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# Effectiveness Of MSME Tax Implementation, Tax Fairness, and Tax Socialization on Tax Compliance (Empirical Study: Kediri)

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## Abstract

This study aims to determine the level of efficiency of tax compliance for MSMEs in Kediri Regency based on tax application variables, tax fairness, and tax socialization in 2023. This research is motivated by the low tax compliance of MSMEs in Indonesia, contrary to the government's efforts to optimize MSME tax compliance, considering that MSMEs have a significant role in Indonesia's GDP. Based on the results of research conducted, it shows that the three variables used such as the application of taxes, have a significant positive influence on tax compliance with MSMEs in Kediri Regency. In line with tax implementation, tax fairness also has a significantly positive influence on MSME tax compliance in Indonesia. Meanwhile, similar conditions on tax socialization have the same influence, which is significantly positive for MSME tax compliance in Kediri Regency.

**Keywords** MSMEs · Tax Compliance · Tax Fairness · Tax Implementation · Tax Socialization

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## 1 INTRODUCTION

### 1.1 Background of SME

Based on data from the Ministry of Cooperatives and SMEs in Indonesia, the number of MSME business units in 2019 reached 65.4 million. Every year, MSMEs in Indonesia show a positive trend which shows rapid growth and can contribute to the National GDP of 60.5%. However, this positive trend is inversely proportional to the condition of MSME tax compliance in Indonesia which is relatively low, with a contribution of around 6.54% of the number of business actors or only around 4.2 million business units that comply with their tax obligations. Where various factors can affect business actors in carrying out tax payment obligations such as low understanding of taxation, quality of service, fairness of the tax system, tax socialization and tax sanctions. Until now, the government of the Republic of Indonesia continues to strive to increase tax revenue from the MSME sector because the sector contributes 0.5% of total tax revenue. Based on the implementation of Government Regulation No. 23 of 2018, the implementation of MSME tax in Indonesia has a positive effect on MSME tax compliance in Indonesia. (Ministry of Finance of the Republic of Indonesia (Directorate General of Treasury), 2023)(Firmansyah, 2023)(Syafri, 2019).

Broadly speaking, tax justice is a principle that supports the imposition of tax fairly and equitably on taxpayers. The principles contained in tax justice are the principle of equality, where the tax imposed must be fair and equitable, not necessarily power or excess. Tax fairness brings a positive trend towards tax compliance in Indonesia due to several factors such as related to the quality of tax services, understanding of taxes and the implementation of tax functions. This case the implementation of a good tax justice system can have a significant positive effect on taxpayer tax compliance, which in this case is related to MSMEs (Burnama, 2022) (Hardiningsih, Srimindarti, & Sutrisno, 2020)(Kastanya, Syamsuddin, & Pontoh, 2021).

The socialization of taxation can be interpreted as an effort given by the Directorate General of Taxes through the ranks of the apparatus to provide information, understanding, and guidance to taxpayers, including in this case MSMEs are in the scope of the advice to understand all matters related to information, understanding, and



guidance to taxpayers to understand all matters related to taxation in Indonesia, both in terms of regulations and tax procedures through appropriate methods. Tax socialization can strengthen the potential increase in MSME tax compliance because it can help increase understanding of taxation, which can then affect taxpayer compliance and it can be concluded that this socialization has a positive effect on MSME tax compliance compliance (Burhan, 2015).

Based on the above explanation, the level of tax compliance for MSMEs can be influenced by various factors including how to implement taxes, tax justice, and tax socialization. In line with the government's efforts to increase tax revenue from the MSME sector and update the analysis of previous research which broadly continues to develop by economic conditions and MSMEs in Indonesia, the author compiles a study entitled "The Effectiveness of MSME Tax Implementation, Tax Justice and Tax Socialization on Tax Compliance (Empirical Study on MSME Units in Kediri Regency)".

## 1.2 Research Problems

In this study, an in-depth analysis of the efficiency of tax compliance in the MSME environment of Kediri Regency was conducted. In more detail, the problem is formulated:

1. The effect of the implementation of MSME tax on tax compliance for MSMEs in Kediri Regency.
2. The effect of tax justice on MSME tax compliance in Kediri Regency.

The effect of tax socialization on MSME tax compliance in Kediri Regency.

