to fulfill their obligations.

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To measure tax service innovation, several indicators that can be used include: **Digitalization of Tax Services:** Use of e-filing systems for tax reporting, Implementation of e-payment for online tax payments, Development of mobile applications for tax services. **Transparency and Access to Information:** Availability of tax information online, easy access to information regarding tax procedures and regulations, transparency in the tax administration process. **Ease of Procedure:** Simplification of taxpayer registration procedures, ease of submitting tax objections or appeals, reduction of bureaucracy in the tax administration process. **Quality of Interaction with Tax Officers:** Training and competency development for tax officers, Availability of consultation services and assistance to taxpayers, Quick and appropriate response to taxpayer questions or complaints. **Use of Information Technology:** Development of an integrated tax management information system, Application of blockchain technology for transparency and security of tax data, Utilization of big data and analytics to identify potential taxes and reduce tax fraud.

Tax Policy

Policy is a series of concepts and principles that form the outline and basis of plans for carrying out work, leadership, and ways of acting (regarding government, organizations, and so on). Tax policy has three main aspects, namely maintaining business operations, maintaining available job opportunities, and maintaining household income (Chrysanthakopoulos & Tagkalakis, 2023).

Granda-Carvajal & Garcia-Callejas, (2023) explain that policy is a direction of action that has a purpose set by policy makers in overcoming a problem or problem. The policy concept has its own implications, including: Policy only focuses on the aims and objectives that have been planned by the actors involved in the political system (Granda-Carvajal & Garcia-Callejas, 2023). A policy does not stand alone, but is related to various other policies. Policy is what the government actually does and not what the government wants it to do. Policies can be positive and negative. Policies must be based on law so that they are binding.

Tax policy is a form of state policy in the field of taxation. Tax policy is divided into two meanings, namely based on a broad understanding and a narrow understanding. Tax policy in a broad sense is a policy to influence public production, employment opportunities and inflation, using tax collection instruments and state spending. Meanwhile, the definition of tax policy in the narrow sense is a policy related to determining who will be taxed, what will be used as the basis for tax imposition, how to calculate the amount of tax that must be paid and what are the procedures for paying the tax owed (Ferraro & Fiori, 2023).

Furthermore Santoso & Erlando, (2020) states that making fiscal policy must be based on who will be taxed, what will be the basis for tax imposition, how to calculate the amount of tax that must be paid, and what are the procedures for paying the tax owed. An example of this tax policy is the provision regarding the permissibility of using norms for calculating net income or what in the literature is referred to as presumptive tax or deemed profit.

Tax policy is intended to benefit society and the government itself. With a tax policy made by the government that is good (fair and efficient) and in favor of taxpayers, taxpayers will consider this tax policy to be profitable and make it easier for taxpayers to carry out their tax obligations, so it is hoped that this can increase taxpayer compliance in carrying out their tax obligations (Chen et al., 2023).

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Chrysanthakopoulos & Tagkalakis, (2023) explain that taxation policies made by the government must be based on statutory regulations. A country's constitution always requires that tax imposition must be based on law. This means that tax imposition cannot be determined through administrative regulations. Indicators of tax policy are: Programs are concrete forms and certain actions that are directly related to the implementation of institutional functions that can produce institutional output; Planning is an activity or process of making plans that will later be used in order to achieve its goals; Effect is the impact when the product is distributed and used by users (Chrysanthakopoulos & Tagkalakis, 2023). Based on the explanations from the experts above, for the purposes of this research, the indicators used in this research are the programs, plans and effects (Chrysanthakopoulos & Tagkalakis, 2023).

Tax Supervision

Tax supervision is an effort made by the tax authority to ensure that taxpayers carry out their tax obligations correctly and in accordance with applicable regulations (Gangl et al., 2014). Jupri & Sarno, (2019) explain that supervision is a process of observing and measuring work results carried out to ensure that organizational goals are achieved. In the context of taxation, supervision includes various actions, ranging from tax inspections, audits, to law enforcement against tax violations.

Katili et al., (2020) mention that tax supervision is a series of actions carried out by tax authorities to monitor, assess and enforce taxpayer compliance with tax regulations. This includes examination of submitted tax returns, field audits, and implementation of sanctions for violations. Meanwhile, Li et al., (2020) states that tax supervision aims to increase taxpayer compliance and prevent tax avoidance and evasion.

