



## THE INFLUENCE OF INTERNAL AND EXTERNAL FACTORS ON TAX COMPLIANCE OF MSMEs IN JAKARTA

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### Abstract

This study was conducted with the aim of finding empirical evidence related to the influence of internal factors, namely tax knowledge and tax socialization. As well as, external factors, namely tax sanctions on tax compliance of MSMEs in DKI Jakarta. This study uses a quantitative approach with primary data collected through questionnaires. Score measurement is measured using a Likert scale of 1-4. This study uses purposive sampling technique as a sampling technique. The sample used in this study was 100 respondents based on the results of the Lemeshow formula calculation. Data was processed using the Partial Least Square or PLS method and analyzed with the help of SmartPLS 3 software. The level of significance used in this study is 5% (0.05). The results of the study showed that tax knowledge has a significant positive effect on tax compliance of MSMEs in DKI Jakarta. Tax socialization also has a significant positive effect on tax compliance of MSMEs in DKI Jakarta. While tax sanctions have no effect on tax compliance of MSMEs in DKI Jakarta.

**Keywords:** Tax compliance, Tax knowledge, Tax socialization.

### INTRODUCTION

MSMEs or micro, small and medium enterprises play a major role in economic growth in Indonesia. In 2023, entrepreneurs in the form of MSMEs will reach around 66 million (Kadin, 2024). This shows a growth of around 1.52% from 2022, which is around 65 million. In the performance report of the Ministry of Cooperatives and SMEs, it was found that in 2019, MSMEs contributed 61% to Indonesia's GDP, which is equal to a value of around IDR 9,580 trillion (Nurprabowo & Meilani, 2023). This shows that MSMEs need special attention from the government because they play an important role in economic growth in Indonesia, which can act as a source of state revenue through tax revenue if the MSMEs have income or have been doing business for at least one month (Sulfan et al., 2022).

MSMEs in DKI Jakarta appear to be increasing, where in 2022, based on the Ministry of Cooperatives and SMEs, there were 658,365 registered MSMEs (Anastasya, 2023). In 2023, based on BPS Jakarta, there will be at least 1,100,000 MSMEs recorded in DKI Jakarta (Fazri, 2024). Based on a study by the Ministry of Investment/BKPM, DKI Jakarta is among the top three with the highest economic contribution, the source of which is from MSMEs, which can be seen in Figure 1. This shows that MSMEs in DKI Jakarta are not only growing but also developing in terms of their economy, so that they are included in the top three provinces with the highest economic contribution from MSMEs. The DKI Jakarta Provincial Government also continues to support the growth of MSMEs in DKI Jakarta by building an ecosystem called Jakpreneur which aims to empower and encourage the development of MSMEs through training and market access, and it turns out that this has a positive impact, namely the growth of MSMEs in DKI Jakarta is considered faster when compared to other regions in Indonesia (Fazri, 2024). DKI Jakarta will also become more focused as a national economic center city after the change in status of the capital city of Indonesia (Kadin, 2024). This certainly can also have a positive impact on the growth and development of MSMEs in DKI Jakarta. Therefore, DKI Jakarta needs to be a concern because with the better growth and development of MSMEs, it can be a potential for state revenue through taxes which of course can be used to build this country.

Although MSMEs in Indonesia and in DKI Jakarta continue to experience an increase in both numbers and turnover, it turns out that tax compliance can still be said to be fluctuating.



Based on data from the Directorate General of Taxes Annual Report in 2022, the ratio of compliance in submitting Annual Tax Returns is quite fluctuating.

**Table 1. Tax Compliance Ratio**

Tax Compliance Ratio	2018	2019	2020	2021	2022
Total	71.1%	73.1%	77.6%	84.1%	86.8%
1. Body	58.9%	65.5%	60.2%	61.3%	67.2%
2. Individual Employee	71.8%	73.2%	85.4%	98.7%	93.7%
3. Non-employee Individuals	74.3%	75.9%	52.4%	45.5%	69.1%

Based on Law Number 20 of 2008 Article 1, it is explained that MSMEs (micro, small, and medium enterprises) are owned by individuals or business entities. From this explanation, it can be said that MSMEs in table 1 are one of the elements in bodies and also non-employee individuals. From table 1, it is found that bodies and non-employee individuals have a compliance ratio in submitting their Annual Tax Returns, which tends to fluctuate for bodies, where for bodies it increased in 2019, then in 2020 there was a decrease and increased again in 2021 insignificantly and in 2022 it increased again. For non-employee individuals, there was an increase in 2019 but continued to decline until 2020 and 2021, and finally in 2022 it increased again and did not exceed its highest figure in 2019.

