



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

ENFORCEMENT OF SANCTIONS, KNOWLEDGE OF TAX OBLIGATIONS AND JUSTICE IN PROMOTING TAXPAYER COMPLIANCE

David Pangaribuan¹, Tutty Nurryati², Rudhi Hartono³
Faculty of Economics and Business Jakarta Bhayangkara University¹²³
Email: david_stieku@yahoo.com¹, tutty.nuryati@dsn.ubharajaya.ac.id²,
rudhi.hartono@mhsbharajaya.ac.id³

ABSTRACT

The purpose of this study was to examine the effect of tax sanction enforcement, knowledge of tax obligations and fairness of the tax system on taxpayer compliance of Micro, Small and Medium Enterprises (MSMEs) in Bekasi City. The study population was 624 and the sample was 100 respondents, using non-probability sampling techniques and multiple linear regression data analysis methods. The results of the study reveal that (a) enforcement of tax sanctions has a positive effect on compliance. (b) Knowledge of tax obligations has a positive effect on taxpayer compliance. (c) The fairness of the tax system has a positive effect on MSME taxpayer compliance in Bekasi City. The results of the research have implications for efforts to educate, foster and build a tax compliance culture. Knowledge and understanding have implications for motivation to participate in development through awareness of timely tax payments. The fairness of the tax system has positive implications for encouraging equality of rights and obligations in the tax system.

Keywords: Enforcement of sanctions, Knowledge of obligations, Justice, Taxation and Taxpayer Compliance

Background Behind the Problem

Data from the Central Bureau of Statistics (BPS) for the Bekasi City Government shows data on economic growth that continues to increase. The increase and economic growth is largely supported by the growth of MSMEs which continue to increase and grow every year. In 2021, Bekasi City's economy will be recorded at 3.22 percent, while in 2022 it will be recorded at 4.9 percent. Acting Mayor of Bekasi Tri Adhianto explained that Bekasi City does not have adequate natural resources like other cities in Indonesia, but has great potential and market power. With a population of 2,400,000 people, Bekasi City has grown to become the best potential and market power for 250,000 MSME players as well as the motor of Bekasi City's economy.



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

Table 1.1 Development of MSMEs in Indonesia

| Business Units | 2015 | 2016 | 2017 | 2018 |
|-----------------|------------|------------|------------|------------|
| Micro Business | 58,521,987 | 60,863,578 | 62,106,900 | 63,350,222 |
| Small Business | 681,522 | 731,047 | 61,651,176 | 783,132 |
| Medium Business | 59,263 | 56,551 | 58,627 | 60,702 |
| Total | 59,262,772 | 61,651,176 | 62,922,617 | 64,194,056 |

Source: Ministry of Cooperatives and Small and Medium Enterprises, (data processed)

MSMEs contribute around 60% of Indonesia's total Gross Domestic Product (GDP). In addition, MSMEs also provide income for the country in the form of foreign exchange which is quite large, reaching IDR 88.45 billion. With these various important roles, MSME actors clearly play a very large role in supporting national economic growth and social welfare. The results of several studies related to knowledge of tax obligations by MSMEs include; Fitria & Supriyono (2019) revealed that MSME actors' knowledge and understanding of tax regulations has a positive influence on their compliance with fulfilling their tax obligations. Indrawan & Binekas (2018) concluded that tax understanding and knowledge has a positive effect on SME taxpayer compliance. Likewise, Maulida's research (2018) concluded that MSMEs are willing to pay taxes with a new tax rate of 0.5% of gross sales. However, MSMEs still need guidance and knowledge and more detailed information on handling their tax obligations. Like the research by Putri et al. (2019) found that the level of understanding of MSME taxpayers in Tomohon City is quite good, however, the obligation to calculate, pay and report taxes, MSME taxpayers are still low, inversely proportional to the willingness of taxpayers. Based on this research, the understanding and knowledge of MSME taxation influences compliance with tax obligations. However, MSMEs still need assistance and counseling. Besides that,

Taxes have an important role in supporting the financing of the development of a nation and state, because taxes are the main source of state revenue. One of the potential tax revenues for the Indonesian government comes from Small and Medium Enterprises (Riduwani et al., 2021). Realization of successful tax revenue



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

is the responsibility of citizens as potential taxpayers, because the use of taxes is for the welfare of all citizens. During the last five years, the number of small, medium and micro enterprises has continued to increase. This can be seen from the data for the last 5 years, the number of MSME units in the city of Bekasi from 2017 to 2022 has increased very rapidly. The development of Micro, Small and Medium Enterprises (MSMEs) in Indonesia continues to experience very rapid growth. This is proven by the increase in the number of MSMEs in Bekasi City from 2017 to 2021 as many as 274,143 units have been registered (Source: West Java Office of Cooperatives and Small Enterprises). However, the increase in the number of MSMEs has not shown a significant level of compliance in fulfilling tax obligations.

