

# INFLUENCE OF MSME TAXPAYER COMPLIANCE FACTORS TOWARDS THE IMPLEMENTATION OF PP. NO. 23 2018 IN MADIUN

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## **INFLUENCE OF MSME TAXPAYER COMPLIANCE FACTORS TOWARDS THE IMPLEMENTATION OF PP. NO. 23 2018 IN MADIUN**

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### **Abstract**

*The MSME (or usually called UMKM) tax law has been revised several times, especially in pandemic conditions like now. This study aims to determine whether the implementation of Pp. No. 23 of 2018 has been good in Madiun. The study was conducted in March 2020 - June 2021 with a population of 16,776 MSME actors registered as taxpayers at the KPP Pratama Madiun City. A total of 375 samples were obtained through a sampling technique in the form of purposive sampling with a margin of error of 5%. The research was conducted in a survey phase, distributing questionnaires and processing data. Collecting data using primary data in the form of a questionnaire using the Multiple Linear Regression method. According to the results of the t-test, it shows that tax literacy (X1) has no effect on MSME taxpayer compliance (Y). Variables of tax rates (X2) and tax sanctions (X3) have an effect on taxpayer compliance. And the three independent variables simultaneously affect MSME Taxpayer Compliance. Limitation of the problem in the form of independent variables examined tax literacy, tax rates, and tax sanctions. With the dependent variable, MSME taxpayer compliance in Madiun City. This research is useful for MSME actors as a source of knowledge regarding the understanding of tax functions and tax benefits both for themselves and for the economic survival of the Indonesian State.*

**Keywords:** Tax Literacy, Tariffs, Sanctions, MSME (or usually called UMKM)  
Taxpayer Compliance

## **1. INTRODUCTION**

The Indonesian economic system is currently entering developments in the field of businesses that are categorized as small and medium (UMKM) or commonly called MSME. This progress is marked by lots of new MSME in all fields. Regarding many new MSME going on, government offers a platform and give freedom to run their business. MSME that have developed in Indonesia currently have reached 64,194,057 million players, and are the largest contributor to the Indonesian economic system ([www.bps.go.id](http://www.bps.go.id)). The government wants to provide special support for the MSME sector, this is because MSMEs have a fairly important contribution to the national economy.

However, in running a business, of course there are unexpected challenges such as COVID-19. The Covid-19 pandemic has caused all sectors to experience a decline, and most have even laid off their workers. With this scale increase, it is hoped that the existence of MSME will continue increase so that the economy is still stable. Because this business can encourage national-scale income. In fact, there are more than 64 million MSME units of which 97% contribute to the national gross income of 60% (Teten Masduki, 2020).

With the existence of MSME, the government sets taxes that must be paid, because taxes are the backbone of state revenue. In fact, every rupiah that comes from paying taxes is very beneficial for all Indonesian people. Beside that tax revenue can be said as one way to realize development and government management. Income from taxes gets first place in the state budget. This income will later be beneficial for the survival of the community, therefore it is necessary to increase taxpayer compliance. Tax compliance is considered important by all countries, but it is also considered a frightening thing for some parties. Tax payer compliances have long been considered a major barrier to investment in European Union countries, despite the high degree of economic integration between them (Barrios, d'Andria and Gesualdo, 2020). In Indonesia, taxpayer compliance has always been a classic problem, because taxpayer non-compliance often leads to tax avoidance. A survey conducted by the Directorate General of Taxes in 2014, stated that individual, corporate and value added tax compliance did not reach 80%. Taxpayers try to minimize tax liability through legal and illegal means. At the same time, tax authorities are trying to improve compliance, enforce regulations, and close the chances for legal tax evasion (Andreas and Savitri, 2015). Regarding the provisions and special policies on the MSME tax itself, it is regulated in PP NO.23 of 2018.

**Table 1 Development of MSME in 2015-2019 in Madiun**

NO.	YEAR	BUSINESS			AMOUNT
		MICRO	SMALL	MEDIUM	
1.	2015	20.725	2.098	271	23.094
2.	2016	20.770	2.196	223	23.189
3.	2017	20.857	2.196	223	23.276
4.	2018	20.941	2.196	223	23.360
5.	2019	21.038	2.196	223	23.457

**Sources : DPMPTSPKUM Madiun**

From the table above, it can be seen that the number of small and medium enterprises in Madiun is increasing from year to year. This increase is shown in 2015 which amounted to 23,094 and in 2019 it increased to 36.3%. With the increasing number of MSME, it should be accompanied by an increase in taxes obtained by the Madiun City government. This shows that more and more parties are deciding to establish MSME for their survival. It is often said and believed that SME are significantly different from large companies in their financial decisions and behavior. In Zambia, SME are usually defined as: businesses that the annual profit is less than K 800,000 (approximately US\$61,500). This is the definition that the researcher adopted for this study. SME mostly operate in the informal sector and create significant jobs in addition to generating significant output (Mukuwa and Phiri, 2020).

