

The Influence of Tax Understanding, E-Form Implementation and Tax Sanctions on Tax Payer Compliance

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) have an important role in improving the Indonesian economy. As taxpayers, MSMEs can make a significant contribution to economic growth and development, and help reduce social inequality. The number of MSME taxpayers in Indonesia is very high compared to other corporate taxpayers. Until now, the obstacle that still often occurs and is faced by MSMEs is the problem of tax compliance. Many MSMEs do not understand tax obligations, and do not understand sanctions regarding taxation and how to report via e-form. This study was conducted using primary data obtained through survey and questionnaire techniques using the Hair formula method, resulting in a sample of 100 respondents to be tested. The results of this study indicate that understanding taxation and the application of e-forms do not affect taxpayer compliance in MSMEs, but tax sanctions have a positive and significant effect on taxpayer compliance in MSMEs in Karang Tengah District. The implications of the results of this study are the need to improve understanding of taxation, the implementation of effective e-forms, and the implementation of stricter tax sanctions to improve taxpayer compliance in MSMEs.

Keywords: Understanding of Taxation, Implementation of E-Form, Tax Sanctions, Taxpayer Compliance, MSME.

INTRODUCTION

Taxes play a very important role in the country's economy because they contribute 73% to the APBN. MSMEs are one of the most important pillars and make a major contribution to the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs in 2021 reached 64.2 million with a contribution to Gross Domestic Product (GDP) of 61.07%. However, in 2023, MSMEs numbered 63.95 million with a contribution to GDP of 60.5% (djpb.kemenkeu.go.id). Paying taxes is an obligation of the Indonesian people that must be obeyed and implemented, and is beneficial to the country's economy.

Micro, Small and Medium Enterprises (MSMEs) have an important role in improving the Indonesian economy. As taxpayers, MSMEs can contribute significantly to economic growth and development, and help reduce social inequality. The number of MSME taxpayers in Indonesia is very high compared to other corporate taxpayers. Sri Mulyani Indrawati as Minister of Finance said through the news media that MSMEs have a very important role, and have contributed to Gross Domestic Product (GDP) and employment absorption in Indonesia which affects taxation (kemenkeu.go.id, 2024). Until now, the obstacle that still often occurs and is faced by MSMEs is the problem of tax compliance. Many MSMEs lack understanding of tax obligations and understanding of tax sanctions and how to report via E-Form.

According to data from the Ministry of Cooperatives, Small and Medium Enterprises (Ministry of Cooperatives and Small and Medium Enterprises, 2023), the number of MSMEs in Indonesia is 9.1 million, spread from Sabang to Merauke. MSMEs have a significant role in creating and opening up employment opportunities for people in Indonesia. If MSMEs do not comply with tax obligations, the state will lose potential revenue that should be used for development and provision of public services.

Taxpayer compliance is a condition where an owner is willing to carry out and comply with all forms of his tax

obligations. Permata & Zahro (2022) said that taxpayers who comply with their tax obligations are taxpayers who are aware of paying taxes in accordance with applicable regulations and provisions without having to go through an audit. Putra (2020) stated that taxpayer compliance is defined as a form of motivation for a person, group, or organization in carrying out or avoiding all forms of sanctions in accordance with applicable regulations.

Tax understanding is an important factor in increasing the level of taxpayer compliance. According to Aflakh et al (2024) "Tax understanding is knowledge or understanding of the tax system that includes readiness to fulfill tax obligations and support the progress of the country". A good understanding of the tax system will help taxpayers to understand their obligations, as well as the procedures that must be carried out in carrying out their tax obligations. Tax understanding is the first variable that can influence the occurrence of MSME taxpayer compliance. The results of a study conducted by Mawaddah (2024) stated that tax understanding has a positive effect on taxpayer compliance. This is because the higher the tax understanding, the more it will affect the level of compliance of MSME taxpayers. This is in contrast to research conducted by Wulandini & Srimindarti (2023) which stated that tax understanding does not affect MSME taxpayer compliance, because the lack of tax understanding possessed by taxpayers makes low compliance of MSME taxpayers in fulfilling their obligations.

