



# THE INFLUENCE OF TAXATION KNOWLEDGE, THE PRINCIPLE OF FAIRNESS, AND LEADERSHIP STYLE ON TAX COMPLIANCE WITH ORGANIZATIONAL CULTURE AS A MODERATING VARIABLE ON CORPORATE TAXPAYERS UMKM IN BANDUNG CITY

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## Abstract

Tax is a social contract between citizens and the government, both parties are expected to uphold their mutual responsibilities. Citizens are expected to pay their taxes, and the government is supposed to use the tax proceeds for the welfare and benefit of the citizens. In reality, no one likes to pay taxes, therefore it is necessary to study the factors that can make people obedient to taxes. Taxpayer compliance behavior is not only influenced by economic factors but also non-economic factors such as tax knowledge, the perception of tax fairness, leadership style, and organizational culture. This study aims to analyze the influence of Tax Knowledge, Fairness Principles, and Leadership Style on Tax Compliance of corporate MSME taxpayers in Bandung and to examine the role of Organizational Culture as a moderating variable. The study uses a quantitative approach with primary data sources collected through a survey method. The sample consists of 163 respondents, selected using purposive sampling, who represent corporate MSME taxpayers in Bandung. Data analysis was performed using multiple linear regression and moderation regression analysis (MRA) using SPSS Statistic 26. The results showed that Tax Knowledge has a significant and positive effect on Tax Compliance, the Fairness Principle has a significant effect, Leadership Style has a significant positive effect on tax compliance, Organizational Culture weakens the influence of tax knowledge on tax compliance, but strengthens the influence of the Principle of Fairness on tax compliance. However Organizational Culture is unable to moderate the influence of Leadership Style on Tax Compliance.

**Keywords:** Fairness, Leadership Style, MSME, Organizational Culture, Tax Compliance, Tax Knowledge

## INTRODUCTION

Tax revenue makes the largest contribution to state revenue (A. Sari, 2019). According to data from the Ministry of Finance, state revenue in 2023 sourced from tax revenue was IDR 2,155.42 trillion, non-tax state revenue (PNBP) was IDR 605.89 trillion, and the realization of grants was IDR 12.99 trillion. From these data, it can be seen that Indonesia's state revenue is highly dependent on tax revenue (Reni Saptati D.I, 2024).

Indonesia has three tax systems, there are the self-assessment system, official assessment system, and withholding system, where the most widely used tax system in Indonesia is Self Assessment System. Voluntary taxpayer compliance is the main foundation in the self-assessment system. This level of compliance plays an important role in supporting the achievement of state revenue targets from the taxation sector.

The low level of tax compliance in Indonesia is reflected in the low tax ratio in recent years. "Indonesia's tax ratio of 12.1% in 2022 is below the average of 36 Asia Pacific countries at 19.3%. Indonesia's tax ratio is also 22 percentage points lower than the OECD average of 34%" (OECD, 2023). The Directorate General of Taxes (DGT) noted that in 2023 out of a total of 19.4 million taxpayers who were required to report annual tax returns, only 17.1 million taxpayers had carried out their tax obligations by the end of 2023, or around 88% (Dendi Siswanto, 2024).

According to data from the Central Bureau of Statistics, the scale of Micro, Small and Medium Enterprises (MSMEs) is larger than that of Large Enterprises. such as in 2022 the scale of MSMEs was 83.61% and UB was 16.39% (Kusumatriana et al., 2023). The increase in the number of MSMEs in Indonesia has not been in line with the increase in tax compliance among



these business actors. Data from the Directorate General of Taxes of the Ministry of Finance in 2019, the final income tax contribution of MSMEs was IDR 7.5 trillion, or only around 1.1 percent of the total income tax revenue in the same year of IDR 711.2 trillion (Catriana & Sukmana, 2021). The Directorate General of Taxes of the Ministry of Finance noted that out of around 67 million Micro, Small and Medium Enterprises (MSMEs) in Indonesia, only 2.3 million MSMEs have paid taxes (Santia, 2020).

The success of the self-assessment system is when the taxpayers has high tax knowledge and discipline (tax consciousness). Tax knowledge is information owned by taxpayers that can be used as a basis for acting, making decisions, and for taking certain directions or strategies in connection with the implementation of their rights and obligations relating to taxation (Anto et al., 2021). If taxpayers do not have tax information, it will affect taxpayer compliance (Mardiasmo, 2018).

Taxpayer compliance behavior is not only influenced by economic factors as has been widely studied, but also non-economic factors such as the dimensions of tax fairness (Andayani, 2018). Taxpayers will comply if the tax collection system is in accordance with the principles of justice (Hardiningsih et al., 2021). The principle of fairness in taxation is the equalization of actions in accordance with the actual taxation situation of taxpayers (Mustofa et al., 2016)

MSMEs are generally managed directly by business owners, they play a major role in making operational decisions including in terms of taxation. Decision making by a leader is strongly influenced by his leadership style. So that another factor that can affect tax compliance is Leadership Style. Leadership style is an approach or method used by a leader in influencing the behavior of others according to his perceptions and experiences (Thoha, 2010).

The interaction between leaders and organizational culture plays an important role in shaping collective values and beliefs in an organization. Leadership models in instilling a culture of tax compliance will encourage the creation of individuals who have tax compliance. Therefore, understanding the relationship between organizational culture and tax compliance is important in an effort to reveal the various factors that influence the level of tax compliance.

Several studies have been conducted to determine the factors that influence tax compliance. Research by (Palil, 2010) concluded that Tax Knowledge has a significant influence on tax compliance, in the self-assessment system in Malaysia. The same opinion was also conveyed by (Rahmasari Dini, 2021), (Imani & Furqon, 2022), (Anto et al., 2021), (D. Sari & Huda, 2013), dan (Heliani & Yulianti, 2019) The results was indicate that tax knowledge has a significant effect on taxpayer compliance in Indonesia. But, according to the results of research conducted by (Lestari & Daito, 2020) dan (Ardhy Erwanda et al., 2019) Tax knowledge has no effect on taxpayer compliance, (Mei Tan, 2000) also proves that tax knowledge has no effect on taxpayer compliance in New Zealand, because the tax knowledge received by taxpayers does not guarantee that a taxpayer will be more aware in terms of tax compliance.

Research by (Andayani, 2018) argues that the perception of justice influences the compliance of MSME taxpayers at the Tanah Abang. Research by (Mustofa et al., 2016) also argues that the principle of justice partially has a significant effect on taxpayer compliance. Meanwhile, according to (Amalia, 2020) the tax justice variable has no effect on the compliance of Micro and Small Business taxpayers in Palembang city in fulfilling their tax obligations.

In terms of Leadership Style, research conducted (Hutagalung & Waluyo, 2014) argues that Leadership Style has an insignificant effect on tax compliance. Meanwhile, according to (Sri Utami Nurhasanah & Sarah Fitriyani, 2023), ethical leadership positively influences compliance behavior. In addition (Nafida Hilda Ramadhani, Dwiyani Sudaryanti, 2023), (Kurniawan et al., 2021), (Nugroho, 2020), (Dariana & Refina, 2020) state that Leadership Style has a positive and significant effect on taxpayer compliance.