Explanation of the expert opinions above, it can be concluded that supervision is a process of observing and measuring work results carried out to ensure that organizational goals are achieved. In the context of taxation, supervision involves monitoring, evaluating and enforcing tax regulations on taxpayers. Wu & Zhang, (2022) explained that tax supervision includes various activities such as examining tax documents, field audits, and providing sanctions for tax violations. This oversight is important to maintain the integrity of the tax system and ensure that all taxpayers fulfill their obligations fairly and in accordance with the law.

Tax supervision can be measured through several key indicators that reflect the effectiveness of the supervision process. Several indicators used in this research are: **Tax audits**, this indicator is an audit carried out to verify the correctness of the tax report submitted by the taxpayer. This inspection can be carried out routinely or based on certain indications that indicate non-compliance. **Tax Audit**, this indicator relates to a more in-depth audit of the taxpayer's financial activities and records to ensure that all transactions have been reported correctly and in accordance with applicable tax regulations. **Law enforcement,**application of sanctions or legal action against taxpayers who violate tax regulations. This includes fines, asset seizures, or other legal actions necessary to ensure compliance. **Utilization of Technology**, this indicator measures the use of information technology to monitor and analyze tax data, detect non-compliance, and increase the efficiency of the supervision process. Technology such as tax management information systems and e-audits are becoming important tools in modern supervision. **Education and Socialization**, this indicator measures efforts to increase taxpayer awareness and understanding of the importance of tax compliance through education, training and outreach campaigns.

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Taxpayer Compliance

Obedience means submitting or complying with teachings or rules. In taxation, it can mean that compliance is submitting and obeying and implementing tax provisions. Taxpayer compliance can be interpreted as the taxpayer's willingness to fulfill tax obligations in accordance with applicable regulations without the need for inspections, thorough investigations, warnings or threats and the application of administrative sanctions. (Devano et al., 2023).

Taing & Chang, (2021) explain that taxpayer compliance can be defined as a situation where the taxpayer fulfills all tax obligations and exercises his tax rights. In essence, taxpayer compliance is influenced by the conditions of the tax administration system which includes tax service and tax enforcement. Taxpayer compliance is a submissive and obedient attitude to implementing the provisions of taxation. Compliant taxpayers are taxpayers who fulfill and carry out tax obligations in accordance with the provisions of the applicable tax law.

Hong, (2022) suggests that there are two types of indicators of tax compliance, namely: Formal compliance is a situation where taxpayers fulfill their obligations formally in accordance with the provisions of the tax law. Meanwhile, material compliance is a situation where the taxpayer substantively or essentially fulfills all material tax provisions, namely in accordance with the letter and spirit of the tax law.

Carsamer & Abbam, (2023) put forward that there are three indicators to increase tax compliance, namely: creating programs and activities that are expected to raise awareness and increase voluntary compliance, especially for taxpayers who have not yet complied, Improving services for taxpayers who are relatively compliant so that the level of compliance can be maintained or increased, Increasing compliance with the program and activities that can reduce non-compliance.

In this research, to measure taxpayer compliance, researchers used three indicators namely: **Compliance to register**, namely taxpayers who have fulfilled subjective and objective requirements and the tax that has been calculated is then deposited into the state treasury via the bank. **Compliance in payment of arrears**, namely the payment of tax arrears owed where the tax amount has not been paid by the taxpayer after the due date. **Compliance with re-depositing notification letters**, namely that taxpayers are required to fill out and submit SPT to the Tax Service Office with a submission deadline for Periodic SPT no later than 20 days after the end of the tax period, while for Annual SPT no later than 3 months for individual taxpayers and 4 months for corporate taxpayers after the end of the tax year (Devano et al., 2023),

Hypothesis Development

The Relationship between Tax Service Innovation and Taxpayer Compliance

Saptono et al., (2023) shows that the use of information technology in tax administration increases taxpayer compliance. The use of e-filing and e-payment helps reduce errors in tax reporting and makes it easier for taxpayers to fulfill their obligations. Study Adeyeye, (2019) found that innovation in public services, including tax services, can increase transparency and accountability, which ultimately increases public trust and taxpayer compliance. Bongomin et al., (2020) emphasizes the importance of tax service innovation in increasing the efficiency of tax administration. This research finds that innovations such as e-filing and e-payment can

