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Impact of Tax Knowledge, Tax Rates, Tax Payment Methods, Tax Sanctions on Taxpayer Compliance Levels Micro Small and Medium Enterprises

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ABSTRACT
The objective of this inquiry is to evaluate the impact of tax knowledge, tax rates, tax payment mechanisms, and tax sanctions on compliance among MSME taxpayers in Sumenep, Madura. The X variables consist of tax knowledge, tax rates, tax payment mechanisms and tax penalties. The Y variable is Micro Small and Medium Enterprises taxpayer compliance. The population consists of MSME taxpayers. The sampling technique used simple random sampling, and 132 sources were obtained. The data used is primary data taken using a questionnaire. This research uses a multiple linear analysis method processed with SPSS 24. The results of this research show that partially tax knowledge has a significant impact of 0.047. Tax rates have a significant effect of 0.000, tax payment mechanisms have a significant effect of 0.002 and tax penalties have a significant effect of 0.023. Meanwhile, simultaneously tax knowledge, tax rates, tax payment mechanisms, tax sanctions have a significant impact on taxpayer compliance of 0.000.
Keywords: Creative Economy, Tax Payment Mechanism, Tax Knowledge, Sanctions, Tax Rates

Introduction

Currently, MSMEs are in the government's spotlight, even though these independent businesses are only small, they have a significant impact on the Indonesian economy. During the Covid pandemic, Indonesia experienced deconstruction in various sectors (Yanti et al., 2022), but the growth of Micro, Small and Medium Enterprises (MSMEs) continued to increase every year (Edy et al., 2021a). Austerity strategies are implemented, where costs are reduced by companies, including newly established businesses, ongoing activities are maintained to sustain the status quo, and innovative strategic renewal, as well as exploring opportunities that arise due to the crisis, is undertaken. (Klyver & Nielsen, 2021).

According to info from the Ministry of Cooperatives and SMEs, there are 60 million small and medium enterprises throughout Indonesia. Most MSMEs are not ready to use IT resources, because the level of public education is largely dominated by three groups: elementary school complete, elementary school graduate and no school, digital literacy for MSMEs is a fundamental issue that must be addressed immediately. Without digital human resource readiness, MSMEs will face difficulties in funding and marketing, especially in the pandemic era, where digital transactions are increasingly important (BI Institute, 2022).
It is necessary to continue to create an ecosystem that supports the superior seeds of the millennial generation to produce creative work, through various forums, sharing sessions, encouraging the spread of entrepreneurial and innovative spirit among the younger generation, as well as achieving internationalization. Increasing talent is needed to grow in the creative industry.

Based on data (INDAKOPUKM Department - Madura City Government, 2020), the number of MSMEs in 2016 was 10,553, in 2017 it increased to 10,675, in 2018 it reached 11,746, and by 2019 it reached 12,508 MSME actors. In the span of three years, the addition of MSMEs in Madura City increased by 2,000 MSMEs. The continued increase in growth of MSMEs has prompted the Madura City government to make MSMEs a flagship program for the next three years to increase economic competitiveness (Irfan, 2021).

Sumenep, with a population of 118,000 people, has seen the development of more than 200 MSMEs. Sahabat Andalan Creative Economy House (REKSA) was founded as a forum to encourage creativity and economic movement through MSMEs (Poskota-Banten, 2021). Currently, the creative economy has become a sector that is highly valued and considered important in a country, as a response to current developments that demand adaptation. In fact, the creative economy is estimated to become one of the primary sources of a country's economy in the future (Sampoerna University, 2021).

Tax regulations are often ignored by MSMEs, where only 2.5% of the approximately 60 million MSMEs in Indonesia report their taxes. This indicates that not all MSMEs understand how to calculate their tax obligations. The worst impact that MSMEs can experience is that their business can go bankrupt because their capital is used to pay late tax sanctions. The government has reduced the final PPh rate or MSME tax from 1% to 0.5%, in accordance with Government Regulation no. 1 Number 23 (2018) concerning the collection of profit tax on business profit received or obtained from tax contributors with definite circulation. This relief policy allows small, medium and micro businesses to further develop their businesses (Sandi, 2023).

Literature Review

Creative Economy

The economic activity of society that is dedicated to generating ideas, rather than just carrying out routine and repetitive tasks, is referred to as the creative economy. For society, generating ideas is considered a necessity to achieve progress, which must be done in a relative manner (Howkins, 2013). As a new economic concept, the creative economy is information and creativity intensive, relying on ideas and knowledge as the main production factors (Comunian & Gilmore, 2016). The industrial revolution 4.0 has prioritized and chosen the creative economy as a strategic issue to win global competition, marked by continuous innovation, creation, and increased economic added value through the capitalization of ideas. (Yanti et al., 2019). There are 17 sub-sectors of the creative economy, including Advertising, Architecture, Arts and Antiques Market, Crafts, Design, Fashion, Files, Video and Photography, Interactive Games, Music, Performing Arts, Publishing and Printing, Computer Services and Software, Radio and Television, as well as Research and Development (Instruction of the President of the Republic of Indonesia Number 6 of 2009 concerning Creative Economy Development, 2009).