The low level of compliance of MSME actors is due to tax socialization activities regarding knowledge of MSME tax obligations that have not been effective, enforcement of sanctions that are not strict and the application of the principle of fairness in coaching by the Regional Government is still weak. Various efforts and efforts have been made by the government, including providing assistance in the form of incentives for MSME final income tax borne by the government. The question is whether this policy is known by all MSME taxpayers or is its implementation fair to all MSME actors? This is the trigger for this research to be conducted. This is a phenomenon because there are still many MSMEs who have not optimally utilized these tax incentives. Of the 2.3 million MSMEs that have new NPWP, around 201,880 or 10% of MSMEs take advantage of these tax incentives.

The low level of compliance of MSMEs in paying taxes is influenced by several factors, namely a lack of understanding regarding the importance of taxes for general welfare, Hilda Nurhidayah (2021). Some people still think that paying taxes to the government is a loss. Besides that, there is a lack of knowledge and understanding in calculating, paying and reporting taxes even though the tax payment facility is online. Besides that, the factor of the firmness of tax sanctions has not succeeded in educating, disciplining and even forming a culture of tax



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

compliance that is still low. The fairness factor in the application of sanctions and the enforcement of MSME taxpayers is a factor that needs attention. The fairness factor in question is a form of appreciation for compliant MSME taxpayers and non-compliant taxpayers who must be given strict sanctions by the public seeing the government's good efforts in solving taxpayer compliance problems. In principle, tax sanctions are aimed at forming a culture of compliance by taxpayers with the applicable tax laws and regulations. Enforcement of sanctions must be able to ensure that the sanctions imposed have a deterrent effect and allow other taxpayers to be monitored (Riduwani et al., 2021).

Knowledge of tax obligations often changes, because of that socialization is needed. Tax knowledge affects taxpayer compliance. The government seeks to increase taxpayer knowledge by providing free consultations, tax inclusion, leaflets and advertisements to increase taxpayer compliance in fulfilling their tax obligations.

Formulation of the problem

Based on the background above, the formulation of the problems in this study include:

1. How does the strictness of tax sanctions affect the compliance of MSME taxpayers in Bekasi City?
2. How does knowledge of tax obligations influence MSME taxpayer compliance in Bekasi City?
3. What is the effect of tax justice on MSME taxpayer compliance in Bekasi City?

Theoretical basis

Attribution Theory and Compliance Theory

Attribution theory explains how to determine the causes or motives of a person's behavior (Freitz Heider, 1958). Behavior caused by internal factors comes from oneself, and external factors are behaviors that are influenced from outside the individual, for example, must behave because of the situation. If it is related to the attitude of the taxpayer in making an assessment of taxes, it can be influenced



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

by internal and external factors. (Ulfa & Mildawati, 2019). This theory can describe the attitude of MSME taxpayers, in carrying out tax obligations can be influenced by factors of knowledge and understanding of taxation. Knowledge of taxation is an internal factor that forms the basis for consideration of taxpayer decisions.

Compliance is obedient, obedient and subject to the rules shows a condition in which a person obeys the orders and rules given. Compliance theory encourages someone to obey the rules. The advantage of paying taxes on time is avoiding sanctions for late paying taxes and a positive impact on smooth development.

Tax Knowledge

Knowledge of taxation is knowledge of taxpayers about: rights and obligations of taxpayers. This relates to the Taxpayer Identification Number, tax sanctions, tax rates, Non-Taxable Income, how to pay and report taxes. Tax knowledge is also related to the roles, functions and tax benefits that have been paid to the State treasury. Tax knowledge is essentially about what must be done and what cannot be done by taxpayers (Anggini et al., 2021). Tax knowledge is closely related to internal factors that can affect taxpayer compliance. The factor of low socialization activity will affect the level of knowledge and awareness of taxpayers specifically in forming a culture of compliance in fulfilling tax obligations, Hapsari & Ramayanti (2022). Good tax knowledge will affect awareness and increase knowledge about the use of taxes and the tax benefits they will get. Increased knowledge of taxation affects taxpayer compliance.

