

## INCREASING TAX KNOWLEDGE AND TAX SANCTIONS ON TAXPAYER COMPLIANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) IN BOGOR CITY

Rahmawati <sup>a)</sup>, Arief Tri Hardiyanto <sup>b)</sup>, Patar Simamora <sup>c)</sup>, Yohanes Indrayono <sup>d)</sup>

<sup>a)</sup> Universitas Pakuan, Bogor, Indonesia

<sup>\*)</sup> Corresponding Author: rahmawati@unpak.ac.id

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### Abstract

Indonesia is a developing country where the government continues to make various innovations. Innovations were made to increase sources of state revenue. The biggest source of state revenue is from the tax sector which contributes greatly to economic growth in Indonesia. One of the drivers of economic growth in Indonesia is Micro, Small and Medium Enterprises (MSMEs) and plays an important role in the community's economy. As stated by the Head of the Cooperative and UMKM Office of Bogor City Anas S Resmana, the growth of UMKM is very rapid from 12 thousand to 23 thousand in 2018. The number of MSMEs should be proportional to the number of taxes received from the MSME sector. However, in reality what was reported from the Kotabogor.go.id page, KPP Pratama Bogor, in general, the formal compliance of the incoming SPT was still at 57 percent. Based on data from the number of taxpayers in the city of Bogor, namely 17,600 only 3,700 reported the tax return. Therefore, taxpayer compliance can be seen from the knowledge possessed by taxpayers with completed tax sanctions aimed at providing a deterrent effect for taxpayers who violate taxation provisions.

The purpose of this study was to determine the relationship: 1) the relationship of tax knowledge with the compliance of MSME taxpayers in the city of Bogor, 2) the relationship of tax sanctions with the compliance of MSME taxpayers in the city of Bogor, 3) the relationship between tax knowledge and tax sanctions both with the compliance of MSME taxpayers in the city of Bogor.

The population in this study was 317 business owners. Data collection techniques in this study using a questionnaire. The sample used in this study were 32 MSMEs. The study sample was obtained 10% of the population, the sample was selected using stratified random sampling. The analytical method used in this study is correlational analysis. Data were tested using statistical product and service solution (SPSS) using the validity test, reliability test, and the Spearman rank correlation test.

The results showed that based on the results of the validity test on the tax knowledge variable, there were four invalid statements, and the validity test was repeated by removing four invalid statement instruments, and getting valid results from ten statement instruments, validity testing on the tax sanction variable and taxpayer compliance of all instruments declared valid. Spearman rank correlation test 1) there is a relationship between tax knowledge and tax compliance of MSME taxpayers in the city of Bogor, 2) there is no relationship between tax sanctions and MSME tax compliance in the city of Bogor, 3) there is a relationship between tax knowledge and tax sanctions both with MSME taxpayer compliance in the city of Bogor.

**Keywords:** Taxation Knowledge, Tax Sanction, UMKM, Taxpayer Compliance

### I. INTRODUCTION

Indonesia is a developing country that always carries out development in all fields, this is a form of government commitment in an effort to improve the welfare of the Indonesian people. A developing country is a country where the level of welfare of its people is still low and there are still many problems in the economy, besides that in the aspect of development it is also still very low. The government in development must carry out various new innovations for state financing. One of the goals of innovation carried out by

the government is to increase sources of state revenue. The largest source of state revenue is from the tax sector, taxes make a big contribution to economic growth in Indonesia.

Tax according to Law No. 28 of 2007 concerning General Provisions and Taxation Procedures Article 1 paragraph (1) is a mandatory contribution to citizens who are owed by individuals or entities that are coercive under the law, with no direct compensation and used for the needs of the state for the greatest prosperity of the people."

One of the drivers of economic growth in Indonesia is the Micro, Small and Medium Enterprises (MSMEs) sector. Micro, Small and Medium Enterprises make a significant contribution to the national economy. Currently, Indonesia has more out of 59 million MSME actors who have contributed 56% of the country's total economy. According to Novani, the unfinished improvement of the ease of doing business for MSMEs has caused 70% of MSMEs in Indonesia to have not been registered. Even though MSMEs have contributed greatly to the national economy. Given the importance of taxes on economic growth In Indonesia, it is necessary to understand and sanction taxation against foreign investors society to provide tax revenue for the state continues to grow. Efforts to increase tax revenue continue to be carried out by the government which in this case is the task of the Directorate General of Taxes. Various efforts have been made by the Director General of Taxes to maximize tax revenue, namely by increasing the improvement of extracting tax potential, improving the quality of audits and collections, perfecting technology information systems and increasing national tax census activities.