The Indonesian government has implemented tax regulations related to MSMEs in order to support the growth and development of MSMEs in Indonesia. In accordance with PP Number 23 of 2018 and amended by PP Number 55 of 2022 regarding the final income tax rate for MSMEs, it was effectively implemented starting from July 1, 2018, which was initially 1% then decreased to 0.5% and is valid for seven years for tax subjects in the form of individuals, 4 years for corporate tax subjects other than PT such as for CV, Cooperatives, and Firms, and 3 years for tax subjects in the form of PT. This certainly provides relief for MSMEs regarding the taxes that will be imposed, so the government expects MSMEs to have a higher level of compliance in taxation. Furthermore, the government provides additional tax facilities related to these MSMEs. In the HPP Law in Chapter III, namely Income Tax with Article 7 Paragraph 2a, it is explained that specifically for MSMEs in the form of personal ownership with gross income of up to IDR 500 million in a year, they are not subject to income tax. This means that individuals who own MSMEs with a turnover of less than IDR 500 million during a tax year are not subject to MSME final income tax, but are still required to report an Annual Tax Return as a taxpayer (Vallencia, 2023).

These government policies are certainly implemented with the hope that MSME taxpayers can comply with their tax obligations, however, if seen from table 1, it turns out that tax compliance which is indicated by reporting their Annual Tax Returns is still fluctuating. Moreover, the Minister of Cooperatives and SMEs stated that although MSME taxpayers have increased, their contribution to taxes is still low. This statement is supported by data from the Directorate General of Taxes for 2019 regarding the percentage of MSME final income tax of IDR 7.5 trillion, which is around 1.1% with the amount of state revenue from income tax (Ronal, 2021). Counseling, Services, and Public Relations of the Directorate General of Taxes also provided a statement that the Directorate General of Taxes noted that of the approximately 67 million MSMEs in Indonesia, only approximately 2.3 million have paid their taxes, and also with the figure of 2.3 million MSME actors, only about half or even less have paid and reported their taxes every month (Santia, 2020). This needs to be considered because 2019 is the second year and 2020 is the third year after the 0.5% final income tax rate for MSMEs was implemented and it turned out that its influence on MSME tax compliance was still low.



Tax compliance among MSMEs is an important aspect that needs attention because increasing compliance is usually accompanied by an increase in state tax revenues. However, for MSMEs that report Annual Tax Returns with zero status because they are still required by the obligation to report Annual Tax Returns (DDTCNews, 2024) as implemented in the HPP Law No. 7 of 2021, this does not directly contribute to tax revenue. However, reporting a zero SPT still shows tax compliance and reflects the transparency of MSME actors regarding their income. This compliance allows the Directorate General of Taxes (DGT) to monitor business developments, especially to identify MSMEs that have the potential to achieve gross circulation of more than IDR 500 million. Thus, although reporting zero does not directly increase revenue, it is an important step in building a broader tax base and preparing MSMEs for potential future taxes.

## **LITERATURE REVIEW**

### **Attribution Theory**

The theory proposed by Heider (1958), in his book explains about attribution theory as a process of someone trying to link an action with a certain cause, whether it comes from within (internal) or from environmental factors (external). The results of an action are based on two sets of conditions, namely factors that exist within the person and factors from the environment (Heider, 1958, p. 82). Furthermore, Heider classifies attributing the results of an action or knowing the cause of behavior into two groups, namely dispositional attribution and situational attribution.