## 2 THEORETICAL FRAMEWORK AND HYPOTHESIS

MSMEs in Indonesia have the main root problem of being able to grow and develop in the form of financial constraints. MSME constraints related to capital have an impact on the level of workers' wages. In principle, small businesses cannot access the financing needed to respond to changes such as adjustments and strengthening financial management due to lower liquidity reserves, limited collateral, and uncertainty in the realization of loans from creditors or the withdrawal



of investor funds in times of economic crisis (The World Bank , 2022) (Fairlie, 2021).

Although MSMEs have several weaknesses, on the other hand MSMEs are not too affected by the economic crisis because they can be able to keep up with world developments. MSMEs are important actors in increasing innovation, competitiveness, entrepreneurship, and the establishment of an effective innovation system for the development of the country. Improving the investment climate for MSMEs and strengthening their capacity to respond to trade and investment opportunities does strengthen the economic performance of MSMEs and will have a positive impact on growth and poverty reduction in developing countries. Even in 'normal' economic conditions, business actors need support to survive and grow their businesses, and MSMEs need special policies and programs. However, at present MSMEs are being hit hard by the global crisis. It is important to remember that MSMEs are generally vulnerable in times of crisis for various reasons including (Miklian, 2022):

1. It is more difficult for MSMEs to save money because of their small size;
2. In terms of individuals less diversified in economic activity;
3. Have a weaker financial structure (have lower capitalization);
4. Lower credit rating;
5. It relies heavily on credit and has fewer financing options.

The chronic economic problems of developing countries have negatively affected the energy of companies. Providing the right opportunities and direction for MSMEs will have a positive impact on the development of the country.

MSMEs remain important not only in developing countries but also in developed countries. In the 21<sup>st</sup> century, MSMEs in developed countries must play a role in improving life, dynamics, and not focus on increasing employment. One of the important characteristics of MSMEs is that the sector is in a leading position to improve industry and technology (Bary, 2019).

Like other components of the economy, the size and importance of the



MSME sector varies from country to country. MSMEs are important for almost all economies in the world, especially in developing countries. The reason for MSMEs is an important factor for several reasons such as the development of MSMEs can be an effective anti-poverty program. In addition, MSME development is one of the blocks of influence for building innovation and sustainable growth. MSMEs contribute greatly to the economic environment by maintaining stability and for the economic development of a country. To achieve stable economic development, support from various parties is needed to improve the MSME sector (Algan, 2019).

In Indonesia, various policies have been implemented including several stimuli such as loan restructuring policies, additional capital assistance, easing electricity bill payments, credit reconstruction, and other financing support. To restore the MSME sector, policymakers in Indonesia have carried out credit restructuring, plans to establish Ultra Micro SOE holdings and the National Economic Recovery (PEN) program which is focused on responding to declining community activities that have an impact on the economy. From various government programs to help restore the economy, policymakers must still provide assistance and guidance consistently and be evaluated regularly so that MSME actors can survive and compete independently. Government intervention in the recovery of MSMEs will encourage MSMEs to overcome the problems they face.

In addition to save the national economy, consideration of the tax structure, tax policy design, and expansion of the digital tax system is needed. With the right support, MSMEs can drive significant economic recovery. Policymakers play a role in supporting long-term fiscal sustainability with appropriate tax initiatives. The implementation of tax policy has an important role in evaluating and providing the necessary support. Analysis of measurement results provides benefits for policymakers as a basis for evaluating and determining future policies.

### **a. Concept of Effectiveness**

Effectively define a measure expressed in terms of target size (quantity, quality, and time). Effective as a measure based on the level of output that has been achieved against the expected output of various inputs. Other definitions of effective mean the relationship of output with goals



that are achieved. Viewed from an operational point of view, it is said to be effective if the activity has achieved the ultimate goal of a policy (Ahn & Clermont, 2022) (Hofstrand, 2023).

### **b. Tax Application Concept**

The tax rate is based on the Tax Regulation related to the calculation of the amount of tax owed. As of 2018, the tax rate that previously applied at 1% was updated to 0.5% based on Government Regulation Number 23 of 2018. The regulation came into effect on July 1, 2019, which explains income tax on business income received or obtained by taxpayers who have a certain gross circulation with the imposition of a rate of 0.5% from the previous regulation (PP No. 46 of 2013 with a rate of 1%). This tariff reduction is an effort to optimize the suppression of MSME operational costs that continue to increase. This also leads to increasing profits and increasing business development, especially for MSMEs (Waluyo, 2017)(Sularsih, 2018).

