



The Influence of Awareness, Understanding, and Tax Rates Through the Taxation System on Tax Reporting Compliance for Micro, Small, and Medium Enterprises (MSMEs) in Cirebon Regency

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ABSTRAK

Economic growth from year to year continues to increase, this should be in line with the increase in tax revenue. This can affect the state budget by 84% because it is financed from taxation sources. This research aims to determine the influence of awareness, understanding, and tax rates through the taxation system on tax reporting compliance for micro, small, and medium enterprises (MSMEs) in the Cirebon Regency. This research uses a quantitative descriptive analysis approach to produce conclusions. Data collection is carried out through KPP Pratama Cirebon Dua. Based on the researchers' findings, the calculated t value for each variable from the influence of awareness, understanding, tax rates, and digitalization of the tax system is 12.219, 5,940, 6,779, and 8.127, with an F table value of 1.985. Based on this, the level of tax reporting compliance is positively correlated with the tax rate variable. The level of tax reporting compliance is positively correlated with the taxpayer's understanding of taxation. The level of tax reporting compliance is positively correlated with the tax awareness variable of MSME actors. The level of tax reporting compliance is positively correlated with the variable digitalization of the tax system. The findings of this test show that MSME taxpayers can disclose their tax obligations more quickly and without having to come to the tax service office if the DGT's online services are improved.

INTRODUCTION

Despite the current global economic recession, Indonesia's economic growth continues to develop rapidly. BPS data (2024) explains that in the 4th quarter of 2023, the Indonesian economy grew and increased by 5.04% year-on-year (yoy), up from 4.94% in the previous quarter. Indonesia's economic growth projections for the first quarter of 2024 remain positive, and the Indonesian economy is expected to grow by 5.16% yoy in Q1 2024, an increase from 5.04% yoy in Q4 2023. Meanwhile, if we look at Indonesia's state income (APBN), the tax sector still dominates 80% of income sources, whereas in 2023, taxes will contribute to IDR. 2,155.4 trillion and growing 5.9% (yoy) from 2022, where tax realization reached IDR. 2,034.5 trillion. Even though the realization of tax revenues increased, the ratio of taxes to gross domestic product (GDP) decreased by 0.18% in 2023, namely 10.21% from 2022 of 10.39%, where this figure is still relatively low among other ASEAN countries such as Thailand, Vietnam, and Singapore. One way to assess Indonesia's tax revenue performance is the tax ratio, where if the tax ratio is small, the smaller the tax revenue collected by the DJP and vice versa. The strategy to increase the tax ratio is beyond the government's strategy in the 2024 APBN; the tax ratio approach can be achieved with various breakthroughs, including by increasing tax compliance because tax compliance is a crucial component of the tax system. A taxpayer is considered to be compliant with taxes if he has fulfilled all his tax obligations, and if this happens, it is estimated that he will be able to increase tax revenues, which will lead to an increase in the Tax Ratio.

One of the tax sectors that can further develop the level of tax revenue is MSMEs. The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop and UKM) stated that the growth of MSMEs continues to increase in terms of the number of MSME actors which continues to grow. The Ministry of Cooperatives and SMEs stated that in 2021 there will be 64.2 million MSMEs in Indonesia. Compared with the previous year, the number of MSMEs increased by 2.28% from 2020. However, in 2022, there will be a decrease of 0.70% to 65 million units; in 2023, the number of MSMEs is estimated to be 67 million. The MSME sector is expected to contribute to increasing state revenues. Data shows that MSMEs contribute 61% of Indonesia's GDP, or the equivalent of IDR 9,580 trillion and 97% of the total workforce.