Dispositional or internal attribution is a process that attributes causal causes to actions based on individual traits such as abilities, characteristics, or personality (Heider, 1958, p. 92). This dispositional attribution focuses more on linking a person's behavior or actions that originate from within the individual, meaning it is an internal factor of the reason why someone carries out an action or behavior. According to Weiner (1986, p. 45) which also further develops the attribution theory that the cause of an action is based on locus of control which is from internal-external factors. In this internal factor an individual carries out an action because of the ability he has which is pursued through effort.

Situational or external attribution according to Heider (1958, p. 92) is a process to link the cause of a causality of an action that comes from external or situational factors, such as the environment. Situational attribution here focuses on the cause of an individual's action based on factors that originate from outside the individual. Weiner (1986, p. 45) also argues that an action based on the locus of control is also caused by external factors that originate from outside the individual and influence the actions of the individual.

### **Tax Compliance**

Diana & Setiawati (2014) defines compliance of a taxpayer is when a person who has become a taxpayer is able to fulfill all of his obligations by fully utilizing his rights and relationships with taxation. Tax compliance can be classified into two types. First, formal compliance, is when the taxpayer carries out his obligations based on the provisions of the rules and laws of the tax, meaning that the taxpayer must register the NPWP and report the SPT according to the specified deadline. Second, material compliance, is when the taxpayer in essence carries out all material tax regulations originating from the contents of the Tax Law, meaning that the taxpayer must correctly calculate the tax owed and pay it (Rahayu, 2010). Permatasari et al. (2021) also stated that tax compliance is the willingness or desire of a taxpayer so that he is able to fulfill his obligations related to the tax aspects that have been imposed. Tax compliance is a very crucial issue in Indonesia, and tax non-compliance can have negative impacts, especially in the form of a decrease in state revenues which affect the state treasury



(Ariyanto, 2020). Tax compliance can be measured through indicators such as registering, calculating, paying, and reporting (Wardani & Wati, 2018).

### **Tax Knowledge**

The definition of tax knowledge refers to the ability of taxpayers to understand the provisions and procedures of taxation, as well as applicable tax regulations. If someone only has a small part of the knowledge related to taxes, then the taxpayer is unlikely to have a sense of desire to pay taxes (Gayatri & Setiawan, 2023). Knowledge about taxes can be information about taxes that can be optimized by taxpayers as a basis for acting, deciding, and planning specific steps or strategies related to fulfilling rights and obligations in the field of taxation (Kartikasari & Yadnyana, 2021). The increase in tax knowledge among the public can make it easier for a taxpayer to comply with existing tax regulations. This statement occurs because when they understand the function of taxes, public or state interests are prioritized over personal interests, and the public tends to be more accepting and willing to fulfill their tax obligations (Rahayu, 2010). This tax knowledge can be measured through several indicators, including knowledge related to general tax provisions and tax procedures, knowledge related to the tax system applicable in Indonesia, and knowledge of tax functions (Wardani & Wati, 2018).

H1: Tax knowledge has a positive effect on tax compliance.

### **Tax Socialization**

Tax socialization is an effort to convey information about taxation with the aim of helping individuals or groups understand tax issues and increasing tax compliance, so that with the understanding gained from socialization, taxpayers are able to understand the importance of paying taxes (Sudrajat & Ompusunggu, 2015). According to Meiryani et al. (2023) tax socialization is a way for the Directorate General of Taxes (DGT) to provide training for taxpayers so that they can understand and be aware of their tax obligations. Tax socialization needs to be carried out routinely and intensively so that its impact can really be felt. Tax socialization plays a crucial role in increasing tax compliance. This is an effort made by the Directorate General of Taxes in disseminating understanding, information, and guidance to the public in general, as well as to taxpayers in particular, regarding various aspects related to taxation and applicable legal regulations (Hutapea et al., 2023). This tax socialization can be measured by indicators such as the implementation of socialization, socialization media, and also the benefits of socialization (Wardani & Wati, 2018).

H2: Tax socialization has a positive effect on tax compliance.