The results of research conducted (Pambudi, 2023), (Nawangsih et al., 2024), (Nugroho, 2020), (Dariana & Refina, 2020), dan (Hutagalung & Waluyo, 2014) regarding organizational culture on tax compliance concluded that Organizational Culture simultaneously has an influence on taxpayer compliance. In contrast to the results of research (Prasetyo, 2019) which concluded that organizational culture partially has no effect on tax compliance.

This study was conducted to examine the factors that influence the level of compliance of corporate taxpayers in the Micro, Small and Medium Enterprises (MSME) sector. The main focus of this study is to analyze the effect of taxation knowledge, the principle of fairness, and leadership style on MSME corporate taxpayer compliance. In addition, this study also aims to explore the role of organizational culture as a moderating variable between these three factors and taxpayer compliance. Therefore, this research is expected to provide a more comprehensive understanding of the determinants of tax compliance behavior for MSME players.

## **LITERATURE REVIEW**

### **Theory of Planned Behavior**

According to the Theory of Planned Behavior (TPB) behavior is influenced by intention, which is determined by three factors: attitude, subjective norms, and perceived behavioral control. External factors are also possible to directly enforce or prevent behavior, regardless of intention, depending on the extent to which the behavior is actually controlled by the individual, and the extent to which perceived behavioral control is an accurate measure of actual behavioral control (Ajzen, 2005).

In tax compliance, the intention of MSME actors to fulfill their obligations can be determined by three factors in the Theory of Planned Behavior (TPB). Tax knowledge can affect taxpayers' attitudes towards fulfilling their tax obligations. Because the higher the knowledge, the more positive the attitude towards fulfilling these obligations. The principle of justice is closely related to subjective norms, namely how taxpayers perceive justice in the tax system and their social expectations. Meanwhile, the leadership style in an organization can affect perceived behavioral control, the extent to which individuals feel able to carry out their tax obligations with support or direction from the leadership.

Furthermore, in the Theory of Planned Behavior (TPB) external factors can also strengthen or inhibit behavior, regardless of the taxpayer's intention. In this case, organizational culture acts as an environmental factor that can moderate the relationship between intention and actual behavior. Organizational culture that encourages the values of integrity, legal compliance and accountability will strengthen the influence of knowledge, fairness and leadership style on tax compliance behavior. This study uses the Theory of Planned Behavior (TPB) approach to identify and analyze the determinants of tax compliance behavior in the context of small and medium scale organizations in Bandung City.

### **Attribution Theory**

Attribution theory is a theory that explains a person's behavior. Attribution theory was developed by Fritz Heider in 1958, who argued that a person's behavior is determined by a combination of internal forces, that is, factors that come from within a person, and external forces, that is, factors that come from outside, Luthans (2005; 12) states that attribution refers to how people explain the causes of the behavior of others or themselves.

In this study, attribution theory is relevant to explain tax compliance behavior. Tax knowledge and the principle of fairness can be understood as internal factors that shape taxpayers' perceptions and attitudes towards tax obligations. On the other hand, leadership style can act as an external factor that influences the way taxpayers assess or respond to these obligations through interactions within the organization. In addition, organizational culture in this study is positioned as a moderating variable that can influence the relationship between



internal and external factors and the tax compliance behavior of MSME corporate taxpayers. Within the framework of attribution theory, organizational culture reflects the collective norms and values that shape organizational members' perceptions of what is considered right or important, including tax compliance.

### **Micro, Small and Medium Enterprises (MSMEs)**

Based on (Undang-Undang Republik Indonesia Nomor 20 Tahun, 2008) what is meant by Micro, Small and Medium Enterprises (MSMEs) are:

Micro Businesses are productive businesses owned by individuals and/or individual business entities that meet the criteria of Micro Businesses. Small Business is a stand-alone productive economic business, conducted by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or a part either directly or indirectly of a Medium Business or Large Business that meets the criteria of a Small Business. Medium Enterprises are productive economic businesses that stand alone, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of either directly or indirectly with Small Enterprises or Large Enterprises with a total net worth or annual sales as regulated in law.

The criteria referred to in the above definition are also regulated in Article 6 (Undang-Undang Republik Indonesia Nomor 20 Tahun, 2008) is as follows:

Micro Business Criteria are: Having a net worth of at most Rp.50,000,000 (fifty million rupiah) excluding land and building of the place of business; or Having annual sales of Rp.300,000,000.00 (three hundred million rupiah).

Small Business Criteria are: Having a net worth of more than 50,000,000.00 (fifty million rupiah) up to a maximum of Rp. 500,000,000.00 (Five Hundred Million Rupiah) excluding land and buildings of the place of business; or Having annual sales proceeds of more than Rp.300,000,000.00 (three hundred million rupiah) up to a maximum of Rp.2,500,000,000.00 (two billion five hundred million rupiah).

Medium Business Criteria are: Having a net worth of more than Rp. 500,000,000,00 (five hundred million Rupiah) up to a maximum of Rp. 10,000,000,000,00 (ten billion Rupiah) excluding land and buildings of the place of business; or Having annual sales revenue of more than Rp. 2,500,000,000,00 (two billion five hundred million Rupiah) up to a maximum of Rp. 50,000,000,000,00 (fifty billion Rupiah).

Furthermore, based on article 35 (Peraturan Pemerintah Indonesia No 7, 2021) on the Ease, Protection, and Empowerment of Cooperatives and Micro, Small and Medium Enterprises, the criteria for UMKM are categorized based on:

Business Capital are: Micro Enterprises have a business capital of up to a maximum of Rp. 1,000,000,000,- (one billion rupiah) excluding land and buildings of business premises. Small Enterprises have a business capital of more than Rp. 1,000,000,000,- (one billion rupiah) up to a maximum of Rp. 5,000,000,000,- (five billion rupiah) excluding land and buildings of business premises. Medium-sized enterprises have a business capital of more than Rp. 5,000,000,000,- (five billion rupiah) up to a maximum of Rp. 10,000,000,000,- (ten billion rupiah) excluding land and buildings of the business premises.

Annual sales revenue are: Micro Enterprises have annual sales revenue of up to a maximum of Rp. 2,000,000,000,- (two billion rupiah). Small Businesses have annual sales of more than Rp. 2,000,000,000,- (two billion rupiah) up to a maximum of Rp. 15,000,000,000,- (fifteen billion rupiah). Medium Enterprises have annual sales of more than Rp. 15,000,000,000,- (fifteen billion rupiah) up to a maximum of Rp. 50,000,000,000,- (fifty billion rupiah).



### **Tax Compliance**

Compliance Theory, which explains a condition in which a person obeys an order or rule that is determined. Taxpayer compliance is a behavior based on the awareness of a taxpayer towards his tax obligations while still referring to the laws and regulations that have been determined.

The last Minister of Finance Regulation that regulates the criteria for compliant taxpayers is regulated in PMK No. 192 / PMK.03 / 2007 contained in article 1 which states "Compliant Taxpayers are taxpayers who meet the following requirements:

- a. Punctual in submitting Tax Return
- b. Does not have tax arrears for all types of taxes, except for tax arrears that have obtained permission to install or postpone tax payments, the situation on December 31 of the year before the determination as a Compliant Taxpayer and does not include tax debts that have not passed the deadline for settlement.
- c. Financial Statements audited by a Public Accountant or government financial supervision agency with an unqualified opinion for 3 (three) consecutive years.
- d. Never been convicted for committing a criminal offense in the field of taxation based on a court decision that has a permanent legal force within the last 5 (five) years.

