



The Determinant of Micro, Small, and Medium Tax Revenue on Tax Office Performance Moderated the Tax Target

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ABSTRACT

This study aims to analyze the factors that affect the performance of tax office and micro small medium enterprises (MSME) tax revenue. The research method used is quantitative. The data is collected by distributing questionnaires to 100 micro small medium enterprises (MSME). Data was processed by using Structural Equalling Modeling (SEM) and hypothesis testing using the SmartPLS (Partial Least Square) method. The results of the study on the determinants of tax revenue consisting of policies, socialization, the number of tax returns, turnover, and WP compliance in the implementation of tax obligations have a significant effect on micro small medium enterprises (MSME) tax revenue in Bogor Regency. The study also found that socialization of policies and regulations for MSME needs to be improved in order to optimize tax office performance and tax revenue. In addition, the number of registered taxpayers is not balanced with the total number of MSME, moreover the taxpayer of MSME is dominated by the micro scale. Implications for tax office performance that cause socialization and to micro small medium enterprises (MSME) are not optimal. By understanding tax policies and regulations for MSMEs it is hoped that compliance and awareness of MSME taxpayers in fulfilling their tax obligations.

INTRODUCTION

The phenomenon of the shadow economy in Indonesia, which can result in the loss of potential tax revenues, is closely related to economic growth and social welfare (Indupurnahayu & Walujadi, 2019). The Micro, Small and Medium Enterprises (MSME) sector is an important contributor to economic development in Indonesia. However, sustainability is still relatively low compared to other ASEAN countries with significant levels of economic growth and state income (Aulawi, 2020).

Based on data recorded by the Ministry of Cooperatives and Small and Medium Enterprises, the increase in the number of MSME players continues to show good development. MSMEs has been able to adapt and recover quickly from the economic downturn caused by the pandemic. From the following picture, it is clear that the pandemic has significantly affected the number of MSMEs. The Fig.1 is a graph of the increase in the number of MSMEs in Indonesia in 2017-2022.

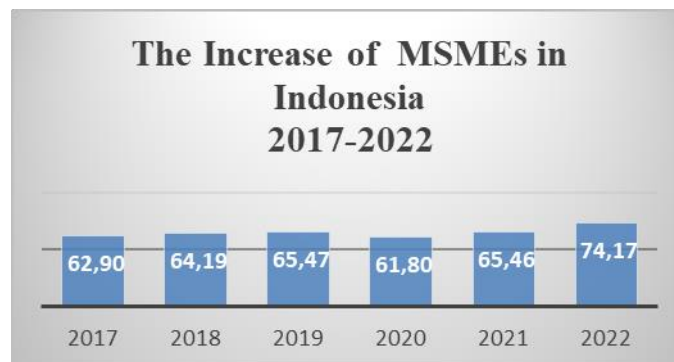


Figure 1. The increase of MSMEs in Indonesia in 2017-2022 Source:

<https://smesta.kemenkopukm.go.id>. Accessed on June 30, 2023 03.53 PM

Data from the Bogor Regency Central Statistics Agency (BPS), recorded that economic growth in Bogor Regency, which is dominated by Micro, Small and Medium Enterprises (MSMEs) from various subsectors, experiences an increase every year. However, this increasing number growth has not been balanced by the tax obligations attached to MSMEs.

Fig.2 is a picture of the growth of MSMEs in Bogor Regency over a period of 5 years.

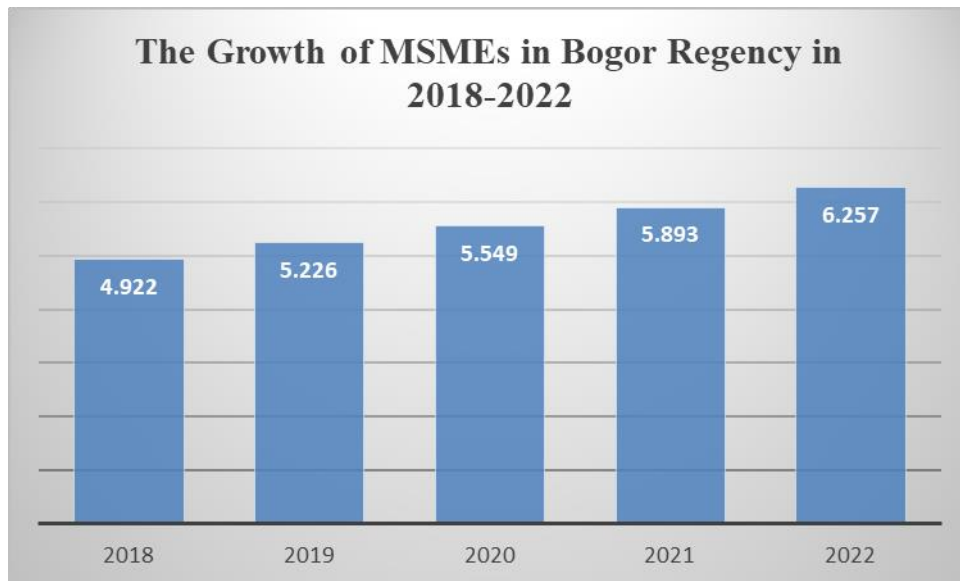


Figure 2. The growth of MSMEs in Bogor Regency in 2018-2022 Source: <https://opendata.jabarprov.go.id/> (Accessed on July 11, 2023, 07.59 PM)

From the picture above, it can be seen that the growth in the number of MSMEs in Bogor Regency is quite high and has experienced a relatively stable increase, when compared to national scale growth which experienced a decline during the peak period of the Covid-19 pandemic in 2020-2021. However, data on Creative Economy sector registered with the Bogor Regency Tourism and Culture Office is only around 1,202 units.