### **Tax Sanction**

Mianti & Budiwitjaksono (2021) provide a statement that sanctions can affect tax compliance, because these sanctions function as coercion with the aim of making taxpayers obey the applicable regulations and agreements. Because if there is a violation by the taxpayer, they can be subject to administrative or criminal sanctions referring to the applicable tax regulations. Tax sanctions also function as a benchmark so that the provisions stipulated in the laws related to taxes or tax norms will be implemented. Thus, tax sanctions can act as a preventive instrument to prevent taxpayers from violating existing tax regulations (Mardiasmo, 2009). Taxpayers will be motivated to comply if they understand the consequences in the form of tax sanctions. With high tax sanctions, the greater the intention to comply. However, if the sanctions are too high, it can also be a counterproductive action that actually causes resistance or protests against tax compliance (Fitria et al., 2024). In testing research Putri & Agustin (2018) the indicators used in measuring tax sanctions include creating taxpayer discipline, strict sanctions for taxpayers who commit violations, sanctions are given according to the magnitude of the violation, and the application of sanctions must be in accordance with applicable provisions and regulations.

H3: Tax sanctions have a positive effect on tax compliance.



## METHODS

The type of data used in this study is primary data, which is obtained directly from the data source. The data was obtained using a questionnaire method containing questions on indicators of the variables studied, namely tax knowledge, tax socialization, tax sanctions, and tax compliance. The data source in this study came from the results of the questionnaire obtained from respondents' answers in answering the questionnaire and measured on a Likert scale of 1-4. Data collection was carried out by being assisted by the DKI Jakarta Province PPKUKM Service for the distribution of questionnaires through groupswatsapp fostered by UMKM actors in DKI Jakarta in the form of a google form and go directly to the research location to distribute questionnaires in the form of a google form. The data analysis technique uses the Structural Equation Model (SEM) which uses Partial Least Square (PLS) software with the help of SmartPLS 3 software. This study focuses on UMKM actors in DKI Jakarta as the research population. The sample selection technique used is non-probability sampling, with a purposive sampling type. The sample selection technique is based on the sampling technique which is based on certain criteria or considerations. The criteria for the sample used include, namely UMKM actors who already have income and have been running for at least one month, UMKM actors who have a turnover of no more than IDR 4.8 billion, and UMKM actors in DKI Jakarta. Due to the limited secondary data related to the total population of UMKM in DKI Jakarta in 2024, the sample size used is determined based on the Lemeshow formula, which can be used if the number of the research population is unknown (Lemeshow et al., 1997). Lemeshow's formula is calculated to be a standard value weight of 1.96 (Z), a proportion estimate of 0.5 (P), and a sampling error value of 0.1 with a final result of 96.04 rounded up to 100 respondents.

## RESULTS AND DISCUSSION

This research is disseminated through Google form with the results obtained as many as 100 respondents with the following respondent characteristics.

**Table 2. Respondent Characteristics**

<b>Characteristics</b>	<b>Amount</b>	<b>Percentage</b>
<b>Age</b>		
< 20 years	1	1%
20 – 30 years	25	25%
31 – 40 years	24	24%
41 - 50 years	34	34%
51 – 60 years	16	16%
<b>Gender</b>		
Man	19	19%
Woman	81	81%
<b>Last education</b>		
SD	0	0%
SMP	3	3%
SMA	38	38%
Diploma	18	18%
Bachelor	41	41%
<b>Business Area</b>		
North Jakarta	18	18%
East Jakarta	25	25%



Central Jakarta	12	12%
West Jakarta	15	15%
South Jakarta	30	30%
<b>Business Age</b>		
< 1 Month	0	0%
≥ 1 Month	100	100%
<b>Business Scale</b>		
Micro	90	90%
Small	10	10%
Intermediate	0	0%
<b>Annual Turnover</b>		
≤ Rp500 million	94	94%
> Rp500 million - ≤ Rp4.8 billion	6	6%
<b>Total</b>	100	100%

Based on the table 2 shows that for the characteristics of the age of respondents dominated by the age of 41-50 years as many as 34 respondents. For the gender of the respondents dominated by women as many as 81 respondents. Then, for the last education of the respondents dominated by graduates as many as 41 respondents. For the business area of the respondents dominated by the South Jakarta area as many as 30 respondents so that the majority of MSME actors are from the South Jakarta area. The age of the business of the respondents is dominated by  $\geq 1$  month as many as 100 respondents so that all MSMEs have been running for  $\geq 1$  month. The scale of the respondents' businesses is dominated by micro as many as 90 respondents so that the majority of MSMEs are micro-scale. For annual turnover, it is dominated by  $\leq$  Rp500 million as many as 94 respondents so that the majority of MSMEs have a turnover of  $\leq$  Rp500 million per year.

