THE INFLUENCE OF KNOWLEDGE, TAXPAYER AWARENESS, AND TAX SANCTIONS ON TAX COMPLIANCE

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ABSTRAK

The purpose of this research is to understand the overview of knowledge, taxpayer awareness, and tax sanctions on the compliance of MSME taxpayers in the city of Bandung. Additionally, it aims to determine the influence of knowledge, taxpayer awareness, and tax sanctions on the compliance of MSME taxpayers in Bandung, both simultaneously and partially. The method used in this research is quantitative descriptive method. The population in this study consists of MSME taxpayers registered at the Tegallega Primary Tax Office in Bandung. The sampling technique used in this research is convenience sampling. The research findings indicate that taxpayer knowledge and tax sanctions influence the compliance of MSME taxpayers, while taxpayer awareness does not affect the compliance of MSME taxpayers

KATA KUNCI

Knowledge, Taxpayer Awareness, Tax Sanctions, Taxpayer Compliance

INTRODUCTION

Background
The majority of Indonesia's state revenue comes from tax receipts. Tax money received will be returned to society in various forms, such as during the pandemic for assistance to affected communites or to finance medical personnel. A Statement by (Sutedi, 2013) mentions that taxes are the people's contribution to the state treasury based on the law.

In 2020, the COVIDf-19 pandemic was surging, leading to lockdowns and cessation of activities outside the home. Considering that by 2023 the pandemic has become endemic, many public places can operate again, leading to an improvement in the economy. MSMEs play a crucial role in increasing revenue by utilizing online sales for their business sustainability. A statement by (Baihaqi, 2023) mentions that amidst the crisis, MSMEs have proven to be relatively more resilient in facing various economic crises compared to many large-scale enterprises.

Data for the year 2021 from the article (Ahdiat, 2022) notes that there are 65.47 million MSME units in Indonesia, which is a high figure compared to other countries. In the article ("Kemenkop: Contribution of Taxation from the MSME Sector Needs to be Enhanced," 2021), Deputy of Small and Medium Enterprises at the Ministry of Cooperatives and SMEs, Harimba Rachman, also stated that the contribution of MSMEs to the tax sector needs to be increased given the relatively small number of MSME taxpayers.

The government continues to strive to improve the performace of national MSMEs, one of which is through changes in government policies related to the reduction of the final income tax (PPh Final) rates for micro, small, and medium enterprises (MSMEs) as outlined in the "Adjustment of Regulations in the Field of Income Tax, 2022". This regulation stipulates that MSMEs with a maximum annual turnover of Rp 500,000,000 (five hundred million Indonesia Rupiah) are not subject to a final income tax of 0.5% of gross revenue. The author conducted initial surveys with the following table:

Tabel 1. Compliance Ration of MSME Taxpayers

Year	Number of MSME taxpayers	MSME Taxpayers who report annual tax returns	Compliance Ratio
2018	124.844	79.416	63,61%
2019	133.897	81.606	61,03%
2020	206.392	75.366	37%
2021	343.284	85.059	24,77%
2022	347.364	72.774	20,95%

Based on the table above, it can be seen that the taxpayer compliance ratio at the Tegallega Primary Tax Office is still not optimal because many taxpayers are registered but don't report their Annual Tax Returns. However, even if the tax liability is zero, it still must be reported. In 2018, the compliance ratio was 63.61%, experiencing a decrease in 2019 to 61.03%, and continued to decline until 2022 reaching 20.95%.

Tax compliance is influenced by several factors, some of which are awareness, knowledge, and tax sanctions. As stated by Suhardito, Bambang, & Bambang (1999), tax awareness factors have been proven to affect the success of tax revenue collection and are equally important factors in influencing tax compliance. Taxpayers with low awareness tend to neglect tax obligations, and in extreme cases may violate tax regulations. Research conducted by (M & Khoirina, 2022) found that tax awareness does not have a positive effect on tax compliance, while research by (Puspitasari, 2015) and (Inasius, 2015)yielded different results, indicating that tax awareness has a positive influence on tax compliance.

Another important factor influencing tax compliance is taxpayer knowledge. Tax knowledge is the primary reference for taxpayers in fulfilling their tax obligations. Taxpayers who understand and master tax reporting and payment will help facilitate the implementation of their tax obligations. As stated by (Sari & Jati, 2019), the more tax knowledge a taxpayer has, the higher their level of tax compliance. Research conducted by (Inasius, 2015) found that tax knowledge positively affects taxpayer compliance, consistent with the research conducted by (Suhendar, 2023).