Factors that influence taxpayer compliance in facilitating and understanding taxation are E-Forms. The government has implemented E-Forms (Electronic Forms) that can be used by the public to report tax obligations. Dewi et al (2023) revealed that E-Form is an electronic form that can be filled out online via the Directorate General of Taxes website in accordance with Government Regulation No. 23 of 2018 to report tax obligations. The implementation of E-Form has the potential to increase efficiency and make it easier for taxpayers to report their tax obligations which can be done anytime and anywhere in accordance with the applicable deadlines and provisions. Currently, the problem faced by MSME taxpayers is the difficulty in filling out the E-Form which is only reported once a year. The implementation of E-Form is the second variable that can influence the compliance of MSME taxpayers. The results of research conducted by Mazmur et al (2022) revealed that the implementation of E-Form has a positive effect on compliance in reporting MSME taxes, and the use of E-Form is recommended for MSME taxpayers because it makes it easier to report taxes and is efficient. This is in contrast to research conducted by Amelia et al (2023) which revealed that the implementation of E-Form had no effect on taxpayer compliance, because many taxpayers still found it difficult to understand and had limited internet access to access the use of E-Form.

The next factor that can affect taxpayer compliance is tax sanctions that can be used to increase taxpayer compliance in MSME actors. Sihombing & Kristiyono (2019) stated that tax sanctions are one of the factors that can affect taxpayer compliance, because sanctions are useful for avoiding violations of regulations or laws and taxpayers can comply with and pay their tax obligations according to the specified deadline. This is a consequence of taxpayer non-compliance with the provisions of tax regulations. The consequences that will be received by taxpayers can be in the form of administrative sanctions or criminal sanctions. Aflakh et al (2024) stated that tax sanctions aim to prevent taxpayers, especially MSME taxpayers who violate tax norms. The imposition of sanctions can encourage taxpayer compliance to carry out their tax obligations because people will be afraid when there is a threat of sanctions given as a form of consequence for their non-compliance with taxes. Tax sanctions are the third variable that can affect MSME tax compliance. The results of research conducted by Wulandini & Srimindarti (2023) revealed that tax sanctions have an effect on MSME taxpayer compliance. Tax sanctions are used to improve taxpayer discipline so that they can comply with applicable tax regulations, so that with the sanctions, MSME taxpayers will be more disciplined in reporting their tax obligations. This is in contrast to research conducted by Pratama & Mulyani (2019) which states that there is no significant influence between tax sanctions and tax compliance, because many people do not understand the importance of tax compliance and the tax sanctions they will receive.

LITERATURE REVIEW

Theory of Planned Behavior

The Theory of Planned Behavior proposed by Ajzen in 1991 is used to study individual behavior as an

obligation influenced by intention. Morissan (2021) stated that the Theory of Planned Behavior or known as the theory of compliance is a development of the theory of reasoned action or known as the theory of reasoned action. The theory of reasoned action is a person's reason for doing something, something that is seen from the level of importance (Morissan, 2021). According to Intan Permata & Zahroh (2022), the theory of compliance explains how someone complies with existing rules or orders. This refers to the compliance of taxpayers who have behavior in accordance with their awareness of their tax obligations while still following the applicable laws and regulations. Theory of Planned Behavior according to Yusuf et al (2021) revealed that a person's intention to behave is determined by three factors, namely: 1). Behavioral Beliefs/Behavioral beliefs 2). Normative Beliefs/Normative beliefs 3). Control Beliefs/Control beliefs.

Taxpayer Compliance

Compliance is associated with complying with and implementing generally applicable rules and regulations. Heliani (2022:13) stated that taxpayer compliance is the attitude of taxpayers in carrying out their tax obligations based on applicable laws and regulations. According to Ariesy Tri Mauleny *et al* (2021:33) explains that taxpayer compliance is divided into two types, namely: 1). Formal compliance is a condition where taxpayers can fulfill their tax obligations formally in accordance with the provisions of the Tax Law 2). Material compliance is a taxpayer who honestly, completely and correctly fills out the SPT in accordance with the provisions and submits it before the final deadline.