West Java Province, which in 2023 projects the number of MSMEs to increase 5.83% from the previous year to 7.05 million units. This aligns with the increase in MSME actors in the Cirebon Regency area. The number of MSMEs in 2023 recorded at KPP Pratama Cirebon Dua will be 215,707 MSMEs. The number of MSME actors equals 4% of West Java MSMEs. The number of MSMEs identified as taxpayers (active and non-effective taxpayers) is 15,774 active taxpayer MSMEs and 199,933 non-effective MSMEs. However, Through data from KPP Pratama Cirebon Dua, it is known that the number of MSME taxpayers reporting SPT has decreased from 2021-2022, as shown in Table 1.1 as follows:

Table 1.1 Level of Compliance with Tax Payments by MSMEs in Cirebon Regency

Year	Number of registered MSME taxpayers	Number of MSME Taxes Reported on SPT	Compliance Level
2021	191,365	2,430	1.26%
2022	203,407	2,309	1.13%

Source: KPP Pratama Cirebon Dua, 2024

Table 1.1 shows that the number of MSME taxpayers submitting annual SPT reports for 2021-2022 has decreased significantly. MSME taxpayers from 2021-2022 have increased from 191,365 MSMEs to 203,407 MSMEs. However, on the other hand, the level of compliance with tax reporting has decreased from 2,430 to 2,309, so it is currently calculated as a percentage from 1.26% to 1.13%.

The tax rate influences the level of tax compliance reporting. Through appropriate tax rates, taxpayers will be cooperative in reporting tax payments. However, taxpayers always hope that the tax rate obtained by taxpayers is low. Therefore, through Law Number 7 of 2021 concerning HPP and Government Regulation Number 55 of 2022, the government offers various incentives to taxpayers for tax reduction so that it does not burden taxpayers. Through this regulation, the government exempts MSME taxpayers with an annual GDP of up to IDR 500 million from the imposition of Final Income Tax but requires them to submit SPT still every year. This is in line with Putri's statement (2023), which states that tax reporting compliance is generally not influenced by tax rates, so it does not significantly affect taxpayer compliance in MSMEs. However, research conducted by Wijaya and Yanti (2023) shows something different. The influence of tax rates has a positive impact on MSMEs who comply with taxpayer regulations. Based on research conducted, the higher the tax rate charged to MSME actors, the more likely MSME actors will not comply with tax payments.

Understanding the taxation needed so that MSMEs can report SPT as one of their obligations is one of the following factors. If taxpayers know the required taxes, they can quickly complete all this. Through the level of taxpayer compliance it is known that the level of tax understanding is correlated with taxpayer compliance. If understanding is high, then the level of compliance will also be high; if vice versa, the level of taxpayer compliance will be low. This is in line with research by Ridhotin (2022), which states that the influence of tax payments by virtuous taxpayers is positively correlated with the understanding possessed by taxpayers (MSME actors). However, based on research conducted by Saputra et al. (2023) states something different. This research states that taxpayer compliance is not significantly influenced by taxpayer understanding.

Another factor is the awareness of taxpayers (UMKM actors), where to finance the state's life, funds are needed that come from agricultural products,

the results of the work of companies and the government, and most importantly, from public taxes. Therefore, the state highly expects public awareness of reporting their tax obligations. Research conducted by Arviana and Djani (2021) stated a positive relationship between the tax compliance of MSME actors and the taxpayer knowledge of MSME actors. However, based on research conducted by Meidiyustiani et al. (2022) say different things. This research states that taxpayer compliance is not significantly influenced by the awareness of taxpayers in MSMEs.

Another factor that influences taxpayer compliance when paying taxes is the tax digitalization system. The main innovation implemented by the Directorate General of Taxes (DJP) is to improve service quality through information technology, which aims to maximize service quality and enhance the performance of monitoring taxpayer compliance by implementing an electronic system. This aligns with research conducted by Aini and Nurhayati (2022), which explains that an easy tax payment system through a digitalization system will increase knowledge and implementation of taxpayer compliance with taxpayer payments for the taxes charged. However, until now, many MSME actors in the Cirebon Regency area do not understand and have access to tax digitalization, so taxpayers' tax payments are not yet optimal.

This research was conducted to examine the activities and compliance of taxpayers in the MSME business line in Cirebon Regency in tax reporting due to phenomena and several previous research results that show inconsistent values for each variable. For this reason, research will be carried out entitled "The Influence of Awareness, Understanding, and Tax Rates through the Taxation System on Tax Reporting Compliance for Micro, Small and Medium Enterprises (MSMEs) in Cirebon Regency."