Increasing taxpayer compliance isn't only influenced by knowledge and awareness factors but also due to the imposition of sanctions on taxpayers who don't fulfill their tax obligations. Research by (Nasiroh & Afiqoh, 2022) states that tax sanctions are imposed with the hope of preventing deviations and building taxpayer compliance in fulfilling their tax obligations. According to (Jatmiko, 2009), taxpayers will strive to fulfill their tax obligations if they perceive that tax sanctions will be more detrimental to them. Research conducted by (Puspitasari, 2015) found that tax sanctions positively influence taxpayer compliance, consistent with the research conducted by (Perdana & A.A.N.B, 2020), which yielded similar results. The research results from (Ma'ruf & Supatminingsih, 2020)found that tax sanctions don't affect MSME compliance, consistent with the research conducted by (Suprihati, 2021)

Based on the background presented above, the researcher will conduct a study by combining the three variables of knowledge, awareness, and tax sanctions to determine the extent of the influence of these variables on the compliance of MSME taxpayers in the city of Bandung, titled "THE INFLUENCE OF KNOWLEDGE, TAXPAYER AWARENESS, AND TAX SANCTIONS ON THE COMPLIANCE OF MSME TAXPAYERS IN THE CITY OF BANDUNG."

Problem Identification

By examining the background of the topic above, the author can identify the problems as follows:

1. The level of knowledge of MSME taxpayers in fulfilling tax obligations at the Tegallega Primary Tax Office is low.
2. The level of awareness of MSME taxpayers in fulfilling tax obligations at the Tegallega Primary Tax Office is low.
3. Tax sanctions for low levels of tax obligation fulfillment.
4. The still low level of compliance of MSME taxpayers at the Tegallega Primary Tax Office, both in calculating owed taxes, paying, and reporting their tax obligations.

Problem Formulation

1. How does knowledge influence the compliance of MSME taxpayers in the city of Bandung?
2. How does awareness influence the compliance of MSME taxpayers in the city of Bandung?

3. How does tax sanction influence the compliance of MSME taxpayers in the city of Bandung?
4. How do knowledge, awareness, and tax sanctions influence the compliance of MSME taxpayers in the city of Bandung?

Research Objectives

1. To obtain empirical evidence regarding the influence of knowledge on the compliance of MSME taxpayers in the city of Bandung.
2. To obtain empirical evidence regarding the influence of awareness on the compliance of MSME taxpayers in the city of Bandung.
3. To obtain empirical evidence regarding the influence of tax sanctions on the compliance of MSME taxpayers in the city of Bandung.
4. To obtain empirical evidence regarding the influence

Problem Limitations

1. The research object is MSME taxpayers in the city of Bandung.
2. This research is a case study at the Tegallega Primary Tax Office.

Research Benefits

1. Academic Benefits: This research will contribute to increasing knowledge for readers, authors, and academics interested in the field of taxation. Additionally, this study will update previous research conducted in the same field.
2. Practical Benefits: This research can provide valuable input for the Directorate General of Taxes and MSME stakeholders. The data and findings from this research can serve as useful references in decision-making processes and relevant policy improvements to enhance tax compliance.

LITERATURE REVIEW AND RESEARCH HYPHOTESIS

Discussion of Relevant Theory and Research Findings

Tax Knowledge Theory

According to Siti Kurnia Rahayu (2017), tax knowledge includes an understanding of tax administration, such as calculating payable taxes, reporting tax documents, understanding tax collection procedures, and other aspects related to tax obligations. Kartikasari (2021) also states that tax knowledge is information that taxpayers can use as a basis for decisionmaking regarding their rights and obligations in taxation.

Rahayu (2017) also identifies several indicators of tax knowledge possessed by taxpayers, including:

1. The highest level of education attained by taxpayers.
2. Understanding of tax regulations.
3. Knowledge of tax penalties.

Taxpayer Awareness

Statement by Susilawati (2013) mentions that taxpayer awareness is the good intention to fulfill tax payment obligations based on sincere conscience. Randi (2016) states that taxpayer awareness is the attitude of taxpayers who have understood or fulfilled their obligations to pay taxes and have reported all their income without hiding anything in accordance with applicable regulations.

Harahap (2004) mentions indicators in measuring the level of taxpayer awareness, namely:

1. Awareness of the function of taxes
2. Awareness to pay taxes not because of coercion
3. Awareness of the benefits of the taxes paid
4. Awareness that taxes are regulated by law

Tax Sanctions

Tax Sanctions Statement by Wahyu (2017) mentions that tax sanctions are preventive measures so that taxpayers don't violate rules. Rahayu (2017) states that tax sanctions are control or supervision by the government to ensure compliance with regulations by taxpayers.