### **Taxation Knowledge**

Tax knowledge according to (Mardiasmo, 2018) is the ability of taxpayers to know tax regulations both about the tax rates they will pay based on the law and the benefits of taxes that will be useful for their lives. (Rahayu, 2013) defines Taxation Knowledge as follows: "Taxation knowledge is knowledge to carry out tax administration, such as calculating taxes payable or filling out notification letters, reporting notification letters, understanding tax collection provisions and other matters related to tax obligations.

Tax knowledge plays an important role in encouraging compliance. Taxpayers who understand their rights and obligations tend to comply without the need for coercion. Conversely, low knowledge can lead to a negative attitude towards taxes. The level of taxpayer knowledge can be seen from their understanding of their tax responsibilities. When taxpayers understand this, they will be more likely to carry out their obligations voluntarily. Therefore, an understanding of tax regulations which includes the ability to know and implement tax provisions is an important factor in improving tax compliance.

### **Fairness**

To keep tax collection does not cause obstacles or resistance, according to (Mardiasmo, 2018) one of the conditions for tax collection is that it must meet the requirements of justice, namely the law and the implementation of tax collection must be fair. Taxpayer compliance tends to increase if the tax collection system is considered fair. Conversely, the perception of injustice in the tax system or procedure can encourage taxpayers to avoid and even commit tax violations.

The results of the Gerbing Study (1988) in (Azmi, Anna A. Che and Perumal, 2008) define the concept of tax justice dimensions into five variables are: General fairness; Exchange with the government; Special Provision; Tax Rate Structure; and Self Interest.

In reality, tax justice is a complex and multidimensional concept. (Azmi, Anna A. Che and Perumal, 2008) state that this concept can be interpreted from various points of view, depending on the approach used. (Andayani, 2018) added that the perception of injustice and the high complexity of the tax system are often used as justification for tax non-compliance. Therefore, perceived fairness is one of the important factors in influencing the level of tax compliance.



### **Leadership Style**

Leadership style can be explained through two theoretical approaches. First Trait Theory, in the first theory proposed by psychologist Gordon Allport in 1936, it is stated that the success of a leader is determined by personality traits both physically and psychologically. Underlying this approach is the assumption that some people have the talent to lead who have certain characteristics that are not possessed by others. The second theory is Contingency Theory (Situational Theory). This theory was first developed by Austrian psychologist Fred Fiedler in the 1960s. Contingency theory states that a leader's success depends on his or her ability to control the situation. This theory also argues that there is no one best leadership style, but rather the right style depends on the situation at hand.

Leadership style is the distinctive and unique traits, habits, temperament, character and personality of a leader that can distinguish them from others, so that it characterizes his behavior and the way they leads.

The dimensions of Leadership Style developed by Suninta, 1997 consist of:

1. Participative Style, is a leadership style where the leader expects suggestions and ideas from subordinates before making a decision. In this leadership style, decision making is influenced by employee participation.
2. Nurturant Style, This is a leadership style where the leader pays attention to subordinates in career improvement, provides guidance, direction, assistance and is kind and appreciates subordinates who work on time.
3. Authoritarian Style, is a leadership style that does not require subordinate involvement and prioritizes power, the leader has high confidence in making decisions.
4. Bureaucratic Style, is a style that pays more attention to the order of bureaucratic structures and procedures.
5. Task Oriented Style, is a leadership style where subordinates are required to be disciplined in terms of work or tasks.

### **Organizational Culture**

Culture can be defined as a way of life that is passed down from generation to generation through the learning process, in order to form patterns of behavior that are in accordance with the environment. In the context of the organization, this culture develops into organizational culture, which is a system of values, norms, beliefs and basic assumptions shared by members of the organization as a guide in thinking and acting. Organizational culture is reflected in patterns of interaction, decision-making, and in the way the organization responds to external changes and challenges.

Edgar Schein views organizational culture as a basic philosophy that shapes policies, rules as well as the work atmosphere. Meanwhile, Robert P. Vecchio defines organizational culture as shared values and norms that are passed on to members of new organizations through a historical process. In general, organizational culture describes how an organization carries out its activities based on the core values that are adopted and become guidelines in shaping the behavior and performance of its human resources.

An organizational culture that instills values of integrity, responsibility, and compliance with rules will encourage members to comply with tax obligations. A culture conducive to compliance will strengthen the implementation of the self-assessment system in taxation, especially among MSME players who often face challenges in terms of administrative compliance and understanding of regulations.

### **Framework of Thinking and Hypothesis**

Based on the phenomenon, literature review and previous research, so the following hypothesis can be concluded:

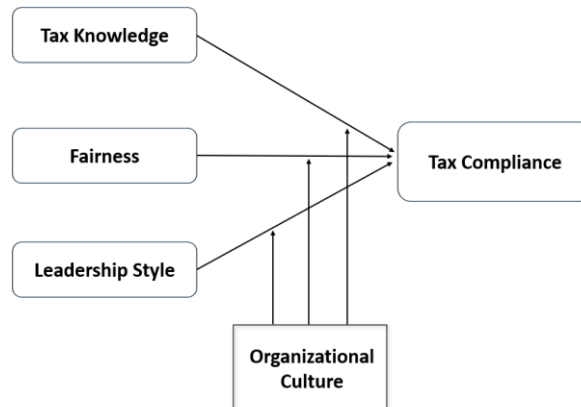
H1 : Tax Knowledge has influence on Tax Compliance



- H2 : Fairness has influence on Tax Compliance
- H3 : Leadership style has influence on Tax Compliance
- H4 : Organizational Culture has moderate the effect between tax knowledge on tax compliance
- H5 : Organizational Culture has moderate the effect between Fairness on Tax Compliance
- H6 : Organizational Culture has moderate the effect between Leadership style on Tax Compliance

From the framework of thinking, hypothesis can be visualized through the research paradigm as follows:

**Picture 1 Research Paradigm**



## METHODS

According to (Nuryaman & Christina, 2015) Research objects are characteristics inherent in research subjects. These characteristics if given a value, the value will vary (different) between individuals with one another. The objects in this study are Taxation Knowledge, Principles of Fairness, Leadership Style, Corporate Taxpayer Compliance and Organizational Culture as Moderating Variables. And the unit of analysis in this study is the UMKM Corporate Taxpayer within the scope of the Bandung City Micro, Small and Medium Enterprises Cooperative Office.

The research methods used in this research are quantitative methods and descriptive statistical methods. In collecting primary data using the survey method, it is necessary to take a sample from the population. The population in this study are all MSME taxpayers who are legal entities, which are in the area of the Bandung City Micro, Small and Medium Enterprises Cooperative Office in the 2020-2024 period.

The sample selection method used in this research is Non Probability Sampling with purposive sampling technique. Sampling of the population in this study is based on certain criteria which are the research objectives. The criteria chosen in determining the sample of this study are MSMEs located in the area of the Bandung City Micro, Small and Medium Enterprises Cooperative Office, MSMEs that are legal entities, MSMEs that have had an NPWP for at least 1 year, and MSMEs that have been established in the last 5 years or during the 2020-2024 period. Based on these criteria, 163 MSME corporate taxpayers were obtained who met the criteria.