### **c. Tax Imposition**

The Ministry of Cooperatives and SMEs stated that around 61.97% of MSMEs contributed to GDP in 2020. As an effort to increase tax revenue in the MSME sector, it began with the enactment of Government Regulation Number 46/2013 by setting the final MSME tax rate of 1% for Corporate Taxpayers and Individuals who have income with a total turnover of less than 4.8 billion per year. With the enactment of Government Regulation Number 46/2013, the level of taxpayer compliance is still low. One of the factors that causes a lack of awareness from taxpayers is having a perception that is still pessimistic (Kumadji, Ananda, & .A., 2015)(Susanto, 2017).

As an effort to ease the burden on MSMEs so that the MSME economy grows, the government ratified PP Number 23/2018 concerning income tax on income from businesses received or obtained by taxpayers who have certain gross circulation. PP 23 of 2018 replaces PP 46 of 2013 which is effective as of July 1, 2018. The period of imposition of the rate is for 7 years for Individual Taxpayers (OP), while for Corporate Taxpayers in the form of Cooperatives, Partnerships or Firms for 4 years, and for Corporate Taxpayers in the form of Limited Liability



Companies for 3 years.

There need to be structural reforms to create a system of fair, effective, and accountable taxation then the policymakers formulate and ratify the Taxation Harmonization Act (UU HPP). The main objective of the Income Tax (PPh) reform that benefited from the HPP Law is to create a fairer and more certain income tax system to expand the tax base and improve taxpayer compliance. Implementation of policies while maintaining alignments for the benefit of the wider community and future economic progress (Ministry of Finance, 2021).

The HPP Law rules emphasize more partiality towards MSME Taxpayers. This is evidenced by providing incentives in the form of Non-Taxable Income Limits (PTKP) on the gross circulation of MSME Individual Taxpayers up to Rp500,000,000 a year. MSME Corporate Taxpayers, still get a policy in the form of a 50% income tax rate discount facility by Article 31E of the Income Tax Law. The HPP Law regulates the limit of non-taxable gross income for the MSME sector up to Rp500,000,000 per year and the application of the final rate of Value Added Tax (VAT) of 1%, 2%, or 3% for MSMEs that have the status of Taxable Entrepreneurs (PKP).

#### **d. The Concept of Tax Justice**

According to Kamus Besar Bahasa Indonesia "KBBI", the meaning of justice is honesty, straightness, and sincerity that is not one-sided, neutral, or balanced. Justice comes from the Latin "justitia" while in English it is "justice". Justice means; (1) attributively which means fair quality; (2) as an act has the meaning of carrying out a law or act by determining rights or punishments; and (3) a person who is a public official who has the right to determine the existence of requirements before a case is brought to court (Jason, 2018). Justice according to Aristotle is the granting of equal rights but not equality. Aristotle described justice as "distributed" and "commutative". Distributive justice is justice that is given to individuals based on portions according to their predation. Commutative justice gives equality to individuals without distinguishing their achievements according to this sphere of the exchange of goods and services. John Rawls argues that the principle of justice is concerned with the cardinal virtues of social institutions (*social institutions*). Hans Kelsen argues that justice is a value consideration



that has a subjective nature (Sofyan & Tomy, 2022).

Tax equity means that taxpayers contribute a fair share of the cost of government. Tax justice is divided into two, namely: a. vertical fairness which means a person with a greater income will be subject to a larger payment; b. horizontal fairness which means two people who have the same income will pay the same amount of tax. Vertical justice is seen from the subject, while horizontal justice is seen from the aspect of the object.

The principle of fairness means that the tax burden must be proportional between the ability possessed by the taxpayer and the tax to be paid. Justice is key to the government's efforts to collect taxes from the community (transfer of resources).

There are two kinds of principles of justice including; a. Benefit Principal Approach i.e. the amount of tax paid is proportional to the benefits received; and b. Ability to Pay Principal Approach, namely the imposition of taxes based on each ability. This principle is adopted by Indonesia in the imposition of taxation using progressive rates in Article 17 of the Income Tax Law.

#### **e. Tax Socialization**

Tax socialization is an effort made by the Directorate General of Taxes (DGT) to provide knowledge to taxpayers and the public about everything related to taxation. Socialization of taxes as an intermediary between the collector and the party collected. Tax socialization aims to provide understanding, information, and guidelines for taxpayers. To achieve the goal, socialization in the field of taxation is divided into three focuses including: a. socialization to prospective taxpayers; b. socialization of newly registered taxpayers; and c. socialization of registered taxpayers (Putrianingrum & Nuryati, 2022)(Nanda, 2023).