Basically, taxes are mandatory payments according to law, all taxpayers are obliged to pay taxes without direct compensation which will be used as much as possible for the prosperity of the people. Tax is a mandatory contribution that is forced under the law, which does not get a direct reward and is used for the needs of the State for the prosperity of its people (Law No. 28 of 2007 concerning taxation). The prosperity of the people will be achieved if the taxes obtained by the government are sufficient to be implemented in real terms. However, the reality is contradictory, the realization of taxes throughout 2019 reached 1,332 trillion, where this figure was only 84.4% of the 2019 State Budget (APBN) that the amount is 1,577 trillion (Kemenkeu 2019).

In this study, individual tax compliance and corporate can be measured or observed through Attribution Theory. According to Attribution Theory, taxpayer compliance can be influenced by internal factors and external factors. Internal factors are factors that come from the taxpayers themselves and relate to individual characteristics that trigger them in carrying out their tax

obligations. Research (Buchori, 2007) states that internal factors that influence taxpayer compliance are education factors, diversity awareness factors, and tax awareness factors. While external factors are factors that come from outside the taxpayer, such as the situation and environment around the taxpayer.

One of the internal factors that affect taxpayer compliance is tax literacy. Tax literacy can be defined as a person's ability to read and understand information and follow up on that information through a decision. This means that tax literacy is related to all tax knowledge owned by taxpayers and how taxpayers follow up on their tax knowledge (Vera Indra Sari, 2019). Research conducted (Fahmi and Linda, 2014) regarding the factors that influence MSME tax compliance shows that knowledge and understanding of tax regulations has a positive effect on tax compliance. This is in line with research conducted by Andreas and Savitri (2015) regarding taxpayer compliance which shows that tax knowledge, tax socialization, has a positive effect on tax compliance. The results of the two studies are not in line with the research conducted by (Fitrianingsih, Sudarno and Kurrohman, 2018) about taxpayer compliance in paying PBB showing that tax knowledge partially has no effect on taxpayer compliance.

Another factor that affects taxpayers' tax compliance apart from the tax literacy factor is the tax rate. The rate is the amount used to determine the tax liability that must be paid by the taxpayer. Tariff is the percentage/amount paid by the taxpayer in accordance with the income generated by the taxpayer (Lazuardi et al, 2018). With the amount of the tariff and the amount of income it will have an impact on changes in the amount of tax payable will also change in number. Research (Z.A and Mayowan, 2016) proves that the perception of tax rates partially has a positive and significant effect on MSME taxpayer compliance. Supported by research (Dwi Ariyanto, 2020) proves that tax rates have a significant effect on taxpayer compliance. However, the results of the two studies are not in line with research (Fauzi Achmad Mustofa, Kertahadi, 2016) which proves that the tax rate partially has no significant effect on taxpayer compliance. (Zulma, 2020) also shows that the tax rate has no effect on the level of tax compliance.

Tax sanctions are guarantees for statutory provisions regarding taxation that if violated and not complied with, will be punished (Firda Novi Antika, Budiman, 2020). Related to taxation, the existence of tax sanctions given can be a form of guarantee that tax regulations will be complied with and implemented (Muharani, 2015). Research conducted by (Imaniati and Isroah, 2016) shows that tax sanctions have a significant effect on SME tax compliance. Supported by (Brata, Yuningsih and Kesuma, 2017) shows that tax sanctions have a significant effect on taxpayer compliance. The same results are shown from Siregar research (2017) shown the effect of taxpayer awareness and tax sanctions on individual taxpayer compliance at the Batam pratama tax service office which shows that tax sanctions have a significant positive effect on individual taxpayer compliance. (Hendri, 2016) shows that tax sanctions have no significant effect on SME compliance.