Tax System Fairness

Justice is an attitude and character that makes people do things and hope for justice. The formation of attitudes and character comes from an observation of certain objects that have multiple sides. In this case, two arguments apply, namely: if "good" conditions are known, then bad conditions are also known. A "good" condition is known from something that is in a "good" condition. In general, it is said that people who are unjust are people who are not lawful (lawless) and people who are not fair (unfair), so people who are just are people who obey the law (law-



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

abiding) and are fair. In tax collection, the principle of justice is an important matter, taking into account fairness in the preparation of the Tax Law, fairness in the application of tax provisions, and fairness in the use of tax money.

Taxpayer Compliance

Taxpayer compliance is a form of awareness of carrying out tax obligations with a self-assessment system that gives responsibility for calculating, reporting, and paying the tax owed to the taxpayer himself. Increasing compliance can be done through improving tax administration, improving services, systematic and continuous counseling and law enforcement (Wulandari, 2017). Public trust in tax management institutions also influences the motivation of taxpayers to behave obediently and tax consciously.

Framework

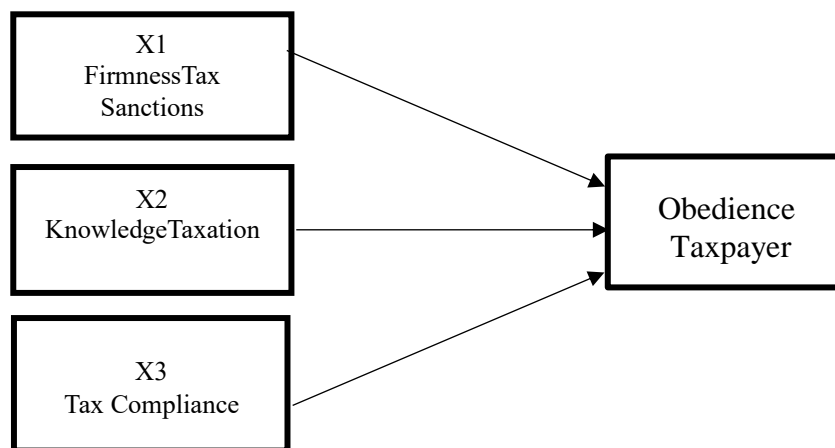


Figure 2. 1 Thinking Framework

Information:

X : Independent Variable

Y : Dependent Variable

Research Hypothesis

Enforcement of Sanctions and Taxpayer Compliance

The strictness of tax sanctions encourages taxpayer compliance in fulfilling their tax obligations. The stricter the sanctions imposed, the more awareness to fulfill tax obligations. Taxpayers who consider the imposition of sanctions burdensome will



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

deter taxpayers from taking actions that violate tax regulations. Conversely, if the sanctions imposed are not strict enough, they will have a negative impact on compliance (Damayanti & Fajriana, 2021). Research by Nalik et al., (2021) proves that the strictness of tax sanctions is a means of controlling the obedient behavior of taxpayers. Research by Cahyani & Noviari (2019) shows that tax sanctions have a positive and significant effect on mandatory compliance.

H1: It is suspected that the strictness of sanctions has a positive effect on taxpayer compliance

Tax Knowledge and Taxpayer Compliance

Taxpayer compliance is related to the level of understanding of tax laws and regulations and general tax provisions. Good tax knowledge will shape taxpayer awareness and motivation to comply, Marianti,, Mahaputra, Sudiartana (2020). Candra & Asrida's research (2022) reveals that the knowledge variable has a positive effect on taxpayer compliance. The better the taxpayer's knowledge, the more motivation to comply. Conversely, the lower the taxpayer's knowledge of taxation will affect the awareness and motivation of taxpayer compliance. Thus good and positive knowledge of tax regulations will have a positive effect on tax compliance. Based on this, the research hypothesis is as follows:

H2: It is suspected that tax knowledge has a positive effect on taxpayer compliance

Tax Fairness and Taxpayer Compliance

Tax justice is an act that is not arbitrary or impartial on the prevailing taxation system. Tax justice is equality and equity in the taxation system according to the circumstances of the taxpayer (Fitria & Supriyono, 2019). Amalia's research (2020) reveals that tax justice has a positive effect on taxpayer compliance. Likewise Wulandari's research (2017) concluded that tax justice has a positive effect on taxpayer compliance. This means that equal treatment in the taxation system provides awareness and encourages taxpayer compliance to fulfill their tax obligations. Thus fairness in taxation will encourage public participation, including MSME taxpayers, in fulfilling their tax obligations.

H3: It is suspected that tax justice has a positive effect on taxpayer compliance



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

Types and Research Methods

This study uses quantitative research methods with descriptive statistical data analysis techniques. This method is called the quantitative method because the data in this study are in the form of numbers and the analysis uses statistics. Quantitative research is carried out with the number of samples determined based on the existing population. Calculation of the number of samples is done by using a certain formula. The selection of the formula to be used is then adjusted to the type of research and population homogeneity (Indradi, 2018).

