

DETERMINANTS OF TAXPAYER COMPLIANCE POST IMPLEMENTATION OF GOVERNMENT REGULATION NUMBER 23 OF 2018

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ABSTRACT

The purpose of this accounting understanding, tax understanding, and tax compliance costs on MSME taxpayer compliance. The population of this research is MSME taxpayers who exist throughout Indonesia but are only taken and secured by MSME registered at KPP Pratama Malang Utara. This study used quantitative research using primary data obtained from a distribution questionnaire and measured by a Likert Scale. The sampling technique used the slovin formula which obtained 97 results based on the respondent's criteria that had been applied. This study uses a multiple linear regression model. The analysis technique used in this study consisted of descriptive statistical tests, instrument tests, normality tests, classic assumption tests, hypothesis testing through research model tests (F statistical tests), coefficient tests, and partial tests (t statistical tests). The results of this study indicate that accounting understanding, tax understanding, and tax compliance costs have a significant positive effect on Micro, Small and Medium Enterprise Taxpayer Compliance.

Keyword : *Accounting Understanding, Tax Understanding, Tax Compliance Costs and Taxpayer Compliance.*

INTRODUCTION

Tax is the main source of state revenue which has a very big role and is relied upon for the country's development, especially in Indonesia. Development in a country is very necessary, so that good cooperation between the community and the government is very influential in the development of the country. Theoretically, taxes are contributions made by taxpayers to the state which are indebted to people and private entities that are coercive without receiving direct compensation (Sularsih & Wikardjo 2021). According to Article 1 point 1 of Law no. 28 of 2007 concerning General Provisions and Procedures for Taxation, taxes are mandatory contributions to the state owed by individuals or entities that are coercive based on the law, by not getting compensation directly and used for the needs of the state for the greatest prosperity of the people.

By increasing tax revenue it will increase the productivity and development of a country. In Indonesia, taxes are the largest revenue contributor for the central and regional governments. MSMEs are a very important pillar in the Indonesian economy. MSMEs (Micro, Small and Medium Enterprises) are productive businesses owned by individuals or business entities that meet the criteria for micro-enterprises. As stipulated in the legislation no. 20 of 2008, MSMEs are differentiated respectively including micro, small and medium enterprises. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs currently reaches 64.2 million with a

contribution to GDP of 61.97% or a value of 8,573.89 trillion rupiahs. The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total existing workforce and can collect up to 60.4% of the total investment. However, the large number of MSMEs in Indonesia also experience many obstacles. (www.bkpm.go.id).

The Directorate General of Taxes (DGT) is trying to continue to increase MSME tax participation by creating a friendly tax ecosystem. With the emergence of Government Regulation Number 23 of 2018 since June 8 2018 (effective July 1 2018) concerning the MSME Final Tax, the government provides special rules in the form of a Final Income Tax of 0.5% of the total income earned for MSMEs with a turnover of 4.8 billion rupiah per year. However, Government Regulation Number 23 of 2018 is not valid forever and has a time limit. Described in Article 5 paragraph 1 of Government Regulation Number 23 of 2018 concerning Income Tax from Business Received or Obtained by Taxpayers Having Certain Gross Turnover that a certain period of imposition of final Income Tax as referred to in Article 2 paragraph (1) is no longer than :

- a. 7 (seven) Tax Years for individual Taxpayers;
- b. 4 (four) Fiscal Years for corporate Taxpayers in the form of cooperatives, limited partnerships, or firms; and
- c. 3 (three) Tax Years for corporate taxpayers in the form of a limited liability company.

The purpose of issuing this Government Regulation is as a learning period for MSME tax payer to use bookkeeping which can be the basis for finding the value of net income.

Nandiroh (2021) says that in Indonesia the tax collection system applies a self-assessment system. Which means that this system requires taxpayers to carry out their own tax obligations. Starting from calculating the amount of tax to be paid, paying taxes, and reporting it. This requires the community to be independent. However, with this self-assessment the problems started. Because to fulfill such complex tax obligations, the problem of calculating the amount of tax owed is a problem for MSMEs. The problem is, they are not used to recording transactions in these business operations.