The description of the gap phenomenon and research gap in previous studies as well as the theoretical support that has been stated above become the background for conducting research on MSME taxpayer compliance. From the description above, it becomes the basis for researchers to conduct research with the title: **"The Influence of MSME Taxpayer Compliance Factors toward the Implementation of PP. No. 23 of 2018 in Madiun."**

## **2. LITERATURE REVIEW**

### **1.1 Tax**

Law No. 16 of 2009 explains that tax is a mandatory contribution paid by an individual or entity that is paid to the state with force provisions based on the Laws. In paying taxes, people do not get direct rewards.

## 2.2 Micro Small Medium Enterprises

The definition of Micro, Small, and Medium Enterprises based on RI Law no. 20 of 2008 in (Pamuji, Mukzam and Sudjana, 2014) as a **Micro business is a productive business owned by individuals or individual business entities that** have certain asset and turnover criteria.

Table 2. MSME Criteria

Criteria	Micro	Small	Medium
Asset	≤ Rp.50.000.000,-	Rp.50.000.000- Rp.500.000.000	Rp.500.000.000- Rp.10.000.000.000
Profit	≤ Rp. 300.000.000	Rp.300.000.000- Rp.2.500.000.000	Rp.2.500.000.000- Rp.50.000.000.000

## 3.3 Tax Literacy

Tax literacy according to (Setiyani, 2018) is knowledge to understand general concepts in the field of taxation that apply to types of taxation in Indonesia. Starting from the subject, object, tariff, debt calculation, debt recording to how to fill out tax reports (*tax review*).

## 4.4 Tax Rate

The tax rate is referred to as the absolute nominal amount paid by the taxpayer and is determined by the number of percentages. This rate is in the form of a percentage/amount paid by the taxpayer in accordance with the income earned. If the tax rate and the amount of income change, the amount of tax payable will also change (Lazuardini, Susyanti and Priyono, 2015).

## 5.5 Tax Sanction

Tax sanctions are actions that are carried out as a result of violations of tax laws and regulations by taxpayers and authorities that result in state losses (Kartikaningdyah and Nuzurawan, 2019). This function definition of tax sanctions implies that the main consideration in drafting penalties must be in accordance with the standards of behavior established by penalties for the purpose of the basic tax self-assessment system (Doran, 2009).

The following are research hypotheses:

H1: Tax literacy affects MSME taxpayer compliance in implementing Government Regulation Number 23 of 2018.

H2: Tax rates have an effect on MSME taxpayer compliance in the implementation of PP. No.23 Year 2018

H3: Tax sanctions affect MSME taxpayer compliance in implementing Government Regulation Number 23 of 2018

H4: Tax literacy, tax rates, and tax sanctions simultaneously affect the compliance of Micro, Small and Medium Enterprises taxpayers in the implementation of PP. No.23 of 2018.

## 3. RESEARCH METHODS

The research method contains an explanation in the form of paragraphs about the research design, data sources, data collection techniques, and data analysis that was actually carried out by the researcher. This research is a quantitative research using descriptive statistics method with primary data type. Primary data is data obtained from first-hand sources directly without intermediaries. The source of data comes from respondents as MSME actors who are registered as taxpayers in Madiun City. The population of respondents in the form of all small and medium business owners registered as taxpayers at KPP Pratama Madiun with the amount of 16,776. The method in determining the respondent uses *purposive sampling* by determining the appropriate standard of the respondent (Sugiyono, 2008). Data samples were obtained from questionnaires that had been distributed to 375 MSME actors in Madiun through

Bernoulli's calculations.

The primary data collection technique in this study was obtained through a questionnaire that had been filled out by the respondent. The distribution of the questionnaire is done through the google form link. For secondary data, it comes from literature studies sourced from various books, law journals and so on. The questionnaire research instrument was measured using a Likert scale. The basis for using a Likert scale is to make it easier for respondents to answer the questionnaire whether they agree or disagree (Rinker and Labs, 2014). Likert scale serves to see how individuals behave towards phenomena. With this scale, the results will be entered into indicator variables. Then these indicators appear as a starting point for compiling tool objects which can be statements or questions. The Likert scale that will be used is as follows: Strongly Disagree (STS) with a value of 1, Disagree (TS) with a value of 2, Disagree (KS) with a value of 3, Agree (S) with a value of 4, and Strongly Agree with a value 5 (Panjaitan, Hutasoit and Wau, 2019).

The analysis technique used is multiple regression method. In performing multiple regression analysis, the classical assumptions were first tested (assumptions of heteroscedasticity and autocorrelation, multicollinearity between independent variables). Some of the steps taken in the regression analysis are as follows:

**Descriptive Statistics:** this step is used to explain the overall picture of the general data of research respondents and the outline of research variables to determine absolutely the frequency distribution which shows the minimum, maximum, mean (imply), median, and preferred deviation (standard deviation) of each variable.