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reduce administrative costs and increase tax revenues. Based on previous research and variable relationships, a hypothesis can be formulated as follows:

H1: tax service innovation has a positive and significant effect on taxpayer compliance

The Relationship between Tax Policy and Taxpayer Compliance

Tax policy is closely related to tax compliance, the better the tax policy, the greater the increase in tax compliance. Vaid et al., (2020) explain that it was found that tax policy influences taxpayer compliance. In line with research conducted by Chrysanthakopoulos & Tagkalakis, (2023) which states that tax policy has a positive and significant effect on taxpayer compliance. Ahnan, (2021) which researched the influence of sunset policy, tax amnesty, and tax sanctions on taxpayer compliance, showed that the sunset policy policy could increase state tax revenues by increasing taxpayer compliance. Sunset policy can encourage taxpayers to fulfill formal aspects of their tax obligations.Based on previous research and variable relationships, a hypothesis can be formulated as follows:

H2: tax policy has a positive and significant effect on taxpayer compliance

The Relationship between Tax Supervision and Taxpayer Compliance

Effective tax supervision can increase taxpayer compliance (Kamaruddin et al., 2022). This research shows that taxpayers who feel supervised tend to be more compliant in reporting and paying their taxes. This research also emphasizes the importance of routine audits and a transparent supervision system to increase the effectiveness of tax supervision. Li et al., (2020) examine the effect of tax supervision on tax revenues. The research results show that the intensity of tax supervision is directly proportional to the increase in tax revenue. This research suggests increasing the frequency and quality of tax audits as a strategy to increase tax revenues.Wu & Zhang, (2022) found that good tax supervision does not only depend on the frequency of audits, but also on the quality of the tax auditor. This research suggests regular training and certification for tax auditors to ensure effective oversight. Based on previous research and variable relationships, a hypothesis can be formulated as follows:

H3: tax supervision has a positive and significant effect on taxpayer compliance

Relationship between Tax Service Innovation, Tax Policy, Tax Supervision and Taxpayer Compliance

Abdu & Adem, (2023) shows that tax service innovation, tax policy and tax supervision together can create a conducive environment for increasing taxpayer compliance. Service innovation makes the process easier and more transparent, tax policy provides incentives and legal certainty, while tax supervision ensures compliance through control and law enforcement. Ahnan, (2021) found that taxpayers are more likely to comply when they experience direct benefits from service innovation, understand tax policy well, and are aware of effective supervision. The combination of these three factors creates a holistic approach that can significantly increase taxpayer compliance levels. In conclusion, Taing & Chang, (2021) consistently shows that tax service innovation, appropriate tax policy, and effective tax supervision have a significant influence on taxpayer compliance. An integrated approach focused on improving taxpayer experience and fair and transparent enforcement of rules is the key to increasing compliance and, ultimately, local tax revenues. Based on previous research and variable relationships, a hypothesis can be formulated as follows:

H4: tax service innovation, tax policy, tax supervision simultaneously have a positive and significant effect on taxpayer compliance

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Conceptual Framework

The results of previous research and the relationship between research variables mean that the conceptual framework of this research can be described as follows:

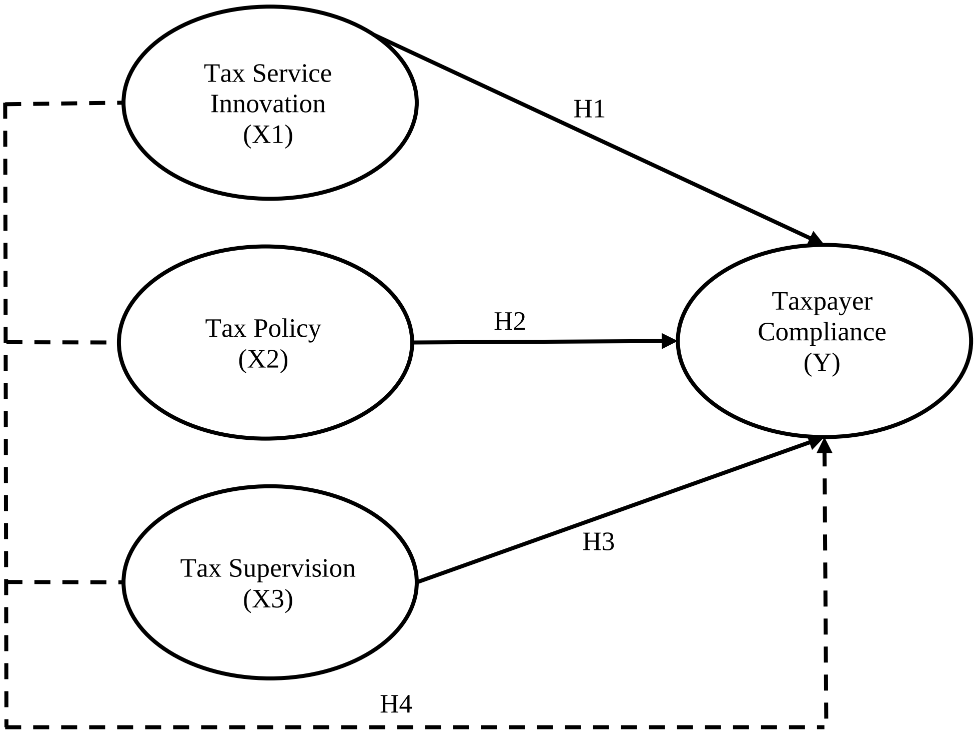

Figure 1: Conceptual Framework

Methodology

The type of research carried out is explanatory research using a quantitative approach, which uses data in the form of numbers as a tool to analyze information about what you want to know. The population of this research is taxpayers in Malili District. East Luwu. The sampling technique in this research uses probability sampling, where large samples can be determined using the MoE formula, so that a sample size of 100 respondents is obtained.

Data was collected through observations, interviews and distributing questionnaires to respondents. Some of the data processing techniques carried out include, validity and reliability tests, namely to test whether the indicators used are good or not in measuring a variable, descriptive statistical analysis is an analysis that shows the development and growth of a situation and only provides an overview of a particular situation by a way to describe the properties of the research object and correlation analysis is a discussion study about the degree of closeness of the relationship between variables which is expressed by the value of the correlation coefficient. The relationship between these variables can be positive and negative. Data analysis in this research uses correlation analysis through the SmartPLS program.

Data Analysis

Before carrying out data processing to see the influence of the relationship between research variables, there are several tests that must be fulfilled, namely validity and reliability tests.

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Validity and Reliability Test

Validity testing uses two methods, namely outer loading and AVE value. We can see the results of data analysis in full in the image and table below:

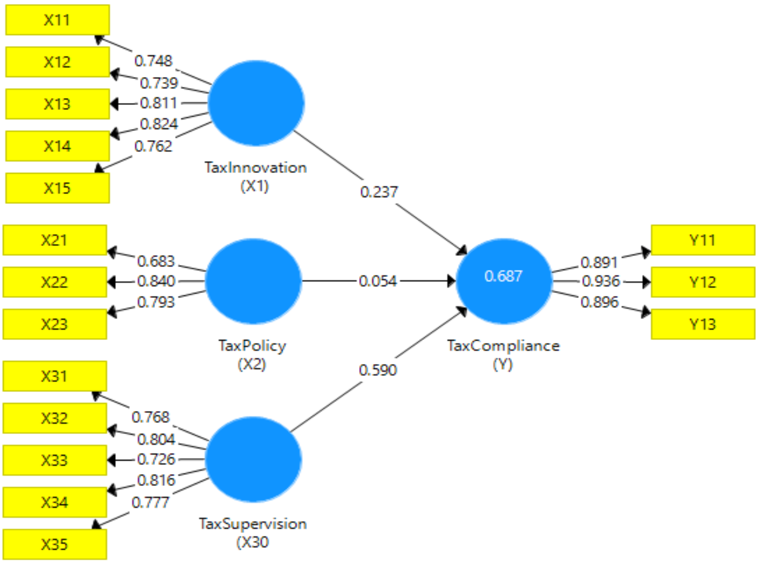

Figure 2: Outer Loading

Table 1: Validity Test

	Average Variance Extracted (AVE)
TaxCompliance_(Y)	0.824
TaxInnovation_(X1)	0.605
TaxPolicy_(X2)	0.600
TaxSupervision_(X30	0.606

Source: Primary Data Processed by Smart Pls 2024

This test was carried out to measure the level of suitability of each indicator to describe the variables used in the instrument by looking at the data resulting from the loading factor analysis. The value 0.7 is the expected value, which is often used as a minimum limit of ≥ 0.6, while the loading factor value < 0.6 must be removed from the model because it has a low level of validity or is considered unable to explain the variable construct. After calculating the loading factor, it can be seen in Figure 1 above that the value of all indicators is as expected > 0.7 and the minimum limit is > so it can be said that all indicators are able to describe the variables and meet the requirements for further analysis.