This research was conducted on MSMEs in Bogor Regency which have significant growth in number yet the tax contribution of MSMEs is not optimal when compared to the number of UMKM taxpayers. Therefore, it can be assumed that the understanding of MSMEs related to the tax contribute to awareness and compliance of the tax obligations.

The growth in the number of MSMEs in Bogor Regency has not been matched by the increase in MSME taxpayers fulfilling their tax obligations. This can be seen from the figure 3, representing the condition of MSMEs in general throughout Indonesia. The results of this research state that the factors that influence the compliance of MSME in fulfilling their tax obligations, including registering themselves as taxpayers, are from the level of understanding through the tax office efforts in socializing and educating the MSME actors.

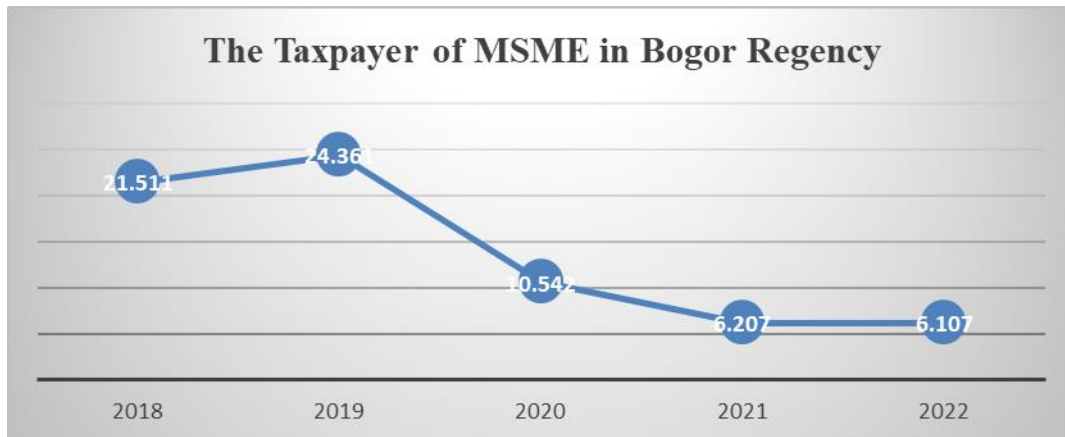


Figure 3. The Taxpayer of MSME in Bogor Regency Source: Directorate General of Taxes report processed by the researcher (2023)

In the Fig.3, it can be seen that the number of MSMEs registered as taxpayers based on data obtained from the Directorate General of Taxes (DJP) is 6,107. However, in reality there are only 1,202 people are active. This is caused by MSMEs registering to obtain a Taxpayer Identification Number as just an administrative formality to obtain a loan from the bank. After getting a Taxpayer Identification Number, these MSMEs ignore all the consequences that arise from being given the Taxpayer Identification Number. In fact, most of them do not know what rights and obligations are attached to owning a Taxpayer Identification Number. This is one of the reasons why MSME tax revenues are not yet optimal. According to the data recorded in the DJP performance report in the Fig.4.

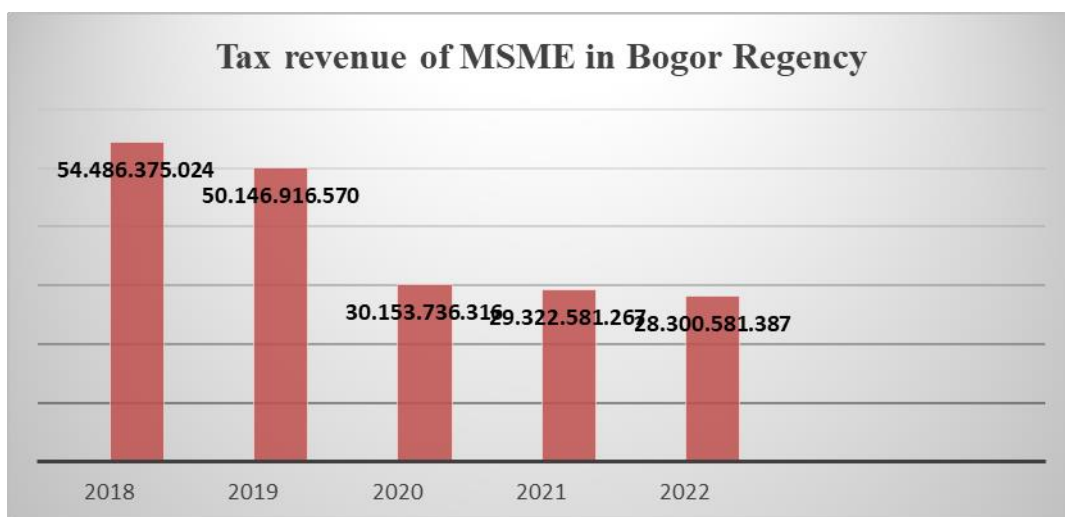


Figure 4. Tax revenue of MSME in Bogor Regency Source: Directorate General of Taxes report processed by the researcher (2023)

From the comparison of the three graphs above, it can be seen that MSME tax revenues have decreased quite significantly from year to year, inversely proportional to the growth in the number of MSMEs both regionally in Bogor Regency and on an Indonesian national scale. Tax revenues appear to have increased, although not significantly, in 2022. This is the focus for researching the causes of contradictory graphs between the growth in the

number of MSMEs and the number of registered taxpayers and their impact on state revenues from the taxation sector.

When the Covid-19 pandemic occurred, the productivity of MSMEs decreased further. Seeing this situation, the Government provided full support for economic recovery by issuing a policy in the form of providing tax incentives in December 2020 (Aulawi, 2020). This policy is given specifically to MSME taxpayers. They are expected to be able to take advantage of these incentives to help increase turnover. However, so far MSMEs' level of understanding of the policies issued by the Government is still low, so incentives have not been utilized optimally (Kartika & Iswardi, 2022).