Rahayu (2017) mentions indicators of tax sanctions, namely:
1. Sanctions given must be clear and firm
2. Tax sanctions don't tolerate compromise, there is no tolerance
3. Sanctions given must be balanced
4. Sanctions given should directly have a deterrent effect

Taxpayer Compliance

Statement by Palira (2011) mentions that taxpayer compliance is the condition where taxpayers fulfill all their tax obligations and exercise the tax rights they have. Harinurdin (2009) also states that tax compliance is defined as the ideal condition where taxpayers comply with tax regulations and accurately and honestly report their income.

Rahayu (2017) suggests that there are 4 indicators of taxpayer compliance:
1. Compliance in registering as a taxpayer who meets subjective and objective requirements
2. Compliance in calculating and paying the tax due
3. Compliance in paying arrears
4. Compliance in resubmitting notification letters

Research Hypothesis Framework

This study explains that knowledge, taxpayer awareness, and tax sanctions can be used to predict the level of compliance of MSME taxpayers. To improve the relatively low compliance of MSME taxpayers in Indonesia, efforts to enhance compliance include analyzing the influence of knowledge, awareness, and tax sanctions on the compliance of MSME taxpayers. This research is a study of various theoretical concepts and previous research studies.

Research Hypothesis

H1: Tax knowledge has a positive effect on the compliance of MSME taxpayers.
H2: Taxpayer awareness has a positive effect on the compliance of MSME taxpayers.
H3: Tax sanctions have a positive effect on the compliance of MSME taxpayers.
H4: Tax knowledge, taxpayer awareness, and tax sanctions collectively have a positive effect on the compliance of MSME taxpayers.

RESEARCH METHOD

The method used in this research is quantitative. Data collection is done by distributing questionnaires to be used as samples. The population of this research is taxpayers registered at the Tegal lega Primary Tax Office, totaling 20,058 individuals. The research sample consists of 40 taxpayers registered at the Tegal lega Primary Tax Office. The sampling technique used is convenience sampling. Convenience sampling is a collection of information from members who agree to provide information, so anyone

who agrees to provide information can be used as a sample in this research. Data is processed with primary data as the source that directly provides data to the data collector. The data analysis technique used in the research is multiple regression analysis.

RESULTS AND DISCUSSION

Description of Research Results
(Tabel 2. Multiple Linear Regression Analysis)

Model		Unstandardized Coefficients	
		B	**Std. Erorr**
1	(Constant)	-5.883	2.789
	PENGETAHUAN	.837	.204
	KESADARAN	.295	.153
	SANKSI PAJAK	.376	.163

Based on the regression model formed from the research results:

Y = -5.883 + 0.837 X1 + 0.295 X2 + 0.376 X3 + e

Description:

Y: Compliance of MSME taxpayers

X1: Tax knowledge

X2: Taxpayer awareness

X3: Tax sanctions

e: Residual Error

Explanation of the regression model:

1. If α = constant is -5.883, it means that when the independent variables, tax knowledge, taxpayer awareness, and tax sanctions, are considered constant (valued at 0), the dependent variable, compliance of MSME taxpayers, will be -5.883.
2. If the regression coefficient value of the tax knowledge variable increases by one unit, while the other independent variables, taxpayer awareness and tax sanctions, are considered constant (0), the dependent variable, compliance of MSME taxpayers, will increase by 0.837.
3. If the regression coefficient value of the taxpayer awareness variable increases by one unit, while the other independent variables, tax knowledge and tax sanctions, are considered constant (0), the dependent variable, compliance of MSME taxpayers, will increase by 0.295.
4. If the regression coefficient value of the tax sanctions variable increases by one unit, while the other independent variables, tax knowledge and taxpayer awareness, are considered constant (0), the dependent variable, compliance of MSME taxpayers, will increase by 0.376.

Discussion of Research Results

Effect of Tax Knowledge on Compliance of MSME Taxpayers
Effect of Tax Knowledge on Compliance of MSME Taxpayers in Bandung Based on the research results regarding the tax knowledge of MSME taxpayers, it shows that the actual total score obtained from all statements forming the tax knowledge variable is 515 out of an ideal score of 600. The total percentage obtained is 85.8%, and the mean score of 4.29 falls into the category of excellent. This indicates that

the tax knowledge of MSME taxpayers at the Tegallega Primary Tax Office in Bandung is classified as excellent.

The research results indicate that tax knowledge significantly influences the compliance of MSME taxpayers at the Tegallega Primary Tax Office. This is evident from the hypothesis test, where the t-test value is greater than the t-table value (4.107 > 2.02).