Accounting understanding is an important part of tax compliance. MSME taxpayers will be facilitated when they have to pay tax obligations if they have carried out proper and correct bookkeeping and financial records. Because with good and correct bookkeeping and recording of the business being carried out, it can help MSME taxpayers to find out the profits earned and be able to calculate the amount of tax that must be deposited or paid. Judging from the benefits of understanding accounting, MSME actors should be aware of the importance of accounting for these companies.

Another factor that influences taxpayer compliance is understanding of taxation. According to Cahyani and Noviari (2019), an understanding of taxation is the main task of the government in disseminating information to the public. One of the weaknesses of MSME taxpayers is the low understanding of taxpayers regarding tax regulations. Understanding and

knowledge of taxation is mandatory for taxpayers to learn. Because the size of the public's understanding of taxation will affect the compliance of the taxpayer. There are also several changes related to Government Regulation No. 23 of 2018 concerning MSME taxpayers, thus taxpayers must be able to understand well regarding changes to these regulations, especially regarding a reduction in the final rate of 0.5%. Changes in government regulations will make it easier for MSME taxpayers to calculate and pay taxes every month.

In addition to accounting understanding and tax understanding factors, compliance costs also affect taxpayer compliance. Tax compliance costs are costs borne by the taxpayer himself related to his taxation activities. The size of the costs incurred by the taxpayer determines the level of tax compliance. Because the taxpayer has tried to comply, the taxpayer hopes to spend as little as possible on costs related to tax activities. According to Ayem & Nofitasari (2019) the cost of tax compliance can be divided into three, namely: 1) direct money cost, 2) time cost, and 3) psychological cost.

Use of Government Regulation no. 23 of 2018 at this time with a time limit that will expire in 2022, making taxpayers must understand the rules that apply next. Regulations that will be used no longer use PP No. 23 of 2018 but these regulations will return to the initial regulations, namely Article 17 of the Income Tax Law where Final Income Tax is no longer 0.5% for MSMEs. Based on this, the purpose of this research is to test empirically the understanding of accounting, understanding of taxation, and the cost of tax compliance on taxpayer compliance after the implementation of PP No. 23. The results of this study contribute to identifying factors that can encourage voluntary taxpayer compliance through accounting understanding, tax understanding, and tax compliance costs for MSME taxpayers.

THEORETICAL BASIS

According to Mardiasmo (2016: 3) Taxes are contributions paid by the people to the state which are included in the state treasury which implement laws and their implementation can be forced without any remuneration. The contribution is used by the state to make payments in the public interest. to make payments in the public interest (Mardiasmo, 2016:3). This element provides an understanding that people are required to pay taxes voluntarily and with full awareness as good citizens. Tax revenue is a source of revenue that can be obtained continuously and can be optimally developed according to the needs of the government and the conditions of society.

Understanding of taxation is the main task of the government in disseminating information to the public. Comprehension is the ability to capture the meaning and significance of the material being studied. Knowledge and understanding of tax regulations is a process in which taxpayers know and understand tax procedures and apply knowledge to pay taxes (Hidayat and Amanah 2020). The size of the level of public understanding of taxation will affect taxpayer compliance. If

the public understands well it will end in compliance with tax laws. Vice versa, if people do not understand taxation well it will result in them being reluctant to pay taxes (Amrullah et al., 2021).

According to Dawam (2018) explains that bookkeeping is a process of recording that is carried out regularly to collect financial data and information which includes assets, liabilities, capital, income, and costs, as well as the total cost of acquisition and delivery of goods or services, which is closed by preparing a report financial statements in the form of a balance sheet and income statement for the tax year period. The process of recording or bookkeeping carried out by taxpayers is a process of collecting data and financial information that is carried out regularly, which will then be used to calculate how much tax will be paid from gross and net income which will later be calculated using norms or using predetermined rates. according to the type of tax.

According to Fuadi and Mangoting (2013) Compliance costs are costs incurred by taxpayers in order to fulfill tax obligations. Tax compliance costs are divided into 3, namely direct money costs, time costs and psychological costs. The amount of costs that must be incurred by taxpayers in carrying out their tax obligations also determines the level of tax compliance.

According to Tahar & Rachman (2014) compliance regarding taxation is a responsibility to God, for the government and the people as taxpayers to fulfill all tax obligations and carry out their obligations. Taxpayer compliance is a behavior based on the awareness of a taxpayer towards his tax obligations which are still based on established laws and regulations. Self-awareness is part of intrinsic motivation, which means motivation that comes from within the individual himself and extrinsic motivation, namely motivation that comes from outside the individual, such as encouragement from the tax authorities to increase their tax compliance.

