

ABSTRACT

Taxes are one of the primary sources of state revenue and play a strategic role in supporting national development. As a mandatory public contribution to the state, taxes serve as proof of active participation in infrastructure development and the national economy. Tax collection is conducted periodically, and its success depends on the government's capabilities and societal conditions. Through Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (UU HPP), the government introduced tax reforms aimed at optimizing the tax collection system, including the Withholding System. This system involves third parties, such as educational institutions, to withhold or collect taxes before remitting them to the government. This mechanism is designed to minimize non-compliance risks and streamline tax administration processes. This research focuses on the implementation of the Tax Withholding System at universities in Palu City and analyzes its impact on taxpayer compliance and the increase of tax revenues.

This research employs an empirical juridical method with a descriptive analytical approach. This approach evaluates the effectiveness of the law by analyzing the behavior of relevant parties, particularly in the areas of taxation reporting and university financial management in Palu City, in relation to existing legal norms. The study adopts a mixed-method approach with a sequential explanatory design, where quantitative analysis is conducted first, followed by qualitative analysis

The research findings on the implementation of the Withholding System at universities in Palu City indicate that it is largely in compliance with applicable regulations, including procedures for tax deductions, deposits, and reporting. However, several technical obstacles remain. The implementation of the Withholding System has positively influenced taxpayer compliance among universities, particularly in ensuring the consistent fulfillment of tax obligations. Its implications for increasing tax revenues at universities include various positive



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Penerapan Withholding Sytem Dalam Upayah Peningkatan Kepatuhan Wajib Pajak Universitas Di Kota Palu

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outcomes, such as enhanced tax revenues, improved institutional taxpayer compliance, increased awareness within the academic environment, greater efficiency in tax reporting, and more effective tax supervision. The conclusion underscores the importance of continued reforms, intensified supervision, and improved taxpayer understanding to strengthen the effectiveness of the Withholding System and support the optimization of state revenues.

Keywords: Tax, Withholding System, Taxpayer Compliance, Universities in Palu City