These research findings are consistent with previous studies conducted by (Inasius, 2015) which stated that the level of education of taxpayers is an important factor in contributing to the general understanding of taxation, especially regarding tax regulations. A similar assertion was made by (Suhendar, 2023) which emphasized that an increase in tax knowledge, both formal and informal, has a positive impact on taxpayers' understanding and perception.

Effect of Taxpayer Awareness on Compliance of MSME Taxpayers
Based on the research results regarding taxpayer awareness of MSMEs, it shows that the actual total score obtained from all statements forming the taxpayer awareness variable is 678 out of an ideal score of 800. The total percentage obtained is 84.75%, and the mean score of 4.23 falls into the category of excellent.

This indicates that the taxpayer awareness of MSMEs at the Tegallega Primary Tax Office in Bandung is classified as excellent. The research results indicate that taxpayer awareness does not significantly influence the compliance of MSME taxpayers at the Tegallega Primary Tax Office, as evidenced by the t-test, 7 where the t-test value is smaller than the t-table value (1.932 < 2.02).

The findings of this research are consistent with previous studies conducted by (M & Khoirina, 2022) which suggested that taxpayers paying taxes with their own awareness does not guarantee the compliance of MSME taxpayers. Even though there is a level of taxpayer awareness, it does not necessarily lead to compliance with tax regulations. However, these results don't align with the research by (Puspitasari, 2015) and (Inasius, 2015), which proposed that taxpayer awareness influences taxpayer compliance.

Effect of Tax Penalties on Compliance of MSME Taxpayers
 Based on the research results regarding tax penalties, it shows that the actual total score obtained from all statements forming the tax penalty variable is 686 out of an ideal score of 800. The total percentage obtained is 85.75%, and the mean score of 4.28 falls into the category of excellent. This indicates that the tax penalties for MSMEs at the Tegallega Primary Tax Office in Bandung are classified as excellent.

The research results indicate that tax penalties significantly influence the compliance of MSME taxpayers at the Tegallega Primary Tax Office, as evidenced by the hypothesis test, where the t-test value is greater than the t-table value (2.311 > 2.02).

These findings are consistent with previous research conducted by (Puspitasari, 2015), which stated that tax penalties act as preventive measures to ensure taxpayers don't violate tax norms. Similarly, research conducted by (Perdana & A.A.N.B, 2020) indicated that tax penalties provide assurance that tax regulations are adhered to and compel taxpayers to comply if tax penalties are more stringent or

detrimental. However, these results don't align with the research by (Ma'ruf & Supatminingsih, 2020) and (Suprihati, 2021), which indicated that tax penalties don't influence taxpayer compliance.

Effect of Tax Knowledge, Taxpayer Awareness, and Tax Penalties on Compliance of MSME Taxpayers

Based on the research results regarding compliance of MSME taxpayers, it shows that the actual total score obtained from all statements forming the tax penalty variable is 653 out of an ideal score of 800. The total percentage obtained is 81.65%, and the mean score of 4.07 falls into the category of good. This indicates that overall tax knowledge, taxpayer awareness, and tax penalties for MSMEs at the Tegallega Primary Tax Office in Bandung are classified as good.

The research results indicate that all three indicators, namely tax knowledge, taxpayer awareness, and tax penalties, significantly influence the compliance of MSME taxpayers at the Tegallega Primary Tax Office. This is evidenced by the correlation coefficient value of 0.75 and an adjusted R-squared value of 75%, indicating that 25% of the variance is influenced by variables outside the scope of this study. Additionally, the obtained F-test value is greater than the F-table value (35.922 > 2.86). These results are consistent with previous research conducted by (Perdana & A.A.N.B, 2020)

CONCLUSION
1. The research findings affirm that knowledge influences the tax compliance of MSMEs in Bandung City.
2. Awareness does not significantly impact the tax compliance of MSMEs in Bandung City.
3. Tax penalties affect the tax compliance of MSMEs in Bandung City.
4. Knowledge, awareness, and tax penalties collectively influence the tax compliance of MSMEs in Bandung City.

SUGGESTIONS
1. For MSMEs in the Tegallega Primary Tax Office in Bandung:
   a. Enhance knowledge by attending tax socialization sessions and self-learning about tax procedures.
   b. Increase awareness by seeking information through social media or participating in tax-related webinars.
   c. Understand tax penalties by gathering information about fines imposed for late tax reporting.
   d. Improve tax compliance by ensuring that tax calculations are complete and accurate.
2. For future researchers:
   a. Additional factors affecting tax compliance, such as tax socialization and tax audits, can be included in the study.
   b. The research subjects can be expanded beyond MSMEs in the Tegallega Primary Tax Office, allowing for broader generalization of research findings.

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