

# Introduction to the Importance of Local Taxes in Generation Z Instagram Users

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## ABSTRACT

*The existence of the Covid-19 pandemic and the new normal era which changed all activities to be integrated with the information technology era made all parties involved must want to follow along, including the younger generation, where the younger generation, now known as Gen Z, is the generation that is currently of productive age and can be a source of information. local taxes. Instagram users were chosen because they have added value compared to those who do not use social media because the information dissemination function is more massive so they can build an image of the importance of local taxes. The majority of partner locations related to Instagram users are in the South Kalimantan and Central Kalimantan regions and are domiciled in swamp/wetlands. For community service activities, the z generation was chosen to use Instagram and carry out activities using the online method with the help of the zoom application and social media applications to help connect with partners. The method used is lectures to deliver material using the zoom application, consultations using their respective cellphones via social media and questions and answers to obtain feedback and interaction with participants so that they are able to prove they are generation z who understand the importance of local taxes. After the activity ended, based on the results of the community service team's FGD, it was concluded that most of the participants had understood the importance of local tax contributions to development, and some participants had even obeyed and had proven proof of paying local taxes which they had not been aware of.*

**Keywords: Community Service, Generation Z, Local Taxes.**

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## 1. INTRODUCTION

Taxes are mandatory contributions to the State that are owed to individuals or entities and are coercive by law [1]. Taxpayers will not get rewards directly, but taxes are deposited by citizens and for the greatest prosperity of the people [2]. The role of taxes in development is felt to be very important, because most of the funds used to develop the Indonesian nation will ultimately be financed from taxes, therefore it has become the determination of the government to optimize income from a tax point of view from year to year. To support this goal, it is necessary to have adequate regulations, both from the point of view of its legal basis and from the point of view of its objectives, this is very necessary in relation to the principle of fairness in tax collection. The low knowledge of the taxpayer community about taxation is also part of the reason for the lack of awareness of the taxpayer community to pay taxes, it is also recognized that educated people who are taxpayers violate the rules regarding taxes, namely not paying taxes on time. It is this low level of public awareness and compliance with regard to taxes that itself creates obstacles in various arrangements for KTPs, Family Cards, and other arrangements concerning government affairs in the village. If the perception is not completely positive, then it is difficult to expect high awareness and obedience to grow.

The biggest source of state revenue is from taxes [3]. Taxes are community contributions to the state treasury for which there is no direct response or reward. The tax is used by the government as a tool to realize national development and to finance government routine expenditures [4]. At present, taxes have a very important role in increasing the progress of a country, including Indonesia, because taxes are a source of state income [5]. With regional autonomy,

the government has given authority to each region to regulate and create their own economy. Each region must act effectively and efficiently and be more focused in managing its territory in order to achieve the goals and objectives that have been set.

An area is very dependent on regional income or revenue in carrying out regional development. One source of income that plays an important role for a region comes from the taxation sector. Regional taxes are contributions paid by the public to the regional treasury which will later be used to finance regional routine expenditures to enhance regional development [6]. In other words, regional taxes are taxes whose collection authority is in the area itself. Therefore local governments must strive to increase their local revenues by maximizing their tax revenues. As the community's economy improves, it will also be followed by policies in the field of taxation.

The realization of the implementation of regional autonomy occurs through the process of transferring a number of authorities or powers from the central government to regional governments where the implementation of decentralization requires many supporting factors. [7]. One of the supporting factors for the implementation of regional autonomy is the ability of a region to finance the implementation of its authority or power, in addition to other factors such as the ability of regional personnel and local government institutions. [8].

The implementation of regional autonomy adheres to the principle that sources of income originating from Regional Original Revenue are more important than sources other than Regional Original Revenue, because Regional Original Revenue is managed solely by the regional government. Regional taxes are mandatory contributions to the area owed by individuals or entities that are coercive based on law, by not getting compensation directly and used for regional needs for the greatest prosperity of the people [9].

## 2. LITERATURE REVIEW

Regional taxes are divided into 2, namely taxes by the Level I Regional Government, namely the Province and taxes by the Level II Regional Government, namely the Regency/City [10]. Taxes by the Level I Regional Government consist of Motor Vehicle Tax, Motor Vehicle Ownership Fee, Motor Vehicle Fuel Tax, Surface Water Tax, and Cigarette Tax. Taxes by the Level II Regional Government consist of Hotel Tax, Restaurant Tax, Entertainment Tax, Advertising

Tax, Street Lighting Tax, Non-Metal and Rock Mineral Tax, Parking Tax, Groundwater Tax, Swallow's Nest Tax, Rural and Urban Land and Building Tax, and Acquisition Fees on Land and Buildings.

