

INCREASING TAXPAYER UNDERSTANDING, TAX RATES AND TAX SANCTIONS ON MSME TAXPAYER COMPLIANCE (EMPIRICAL STUDY ON MSMES REGISTERED AT KPP PRATAMA CIAWI BOGOR)

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Abstract

The government is still trying to increase the level of compliance of taxpayers with various socializations and conveniences provided to be able to increase their tax revenues. The purpose of this study is (1) to determine the effect of taxpayer understanding on the compliance of MSME taxpayers registered at KPP Pratama Ciawi Bogor. (2) to determine the effect of the tax rate provided by the government specifically for MSME taxpayers, namely the change in the final income tax rate from 1% down to 0.5%. (3) to determine the effect of tax sanctions on the compliance of MSME taxpayers registered at KPP Pratama Ciawi Bogor. This study was conducted on MSME taxpayers registered at KPP Pratama Ciawi Bogor using primary data with a total of 43 respondents. The analysis method is descriptive qualitative analysis using multiple linear regression analysis using SPSS 23. The results of the partial test with the t-test of each independent variable, namely the understanding of the taxpayer, tax rates and tax sanctions have a positive effect on the dependent variable, namely taxpayer compliance. The results of the test simultaneously with the F test, namely the understanding of taxpayers, tax rates and tax sanctions together have a positive effect on the compliance of MSME taxpayers.

Keywords: Taxpayer Understanding, Tax Rates, Tax Sanctions, MSME Taxpayer Compliance

I. INTRODUCTION

The definition of tax based on Undang- Undang KUP number 28 of 2007 article 1 paragraph (1) concerning general provisions and tax procedures states that tax is a contribution of taxpayers to the state owed by individuals or entities of a coercive nature under the Act, by not getting compensation directly and being used for the purposes of the state for the greatest prosperity of the people.

Micro, small, and medium enterprises (MSMEs) have an important role in the economy of the Indonesian people. The Indonesian government considers it important that the existence of the perpetrators MSMEs. MSMEs together with cooperatives have a special forum under the Ministry of Cooperatives and SMEs. The high attention given to msME actors is nothing but a form of government in supporting the economy of small people. Moreover, MSMEs are able to have a direct impact on the lives of people in the lower sector. Based on Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises in article 3, it is stated that micro-enterprises aim to grow and develop its business in order to build a national economy based on an equitable economy.

In Bogor Regency, MSMEs continue to receive special attention from the government through the SME Cooperative Service by holding various programs to develop MSMEs because MSMEs are one of the supporting sectors of the community's economy. Based on data obtained from research at the Bogor Regency Cooperatives and MSMEs Office, the number of MSMEs in Bogor Regency until December 2018 reached 24,978 units.

As a business entity, MSMEs also have tax obligations that are given convenience since July 1, 2013 through PP Number 46 of 2013 as Individual taxpayers or entities that have a certain gross circulation are given their own treatment provisions regarding the calculation, deposit and reporting of taxes owed. Therefore, MSME owners or business actors are confirmed as Individual or Corporate Taxpayers who are subject to the final income tax rate based on certain gross circulation.

In Bogor regency, there are three tax service offices, namely KPP Pratama Cibinong, KPP Pratama Cileungsi and KPP Pratama Ciawi. Of the three KPP in Bogor Regency In addition, KPP Pratama Ciawi is the KPP with the largest working area covering 24 districts out of a total of 40 sub-districts in Bogor Regency. Of the

24,978 MSME units in Bogor Regency, MSMEs included in the KPP Pratama Ciawi work area are 13,813 MSMEs and 10,679 MSMEs have been registered as taxpayers, indicated by a percentage of 77.3% of the total MSME population recorded at the Bogor Regency Cooperatives & SMEs Office located in the KPP Pratama Ciawi Bogor work area. However, of the 10,679 MSMEs recorded as effective taxpayers who report and pay taxes, only 4,947 MSMEs or 35% of the total population of registered MSME Taxpayers. KPP Pratama Ciawi continues to strive to carry out socialization and various efforts to increase the understanding, awareness and compliance of its taxpayers. Because KPP Pratama Ciawi has a target percentage of at least 50% of its taxpayer compliance rate from the total taxpayer population registered at KPP Pratama Ciawi to be able to increase its tax revenues presented in the table, as follows:

Based on the results of the researcher's interview with Mr. Khoikori as the Head of the General Sub-Section of KPP Pratama Ciawi Bogor, Mr. Khoikori stated that "Individuals or MSME owners who register themselves as Taxpayers mostly register because of needs not because of compliance such as for the need for licensing or for the need for loans to banks, it is caused by the understanding and awareness of the taxpayer which is still lacking. Therefore, of the number of registered taxpayers who effectively report and pay their taxes it is still in a low percentage below 50%. Whereas at their time (Personal or MSME owners) register, from our side the service department always equips them with an understanding of taxation by grant, explain and affirm the rights, obligations, tariffs, methods or mechanisms of payment, sanctions and functions of taxation".

The compliance of the community in fulfilling its tax obligations mainly depends on the knowledge and understanding of the community of taxation. The higher the knowledge of the people, of course, the easier it can be for the government to make them aware of paying taxes. There are still many people who do not understand about taxes, formal education and tax socialization have an important role for people's understanding of taxation.

The government launched an amendment to Government Regulation Number 46 of 2013 concerning Income Tax on Income from Business Received or Obtained by Taxpayers Who Have a Certain Gross Circulation updated in Government Regulation (PP) Number 23 of 2018. The main point of the regulation change is the reduction in the Final Income Tax rate from 1% to 0.5% of turnover, which must be paid monthly. With the lowering of the income tax rate for these MSMEs, in addition to being beneficial for MSME Taxpayers because their income tax obligations are reduced so that can be used as a capital increaser or investment to get more and more developing their business, it is also expected by the government to increase MSME actors for the sake of progress and

economic welfare of the community (Director General of Taxes, 2018).

The government provides tax relief to the public, especially MSME actors and the government also expects increased public compliance so that even if the tax rate is lowered but the tax revenue can still increase. "Public awareness and compliance with their tax obligations that are still low are often caused by people who do not understand tax rules" (Wahyuningsih, 2016).

In order to create tax order and order, a tax sanction was formed for violators. The sanctions are also used by the government as a basis for determining taxpayers who violate the regulations. Means tax obligations are not implemented, then there will be legal consequences that can occur or be accepted by the violator. Tax penalties are another factor that can affect taxpayer compliance. Mardiasmo (2018) stated that tax sanctions are a guarantee that the provisions of tax legislation can be obeyed or lived.

Research on the factors affecting taxpayer compliance has been conducted quite a lot. Research conducted by Alfiana (2018) found that the understanding of taxpayers affects compliance in paying MSME taxes (case study on MSME taxpayers registered at KPP Pratama Karanganyar Regency). But in another study conducted by Ismawanto (2018), showed that the understanding of taxpayers has no effect on the compliance of MSME taxpayers (case study on MSME taxpayers in Bandar Lampung City). However, on the contrary with tax sanctions, Ismawanto (2018) found that tax sanctions affect the compliance of MSME taxpayers, while Alfiana (2018) found that tax sanctions have no effect on the compliance of MSME taxpayers. Research conducted by Wahyuningsih (2016) found that the tax rate affects the compliance of MSME taxpayers, but the research was carried out before there was a change in the TAX RATE of MSMEs based on PP Number 28 of 2018 concerning Income on Business Received or Obtained by Taxpayers with a Certain Gross Circulation.

From some of the studies that have been carried out by previous researchers, the research to be carried out has several differences from previous researchers, namely differences from research variables, research subjects, research locations, research periods and the number of research samples.

Based on the background that has been parsed, hence the author decided to conduct research with the title **"Increasing Taxpayer Understanding, Tax Rates And Tax Sanctions On Msme Taxpayer Compliance (Empirical Study On Msmes Registered At Kpp Pratama Ciawi Bogor)"**.

The objectives to be achieved in this study are to:

1. Knowing the effect of taxpayer understanding on MSME Taxpayer compliance.
2. Knowing the effect of tax rates on MSME Taxpayer compliance.

3. Knowing the effect of tax sanctions on the compliance of MSME Taxpayers.
4. Knowing the effect of taxpayer understanding, tax rates and tax sanctions on MSME Taxpayer compliance.

