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The Influence of Morality, Knowledge, and the Implementation of Digital Tax Payments on the Compliance of MSME Taxpayers in Palembang City

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Abstract
In Palembang City, Micro, Small and Medium Enterprises (MSMEs) have an important role in encouraging regional economic growth. The Palembang City Government through the Regional Revenue Agency (Bapenda) has implemented a digital payment system policy to encourage the digitalization of the tax payment system as an effort to accelerate the transformation of digital-based tax services as the main strategy to pursue the 2025 regional tax revenue target of IDR 1.4 trillion. Until August 26, 2025, the achievement of regional taxes amounted to IDR 916.09 billion or 56.13 percent of the target (Independent South Sumatra, 2025). However, the implementation of tax digitalization faces challenges, especially related to digital literacy, tax knowledge, and the morality of taxpayers in carrying out tax obligations. This study aims to analyze the factors that affect the compliance of MSME taxpayers in Palembang City. The special purpose of this study is to analyze the influence of taxpayer morality, tax knowledge, and digital tax payments on MSME taxpayers, especially those in Palembang City. This research method uses quantitative with a causal approach to test the cause-effect relationship between variables. This study uses research instrument tests, classical assumption tests, multiple linear regression tests, and hypothesis tests. The results of this study show that all questions are valid and reliable. The classical assumption test shows that the data is normally distributed, there is no multicollinearity, and there is no heteroscedasticity. The variables of morality, knowledge, and digital tax payments have a positive and significant effect on the compliance of MSME taxpayers in Palembang City.
Keywords: Knowledge; Morality; Taxpayer Compliance

INTRODUCTION

Taxes are one of the main sources of state revenue that plays a crucial role in the sustainability of national development. Tax revenue is the main pillar in the State Revenue and Expenditure Budget (APBN), so increasing its contribution needs to be pursued optimally. The government has taken various strategic steps to increase tax revenue, one of which is through the digitization of the tax system. This digitalization aims to simplify administrative processes, increase transparency, strengthen supervision, and minimize tax avoidance and evasion practices. With a more modern and efficient system, it is hoped that the level of taxpayer compliance will increase so that state revenue can increase.

However, the high tax revenue is not only determined by a good system, but also by the behavior of taxpayers. Taxpayers' morality and awareness play a major role in determining the extent to which they carry out their tax obligations honestly and responsibly. Taxpayers who have high morals tend to be obedient, do not manipulate, and understand that taxes are an important contribution to the development of the country.

On the other hand, Micro, Small, and Medium Enterprises (MSMEs) as the largest business sector in Indonesia have great potential in increasing state tax revenue. Although the number of MSMEs continues to grow, Indonesia still faces challenges in increasing the tax ratio. Data from the Directorate General of Taxes (2024) shows that in 2022 Indonesia recorded a tax ratio of 10.39%, a figure that is still lagging behind Thailand, Vietnam, Singapore, and Cambodia. The tax ratio illustrates the low contribution of tax revenues to the Gross Domestic Product (GDP). This low tax ratio is partly due to the low level of compliance of taxpayers, including MSMEs.

The government has provided convenience facilities through Government Regulation Number 23 of 2018 which sets the Final Income Tax (PPh) rate of 0.5% for taxpayers with a gross turnover of up to 4.8 billion rupiah per year. This regulation aims to encourage new

MSMEs to develop without being burdened by complicated tax administration. In addition, the government is strengthening tax digitalization through the implementation of Coretax, e-Filing, e-Billing, and various other innovations that allow taxpayers to report and pay taxes online.

The city of Palembang is one of the areas with a fairly rapid development of MSMEs. Based on data from the Cooperatives and SMEs Office, there are 79,158 MSMEs operating in the city. The Palembang City Government through the Regional Revenue Agency (Bapenda) has implemented a digital-based tax payment system as an effort to increase revenue and support the transformation of tax services. The target of regional tax revenue in 2025 is IDR 1.4 trillion, and until August 26, 2025, the realization achievement is only IDR 916.09 billion or 56.13 percent. This achievement shows that there is still a need to optimize tax compliance, especially from the MSME sector.

The biggest challenges in the implementation of tax digitalization in Palembang include limited digital literacy, low tax understanding, and weak morality of some taxpayers. The MSME compliance level table in Palembang shows a downward trend from 85.86% in 2020, to 83.24% in 2021, and 76.84% in 2022. This decline occurred even though the number of MSMEs continued to grow, indicating a gap between government policies and the reality on the ground.