To illustrate the visualization of the answers from respondents to the questionnaire that has been distributed, it can be seen in the descriptive statistical analysis as follows.

**Table 3. Descriptive Statistical Analysis**

Variables	N	Total Statement	Min	Max	Mean	Std. Deviation
Tax Compliance (Y)	100	5	1.00	4.00	3.13	0.89
Tax Knowledge (X1)	100	5	1.00	4.00	3.14	0.78
Tax Socialization (X2)	100	5	1.00	4.00	3.12	0.78
Tax Sanction (X3)	100	4	1.00	4.00	2.94	0.79

In table 3, it is found that for the tax compliance variable with a respondent frequency of 100, the total statements are 5, the minimum value is 1, the maximum is 4, the mean is 3.13, with a standard deviation of 0.89, meaning that the respondents have good tax compliance. In the tax knowledge variable with a respondent frequency of 100, the total statements are 5, the minimum value is 1, the maximum is 4, the mean is 3.14, with a standard deviation of 0.78, meaning that the respondents have good tax knowledge. For the tax socialization variable with a respondent frequency of 100, the total statements are 5, the minimum value is 1, the maximum



is 4, the mean is 3.12, with a standard deviation of 0.78, meaning that the respondents have received tax socialization well. While for the tax sanction variable, it is found that with a respondent frequency of 100, the total statements are 4, the minimum value is 1, the maximum is 4, the mean is 2.94, with a standard deviation of 0.79, meaning that the respondents still have doubts about the effectiveness of tax sanctions.

**Convergent Validity Test**

To find out the interaction of indicators/statements with their latent variables, convergent validity testing can be carried out. In this study, the limit of the value A good outer loading is  $> 0.7$ , but for outer loading values  $> 0.5$  it is still acceptable so that the data is said to be valid and can be continued to the next test. Furthermore, in this convergent validity, it also looks at the value of the Average Variance Extracted (AVE) with a limit of  $> 0.5$  (Duryadi, 2021).

**Table 4. Cross Loading Value**

	<b>Tax Compliance (Y)</b>	<b>Tax Knowledge (X1)</b>	<b>Tax Socialization (X2)</b>	<b>Tax Sanction (X3)</b>
KEP1	0.719			
KEP2	0.763			
KEP3	0.896			
KEP4	0.703			
KEP5	0.798			
PEP1		0.847		
PEP2		0.880		
PEP3		0.847		
PEP4		0.758		
PEP5		0.648		
SOP1			0.815	
SOP2			0.770	
SOP3			0.798	
SOP4			0.807	
SOP5			0.708	
SAP1				0.842
SAP2				0.838
SAP3				0.876
SAP4				0.750

**Table 5. AVE value**

<b>Average Variance Extracted (AVE)</b>	
Tax Compliance (Y)	0.607
Tax Knowledge (X1)	0.641
Tax Socialization (X2)	0.609
Tax Sanction (X3)	0.685

In tables 4 and 5 it can be seen that forouter loading of all statements has exceeded the limit  $> 0.7$  except for statement PEP5. For AVE all variables have also met the limit  $> 0.5$ . For statement PEP5 was not eliminated with the consideration that PEP5 is an important statement to measure tax knowledge variables, the AVE value has met the limit before elimination, and the value  $> 0.5$  is still acceptable. Thus, the data is valid and can be tested further.



### Discriminant Validity Test

This test is conducted to find out whether the existing latent variables measure something different from the empirical standard. This study uses an approach cross loadings and fornell-larcker criterion. For the cross loadings value, the research data is considered valid if the outer loading value of a statement is greater than the cross loadings value of other variables. For the fornell-larcker criterion approach, this is if the AVE root value of each variable has shown a greater value than other variables (Hair et al., 2017).