Based on the title of this research, the variables used in this study are Independent Variables, are Taxation Knowledge ( $X_1$ ), Principles of Justice ( $X_2$ ) and Leadership Style ( $X_3$ ). The dependent variable in this study is Corporate Taxpayer Compliance ( $Y$ ). And the Moderator Variable is Organizational Culture ( $Z$ ).

An overview of the variables, their dimensions and measurement indicators are shown in the table below:



**Table 1 Variable Operationalization**

Variable	Dimension	Indicator
<b>Tax Compliance (Y)</b>	Formal Compliance (Rahayu;2013)	On time in submitting Tax Report
		No tax arrears for all types of taxes
	Material Compliance (Rahayu, 2013)	Never been convicted for committing a criminal offense in the field of taxation based on a court decision that has permanent legal force within the last 5 (five) years
<b>Tax Knowledge (X<sub>1</sub>)</b>		Knowledge of General Provisions and Tax Procedures
		Knowledge of the Taxation System in Indonesia
		Knowing the Benefits of Tax
	Knowing the tax regulations (Mardiasmo, 2018)	Knowledge of taxation function
		Understand payment and tax reporting deadlines
		Knowing the Tax Rate
		Knowing the tax sanction
		Calculating tax payable
	Knowing the Implementation of Tax Administration (Siti Kurnia Rahayu, 2017:33)	tax payers know how to pay taxes
		Knowing how to fill out a tax report
	Knowing how to Report the Tax Report	
<b>Fairness (X<sub>2</sub>)</b>	(General Fairness)	General fairness of the tax system
	(Exchange with Government)	Fairness in receiving benefits from the government
	(Special Provision)	Fairness of special provision provided by the government
	(Tax rate structure)	Fairness of the tax rate structure from the taxpayer's perspective
	(Self Interest)	Fairness of the taxpayer's personal gain or loss
<b>Leadership Style (X<sub>3</sub>)</b>	Bureaucratic Style	Act accordance tax regulations
		Expect staff to comply with tax regulation
		Update taxation knowledge
	Task-Oriented Style	Very disciplined in implementing tax regulations
		Dislike for staff who are late/not following tax regulations
<b>Organizational Culture (Z)</b>		Organizational Values and Norms
	Consistency (Denison, 2016)	Organizational Communication
		Ethics and Integrity
	Involvement (Denison, 2016)	Trust and Cooperation
		Supportive leadership
	Adaptability (Denison, 2016)	Innovation and Adaptation
	Quality orientation and customer satisfaction	

Source: Data processed by the author, 2025

The data collection technique in this study is primary data obtained directly through the questionnaire method. Data collection was carried out by giving questionnaires directly to several MSME corporate taxpayers in the area of the Bandung City Micro, Small and Medium Enterprises Cooperative Office.

The questionnaire in this study was measured using a five-point Likert interval scale used by researchers to obtain data on taxation knowledge, principles of justice, leadership style, taxpayer compliance and organizational culture. The questionnaire was distributed via google form and filled in by 163 MSME corporate taxpayers in the area of the Bandung City Micro, Small and Medium Enterprises Cooperative Office.



## RESULTS AND DISCUSSION

The description of the results of this study from 163 respondents related to the Effect of Taxation Knowledge, Principles of Fairness, and Leadership Style on Taxpayer Compliance moderated by Organizational Culture is categorized as follows:

**Table 2 Descriptive Statistic**

	Descriptive Statistic				
	N	Minimum	Maximum	Mean	Std. Deviation
Tax Knowledge	163	29	60	49,28	7,182
Fairness	163	17	40	28,02	4,644
Leadership Style	163	10	25	20,40	4,103
Tax Compliance	163	7	25	22,09	3,955
Organizational Culture	163	10	50	41,07	8,492
Valid N (listwise)	163				

Source: Data processed by the author, 2025

Based on table 2 above, the mean, std. Deviation, minimum and maximum of the research data that has been done. The minimum value on the Tax Knowledge variable is 29 while the maximum value is 60, with a standard deviation of 7.182. The minimum value on the Fairness Principle variable is 17 while the maximum value is 40 with a standard deviation of 4.644. Meanwhile, in the Leadership Style variable, the minimum value is 10 and the maximum value is 25 with a standard deviation of 4.103. Then in the Taxpayer Compliance variable, the minimum value is 7 while the maximum value is 25 with a standard deviation of 3.955. Finally, in the Organizational Culture variable, the minimum value is 10 and the maximum value is 50 with a standard deviation of 8.492.

### Results of Data Validity Test

This study has an r table for  $n = 163$  and a significance level of 0.05 is 0.1538. This test was carried out using IBM SPSS Statistic 26 for windows. The results of data processing of all statement items on the variables of Taxation Knowledge, Fairness Principles, Leadership Style, Organizational Culture and Taxpayer Compliance have r count  $> 0.1538$  and the significance value of all variables is less than 0.05, so it can be concluded that all statements in this research questionnaire are valid or valid to be used as research instruments.

### Results of Data Reliability Test

Reliability testing in this study uses the Cronbach alpha technique, where if the Cronbach alpha value  $> 0.60$  then the instrument can be said to be reliable or reliable. This test was carried out using IBM SPSS Statistic 26 for windows. The results of data processing show that the Tax Knowledge variable has a Cronbach alpha value of 0.934, the Fairness Principle has a Cronbach alpha value of 0.791, Leadership Style has a Cronbach alpha value of 0.876, Organizational Culture has a Cronbach alpha value of 0.941 and Taxpayer Compliance has a Cronbach alpha value of 0.815, which means that all variables in this study have a Cronbach alpha value of more than 0.60, it can be concluded that all research instruments are reliable and suitable for use as research instruments.



Classical Assumption Test  
*Normality Test*

**Table 3 Data Normality Test**

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		Unstandardized Residual
N		163
Normal Parameters <sup>a, b</sup>	Mean	,0000000
	Std. Deviation	2,79163292
Most Extreme Differences	Absolute	,061
	Positive	,054
	Negative	-,061
Test Statistic		,061
Asymp. Sig. (2-tailed)		,200 <sup>c, d</sup>

a. Test distribution is Normal.  
b. Calculated from data.  
c. Lilliefors Significance Correction.  
d. This is a lower bound of the true significance.

Source: Data processed by the author, 2025

This study uses the Kolmogorov-Smirnov method by looking at the significance value, if the significance value > 0.05, it can be concluded that the data is normally distributed. This test was carried out using IBM SPSS Statistic 26 for windows. The results of the normality test can be seen in table 5. Based on this table, the results obtained Asymp. Sig (2-tailed) of 0.200 which means > 0.05, it can be concluded that the normality test in this study is normally distributed.

**Multicollinearity Test**

To detect multicollinearity in the regression model, it can be seen if the tolerance value > 0.1 and the VIF value < 10, then the regression model is free from multicollinearity. The regression model is said to be good, if there is no correlation between independent variables. This test was carried out using IBM SPSS Statistic 26 for windows. The following are the results of the multicollinearity test:

**Table 4 Multicollinearity Test**

		<b>Coefficients<sup>a</sup></b>					<b>Collinearity Statistics</b>		
Model		Unstandardized	Coefficients	Standardized		t	Sig	Tolerance	VIF
		B	Std. Error	Coefficients	Beta				
1	(Constant)								
	Tax Knowledge	7,481	1,671			4,479	0,000		
	Fairness	0,161	0,044	0,292		3,672	0,000	0,498	2,007
	Leadership Style	-0,161	0,057	-0,189		-2,825	0,005	0,701	1,426
	Tax Compliance	0,092	0,094	0,096		0,981	0,328	0,331	3,018
	Organizational Culture	0,227	0,043	0,487		5,223	0,000	0,362	2,762

a. Dependent Variable: Tax Compliance

Source: Data processed by the author, 2025

Based on the table, the multicollinearity test shows that the tolerance value of each variable > 0.1 and the Variance Inflation Factor (VIF) value < 10, it can be concluded that in this study the regression model is free from multicollinearity or no multicollinearity occurs.