Micro, Small and Medium Enterprises (MSMEs)

According to the Republic of Indonesia Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), namely: 1). Micro Enterprises are productive businesses owned by individuals and/or business entities owned by individuals that meet the criteria of micro businesses as stipulated in this Law, namely with a maximum asset amount of IDR 50 million and a maximum turnover of IDR 300 million per year 2). Small Businesses are businesses established by individuals or business entities that are not subsidiaries or branches that are owned, controlled and become part of directly or indirectly a medium or large business that meets the criteria of small businesses as referred to in this Law, namely a maximum asset amount of >50 million to IDR 500 million and a maximum turnover amount of >300 million to IDR 2.5 billion per year 3). Medium Enterprises are productive economic enterprises that stand alone by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled or are part of directly or indirectly with small businesses or large businesses as regulated in this Law, namely maximum assets of >500 million to IDR 10 billion and maximum turnover of >2.5 billion to IDR 50 billion per year.

Understanding Taxes

Tax understanding is a condition for a taxpayer to know, understand, understand and apply tax regulations and laws as well as tax procedures and apply them to carry out tax obligations, such as reporting SPT, paying taxes and so on. Tax understanding can be interpreted as a way for a taxpayer to know the regulations and procedures in taxation and can implement them in reporting tax obligations and reporting SPT in accordance with applicable laws and regulations (Rahayu & Putranto, 2020:80). Susyanti (2022:49) stated that a good level of tax understanding is the level of knowledge and thoughts of a taxpayer regarding his tax obligations to contribute to the state in meeting national financing and development in order to achieve equality and prosperity of the nation.

Implementation of E-Form

Electronic Form (*E-Form*) is a digital form used by taxpayers to disclose calculations or settlement of tax payments, including taxable and non-taxable objects, as well as to report assets and liabilities in accordance with applicable tax laws and regulations through an electronic system or *online* system by using *the website* issued by the DJP (Prakoso & Andriani, 2019:9). According to the Directorate General of Taxes, there are advantages provided by *E-Form* to taxpayers in reporting tax obligations, namely: 1). By using *E-Form*, taxpayers only need to download and install an application called *form viewer* on an electronic device that becomes a media for opening electronic tax reporting with *online* filling 2). Completing tax reporting is done

flexibly, meaning that you do not have to complete all reporting at the same time (Pajakku.com, 2020).

Tax Penalties

Tax sanctions are an important element that can affect taxpayer compliance in MSMEs because they function to prevent violations of laws and encourage taxpayers to carry out their tax obligations on time. Bramasto & Rachman (2020:78) stated that tax sanctions are a consequence of violations or non-compliance with applicable tax rules and laws. Every taxpayer must comply with applicable tax laws and regulations. In Law No. 28 of 2007 concerning General Provisions and Tax Procedures (UU KUP) there are two types of sanctions that can be imposed on taxpayers, namely: 1). Administrative sanctions 2). Criminal sanctions.

Thought Framework

Based on the theoretical foundation and previous studies, the researcher develops the research framework tested as shown in the following figure :