THEORETICAL REVIEW

Agency Theory (Agency Theory)

According to Agency Theory, the authority given to the agent to act in the interests of the owner is very important. This theory helps explain the counter-interests between managers and owners. Tax administration and taxpayers act as agents (Jensen and Meckling, 1976). They also define the relationship resulting from the contract between the principal and the principal who manages the agent's business.

Managers are responsible for increasing the company owner's profits as representatives but always want to receive money according to the contract. This is because the relationship between taxpayers and tax authorities often has different interests, which causes moral hazard problems. As a result, the company is focused on two other goals: financial profit. Organizational assumptions include information asymmetry between principals and agents, disputes between organizational members, and efficiency as a measure of

effectiveness. The information receipt shows the asymmetry between the principal, acting as the tax authority, and the agent, acting as the taxpayer.

Attribution Theory

Attribution theory explains human perspectives as a whole and how they are different when assessing behavioral relationships. Robbins (2018) states that attribution theory is how a person behaves and assesses whether internal or external factors cause this behavior. The implications of this theory can be seen in the case of someone paying taxes on time, an example of internally generated behavior. When someone is influenced by external variables, such as coercion or a reprimand from the local government to pay taxes immediately, that is an example of externally generated behavior.

Tax

Taxes are an obligation imposed on every citizen. This is intended to fulfill the state treasury, which will be realized in the form of government development in terms of infrastructure, education, health, and other aspects. The government in Law No. 28 of 2007 concerning General Regulations and Tax Procedures article 1 paragraph 1 explains that taxes are mandatory for every country, a form of contribution from specific individuals or legal entities, coercive through law, and are used for development. State in solving the problems of people's prosperity.

When certain conditions, events, and actions lead to a particular position, taxes are an obligation, not a penalty, to remit a percentage of one's income to the general treasury. Restrictions by the government are permitted, but the state does not provide reciprocal benefits to maintain community welfare (Siti, 2016).

Tax Rates

According to Waluyo (2013), tax rates are a tax levy carried out by the government in a way that does not harm society. Therefore, fair tax collection and rates are needed to realize justice, which is very important for the welfare of taxpayers. This is reinforced by Law Number 7 of 2021 concerning Harmonization of Tax Regulations (UU HPP), annual GDP <Rp. 500,000,000 from MSME players will be exempt from the obligation to pay Final Income Tax.

Taxpayer Compliance

Tax compliance is characterized by the behavior of MSME taxpayers in fulfilling tax payments in accordance with their obligations. Taxpayer compliance can be measured formally and materially to optimize state tax revenues. This is reinforced by Law Number 28 of 2007 article 17 C paragraph 2 which explains and regulates tax compliance from taxpayers. MSME players are declared entitled to pay taxes if they have submitted tax returns, are not in arrears on taxes, are not involved in criminal cases or are perpetrators of criminal acts, and have received an unqualified audit opinion from a public accounting firm for three consecutive years.

MSMEs (Micro, Small and Medium Enterprises)

"Small businesses are businesses owned and managed by individuals or small groups of people who have certain wealth and income," reads Law no. 20 of 2008. The Indonesian government needs to support MSMEs. In general, the goal of MSMEs is a massive development system and expanding their efforts in creating a national economy based on just economic democracy. The level of success of MSMEs can be measured through their performance if the actors have good financial understanding and skills to help manage their finances and use appropriate financial products and services.

Digitalization of the Tax System

Digitalization of the tax system is a breakthrough or renewal carried out by the government to increase revenue through taxes and optimize tax payments with simple bureaucracy so that taxpayers are able and willing to carry out their obligations. Apart from that, this is done to intensify the public's efforts to pay taxes and to modernize the system which can increase taxpayer compliance, because it can make the process faster and easier. Business process updates are an important component of a modernization program. In order to update the system, DJP now allows NPWP registration online through electronic registration (e-registration) which can be accessed anywhere, in addition to e-SPT, e-Filing and e-Payment. The aim of system modernization is to increase income through taxes and optimize tax payments and ease access to make tax payments by the public, so that tax payments can be made without (Jelita et al., 2023).