In the city of Bogor, MSMEs contribute up to 70% of the local revenue (PAD) of the city of Bogor. Head of the Cooperatives and MSMEs Agency of Bogor City Anas S. Resmana said that when the national economic growth was at the level of 5.01% from the projected 5.2%, the economic growth of Bogor City reached 6.7% in 2017. The growth of MSMEs itself increased from 12 thousand to 23 thousand MSMEs. West Java Provincial Government, Bogor City PAD in 2016 amounted to Rp784.7 billion and in 2017 increased to Rp829.2 billion. From this phenomenon it can be concluded that some citizens work in the MSME sector and every year there are small businesses that contribute very high to the welfare of the people, therefore tax payments must be further increased, considering that there are still many MSMEs that have not carried out their obligations as taxpayers. ([www.kompas.com](http://www.kompas.com))

Seeing the strategic role of MSMEs in improving the economy, the government needs to seek the development of MSMEs. One of the efforts made by the government in supporting the development of accelerated growth of MSMEs is by providing tax incentives to MSME taxpayers. The tax incentive provided is in the form of a tax rate reduction facility.

In 2018 the government plans to provide special incentives for MSMEs by lowering the tariff to 0.25% as an effort to embrace MSME tax participation so that it becomes wider. In addition, the innovation developed by the government is to create a tax application for MSMEs that has a function to recapitulate MSME income as well as an online cashier. The smart application was also created to be able to be integrated with the calculation and payment of final income tax for MSMEs.

“Tax collection in Indonesia refers to the *self-assessment* system. In practice, it is difficult to run as expected, and is often misused by taxpayers. It is evident from taxpayers who intentionally disobey, so that other taxpayers are reluctant to fulfill their tax obligations. The issue of tax compliance itself is important because it will simultaneously lead to tax avoidance efforts which result in reduced tax payments to the State Treasury” (Simamora and Suryaman, 2015).

As good citizens, we have an obligation to pay taxes. As reported from the [Kotabogor.go.id](http://Kotabogor.go.id) page of the KPP Pratama Bogor, the formal compliance of the incoming SPT is still at 57 percent. Based on data from the number of taxpayers in Bogor City of 17,600, only half of the 7,400, namely 3,700, reported SPT. It turns out that formal compliance is still very low. According to Safri Nurmantu (2005:148) states that "tax compliance is a condition where taxpayers fulfill all tax obligations and exercise their tax rights."

The relationship between tax knowledge and taxpayer compliance has been investigated by Titis Wahyu Adi (2019) by testing the hypothesis using simple linear regression analysis to determine the significant effect of tax knowledge on corporate taxpayer compliance at KPP Pratama Cilacap. The results of the simple linear regression test show that tax knowledge has a significant effect on taxpayer compliance.

According to Anna Pertiwi (2016:2) quoting from Siti Official (2008:71) states that: "Tax sanctions occur because there is non-compliance with tax law regulations where the greater the error made by a taxpayer, the sanctions given will be Heavier." This tax sanction is expected to provide a deterrent effect to taxpayers who violate tax provisions and taxpayers will fulfill their obligations.

From the explanation described above, this research is devoted to MSME Taxpayer Compliance in Bogor City. This is because the city of Bogor has quite a number of SMEs that have sprung up. The number of MSMEs population registered with the Cooperatives and MSME commodity services is 317 consisting of (*handicraft, fashion, culinary, batik*). However, in the information read by the researcher, it is stated that many taxpayers do not fulfill their obligations as good citizens. So researchers are interested in taking the title "**Increasing Tax Knowledge And Tax Sanctions On Taxpayer Compliance Of Micro, Small And Medium Enterprises (Msmes) In Bogor City**".

## II. THEORY AND LITERATURE REVIEW

### Understanding Knowledge

According to the Big Indonesian Dictionary Knowledge is something that is known to be related to the learning process. This learning process is influenced by various internal factors such as motivation and external factors

in the form of available information facilities and socio-cultural conditions.

"The domain of knowledge (cognitive) has six levels, including: knowing, understanding, using, describing, concluding and evaluating. The main characteristic in the level of knowledge is the memory of something he knows either through experience, learning, or information received from other people (Anisa, Ardian, Hadiono, 2012).

Based on the descriptions above, we can define that: Knowledge is the result of the process of finding out, from not knowing to knowing, from not being able to be able. In the process of finding out this includes various methods and concepts, both through the educational process and through experience.

#### Factors Affecting knowledge One's

knowledge is influenced by several factors, including (Patli Desgandaasta in Meliono, 2014)

##### 1. Education

Education is a process of changing attitudes and behavior of a person or group and also efforts to mature humans through teaching and training efforts. So it is clear that a vision of education can be narrowed, namely educating humans.