Taxpayers' morality affects a person's attitude and behavior in fulfilling their tax obligations. Taxpayers with high morality tend to be honest and obedient, while those with low morality tend to avoid, report late, or manipulate. In addition to morality, tax knowledge greatly determines how taxpayers understand tax procedures, functions, and benefits. Lack of knowledge often leads to errors in calculations, late payments, or even total non-compliance in tax reporting.

In the digital era, the use of technology such as e-Registration, e-Billing, e-Filing, and e-Bupot provides many conveniences for taxpayers. Various studies, such as those conducted by (Prayogi et al., 2025), showing that tax digitalization has a significant positive influence on the compliance of MSME taxpayers. Ease of access, speed, and security are factors that encourage MSME actors to fulfill their tax obligations on time. Other research by (Susan & Melzatia, 2024), (Yuliani & Ratnasari, 2025)and (Ainiyah & Febriani, 2023) It also strengthens the important role of knowledge, awareness, and system modernization in improving tax compliance.

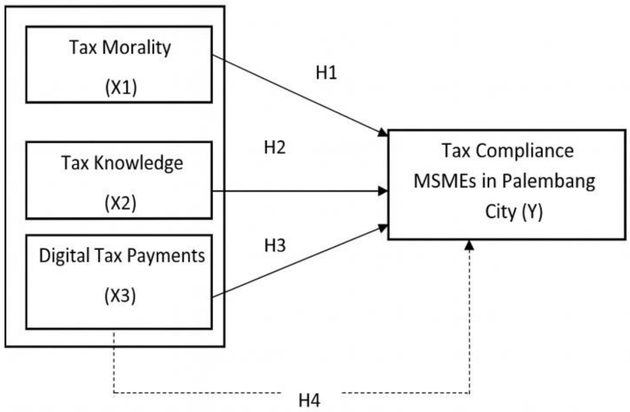
However, studies related to the influence of morality, knowledge, and tax digitalization on the compliance of MSME taxpayers in Palembang City are still limited. Therefore, this study aims to examine this by integrating these three variables as determining factors for the compliance of MSME taxpayers in Palembang. This approach offers novelty because it combines internal and external factors of taxpayers in the context of an evolving digital tax system.

This research is expected to be able to make an academic and practical contribution to local governments in formulating strategies to improve tax compliance based on morality and digital technology, as well as becoming a reference for future researchers in the development of tax literature in Indonesia.

LITERATURE REVIEW

Theory of Planned Behavior (TPB) explains that individual behavior is influenced by behavioral intentions formed by three main components, namely attitudes towards behavior, subjective norms, and perceived behavioral control (Ajzen, 1991). Attitude refers to a person's beliefs about the consequences of an action, subjective norms describe the social pressures or expectations of those around them, while perceptual behavior control relates to the extent to which individuals feel capable of carrying out a particular behavior. These three factors interact with each other and determine whether a person will decide to behave obediently or not, including in the context of tax compliance which is influenced by the taxpayer's morality and knowledge. In addition, the Technology Acceptance Model (TAM) developed by (Davis et al., 1989) It is also used to explain how the acceptance of technology is influenced by the perception of ease of use and the perception of benefits of a system. TAM is relevant in the context of tax digitalization because it can explain how the convenience and benefits of digital systems such as e-filing, e-billing, and technology-based tax services encourage MSME taxpayers to adopt the system. The integration of TPB and TAM provides a comprehensive theoretical framework in understanding how internal factors such as morality and knowledge, as well as external factors in the form of technological convenience, together affect the compliance of MSME taxpayers.

Figure 1. Frame of Mind



Source: Author's Processed Results (2025)

METHOD

This study uses a quantitative approach with a causal design to analyze the cause-and-effect relationship between morality variables, tax knowledge, and the implementation of digital tax payments on the compliance of MSME taxpayers in Palembang City. The research data was collected using a five-point Likert scale questionnaire given to respondents who met certain criteria, namely MSME taxpayers in Palembang City who have experience in paying taxes independently. The sampling technique uses purposive sampling because this study requires respondents with special characteristics so that the data obtained is accurate and relevant. The calculation of the number of samples used the Slovin formula with an error rate of 10%, so that 398 respondents were obtained as a research sample. All data collected is in the form of primary data obtained directly from respondents through filling out questionnaires.