Conceptual Research Methods

The conceptual model is a schema that shows the relationship between various variables that have been previously identified and then used to analyze problems in research. The conceptual model of this study is a hypothesis test to analyze the influence of the firmness of tax sanctions, tax knowledge, and tax justice on MSME taxpayer compliance in Bekasi City.

| Variable | Operational definition | Indicator |
|---|--|--|
| Firmness of Tax Sanctions (X1) Khodijah et al, 2012, Kusumaningrum 2019) | Tax Sanctions An effort to enforce sanctions with the aim of fostering, educating and disciplining taxpayers so that they comply with tax obligations. | <ol style="list-style-type: none"> 1. Late penalties for tax obligations 2. Imposition of sanctions according to violations 3. Imposition of sanctions according to regulations 4. The imposition of sanctions aims to educate taxpayers 5. Enforcement of tax sanctions to discipline and coaching |
| Knowledge of Tax Obligations (X2) Wardani 2018, Kusumaningrum 2019) | Knowledge of Tax Obligations is an understanding related to the tax obligations of taxpayers contained in the general provisions of taxation. | <ol style="list-style-type: none"> 6. Knowledge General provisions of taxation 7. Tax knowledge related to the self-assessment tax system 8. Knowledge related to tax functions and benefits 9. Knowledge related to the role of taxes in development financing 10. Knowledge of tariffs, and sanctions for late payment of taxes |
| Taxpayer Justice (X3) Awaliyah and (Purwanti, 2018) and (Fhyel 2018) | The fairness of the tax system relates to equal rights and obligations in taxation | <ol style="list-style-type: none"> 11. Treatment in the implementation of tax rules 12. Receiving benefits received by the taxpayer 13. The imposition of tariffs applies fairly according to the conditions of the taxpayer 14. Justice system in the implementation of taxation 15. The tax burden is based on the principle of carrying capacity |



INTERNASIONAL CONFERENCE & CALL FOR PAPER

**ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May
2023**

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

| | | |
|--|--|---|
| | | 16.The tax burden is in accordance with the justice system 17.Tax rates are charged fairly |
| Taxpayer compliance (Y) Wardani and Wati, 2018, Lestari et al, 2022) | Taxpayer compliance is a condition that describes the awareness of taxpayers in fulfilling their tax obligations | 18.Consciously taking care of NPWP 19.Awareness to pay tax obligations 20.Taxpayers are aware of the obligation to carry out self-assessments 21.Awareness to report tax payments on time 22.Awareness to comply with the obligation to pay taxes |

Variable Operationalization

Variable operations are performed through the procedure of defining theoretically translated through operational definition definitions that meet the operational definition rules (Sugiyono, 2017). The variables used in this study consist of independent variables and dependent variables, namely:

Table 3.1 Operationalization of Research Variables and Indicators Presearch

Research Instruments

The research instrument is a tool used in collecting research data, the data used in this research is quantitative data, namely data that is or is in the form of numbers. Respondents' answers were measured using a Likert scale. According to (Sugiyono, 2017) the Likert scale is used in measuring attitudes, opinions, perceptions of a person or group of people about social phenomena. This Likert scale is used in the research questionnaire using SPSS 24 to obtain calculation results from the various methods used and to analyze the formulation of the research problems. The answers to each instrument item using a Likert scale have a level from strongly agree to strongly disagree, as follows:

Table 3. 2 Variable Measurements

| Answer Scale | Mark |
|-------------------------|-------------|
| Strongly Disagree (STS) | 1 |
| Disagree (TS) | 2 |
| Neutral (N) | 3 |



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

| | |
|---------------------|---|
| Agree (S) | 4 |
| Strongly Agree (SS) | 5 |

Population and Sampling Method

Population is a generalized area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then conclusions drawn. So the population is not only people, but also objects and other natural objects. The population in this study were all MSME entrepreneurs in Bekasi City with a total of 1,026. This research uses non-probability sampling technique. The technique was chosen taking into account the criteria set by the researcher and efficiency in the process of obtaining the required data so that not all MSME taxpayers become objects of this research. Determination of the number of samples is calculated using the slovin formula:

$$n = N / (1 + (N \times E^2))$$

$$n = 632 / (1 + (632 \times 10\%^2))$$

$$= 632 / 6.32$$

$$n = 100$$

Information:

n = Number of
Samples
N = Total
Population
E = Standard Error

Based on the slovin formula using a 10% margin of error, the sample used in this study is Based on these calculations, it is known that n = 100 are respondents. The criteria for respondents in determining the sample using non-probability sampling in this study are:

Table 3. 3 Sampling Criteria

| No. | Criteria |
|-----|--|
| 1 | MSME taxpayers domiciled in Bekasi City |
| 2 | Taxpayers who have NPWP |
| 3 | Taxpayers participating in filling out the questionnaire |



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

Analysis and Discussion

Reality Test

The reliability test is demonstrated a level of consistency and accuracy of measurement results. The criteria for a research instrument are said to be reliable. The reliability test can be carried out simultaneously on all questions. If the Alpha value > 0.60 then it is declared reliable.