##### 2. Mass Media

Media that are specifically designed to reach a very broad community. So examples of mass media are television, radio, newspapers, and magazines.

##### 3. Information

Definition of information according to the *Oxford English Dictionary*, is "that of which one is appended or told: intelligence, news". Other dictionaries state that information is something that can be known, but some emphasize information as knowledge transfer. In addition, the term information also has other meanings as defined by the Information Technology Bill which defines it as a technique for collecting, preparing, storing, manipulating, announcing, analyzing, and disseminating information with a specific purpose. While the information itself includes data, text, images, sound, code, computer programs, [databases](#). There is a difference in the definition of information because in essence information cannot be described (*intangible*), while information is found in everyday life, which is obtained from data and observations of the world around us and is passed on through [communication](#).

##### 4. Experience

Experience as a source of knowledge is a way to obtain the truth of knowledge by repeating the knowledge gained in solving problems faced in the past. Work experience that is developed to provide professional knowledge and skills as well as learning experience during work will be able to develop decision-making abilities which

are a manifestation of the integration of scientific and ethical reasoning that departs from real problems in the field of work.

##### 5. Age

Age affects the perception and mindset of a person. The older they get, the more their grasping power and mindset will develop, so that the knowledge they gain is getting better. At middle age, individuals will play a more active role in society and social life and make more preparations for successful efforts to adapt to old age, in addition middle age people will spend more time reading. Intellectual abilities, problem solving, and verbal abilities were reported to be almost non-existent at this age. (Anisa, Ardian, Hardiono, 2012)

#### Understanding Tax Knowledge

"Taxation knowledge is the knowledge possessed by taxpayers about: the rights and obligations of taxpayers, understanding of NPWP (Taxpayer Identification Number), tax sanctions, tax rates, PTKP (No Income Tax). subject to taxes), how to pay and report taxes" (Ilhamsyah, et al, 2016).

"Things that previously did not know about tax rules now know about tax regulations" Wati (2016). According to Febriani and Kusmuriyanto (2015), "tax knowledge is how much knowledge taxpayers have regarding the tax benefits that have been paid by taxpayers to the State treasury. Based on some of the definitions above, it can be concluded that tax knowledge is how much knowledge taxpayers have about what to do and what not to do by taxpayers.

#### Definition of Tax

The definition of tax according to Law Number 28 of 2007 concerning General Provisions and Tax Procedures:

It is a mandatory contribution to the state that is owed by an individual or entity that is coercive under the law, with no direct compensation and is used for the purposes of state for the greatest prosperity of the people.

Definition according to the Experts according to Siti Official(20171):

The definition of *tax* put forward by Rochmat Soemitro:

"Taxes are people's contributions to the state treasury based on the law (which can be forced) by not receiving reciprocal services (contrapretations) that can be directly shown and which used to pay for general expenses."

#### Tax Sanctions

According to (Mardiasmo, 2011) explains that tax sanctions are a guarantee that the provisions of tax laws and regulations (tax norms) will be obeyed / adhered to / complied with, in other words, tax sanctions are a deterrent so that taxpayers do not violate tax norms.

"Tax sanctions occur because there is a violation of the tax law regulations where the greater the error made

by a taxpayer, the more severe the sanctions will be" (Anna Pertiwi in Siti Official, 2016).

From the above definition, it can be said that tax sanctions are one of the units of prevention so that taxpayers obey and comply with tax laws, the bigger the error, the more severe the sanctions will be.

**Taxpayer Compliance**

"Tax compliance can be defined as a condition where the Taxpayer fulfills all tax obligations and exercises his taxation rights" (Safri Nurmantu, 2005).

There are two kinds of compliance, namely formal compliance and material compliance.

1. What is meant by formal compliance is a condition where the Taxpayer fulfills his tax obligations formally in accordance with the provisions of the tax law.
2. What is meant by material compliance is a condition where the Taxpayer substantially fulfills all material provisions of taxation, namely in accordance with the content and spirit of the tax law.

**Micro, Small and Medium Enterprises (MSMEs)**

According to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, the classification of MSMEs can be distinguished from the number of assets and total sales turnover. Meanwhile, according to the Central Statistics Agency, this classification includes the number of employees.

"MSME is a stand-alone business and is not a subsidiary or not a branch of a company that is owned, controlled or become a part either directly or indirectly of a medium or large business" (Sri Mulyati, 2018).