Relationship between Creative Economy and MSMEs

The relationship between MSMEs and the Creative Economy cannot be severed; they are interconnected. Business actors are asked to find innovation and creativity in developing their businesses. Innovations in products, marketing, distribution and other systems need to be carried out by MSMEs. Currently, the Indonesian economy is dominated by the MSME sector and the creative economy. When the country experienced a financial crisis, MSMEs were one of the parts that were not affected. This lack of influence is due to the fact that MSME players generally still use personal capital originating from savings (Hasan et al., 2021).

MSME Tax

With the presence of MSMEs, it is hoped that the country's economic growth can continue to develop. However, not all MSME players understand the importance of tax obligations. Taxes are the largest contributor to Indonesia's state revenue, reaching 80%. With such a large percentage, it would be a shame if the majority of MSMEs remain unaware of taxes or never fulfill their tax obligations. For MSMEs with a maximum turnover of IDR 4.8 billion, the 0.5% tax rate applies from July 2018 until now. This rate has decreased from the previous 1%. This change is regulated in Government Regulation (PP) Number 23 of 2018 (Pajak.go.id, 2018) concerning the imposition of Taxpayers with certain gross turnover receive or earn income tax on business income. This PP replaces the previous PP, namely PP No. 46 of 2013.

The tax payment mechanism was previously regulated by PP Number 46 of 2013, which refers to PMK No. 107 of 2013 concerning procedures for calculating, depositing and reporting tax on income tax received or obtained by taxpayers with certain gross turnover. However, because PP no. 46 of 2013 is considered difficult for taxpayers, so the government created a new policy in PP Number 23 of 2018.

Hypothesis Formulation

H1: Tax knowledge influences MSME taxpayer compliance.

It is known that the tax knowledge possessed by Tax compliance in carrying out tax obligations will be contributed by MSMEs. The views of (Riyanto et al., 2020) and (Putra, 2020) state that tax contributor compliance is influenced by the tax knowledge possessed by the taxpayer himself. This may happen because most taxpayers already understand the role of taxes thanks to the information they receive regarding tax provisions. Understanding these regulations will encourage taxpayers to comply, because in tax regulations there are obligations and rights that must be carried out by taxpayers.

H2: Tax rates influence MSME taxpayer compliance.

The influence of tax tariff on tax contributor compliance indicates that the more accurately the tax rates are determined, the more MSME taxpayer compliance will increase. Taxpayers prefer to use a tax rate of 1%, as a result of previous experience which shows that the Final Income Tax rate of 1% is currently simpler to calculate compared to the article 17 rate (Lazuardini, 2018).

H3: The tax payment mechanism influences MSME taxpayer compliance.

The impact of tax payment procedures on taxpayer compliance indicates that taxpayers' understanding of tax imposition in the MSME sector, including understanding the procedures for calculating, reporting and paying taxes owed by MSMEs, influences the level of compliance (Edy et al., 2021b).

H4: Tax sanctions influence MSME taxpayer compliance.

Tax sanctions, as punishment for taxpayers who violate tax regulations, can provide motivation for taxpayers to become compliant. Sanctions are expected to form a perception that violating tax rules can harm taxpayers, so that they can increase the level of taxpayer compliance (Putra, 2020).

H5: Tax knowledge, tax rates, tax payment mechanisms, and tax sanctions influence MSME taxpayer compliance.

Taxpayers are expected to be obedient in carrying out their tax obligations, influenced by tax knowledge. If someone does not know their rights and obligations in taxes, taxpayers must first understand their rights and obligations in taxation. Apart from that, the large tax rate imposed by the government can also affect taxpayer compliance, where taxpayers will feel disadvantaged if the tax rate is considered too high. The ease of tax payment mechanisms and the imposition of tax sanctions for violating tax rules also play a role in influencing the level of taxpayer compliance.

Research Method

This research is quantitative and focuses on MSME Taxpayers in Sumenep, Madura. The type of data used is primary data obtained through a questionnaire with a Likert scale, where Number 1 indicates Strongly Disagree (STS), Number 2 as Disagree (TS), Number 3 as Disagree (KS), Number 4 as Agree (S), and Number 5 as Strongly Agree (SS) (Sugiyono, 2020).

The research population includes all MSME taxpayers in Sumenep, Madura Regency. The sampling technique used was the purposive sampling method. Based on data from the Madura City Diskominfo in 2021, there are 254 MSMEs. Next, the number of samples was calculated using the Slovin formula with an error rate of 5% (Sugiyono, 2017), resulting in a sample size of 155.