#### **Feasibility Test Data**

**Validity Test:** validity is the method used to determine the feasibility of measuring instruments in a study (Yusup, 2018). The significance test is to compare the value of  $R_{count}$  with  $R_{table}$  with degree of freedom ( $df$ ) =  $n-2$ .51. Feasibility is seen from the significance value, if it is significant < 0.05 (5%) then the instrument is declared valid, but if > 0.05 (5%) it is declared invalid.

**Reliability Test:** reliability refers to the accuracy of the measurement tool (Yusup, 2018). This test was conducted to determine the level of stability of the measuring instrument or research instrument. Questionnaires with a good level of reliability will be consistent or stable (Yusup, 2018). The method used to test the reliability of the questionnaire is to use the Cronbach Alpha coefficient formula.

#### **Classic assumption test**

**Normality Test:** Normality test is an examination that aims to assess the distribution of statistics in a set of facts or variables, whether the distribution of information is commonly shared or not (Janie, 2012). The statistical test that can be used to check the normality of the residuals in this test is the Kolmogorov-Smirnov non-parametric statistical test.

**Multicollinearity Test:** Multicollinearity test is a test that aims to show a strong correlation or dating between or larger variables, in several versions of the regression. If there may be a correlation, there may be a multicollinearity problem.

**Autocorrelation Test:** Autocorrelation test is an examination to check whether there is or no a correlation in the linear regression model between the disturbance error at length  $t$  and the error at the previous length  $(t-1)$ . (Janie, 2012).

**Heteroscedasticity test:** Heteroscedasticity examination is an examination to prove whether in the regression version there is an inequality of variance from the residuals of one observation to another observation. The way to determine the presence of heteroscedasticity is to use a graph plot between the anticipated costs of the structured variables, specifically ZPRED and the residual SRESID. Detection can be done with the help of searching for the presence or absence of positive samples on the scatterplot graph between SRESID and ZPRED where the X axis is the

residual (Y expected - Y really) that has been studied (Janie, 2012)

#### **Multiple Linear Regression Analysis Model**

The model used is multiple linear analysis with accumulation statistics. This analysis is to decide the route of the relationship between the unusual variable and the variable that is assigned good or bad, and to expect the price of the structured variable if the value of the impartial variable increases or decreases. Scale that generally used is the interval or ratio scale (Janie, 2012).

**Hypothesis Testing:** This test serves to see the magnitude of the influence of variables. The regression equation in this study (Gunawan I, 2016):  $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$ . This test includes three things, such as:

**Coefficient of Determination ( $R^2$ ):** Coefficient of Determination ( $R^2$ ) is one way to determine the ability of the variation model of the dependent variable. The value of  $R^2$  is between 0 and 1. A small  $R^2$  value means that the limitations of the independent variables explain the dependent variable. While a value close to 1 means that the independent variable explains all information on the dependent variable (Basuki and Prawoto, 2015).

**Statistical test t - test:** This test serves to see the effect of the independent variable on the dependent variable. The individual effect is shown from the t test value.

**F Statistical Test (F-Test):** This test serves to see the effect of the independent variables on the dependent variable together. The result of  $\alpha > 0,05$  means that there is no influence from the independent variable. The results of  $\alpha < 0,05$  there is an influence from the independent variable.

#### **4. RESULTS AND DISCUSSION**

According to the questionnaire that has been filled out by the respondents, the following data were obtained: male respondents in this study were 94 people with a percentage (25%) and 281 women with a percentage (75%). The number of respondents aged 21-30 years as many as 116 people with a percentage (31%), ages 31-40 years as many as 165 people with a percentage (44%), and those aged > 40 years with a percentage of 94 people (25%). The number of respondents who have businesses in the handicraft sector are 131 people (35%), food and beverage sector are 143 people (38%), convection and fashion sector are 37 people (10%) followed by furniture sector are 23 people (6%), and other fields are 41 people (11%).