Another policy related to the accessibility of financial assistance for MSMEs is developed. The Government is responding to this need by preparing various financing programs for MSMEs, such as People's Business Credit provided through Bank Rakyat Indonesia (BRI). The funds allocated for the assistance scheme amounted to IDR 123.46 trillion. The government has regulated all MSME tax obligations in Government Regulation Number 23 of 2018 concerning Income Tax on Income from Businesses Received or Obtained by Taxpayers Who Have a Certain Gross Turnover. In PP no. 23 of 2018 includes the classification of MSMEs based on business turnover with a maximum limit of 4.8 billion per year.

The economy increases rapidly through MSME which is considered as the indicator of people's welfare. In 2020, the Covid-19 pandemic hit the world economy hardly. The pandemic has had a big impact on all parties, including MSMEs which have proven to be able to survive. It is believed that the big role of MSMEs is the leading sector in the economy in Indonesia, becoming an inseparable part of the people's economy because it has been tested during the pandemic. The increase in MSMEs should be balanced with their contribution to state income through tax obligations.

Previous research states that the growth of the MSME sector has an impact on tax policy and tax administration, especially the realization of state revenue. Then the research concluded that the same policy was also issued by various countries such as: Georgia, Ukraine, Russia and Albania solely to increase the amount of tax payable and compliance of MSMEs.

The government, in this case the Directorate General of Taxation through the tax office, is required to continue to actively disseminate policies for MSMEs, in accordance with previous research which states that socialization has a very significant influence on increasing the realization of MSME tax revenues

Apart from that, increasing the number of MSME taxpayers is also a determining factor influencing the achievement of MSME tax revenue targets. In previous research it was found that the number of micro and small taxpayers had a positive and significant effect on formal tax compliance (Mu'nis & Komaladewi, 2019). Even though both have a non-linear relationship with formal tax compliance. These results imply that the size or scale of the MSME taxpayer's business is related to formal tax compliance, in this case its contribution to tax revenue.

Turnover limits according to PMK No. 197/ PMK. 03/2013 imposed on small entrepreneurs is 4.8 billion rupiah. Although it has not been specifically studied regarding Value Added Tax (VAT) for MSMEs with a turnover reaching a limit of 4.8 billion per year, however, there are other regulations for different types of tax, namely PP 46/2013 for Income Tax (PPH). The impact of this regulation is that there are efforts by entrepreneurs to avoid the obligation to become VAT collectors so that the number of taxable enterprises available, especially from MSMEs, is relatively low. Another impact is the low percentage of VAT contribution from MSMEs to tax revenues (Apriadi, 2020).

From the description above, it can be concluded that the factors that influence the achievement of MSME tax revenue targets and realization are MSME tax policies and regulations; Socialization is an indicator of tax office performance; Number of MSMEs that have NPWP; Limitation of business turnover; And, taxpayer awareness and compliance (Stevanus, 2016).

Taxpayer awareness and compliance factors are closely related to the characteristics of MSME in their efforts to fulfill their tax obligations. Another important thing that is needed to raise awareness in fulfilling formal obligations is the main task of the Government especially the Directorate General of Taxation to provide guidance, training, assistance and supervision so that implementation is measurable (Anggraeni Charismanur Wilfarda, Wulan Puspita Ningtias, 2021).

The aims of this research are to analyze the effect of Government policies and regulations on MSME tax revenues, the effect of KPP socialization and performance on tax revenues, the effect of the number of MSME taxpayers on tax revenues, the influence of the turnover of UMKM taxpayers on tax revenues, the effect of awareness and compliance of UMKM taxpayers on tax revenues, the effect of socialization carried out on MSME actors to increase acceptance. This study is also eager to analyze the number of taxpayers in order to achieve tax targets, to analyze the turnover of MSMEs, to analyze the level of awareness and compliance of UMKM taxpayers towards the realization of tax revenues which is moderated by the tax targets at each tax office in Bogor Regency, to analyze tax targets in order to achieve revenue realization, to analyze tax office's performance in optimizing the potential of MSME in achieving the annual revenue targets.

LITERATURE REVIEW

Financial Management

Financial management according to (Wilson, 2020) involves raising funds and utilizing them effectively with the aim of maximizing shareholder wealth. According to (Soetrisno, 2016), financial management is all activities within a company related to expenditure on three businesses, namely:

- a. Efforts to obtain company funds with minimal costs;
- b. Efficient use of funds;
- c. And efficiency of allocation in various activities.

The definition according to (Sudana, 2011), financial management is a field of functional management that applies financial principles for making

investment decisions over a long period of time, to short-term investments and funding. Financial management explained by (Kasmir, 2010) can be interpreted in three main activities, namely:

- a. Obtaining funds to finance the business;
- b. Management of funds as efficiently as possible to achieve company goals;
- c. Management of company assets effectively and efficiently.

Micro, Small and Medium Enterprises (MSMEs)

According to Law Number 20 of 2008, the definition of Micro, Small and Medium Enterprises (MSMEs) is productive businesses owned by individuals or business entities that meet the criteria for micro, small and medium enterprises. There are several classification methods for MSMEs, namely:

1. According to the size of assets and turnover

This classification method refers to Law Number 20 of 2008 which is the basis for the grouping of the Ministry of Cooperatives and SMEs in dividing MSMEs into 3 levels, namely: micro, small and medium.

2. According to the number of workers

This classification method refers to the number of workers involved in the production process of an MSME. This method is used by the Central Statistics Agency (BPS).