Table 4. 9 Reliability Test Results

| No | Variable | <i>CronbachAlpha</i> | Criteria | Information |
|----|---------------------------|----------------------|----------|-------------|
| 1 | Firmness of Tax Sanctions | 0.765 | 0.60 | Reliable |
| 2 | Tax Knowledge | 0.636 | 0.60 | Reliable |
| 3 | Tax Justice | 0.595 | 0.60 | Reliable |
| 4 | Taxpayer Compliance | 0.625 | 0.60 | Reliable |

Source: Data Processed 2022

Table 4.9 shows that Cronbach's Alpha value for the variable of firmness of tax sanctions is 0.765, knowledge of taxation is 0.636, tax justice is 0.595, and MSME taxpayer compliance is 0.625. Thus it can be concluded that the statements in this questionnaire are reliable because they have a Cronbach Alpha value of > 0.60 .

Multiple Linear Regression Test

Linear regression analysis aims to examine the influence of one variable on another. Variables that are affected are called dependent or dependent variables, while variables that affect are called independent variables or independent variables. Based on the calculation of multiple linear regression analysis carried out through statistical tests using the SPSS version 24 program, the following results were obtained:

Table 4. 10 Multiple Linear Regression Test Results

| Coefficientsa | |
|-----------------------------|---------------------------|
| Unstandardized Coefficients | Standardized Coefficients |
| | |



INTERNASIONAL CONFERENCE & CALL FOR PAPER

**ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May
2023**

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

| ModelB | | std. Error | Betas | t | Sig. |
|--------|---------------------------|------------|-------|-------|------|
| 1 | (Constant) | 6,587 | | 3,473 | .001 |
| | Firmness of Tax Sanctions | .111 | .146 | 1674 | .097 |
| | Tax Knowledge | .371 | .410 | 4.106 | .000 |
| | Tax Justice | .174 | .214 | 2.115 | .037 |

a. Dependent Variable: Taxpayer Compliance

Source: SPSS Output 24

Based on the data table above, it can be seen that the numbers are in Unstandardized Coefficients beta, so the multiple linear regression equation can be formulated as follows:

$$Y = 6.587 + 0.111 X_1 + 0.371 X_2 + 0.174 X_3 + e$$

The equation model means that:

1. The constant is 6.587, which means that without the firmness of tax sanctions, knowledge of taxation, and fairness of taxation, the MSME taxpayer compliance is 6.587.
2. The regression coefficient for the variable of strictness of tax sanctions is 0.111, which means that for each variable of the strictness of tax sanctions has increased, there can be an increase in MSME taxpayer compliance in Bekasi City of 0.111.
3. The regression coefficient for the tax knowledge variable is 0.371, which means that if the tax payment mechanism variable increases, there can be an increase in MSME taxpayer compliance in Bekasi City by 0.371.
4. The regression coefficient on the tax equity variable is 0.174, which means that if the tax equity variable is experienced increase, it can cause the occurrence enhancement MSME taxpayer compliance in Bekasi City is 0.174.

Hypothesis testing

Table 4. 11 Statistical Test t

| Coefficients |
|--------------|
|--------------|



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

| ModelB | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------|------------------------|-----------------------------|------------|---------------------------|-------|------|
| | | | std. Error | Beta | | |
| 1 | (Constant) | 6,587 | 1897 | | 3,473 | .001 |
| | Firmness Tax Sanctions | .111 | .066 | .146 | 1.674 | .097 |
| | Knowledge Taxation | .371 | .090 | .410 | 4.106 | .000 |
| | Tax Justice | .174 | .082 | .214 | 2.115 | .037 |

a. Dependent Variable: Taxpayer Compliance

Source: SPSS Output 24

Based on the table above, the results of hypothesis testing can be formulated as follows:

1. Based on the results of statistical tests, it shows a significance value of 0.097, a value of $0.097 > 0.05$. Then the hypothesis is accepted. In this case it shows that the strictness of tax sanctions has a positive effect on MSME taxpayer compliance in Bekasi City.
2. Based on the results of statistical tests, it has a significance value of 0.000, a value of $0.000 < 0.05$. Then the hypothesis is accepted. In this case it shows that knowledge of taxation has a positive and significant effect on MSME taxpayer compliance in Bekasi City.
3. Based on the results of statistical testing, it has a significance value of 0.037 < 0.05 . Then the hypothesis is accepted. In this case it shows that tax justice has a positive effect on MSME taxpayer compliance in Bekasi City.