**Table 6. Hypothesis Test Results (t Test)**

NO.	VARIABLE	REGRESSION COEFFICIENT	t count	t table
1.	Tax Literacy (X1)	0.107	1.514	1.966
2.	Tax Rate (X2)	0.648	15.691	1.966
3.	Tax Sanctions (X3)	0.310	4.655	1.966
Constant : 10,268				
Coefficient of Determination : 0.954				
Fcount : 59.198				

**Source: SPSS data processed, 2021**

#### **Tax Literacy Affects MSME Taxpayer Compliance in the Implementation of Government Regulation Number 46 of 2018**

According to the results of testing the first hypothesis, it was found that tax literacy has no effect on MSME taxpayer compliance. This is shown through the results of the t-test, where in testing the hypothesis it is found that the value of tcount < ttable is  $1.514 < 1.966$ . The value of



the coefficient of determination was found to be 0.107. According to the description, it can be concluded that  $H_0$  is accepted and  $H_a$  is rejected, which means that tax literacy has no effect on compliance.

From the description above, it shows that a person's tax literacy obtained from information and tax regulations does not affect his compliance in carrying out his obligations. Things like this are the opposite of attribution theory, where this theory is often associated with a person's character or behavior. Taxpayers with high knowledge and understanding tend to have the behavior to fight consciously and actively, because they understand well and correctly about regulations and tax revenues. So that taxpayers are able to play the game by reducing / reducing the tax rate that should be paid. However, it is possible that taxpayers with low knowledge and understanding will have a passive attitude or not make payments. It could be that taxpayers who have low knowledge and understanding will become taxpayers who are obedient and follow the payment flow well (Dwiyanti, 2020).

When the taxpayer knows tax information, the individual will be more obedient in paying his obligations. However, in this variable, a person tends not to care how much knowledge he has about taxpayer compliance, because when that person has become a taxpayer he will only pay for fear of being penalized. This shows that literacy is not one of the influencing factors (Data et al., 2016). In a study (Fitrianingsih et al, 208) stated that tax knowledge obtained through educational background, cannot guarantee that the taxpayer will be more obedient in carrying out his obligations to pay. Therefore, tax officials and the government are expected to be able to create programs that are useful for providing tax information for MSME owners. The program can be in the form of socialization or counseling that can be carried out directly or indirectly, so that taxpayers are able to understand correctly about taxation and it is hoped that through these activities it can improve a tax-abiding culture.

The results of this study are supported by the findings (Yuliatric and Fauzi, 2020) which found that literacy had no effect on compliance. Basically literacy has a relationship with individual skills in reading and digesting information and following up on the information obtained into a decision.

#### **Tax Rates Affect the Compliance of MSME Taxpayers in the Implementation of Government Regulation Number 23 of 2018**

The variable of tax rates found a positive regression coefficient of 0.648. It can be interpreted that the greater the value of the tax rate, the higher the level of tax compliance. Meanwhile, according to the results of testing the second hypothesis, the result is that tax rates have no effect on MSME taxpayer compliance in Madiun City. This is shown using the results of the t-test where in testing the hypothesis it is found that the tcount value of the  $X_2$  variable is 15,691, which means  $t_{count} > t_{table}$ , which is  $15,691 > 1,966$ . According to the results above, it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted, which means that the tax rate has an effect on compliance. According to the results of the second hypothesis testing, it was found that the tax rate has an influence on the compliance of MSME taxpayers. This is shown through the results of the t test. According to the description, it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted, which means that the tax rate affects MSME Taxpayer compliance in the Implementation of Government Regulation Number 46 of 2018. The tax rate is the basis for the percentage used for calculate the amount of tax payable to be reported. The current final tariff



for MSMEs is 0.5%, where the reduction in tariffs aims to encourage taxpayers to be more obedient in paying their taxes and improve justice for MSME taxpayers. With price that is in accordance with conditions and not a burden for MSME taxpayers, it can be a motivation to obey taxes every month (Dwiyanti, 2020).

Quoted from research (Tambun and Riris, 2019) on the Effect of Tax Rates on MSME taxpayer compliance, which states that the result is that the tax rate has a significant positive effect on MSME taxpayer compliance. With the lower MSME tax rates, it will ease taxpayers in completing their responsibilities and comply with taxation so that paying taxes is no longer considered a burden. This happens because taxpayers feel lighter with a tariff of 0.5% so that taxpayer and taxpayer compliance MSME Agency feel happy to pay tax obligations. This result is consistent with previous research (Cahyani and Noviani, 2019) proving that tax rates have a positive effect on MSME taxpayer compliance. So the level of justice is directly proportional to the level of compliance.