Data analysis was carried out using the help of SPSS software through several test stages, namely validity and reliability tests as instrument tests, as well as classical assumption tests which included normality, multicollinearity, and heteroscedasticity tests to ensure the feasibility of regression models. After all assumptions are met, the analysis is continued with multiple linear regression tests to determine the influence of each independent variable on the dependent variable. Hypothesis testing was carried out through a t-test to see the partial influence, an F test to see the simultaneous influence, and a determination coefficient (R^2) to assess the model's ability to explain variations in taxpayer compliance. All analysis procedures were used to test hypotheses regarding the influence of morality, tax knowledge, and payment digitalization on MSME taxpayer compliance.

RESULTS AND DISCUSSION

Classic Assumptions

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		400
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2.71828198
Most Extreme Differences	Absolute	.045
	Positive	.022
	Negative	-.045
Test Statistic		.045
Asymp. Sig. (2-tailed)		.055[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Based on the results of the Kolmogorov-Smirnov test, the Asymp value. Sig. (2-tailed) is 0.055, greater than the significance level of 0.05. Thus, residual data is distributed normally. These results show that the regression model in the study meets the assumption of normality

Table 2. Multicollinearity Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.532	1.180		-.451	.652		
Tax Morality	.425	.051	.409	8.379	.000	.559	1.788
Tax Knowledge	.411	.064	.306	6.387	.000	.580	1.724
Implementation of Digital Tax Payments	.129	.033	.147	3.929	.000	.951	1.051

The results of the multicollinearity test showed that the Tolerance value for each independent variable was above 0.10, namely 0.559 for Tax Morality, 0.580 for Tax Knowledge, and 0.951 for the Implementation of Digital Tax Payments. In addition, the VIF (Variance Inflation Factor) value of all variables was below 10, which was 1.788 each; 1,724; and 1,051. Thus, it can be concluded that this regression model does not experience symptoms of multicollinearit.

Table 3. Heterogeneity Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.716	.689		3.945	.000
Tax Morality	-.041	.030	-.093	-1.390	.165
Tax Knowledge	.023	.038	.040	.602	.548
Implementation of Digital Tax Payments	-.007	.019	-.020	-.388	.698

Based on the results of the Glejser test, a significance value of 0.165 was obtained for the variable of Tax Morality, 0.548 for Tax Knowledge, and 0.698 for the Implementation of Digital Tax Payments. The overall significance value is greater than 0.05, so it can be concluded that there are no symptoms of heterokedasticity in the regression model. This shows that the variants of the residual are constant and that the regression model is feasible.

Table 4. Determination Coefficient Test Results

Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.687a	.472	.468	2.729

a. Predictors: (Constant), Digital Tax Payment Implementation, Tax Knowledge, Tax Morality

b. Dependent Variable: Taxpayer Compliance

The results of the determination coefficient test showed an Adjusted R Square value of 0.468, which means that 46.8% of the variation of Taxpayer Compliance (Y) can be explained by the variables Tax Morality (X1), Tax Knowledge (X2), and Implementation of Digital Tax Payments (X3) together. While the remaining 53.2% was influenced by other factors that were not studied in this study.

Table 5. F Test Results

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2631.544	3	877.181	117.821	.000b
	Residual	2948.234	396	7.445		
	Total	5579.777	399			

a. Dependent Variable: Taxpayer Compliance

b. Predictors: (Constant), Implementation of Digital Tax Payments, Tax Knowledge, Tax Morality

Based on the results of the ANOVA test, an F value of 117.821 was obtained with a significance value of 0.000 which is smaller than 0.05. These results show that the variables of Tax Morality, Tax Knowledge, and the Implementation of Digital Tax Payments simultaneously have a significant effect on Taxpayer Compliance.

Multiple Linear Regression Analysis

Table 6. Regression analysis results

Coefficient

Type		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.532	1.180		-.451	.652
	Tax Morality	.425	.051	.409	8.379	.000
	Tax Knowledge	.411	.064	.306	6.387	.000
	Implementation of Digital Tax Payments	.129	.033	.147	3.929	.000

Based on the results of multiple linear regression analysis in the table above, the following regression equations are obtained:

$Y=-0.532+0.425X1+0.411X2+0.129X3$

The interpretation of each regression coefficient is as follows:

1. The regression coefficient of the Tax Morality variable (X1) of 0.425 is a positive value indicating that every one unit increase in Tax Morality will increase Taxpayer Compliance by 0.425 units, assuming the other variables are considered constant. Tax Morality Affects Taxpayer Compliance.