The Influence of Tax Rates on MSME Tax Reporting Compliance

Tax reporting activities carried out by the public are influenced by various factors, such as taxpayer compliance in paying taxes and government regulations to encourage access and increase taxpayer payments. Tax rates have a correlation with increased tax payment compliance by taxpayers. In order to increase compliance with tax payments by taxpayers, the government has taken the initiative to reduce PPh for MSMEs from 1% to 0.5% or a decrease of around 50%. This reduction was carried out in order to provide incentives for taxpayers to be more compliant in the tax payment process and to provide MSME actors with taxes that are appropriate and not burdensome so that MSME actors feel fair in terms of tax payments. Princess (2023) states that the tax rate varies with taxpayer payments for MSMEs. Based on the previous description, the following hypothesis is proposed:

H0: For MSMEs in Cirebon Regency, tax rates have a positive and significant impact on tax reporting compliance.

H1: For MSMEs in Cirebon Regency, tax rates have a negative and insignificant impact on tax reporting compliance

The Influence of Understanding Taxation on MSME Tax Reporting

Taxpayer knowledge in the context of taxpayer payments is referred to as "taxpayer understanding". Taxpayers must be aware of the complexity of taxes, in this case the role of taxes in financing state projects in national development and development. In addition, it is very important for taxpayers to study, identify, understand, and implement the laws and regulations that regulate their rights and responsibilities regarding taxes. Through this knowledge, taxpayers will be better able to recognize and fulfill their tax obligations. Research conducted by Suryanto and Noor Abrilia Fitri (2024) stated that understanding MSME taxpayers for MSME actors influences their compliance. Based on the previous description, the following theory is proposed:

H2: Understanding Taxation has a negative effect on tax reporting compliance for MSMEs in Cirebon Regency.

H3: Understanding Taxation has a positive effect on tax reporting compliance for MSMEs in Cirebon Regency.

The Influence of the Level of Awareness of MSME Taxpayers on MSME Tax Reporting Compliance

The effect of taxpayer compliance on MSME actors is influenced by tax payment indicators. However, the government has set rules regarding maximum tax rates and has been influenced by the media in addition to offering advice to MSMEs through the tax service office. Andanawarih and Khudoifah (2022) states that tax compliance is positively influenced by taxpayer awareness. Based on the previous description, the following hypothesis is proposed:

H4: The level of awareness of MSME taxpayers has a negative and negative effect on MSME taxpayer compliance in Cirebon Regency.

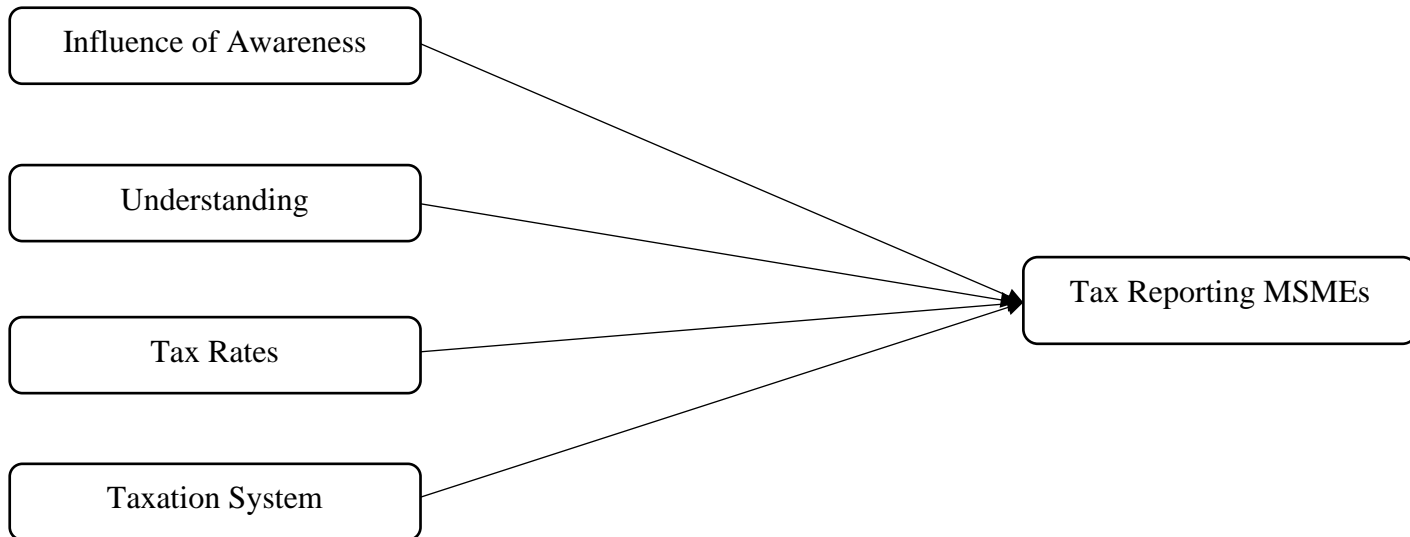
H5: The level of awareness of MSME taxpayers is positive and significant towards MSME taxpayer compliance in Cirebon Regency.