A variable can be said to be valid if it is able to explain the type of indicator with an Average Variance Extracted (AVE) value of 0.5 or more. Based on the analysis results displayed in table 1 above, it can be seen that the AVE values for all constructs are > 0.5 so they are declared to meet the requirements for further analysis.

To find out how consistent each indicator is in explaining the variable construct, you can see the analysis results in the composite reliability or Cronbach's alpha column which is set at a value of ≥ 0.7. Based on the analysis results displayed in table 2 below, it can be seen that the

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Croanbach's alpha and composite reliability values are ≥ 0.7 so that all variables are suitable for use in further analysis.

Table 2: Reliability Test

Variable	*Cronbach's Alpha*	*Composite Reliability*	Decision
TaxCompliance_(Y)	0.893	0.934	Reliable
TaxInnovation_(X1)	0.837	0.884	Reliable
TaxPolicy_(X2)	0.813	0.817	Reliable
TaxSupervision_(X30	0.837	0.885	Reliable

Source: Primary Data Processed by Smart Pls 2024

Coefficient of Determination (R-Square)

The following are the results of the analysis of the coefficient of determination as in the table below:

Table 3: R Square

	R Square	R Square Adjusted
Tax Compliance_(Y)	0.687	0.677

Source: Primary Data Processed by Smart Pls 2024

The coefficient of determination (R Square) is a way to assess how much an endogenous construct can be explained by an exogenous construct. The coefficient of determination (R Square) value is expected to be between 0 and 1. Sarstedst (2017) provides criteria for R Square values of 0.67, 0.33 and 0.19 as strong, moderate and weak. Based on the results of the analysis of the coefficient of determination above, the R Square value, the joint or simultaneous influence of X1, X2 and X3 on Y is 0.687 with an adjusted r square value of 0.677. So, it can be explained that all exogenous constructs (X1, X2 and X3) simultaneously influence Y by 0.677 or 67.7%. Because the Adjusted R Square value is 67%, the influence of all exogenous constructs X1, X2 and X3 on Y is strong.

Bootstrapping

After testing the PLS Algorithm until it meets all the specified requirements, Bootstrapping testing is then carried out to determine the Path Coefficients or the significance of the independent variable (X) on the dependent variable (Y) in order to test the research hypothesis. An independent variable can be said to have a significant effect on the dependent variable if the statistical significance value of T > t table (in this study t table = 1.659) and P value < 0.05, the influence value is shown in table 4 and the SEM model in figure 3 below:

Table 4: Direct Effects

	T-Stat	P-Value	Decision
TaxInnovation_(X1) -> TaxCompliance_(Y)	2,687	0.007	Significant
TaxPolicy_(X2) -> TaxCompliance_(Y)	0.506	0.613	Not Significant
TaxSupervision_(X30 -> TaxCompliance_(Y)	5,846	0,000	Significant

Source: Primary Data Processed by Smart Pls 2024

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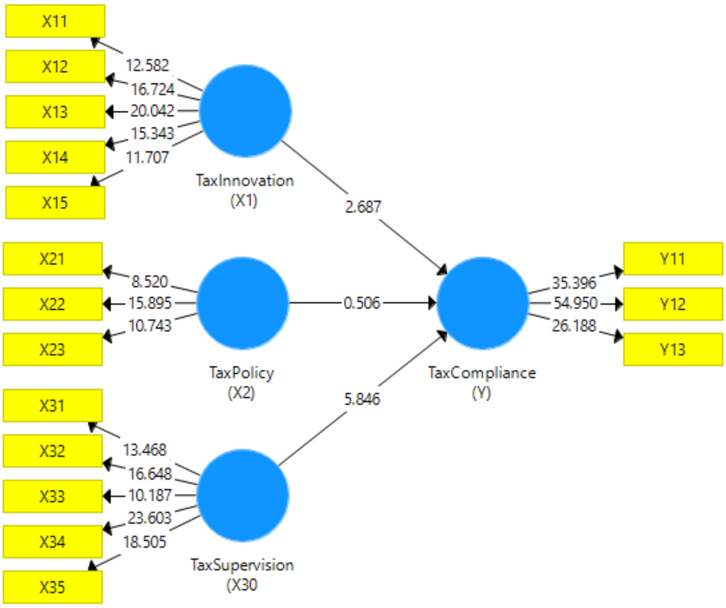