3. According to annual turnover

This classification method is used to determine the application of appropriate tax rates. If the annual turnover has not reached 4.8 billion, then MSMEs are subject to a Final Income Tax rate of 0.5% of their monthly turnover. However, if the turnover has reached 4.8 billion per year, taxpayers use the article 25 rate. MSMEs taxpayers are required to confirm themselves as Taxable Entrepreneurs (TE). MSMEs taxpayers who are confirmed as TE, are required to issue tax invoices for the transactions they carry out.

Tax

Based on Tax Law Number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures which regulate the system and procedures for implementing tax obligations, in Article 1 what is meant by tax is mandatory contributions to the state owed by individuals or bodies that have a coercive nature based on law, without receiving direct compensation and are used for state needs for the greatest prosperity of the people. According to (Sularsih, 2018), his research stated that with the existence of Government Regulation no. 23 of 2018, MSMEs are expected to:

1. Able to cover operational expenses or costs;
2. Able to add new tax subjects and be more aware of their tax obligations;
And
3. Prepare yourself, study and understand the rights and obligations of taxpayers in general according to the legislation for the application of a rate of 0.5% of turnover.

People who have awareness and compliance in carrying out tax obligations, means they are willing to pay taxes voluntarily because they are not disadvantaged by the tax collection carried out and feel that there is no coercion from other parties (Pangesti, 2019).

Tax MSMEs

Tax obligations for MSMEs are listed in Law Number 36 of 2008 concerning Income Tax, as most recently amended by Law Number 7 of 2021. The articles for which they are responsible for fulfilling them are stated in the Registered Certificate (SKT) that the Compulsory Company receives. Tax after obtaining a Taxpayer Identification Number (NPWP). The SKT states what tax obligations must be paid by MSMEs.

Of course everything depends on the type of transactions that will be carried out in the business. Apart from that, it is also seen how much business turnover is carried out in one calendar year. The following are the types of taxes that MSMEs must pay attention to after being registered as Taxpayers (WP):

1. Income Tax Article 4 paragraph 2 or Final Income Tax.
2. Income Tax Article 21 if MSMEs have employees.
3. Income Tax Article 23 if MSMEs carry out service sales transactions.

Conceptual Framework

In previous research conducted by (Karyadi, 2021), they both examined the awareness and compliance variables of UMKM taxpayers, however the tax service and socialization variables which are part of KPP performance have not been studied in detail. Likewise with the variable awareness and compliance of UMKM taxpayers in fulfilling their tax obligations. Previous researchers also did not examine the performance of tax revenues contributed by UMKM taxpayers to state revenues.

The data used is also the same, namely primary data obtained through distributing questionnaires to taxpayers and data obtained from the Head Office of the Directorate General of Taxes for processing. The data related to the realization of tax revenues from 2018 to 2022 looks fluctuating. There have been years when the national revenue target was achieved, but if we examine it in more depth, the role of MSME taxes has decreased drastically as a result of Government policies in order to restore national economic conditions after the Covid-19 pandemic.

In this research, the variable that complements previous research, namely the influence factor of MSME taxpayer awareness and compliance, has a significant effect on tax revenue. Apart from that, the MSME turnover variable influences tax revenues, in fact what is found in the field is that the majority of MSME actors avoid being interviewed about their experiences and opinions regarding MSME tax obligations. This is a phenomenon that it is hoped that further research can be carried out. Conceptual Framework can be seen in figure 5.

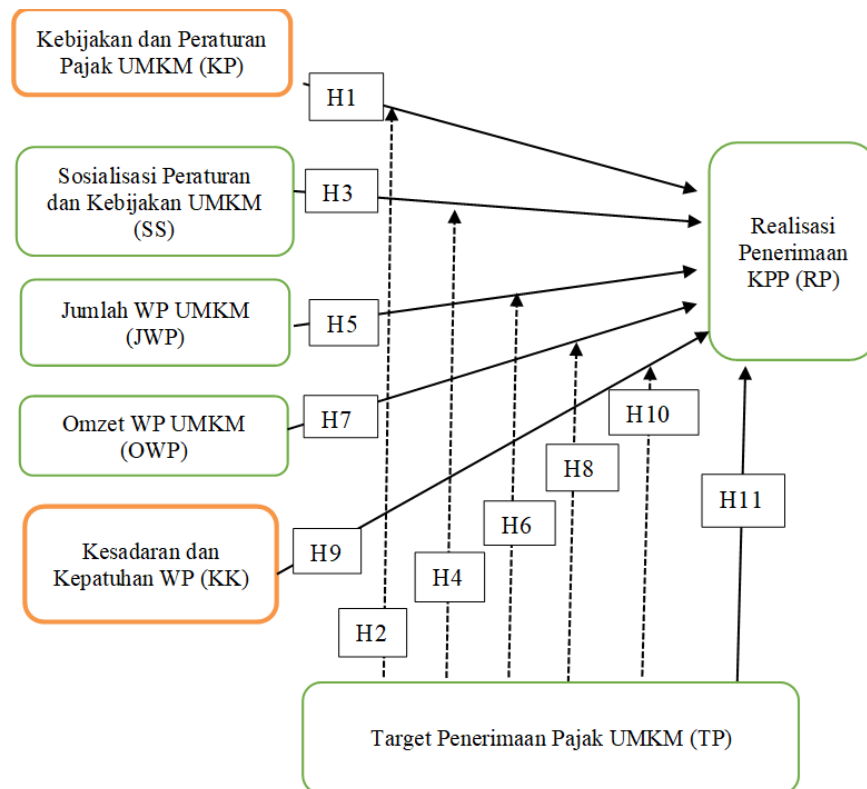


Figure 5. Conceptual Framework

METODOLOGY

This research was conducted at the Regional Office of Directorate General of Taxation West Java 3 as the vertical unit that oversees the working areas of tax office (KPP) they are KPP Pratama Cibinong, KPP Pratama Cileungsi, and KPP Pratama Ciawi starting from January to June 2023. This research uses quantitative methods. Primary data collection was carried out using a sampling technique by distributing questionnaires to MSME in Bogor Regency. The questionnaire is responded by using likert scale range 1-5 (1 strongly disagree, 2 disagree, 3 neither/nor agree, 4 agree, 5 Strongly agree). Meanwhile, secondary data collection is collected through Tax Revenue performance reports for 2018-2022 compiled by the Directorate General of Taxes.