Table.2.1 MSME Criteria

No	Business	Criteria	
		Assets	Turnover
1.	Micro	Max 50 Million	Max 300 Million
2.	Small	>	-2.5 Billion
3.	Medium	> 500	> 2.5 Billion-50 Billion

(Sri Mulyati, 2018 )

**Hypothesis Development**

1. The Relationship of Tax Knowledge to Taxpayer Compliance

"Tax knowledge is tax information that can be used by taxpayers as a basis for acting, making decisions, and to take certain directions or strategies in relation to the implementation of their rights and obligations in the field of taxation" (Titis Wahyu Adi ,2018). Tax knowledge serves as a guide for taxpayers in carrying out their tax obligations, namely calculating, calculating, paying, and reporting the amount of tax that must be paid. The more knowledge of taxation owned by the taxpayer, the more obedient the taxpayer is in fulfilling his tax obligations. On the other hand, due to

lack of knowledge, taxpayers do not understand taxation procedures and provisions, causing a decrease in the level of taxpayer compliance. Therefore, the knowledge of taxation owned by the taxpayer will directly affect the compliance of the taxpayer in carrying out his tax obligations. This tax knowledge will have an impact on tax revenues received by the State if the people already have sufficient tax knowledge.

Based on previous research conducted by Eka Amalia Sari (2015) knowledge of taxation has a positive and significant effect on taxpayer compliance. Likewise with research conducted by Chatarina Ayu Lestari (2017) tax knowledge has a positive effect on taxpayer compliance. Based on these arguments, H1<sub>can</sub> be stated as follows:

H1. There is a relationship between taxpayer knowledge and MSME taxpayer compliance in Bogor City

2. The relationship between tax sanctions and taxpayer compliance. Tax

Sanctions are an action in the form of penalties given to individual taxpayers or taxpayers. law-breaking agency. The implementation of strict and consistent tax law enforcement will be able to create more compliance from taxpayers which leads to increased revenue in the tax sector. In order for laws and regulations to be complied with, there must be sanctions for violations such as for tax law. Taxpayers will fulfill their tax obligations if they view that tax sanctions will be more detrimental. Although there is potential for state revenue for each sanction, the motivation for implementing sanctions is for taxpayers to comply with their tax obligations.

Based on previous research conducted by Afifatun nisa (2016), it shows that simultaneously, tax knowledge, and taxation sanctions have a significant effect on taxpayer compliance. While partially, there are two variables that have a significant effect, namely knowledge of taxation and tax sanctions on taxpayer compliance. (I Made Wahyu Cahyadi and I Ketut Jati, 2016) Shows that the taxpayer awareness variable and tax sanctions have a positive effect on taxpayer compliance. Based on these arguments, H2<sub>can</sub> be stated as follows:

H2. There is a relationship between solicitation sanctions and MSME taxpayer compliance in Bogor City.

3. The Relationship between Tax Knowledge and Tax Sanctions on Taxpayer Compliance

The largest state income as known is from the tax sector. To be able to optimize tax revenues, it is necessary for taxpayers to comply with their tax obligations. As an effort to improve taxpayer compliance. Knowledge of taxation and tax sanctions are factors in increasing taxpayer compliance. So in this study more focus on these two factors as a measure of taxpayer compliance.

H<sub>3</sub>. There is a relationship between tax knowledge and tax sanctions on MSME taxpayer compliance in Bogor City.

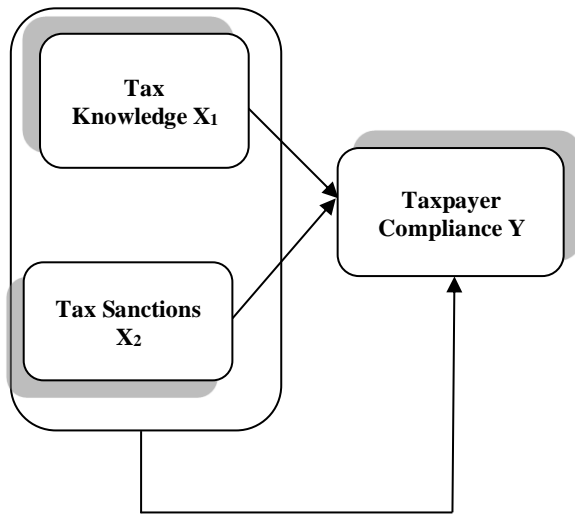


Figure 2.1

Research Constellation

3.6 Hypotheses Research

hypotheses are conjectures or temporary answers to the identification of research problems (relationships of two or more variables) that must be verified based on data obtained from research. Therefore, based on the

description of the framework above, the authors formulate the following hypothesis:

- H<sub>1</sub>: Taxation knowledge has a relationship with MSME taxpayer compliance in Bogor City
- H<sub>2</sub>: Tax sanctions have a relationship with MSME taxpayer compliance in Bogor City
- H<sub>3</sub>: Knowledge of taxation and tax sanctions both have a relationship with MSME taxpayer compliance in Bogor City

III. RESEARCH METHODOLOGY

The type of research is verification research with the research method used is *explanatory survey*, namely the method used to test hypotheses which are generally research that explains phenomena in the form of relationships between variable.