Discussion of Research Results

Based on the test results that have been carried out on the effect of the strictness of tax sanctions, tax knowledge, and tax fairness on MSME taxpayer compliance in Bekasi City, it can be explained as follows:

Strictness of Tax Sanctions and Taxpayer Compliance

Based on the test results and data analysis show that the results of the partial test calculation show a value of 1.674 (t_{count}) $>$ 1.660 (t_{table}) with a significance value of $0.97 < 0.05$. So it can be concluded that the hypothesis of the strictness of



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

tax sanctions affects taxpayer compliance. These findings explain that through strictness in imposing tax sanctions can increase MSME taxpayer compliance, this is confirmed from the value of the regression coefficient, which increases 0.111 points each. The results of this study are supported by the research of Sabila, Nadia Sal & Furqon (2020), which concluded that the strictness of enforcing tax sanctions has a positive effect on taxpayer compliance. The results of the same research from Hapsari & Ramayanti (2022), concluded that the imposition of tax sanctions has a positive effect on MSME taxpayer compliance. As well as the results of research by Nalik et al., (2021) the strictness of tax sanctions has a positive effect on fulfilling the tax obligations of MSME entrepreneurs. The implication of the results of this study is that the enforcement of strict sanctions will provide a deterrent effect on taxpayers so that they do not repeat acts that violate tax regulations, in this case they are in arrears or ignore tax obligations.

Tax Knowledge and Taxpayer Compliance

Based on test results and data analysis it is known that the partial test calculation results show a value of 4.106 (t_{count}) > 1.660 (t_{table}) with a significant value of $0.000 < 0.05$. So it can be concluded that the tax knowledge hypothesis has a proven effect on taxpayer compliance. The tax knowledge variable partially has a positive effect on MSME taxpayer compliance. Better tax knowledge can increase good perceptions about taxes so as to increase awareness which has a positive impact on MSME taxpayer compliance. The research results are supported by the research of Perdana & Dwirandra (2020) which reveals that knowledge of taxation has a positive and significant effect on MSME taxpayer compliance. Eriananda's research (2019) found that knowledge of taxation had a positive effect on MSME taxpayer compliance. The implication of this research is that the better the knowledge of taxpayers about taxation will increase awareness and positive perceptions of taxes, so that it has a positive impact on taxpayer compliance itself.

Tax Fairness and Taxpayer Compliance

Based on the test results and data analysis, it is known that the results of the partial test calculations show a t-count value of 2.115 > 1.660 or a t_{table} value, with a



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

significance value of $0.037 > 0.05$. Furthermore, it can be concluded that the third hypothesis which states that tax justice has a positive effect on MSME taxpayer compliance. These findings are in line with the results of Darmawan & Pusposari's research (2018) which concluded that tax justice has a positive effect on taxpayer compliance. The results of Ratna Handayani Zendrato's research (2022) also concluded that tax justice has a positive and significant effect on taxpayer compliance. Also, research conducted by Rahayu & Suaidah (2022) shows that partially fairness has a significant positive effect on taxpayer compliance. This shows that justice in the implementation of the tax system will encourage taxpayer compliance. Thus the element of justice in taxation is an important thing that needs to be considered and carried out by the government. The implication of the results of this study is to provide a sense of justice for taxpayers with a positive impact on the government's efforts to increase state revenues from tax sources. The application of a fair tax system will increase awareness to comply with the current tax regulations. The implication of the results of this study is to provide a sense of justice for taxpayers with a positive impact on the government's efforts to increase state revenues from tax sources. The application of a fair tax system will increase awareness to comply with the current tax regulations. The implication of the results of this study is to provide a sense of justice for taxpayers with a positive impact on the government's efforts to increase state revenues from tax sources. The application of a fair tax system will increase awareness to comply with the current tax regulations.