The population used in this research is active MSME and is recorded by the Culture and Tourism Service in Bogor Regency. Whether or not they already have a taxpayer identification number (NPWP), approximately 1,202 live in Bogor Regency. The sample size was 100 MSME as respondents to the questionnaire, the primary data source.

Data analysis from this research consists of descriptive analysis, Structural Equating Modeling (SEM) analysis. Descriptive analysis refers to the conditions of factors that influence MSME tax revenue targets. This analysis was carried out to draw conclusions regarding the population studied. Meanwhile, hypothesis testing in this research uses the SEM-PLS method.

This research uses descriptive analysis to determine the characteristics of respondents and determine respondents' responses regarding the variables used, such as: tax revenue targets, tax policies and regulations, number of

UMKM taxpayers, turnover of UMKM taxpayers, taxpayer awareness/compliance, and policy socialization carried out by tax officers at the tax office.

RESEARCH RESULT

Respondent Characteristic

A. Responden Age

Table 1 shows the distribution of respondents based on age people aged 41-55 years had the highest number of respondents with the total 48 people or 48% of the total respondents. People aged 41-55 have the experience and expertise in carrying out business. This can have a positive impact on the performance of MSMEs since they have a strong foundation to manage and develop their businesses.

Table 1. Respondent Age

Age range	Total respondent	Percentage
19 - 25	2	2,00%
26 - 40	36	36,00%
41 - 55	48	48,00%
Above 55	14	14,00%
Grand Total	100	100%

B. Respondent Gender

In Table 2, It was found that 44 respondents (44%) were men, while 56 respondents (56%) were women. According to the MSME Association in Bogor Regency, the role of women is very important in driving the productivity and performance of MSMEs. Apart from that, the majority of business owners are women, with a number of ±6 million in West Java. The role of women is very strong in non-governmental organizations (NGOs). They are involved in social movements, advocating for human rights, gender equality, and fighting for social and environmental issues. Women's have brilliant ideas and persistence in fighting for equality.

Table 2. Respondent Gender

Gender	Total Respondent	Percentage
Male	44	44,00%
Female	56	56,00%
Grand Total	100	100,00%

C. Field Bussines

The food and beverage accommodation provision sector dominates with 40 respondents or 40%. As the sector most widely represented in this survey, there are factors that support the attractiveness and popularity of businesses in this sector, one of them is the amount of daily food and drink consumption which is a primary human need. It can be seen in Table 3.

Table 3. Field of bussines

Field of business	Total Respondent	Percentage
Agriculture/plantation	4	4,00%
Craft	21	21,00%
Health product distributor	2	2,00%
Fashion	8	8,00%
Restaurant/culinary/food & beverage	19	19,00%
Publishing/Printing	4	4,00%
Food and Drink Accommodation	40	40,00%
Wedding organizer	2	2,00%
Grand Total	100	100,00%

D. *Types of bussines field*

Table 4. Types of bussines field

Types of Business Field	Total Respondent	Percentage
Corporation	16	16,00%
Individual	78	78,00%
Private limited company	6	6,00%
Grand Total	100	100,00%

In table 4, the dominant types of business sector of respondents were private individuals with 78 or 78%, legal entities with 16 respondents or 16%, and individual PT with 6 units or 6%. Business entities generally include partnerships, corporations, or other legal entities established to carry out business. This relatively low proportion may indicate that in this survey, more respondents came from smaller, independent business entities. Private Persons: 78 respondents or 78% are privately owned businesses.

E. *Length of bussines field*

Table 5. Length of Business Field

Length of year	Total Respondent	Percentage
< 1	14	14,00%
1 - 5	36	36,00%
> 5	50	50,00%
Grand Total	100	100,00%

There are 14 respondents or 14% who have MSME businesses with an age of less than 1 year. This proportion shows that there is a group of MSME who have just started their business during the survey period. New businesses may face initial challenges in collecting customers towards stability. In this period of business, the business will be tested with various things. Starting from looking for format of advertisement, building customer trust, and expanding the network through consumer testimonials which can generate loyalty. It can be seen in Table 5.

F. *Average Turnover*

In the Table 6, there are 62 respondents or 62% who have an MSME turnover of less than 300 million rupiah per year. This relatively high proportion shows that there are a large number of MSME who operate on a smaller scale and generate lower income.

Table 6. Average Turnover

Turnover	Total Respondent	Percentage
< 300 million per year	62	62%
> 300 million - 2,5 billion per year	34	34%
> 2,5 billion per year	4	4%
Grand Total	100	100%

G. *Ownership of tax identification number (TIN)*

Table 7. Ownership of tax identification number (TIN)

Ownership of tax identification number (TIN)	Total Respondent	Percentage
Have	88	88,00%
Not have	12	12,00%
Grand Total	100	100,00%

In Table 7, 12 respondents or 12% do not have TIN card. This proportion shows that there is a group of MSME who do not yet have a TIN card or have not completed the registration process or are still waiting for the document validation process at the registered tax office. There are several reasons why they do not yet have a TIN card, such as: lack of awareness, limited knowledge of the importance of expediting TIN validation or other administrative technical factors.