The object of research used in this study is an attribute or value trait of a person, object or activity that has a certain variation set by the researcher to be studied and then drawn conclusions.

The unit of analysis in this study is the individual, namely research on individuals in a group, so that the data comes from the responses of each individual in an organization. In this study, the unit of analysis is the MSME taxpayer in the city of Bogor with commodities (*handicraft, fashion, culinary, batik*) with a sample of 32 MSMEs.

The location of the research conducted by the researcher is the research location in the Bogor City area, namely MSME taxpayers.

Table 3.1  
 Operationalization of the Variable  
 Relationship between Tax Knowledge and Tax Sanctions on MSME Taxpayer Compliance in the City of Bogor

Variables	Indicator	Size	Scale
Taxation Knowledge (Variable X <sub>1</sub> )	1. Taxpayer's knowledge of the meaning of tax	1. Taxpayers know what a tax is	Ordinal
	2. Taxpayer's knowledge of NPWP ownership	2. Taxpayers Know what npwp is	Ordinal
	3. Understanding of taxpayers Taxpayers	3. Knowing what a taxpayer is	Ordinal
	4. knowledge of what it is Tax notification letter Taxpayer	4. Taxpayers know what a tax return is	Ordinal
	5. knowledge about the initial steps for tax payment	5. Taxpayers know the first step to paying taxes	Ordinal
	6. Taxpayer knowledge regarding filling out Tax Payment Letter, must first fill in the Taxpayer Identification Number Taxpayer	6. Taxpayers know In filling out the Tax Deposit Letter, they are required to first fill in the Taxpayer Identification Number	Ordinal
	7. knowledge regarding ownership of NPWP	7. Taxpayers know their identity as a taxpayer is to have an NPWP	Ordinal
	8. Taxpayer knowledge regarding the use of NPWP	8. Taxpayers know the function of the TIN	Ordinal
	9. Taxpayer knowledge if not having NPWP	9. Taxpayers Know the Importance of NPWP	Ordinal
	10. Taxpayer knowledge regarding what is included in the basis of tax collection.	10. Taxpayers Know that tax bills and tax underpayment certificates are the basis for tax collection	Ordinal
	11. Taxpayer knowledge regarding delays in payment and its sanctions	11. The taxpayer knows the penalty if it delays the payment of its tax	Ordinal
	12. Taxpayer's knowledge of coercive taxes	12. Taxpayers know that taxes are coercive	Ordinal
	13. Notes on net income	13. Taxpayers know that books are not carried out if the recording of net income	Ordinal

	14. Taxpayers' knowledge of tax benefits that are not directly felt	14. The Taxpayer knows that the Tax cannot be directly felt the benefits	Ordinal Ordinal Ordinal Ordinal
Tax Sanctions (Variable X <sub>2</sub> )	<ol style="list-style-type: none"> <li>1. The need for sanctions on the submission of tax returns whose contents are incorrect</li> <li>2. Fill out the tax return correctly</li> <li>3. Understanding fine sanctions</li> <li>4. Understanding interest sanctions</li> <li>5. Causes of sanctions</li> </ol>	<ol style="list-style-type: none"> <li>1. Taxpayers must have knowledge of the sanctions given if the filling is incorrect</li> <li>2. Taxpayers must have knowledge in filling out tax returns</li> <li>3. The taxpayer must understand about what a fine sanction is</li> <li>4. The taxpayer must understand about what interest sanctions are</li> <li>5. The taxpayer knows the penalty occurs what is the taxpayer's offense</li> </ol>	Ordinal Ordinal Ordinal Ordinal Ordinal
Taxpayer Compliance (Variable Y)	<ol style="list-style-type: none"> <li>1. Compliance in registering to obtain an NPWP</li> <li>2. Compliance in registering to the nearest KPP</li> <li>3. Compliance in calculating taxes correctly</li> <li>4. Compliance in charging rates that are in accordance with tax regulations</li> <li>5. Compliance in filling out tax returns in accordance with tax laws and regulations</li> <li>6. Compliance in submitting tax returns on time</li> <li>7. Compliance of taxpayers submitting tax returns on time</li> <li>8. Compliance in the calculation and payment of taxes owed</li> <li>9. Compliance in recording the income earned</li> <li>10. Compliance of the taxpayer not to be in arrears with his tax payment</li> </ol>	<ol style="list-style-type: none"> <li>1. Taxpayers must have an NPWP</li> <li>2. Taxpayers must register with the nearest tax service office</li> <li>3. The taxpayer is able to calculate his taxes correctly</li> <li>4. The taxpayer must calculate the tax owed in accordance with the applicable tariff</li> <li>5. Taxpayers must fill out a tax return in accordance with the statutory requirements</li> <li>6. Taxpayers must submit their tax returns before March 31</li> <li>7. Taxpayers must submit their tax returns on time maximum of March 31</li> <li>8. The taxpayer is able to pay taxes according to the calculation of the tax he calculated</li> <li>9. The taxpayer must record the income earned</li> <li>10. Taxpayers who are in arrears will get an interest expense</li> </ol>	Ordinal Ordinal Ordinal Ordinal Ordinal Ordinal Ordinal Ordinal Ordinal Ordinal Ordinal Ordinal