Figure 3: SEM Direct Effect Model

Hypothesis Test
First hypothesis: The results of the T statistical analysis obtained a calculated t value = 2.687 > t table = 1.659 with a P value of 0.007 < than the cut off value of 0.05. This means that tax innovation has a positive and significant influence on tax compliance. So the first hypothesis is declared **accepted**.

Second hypothesis: The results of the T statistical analysis obtained a calculated t value = 0.506 < t table = 1.659 with a P value of 0.613 > than the cut off value of 0.05. This means that tax policy has a positive but not significant influence on tax compliance. So the second hypothesis is **rejected**.

Third hypothesis: The results of the T statistical analysis show that the calculated t value = 5.846 > t table = 1.659 with a P value of 0.000 < the cut off value of 0.05. This means that tax supervision has a positive and significant influence on tax compliance. So the third hypothesis is declared **accepted**

Fourth hypothesis: The analysis results show an R Square value of 0.687 with an Adjusted R Square of 0.677. This means that tax compliance, tax policy and tax supervision simultaneously have a strong influence on tax compliance. So the fourth hypothesis is declared **accepted**

Discussion

The Influence of Tax Innovation Service on Tax Compliance
Data analysis shows that tax service innovation has a positive and significant influence on taxpayer compliance in Malili, East Luwu Regency. Innovations in tax services, such as technology-based services (e-filing, e-payment, etc.), provide easy access and use for

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taxpayers, thereby increasing taxpayer compliance and reducing technical and administrative obstacles which are often the main reason for non-compliance.

Service innovations that focus on taxpayer comfort and satisfaction, such as responsive and professional customer service, can increase taxpayer satisfaction where this satisfaction is positively correlated with compliance because taxpayers feel appreciated and treated well. Innovations that reduce the time and costs required to fulfill tax obligations, such as online payment systems and drive-thru services, can improve taxpayer compliance. When the process becomes more efficient, taxpayers are more likely to comply because they do not feel burdened by long and expensive administrative processes.

This finding is consistent with previous studies which show that innovation in tax services contributes to increasing taxpayer compliance. Bongomin et al., (2020) found that technology in the tax service system was able to increase taxpayer satisfaction and compliance through online payment systems and mobile applications. These findings indicate that ease of access and efficiency play an important role in increasing taxpayer compliance. Innovations such as one-stop service and reduced bureaucracy significantly increase taxpayer compliance. This is due to a faster and more transparent process, which motivates taxpayers to fulfill their obligations (Odei & Appiah, 2023).

The Influence of Tax Policy on Tax Compliance

Based on the results of research that has been conducted, it was found that tax policy has a positive but not significant effect on taxpayer compliance in Malili, East Luwu Regency. These results indicate that even though the tax policy implemented has the right direction, additional steps are still needed to ensure that the policy can have a significant effect on taxpayer compliance. Factors such as efficient tax services, easy access to tax payments, and tax incentives also have a significant influence on taxpayer compliance. Tax policies that do not take these factors into account may not be significantly effective.

Tax policies that are too complex and difficult to understand can also reduce the effectiveness of these policies in increasing taxpayer compliance. Taxpayers may feel confused and have difficulty fulfilling their tax obligations. In addition, low tax awareness and education among taxpayers can be an obstacle in influencing taxpayer compliance. A good tax policy must be accompanied by an effective tax education and counseling program for the public as taxpayers.

The results of this research are still in line with several previous studies which also found an insignificant influence between taxpayer policy and taxpayer compliance. Tax policies that are clear and easy to understand have a positive effect on taxpayer compliance, although the effect is not significant. This is caused by other factors such as the level of awareness and education of taxpayers which are more dominant in influencing compliance (Chen et al., 2023). Taxpayer policy has not been able to significantly increase taxpayer compliance, factors such as trust in the government and level of comfort in paying taxes influence taxpayer compliance more (Chrysanthakopoulos & Tagkalakis, 2023).