**Table 6. Cross Loadings Value**

	Tax Compliance (Y)	Tax Knowledge (X1)	Tax Socialization (X2)	Tax Sanction (X3)
KEP1	0.719	0.442	0.315	0.237
KEP2	0.763	0.470	0.335	0.354
KEP3	0.896	0.537	0.497	0.393
KEP4	0.703	0.304	0.346	0.268
KEP5	0.798	0.478	0.535	0.375
PEP1	0.495	0.847	0.437	0.374
PEP2	0.545	0.880	0.565	0.426
PEP3	0.505	0.847	0.530	0.490
PEP4	0.376	0.758	0.495	0.439
PEP5	0.377	0.648	0.457	0.339
SOP1	0.510	0.585	0.815	0.429
SOP2	0.361	0.388	0.770	0.502
SOP3	0.461	0.583	0.798	0.559
SOP4	0.275	0.408	0.807	0.454
SOP5	0.389	0.376	0.708	0.415
SAP1	0.429	0.439	0.619	0.842
SAP2	0.318	0.389	0.371	0.838
SAP3	0.351	0.432	0.524	0.876
SAP4	0.279	0.455	0.452	0.750

**Table 7. Fornell-Larcker Criterion Value**

	Tax Compliance (Y)	Tax Knowledge (X1)	Tax Sanction (X3)	Tax Socialization (X2)
Tax Compliance (Y)	0.779			
Tax Knowledge (X1)	0.582	0.800		
Tax Sanction (X3)	0.425	0.516	0.828	
Tax Socialization (X2)	0.532	0.620	0.606	0.780

Tables 6 and 7 show the results for the approach cross loadings all outer loadings of the existing statements have been greater than the cross loadings of other variables. For the fornell-larcker criterion approach, all variables of the AVE root value have shown a greater value than



other variables. Thus, the data is valid and passes the discriminant validity test.

**Reliability Test**

In this test, to measure that the variables are reliable so that they are correlated with each other and provide accurate and consistent measurements together so that the research results can be more conservative. For the approach Cronbach's Alpha with a value limit of > 0.7 and a composite reliability approach of > 0.7 (Hair et al., 2017).

**Table 8. Cronbach's Alpha and Composite Reliability Values**

	Cronbach's Alpha	Composite Reliability
Tax Compliance (Y)	0.837	0.885
Tax Knowledge (X1)	0.857	0.898
Tax Socialization (X2)	0.848	0.897
Tax Sanction (X3)	0.841	0.886

Table 8 shows that all variables have met the value limit of 0.7 for both approaches. Cronbach's Alpha and Composite Reliability so that the variables have passed the test and the data is considered reliable.

**R-Square and Q-Square Test**

On testing R-Square is done to find out how well the independent variables in the research model can explain the dependent variable being analyzed. For the Q-Square test, it is done to find out that the model being studied is predictively relevant. For both of these tests with a limit value > 0 with a scale of 0 - 1 which if it approaches the number 1 then the data is getting better.

**Table 9. R-Square and Q-Square Values**

	R-square	R-square Adjusted	Q-Square
Tax Compliance (Y)	0.390	0.371	0.217

In the table 9 shows that the value of R-square is 0.371, which means that the independent variables in this model explain the dependent variable by 37.1%. The data also shows more > 0, meaning that the data is predictively relevant.

**Hypothesis Testing**

In the hypothesis test (T-Test) in this study, we used one-tailed hypothesis with a significance value of 0.05 or 5% so that the t-table used is 1.65. If the t-statistic is greater than the t-table and the p-value is less than 0.05 then the hypothesis is accepted.

**Table 10. Hypothesis Test Results**

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Results
X1 (PEP) -> Y (PEM)	0.393	0.137	2,871	0.002	Accepted
X2 (SOP) -> Y (KEP)	0.244	0.135	1,810	0.035	Accepted
X3 (SAP) -> Y (KEP)	0.075	0.132	0.564	0.286	Rejected

In the table 10 shows that H1 is accepted on the grounds that the t-statistic is 2.871, which is greater than the t-table and the value the p-value is at 0.002 so that below 0.05 then H1 is significant which means that tax knowledge has a positive effect on tax compliance of MSME actors in DKI Jakarta. H2 is also accepted on the grounds that the t-statistic is 1.810 which is greater than the t-table and the p-value is at 0.035 so that below 0.05 then H2 is significant meaning that tax socialization has a positive effect on tax compliance of MSME actors in DKI Jakarta.