The Effect of Digitalization of the Tax System on MSME Tax Reporting Compliance

Digitalization of the tax system is a breakthrough or renewal carried out by the government. The goal of digitizing tax administration is very important for a country's tax structure. A country can effectively meet its targets to generate the most tax revenue. Research conducted by Leo and Alimuddin (2023) states that digitalization has a positive effect on taxpayer compliance. MSMEs. Based on the description above, the hypothesis proposed is as follows:

H6: Digitalization of the Tax System has a negative effect on taxpayer compliance of MSMEs in Cirebon Regency.

H7: Digitalization of the Tax System has a positive effect on taxpayer compliance of MSMEs in Cirebon Regency.



RESEARCH METHODOLOGY

Types of research

This research uses descriptive quantitative analysis to explain the analysis results obtained. Descriptive research shows how to collect, examine, and evaluate credible facts appropriate to the problem at hand and compare technical expertise with the real world to produce conclusions. Meanwhile, calculations are carried out using a quantitative approach, which collects, examines and analyzes numerical data.

Research Place

Researchers chose to collect data from KPP Pratama Cirebon Dua whose area coverage is Cirebon Regency and is also a division of KPP Pratama Cirebon. The questionnaire was distributed to target MSMEs in Cirebon Regency because researchers were interested in finding out how much tax reporting compliance the Cirebon Regency MSMEs had.

Operational Research Variables

Research variables are what the researcher has determined to be investigated in order to collect data and draw conclusions (Sugiyono, 2016). The

dependent variable or variables involved in the research are MSME taxpayer compliance (Y). Meanwhile, tax rates (X1), tax knowledge (X2), taxpayer awareness (X3), and digitalization of the tax system (X4) are independent variables.

Population and Sample

Population and samples are needed in the research data collection system. A total of 15,774 MSMEs, or all MSMEs active in Cirebon Regency, are the population in this research. The sampling technique uses purposive sampling, which is a sampling approach based on certain criteria inherent in the population. This is used to determine the number of samples based on the population used and in accordance with the desired criteria, so that conclusions can be drawn optimally. The criteria in the research are MSME actors who are clearly registered with KPP Pratama Cirebon Dua.

Determination of the sample used used the Slovin Formula approach. According to data from KPP Pratama Cirebon Dua, there are 15,774 MSMEs currently operating. As a result, the margin of error used in the sample is 10%. After calculating, 100 respondents were produced as the research sample.

Data collection technique

The author collects information about the research topic through primary data collection techniques. This primary data comes from the research object, namely the Cirebon Dua Primary Tax Service Office, and has not been processed or developed by the researchers themselves. Data is collected through questionnaires:

Tabel
Skala Likert

Kategori Jawaban	Skor/Nilai
Sangat Setuju (SS)	4
Setuju (S)	3
Tidak Setuju (TS)	2
Sangat Tidak Setuju (STS)	1

Data analysis technique

Quantitative analysis is applied to research data analysis techniques. The data testing process was used through multiple linear regression correlation techniques to determine the effect of variable X on variable Y. The data analysis process using the software program IBM Statistical Package for Social Sciences (SPSS) version 25 was used to support this research. To understand how independent variables affect the dependent variable, we can compare research findings with data presentation.