II. THEORY AND LITERATURE REVIEW

Tax Definition

The definition of tax according to Law Number 28 of 2007 concerning General Provisions and Tax Procedures (KUP Law), namely, Tax is a mandatory contribution to the state owed by an individual or a body of a coercive nature under the Act, by not getting a direct reward and being used for the greatest benefit of the state for the greatest prosperity of the people.

Taxpayer Understanding

Understanding is something that we understand and we understand correctly. Understanding is how a person maintains, distinguishes, conjectures, explains, expanding, concluding, generalize, set examples, rewrite and warn. Taxpayer's understanding of the tax knowledge they have (Wahyuningsih, 2016).

The taxpayer's understanding of tax regulations is a way for taxpayers to know and understand tax regulations. Taxpayers will tend not to become compliant when they do not understand tax regulations (Julianti, 2014).

Based on tax law number 6 of 1983 which updated with Law Number 16 of 2009 concerning General Provisions and Procedures for Taxation, Taxpayers are individuals or entities, including taxpayers, tax withholders and tax collectors, who have tax rights and obligations in accordance with provisions of tax legislation.

The following are the obligations of the Taxpayer:

1. Register to obtain an NPWP. If an individual already has income above ptkp then it is mandatory register to obtain an NPWP.
2. Obligation to pay, collect or withhold and report taxes owed.
3. Obligations in the event of being examined an example is the mandatory showing or lending of supporting documents requested by the inspection team. Must be present to fulfill the call at the time of inspection and others.
4. Obligation to provide data. For third parties including government agencies, association agencies and others must provide data requested by the Office tax Service.

1) Taxpayer Rights

The following are some of the rights Taxpayer:

- a) Right to excess taxes. Any Taxpayer payments reported to the Service Office it turns out that there is an overpayment then may be restituted or returned to the Taxpayer.
- b) Rights in the examination e.g. the right to inquire about the Warrant of Examination,

the right to request the identification of the examining officer, the right to request an explanation of the reason for the examination, the right to request an explanation of the difference or difference in the results of the examination and the right to be present in the final discussion of the results of the examination.

- c) Right to apply objections, appeals and review of the results of the examination.
- d) The right to keep confidentiality of taxpayer data, etc.

Article 2 paragraph (1) of Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax, stipulates the tax subject as follows:

1. Private person
2. The undivided inheritance as a unit in place of the entitled
3. Company
4. Permanent establishment

The permanent form of business is a tax subject whose tax treatment is equated with that of a corporate tax subject.

Final Income Tax Rate for MSMEs

The tax rate is the basis of the imposition of taxes on the tax object on which it is dependent. The tax rate is usually a percentage (%). The basis for the imposition of tax is the value in the form of money that is used to calculate the tax owed.

Based on Government Regulations Republic of Indonesia Number 46 of 2013 concerning Income Tax on Income from Business Received or Obtained by Taxpayers Who Have a Certain Gross Circulation, Final Income Tax for MSME tax is a taxpayer receiving income from business, excluding income from services in connection with free work, with gross circulation not exceeding RP4,800,000,000.00 (four billion eight hundred million rupiah) in 1 (one) Tax Year at a rate of 1%. However, on July 1, 2018, the government issued PP Number 23 of 2018 regarding new tariffs for final income tax for MSMEs. The Final Income Tax rate, which was originally charged at 1%, dropped to 0.5% with turnover as the basis for taxation. What is meant by gross circulation is the amount of income or gross receipts obtained by taxpayers from business activities before deducting cash deductions and sales returns and costs.

Based on the description of the Directorate General of Taxes, the Government Regulation was issued with the following objectives:

1. Encourage people to participate in formal economic activities by providing convenience and simplicity to taxpayers who have a certain gross circulation in carrying out its tax obligations.