On the other hand, H3 was rejected on the grounds that the t-statistic showed a figure



of 0.564 which was below the t-table of 1.65 and forp-value is at 0.286 which is above 0.05. Thus, tax sanctions do not affect the tax compliance of MSMEs in DKI Jakarta.

### **Tax Knowledge on Tax Compliance**

In the test results that have been carried out, it shows that the t-statistic number is at a value of 2.871 which means that there is an influence with a positive direction. The value of significance also shows 0.002 which means that the influence given is significant. Thus, it can be found that the first hypothesis is accepted, namely that tax knowledge has a positive effect on MSME tax compliance in DKI Jakarta.

Referring to attribution theory, a behavior can be caused by internal factors. Tax knowledge is included in internal factors because it comes from within, namely the minds of MSME actors in DKI Jakarta. Therefore, the variable of tax knowledge is included in dispositional attribution because it is an internal factor that causes MSME actors in DKI Jakarta to comply with taxes. Based on the results of the respondents' answers, it also shows that by having knowledge related to good tax provisions and procedures and knowing that the function of taxes is none other than for the welfare and development of the country, it makes MSME actors in DKI Jakarta aware of the importance of complying with their tax obligations. In Heider (1958 p. 93) it is also explained that knowledge is the main factor in carrying out an action, meaning that having knowledge by MSME actors in DKI Jakarta will create a sense of awareness to comply with taxes. With the results of the first hypothesis accepted, tax knowledge has a positive and significant influence on MSME tax compliance in DKI Jakarta, in line with the attribution theory.

The results of research conducted by previous researchers also show consistent results, namely by Gayatri & Setiawan (2023); and Susyanti & Sunardi (2023) which shows the results that tax knowledge has a positive influence on taxpayer compliance for MSME actors. Having adequate tax knowledge for MSME actors will cause awareness to be able to contribute to national development through compliance with taxes that are their obligations. Thus, the results of this study support the results of research that has been conducted by previous researchers.

### **Tax Socialization on Tax Compliance**

Based on the test results conducted, it is shown that the t-statistic figure is at a value of 1.810, which means that there is an influence with a positive direction. The significance value also shows 0.035, which means that the influence given is significant. Thus, the findings of the results show that the second hypothesis is accepted, namely that tax socialization has a positive effect on MSME tax compliance in DKI Jakarta.

In attribution theory, in addition to internal factors, an action is also based on external factors. Tax socialization is included in external factors because it comes from outside the UMKM actors in DKI Jakarta, namely what is done by the Directorate General of Taxes. Thus, tax socialization is included in situational attribution because it is included in external factors for UMKM actors in DKI Jakarta in carrying out tax compliance. Based on the respondents' answers, it also shows that the socialization carried out by the Directorate General of Taxes regarding taxation through offline and online media can provide knowledge for UMKM actors in DKI Jakarta so that they can be more motivated to comply with their tax obligations. This indicates that the attribution theory is in line with the results of this study.

The results of this study support research that has been conducted by Agni & Masripah (2023); Gayatri & Setiawan (2023); Meiryani et al. (2023); and Widyanti et al. (2021) which obtained the findings that tax socialization has an influence on taxpayer compliance for MSME actors. This is related to the efforts made by the Directorate General of Taxes through the dissemination of tax-related information through tax socialization providing knowledge and views to MSME actors so that it can provide motivation for MSME actors to carry out their tax obligations or in other words increase their tax compliance.



### **Tax Sanctions on Tax Compliance**

In the test that has been conducted, the research results show that the number of t-statistics is 0.564 and the significance value is 0.286, meaning that there is no influence and no significance of tax sanctions on MSME tax compliance in DKI Jakarta. Thus, the third hypothesis, namely that tax sanctions have a positive effect on MSME tax compliance in DKI Jakarta, is rejected.