Conclusion

Based on the description and discussion, it can be concluded that (a) the strictness of tax sanctions has a positive effect on taxpayer compliance. The stricter the Tax Sanctions implemented, the higher the Taxpayer Compliance. (b) Knowledge of taxation has a positive and significant effect on Taxpayer Compliance. This means that the better the taxpayer's knowledge related to taxation will create a good perception and understanding so that this encourages taxpayer compliance. (c) Tax justice has a positive effect on taxpayer compliance. This means that the better the implementation of the tax system will encourage awareness and compliance of



INTERNASIONAL CONFERENCE & CALL FOR PAPER
ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May
2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

taxpayers in fulfilling their tax obligations.

The results of the research become input for government agencies to pay attention to the affirmation of tax sanctions, taxation knowledge of taxpayers through various effective tax socialization activities. Besides that, the issue of fairness is also an important variable that affects the compliance of MSME taxpayers. The results of this study are expected to provide important information for MSME taxpayers to further increase their knowledge and understanding of taxation. Suggestions for further research should relate to the factors that influence MSME taxpayer compliance such as service quality and tax law enforcement



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

BIBLIOGRAPHY

- Adiman, S., & Miftha, R. (2020). Effect of Implementation of Pp No. 23 of 2018 Concerning Increasing Compliance with Tax Payments for MSMEs (Micro, Small and Medium Enterprises). *Journal of Taxation*, 1(2), 68–82.
- Amalia, RF (2020). Analysis of Tax Understanding and Tax Justice on Taxpayer Compliance of Micro and Small Enterprises in Palembang City. *Owner (Research and Accounting Journal)*, 4(2), 540.
- Anggini, V., Lidyah, R., & Azwari, PC (2021). The Influence of Knowledge and Sanctions on Taxpayer Compliance with Religiosity as a Moderating Variable. *Syntax Literate ; Indonesian Scientific Journal*, 6(6), 3080.
- Anggriawan, AE (2020). The Influence of Tax Knowledge, Tax Dissemination, Tax Rates, Income Turnover, Business Age on Business, Micro, Small and Medium Taxpayer Compliance in Tegal Regency. In *Liquid Crystals* (Vol. 21, Issue 1).
- Awaliyah, KR, & Purwanti, EY (2018). Analysis of the Impact of Voluntary and Forced Compliance on the Level of Tax Compliance of MSMEs in the City of Semarang. *Journal of Development Economic Dynamics*, 1(2), 28.
- Ayu, V., & Sari, P. (2017). The Influence of Tax Amnesty, Tax Knowledge, and Fiscal Services on Taxpayer Compliance at the Indonesian College of Economics (Stiesia) Surabaya. 6.
- Cahyani, LPG, & Noviari, N. (2019). The Influence of Tax Rates, Understanding of Taxation, and Tax Sanctions on MSMEs Taxpayer Compliance. *E-Journal of Accounting*, 26, 1885.
- Chandra, NNM, & Asrida, PD (2022). The Effect of Fiscal Services and Knowledge Level of Article 21 Income Tax on Taxpayer Compliance at the Badung Pratama Tax Office in 2019. 3(1), 28–34.
- Damayanti, M., & Fajriana, I. (2021). The Influence of Morale, Rigidity of Tax Sanctions and Opportunities for Doing Tax Avoidance on the Compliance Level of Individual Taxpayers (Study at the Pratama Lahat Tax Service Office). *Accounting Student Research Publications*, 3(1), 11–19
- Dewi Ervina Agnis. Febra Robiyanto. (2017). Factors Influencing Taxpayer Compliance In Paying Taxes. *Accounting Global Journal*, 1(October), 239–254.
- Fitria, PA, & Supriyono, E. (2019). The Influence of Understanding of Tax Regulations, Perceptions of Tax Rates, and Tax Fairness on Taxpayer Compliance. 1(1), 47–54.
- Ghea Nindya. (2018). The Influence of Tax Knowledge, Tax Fairness and Tax Sanctions on Taxpayer Compliance (Case Study of Wpop Free Workers at



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

KPP Malang Selatan.

Hapsari, AR, & Ramayanti, R. (2022). The Influence of Tax Knowledge, Rigidity of Tax Sanctions, and Taxpayer Awareness of MSMEs Taxpayer Compliance. *Ikra-Ith Economics*, 5(1), 16–24.

Indradi, D. (2018). The Effect of Liquidity, Capital Intensity on Aggressiveness

Tax (Empirical Study of Manufacturing Companies in the Basic Industry and Chemical Sub-Sector Registered in Bei in 2012-2016.). *Indonesian Journal of Sustainable Accounting*, 1(1), 147.

Indrawan, R., & Binekas, B. 2018. Tax understanding and tax knowledge on SME taxpayer compliance. *Journal of Accounting and Finance Research*, 6(3), 419-428.