Socialization of taxation is carried out in two ways, namely: a. direct socialization, namely direct interaction with the community; b. Indirect socialization, namely counseling with little interaction with the community.

#### **f. Tax Compliance**



Taxpayer Compliance is the condition that the Taxpayer is aware of his responsibilities as a Taxpayer. Compliance can be interpreted as the willingness of taxpayers to complete all obligations and rights in the field of taxation. Tax compliance is the condition of taxpayers in fulfilling tax obligations and exercising rights in the field of tax. Tax compliance is the condition of taxpayers in fulfilling tax rights and obligations. In general, taxpayer compliance is defined as an act of compliance and awareness of the implementation of applicable tax obligations (Nurmantu, 2005)(Widodo, 2010)(Rahayu, 2010).

Taxpayer compliance is described as reporting according to time, filling in the amount of tax owed correctly, and paying taxes on time without coercion (Amalia, 2016).

Compliance by taxpayers is categorized into two, namely power theory and consensus theory. Elaboration of the theory of force, individuals who obey the law because there is coercion from the legal authority of the government. There are two types of compliance: formal and material. Formal compliance is a condition for taxpayers in fulfilling formal responsibilities as stated in the Indonesian Tax Law. Material compliance is a condition for Taxpayers who meet material taxes. Consensus theory lies in the level of public acceptance of the tax law system towards the understanding and awareness of taxpayers on tax functions and benefits.

### ***The Effect of MSME Tax Implementation on Tax Compliance***

Various factors can affect MSMEs as business actors in carrying out tax payment obligations such as low understanding of taxation, quality of service, fairness of the tax system, tax socialization and tax sanctions. To optimize the achievement of MSME tax compliance, the government issued Government Regulation Number 23 of 2018 (Syafrol, 2019).

Hypothesis 1: There is a positive influence on the implementation of MSME tax on tax compliance in Kediri Regency.

### ***The Effect of Tax Justice on Tax Compliance***

In a tax justice that is being applied, it is required to uphold the principles of equality, relating to the application of taxes imposed must be fair and equitable without lack and excess. Tax fairness brings



positive trends due to factors such as the quality of tax services, understanding of taxes, and implementation of tax functions (Burnama, 2022).

Hypothesis 2: Tax justice has a positive effect on tax compliance within MSMEs in Kediri Regency.

### ***The Effect of Tax Socialization on Tax Compliance***

Tax socialization can strengthen the potential for MSME tax increases because it can help increase understanding of taxation, which can then affect taxpayer compliance (Burhan, 2015).

Hypothesis 3: Tax socialization has a positive effect on tax compliance for MSMEs in Kediri Regency.

## **3 METHODOLOGY**

### **3.1 Types of Research**

The study used descriptive research with a quantitative approach. Multiple linear regression tests serve to test hypotheses for research on the effect of partial independent variables on bound variables analyzed through the results of the t-test. The purpose of descriptive research is to describe the object under study, in the form of objects that will be seen through existing data in the form of samples and populations in real terms without making general conclusions. This study focuses on obtaining an overview of the effectiveness of tax regulations on the economic recovery of the MSME sector as stipulated in Law number 7 of 2021 concerning Harmonization of Tax Regulations (Sugiyono, 2018).

### **3.2 Population and Sample**

The samples in this study are MSMEs located in the Kediri Regency area, East Java Province and the sampling of MSMEs was studied by *simple random sampling* and anonymous methods to ensure the confidentiality of respondent data. The sample studied was based on the following criteria: (1) MSMEs have NPWP; (2) MSMEs that have used final tax based on Government Regulation 23/2018.