**IV. DISCUSSION RESULTS**

The analysis method used is correlational analysis to provide an overview of the variables used in this study using two independent variables, namely Tax Knowledge and Tax Sanctions, while the dependent variable is Taxpayer Compliance. With validity tests, reliability tests, and spearman rank correlation using statistical tests (SPSS Version 23).

Based on the output of such data. So it is known that the number of samples is as many as 32 MSMEs.

**Validity Test Result**

**A. Taxation Knowledge Instrument**

The instrument to measure tax knowledge for MSMEs in Bogor City is in the form of a questionnaire containing 14 points of statements. Of the 14 items of the statement, there are 4 invalid items. This can be seen from the  $r_{hitung} < 0.349$ . So that 10 valid statements are obtained. These ten valid statements are then used for reliability and correlation tests of spearman ranks. The highest score is 5 and the lowest is 1. Validity tests are carried out with the help of the SPSS program version 23.0. The statement item is said to be valid if the corrected item-total correlation value  $> r$  of the table at a significant 0.05 (5%).

Table 4.7 Test Results of the Validity of Tax Knowledge Variables (X1)

No	Research Instrument	Corrected Item – Total Correlation (r count)	r Table	Information
2	Statement 2	0.519	0.349	Valid
3	Statement 3	0.482	0.349	Valid
5	Statement 5	0.683	0.349	Valid
6	Statement 6	0.619	0.349	Valid
8	Statements 8	0.432	0.349	Valid
9	Statements 9	0.571	0.349	Valid
10	Statements 10	0.631	0.349	Valid
11	Questions 11	0.664	0.349	Valid
12	Questions 12	0.421	0.349	Valid
14	Questions 14	0.445	0.349	Valid

Source: SPSS Output 23 Primary Data, processed (2019)

Based on the table 4.7 above, the results of the validity test show that all instrument items in the tax knowledge variable tested in this study stated that each statement instrument was declared valid because Corrected Item-Total Correlation > r table at significant 0.05 (5%).

**B Tax Sanctions**

Instrument The instrument for measuring tax sanctions is in the form of a questionnaire consisting of 5 statements. The highest score is 5 and the lowest is 1. The validity test was carried out with the help of the SPSS version 23.0 program. The statement items are said to be valid if the Corrected Item-Total Correlation > r table is significant at 0.05(5%). The following are the results of the validity test on the tax sanctions variable:

Table 4.8 Validity Test Results for the Tax Sanctions Variable (X2)

No	Research Instrument	Corrected Item – Total Correlation (r count)	r Table	Information
1	Statement 1	0.879	0.349	Valid
2	Statement 2	0.664	0.349	Valid
3	Statement 3	0.906	0.349	Valid
4	Questions 4	0.841	0.349	Valid
5	Questions 5	0.548	0.349	Valid

Source: Output SPSS 23 Primary Data, processed (2018)

Based on table 4.8 above, the results of the validity test show that all instrument items in the Tax Sanctions variable tested in this study are stated that each statement instrument is declared valid because Corrected Item-Total Correlation > r table at significant 0.05(5%).