2. The regression coefficient of the Tax Knowledge variable (X2) of 0.411 is a positive value which indicates that every one unit increase in Tax Knowledge will increase Taxpayer Compliance by 0.411 units, assuming the other variables are considered constant. Tax Knowledge has an effect on Taxpayer Compliance.
3. The regression coefficient of the Digital Tax Payment Implementation variable (X3) of 0.129 has a positive value which indicates that every one unit increase in the Digital Tax Payment Implementation will increase Taxpayer Compliance by 0.129 units, assuming other variables are considered constant. Digital Tax Payment Affects Taxpayer Compliance.

Table 7. T Test Results

Coefficient

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.532	1.180		-.451	.652
	Tax Morality	.425	.051	.409	8.379	.000
	Tax Knowledge	.411	.064	.306	6.387	.000
	Implementation of Digital Tax Payments	.129	.033	.147	3.929	.000

a. Dependent Variable: Taxpayer Compliance

The t-test is used to test the influence of each independent variable on the dependent variable partially. Based on the results of the calculation, the following results were obtained:

1. The Tax Morality variable (X1) has a calculated t-value of 8.379 with a significance level of 0.000 < 0.05. This shows that Tax Morality has a positive and significant effect on Taxpayer Compliance.
2. The Tax Knowledge variable (X2) has a calculated t-value of 6.387 with a significance level of 0.000 < 0.05. This shows that Tax Knowledge has a positive and significant effect on Taxpayer Compliance.
3. The Digital Tax Payment Implementation variable (X3) has a calculated t-value of 3.929 with a significance level of 0.000 < 0.05. This shows that the Implementation of Digital Tax Payments has a positive and significant effect on Taxpayer Compliance.

The Influence of Taxpayer Morality on the Compliance of MSME Taxpayers in Palembang City

The results of the study show that tax morality has a positive and significant influence on the compliance of MSME taxpayers in Palembang City. Tax morality reflects the values, beliefs, and ethical principles that taxpayers have in viewing tax obligations, including the understanding that paying taxes is a moral responsibility to support the development of the country. In the context of MSMEs in Palembang City, high morality is reflected in taxpayers' awareness that compliance is not only influenced by sanctions or supervision, but also by personal integrity and commitment to contribute to the state's finances. These findings are in line with the core aspects of the Theory of Planned Behavior (TPB), especially in the component of attitudes and subjective norms, where moral values form a positive perception of tax-compliant behavior. When individuals view tax compliance as morally correct action, their behavioral intentions become stronger and encourage actual behavior in the form of compliance with tax regulations.

High tax morality encourages MSME taxpayers to report their turnover honestly, pay taxes on time, and make the right use of tax facilities. In addition to psychological aspects, morality also plays a role in reducing tax avoidance behaviors that usually arise due to negative perceptions of tax burdens. Thus, the results of this study emphasize that fostering taxpayer morality through value education, socialization of tax ethics, and improving integrity is an important strategy in increasing the tax compliance of MSMEs in the city of Palembang.

The findings of this study are in line with the research (Mursalin, 2021) which found that taxpayers' morality has a significant influence on compliance, because taxpayers with a high level of integrity tend to be more obedient in fulfilling their tax obligations. Similar results were also found by (Dalimunthe & Silalahi, 2022) which shows that morality functions as an internal control that is able to suppress tax evasion behavior in MSME actors. Meanwhile, research (Karimah et al., 2025) revealed that taxpayer morality plays a role as a psychological factor that strengthens the relationship between tax knowledge and tax compliance, so that taxpayers with good morality are better able to implement their tax knowledge into real actions. These findings further strengthen the results of this study that morality is a key variable that not only encourages compliance, but also strengthens the effectiveness of tax policies directed at MSME actors. Overall, these relevant studies show that efforts to improve the morality of taxpayers through value education, tax ethics coaching, and increasing public awareness are important strategies to increase the compliance of MSME taxpayers, including in the city of Palembang.

The Influence of Tax Knowledge on the Compliance of MSME Taxpayers in Palembang City

The results of this study show that MSME taxpayers who have better knowledge tend to be able to carry out their tax obligations correctly because they understand the risks, responsibilities, and social benefits of tax contributions. Meanwhile, the variable of digital tax payment implementation showed a positive influence with a coefficient of 0.129 ($t = 3.929$). Although the effect is smaller than the other two variables, tax digitalization remains a significant factor because ease of access, time efficiency, and more practical processes can increase taxpayers' motivation to carry out tax obligations in a timely manner.