TEST RESULTS AND DISCUSSION

Validity test

The results of the questionnaire that have been collected will be tested for validity. This test is intended to calculate the accuracy and validity of the questionnaire used *person correlation*, namely a correlation technique that only requires one measurement. A measuring instrument is considered valid if $df = n - 2$ or sig value $<$. However, if the sample size is 100, then the person correlation value (R number) is 0.05 which actually has a value greater than the distribution value (R table).

Table 2
Validity Test Results

Variabel	Pearson Correlaton	Sig. (2-tailed)	N	Keterangan
TP1	0,748	0,000	100	Valid
TP2	0,757	0,000	100	Valid
TP3	0,834	0,000	100	Valid
TP4	0,689	0,000	100	Valid
PP1	0,846	0,000	100	Valid
PP2	0,765	0,000	100	Valid
PP3	0,758	0,000	100	Valid
PP4	0,783	0,000	100	Valid
PP5	0,907	0,000	100	Valid
PP6	0,680	0,000	100	Valid
KP1	0,754	0,000	100	Valid
KP2	0,829	0,000	100	Valid
KP3	0,698	0,000	100	Valid
KP4	0,694	0,000	100	Valid
KP5	0,701	0,000	100	Valid
KP6	0,757	0,000	100	Valid
KP7	0,758	0,000	100	Valid
KP8	0,872	0,000	100	Valid
KP9	0,879	0,000	100	Valid
K10	0,842	0,000	100	Valid
DSP1	0,768	0,000	100	Valid
DSP2	0,911	0,000	100	Valid
DSP3	0,928	0,000	100	Valid
DSP4	0,901	0,000	100	Valid
DSP5	0,794	0,000	100	Valid
KPUMKM1	0,830	0,000	100	Valid
KPUMKM2	0,837	0,000	100	Valid
KPUMKM3	0,784	0,000	100	Valid

Source: Primary Data, 2024

Each item or statement used to measure the level of compliance with the tax rate variable, tax awareness, understanding of taxation, digitalization of the tax system, and MSME taxpayer reporting produces a significant Pearson

product moment correlation of less than 0.05, measuring that these variables are considered valid.

Reliability Test

The level of reliability of measuring instruments is demonstrated by reliability tests. If a respondent consistently answers the same questions, then the questionnaire is considered reliable. Because the *Cronbach's alpha* value used in this study to test reliability has a value of >0.6 , it can be concluded that the question items in this study are reliable.

Table 3
Reliability Test Results

Variabel	Cronbach's Alpha	N of Item	Keterangan
TP	0,743	100	Reliabel
PP	0,875	100	Reliabel
KP	0,925	100	Reliabel
DSP	0,910	100	Reliabel
KPUMKM	0,748	100	Reliabel

Source: Primary Data, 2024

Reliability testing carried out in this study is presented in Table 3 with a *Cronbach alpha* value greater than >0.6 . This shows that each variable statement shows reliability. Reliability statements that have gone through consistency tests are suitable for use in this research.

Classic assumption test

Normality test

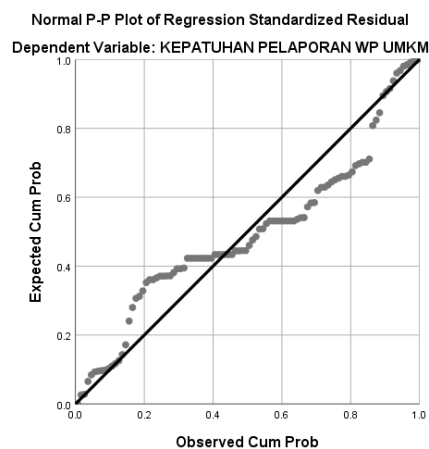


Figure 1
Data Normality Testing Graph
Source: Primary Data, 2024

The normal plot graph in Figure 1 above shows how the distribution of points approaches and follows the direction of the diagonal line which shows that this research has met the normality assumption test in the regression model approach.

Multicollinearity Test

The next test is a test to determine the effect of local testing on the independent variable over the dependent variable to prevent inferential behavior which is referred to as the Multicollinearity Test. Through this model, there should be no relationship between the independent and dependent variables. Independent variables are non-orthogonal if they are correlated. An independent variable is said to be orthogonal if there is no relationship between the independent variable and other independent variables. If the VIF value is <10 in this study it is considered free of multicollinearity.