**C MSME Taxpayer Compliance Instrument in Bogor City**

The instrument for measuring MSME taxpayers in Bogor City is a questionnaire consisting of 10 statements. The highest score is 5 and the lowest is 1. The validity test was carried out with the help of the SPSS version 23.0 program. The statement items are said to be valid if the Corrected Item-Total Correlation > r table is significant at 0.05(5%). The following are the results of the validity test on the tax sanctions variable:

Table 4.9 Validity Test Results for Taxpayer Compliance Variables (Y)

No	Research Instruments	Corrected Item – Total Correlation (r count)	r Table	Information
1	Statement 1	0.626	0.349	Valid
2	Statement 2	0.647	0.349	Valid
3	Statement 3	0.784	0.349	Valid
4	Statements 4	0.834	0.349	Valid
5	Statements 5	0.600	0.349	Valid
6	Statements 6	0.666	0.349	Valid
7	Statements 7	0.619	0.349	Valid
8	Statements 8	0.763	0.349	Valid
9	Statements 9	0.613	0.349	Valid
10	Statements 10	0.668	0.349	Valid

Source: SPSS Output 23 Primary Data, processed (2018)

Based on table 4.9 above, the results of the validity test show that all instrument items in the MSME Taxpayer Compliance variable in Bogor City tested in this study stated that each statement instrument was declared valid because Corrected Item-Total Correlation > r table at significant 0.05(5%).

**Reliability Test Results**

Table 4.10 Reliability Test Results

Variable	Cronbach's Alpha	Limit 0.834	Information
Tax Knowledge (X1)	0.7	0.	Reliabel
Tax Sanctions (X2)	0.8	0.	Reliabel
Compliance (Y)	0.8	0.	Reliabel

Source: SPSS Output 23 Primary Data, processed (2019)

Based on table 4.10 above shows that the value of Cronbach's alpha of all variables is greater than 0.70, so it can be concluded that the instrument of the questionnaire used to explain the variables of tax knowledge, tax sanctions, and MSME taxpayer compliance in the city of Bogor, which is declared reliable or trustworthy as a variable measuring instrument.

**The Relationship between Tax Knowledge and MSME Taxpayer Compliance in Bogor City.**

Based on table 4.11, the results of the tax knowledge variable (X1) with a value of count 0.459 > table 0.349 for n = 32 at an error rate of 5%, then the results of hypothesis testing indicate that there is a significant relationship between tax knowledge and MSME taxpayer compliance in the city. Bogor, with a positive relationship direction means that the higher the knowledge of taxation, the higher the compliance of MSME taxpayers in the city of Bogor. This is in accordance with hypothesis H1 which states that tax knowledge has a relationship with MSME taxpayer compliance in the city of Bogor or the hypothesis is accepted.

Tax knowledge is the taxpayer's understanding of the law, legislation, correct taxation procedures. Based on the results of the research, most MSME actors in the city of Bogor are still less active in finding out information related to taxation because taxpayers do not know how to obtain information related to taxation or really do not want to know this information so that taxpayer knowledge about taxation is still relatively lacking. . Even though knowledge of tax regulations in the new taxation system, taxpayers are given the confidence to calculate, pay, and self-report the taxes owed (Safri Nurmantu, 2005).

The results of this study are in line with the results of research conducted by Eka Amalia Sari (2014) which states that tax knowledge has a positive and significant effect on hotel taxpayer compliance in the Malang city boarding house category. Nanik and Zaenal (2018) found evidence that tax knowledge affects taxpayer compliance, and Chatarina Ayu Lestari (2017) the results of her research state that tax knowledge has a positive effect on MSME taxpayer compliance in the batik craft center of Bantul district.

**The Relationship between Tax Sanctions and MSME Taxpayer Compliance in the City of Bogor.**

Based on table 4.11 by Spearman rank correlation test, the results of the tax sanctions variable (X2) show that there is no significant relationship with MSME taxpayer compliance in the city of Bogor. This is indicated by the results of arithmetic  $0.313 < \text{table } d$  0.349 for n = 32 at an error level of 5%, meaning that if the value of tax sanctions (X2) increases or decreases, there is no significant relationship to MSME taxpayer compliance in Bogor City. it can be concluded that the results of this study are not in accordance with hypothesis H2 which states that tax sanctions have a relationship with MSME taxpayer compliance in the city of Bogor or the hypothesis is rejected.

The results of this study are inversely proportional to Ida Bagus (2017) which states that tax sanctions have a positive effect on individual taxpayer compliance. Strict legal sanctions will make taxpayers fulfill their tax obligations. The administration of 200 percent administrative sanctions makes taxpayers feel afraid not to report all their assets. Januar Dio Brata (2017) states that tax sanctions have a positive effect on individual taxpayer compliance. This shows that taxpayers do not want to be subject to tax sanctions if they do not fulfill their tax obligations.

The results of this study are in line with Nanik Ernawati and Zaenal Afifi (2018) which state that tax sanctions have no effect on taxpayer compliance. Due to the rise of government employees who evade taxes and the tax sanctions given do not provide a deterrent effect.