Ownership of a TIN by MSMEs is important to ensure tax compliance and fulfill applicable tax obligations. The presence of a TIN can also provide access to various incentives or assistance provided by the government to support MSMEs. In this case, there is a need for education and encouragement to increase awareness and ownership of TIN among MSMEs who do not yet have one.

Descriptive Statistics

A. Tax Policies and Regulations

Based on the Table 8, the highest score for the Tax Policies and Regulations indicator is Tax Policies and Regulations 5 or Tax Policies and Regulations 3, namely the level of understanding of tax law, which is 3,910 with criteria of high, and KP6 or Tax Policies and Regulations 6, which is 3,820 with criteria of high. This understanding is important so that MSMEs can understand their tax obligations, including the applicable rules and regulations. A good level of understanding can help MSMEs calculate, deposit and report tax obligations correctly.

Table 8. Descriptive Statistics Tax Policies and Regulations

Code	Median	Mean	Criteria
Tax Policies and Regulations 1	4.000	3.710	High
Tax Policies and Regulations 2	4.000	3.640	High
Tax Policies and Regulations 3	4.000	3.910	High
Tax Policies and Regulations 4	3.000	3.250	Enough
Tax Policies and Regulations 5	4.000	3.660	Enough
Tax Policies and Regulations 6	4.000	3.820	High
Tax Policies and Regulations 7	4.000	3.650	High

These two results show that MSMEs in Indonesia have a good level of understanding regarding tax policies and regulations. This understanding is an important factor in ensuring compliance with tax regulations and helping MSMEs manage their finances well. Apart from that, good understanding also allows MSMEs to optimize the benefits available in tax policies that are relevant to their business.

B. Socialization (SS)

Table 9. Socialization

Code	Median	Mean	Criteria
SS1	4.000	4.030	High

SS2	4.000	3.790	High
SS3	4.000	3.770	High
SS4	3.000	3.770	High
SS5	4.000	3.740	High
SS6	4.000	3.780	High
SS7	4.000	3.700	High

Based on the data Table 9, the highest results from the socialization indicator are SS1 or socialization 1 with the mean 4,030 and classified as high criteria, and SS2 or socialization 2 of 3,790 mean with high criteria.

Tax socialization can increase awareness of taxpayers, including MSMEs. Socialization is needed to educate taxpayers about the importance of complying with tax obligations. Through socialization, information about tax regulations, types of taxes, tax obligations, benefits obtained from fulfilling tax obligations, and the consequences of tax violations can be conveyed to taxpayers. This helps improve their understanding and reduces unintentional errors or non-compliance.

C. Number of MSME taxpayers

Table 10. Number of MSME taxpayers

Code	Median	Mean	Criteria
Number of taxpayers 1	4.000	3.840	High
Number of taxpayers 2	4.000	3.800	High
Number of taxpayers 3	4.000	3.880	High
Number of taxpayers 4	3.000	3.800	High
Number of taxpayers 5	4.000	3.830	High
Number of taxpayers 6	4.000	3.630	High
Number of taxpayers 7	4.000	3.860	High

Based on the results in Table 10, the highest result from the indicator for the number of MSME taxpayers is Number of taxpayers 3 with the mean 3,880 with high criteria and Number of taxpayers 7 with the mean 3,860, high criteria.

D. Taxpayer Turnover

Table 11. Taxpayer Turnover

Code	Median	Mean	Criteria
Taxpayer Turnover 1	4.000	3.690	High

Taxpayer Turnover 2	4.000	3.770	High
Taxpayer Turnover 3	4.000	3.780	High
Taxpayer Turnover 4	3.000	3.780	High
Taxpayer Turnover 5	4.000	3.810	High
Taxpayer Turnover 6	4.000	3.520	Enough
OWP7	4.000	3.790	High

Based on the results in Table 11, the highest value of the taxpayer turnover indicator is Taxpayer Turnover 5 with the value of 3,810 with high criteria. Basically, the amount of turnover owned by MSMEs fluctuates, depending on how consumers glance, are interested, and make purchasing decisions.

E. Taxpayer Awareness/Compliance

Table 12. Taxpayer Turnover

Code	Median	Mean	Criteria
Taxpayer Awareness/Compliance 1	4.000	3.830	High
Taxpayer Awareness/Compliance 2	4.000	3.730	Enough
Taxpayer Awareness/Compliance 3	4.000	3.770	Enough
Taxpayer Awareness/Compliance 4	3.000	3.810	Enough
Taxpayer Awareness/Compliance 5	4.000	3.790	High
Taxpayer Awareness/Compliance 6	4.000	3.600	High
Taxpayer Awareness/Compliance 7	4.000	3.820	Enough

In Table 12, the highest result from the awareness/compliance indicator is Taxpayer Awareness/Compliance 1, namely sincerity in calculating, depositing and reporting Final Income Tax obligations for MSMEs of 3,830 with high criteria, and Taxpayer Awareness/Compliance 7, namely feeling proud to participate in developing the country by paying taxes of 3,820 with high criteria. These two results show the awareness and commitment of MSMEs to fulfill their tax obligations correctly. This could be an indication that MSMEs in Indonesia, especially Bogor Regency understand the importance of taxation in the country's development and have a positive attitude towards their role as responsible taxpayers.

F. Tax Revenue Target

Table 13. Tax Revenue Target

Code	Median	Mean	Criteria
TP	4.000	4.308	High

The Table 13 shows that the indicator value for the tax revenue target is 4,308 in the high category. According to data from the Directorate General of Taxes, the MSME tax revenue target is increasing, so the average amount owned is very high. This is due to increased awareness and participation of MSMEs in complying with tax obligations as well as efforts made by the Directorate General of Taxes to provide better services to MSMEs. Increasing awareness and participation of MSMEs in fulfilling tax obligations cannot be separated from the role and performance of the Directorate General of Taxes in carrying out the supervisory and consulting functions attached to the position of Account Representative (AR) in the Supervision and Consultation department.