Table 4
Multicollinearity Test Results

Model		Tolerance	VIF
1	(Constant)		
	TP	0,483	2,068
	PP	0,446	2,244
	KP	0,256	3,771
	DSP	0,567	1,762

Source: Primary Data, 2024

Based on the data that has been obtained, the VIF value of variable X_1 is 2.068, the VIF value of variable X_2 is 2.244, the VIF value of variable X_3 amounting to 3.771, and the VIF value of variable X_4 amounting to 1.762. The four variables in this study are considered free from multicollinearity because the VIF value of each variable is <10 .

Heteroscedasticity Test

**Table 5 : Glacier Test Results
 Coefficients***

		Unstandardized Coefficients		Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,656	0,556		1,179	0,241
	TP	-0,018	0,53	-0,021	-0,333	0,740
	PP	-0,105	0,30	-0,222	-3,441	0,001
	KP	0,331	0,27	1,015	12,103	0,000
	DSP	0,044	0,34	0,74	1,298	0,197

Source: Primary Data, 2024

The significance value of tax rates (TP) and digitalization of the tax system (DSP) was found to be >0.05, and it can be said that heteroscedasticity did not appear in the Glatse model test. Meanwhile, Tax Understanding (PP) and Tax Awareness (KP) show significant values <0.05 so it can be assumed that heteroscedasticity occurs in testing the Glatse model.

Model Feasibility Test

Multiple Linear Regression Analysis

Based on the data obtained during the research, a multiple regression equation was determined which was used as a model in this research.

$$Y = 0.656 + 0.482 TP + 0.242 PP + 0.290 KP + 0.371 DSP$$

Coefficient of Determination Test (R²)

**Table 6 : Coefficient of Determination Test Results (R²)
 Coefficients***

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,907	0,823	0,816	0,648

Source: Primary Data, 2024

Based on calculations and data analysis, when carried out, it is known that the relationship value between the dependent and independent variables is strong with an R value of 0.907 or 90.7%. Meanwhile, the R-squared used to measure the magnitude of the relationship between the model's ability to explain related variables has a value of 0.823 or 82.3%. Based on this, it is known that the tax compliance value has a positive correlation with rates, understanding, awareness and digitalization of the tax system with a compliance value of 82.3% of respondents. Meanwhile, 18% can be explained by other variables not taken into account in this study.

F test

Table 7

F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	90.737	1	90.737	66.052	0,000
Residual	134.623	98	1.374		
Total	225.360	99			

Source: Primary Data, 2024

Based on the data analysis that has been carried out, it is known that the F test value is 0.00. This is based on the fact that the F value calculation was carried out with an F table value of $66.052 > 3.94$. This significant value is <0.05 resulting in the variables of tariff, understanding, awareness and digitalization of the tax system in collaboration being able to influence MSME taxpayer compliance.

T test

Table 8 : T Test Results

Model		Unstandardized Coefficients		Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0,656	0,556		1,179	0,241
	TP	0,482	0,071	0,565	6.779	0,000
	PP	0,242	0,041	0,515	5.940	0,000
	KP	0,290	0,015	0,889	12,219	0,000
	DSP	0,371	0,046	0,635	8,127	0,000

Source: Primary Data, 2024

Based on the data analysis that has been carried out, a value of 0.482 was obtained for the regression coefficient on the tax rate variable, which means that this value shows a positive correlation. The significance value is $0.000 < 0.05$, which means that the tax rate has no influence on taxpayer compliance (MSMEs), so the conclusion is that H_0 is accepted and H_1 is rejected.

Based on the data analysis that has been carried out, a value of 0.242 was obtained for the regression coefficient on the tax understanding variable, which means that this value shows a positive correlation. The significance value is $0.242 < 0.05$, which means that understanding taxation has an influence on taxpayer compliance (MSMEs), so that the conclusion is that H_2 is rejected and H_3 is accepted.