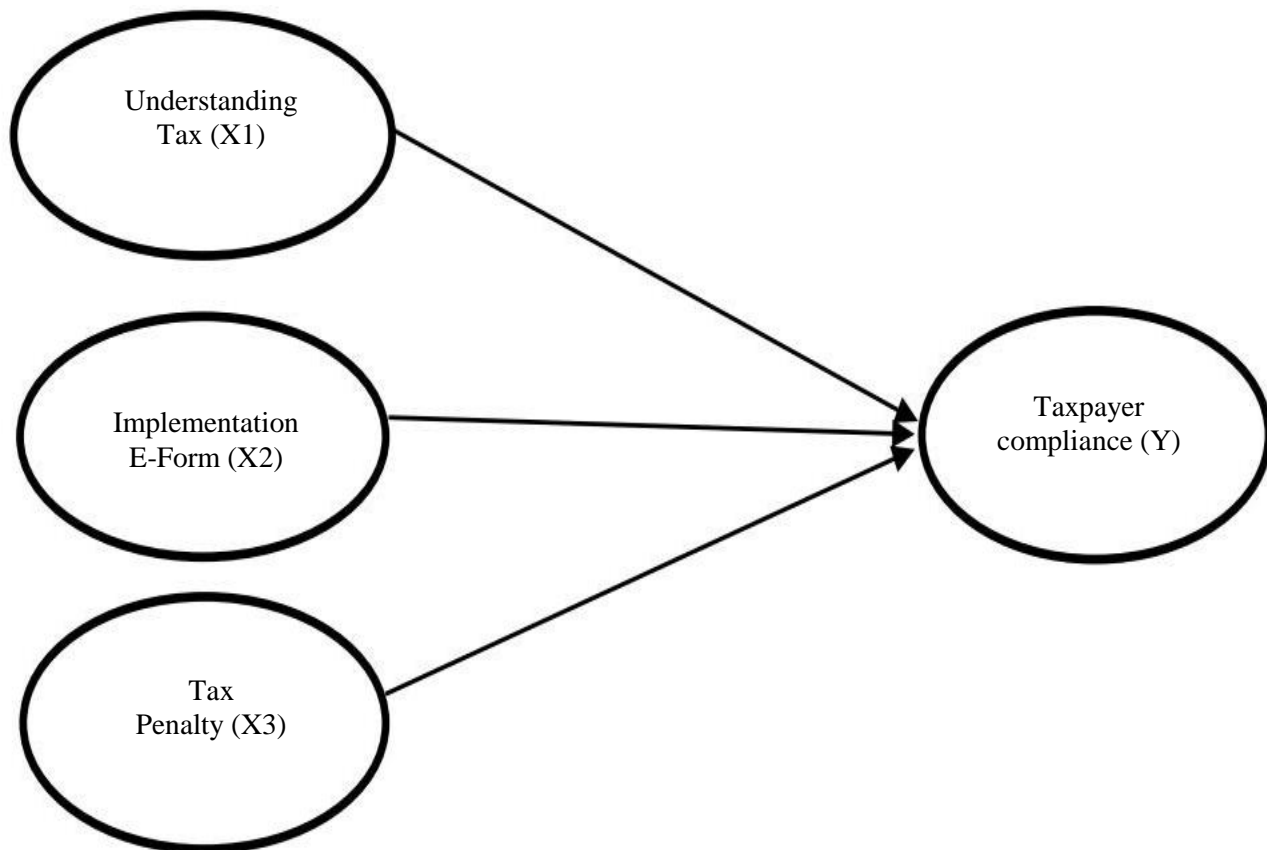


Figure 1.1 Frameworks for Thinking

Hypothesis

The research hypotheses proposed are as follows :

- H1 : Tax understanding has a positive effect on taxpayer compliance
- H2 : The implementation of E-Form has a positive effect on taxpayer compliance
- H3 : Tax sanctions have a positive effect on taxpayer compliance

Data Types and Sources

The data used in conducting this study is primary data, namely data obtained by meeting sources directly. This study uses a causal research type with an interval scale.

Research Population

The population in this study is UMKM taxpayers in Karang Tengah District with totaling 220 UMKM taxpayers.

Research Samples

The sample selection method uses the Hair formula. The sample can be calculated based on the number of indicators multiplied by 5 to 10. If the indicators used are getting smaller, then it will be multiplied by a number close to 10. If the indicators used are getting more, then it is multiplied by a number close to 5, then the number of samples for this study, namely:

$$n = \text{number of indicators} \times 5$$

In this study, the number of indicators was 20. Based on this formula, the samples obtained were :

$$n = 20 \times 5 = 100 \text{ respondents}$$

Based on the calculations above, the number of samples to be taken for this study is 100 MSME taxpayers in the Karang Tengah District.

Data collection technique

This study uses a *partial least square structural equation model (PLS-SEM)* approach with *SmartPLS*. According to Hair *et al* (2019), *SEM-PLS* analysis or what is called *PLS* analysis is a multivariate analysis tool that is useful for studying the influence between variables simultaneously. In conducting analysis and This research hypothesis testing uses *Smart PLS* 4.1.0.8 to assist in statistical data management, so that the data obtained is more accurate.

RESULTS AND DISCUSSION

Description of Research Object

The object of this study is the UMKM taxpayers registered in Karang Tengah District. According to the data recorded in Karang Tengah District, there are 220 active and registered UMKM taxpayers who have NPWP. The data used in this study is primary data obtained by filling out a questionnaire. The sample in this study was 100 UMKM taxpayers taken using the Hair formula. The general description of the respondents who were the objects of this research regarding age, gender, last education, type of business, length of business, annual turnover and ownership of NPWP obtained will be explained in the table below.

Descriptive Statistics

Descriptive statistics are used to interpret the magnitude of the average, highest value, lowest value and standard of each research variable. In this study, an interval scale was used with the highest weight in each statement being 5 and the lowest weight being 1.