In attribution theory, tax sanctions are included in external factors because they originate from outside the UMKM actors in DKI Jakarta to carry out tax compliance actions. This shows that tax sanctions are included in the situational attribution section where external factors determine tax compliance actions. Tax sanctions are expected to provide an influence in the form of encouragement or pressure from the tax authorities on UMKM actors to be able to comply with their tax obligations. However, the results of this study for tax sanctions are not in line with the attribution theory where the sanctions imposed by the tax authorities do not have an influence on UMKM actors in DKI Jakarta to comply with taxes. From the respondents' answers to the statements presented, it is also shown that tax sanctions are considered less effective in increasing taxpayer compliance.

This can happen because based on the characteristics of the dominant respondents from businesses that have a turnover of less than IDR 500 million in one year, which is 94%, where for MSMEs in the form of individuals are still not subject to tax and for those in the form of bodies, the turnover is still relatively low so that the possibility of sanctions that can be imposed is still low. In Article 7 of the KUP Law, it is stipulated that the fine for late or non-reporting of Annual Tax Returns is IDR 100,000 for MSMEs in the form of individuals and IDR 1,000,000 for MSMEs in the form of bodies. And for MSMEs in the form of bodies because there are no facilities not subject to taxation of IDR 500 million are required to pay since they have income and have been running for one month. The tax imposed is in the form of Unification Period Income Tax related to 0.5% MSME final Income Tax, which if late will be subject to tax sanctions with interest of 2% per month of the tax owed based on Article 9 paragraph 2a of the KUP Law. Thus, tax sanctions do not provide a deterrent effect on MSME actors (Fitria et al., 2024). As a result, the tax sanctions applied do not affect MSMEs in DKI Jakarta to comply with their tax obligations.

The results of this study are consistent with the results of research by Rikayana et al. (2023) and Widyanti et al. (2021) which also shows the findings for the tax sanction variable does not have an effect on taxpayer compliance of MSME actors. Thus, with the existence of this tax sanction and the tendency of MSMEs is that the turnover is still not included as large, it does not have an effect on MSME actors to comply with taxes.

### **CONCLUSION**

This study was conducted with the aim of finding out empirical evidence related to the influence of tax knowledge, tax socialization, and tax sanctions on tax compliance of MSMEs in DKI Jakarta. This study produces conclusions based on the results of testing, analysis, and discussions that have been carried out, including, starting from tax knowledge influencing in a positive direction on tax compliance of MSMEs in DKI Jakarta. Thus, it is concluded that by having knowledge related to general provisions, procedures, and functions of taxes, MSME actors can carry out their tax obligations. Thus, tax compliance can be achieved by the existence of tax knowledge factors.

Tax socialization also has a positive effect on MSME tax compliance in DKI Jakarta. This makes it possible for the dissemination of information through socialization by the tax authority or DJP to receive information that can increase the knowledge of MSME actors. Thus, this factor can increase MSME tax compliance in DKI Jakarta.



On the other hand, tax sanctions do not affect the tax compliance of MSMEs in DKI Jakarta. MSME actors feel that the tax sanctions applied are not effective. This shows that tax sanctions are not a factor for MSME actors to comply with their tax obligations.

### **Suggestions**

For the Indonesian tax authorities, namely the Directorate General of Taxes, they can focus more on the factors of increasing tax knowledge possessed by MSMEs in DKI Jakarta, not on the tax sanction factor. The implementation of socialization that is carried out also needs to be focused so that MSMEs in DKI Jakarta can receive tax information that can increase knowledge and perspectives on taxes themselves so that tax compliance can be achieved with good values.

For UMKM actors in DKI Jakarta who have income, of course, they need to increase their knowledge regarding taxes. Because if tax knowledge is owned competently, it can provide a positive perspective in tax compliance behavior which is an obligation.

For further research, other factors that are considered to have a significant influence and contribution to MSME tax compliance in DKI Jakarta can be used so that other factors can be found that can be attempted and known related to MSME tax compliance in DKI Jakarta. Further research can also determine a mature questionnaire distribution strategy, so that the samples obtained can strongly describe the population.

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