Based on the data analysis that has been carried out, a value of 0.290 was obtained for the regression coefficient on the tax awareness variable, which means that this value shows a positive correlation. The significance value is $0.290 < 0.05$, which means that awareness of taxation has an influence on taxpayer compliance (MSMEs), so it is concluded that H_4 is rejected and H_5 is accepted.

Based on the data analysis that has been carried out, a value of 0.371 was obtained for the regression coefficient on the tax system digitalization variable, which means that this value shows a positive correlation. The significance value is $0.371 < 0.05$, which means that the digitalization of the tax system has an influence on taxpayer compliance (MSME actors), so it is concluded that H6 is rejected and H7 is accepted.

DISCUSSION

The Influence of Tax Rates on MSME Taxpayer Reporting Compliance

Based on the calculation analysis that has been carried out, the t value is calculated for the variable The tax rate is 6.779 which is greater when compared to the t table value of 1.985. This shows that the tax rate variable value is the highest value with probability and significance values of $0.05 > 0.00$. Based on the results of the resulting analysis, it is stated that H1 is rejected because the tax rate has a positive value and affects reporting compliance and taxpayer payments for MSMEs.

The Influence of Tax Understanding on MSME Taxpayer Reporting Compliance

Based on the calculation analysis that has been carried out, the calculated t value for the tax understanding variable is 5.940 which is greater than the t table value of 1.985. This shows that the value of tax understanding is a fairly high value with probability and significance values of $0.05 > 0.00$. Based on the results of the resulting analysis, it is stated that H2 is rejected because understanding taxation has a positive value and influences reporting compliance and taxpayer payments for MSMEs.

The Influence of Tax Awareness on MSME Taxpayer Reporting Compliance

Based on the calculation analysis that has been carried out, the calculated t value for the tax awareness variable is 12.219 which is greater than the t table value of 1.985. This shows that the tax awareness value is a fairly high value with probability and significance values of $0.05 > 0.00$. Based on the results of the resulting analysis, it is stated that H4 is rejected because tax awareness has a positive value and influences reporting compliance and taxpayer payments by MSMEs.

The Effect of Digitalization of the Tax System on MSME Taxpayer Reporting Compliance

Based on the calculation analysis that has been carried out, the calculated t value for the system digitalization variable is 8.127 which is greater than the t table value of 1.985. This shows that the value of digitizing the tax system is a fairly high value with probability and significance values of $0.05 > 0.00$. Based on the results of the resulting analysis, it is stated that H6 is rejected because

understanding taxation has a positive value and influences reporting compliance and taxpayer payments for MSMEs.

CONCLUSION

Based on the analysis of the study that has been carried out, the following conclusions are obtained:

- a. The level of tax reporting compliance is positively correlated with the tax rate variable, so that if the tax rate is lower and in accordance with the wishes of MSMEs, compliance with tax reporting will increase.
- b. The level of compliance with tax reporting is positively correlated with the variable taxpayer understanding of taxation, so that if MSME actors' understanding of taxation increases, then compliance with tax reporting will increase.
- c. The level of tax reporting compliance is positively correlated with the tax awareness variable of MSME actors, so that if the awareness of MSME actors increases, then compliance with tax reporting will increase.
- d. The level of compliance with tax reporting is positively correlated with the variable digitalization of the tax system, so that if the ease of paying taxes for MSMEs becomes more accessible and increases, then compliance with tax reporting will increase. The findings of this test show that MSME taxpayers can disclose their tax obligations more easily and without having to come to the tax service office if the DGT's online services are improved.

Limitations

The research method for collecting respondent data has weaknesses. This research has several limitations as follows: a) Limited data obtained from related agencies. b) Due to time constraints, researchers doubted the seriousness of MSMEs in filling out the questionnaire.

Suggestion

Based on the analysis carried out by researchers, researchers can provide suggestions that:

- a. Taxpayers, in this case MSMEs, are expected to be able to be actively and proactively involved in paying and reporting taxes which will have a positive impact on the country's development for the significance of economic development.
- b. For the DJP, it is hoped that the tax reporting system and bureaucracy will be simpler in welcoming MSME actors who are more obedient in reporting and paying taxes.

- c. The tax digitalization system needs to be improved so that people understand and are able to access appropriate tax payments to increase regional and national tax revenues.

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