*Heteroscedasticity Test*

**Table 5 Heteroscedasticity Test Data**

		Correlations					
			Tax Knowledge	Fairness	Leadership Style	Organizational Culture	Unstandardized Residual
Spearman's rho	Tax Knowledge	Correlation Coefficient	1,000	,503**	,612**	,580**	-0,085
		Sig. (2-tailed)		0,000	0,000	0,000	0,281
		N	163	163	163	163	163
	Fairness	Correlation Coefficient	,503**	1,000	,370**	,317**	-0,036
		Sig. (2-tailed)	0,000		0,000	0,000	0,647
		N	163	163	163	163	163
	Leadership Style	Correlation Coefficient	,612**	,370**	1,000	,820**	-0,126
		Sig. (2-tailed)	0,000	0,000		0,000	0,109
		N	163	163	163	163	163
	Organizational Culture	Correlation Coefficient	,580**	,317**	,820**	1,000	-0,103
		Sig. (2-tailed)	0,000	0,000	0,000		0,190
		N	163	163	163	163	163
	Unstandardized	Correlation Coefficient	-0,085	-0,036	-0,126	-0,103	1,000
		Sig. (2-tailed)	0,281	0,647	0,109	0,190	
		N	163	163	163	163	163

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Data processed by the author, 2025

The heteroscedasticity test in the study used the Spearman's Rho test. If the significance value is  $> 0.05$ , there are no symptoms of heteroscedasticity or the regression model can be said to be good. The heteroscedasticity test was carried out using IBM SPSS Statistic 26 for windows. Table 5 is the result of the heteroscedasticity test.

Based on the table, it can be seen that the results of the heteroscedasticity test using the Spearman's Rho test, produce significance results for the tax knowledge variable ( $X_1$ ) is 0.281, the variable principle of justice (Fairness) ( $X_2$ ) is 0.647, the leadership style variable ( $X_3$ ) is 0.109, and the organizational culture ( $Z$ ) is 0.190. Which means that all research variables have a significance level  $> 0.05$ , so it can be concluded that the variables in this study do not occur symptoms of heteroscedasticity, so the regression model in this study can be said to be good.

**Multiple Linear Regression Model Analysis**

**Adjusted R-Square ( $R^2$ ) Test**

This test is to explain the variation of the dependent variable by measuring how well the model's ability to explain the variation of the dependent variable. (Ghozali, 2002). The coefficient of determination has a value between zero and one. If  $R^2$  is near to one, the more able the independent variable is in explaining the dependent variable. This test was carried out using IBM SPSS Statistic 26 for windows. The Adjusted R-Square test results are presented in the table below:

**Tabel 6 Result of Adjusted R-Square Test**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,645 <sup>a</sup>	0,416	0,405	3,051

a. Predictors: (Constant), Leadership Style, Fairness Tax Knowledge

Source: Data processed by the author, 2025

Based on the table, it can be seen that the adjusted R square value is 0.405 or 40.5%. This shows that 40.5% of Tax Compliance is influenced by the independent variables in this study, namely Taxation Knowledge, Fairness Principles, and Leadership Style, while the remaining 59.5% is influenced by other variables not explained in this study.



**F Test**

The F test is used to determine whether the independent variables in the regression model have a significant effect simultaneously on the dependent variable. (Sekaran & Bougie, 2017), if the significance value  $<0.05$  then  $H_1$  is accepted, which means that the independent variable significantly affects the dependent variable. This test was conducted using IBM SPSS Statistic 26 for windows. The results of the F test are presented in the table below:

**Tabel 7 Result of F Test**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1053,180	3	351,060	37,704	,000 <sup>b</sup>
	Residual	1480,440	159	9,311		
	Total	2533,620	162			

a. Dependent Variable: Tax Compliance  
b. Predictors: (Constant), Leadership Style , Fairness, Tax Knowledge

Source: Data processed by the author, 2025

Based on the ANOVA test results in table 7, it shows that the significance value of 0.000 is smaller than 0.05, this indicates that the independent variables, are Taxation Knowledge, Fairness Principles and Leadership Style, have a simultaneous or joint effect on the dependent variable, namely Tax Compliance.

**Hypothesis Test (t Test)**

Hypothesis test (t test) is used to test the effect of each independent variable on the dependent variable. (Ghozali, 2002). The hypothesis is accepted if the significance value is  $<0.05$  or  $t \text{ count} > t \text{ table}$  or  $-t \text{ count} < -t \text{ table}$ , meaning that the independent variable can be said to have a significant effect on the dependent variable. In this study, the t table with  $n = 163$  with a significance level of 0.05 is known to be 1.654. The direction of beta ( $\beta$ ) is in accordance with the direction of the hypothesis, if the resulting  $\beta$  value is positive, then the direction of the hypothesis influence is positive, otherwise if the resulting  $\beta$  value is negative, then the direction of the hypothesis influence is also negative. This test was conducted using IBM SPSS Statistic 26 for windows. The t test results are presented in the table below:

**Table 8. t Test Result**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8,249	1,796		4,592	0,000
	Tax Knowledge	0,199	0,047	0,361	4,267	0,000
	Fairness	-0,165	0,062	-0,193	-2,672	0,008
	Leadership Style	0,424	0,075	0,440	5,671	0,000

a. Dependent Variable: Tax Compliance

Source: Data processed by the author, 2025

Based on table 8, the results of the hypothesis test (t test) can be explained as follows:  
The Taxation Knowledge variable ( $X_1$ ) has a significance value of  $0.000 < 0.05$  and t value of  $4.267 > 1.654$  (t table), meaning that tax knowledge has a significant effect on tax compliance. The resulting  $\beta$  value is 0.199 which means the direction of influence is positive. This shows that taxation knowledge ( $X_1$ ) has a significant positive effect on tax compliance, so the **first hypothesis  $H_1$  is accepted.**



The Fairness Principle variable ( $X_2$ ) has a significance value of  $0.008 < 0.05$  and t value of  $-2.672 < -1.654$  (t table), meaning that the Fairness Principle has a significant effect on tax compliance. The resulting  $\beta$  value is  $-0.165$  which means the direction of influence is negative. This shows that the Fairness Principle ( $X_2$ ) has a significant negative effect on tax compliance, **so the second hypothesis,  $H_2$  is accepted.** The  $\beta$  value is  $-0.165$ , meaning that each increase of one unit of the principle of justice (fairness) will cause a decrease in the value of tax compliance by 0.165 units.