Khodijah, S., Barli, H., & Irawati, W. (2021). The Influence of Understanding of Tax Regulations, Quality of Tax Office Services, Tax Rates and Tax Sanctions on Individual Taxpayer Compliance. *Jabi (Indonesian Sustainable Accounting Journal)*, 4(2), 183.

Komang Putra Suardana, G. (2020). The Influence of Tax Dissemination, Tax Knowledge and Calculation of Tax Rates on Tax Compliance for Students of Umkm Actors. *E-Journal of Accounting*, 30, 2311–2322.

Lestari, TY, Khasanah, U., & Kuntadi, C. (2022). Literature Review The Influence of Knowledge, Modernization of Tax Administration Systems and Outreach to Individual Taxpayer Compliance. *Journal of Educational Management and Social Sciences*, 3(2), 670–681.

Maharani, S., Kristanti, FT, & Kurnia. (2019). The Influence of Tax Socialization, Quality of Tax Services, Tax Rates, and Strictness of Tax Sanctions on Taxpayer Compliance (Empirical Study of MSMEs Registered as Individual Taxpayers in Service Offices. *E-Proceeding Of Management*, 6(2), 3593–3601.

Marianti, NLP, Mahaputra, INKA, Sudiartana, IM (2020). The Effect of Tax Socialization, Tax Knowledge, Taxpayer Perceptions About Tax Sanctions and Implementation of PP Number 23 of 2018 on Individual Taxpayer Compliance (Empirical Study of Taxpayers in Bandung Regency). *Kharisma Journal*, 2(1), 89–100.

Maulida, A. 2018. Compliance with tax payments to MSME actors after the issuance of Government Regulation Number 23 of 2018 in Kotagede Yogyakarta. *Dewantara UMKM Journal*, 1(2), 18-27.

Puji Rahayu, IS (2022). The Influence of Justice, Behavior, Perceptions of the Implementation of the Law on the Harmonization of Tax Regulations on Taxpayer Compliance. *Economics, Finance, Investment And Sharia(Equity)*, 3(4), 939–945.



INTERNASIONAL CONFERENCE & CALL FOR PAPER

ECONOMICS, BUSINESS, INNOVATION AND CREATIVITY (EBIC), 16th May 2023

Vol: 1 No.: 1

No. E-ISSN: 3025-4086

- Putri, T., Saerang, DPE, & Budiarmo, NS 2019. Analysis of MSME taxpayer behavior towards the implementation of tax collection using a self-assessment system in Tomohon City. *Journal of Going Concern Accounting Research*, 14(1), 130-136.
- Ratna Handayani Zendarto. (2022). The Influence of Justice, Socialization, and Understanding of Taxation on Umkm Taxpayer Compliance in Gunungsitoli City.
- Riduwani, ME, Diana, N., & Afifudin. (2021). The Effect of Level of Understanding, Compliance and Strictness of Tax Sanctions on Tax Obligations of Umkm in Malang City.
- Sabila, Nadia Sal & Furqon, IK (2020). The Influence of Tax Knowledge, Rigidity of Tax Sanctions and Tax Fairness on Umkm Taxpayer Compliance in Pekalongan City Nadia. *Journal of Accounting, Taxation And Auditing*, 1(1), 263–276.
- Saprudin, S., Wujarso, R., & Napitupulu, RD (2020). The Influence of Tax Knowledge and Tax Sanctions on MSMEs Taxpayer Compliance in Jakarta. *Journal of Economic Stei*, 29(02), 44–56.
- Soda, J., J. Sondakh, J., & Budiarmo, NS (2021). The Influence of Tax Knowledge, Tax Sanctions and Perceptions of Fairness on MSMEs Taxpayer Compliance in Manado City. *Emba Journal: Research Journal of Economics, Management, Business and Accounting*, 9(1), 1115–1126.
- Ulfa, F., & Mildawati, T. (2019). Factors Affecting the Level of MSMEs Taxpayer Compliance. *Journal of Accounting Science and Research*, 07(08), 52–64.
- Utami, N.H. (2022). The Principle of Justice Against Micro and Small Business Income Tax. *Journal of Kertha Semaya*, Vol. 10(3), 706–716.
- Wulandari, S. (2017). The Effect of Perceptions of Tax Fairness in Government Regulation of the Republic of Indonesia Number 46 of 2013 on Compliance in Fulfilling Its Tax Obligations. *Islamic Economics*, 8(2), 239–268.
- Yenie, E. (2020). The Influence of Tax Knowledge, Firmness of Tax Sanctions, Tax Dissemination, and Taxpayer Environment on Compliance Taxpayer. *Journal of Existence of Stie Indocakti Malang*