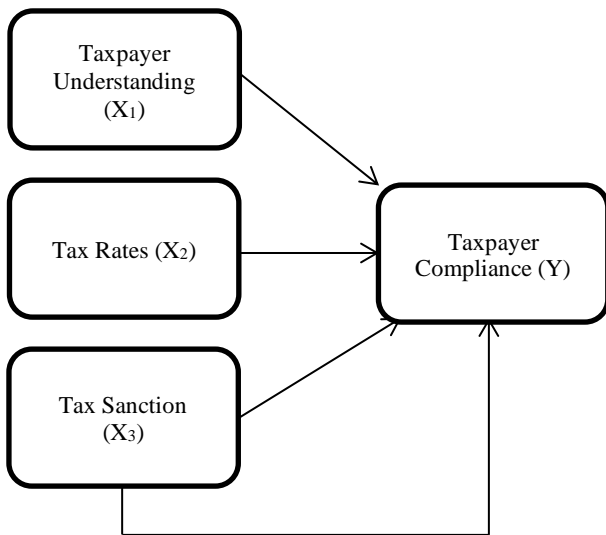
Providing justice to taxpayers who have a certain gross circulation who have been able to do bookkeeping,

so that taxpayers can choosing to be subject to Income Tax under the Income Tax Act.

Tax Sanctions

Tax sanctions aim to provide a deterrent effect to the mandatory taxes that violate tax norms so as to create taxpayer compliance in carrying out its tax obligations. Penalty taxation is a tool that is used as a guarantee for taxpayers to comply with all tax regulations, from rights to what obligations should be performed by the taxpayer. If the taxpayer violates the stipulated provisions, it will be subject to penalties. Based on Law Number 16 of 2009 concerning General Provisions of Taxation (KUP Law), two types of tax sanctions are known, namely administrative sanctions and criminal sanctions.

Hypothesis Development



Draw 1
 Frame of Mind

The research hypothesis is a temporary conjecture whose veracity must be further tested with data management. Outline-based thinking then the hypothesis for this study is as follows:

- H₁ : Taxpayer understanding positive influence on the compliance of MSME Taxpayers.
- H₂ : Tax rates have a positive effect towards Compliance Taxpayer MSMEs positive for MSME Taxpayer compliance.
- H₃ : Tax penalties influential positive for MSMEs Taxpayer compliance.
- H₄ : Taxpayer understanding, tax rates and tax sanctions together have a positive and significant effect to the compliance of MSMEs Taxpayers.

III. RESEARCH METHODOLOGY

The type of research used in this study is verified with the explanatory survey research method, which is a

study that aims to test hypotheses, which are generally research that explains phenomena in the form of relationships between variables. The relationship in this study is causal, which is a study that aims to determine the relationship and influence between two or more variables. This study aims to test the influence of variables that affect (independent variables) namely, the understanding of compulsory paka, tax rates and tax sanctions against the affected variables (dependent variables) namely taxpayer compliance.

To obtain the necessary information, the researcher chooses and determines the location of the study, namely at the Ciawi Bogor Primary Tax Service Office which is located on Jalan Dadali No.14 Tanah Sareal, Bogor City, West Java 16161. The sources of research data used in this study are primary and secondary data.

1. Primary data, namely data obtained by the researcher directly from the unit analysis the studied i.e. individuals/persons in the company/agency/organization, individual group or from the company/agency/organization under study. To obtain data and information, it was obtained through the dissemination of questionnaires to respondents who were registered as taxpayers at KPP Paratama Ciawi Bogor.
2. Secondary data, namely data obtained by researchers indirectly, in this study data secondary is obtained through the collection of relevant company/agency documents or archives. For example, through articles, journals, company documentation, government publications and others.

This study used primary data samples obtained by taxpayers registered at KPP Pratama Ciawi Bogor using a non-probability purposive sampling method where population members did not have the same opportunity to selected into a sample (which meets the feasible criteria according to the problem under study). For time and cost efficiency, samples are selected that meet the criteria that are feasible. This study sets out several sample criteria as follows:

1. MSME Business Owners with gross circulation not exceeding IDR 4.8 billion in one year
2. Is a Taxpayer who has an Individual NPWP
3. Be in the KPP Pratama Ciawi work area.

The determination of the number of samples in this study is based on Roscoe's statement (1975) in Wahyuningsih (2016) which states that the number of adequate samples for the study is in the range of 30 to 500. In studies using multivariate analysis (such as multiple regression analysis), the sample size must be at least 10 times larger than the number of variables studied. Where the sum of all variables is multiplied by 10 while in the study there are 4 variables (independent + dependent), then the number of sample members is 4x10 = 40.