The Leadership Style variable ( $X_3$ ) has a significance value of  $0.000 < 0.05$  and t value of  $5.671 > 1.654$  (t table), meaning that Leadership Style has a significant effect on tax compliance. The resulting  $\beta$  value is  $0.424$  which means the direction of influence is positive. This shows that Leadership Style ( $X_3$ ) has a significant positive effect on tax compliance, **so the third hypothesis  $H_3$  is accepted.**

**Linear Regression Research Model**

The effect of taxation knowledge, the principle of justice (Fairness), and leadership style on tax compliance can be seen through multiple linear regression tests. The test results are as follows:

**Table 9 Multiple Linear Regression Test Results**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8,249	1,796		4,592	0,000
	Tax Knowledge	0,199	0,047	0,361	4,267	0,000
	Fairness	-0,165	0,062	-0,193	-2,672	0,008
	Leadership Style	0,424	0,075	0,440	5,671	0,000

a. Dependent Variable: Tax Compliance

Source: Data processed by the author, 2025

The results of the multiple linear regression test are shown in table 9 above. Based on the table, the resulting regression equation is as follows:

$$Y = 8,249 + 0,199X_1 - 0,165X_2 + 0,424X_3 + e$$

From the multiple linear regression equation above, it can be explained as follows:

The constant value with a positive value of 8.249. This constant shows that if all independent variables (Taxation Knowledge, Fairness Principles, and Leadership Style) are zero, then the value of the dependent variable (Tax Compliance) will be at 8.249. This means that every one unit increase in the Taxation Knowledge, Fairness Principles, and Leadership Style variables will contribute 8.249 to an increase in Tax Compliance.

The regression coefficient value for the Tax Knowledge variable ( $X_1$ ) is 0.199, indicating that an increase in Tax Knowledge by one unit will increase the Tax Compliance variable by 0.199 units, assuming other variables remain. The positive coefficient indicates that the higher the Tax Knowledge, the higher the Tax Compliance.

The regression coefficient value for the resulting Fairness Principle ( $X_2$ ) variable is  $-0.165$ . This means that each addition of one unit to the Fairness Principle variable will reduce tax compliance by  $-0.165$  units.

The regression coefficient value for the Leadership Style variable ( $X_3$ ) is 0.424, indicating that an increase in Leadership Style by one unit will increase the Tax Compliance variable by 0.424 units, assuming other variables remain. The positive coefficient indicates that the higher the Leadership Style, the higher the Tax Compliance.



**Moderate Regression Analysis (MRA)**  
**Adjusted R-Square ( $R^2$ ) Test**

This test was conducted using IBM SPSS Statistic 26 for windows. The Adjusted R-Square test results are presented in the table below:

**Table 10 Adjusted R-Square Test**

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741 <sup>a</sup>	0,549	0,529	2,714

a. Predictors: (Constant), Leadership Style \* Organizational Culture, Fairness, Tax Knowledge, Organizational Culture, Leadership Style , Fairness \* Organizational Culture, Tax Knowledge \* Organizational Culture

Source: Data processed by the author, 2025

Based on table 10, it shows that the adjusted R square value is 0.529 or 52.9%. This shows that 52.9% of tax compliance is influenced by the independent variables, namely tax knowledge, the principle of fairness, and leadership style including the moderating variable, is organizational culture. While the remaining 47.1% is influenced by other variables not explained in this study.

**F Test**

This test was conducted using IBM SPSS Statistic 26 for windows. The results of the F test are presented in the table below:

**Table 11 F Test**

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1391,842	7	198,835	26,992	,000 <sup>b</sup>
	Residual	1141,777	155	7,366		
	Total	2533,620	162			

a. Dependent Variable: Tax Compliance  
b. Predictors: (Constant), Leadership Style \* Organizational Culture, Fairness, Tax Knowledge, Organizational Culture, Leadership Style , Fairness \* Organizational Culture, Tax Knowledge \* Organizational Culture

Source: Data processed by the author, 2025

Based on the ANOVA test results in table 11, it shows that the significance value of 0.000 is smaller than 0.05, this indicates that the independent variables, namely Taxation Knowledge, Fairness Principles and Leadership Style including Organizational Culture as moderation, have a simultaneous or joint effect on the dependent variable is tax compliance.

**Hypothesis t (t Test)**

In this research, the t table with n = 163 with a significance level of 0.05 is known to be 1.654. The direction of beta ( $\beta$ ) is in accordance with the direction of the hypothesis, if the resulting  $\beta$  value is positive, then the direction of the hypothesis influence is positive, otherwise if the resulting  $\beta$  value is negative, then the direction of the hypothesis influence is also negative. This test was conducted using IBM SPSS Statistic 26 for windows. The t test results are presented in the table below:



Table 12 Hypothesis t (t Test)

Model		Coefficients <sup>a</sup>				
				Standardized Coefficients Beta	t	Sig.
1	(Constant)	-6,525	7,582		-0,861	0,391
	Leadership Style	0,586	0,343	0,608	1,710	0,089
	Tax Knowledge	0,693	0,251	1,258	2,760	0,006
	Fairness	-0,857	0,314	-1,006	-2,732	0,007
	Organizational Culture	0,590	0,180	1,266	3,276	0,001
	Tax Knowledge * Organizational Culture	-0,013	0,006	-1,976	-2,101	0,037
	Fairness * Organizational Culture	0,016	0,007	1,448	2,290	0,023
	Leadership Style * Organizational Culture	-0,012	0,008	-0,921	-1,481	0,141

a. Dependent Variable: Tax Compliance

Source: Data processed by the author, 2025

Based on table 12 above, the results of the hypothesis test (t test) can be explained as follows:

The moderating variable, Organizational Culture (Z) which interacts with the independent variable Tax Knowledge (X<sub>1</sub>) on Tax Compliance, shows a significance result of 0.037 < 0.05 and t value of -2.101 < -1.654 (t table), meaning that organizational culture is able to moderate the effect of tax knowledge on tax compliance with a significant effect. So that the fourth hypothesis H4 is accepted. The resulting β value is -0.013 which means the direction of influence is negative. This shows that Organizational Culture weakens the effect of tax knowledge on tax compliance.

The moderating variable, Organizational Culture (Z) which interacts with the independent variable fairness (X<sub>2</sub>) on Tax Compliance, shows a significance result of 0.023 < 0.05 and t value of 2.290 > 1.654 (t table), meaning that organizational culture is able to moderate the effect of the fairness on tax compliance with a significant effect. So that the fifth hypothesis H5 is accepted. The resulting β value is 0.016 which means the direction of influence is positive. This shows that Organizational Culture can strengthen the influence of the fairness on tax compliance.

The moderating variable, Organizational Culture (Z) which interacts with the independent variable Leadership Style (X<sub>3</sub>) on Tax Compliance has a significance value of 0.141 > 0.05 and t value of -1.481 > -t table -1.664 which means that organizational culture cannot moderate the effect of Leadership Style on Tax Compliance significantly. So that the sixth hypothesis (H6) is rejected. The resulting β (beta) value is -0.012 which means negative direction. These results indicate that there is insufficient evidence to accept hypothesis 6, so H6 is rejected.