The Effect of Tax Supervision on Tax Compliance

The results of data analysis show that tax supervision has a positive and significant effect on taxpayer compliance. These findings indicate that effective monitoring efforts by tax authorities can increase taxpayer compliance in Malili, East Luwu Regency. Effective tax

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supervision can help increase taxpayers' awareness and knowledge regarding their tax obligations. With consistent supervision, taxpayers better understand the importance of complying with tax regulations.

Strict supervision reduces taxpayers' opportunities for committing tax violations or evasion. Taxpayers who feel they are being closely monitored tend to be more compliant because they are afraid of being subject to sanctions or fines. Imposing sanctions or fines can have a deterrent effect on taxpayers who tend to disobey. With intensive supervision, taxpayers will think twice before trying to violate tax regulations. In addition, tax supervision carried out consistently and transparently increases legal certainty for taxpayers. This certainty makes taxpayers feel more secure and confident that the tax system is running fairly.

The results of this research are in line with research which also found that intensive and continuous tax supervision has a significant influence on taxpayer compliance. Good oversight increases taxpayers' awareness of their obligations and reduces opportunities to evade taxes. This research shows that routine and planned supervision can reduce the rate of non-compliance. Supervision that is carried out thoroughly and transparently increases taxpayers' fear of violating tax regulations, so that taxpayers can be more compliant in paying taxes (Gang et al., 2014; Sandi & Trisnawati, 2023; Wu & Zhang, 2022).

Simultaneous Influence of Tax Innovation, Tax Policy and Tax Supervision on Tax Compliance

Based on the results of the research that has been conducted, it was found that tax service innovation, tax policy and tax supervision simultaneously have a strong influence on taxpayer compliance. This shows that the combination of these three factors plays an important role in increasing taxpayer compliance. Tax service innovations that simplify the tax payment and reporting process, clear and easy to understand tax policies, and strict and transparent supervision together increase taxpayer awareness and knowledge about tax obligations.

The combination of service innovation and simple policies as well as consistent supervision helps reduce administrative obstacles which are often the main reason for taxpayer non-compliance after the tax process is considered easy and clear, which will further increase taxpayer compliance. Fair and transparent tax policies, supported by effective supervision, increase taxpayer confidence in the tax system. This legal certainty makes taxpayers feel more secure and confident that the taxes they pay are used correctly and effectively.

The results of this research are in line with several previous research findings which found that a combination of innovation, policy and tax supervision was able to increase taxpayer compliance. Innovation provides easy access and efficiency which increases taxpayer trust and compliance, supported by clear and easy to understand tax policies and good supervision, which can increase taxpayers' awareness of their obligations and reduce opportunities to avoid taxes.(Abdu & Adem, 2023; Masud et al., 2019; Trawule et al., 2022).

Implications

The results of this research have several practical implications for local governments and tax authorities in East Luwu Regency, namely:

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- Local governments must continue to develop innovations in tax services, such as online payment systems, mobile applications and responsive customer service. This innovation must be supported by adequate technological infrastructure.
- Tax policies must be simplified and made clearer so that they are easily understood by taxpayers. Regulations that are too complex will only increase administrative burdens and reduce compliance.
- Tax supervision must be improved both in terms of intensity and quality. Supervision that is carried out regularly and thoroughly will reduce the number of non-compliances and increase taxpayer compliance.
- Tax education and counseling programs must be expanded to increase taxpayers' awareness and understanding of the importance of tax compliance. This education can be done through various media and platforms to reach various levels of society.

Conclusion

Based on the results of data analysis and the findings obtained, it can be concluded that innovations in tax services, such as the application of digital technology to simplify the tax payment and reporting process, have a significant impact on increasing taxpayer compliance. This is due to ease of access and use, as well as increased efficiency in the taxation process. Tax policies that are clear, fair and easy to understand also contribute positively to taxpayer compliance but are not significant in increasing taxpayer compliance. Intensive and continuous tax supervision has a significant influence on taxpayer compliance. Effective supervision increases taxpayers' awareness of their tax obligations and reduces opportunities for committing tax violations or evasion. The implementation of these three factors must be carried out in an integrated and sustainable manner to achieve optimal results in the taxation system in East Luwu Regency. This research aim have been achieved, as they have met the indicators including:

- The study results show a significant relationship between the variables of innovation, policy, and supervision on taxpayer compliance.
- Based on the research, it has recommended steps or plans that can be pursued in the future.

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