Table 1
 Variable Operations

Variable	Indicators	Size	Scale
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Understanding Required Tax (X1)	1. Rights and obligations tax 2. Regulations Taxation. 3. Mechanism payment Taxpayer.	Lickert Scale 1 up to 5 : 1. Very No Agree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree	Ordinals
Tax Rates (X2)	1. Income Tax Finals for MSMEs. 2. Changes Income Tax Rate Final. 3. Tax rate has been fair.	Lickert Scale 1 up to 5 : 1. Very No Agree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree	Ordinals
Penalty Tax (X3)	1. Sanctions Taxation. 2. For Discipline Taxpayer. 3. Be assertive and make a deterrent.	Lickert Scale 1 up to 5 : 1. Very No Agree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree	Ordinals
Compliance Mandatory Tax MSMEs (Y)	1. Be aware of obligation NPWP. 2. Minimize delay. 3. Be aware of obligation its taxes.	Lickert Scale 1 up to 5 : 1. Very No Agree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree	Ordinals

Data analysis methods that use application or Software SPSS version 23, includes :

1. Weighted Mean Score
2. Descriptive Analysis
3. Validity and Reliability Test
4. Test of Classical Assumptitons
5. Hypothesis Test

IV. THEORY AND LITERATURE REVIEW

The study was conducted in the Office Pratama Ciawi Bogor Tax Service and area District Cisarua as one of the sub-districts of the region work of KPP Pratama Ciawi Bogor. Data is carried collection out through dissemination of research questinnaires in visit respondents that keep be at KPP Primary Ciawi Bogor and visit the respondent’s place of business area District Cisarua.

Spread questionnaire last for 24 days, commencing from the 24th June to July 18 2019. For time and cost efficiency, selected samples that meet the criteria which is feasible. The study stipulates some criterion sample as next:

1. MSME business owners with circulation gross not exceed Rp 4,8 Billion in one year
2. Be mandatory tax that have private person’s TIN
3. Be in the kpp work area Ciawi Primary

Determination of the amount sample in this research by statement Roscoe (1975) in Wahyuningsih (2016) which states for research be range 30 until 500. At this research that use analysis multivariate)such as analysis Regression multiple), size sample at least must 10 times more big than sum variable that researched. Where sum entire variable multiplied 10 while in this research there’s 4 (independent + dependent), so all of sample in this research is 4x10 = 40.

Besides by statement aforementioned determination sample research because has limitations time cost, range region and consideration or comparison of samples from previous researchers. Then, the number of samples in the study as many as 43 respondents.

By data that succeed collected in this research from the questionnaire distributed was 43 questionnaires, all of which could be processed, The questions contained in the questionnaire are questions about three independent research variables, namely taxpayer understanding, tax rates and tax sanctions, then dependent variables, namely MSME taxpayer compliance.

Descriptive Statistical Analysis

Descriptive analysis measurements on the variables of this study are to measure and find out the minimum value, maximum value and average value (mean) in each statement, as well as the standard deviation value. Analysis of this study using SPSS 23 Application for Windows. In this study, there were 4 variables, Variable X1 (Understanding Taxpayers), Variable X2 (Tax Rate), variable X3 (Tax Sanctions) and Variavel (Taxpayer Compliance). The following are the results of a descriptive analysis of the data on each variable.

Validity Test

Based on the results of the validity test, for each of the variables used, namely the Taxpayer Understanding variable (X1), the Tax Rate variable (X2), the Tax Sanction variable (X 3) and the Taxpayer Compliance variable (Y), it shows that the statement of all items used has an r-count greater than the r-table, thus the Instrument or questionnaire used is declared valid as a variable measuring instrument.

Reliability Test

Based on the reliability test results, it shows that all instruments in this study have Cornbach Alpha more than (>) 0.60. So it can be concluded that the instrument in this study is reliable, because it can still be consistent if it is carried out twice or more on the same symptoms using the same measuring device will produce the same data, and all indicators or questionnaires used in this

study are declared reliable or can be trusted as measuring instruments.