G. Realization of Tax Revenue

Table 14. Realization of Tax Revenue

Code	Median	Mean	Criteria
RP	4.000	3.944	High

The Table 14, shows that the indicator value for the realization of tax revenues is 3,944 in the high category. According to data obtained from the Directorate General of Taxes, the amount of realized tax revenue from 2018 to 2022 fluctuates, that in 2022 it reached 92.23%, in 2019 it decreased with a target of reaching 84/49%, again there was increasing in 2022 reaching 89.42% , in 2021 it reached 103.98%, and a significant increase in 2022 reached 115.62%, these results leading to good average amount, this is in line with research (Sunanto, 2016) which explains that the tax revenue target is based on its performance , both socialization, as well as the level of compliance of MSME Taxpayers regarding awareness of paying taxes. Apart from that, the amount of tax realization decreased in 2019 due to the Covid-19 pandemic. The entry of Covid-19 caused Indonesia's economic growth to decline to minus levels, which automatically caused people's purchasing power to decrease and this had an impact on MSMEs Invalid source specified.

DISCUSSION

Bootstrap results show that H1 is accepted (p-value < 0.05). Therefore, it can be concluded that Acceptance of Tax Policies and Regulations has a positive influence of 2,660 on the Tax Revenue Target. These results are in line with research which explains that policies and regulations play an important role in tax revenue targets. The managerial implications carried out in this research are to simplify MSME tax policies and regulations to make it easier for business

people both in terms of calculations and reporting (Hartana, 2022), apart from that study also explains that a number of policies aim to maintain the country's economic stability through the National Economic Recovery program (Sulastri & Kholis, 2022). Wage subsidy assistance and government-borne tax facilities were provided to workers affected by the pandemic to support the National Economic Recovery program. The implementation of various policies in dealing with the pandemic is expected to increase people's purchasing power and have a positive impact on state revenue targets.

Bootstrap results show that H2 is accepted (p -value < 0.05). It can be concluded that every receipt of Tax Policies and Regulations has a positive influence of 5,101 on the Realization of Tax Revenue. These results are in line with research who say that taxpayer awareness has no effect on tax revenue. Especially during the Covid-19 pandemic, tax incentive policies, tax authorities' services and taxpayer compliance have an influence on tax revenues during the Covid-19 pandemic (Lutvitasari, 2021). Study also explained that the Indonesian Government has established various tax policy strategies during the Covid-19 pandemic which aims to achieve state revenue targets, by revising tax revenue targets, rearranging the allocation of state revenue in the 2020 State Revenue and Expenditure Budget, and implementing tax incentive policies (Aulawi, 2020).

Bootstrap results show that H3 is accepted (p -value < 0.05). It can be concluded that each socialization has a positive influence of 4,283 on the tax revenue target. These results are in line with the study stating that socialization and financial literacy influence the competitive advantage and performance of MSMEs, tax literacy influences competitive advantage, competitive advantage influence the performance of MSMEs. So that ultimately influences the revenue target (Resmi et al., 2021). MSMEs do not keep business records because it is difficult and inconvenient. Facts were also found in the field that the majority of MSMEs that already have Tax identification number do not pay and report their tax obligations due to a lack of socialization by the Directorate General of Taxes. Taxes are considered costs that cause business profits to decrease.

Bootstrap results show that H4 is accepted (p -value < 0.05). It can be concluded that each socialization has a positive influence of 3,390 on the realization of tax revenues. These results are in line with research conducted by a study which states that socialization of policies for MSME taxpayers can be done through training, so that they can increase their understanding (Tambunan, 2019). Apart from that, the need for assistance in implementing tax obligations can maintain taxpayer consistency. Another study stated that one of the strategies for collecting taxes in Indonesia is through tax education as an effort to increase taxpayer awareness (Mu'nis & Komaladewi, 2019).

Bootstrap results show that H5 is accepted (p -value < 0.05). It can be concluded that each number of MSME taxpayers has a positive influence of 4,712 on the tax revenue target. These results are in line with research stating that Directorate General of Taxes facilitation in providing easy tax identification number registration for MSMEs plays an important role in achieving revenue targets. Other researchers say that the number of MSME taxpayers is related to the characteristics of MSMEs, such as: operational activities, business expansion

and sustainability, specifically including financial literacy as a mediating role that can influence tax revenue targets. Other researchers also confirmed the research results which stated the positive influence of MSME characteristics in increasing the number of MSME taxpayers on financial literacy and the sustainability of MSMEs. This study shows that MSME owner-managers need to be financially literate because it can enable them to make good financial decisions that can ensure business sustainability by registering as taxpayers (Prasetya et al., 2021).

Bootstrap results show that H6 is accepted (p-value < 0.05). It can be concluded that each number of MSME taxpayers has a positive influence of 1,987 on the realization of tax revenues. financial literacy has been proven to be a significant mediator of MSME sustainability. This study shows that owner-managers of MSMEs need to be financially literate because it can enable them to make good financial decisions, which can ensure the sustainability of their business (Prasetya et al., 2021).

Bootstrap results show that H7 is accepted (p-value < 0.05). It can be concluded that each MSME taxpayer's turnover has a positive influence of 2,814 on the tax revenue target. These results are in line with research stating that the Covid-19 pandemic has made MSME players need innovation in promoting their products, one of which is through digital because the corona virus is destroying the modern retail market one by one. Starting from large, micro, to small scale, income has decreased drastically. With digitalization and technology, the transaction process continues to run smoothly so that business income slowly increases (Amri, 2020). MSME players should have full trust in the policies issued by the Government, especially those regarding the provision of tax incentives. So it has the potential to increase business turnover (Sari et al., 2022).