**Research Model of Moderate Regression Analysis (MRA)**

This research model is used to test the hypothesis in this study, namely testing the effect of moderating variables, Organizational Culture in strengthening or weakening the relationship between the independent variables of Tax Knowledge (X<sub>1</sub>), Fairness Principles (X<sub>2</sub>), Leadership Style (X<sub>3</sub>) on the dependent variable, namely Tax Compliance. The formula for the equation is as follows:

$$Y = \alpha + \beta_1.X_1*Z + \beta_2.X_2*Z + \beta_3.X_3*Z + \varepsilon$$



**Table 13 Moderation Regression Analysis Results**

		Coefficients <sup>a</sup>				
Model				Standardized Coefficients Beta	t	Sig.
1	(Constant)	-6,525	7,582		-0,861	0,391
	Leadership Style	0,586	0,343	0,608	1,710	0,089
	Tax Knowledge	0,693	0,251	1,258	2,760	0,006
	Fairness	-0,857	0,314	-1,006	-2,732	0,007
	Organizational Culture	0,590	0,180	1,266	3,276	0,001
	Tax Knowledge * Organizational Culture	-0,013	0,006	-1,976	-2,101	0,037
	Fairness * Organizational Culture	0,016	0,007	1,448	2,290	0,023
	Leadership Style * Organizational Culture	-0,012	0,008	-0,921	-1,481	0,141

a. Dependent Variable: Tax Compliance

Source: Data processed by the author, 2025

The results of the moderation regression test are shown in table 13 above. Based on this table, the resulting regression equation is as follows:

$$Y = -6,525 - 0,013 X_1 * Z + 0,016 X_2 * Z - 0,012 X_3 * Z + 7,582$$

Interpretation:

The constant value of Tax Compliance is -6.525 in the moderation regression analysis in this study. This shows that every one unit decrease in variables, are Taxation Knowledge, Fairness Principles, Leadership Style, Organizational Culture and the interaction between moderation variables and independent variables will contribute 6.525 to the decrease in tax compliance value.

The interaction between the moderating variables of Organizational Culture and Tax Knowledge ( $X_1 * Z$ ) on Tax Compliance has a coefficient value of -0.013, this indicates that Organizational Culture is unable to moderate the effect of Tax Knowledge on Tax Compliance.

The interaction between the moderating variables of Organizational Culture and the fairness ( $X_2 * Z$ ) on Tax Compliance has a coefficient value of 0.016, in the moderation regression analysis in Tax Compliance research shows that Organizational Culture strengthens the positive influence of the principle of fairness (Fairness) on Tax Compliance. This shows that the better the Organizational Culture of a Company, the fairness will also increasingly affect Tax Compliance.

The interaction between the moderating variables of Organizational Culture and Leadership Style ( $X_3 * Z$ ) on Tax Compliance has a coefficient value of -0.012, this indicates that Organizational Culture is unable to moderate the effect of Leadership Style on Tax Compliance.

### **The Effect of Taxation Knowledge on Tax Compliance**

The first hypothesis is carried out to prove whether Tax Knowledge affects Tax Compliance for corporate MSMEs in Bandung City. The statistical test results show that Tax Knowledge has a significant and positive effect on Corporate MSME Tax Compliance in Bandung City, so **the first hypothesis H1 is accepted.**

However, there are still technical aspects that are not well understood, such as understanding tax rates, sanction consequences, and how to calculate taxes. This weakness has the potential to make MSME actors less independent and at risk of making mistakes in reporting or even not reporting their taxes, this certainly makes their tax compliance decrease.



Based on Theory of Planned Behavior (TPB Theory) Sufficient knowledge will affect attitudes and perceptions of control over a behavior. According to the TPB theory, there is conformity with the results of the first hypothesis, where sufficient tax knowledge will increase the perception of control over tax obligations and strengthen the intention to comply.

Corporate MSMEs are formal business entities that have been legally registered and have tax obligations in accordance with applicable laws and regulations. Business actors with adequate knowledge tend to prepare tax reports correctly, avoid administrative errors, and pay taxes on time. Tax knowledge also helps reduce concerns about sanctions due to technical errors, and can also increase confidence in interacting with tax authorities.

The results of this study are in line with previous research conducted by (Wijaya & Yanti, 2023) The study states that taxation knowledge has a significant effect of 0.047 on MSME taxpayer compliance. Other research that is in line with the results of this study is also money research conducted by (Rahmasari Dini, 2021) (Anto et al., 2021) (Priyatna, 2023) (Cahyani & Noviyari, 2019) (Ayu & Sari, 2017) (Palil, 2010) The research study resulted in a statistical test that taxation knowledge has a positive and significant effect on tax compliance. The higher the understanding of taxation, the higher the taxpayer compliance (D. Sari & Huda, 2013).

### **The Effect of Fairness on Tax Compliance**

The second hypothesis was conducted to determine the influence of the Fairness Principle on Tax Compliance for corporate MSMEs in Bandung City. The statistical test results show that the Fairness has a significant effect on tax compliance. So **the second hypothesis, H2 is accepted.**

However, the negative value on the resulting  $\beta$  indicates a negative direction of influence. This shows that the fairness ( $X_2$ ) has a significant negative effect on tax compliance, it's means that the fairness has an inverse relationship with corporate MSME tax compliance in Bandung City. The higher the taxpayer's perception of fairness in the tax system, the lower their level of compliance tends to be.

Attribution Theory explains that a person's behavior is determined by a combination of internal forces and external forces. The results of this study indicate that when the perception of taxpayer justice is high, but taxpayers see no real change in the management of public funds or government services, this can shift internal responsibility (moral obligation to comply) to external (government attitude) which ultimately reduces the motivation to comply with tax regulations.

For MSME actors, the fairness in taxation is not only measured from the aspect of tariffs, but also from the treatment of tax authorities, ease of service, and comparison with other business actors. If they feel that they have acted compliantly, but see other MSME actors who are not compliant but are still free from consequences (sanctions or fines), the perception arises that the system is unfair. Things like this can hinder tax compliance.

In simple-scale MSMEs, perceptions of fairness are sometimes not enough to motivate compliance, this can be caused by other factors such as the company's administrative limitations such as record keeping, adequate financial reports, and technical understanding of taxation. So that even though taxpayers have a perception of fairness, but have other limitations, it can reduce their tax compliance.

According to this statement, it can be concluded that having a perception of the fairness does not automatically encourage tax compliance, and can even reduce it if it is not supported by consistent implementation, satisfactory taxpayer experience and adequate administrative capabilities of each taxpayer.

This research is in line with research conducted by (Mustofa et al., 2016) and (Soda et al., 2021) which states that the principle of justice partially has a significant effect on taxpayer



compliance, (Astuti et al., 2023) in his research states that two types of justice, namely procedural justice and distributive justice, have a significant effect on the voluntary compliance of the taxpayer community. A fair tax system positively affects compliance behavior (Sri Utami Nurhasanah & Sarah Fitriyani, 2023).

### **The Effect of Leadership Style on Tax Compliance**

The third hypothesis is designed to prove that a person's leadership style in a company can affect his company's tax compliance. The statistical test results in this research illustrate that Leadership Style has a significant effect on tax compliance, so **the third hypothesis H3 is accepted.**

Leadership styles measured in this study include bureaucratic style and task-oriented style. The bureaucratic style pays more attention to the order of bureaucratic structures and procedures, and the task-oriented leadership style requires staff to be disciplined in work or tasks. The emphasis on these indicators aims to see how the style of leaders of MSME companies in the city of Bandung is able to influence their subordinates to carry out company goals to be compliant with applicable tax laws and regulations. The results illustrate that the more effective the leadership style applied in the organization, the higher the level of tax compliance of these corporate MSMEs.