### 3.3 Data Collection Techniques

Data collection using a Likert scale questionnaire with a score of 1-5. Likert scale model 1 (one) shows strongly disagree and 5 (five) shows strongly agree. The questionnaire was distributed to respondents, namely MSMEs located in Kediri Regency, East Java Province. The selection of MSMEs in Kediri Regency is due to a significant increase in the number of MSMEs, especially in East Java. Data from the Kediri Regency Integrated Investment Potential Data Information System (SIDAPOTIK) recorded the development of MSMEs in the Kediri Regency reaching 342 MSMEs. The indicator table used as the basis for preparing questionnaires for respondents is as follows:

*Table 1 Questionnaire Indicator Table*

Variable	Description	Indicator
Application of Taxes	In targeting the MSME sector, the application of taxes does not limit operational optimization and reduces MSME operational costs.	<ol style="list-style-type: none"> <li>1. The latest applicable tax rate is 0.5% as of July 2018.</li> <li>2. The latest tax rate policy is one of the factors suppressing operational costs.</li> <li>3. With the 0.5% tax rate, MSMEs can optimize MSME profit income.</li> <li>4. Changes in tax rates are a supporting factor for business</li> </ol>



		development in the Kediri Regency area.
Tax justice	In the application of taxation, the ability (income) of taxpayers.	<ol style="list-style-type: none"> <li>1. The new HPP regulation is related to the imposition of MSME taxes with a turnover above 500 million.</li> <li>2. The HPP Law (MSMEs turnover of less than 500 million) is not taxed, meaning the government has applied justice.</li> </ol>
Tax socialization	The efforts of the tax officer in providing information about tax rules.	<ol style="list-style-type: none"> <li>1. The HPP Law has been well-socialized by the DGT/tax officer.</li> <li>2. The form of dissemination of the latest regulatory information makes respondents understand the rules applied (HPP Law for MSMEs).</li> </ol>



Tax Compliance	MSMEs as taxpayers know information in the field of taxation.	<ol style="list-style-type: none"> <li>1. The implementation of this new rule can increase respondents' cash.</li> <li>2. The new rules make WPs compliant in paying.</li> <li>3. Obligations as WPs make respondents obedient to carry out tax obligations.</li> </ol>
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#### 4 RESULT AND DISCUSSION

Law number 7 of 2021 concerning Harmonization of Tax Regulations came into effect on October 29, 2021 with the aim that it will increase economic growth, support the acceleration of post-pandemic economic recovery, create a tax system that is fair and has legal certainty, can carry out tax administration reforms, expand tax databases and increase the level of voluntary compliance of taxpayers.

##### Classical Assumption Testing

In this test, classical assumptions are tested with 4 (four) stages as follows:

##### 1. Normality test

This test is performed to meet the requirements related to parametric tests. Further testing is carried out to find normal or not the normal distribution of population data. In this study, the method was used: (Ricki Yuniardi, 2017) *Kolmogorov Smirnov* at this stage as follows:

*Table 2 Normality Test*



		Unstandardized Residual
N		100
Normal Parameters a,b	Mean	11,80
	Std. Deviation	1,525
Most Extreme Differences	Absolute	0,161
	Positive	0,107
	Negative	-0,161
Test Statistic		0,161
Asymp. Sig (2-tailed)		0,200

Source: Data processed by researchers with SPSS 25, 2024

The results above show that the significance value of the normality test is 0.200. Where in this case the value is greater than the  $\alpha$  which is 0.05. Based on these results, it can be stated that the data used in this study has a normal distribution.

## 2. Multicollinearity Test

This test serves as something that shows the interrelationship between the independent variable and the dependent variable. In this test, ideal conditions occur if mutual relationships are not established or multicollinearity. This problem can occur if the variables used as research material are not orthogonal, where the independent variable that correlates with the same value is zero (0). The results of the multicollinearity test in the study are as follows (Ghozali, 2009):

*Table 3 Multicollinearity Test*

No.	Free Variable	Collinearity Statistics	
		Tolerance	BRIGHT
1.	Application of Taxes	0,683	1,465
2.	Tax Justice	0,598	1,673
3.	Tax Socialization	0,605	1,652

Source: Data processed by researchers with SPSS 25, 2024

From the results of the multicollinearity test above, the application of taxes has a tolerance value of 0.683, tax justice of 0.598 and tax



socialization has a tolerance value of 0.605 while the details of the *Variance Inflation Factor* (VIF) are the application of tax 1.465, tax justice 1.673 and tax socialization of 1.652. Based on this, all independent variables used are free from multicollinearity because the tolerance value is greater than 0.05 and the VIF value is less than 10.

### 3. The Automobile

This test is used to test the correlation or disrelationship in the linear regression model between the error of the time confounding studied ( $t$ ) and the previous time disruptor ( $t-1$ ). The autocorrelation testing methods in this study are (Azizia, 2020) *Durbin Watson* and obtained the following results:

*Table 4 The Automobile*

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0,578	0,334	0,615	1,262	2,208

Source: Data processed by researchers with SPSS 25, 2024

With the equation  $dl < Dw < (4-dU)$  can be described the equation that shows  $1.631 < 2.308 < 2.2636$ . With this equation, it can be concluded that the data used in this study is free from autocorrelation.