Tax knowledge is a very important variable, especially in the context of MSMEs which often have limitations in understanding changing tax regulations. The results of this study show that the better the taxpayer's understanding of the tax mechanism, the higher their level of compliance. Knowledge helps taxpayers reduce the fear of administrative errors and minimize the risk of errors in filling out forms or tax calculations. In addition, tax knowledge also plays a role in forming a positive attitude towards taxes, as individuals who understand the benefits of taxes for the development of the country will have a stronger motivation to fulfill their tax obligations. In the context of MSMEs in Palembang City, tax knowledge is very relevant because most business actors are in the category of small businesses that require a basic understanding of the modern tax system, including digitalization through e-billing, e-filing, and e-registration. Knowledge improvement can be done through socialization, mentoring, and tax training organized by the government and local tax authorities. In this study, in line with the Theory of Planned Behavior (TPB), good tax knowledge forms a positive attitude towards tax obligations. Understanding tax procedures, rates, and social benefits from tax revenue makes MSME taxpayers consider that tax compliance is the right and useful action. Adequate knowledge also reduces the fear of administrative errors, thus increasing confidence that they are able to carry out the tax reporting and payment process independently.

The findings of this study are consistent with studies by (Endrayanto et al., 2022) found that tax knowledge has a significant effect on the compliance of MSME taxpayers in Yogyakarta, where understanding of tax rates, procedures, and benefits increases tax reporting awareness. Research (Budiyarni, 2024) also showed similar results, that tax knowledge is the dominant factor that affects the compliance of individual taxpayers of MSME actors in Central Java. In addition, a study by Sinuhaji et al., (2024) strengthens that tax knowledge and digitization of tax services have a positive effect on the tax compliance of MSME actors after the massive implementation of the e-filing system. Research by (Hadi & Mahmudah, 2018) reinforcing these findings by stating that a good tax understanding not only improves compliance, but also encourages taxpayers to take advantage of technology-based tax services. The similarity of the results of these various studies shows that tax knowledge is a key variable that consistently affects the level of compliance of taxpayers, including in the context of MSMEs in Palembang City as found in this study.

The Effect of Digital Payment Implementation on MSME Taxpayer Compliance in Palembang City

The results of the study show that the regression model used has a fairly strong ability to explain the variation in compliance of MSME taxpayers in Palembang City. This is evidenced by the results of the regression test showing that the implementation of digital tax payments has a positive and significant effect on taxpayer compliance with a coefficient value of 0.129 and a significance of 0.000. This shows that the better the digital tax payment process—for example through e-billing, e-filing, or other tax applications—the higher the compliance level of MSME taxpayers. A positive coefficient value indicates that the digital system helps reduce administrative obstacles that are often obstacles in the manual taxation process. Taxpayers can make payments without having to come to the tax office, reduce the risk of queues, save time, and minimize data filling errors. In addition, digital payments are considered more transparent and easy to monitor, thereby increasing taxpayers' trust and comfort in fulfilling their tax obligations. These findings are in line with the Technology Acceptance Model (TAM) theory, which states that the perception of ease of use and the perception of benefits play an important role in encouraging someone to use technology, including in the context of taxation.

In addition, the results of the t-test show that the implementation of partial digital tax payments also has a significant influence on taxpayer compliance. With a calculated t-value of 3.929 and a significance of 0.000, this finding emphasizes that the digitization of the tax payment process makes a real contribution in encouraging MSME taxpayers to be more compliant. The existence of a due reminder feature, 24-hour payment access, and automatically stored digital payment receipts are factors that make it easier for taxpayers. This convenience reduces the administrative and psychological burden, so that taxpayers no longer consider the tax process as complicated or time-consuming. Tax digitization also creates a more accurate and efficient system, thereby minimizing the risk of miscalculations and late payments.

The findings of this study are in line with several previous studies. Research by (Okawati et al., 2025) It shows that tax digitalization through e-filing and e-billing has a significant effect on taxpayer compliance because it increases efficiency and ease in the reporting process. Furthermore, the research (Purnomo et al., 2025) stated that the adoption of a digital taxation system encourages an increase in the compliance of MSME taxpayers because it reduces technical barriers and compliance costs. Research (Rahmawati & Dwijayanto, 2022) It was also found that the ease of using digital tax applications had a positive effect on taxpayer compliance, especially for small business actors. Meanwhile, a recent study by (Barri & Hidayat, 2025) reinforcing that the digitization of tax services has a significant impact on compliance because it increases transparency and convenience for taxpayers in completing their tax obligations.