Normality Test

Based on the calculation results using the kolmogorov smirnov test formula here, it is proven that the Asymp Sig of 0.200 is greater than alpha 5% (0.05) so that it shows that the distribution of data in the study is declared normal normal. Based on the display of the results of the normality test using the Normal P Plot, it shows that the points are not far away, always following and approaching from the diagonal line. This means that the regression model is already normally distributed.

Multicollineieritas Test

Based on the display of multicollinearity test results, the test results show that the VIF values of all independent variables have values smaller than 10 and tolerance has values above 0.1. This means that the study variables do not show the presence of multicholinerita symptoms in the regression model. It is thus known that the study data meet the assumption of free multicollinearity.

Heteroxidization Test

Based on the display of heteroskedasticity test results using Scatterplot graphs on, it shows that the points spread randomly, and are spread both above and below the zero (0) on the Y axis. By this it can be interpreted that heteroskedasticity does not occur in regression models.

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$$Y = 2,998 + 0,213X1 + 0,423X2 + 0,467X3 + e$$

Based on the results of the multiple linear regression test, it is stated that the regression equation of this study is as follows:

1. Constants and coefficients of independent variables have positive values. This indicates that the multiple regression equation has a unidirectional relationship. This means that taxpayer compliance will increase as independent variables increase, namely taxpayer understanding, tax rates and tax penalties.
2. The regression coefficient of the taxpayer's comprehension variable (X1) is 0.213. This means that if the comprehension variable increases by 1% then the Compliance variable (Y) will increase by 0.213 units or 21.3% (provided that other variables are considered constant).
3. The regression coefficient of the tax rate variable (X2) is 0.423. This means that if the tax rate variable increases by one, then the Compliance variable (Y) will increase by 0.423 units or 42.3% (provided that other variables are considered constant).
4. The regression coefficient of the tax sanction variable (X3) is 0.467. This means that if the tax sanction variable increases by one, the taxpayer

compliance variable will increase by 0.467 units or 46.7% (provided that other variables are considered constant).

In order to better explain the use model used, a partial test (t test), simultaneous test (f test) and determination coefficient test (R square) are needed.

T test

The t-test is used to test the significance of the regression coefficient individually or partially. Regression testing is used two-way testing by using a = 5% which means that the confidence level is 95%. The results of the t test are as follows:

1. Based on the table of data processing results for the taxpayer's comprehension variable, a calculated t value of 2.206 was obtained because the calculated t value was greater than the table t (2.206 > 2.0226) with a probability of 0.033 < 0.05 then H1 was accepted which means that the taxpayer's understanding has a significant positive effect on taxpayer compliance.
2. The tax rate variable has a calculated t of 2.366 because the calculated t value is greater than the table t (2.366 > 2.0226) with a probability of 0.023 < 0.05 then H2 is received which means that the tax rate has a significant positive effect on taxpayer compliance.
3. The tax penalty variable has a calculated t of 2.967 because the calculated t value is greater than the table t (2.967 > 2.0226) with a probability of 0.005 < 0.05 then H3 is accepted which means that tax penalties have a significant positive effect on taxpayer compliance.

Test F

Based on the analysis value of the F test, a calculated F value of 33.082 > 2.83 with a probability of 0.000 was obtained < 0.05 then Ha is accepted, this means that the taxpayer's understanding, the rate taxes and tax penalties jointly or simultaneously affect taxpayer compliance.

Coefficient of Determination

The calculation results for the value of R² with the help of SPSS 23, in the analysis of multiple regression obtained the coefficient of determination or *Adjusted R Square* of 0.696 this means that it shows that 69.6% of taxpayer compliance variables can be explained by independent variables, namely taxpayer understanding, tax rates and tax penalties. Meanwhile, 30.1% was influenced by other variables outside the variables used in this study.

The Effect of Taxpayer Understanding on Taxpayer Compliance MSMEs

Based on the results of the study, the taxpayer's understanding variable (X1) obtained a calculated t-value of 2.206 and a p-value of 0.033. Furthermore, t counts compared to t table, which is 2.206 > 2.0226 and p value compared to alpha, which is 0.033 < 0.05. The result of the comparison shows the calculated t value is greater than the table t and the p value is less than the α then H1 is accepted. Thus, it can be concluded that the

understanding of taxpayers has a significant effect on the compliance of MSME taxpayers.