### 4. Heteroscedasticity Test

This stage of testing is used to determine the difference in residual variance in one observed data against other observations in the regression model (Ghozali, 2009). The results of the heteroscedasticity test in this study are as follows:

*Table 5 Heteroscedasticity Test*

Variable	Unstandardized Coefficients		Standardized Coefficients	T	Say
	B	Std. Error	Beta		
Application of Taxes	0,180	0,069	0,252	2,623	0,371
Tax Justice	0,256	0,110	0,239	2,335	0,151
Tax Socialization	0,241	0,118	0,207	2,036	0,294



Source: Data processed by researchers with SPSS 25, 2024

Based on the heteroscedasticity test table above, the three variables used have a coefficient value of more than 0.05. Where the application of tax (X1) has a significance of 0.371, social justice (X2) has a significance of 0.151, and tax socialization has a significance result of 0.294 which means that the three variables used are free from symptoms of heteroscedasticity.

### Hypothesis Testing

Multiple regression model testing is carried out to test the influence of the independent variable on the dependent variable by including the understanding of taxation (Y) as the dependent variable. The results of multiple regression are presented in the following table.

Table 3. Results of Determination (R2) of the Second Regression Model Hypothesis

*Table 6 Coefficient of Determination Test*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,578a	0,334	0,615	1,262

Source: Data processed by researchers with SPSS 25, 2024

Based on the test results in the table above, it is known that the Adjusted R Square value of 0.615 which means that the variables of tax application (X1), tax fairness (X2) and tax socialization (X3) can affect tax compliance variables by 61% while the other 39% is influenced by other variables outside the study.

*Table 7 Multiple Linear Regression Test*

Variable	Unstandardized Coefficients		Standardized Coefficients	T	Say
	B	Std. Error	Beta		
(Constant)	5,127	0,955		5,368	0,000
Application	0,280	0,069	0,252	2,623	0,000



of taxes					
Tax justice	0,256	0,110	0,239	2,335	0,004
Tax socialization	0,241	0,118	0,207	2,036	0,000

Dependent Variable: Tax Compliance

Source: Data processed by researchers with SPSS 25, 2024

Based on the test results in the table, the partial influence of the independent variable on the dependent variable can be interpreted as follows:

1. The tax application variable (X1) has a constant value of 0.280, while the significance value of this variable is 0.000 with a coefficient of 0.252. This case, the partial implementation of MSME tax has a significant positive effect on MSME tax compliance in Kediri Regency.
2. The tax justice variable (X2) has a constant value of 0.256 with a significance value in this second variable of 0.004 and a coefficient value of 0.239. In this case, it can be explained that the tax justice factor has a significant positive influence on MSME tax compliance in the Kediri Regency.
3. The last variable, namely tax socialization (X3), has a constant value of 0.241. While the significance value is 0.000 with a coefficient of 0.207.

The regression equation of the second structural model,  $Y = 5.127 + 0.280X_1 + 0.256X_2 + 0.241X_3 + e$ . The value of the beta path coefficient from the test results of the first and second structural path analysis and errors ( $\epsilon_1$  and 2).

## 5 CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Conclusion

Based on the results of the study, it is known that the three independent variables used namely tax implementation, tax justice, and tax socialization have a significant positive influence on tax compliance with MSMEs in Kediri Regency. In this case, all three hypotheses used based on previous research are accepted. Judging from the results of data processing in the tables above shows that tax implementation, tax justice, and tax socialization have a very large influence on MSME tax compliance in the Kediri Regency. In line with the government's efforts



to optimize tax compliance, the implementation of taxes, tax justice, and tax socialization can be strong supporting factors to be applied to MSMEs in Kediri Regency.

## 5.2 Recommendations

The government must make massive and continuous efforts regarding the application of taxes to MSMEs, social justice, and tax socialization so that information about new regulations, broadening horizons in the field of taxation is known to MSME actors as taxpayers, and providing guidance and use related to optimizing tax compliance. Suggestions for further research are to use additional variables other than those in this study to expand the scope of information and expand the research sample.

Research has limitations related to the number of respondents carried out research is only limited to one area, research with a wide scope is needed. Researchers hope this paper can be the basis for future studies.

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