HYPOTHESIS

Based on the description of the theory and conceptual framework in the explanation above, the hypotheses that can be tested are as follows:

- H₁ : Understanding of Accounting, Understanding of Taxation, and Costs Compliance has an effect on MSME Taxpayer Compliance.
- H_{1a} : Understanding of Accounting affects Mandatory Compliance MSME tax.
- H_{1b} : Understanding of Taxation affects Compulsory Compliance MSME tax.
- H_{1c} : Tax Compliance Costs affect Mandatory Compliance MSME tax.

METHOD

This type of research is quantitative research using primary data obtained through distributing questionnaires. The population in this study were individual taxpayers of UMKM engaged in the culinary and fashion sectors and registered at KPP Pratama Malang Utara. The sampling technique uses the slovin formula. The data analysis method uses multiple linear

analysis, descriptive statistics, instrument test, normality test, classic assumption test, and hypothesis testing which is processed using SPSS version 29.

RESULTS AND DISCUSSION

The sample in this study is individual taxpayers of UMKM engaged in the culinary and fashion sectors who are registered at KPP Pratama Malang Utara. In this study, 110 questionnaires were distributed and 95 were returned and completed, distributed by researchers in the form of hardfiles and softfiles.

Descriptive statistics

Table 1 **Descriptive statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Accounting Understanding	95	15	25	22.81	2.303
Understanding of Taxation	95	6	20	14.92	3.634
Tax Compliance Fee	95	4	20	15.68	3.745
Taxpayer Compliance	95	28	50	41.38	6.083
Valid N (listwise)	95				

From the results of descriptive statistics, it can be concluded that:

- 1) In the accounting comprehension variable, a minimum value of 15 is obtained, a maximum of 25, an average of 22.81 and a standard deviation of 2.303.
- 2) In the tax understanding variable, a minimum value of 6 is obtained, a maximum of 20, an average of 14.92 and a standard deviation of 3.634.
- 3) In the tax compliance cost variable, a minimum value of 4 is obtained, a maximum of 20, an average of 15.68 and a standard deviation of 3.745.
- 4) In the taxpayer compliance variable, a minimum of 28 is obtained, a maximum of 50, an average of 41.38 and a standard deviation of 6.083.

Instrument Test

a. Validity Test Results

The conclusion shows that it is valid for 23 statements because each statement has a value of r count $>$ r table (0.2017).

b. Reliability Test Results

The conclusion shows that the results of the three variables, namely understanding of accounting, understanding of taxation, and the cost of tax compliance on taxpayer compliance are stated to be reliable because each variable has a Cronbach Alpha value of > 0.6.

c. Normality Test Results

The results showed that the research by Komogorov-Smirnov was declared normal, because Asymp. Sig K-S has a value of 0.069 > 0.05, so it can be concluded that the normality assumption is fulfilled.

Classic assumption test

a. Multicollinearity Test Results

The results show a significant VIF value and a tolerance value, namely accounting comprehension variables of 1.013 and 0.987, tax understanding of 1.000 and 1.000, and tax compliance costs of 1.013 and 0.988. It can be concluded that the VIF value <10 and tolerance > 0.10, so it can be interpreted that these variables do not show symptoms of multicollinearity in the regression model.

b. Heteroscedasticity Test Results

The results show that the significant value of the variable understanding of accounting is 0.293, understanding of taxation is 0.191, and the cost of tax compliance is 0.194. The values of the three variables show >0.05, so that all variables are declared not to have heteroscedasticity.