The Influence of Morality, Knowledge, and Digital Tax Payments on the Compliance of MSME Taxpayers in Palembang City

The results of the study show that tax morality, tax knowledge, and the implementation of digital tax payments have a significant effect on the compliance of MSME taxpayers in Palembang City. The value of the determination coefficient (Adjusted R Square) of 0.468 explains that 46.8% of the variation in taxpayer compliance can be explained by these three independent variables. These findings reinforce that the internal aspects of taxpayers, such as morality and knowledge, as well as external aspects in the form of the ease of tax payment technology, have an important role in encouraging the realization of tax compliance. The F test with a significance value of 0.000 shows that these three variables simultaneously affect taxpayer compliance. This means that compliant behavior is not only determined by a single factor, but is the result of an interaction of moral beliefs, understanding of tax regulations, and the application of technology that facilitates the process of fulfilling tax obligations. This is in line with the framework of the Theory of Planned Behavior (TPB) and Technology Acceptance Model (TAM) which emphasizes that individual intentions and behaviors are formed through a combination of psychological, cognitive, and perception factors towards the technology used.

Partially, tax morality was proven to have the strongest influence on taxpayer compliance with a regression coefficient of 0.425 and the largest t-calculated value of 8.379. These findings suggest that the higher a person's integrity and moral awareness, the more likely they are to comply with tax obligations without the need for external coercion. Furthermore, tax knowledge also had a significant effect with a coefficient of 0.411. Knowledge related to tax rules, rates, reporting obligations, and tax benefits for the state encourages MSME taxpayers to be compliant because they understand the process and consequences of their actions. Meanwhile, the implementation of digital tax payments has a positive influence even though it has the lowest coefficient value of 0.129. This shows that tax digitalization such as e-billing and e-payment has made it easier for taxpayers to make payments, but this factor still depends on the readiness of technology and the adaptability of taxpayers. In general, the regression results reinforce that the three factors work complementary in shaping tax compliance behavior in MSMEs in Palembang City.

The results of this study are in line with the findings of previous researchers(Simanjuntak & Sudjiman, 2023) In his research, it was found that tax morality has a significant influence on taxpayer compliance, where individuals with high morality tend to comply with tax regulations despite limited external supervision. Similar findings were also revealed by (Wulandari, 2023) who found that morality is a strong predictor of tax compliance behavior in MSME actors. In terms of tax knowledge, research by (Limbong et al., 2023) stating that the higher the level of taxpayers' understanding of tax procedures, the more likely they are to carry out their tax obligations correctly and on time. Meanwhile, in the context of digital tax payments, the findings of this study are in line with the results of a study by (Kusumaningrum & Kusumawati, 2025) which concludes that the adoption of digital taxation systems, including e-filing and e-payment, significantly improves taxpayer compliance through the perception of ease of use and time efficiency. Thus, the results of this study strengthen empirical evidence that morality, knowledge, and digitalization have an important role in improving tax compliance, especially in the MSME sector.

CONCLUSION

Based on the results of the research that has been conducted, it can be concluded that tax morality, tax knowledge, and the implementation of digital tax payments have a positive and significant effect on the compliance of MSME taxpayers in Palembang City, both partially and simultaneously. Tax morality is the factor with the strongest influence, showing that the integrity, ethical values, and moral awareness of taxpayers are the main determinants of compliance behavior. Tax knowledge has also proven to play an important role because a good understanding of tax rules, procedures, and benefits encourages taxpayers to carry out their obligations correctly. Meanwhile, the digitization of tax payments through e-billing and online tax services provides ease of process, increases efficiency, and encourages taxpayers to be more compliant even though the effect is not as large as the other two variables. Overall, these three variables were able to explain 46.8% of the variation in taxpayer compliance, which means that compliance is the result of a combination of internal taxpayer factors and the support of the modern tax system. These findings reinforce the importance of improving morality, strengthening tax education, and accelerating digital transformation to increase MSME tax compliance in a sustainable manner.

Suggestion

Based on the findings of the research, it is suggested that the Directorate General of Taxes improve tax education and improve the quality of digital services to make it easier for MSME taxpayers to fulfill their obligations. MSME actors also need to increase their understanding and moral awareness regarding the importance of tax compliance for development. From a theoretical perspective, this research can be the basis for developing a model of taxpayer behavior that integrates aspects of morality, knowledge, and the use of technology. The next research is suggested to add other variables such as the perception of tax fairness, service quality, or social factors, as well as expand the scope of the region so that the results are more comprehensive and can be generalized.

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