Tabel 1.1 Survey Result Range

100-180	Very Low
181-260	Low
261-340	Netral
341-420	Hight
421-500	Very hight

Tabel 1.2 Respondents' Responses Regarding Taxpayer Compliance

Item	Statement	5	4	3	2	1	Statistics	
		SS	S	N	TS	STS	Total	Mean
KWP 1	As a taxpayer, I have a NPWP and know the obligations and benefits of having a NPWP.	31	47	15	5	2	400	4,00
KWP 2	As a taxpayer, I always report my SPT on time according to the deadline specified in tax regulations.	28	47	16	5	4	390	3,90
KWP 3	As a taxpayer, I do not have any tax arrears for any type of tax that is an obligation.	30	44	20	4	2	396	3,96
KWP 4	As a taxpayer, I have never been involved in any criminal acts in the taxation sector.	29	45	21	3	2	396	3,96
KWP 5	As a taxpayer, I understand and realize the importance of carrying out tax obligations.	32	48	14	4	2	404	4,04

Based on table 1.2 above the statement or indicator for the taxpayer compliance variable that has a high mean value is in the statement "I as a taxpayer understand and realize the importance of carrying out tax obligations" which is in the fourth range with a score of 4.04. The statement or indicator "I as a taxpayer have a NPWP and know the obligations and benefits of having a NPWP" is in the fourth range, which is high with a score of 4.00. The statement or indicator "I as a taxpayer do not have tax arrears for all types of taxes that are obligations" is in the fourth range, which is high with a score of 3.96. The statement or indicator "I as a taxpayer have never been involved in any form of criminal acts in the field of taxation" is in the fourth range, which is high with a score of 3.96. The statement or indicator "I as a taxpayer always report SPT on time according to the deadline specified in tax regulations" is in the fourth range, which is with a score of 3.90.

Tabel 1.3 Respondents' Responses Regarding Tax Understanding

Item	Statement	5	4	3	2	1	Statistics	
		SS	S	N	TS	STS	Total	Mean
PP 1	I understand in detail the tax regulations that have been set by the government.	34	47	11	5	3	404	4,04
PP 2	I can understand tax information through various sources, such as socialization, websites, news and others that can be easily accessed.	37	46	12	4	1	414	4,14
PP 3	I understand that paying taxes is a form of contribution to the development and progress of the country.	34	45	11	5	5	398	3,98
PP 4	I understand that a good understanding of taxes will make me more compliant and disciplined in carrying out my tax obligations.	34	47	13	5	1	408	4,01
PP 5	I understand that the taxes paid will be used to fund various public programs and facilities that benefit the community.	38	40	13	8	1	406	4,06

Based on table 1.3 above that the statement or indicator for the tax understanding variable that has a high mean value is in the statement "I can understand tax information through various sources, such as socialization, websites, news and others that can be easily accessed" which is in the fourth range with a score of 4.14. The statement or indicator "I understand that the taxes paid will be used to finance various public programs and facilities that are beneficial to the community" is in the fourth range, which is high with a score of 4.06. The statement or indicator "I understand in detail the tax regulations that have been set by the government" is in the fourth range, which is high with a score of 4.04. The statement or indicator "I understand that a good understanding of taxes will make me more obedient and disciplined in carrying out tax obligations" is in the fourth range, which is high with a score of 4.01. The statement or indicator "I understand that paying taxes is a form of contribution to the development and progress of the country" is in the fourth range, which is high with a score of 3.98.

Tabel 1.4 Respondents' Responses Regarding the Implementation of E-Form

Item	Statement	5	4	3	2	1	Statistics	
		SS	S	N	TS	STS	Total	Mean
PE 1	I report UMKM taxes using e-form.	32	49	8	7	4	398	3,98
PE 2	The electronic tax reporting system with e-form can store taxpayer reporting data digitally, prevent loss, maintain confidentiality and a strict security system.	34	47	11	5	3	404	4,04
PE 3	The electronic tax reporting system with e-form helps taxpayers in reporting their SPT online, without being constrained by distance and time.	31	48	9	5	7	391	3,91
PE 4	The electronic tax reporting system with e-form has easy access to use and facilitates taxpayers to report their tax obligations more quickly.	32	46	15	5	2	401	4,01
PE 5	An electronic tax reporting system with e-forms that provides convenience and practicality can encourage taxpayers to fulfill their tax obligations in a timely manner.	35	44	11	8	2	402	4,02