According to the Theory of Planned Behavior (TPB Theory) behavior is influenced by intention, which is determined by three factors: attitude, subjective norm, and perceived behavioral control. Leaders who provide role models and compliance values will form a positive attitude towards compliance behavior. In addition, leadership style also plays a role in strengthening behavioral control through training, direction as well as strengthening systems in the organization which ultimately has a positive impact on tax compliance.

Corporate MSMEs in Bandung city are generally managed directly by business owners, who play a major role in operational decision-making including tax matters. A firm leadership style, supporting staff training, and encouraging information updates will go a long way in reducing errors in tax compliance.

This research is in line with research conducted by (Nafida Hilda Ramadhani, Dwiyani Sudaryanti, 2023) and (Kurniawan et al., 2021) which states that leadership has a positive and significant effect on taxpayer awareness in paying taxes.

### **Organizational Culture moderates the effect of Tax Knowledge on Tax Compliance**

The fourth hypothesis was conducted to prove whether Organizational Culture can moderate the effect of Tax Knowledge on Tax Compliance. The statistical test results show that Organizational Culture is able to moderate the effect of tax knowledge on tax compliance. So that **the fourth hypothesis H4 is accepted.**

The direction of moderation can be seen from the resulting  $\beta$  value of -0.013, which means that Organizational Culture moderates the effect of tax knowledge in the negative direction. In other words, Organizational Culture weakens the effect of tax knowledge on tax compliance. This shows that the stronger the Organizational Culture, the weaker the effect of tax knowledge on tax compliance.

Organizational culture is a basic philosophy that contains shared beliefs, norms, and values that characterize the way things are done in the organization. The values or norms that develop in an MSME sometimes focus more on short-term operational efficiency rather than focusing on compliance with tax regulations. So that even though someone in the organization has adequate tax knowledge, organizational culture may encourage a non-compliant attitude in carrying out their tax obligations.

This is in line with Attribution Theory where a person's behavior is determined by a combination of internal forces and external forces. Tax knowledge is an internal force of taxpayers while Organizational Culture is an external element that forms organizational norms



and habits. The results showed that organizational culture weakens the effect of tax knowledge on tax compliance, indicating that even though taxpayers internally have tax knowledge, if the organizational culture does not support it, taxpayers will be encouraged not to comply with taxes.

The results showed that Organizational Culture was indeed able to moderate the relationship between tax knowledge and tax compliance significantly, but in a negative direction. This is important for MSMEs in Bandung City, because it shows that increasing tax knowledge alone is not enough to increase tax compliance if it is not balanced with a supportive organizational culture.

#### **Organizational Culture moderates the effect of the Fairness on Tax Compliance**

The next hypothesis (H5) is designed to prove whether Organizational Culture can moderate the effect of the Fairness on Tax Compliance on corporate MSME players in Bandung City. The statistical test results show that organizational culture can moderate the effect of the Fairness on tax compliance with a significant effect. so that **the fifth hypothesis H5 is accepted.**

The results of this research are in line with Theory of Planned Behavior (TPB) as well as Attribution Theory. Referring to Theory of Planned Behavior (TPB) organizational culture can strengthen subjective norms that influence perceptions of justice with tax compliance behavior. Meanwhile, in the perspective of Attribution Theory, organizational culture is an external factor that magnifies the internal effect (principle of justice) on tax compliance behavior. So the combination of the fairness and organizational culture creates a double push both internally and externally that strengthens tax compliance behavior.

#### **Organizational Culture moderates the effect of Leadership Style on Tax Compliance**

The last hypothesis in this study (H6) aims to determine whether Organizational Culture moderates the effect of Leadership Style on tax compliance on corporate MSME players in Bandung city. The statistical test results show that Organizational Culture is unable to moderate the effect of leadership style on tax compliance, so **the sixth hypothesis H6 is rejected.**

In Theory of Planned Behavior (TPB), a person's behavior is influenced by attitudes, subjective norms, and perceived behavioral control. Leadership style has a relationship with subjective norms and perceived control of actors. Leaders who are able to provide examples, clear directions, and build an ethical work atmosphere can increase organizational behavior to become tax compliant. However, when interacting with organizational culture, the organizational culture is not able to moderate the influence of leadership style significantly, this indicates that the norms that exist in the organization (organizational culture) are not strong enough to support organizational behavior built by leaders towards tax compliance.

In addition, MSME tax compliance is often more influenced by external factors such as incentives, supervision and sanctions. In this situation, the role of organizational culture as a supporter of compliance becomes less effective.

## **CONCLUSIONS**

Based on the results of research that has been carried out through the stages of data collection, data processing, and data analysis regarding the Effect of Taxation Knowledge, the Fairness, and Leadership Style on Tax Compliance with Organizational Culture as a moderating variable in Corporate MSMEs in Bandung City, it can be concluded that: (1) Taxation knowledge has a significant and positive effect on Corporate MSME Tax Compliance in Bandung City, (2) The Fairness has a significant effect on tax compliance, but the direction of the resulting influence is negative, which means that the higher the perception of the principle of justice that taxpayers have, the lower the level of tax compliance, (3) Leadership style has a significant positive effect on tax compliance. (4) Organizational culture is able to moderate the



effect of tax knowledge on tax compliance. However, the moderation direction is negative. This means that Organizational Culture weakens the effect of tax knowledge on tax compliance. (5) Organizational culture can moderate the effect of the fairness on tax compliance with a significant and positive effect. (6) Organizational Culture is unable to moderate the effect of Leadership Style on Tax Compliance. This means that organizational culture does not have a strong enough role in strengthening or weakening the influence of leadership style on tax compliance in corporate MSMEs in Bandung City.

### **Recommendation**

Based on the conclusions above, the suggestions that can be given are as follows:

1. For MSME Players
  - Seeing there are still MSME players who do not understand tax rates and how to calculate taxes, they can use the tax calculator feature from the Directorate General of Taxes to avoid errors or omissions in reporting their tax obligations.
  - MSME players can upgrade their knowledge and understanding of taxation through various trainings and mentoring, both conducted by the government and non-government organizations.
  - MSME actors should fulfill their tax obligations compliantly. This compliance serves to prevent business actors from potential administrative sanctions as well as provide a sense of security and peace in running their business. Furthermore, tax compliance can be a positive indicator that increases the credibility of MSMEs in the eyes of financial institutions, so that they have the opportunity to obtain easy access to capital and other business support programs.
2. For Tax Authorities and Related Agencies
  - There is a need to increase tax knowledge among MSMEs by: Utilizing social media as a means of education that is easily accessible, informative, and reaches more taxpayers effectively; conducting UMKM-based tax technical training; and simplifying tax material delivered in an easy-to-understand form.
  - To increase tax revenue, the Tax Authority and related agencies should develop a more integrated and community-based MSME development program with an educational and empowerment approach, not just administrative supervision.
  - The government needs to increase transparency and a sense of fairness in its tax system, so that taxpayers' perceptions of justice are stronger, so that they can support increased tax compliance.
3. For future Researchers
  - Future researchers are expected to deepen research in terms of organizational culture and leadership style on tax compliance in the MSME sector, using other types of organizational culture and types of leadership styles that are not used as indicators in this study, considering the results of this study organizational culture has not been proven to moderate the effect of leadership style on tax compliance.
  - Future researchers are expected to use a qualitative or mixed approach to understand organizational culture and taxpayer behavior that cannot be revealed through this quantitative research.

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