This shows that the understanding of taxpayers, especially MSME taxpayers regarding rights, obligations, tariffs, payment methods or mechanisms, sanctions and tax functions are indispensable to improve the compliance of MSME taxpayers. Because the better the understanding of taxpayers, it will increase taxpayer compliance.

The results of this study support the results of research conducted by Wahyuningsih (2016), Alfiana (2018) and Lestari (2017) which showed that the understanding of taxpayers has a significant effect on the compliance of MSME taxpayers. However, it is not in line with research conducted by Ismwanto (2018) and Julianto (2016) which states that the understanding of taxpayers has no effect on the compliance of MSME taxpayers.

Effect of Tax Rate on MSME Taxpayer Compliance

Based on the results of a study of the tax rate variable (X2) obtained a calculated value of 2.366 and a p-value of 0.023. Furthermore, t counts compared to t of the table, which is $2.366 > 2.0226$ and p value compared to alpha, which is $0.023 < 0.05$. The results of the comparison show that the calculated t value is greater than the table t and the p value is smaller than the α then H2 is accepted. Thus, it can be concluded that the tax rate has a significant effect on the compliance of MSME taxpayers.

Based on the results of the analysis, it shows that changes in tax rates have a positive effect on the compliance of MSME taxpayers. The tax rate is one of the important elements in calculating the amount of tax owed, so that the tax rate that does not match the state of the taxpayer will have an impact on taxpayers who feel objections to the tax rate. This means that the change in the final income tax rate for MSMEs from 1% to 0.5% is carried out by the government based on Government Regulation Number 23 of 2018 which is an update of Government Regulation Number 46 of 2013 concerning Income Tax on Income From Businesses Received or Obtained by Taxpayers Who Have a Certain Gross Circulation can make taxpayers more motivated to pay taxes because it reduces the amount of tax owed and reduces taxpayer tax payments, so that it will have an impact on taxpayer compliance, especially MSME taxpayers.

The results of this study are in line with the results of research conducted by Wahyuningsih (2016), Ramdan (2017), Julianto (2016) and Prawagis, Zahroh, Mayowan (2016) which showed that tax rates had a significant effect on THE compliance of MSME taxpayers.

The Effect of Tax Snactions on MSME Taxpayer Compliance

Based on the results of the study, the tax sanction variable (X3) obtained a calculated t value of 2.967 and a p-value of 0.005. Furthermore, t counts compared to

of the table, which is $2.967 > 2.0226$ and p value compared to alpha, which is $0.005 < 0.05$. The result of the comparison shows that the calculated t value is greater than the table t and the p value is smaller than the α then H3 is accepted. Thus, it can be concluded that tax sanctions have a significant effect on the compliance of MSME taxpayers.

Based on the results of this study, it shows that tax sanctions affect the compliance of MSME taxpayers. So that the more firm and fair the tax sanctions given to tax violators, the better the taxpayer's compliance will be. Because tax sanctions are given to create order and discipline for taxpayers not to neglect their tax obligations and are expected to have an effect deterrent against violators who are subject to sanctions so that taxpayers can better comply with tax regulations, so as to increase the government's efforts to continue to increase their tax realization. Therefore, tax sanctions are very necessary to increase the compliance of taxpayers, especially MSME taxpayers.

The results of this study are in line with the results of research conducted by Setiawan (2015), Ismawanto (2018), Nisa (2016) and Prawagis, Zahroh, Mayowan (2016) which showed that tax sanctions had a significant effect on the compliance of MSME taxpayers. However, it is not in line with research conducted by Alfiana (2018) which states that tax sanctions do not affect the compliance of MSME taxpayers.

The Effect of Taxpayer Understanding, Tax Rates and Tax Sanctions on the Taxpayer's Strength of MSMEs

Based on the results of simultaneous testing or test F, it was obtained F count = 33.082 greater than F table 2.83 (F count 33.082 > F table 2.83) and obtained sig value = 0.000 ($0.000 < 0.05$). The results show that simultaneously or together, the taxpayer understanding variable (X1), the tax rate variable (X2) and the tax sanction variable (X3) together have a positive effect on the taxpayer compliance variable (Y). Based on the results of the determination test, a coefficient of determination or Adjusted R Square of 0.696 was obtained. Therefore, based on the results of research and testing conducted, the independent variables contained in this study jointly affect the compliance of MSME taxpayers. Or it can also be interpreted, MSME taxpayer compliance is influenced by taxpayer understanding, tax rates and tax sanctions of 69.6% and 30.4% is influenced by variables or other factors outside the variables used in this study.