Multiple Linear Regression Analysis

Table 2 Results of Multiple Linear Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	33.127	6.740		4.915	<.001
	Accounting Understanding	.313	.262	.119	1.196	.235
	Understanding of Taxation	.426	.165	.255	2.583	.011
	Tax Compliance Fee	-.335	.161	-.206	-2.080	.040
a. Dependent Variable Taxpayer Compliance						

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

$$Y = 33,127 + 0,313X_1 + 0,426X_2 + (-0,335X_3)$$

$$(\text{sig.} < 0,235) (\text{sig.} < 0,011) (\text{sig.} < 0,040)$$

Hypothesis Testing

a. Simultaneous Test Results (Test F)

Table 3 Simultaneous Test Results (Test F)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	401.090	3	133.697	3.954	.011 ^b
	Residual	3077.268	91	33.816		
	Total	3478.358	94			
a. Dependent Variable: Taxpayer Compliance						
b. Predictors: (Constant), Tax Compliance Costs, Tax Understanding Accounting Understanding						

Based on table 3, the calculated F value of 3.954 has a significant value of 0.011 < 0.05, meaning it is said to be significant. Thus, the independent variables, namely understanding of accounting, understanding of taxation, and the cost of tax compliance simultaneously have a significant effect on the dependent variable, namely taxpayer compliance.

b. R² Test Result

Table 4 R Square Test Results

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840 ^a	.615	.686	3.815
a. Predictors: (Constant), Tax Compliance Costs, Tax Understanding, Accounting Understanding				
b. Dependent Variable: Taxpayer Compliance				

Based on the results obtained from table 4, it can be concluded that the Adjusted R Square value is 68.6%, the dependent variable of taxpayer compliance can be explained by the variables of accounting comprehension, tax understanding, tax compliance costs, while 31.4% is explained by other variables outside the research .

T Test Result

Table 5 Partial Test Result (Uji t)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	33.127	6.740		4.915	<.001
	Accounting Understanding	.313	.262	.119	1.196	.035

	Understanding of Taxation	.426	.165	.255	2.583	.011
	Tax Compliance Fee	-.335	.161	-.206	-2.080	.040
a. Dependent Variable: Taxpayer Compliance						

1. Variable Understanding of Accounting (X1)

The Accounting Comprehension Variable (X1) has a t-test statistical value of 1.196 and a significant t-value of 0.035. The significant value of t is less than 0.05 ($0.035 < 0.05$). This test shows that H1a is accepted and H0 is rejected, so it can be concluded that variable X1 (Accounting Understanding) has a significant positive effect on variable Y (Taxpayer Compliance). This means that the higher the understanding of accounting, the higher the public's willingness to comply with tax obligations. The results of this study strengthen the research of Rusli & Pakpahan (2015) that understanding of accounting has a significant positive effect on taxpayer compliance in fulfilling tax obligations.

2. Taxation Understanding Variable (X2)

The Tax Understanding Variable (X2) has a t-test statistical value of 2.583 and a significant t-value of 0.011. The significant value of t is less than 0.05 ($0.011 < 0.05$). This test shows that H1b is accepted and H0 is rejected, so it can be concluded that variable X2 (Understanding of Taxation) has a significant positive effect on variable Y (Taxpayer Compliance). The research is in line with this researcher according to Stevanny & Prayudi (2021) that the higher the understanding of taxation for taxpayers, the better the decision will be made and the tax provisions will be adjusted accordingly. So, the higher the understanding of MSME taxpayer taxation, the level of MSME taxpayer compliance also increases.

3. Tax Compliance Cost Variable (X3)

The Tax Compliance Cost Variable (X3) has a t test statistical value of 2.080 and a significant t value of 0.040. The significant value of t is less than 0.05 ($0.040 < 0.05$). This test shows that H1c is accepted and H0 is rejected, so it can be concluded that variable X3 (Tax Compliance Cost) has a significant positive effect on variable Y (Taxpayer Compliance).

This research is in line with Endaryanti (2017) where compliant taxpayers will hope that the tax compliance costs incurred in fulfilling their tax obligations can be kept as low as possible. This is because the taxpayer will feel very disadvantaged if the tax compliance costs incurred are very high even though these costs arise as a result of fulfilling their tax obligations.

CONCLUSION

The results of this study concluded that understanding of accounting, understanding of taxation, and tax compliance costs have a significant positive effect on MSME taxpayer compliance. Taxpayers will become obedient taxpayers in fulfilling their tax obligations when everything is considered easy, such as easy to calculate, pay and report.

Researchers' suggestions for future researchers in order to expand the scope of research. Thus the results can be generalized and compared across all Primary Tax Service agencies at the Regional Office of the Directorate General of Taxes, adding or studying better and comprehensively in selecting variables for the research model, for example using subjective norm variables and tax sanctions and other variables outside the research method.

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