**The Relationship between Tax Knowledge and Tax Sanctions Both with MSME Taxpayer Compliance in the City of Bogor.**

Results sig. f change  $0.002 < 0.05$ , which means that the variable knowledge of taxation and tax sanctions simultaneously or simultaneously relates to the MSME taxpayer compliance variable in the city of Bogor. The degree of relationship between the variable knowledge of taxation and tax sanctions on MSME taxpayer compliance in the city of Bogor is a moderate correlation



category of 0.592, meaning that taxpayers have a level of tax knowledge and tax sanctions will not have much effect on MSME taxpayer compliance in Bogor City. This is in accordance with hypothesis H3 which states that knowledge of taxation and tax sanctions both have a relationship with MSME taxpayer compliance in the city of Bogor.

Tax knowledge and tax sanctions together have a relationship with taxpayer compliance. This means that knowledge of taxation will greatly increase the knowledge possessed by taxpayers in knowing tax regulations, both in terms of tax rates based on the law that taxpayers will pay and tax benefits that will be useful for the lives of MSME taxpayers in the city of Bogor. Mastery of tax knowledge for MSME taxpayers in the city of Bogor will improve tax compliance and will try to carry out their obligations to avoid the sanctions that apply in tax regulations.

The results of this study are in line with Afifatun Nisa (2016) which states that simultaneously tax knowledge, taxpayer awareness and tax sanctions have a significant effect on MSME taxpayer compliance in Sumenep district. I Made Wahyu Cahyadi and I Ketut Jati (2016) show that the variables of taxpayer awareness, tax socialization, public service accountability and tax sanctions have a positive effect on motor vehicle taxpayer compliance.

## Conclusions

This study aims to determine whether there is a relationship between knowledge of taxation and tax sanctions on MSME taxpayer compliance in the city of Bogor. Based on the results of the research as described in the previous chapter, conclusions can be drawn, namely:

1. the Spearman rank correlation test for tax knowledge (X1) there is a relationship with MSME taxpayer compliance in Bogor City. This is indicated by the results of arithmetic  $0.459 > \text{table } 0.349$  for  $n = 32$  with an error rate of 5%, meaning that there is a moderate relationship between tax knowledge and MSME taxpayer compliance in Bogor City in the direction of a positive relationship because count is positive, meaning the higher Knowledge of taxation increases the compliance of MSME taxpayers in Bogor City, so it can be concluded that the results of this study are in accordance with hypothesis 1 which states that tax knowledge has a relationship with MSME taxpayer compliance in Bogor City or  $H_1$  is accepted
2. in the Spearman rank correlation test, tax sanctions (X2) have no relationship with MSME taxpayer compliance in the city of Bogor. This is indicated by

the results of arithmetic  $0.313 < \text{table } 0.349$  for  $n = 32$  with an error rate of 5%, meaning that if the value of tax sanctions (X2) increases or decreases, there is no significant relationship to MSME taxpayer compliance in Bogor City, so it can be concluded that it is concluded that the results of this study are not in accordance with hypothesis 1 which states that tax knowledge has a relationship with MSME taxpayer compliance in the city of Bogor or  $H_2$  rejected.

3. By using the Spearman rank correlation test, knowledge of taxation and tax sanctions has a relationship with MSME taxpayer compliance in the city of Bogor. This is indicated by the results of sig. f change  $0.002 < 0.05$  which means that the variables of tax knowledge and tax sanctions are simultaneously or simultaneously related to the MSME taxpayer compliance variable in the city of Bogor. The degree of relationship between the variable knowledge of taxation and tax sanctions on MSME taxpayer compliance in the city of Bogor is a moderate correlation category of 0.592, so it can be concluded that the results of this study are in accordance with hypothesis 1 which states that tax knowledge has a relationship with MSME taxpayer compliance in the city of Bogor. or  $H_3$  is accepted.

## Suggestions

Based on the results of the discussion regarding the relationship between tax knowledge and tax sanctions on MSME taxpayer compliance in Bogor City, the authors can submit the following suggestions:

1. MSME taxpayers in Bogor City should be aware of fulfilling their tax obligations and voluntarily by reporting SPT on time, and trying to find information about tax administration sanctions if you are late in paying taxes. And taxpayers should be more active in participating in tax socialization, so as to improve taxpayer compliance, especially MSMEs in the city of Bogor.
2. Researchers who will conduct similar research are expected to conduct more in-depth research on the relationship between tax knowledge and tax sanctions on MSME taxpayer compliance in the city of Bogor. It is hoped that it can increase the number of samples in the SMEs studied. As well as researching using other variables in order to provide better results.
3. For the government of Bogor City, it is necessary to socialize the awareness of paying taxes and sanctions that can create a fear of being obedient in paying taxes.

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