#### **Tax Sanctions Affect Taxpayer Compliance in the Implementation of Government Regulation Number 23 of 2018 in Madiun City.**

The variable of tax sanctions was found to have a positive regression coefficient of 0.310. It can be concluded that the greater the value of tax sanctions, the higher the level of compliance. Meanwhile, based on the results of the third hypothesis testing, it was found that tax sanctions have an influence on the compliance of MSME taxpayers in Madiun City. This is shown using the results of the t test, where hypothesis testing is found that the tcount value of the X3 variable is 4.655, which means  $t_{count} > t_{table}$ , which is  $4,655 > 1,966$ . According to the results above, **then  $H_0$  is rejected and  $H_a$  is accepted**, which means that the tax rate affects compliance.

As explained in Attribution Theory, tax sanctions are one of the factors that come from outside (external) which can affect a person's assessment when making a decision whether he will pay his tax obligations or not. Tax sanctions are regulated in the tax law. Where the existence of this law is expected to be agreed and obeyed by taxpayers. The conclusion is sanctions can be used as control variables so that individuals discourage their intention to disobey, existing sanctions not only affect intentions but also behavior. With the imposition of severe sanctions on taxpayers, it is hoped that it can serve as a warning so that it can create taxpayers (Dwiyanti, 2020)

In a study (Putri and Nurhasanah, 2019) regarding the Effect of Tax Sanctions on MSME Taxpayer Compliance which stated the findings that taxation sanctions had a direct effect on taxpayer compliance in MSMEs in East Manggar Belitung District. In addition, this research is also supported by (Putra, 2020) who argues that when taxpayers hear the word "sanctions", they tend to feel afraid. If the individual commits a violation, he will receive sanctions which usually have consequences in certain laws. Sanctions given and imposed on a taxpayer who does not obey will be one of the supporting aspects in increasing tax compliance, especially for MSME owners who only aim for money.

These micro, small and medium-sized business actors have a fear that if a violation of tax non-compliance is found that has the potential to lose money because it is a consequence (punishment) of non-compliance. Punishments in the form of fines and penalties are deemed

capable of being used as a basis for consideration, so that taxpayers are obedient and not forget in their taxation. This threat can be used as a supporting factor for taxpayers to comply with their obligations in accordance with government regulations and laws.

**Literacy, Rate, and Tax Sanctions Affect MSME Taxpayer Compliance in the Implementation of Government Regulation Number 23 of 2018 in Madiun City.**

The results of the fourth hypothesis test prove that tax literacy (X1), tax rates (X2), and tax sanctions (X3) simultaneously have an effect on taxpayer compliance (Y), by looking at the comparison of  $F_{count} > F_{table}$  where the value of  $F_{count} > F_{table}$  ( $59.198 > 3.9201$ ) then  $H_0$  is rejected.  $H_a$  is accepted. From the results above, it is concluded that the attitude taken by taxpayers in complying and not complying with tax regulations can be influenced by factors from within and outside the environment. In this study, the internal factor is knowledge (literacy), while the external factor is in the form of tariffs and tax sanctions. Although the results of the study stated that literacy had no effect, in fact there were still two other factors that influenced compliance.

The results of the first hypothesis are in accordance with the findings (Dwiyanti, 2020) that tax literacy owned by taxpayers does not directly affect the compliance of MSME taxpayers in Semarang City. The researcher states that the results of the study are not in accordance with the hypothesis and theoretical study due to the lack of an active role from taxpayers. In addition, there may be obstacles that arise when the attitude of the taxpayer is shown to be sourced from within or from outside influenced by past events or calculations about difficulties in carrying out taxpayer compliance behavior. The results of the second hypothesis are supported by (Cahyani and Noviyari, 2019) which shows that the tax rate has a positive effect on the compliance of KPP Pratama Singaraja MSME taxpayers. The results of the third hypothesis are supported by research (Takimen et al., 2020) which shows that if the firmness of tax sanctions is higher, the desire to pay their obligations to taxpayers will also be higher.

**CONCLUSION**

The conclusion contains research findings in the form of answers to research questions or in the form of a summary of the results of the discussion. Conclusions are presented in the form of paragraphs. According to the results of the data that has been obtained and analyzed, it can be concluded as follows: (1) Partially, the tax literacy variable does not affect MSME taxpayer compliance, (2) the tax rate variable affects MSME compliance (3) the tax sanction variable affects MSME taxpayer compliance. (4) Simultaneously, the variables of tax literacy, tax rates, and tax sanctions affect taxpayer compliance in the implementation of Government Regulation Number 23 of 2018 in Madiun. It is hoped that this research will be able to become a research reference material for further researchers and it is recommended to be able to improve the results of this study by using a larger sample or increasing the number of research variables used.

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