Bootstrap results show that H8 is accepted (p-value < 0.05). It can be concluded that each MSME taxpayer's turnover has a positive influence of 5,980 on the realization of tax revenues. These results are in line with research conducted by study stating that the turnover limit of 4.8 billion is applied in accordance with PMK regulation no. 197/PMK. 03/2013, has not gone through a special study for the type of VAT tax. However, the same turnover limits are also obtained based on other regulations for different types of taxes, namely PP 46/2013 on the type of PPh tax. The impact of the implementation of this regulation is that there are efforts to avoid entrepreneurs from fulfilling their obligations as VAT collectors, so that the number of MSMEs with PKP is relatively low. Another impact is that the percentage of VAT contribution from MSMEs to tax revenues is getting lower. Study states that the performance of VAT for entrepreneurs and MSMEs, whether those with a turnover of more than 4.8 billion per year or those who are obliged to establish themselves as PKP in Indonesia is still not optimal, so there is a need for re-regulation or changes to the Law. Value Added Tax Law in the Regulatory Harmonization act (Sulfan, 2021).

Bootstrap results show that H9 is accepted (p-value < 0.05). It can be concluded that each MSME taxpayer's turnover has a positive influence of 2,627 on the tax revenue target. These results are in line with research conducted, it was stated that WP compliance and awareness have a positive and significant influence on sustainable economic growth among MSMEs in south-south

Nigeria; tax justice has a positive and significant influence on sustainable economic growth among MSMEs in south-south Nigeria; Perceived tax avoidance opportunities have a negative and insignificant influence on sustainable economic growth among MSMEs in south-south Nigeria. Apart from that, other research states that the size or scale of WP MSME business is related to formal tax compliance and greater benefits can be obtained in the province by showing a higher level of compliance with e-filing reporting of micro-scale taxpayers rather than middle or high. This has a significant impact on the potential for achieving the MSME tax revenue target.

Bootstrap results show that H10 is accepted (p -value < 0.05). It can be concluded that each MSME taxpayer's turnover has a positive influence of 5,750 on the realization of tax revenues. These results are in line with research stating that the level of compliance with the Government's fiscal policy has the potential to finance government administration, especially income originating from taxes (Ekoliawati Sinaga, 2021). Apart from that, other research stated that the perception of MSME taxpayers towards Government Regulation Number 23 of 2018 in terms of tariffs, sanctions, convenience and comprehensive socialization has provided an understanding of MSMEs' awareness making it easier to pay their outstanding tax obligations (Setiawan & Prabowo, 2019).

Bootstrap results show that H11 is accepted (p -value < 0.05). It can be concluded that each MSME taxpayer's turnover has a positive influence of 3,877 on the realization of tax revenues. These results are in line with research stating that even in the type of Value Added Tax (VAT) there is a right in the form of a preliminary refund of excess tax payments or MSME taxpayers and this will reduce the state treasury [19]. However, this policy does not significantly affect the achievement of tax revenue targets. The realized amount will still be taken into account because it has been recorded in state revenue at the time the tax is paid. Other study states that the priority strategy is to increase the income target of the MSME sector using the Network Process Analysis (ANP) method. Tax services for MSME taxpayers include convenience in reporting taxes, paying taxes, and accessing tax information. This has an impact on increasing the realization of MSME tax revenues by making it easier to provide the information needed by MSME taxpayers.

CONCLUSIONS AND RECOMMENDATIONS

Policies and regulations issued by the Government in order to restore the Indonesian economy by providing facilities to MSME players have a positive effect on MSME tax revenues. The study also found that socialization of policies and regulations for MSME needs to be improved in order to optimize tax office performance and tax revenue. This has a positive effect in supporting the collection of state revenue from the tax sector. Unfortunately, the study also found that the number of registered taxpayers is not balanced with the high growth data of MSME. This situation affects the realization of MSME tax revenues as the largest contributor even though it is dominated by the micro scale. The study also found that Various government policies for MSMEs, such as: capital assistance, training, and reducing tax rates, as well as other policies,

should be utilized optimally by MSME to increase business turnover, in order to have a significant effect on tax revenues. After understanding tax policies and regulations for MSMEs, it is hoped that this will result in increased compliance and awareness of MSME taxpayers in fulfilling their tax obligations. This has a positive effect on achieving the tax revenue target. The study also found that Efforts to achieve the tax office's target in collecting MSME taxes to fulfill the realization of state revenues have had a significant impact because they are assisted by the Voluntary Tax Disclosure program which fills the gaps resulting from the decline in MSME revenues due to the Covid-19 pandemic. However, the data used in this research is limited. It is collected in 2018-2022, therefore, the result of the study does not cover the condition of MSME in the previous years. This study did not find any negative influences that can provide gap for further research with a similar discussion focus. The tax target set by the Ministry of Finance is based on a breakdown of expenditure budget requirements without taking into account in more detail the performance capabilities of the units below it, thus affecting the amount of actual revenue each year. Similar problems experienced by the Directorate General of Taxes regarding tax targets and revenues have not yet been resolved optimally. The financial performance variables used in this research focus on the realization of tax revenues, so that the other components that are interconnected with each other with the same goal, which is achieving the revenue target.

ADVANCED RESEARCH

This research still has limitations so it is necessary to carry out advanced research related to the topic "The Determinant of Micro, Small, and Medium Tax Revenue on Tax Office Performance Moderated the Tax Target" to perfect this research, as well as increase insight for readers.

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