Next, the following sample criteria were determined:

1. MSMEs that have a NPWP
2. MSMEs that have a turnover < 4.8 billion per year

Results and Discussions

Multiple Linear Regression Analysis

Table 1 Multiple Linear Regression

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	,731	1.304		,560	,576
	Tax Knowledge	-,211	,106	-.185	-2,002	.047
	Tax Rates	,657	, 113	,541	5,791	,000
	Tax Payment Mechanism	,353	,110	,296	3,200	,002
	Tax Sanctions	,224	,097	,205	2,298	.023

a. Dependent Variable: Taxpayer Compliance

Sumber: Output SPSS, 2023

Based on the table above, it can be entered into the multiple linear regression equation as follows:

Y = 0.731 – 0.211 X1 + 0.657 X2 + 0.353 X3 + 0.224 X4 + e

T Test Analysis

Based on the test results listed in table 3, they can be interpreted as follows:

Influence of MSME Taxpayer Compliance by Tax Knowledge (H1)

The influence of tax knowledge on MSME tax contributor compliance was detected using the tax knowledge variable, and obtained a t count of -2.002 > t table 1.656 with a significance level of 0.047 < 0.05. This indicates that tax knowledge has a negative influence on MSME taxpayer compliance. Even though taxpayers have tax knowledge, this does not guarantee taxpayer compliance, as illustrated by an interview with an MSME actor who used his NPWP only to get credit, without complying with his tax obligations. This shows that tax knowledge does not automatically encourage taxpayer compliance, because external factors such as the environment and self-awareness can also influence it, in line with the research findings of Aditama & Purwaningsih (2014).

Influence of MSME Taxpayer Compliance by Tax Rates (H2)

The tax rate variable obtained a calculated t of 5.791 > t table of 1.656 with a significance level of 0.000 < 0.05. This shows that tax rates have a positive effect on MSME taxpayer compliance. The results of interviews with MSME players also indicated that the tax rate of 0.5% of monthly turnover was considered lighter and lighter than the previous rate of 1%. However, there are still many MSME players who do not know about the tax incentives that are currently in effect, so that these tax incentives are not utilized optimally by them. This finding is in line with research by Lazuardini et al. (2018) who found that tax rates have a positive and significant effect on taxpayer compliance.

Influence of MSME Tax Contributor Compliance by Tax Payment Mechanisms (H3)

The tax payment mechanism variable has a calculated t of 3.200 > t table of 1.656 with a significance level of 0.002 < 0.05. The tax payment mechanism has a positive influence on taxpayer compliance. These results are in line with research by Prawagis et al. (2016), who found that the tax payment mechanism has a positive and significant influence on taxpayer compliance. The current mechanism is considered to make it easier for MSMEs in Sumenep to bring out their tax obligations. Payment can be made every month no later than the 15th of the following month, taking into account the turnover obtained in the month concerned. Along with advances in technology, it is hoped that MSMEs can fulfill their tax obligations in an orderly manner, especially with the ease of online payments via ATMs, mobile banking, tellers, post offices and marketplace applications.

Influence of MSME Tax Contributor Compliance by Tax Sanctions (H4)

The tax sanctions variable has a calculated t of 2.298 > t table of 1.656 with a significance level of 0.023 < 0.05. Tax penalties affect tax contributor compliance. This finding is in line with research by Riyanto et al. (2020) who found that tax sanctions have a significant positive influence on taxpayer compliance. MSMEs can face tax sanctions, including fines for late submissions.

Analysis Uji Anova (Uji F)

Tabel 2 Uji Anova (Uji F)

ANOVAa

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	810,918	4	202,729	62,594	,000b
	residual	411,325	127	3,239		
	Total	1222,242	131			

a. Dependent Variable: Taxpayer Compliance

b. Predictors: (Constant), Tax Sanctions, Tax Knowledge, Tax Payment Mechanisms, Tax Rates

Sumber: Output SPSS, 2023

The influence of MSME taxpayer compliance by tax knowledge, tax rates, tax payment mechanisms, and tax sanctions (H5) produces a calculated F of 62.594, exceeding the F Table value of 2.44, with a significance level of 0.000 which is less than 0.05. The variables of tax knowledge, tax rates, tax payment mechanisms and tax sanctions simultaneously influence MSME taxpayer compliance. MSME tax compliance activities include maintaining accurate records, planning taxes, using professionals to complete and file returns, and acquiring sufficient knowledge to ensure these obligations are carried out correctly (Ernest et al., 2022).

Conclusion

From this research, it can be concluded that MSME taxpayer compliance in Sumenep is influenced by tax knowledge, tax rates, tax payment mechanisms, and tax sanctions. Even though they already have tax knowledge, taxpayer self-awareness still needs to be improved, so that MSME taxpayer compliance is not optimal. The current MSME tax rate of 0.5% is considered lighter than the previous rate of 1%, but during this pandemic, MSMEs are experiencing difficulties, so the government is providing tax incentives to ease their burden, although these incentives are not widely known by actors. MSMEs. The tax payment mechanism is currently considered easy by MSME players because it can be done online, which is more effective and efficient for those who cannot leave their business. To encourage taxpayer compliance, the government imposes tax sanctions for violations of tax regulations, which are already known to MSMEs in Sumenep. These sanctions make them reluctant to break the rules, considering the consequences of paying not only taxes, but also fines and interest. The government has a key role in approaching MSME actors, not only in Sumenep but also throughout Indonesia, to carry out tax outreach to increase taxpayer awareness and trust in the government, so as to increase overall taxpayer compliance.

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