Conclusions

This study is to determine the influence of taxpayer understanding, tax rates and tax sanctions on MSME taxpayer compliance (empirical study on MSMEs registered at KPP Pratama Ciawi Bogor). Based on the results of the analysis of hypothesis testing data that has

been described in chapter IV, it can be concluded that as follows:

1. Taxpayer understanding variables have a significant influence and have a positive relationship with MSME taxpayer compliance. This shows that the understanding of taxpayers, especially MSME taxpayers regarding rights, obligations, tariffs, payment methods or mechanisms, sanctions and tax functions is very necessary to improve the compliance of MSME taxpayers. So H1 is accepted which means that the understanding of taxpayers has a significant positive effect on the compliance of MSME taxpayers.
2. The tax rate variable has a significant influence and has a positive relationship with the compliance of MSME taxpayers. This means that the change in the tax rate of the Final Income Tax for MSMEs from 1% to 0.5% carried out by the government based on Government Regulation Number 23 of 2018 which is an update of Government Regulation Number 46 of 2013 concerning Income Tax on Income from Businesses Received or Obtained by Taxpayers Who Have a Certain Gross Circulation can make taxpayers more motivated to pay taxes because it reduces the amount of tax owed and relieves taxpayer tax payments, so that it will have an impact on taxpayer compliance, especially MSME taxpayers. So H2 is accepted which means that the tax rate has a significant positive effect on the compliance of MSME taxpayers.
3. The variable of tax sanctions has a significant influence and has a positive relationship on the compliance of MSME taxpayers. Based on the results of this study, it shows that tax sanctions affect the compliance of MSME taxpayers. So that the more firm and fair the tax sanctions given to tax violators, the better the taxpayer's compliance will be. So H3 is accepted which means that tax sanctions have a significant positive effect on the compliance of MSME taxpayers.
4. The variables of taxpayer understanding, tax rates and tax sanctions together have a significant influence on the compliance of MSME taxpayers. Based on the results of simultaneous testing or test F in table 4.13, then obtained F count = 33.082 greater than F table = 2.83 (F count 33.082 > F table 2.83) and obtained sig value = 0.000 (0.000 < 0.05). The results show that simultaneously or together, the taxpayer's comprehension variables (X1),

the tax rate variable (X2) and the tax sanction variable (X3) together have a positive effect on the taxpayer compliance variable (Y).

Suggestions

Based on the results of the analysis and conclusions regarding the effect of taxpayer understanding, tax rates and tax sanctions on MSME taxpayer compliance, the suggestions that can be submitted in connection with research issues are as follows:

Theoretical Advice

1. This research is expected to contribute science in the field of accounting economics in general and in particular regarding tax accounting, that the understanding of taxpayers, tax rates and tax sanctions respectively and jointly affects the compliance of taxpayers, especially MSME taxpayers with a percentage of 69.6% and 30.4% influenced by other factors or variables based on the results of tests conducted in this study.
2. In this study, there were limitations in the number of samples due to limited time and cost and constrained regional coverage. In addition, the criteria for determining samples in this study were less narrowed. For subsequent researchers, it is better to expand the reach of respondents, or group samples based on more detailed criteria, such as in a certain area or based on a certain type of business so that the sample can be more representative of the total population and can be more used as a reference for generalization of problems.
3. In this study, there are only three factors or variables that can affect taxpayer compliance. For subsequent researchers, you should develop other factors to be used as research variables that can affect taxpayer compliance in addition to the independent variables contained in this study, such as tax payment mechanisms, service quality, taxpayer awareness and so on so that better research results can be obtained.

Practical Advice

1. For KPP Pratama Ciawi, this research is expected to be an overview and explanation that can help solve and anticipate problems regarding factors that affect the compliance of MSME taxpayers (individuals or entities).
 2. For MSME Taxpayers, it is hoped that they can be more aware and compliant with their tax obligations, because the government has provided tariff relief.
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