Factors that can affect taxpayer compliance include taxpayer awareness, moral obligations, tax knowledge, tax sanctions, and service quality. Adhering to a self-assessment system brings the mission and consequences of changing people's attitudes (awareness) to pay taxes voluntarily [9].

Since the outbreak of the COVID-19 Pandemic since 2020 it has not only had an impact on public health, but has also affected the economic conditions, education and social life of the Indonesian people [11]. Therefore, the government, both at the central and regional levels, issued various policies to tackle the spread of COVID-19 as well as policies aimed at mitigating the social and economic impacts of this pandemic. One of the impacts felt is the decrease in revenue from local taxes for local governments in South Kalimantan.

The Covid-19 pandemic cannot be said to have ended yet, but life must go on. For this reason, people must start adapting to new living habits or what is called 'new normal life', namely changing behavior to continue carrying out normal activities plus implementing health protocols to prevent transmission of Covid-19. [12].

## 3. METHODS

This community service activity is aimed at generation Z who use Instagram. The community service activities are carried out within 2 (two) months. The number of participants who were given the training was 150 people.

In delivering the material for this community service activity, the team used several methods in its delivery. With a variation of the method used, it is hoped that the activity participants will be interested and stay focused on participating in the entire series of activities so that their understanding of the material presented can be more relevant and they can apply it to the activities they are carrying out. The methods of delivering the material used are: 1) the caramah method, with this method the team provides material directly and in one direction to the participants; 2) open discussion. With this method it is hoped that it can provide mutual input and solutions to problems in the delivery of material that are considered unclear,

with this two-way discussion it can make the material presented acceptable and understandable to the training participants; 3) consultation, providing guidance to participants regarding local taxes and evidence that they have made regional tax payments.

#### 4. RESULTS AND DISCUSSIONS

The impact of this new normal is also being felt in the tax sector, namely the increasing amount of revenue from regional taxes as the community's economy increases after the Covid-19 pandemic so that they are able to pay regional tax obligations [13].

Generation Z is the generation with the highest proportion of the population based on the 2020 population census, namely 27.94% of the total population of Indonesia (BPS, 2021). Those who belong to this generation are those born in the range of 1997-2012 or aged 10-25 years [14]. Generation Z is divided into two groups, namely those who are still in school and those who are starting a career in the world of work. Generation Z is a new workforce in the world of work which was previously dominated by Millennials, Generation X and some Baby Boomers [15].

The results of a survey conducted by Harris Poll show that Generation Z is a creative generation and they are digital natives [16]. They are the generation whose development coincided with the development of digital technology. This makes this generation inseparable from digital technology [17].

Generation Z is also called the net generation or internet generation, hamoir is the same as the previous generation, namely the millennial generation, however, the z generation is considered more able to apply activities at one time, such as playing on social media with cellphones, browsing with PCs, while listening to music. [15]. Generation Z is considered to have multi-tasking and is able to carry out three activities at once. In addition, generation Z is also considered to be closely related to cyberspace and carry out activities in cyberspace. Starting from childhood, generation Z has been familiar with technology and has used sophisticated devices [17].

Generation Z has different characteristics from previous generations, especially those related to technology which is far superior, has the ability to communicate on social media, has an understanding of accepting differences and is tolerant of differences such as religion, culture and others, is more able to carry out various activities simultaneously multi-

tasking, not easily satisfied especially at work so they could have multiple positions to accelerate their career, and are more independent, especially in making decisions by not involving other people [18].

Based on the above, it is important for generation Z to be introduced and have awareness of the importance of taxes and tax benefits for development, through the introduction of taxes, both central taxes and regional taxes, it is hoped that it will be able to provide awareness for generation Z to want to pay taxes, especially those related to local taxes collected by the local government where the generation z exists or lives [9]. Based on this, the community service team at the Faculty of Economics and Business, University of Lambung Mangkurat, is trying to provide an understanding to the z generation to provide some information related to taxation, especially local taxes.

#### 5. CONCLUSIONS

The community service activities that have been carried out by the community service team have provided several results, namely: The level of awareness of the z generation who are participants in community service activities already relatively understands the importance of taxes for the progress of the state and nation, only ignorance about regional taxes is important for regional revenues and building area. Generation z participants were very enthusiastic about the activity and hoped the team would monitor the results of the activity which they would later continue by showing proof of payment of the type of local tax that had been paid.

Based on the results of the activity, several things can be suggested: The faculty or university does not stop at this stage. It is hoped that according to the results of the activity, another grant will be given to the team that plans to research and evaluate the success of this activity. It is hoped that related parties, namely the Regional Revenue Service, will always provide motivation and information to Generation Z and the younger generation in general regarding the field of taxation [19], [20]. If there is a new application that is useful and makes things easier in the field of taxation, the participants ask to be given more training activities.

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