Based on table 1.4 above, the statement or indicator for the e-form implementation variable has a high mean value in the fourth range, which is in the statement "The electronic tax reporting system with e-form can store taxpayer reporting data digitally, prevent loss, maintain confidentiality and a tight security system" with a score of 4.04. The statement or indicator "The electronic tax reporting system with e-form that provides convenience and practicality can encourage taxpayers to carry out their tax obligations in a timely manner" is in the fourth range, which is high with a score of 4.02. The statement or indicator "The electronic tax reporting system with e-form has easy access to use and facilitates taxpayers to report their tax obligations faster" is in the fourth range, which is high with a score of 4.01. The statement or indicator "I report MSME taxes using e-form" is in the fourth range, which is high with a score of 3.98. The statement or indicator "The electronic tax reporting system with e-form helps taxpayers in reporting SPT online, without being constrained by distance and time" is in the fourth range, which is high with a score of 3.91.

Tabel 1.5 Respondents' Responses Regarding Tax Sanctions

Item	Statement	5	4	3	2	1	Statistics	
		SS	S	N	TS	STS	Total	Mean
SP 1	I understand that taxpayers who violate the law will be subject to administrative sanctions in the form of fines, interest or tax increases in accordance with applicable tax regulations.	34	49	12	5	0	412	4,04
SP 2	I understand that the application of strict and consistent sanctions can encourage taxpayers to fulfill their tax obligations.	31	55	10	4	0	413	4,06
SP 3	I understand that taxpayers who do not report their tax obligations will be subject to administrative sanctions up to the heaviest sanctions, namely criminal sanctions.	35	46	16	3	0	413	4,05
SP 4	I understand that higher sanctions can provide a stronger deterrent effect for taxpayers not to commit violations.	34	45	18	3	0	410	4,02
SP 5	I learned that compliant taxpayers tend to have a positive attitude toward tax sanctions and understand the importance of complying with the regulations.	39	46	11	4	0	420	4,12

Based on table 1.5 above, the statement or indicator for the tax sanction variable has a high mean value in the fourth range, found in the statement "I know that compliant taxpayers tend to have a positive attitude towards tax sanctions and understand the importance of complying with regulations" with a score of 4.12. The statement or indicator "I know that the implementation of strict and consistent sanctions can encourage taxpayers to carry out their tax obligations" is in the fourth range, which is high with a score of 4.06. The statement or indicator "I know that taxpayers who do not report their tax obligations will be subject to administrative sanctions up to the heaviest sanctions, criminal sanctions" is in the fourth range, which is high with a score of 4.05. The statement or indicator "I know that violators for taxpayers will be subject to administrative sanctions in the form of fines, interest or tax increases in accordance with applicable tax regulations" is in the fourth range, which is high with a score of 4.04. The statement or indicator "I know that higher sanctions can provide a stronger deterrent effect for taxpayers not to commit violations" is in the fourth range, which is high with a score of 4.02.

Measurement Model Analysis (Outer Model) Convergent Validity

Convergent Validity is a measure that shows or explains the extent to which the variation of measurement items is relevant to the variable. The outer convergent variable loading of the construct factor must be above 0.70.

Tabel 1.6 Outer Loading

Variabel	Indicator	Outer Loading	Terms	Conditions
Taxpayer	Y1	0.946	> 0.70	Valid
Compliance (Y)	Y2	0.806	> 0.70	Valid
	Y3	0.947	> 0.70	Valid

	Y4	0.945	> 0.70	Valid
	Y5	0.953	> 0.70	Valid
Tax Understanding	X1.1	0.924	> 0.70	Valid
(X1)	X1.2	0.932	> 0.70	Valid
	X1.3	0.921	> 0.70	Valid
	X1.4	0.944	> 0.70	Valid
	X1.5	0.775	> 0.70	Valid
Implementation	X2.1	0.935	> 0.70	Valid
E-Form	X2.2	0.926	> 0.70	Valid
(X2)	X2.3	0.93	> 0.70	Valid
	X2.4	0.926	> 0.70	Valid
	X2.5	0.774	> 0.70	Valid
Tax Sanctions	X3.1	0.82	> 0.70	Valid
(X3)	X3.2	0.799	> 0.70	Valid
	X3.3	0.901	> 0.70	Valid
	X3.4	0.912	> 0.70	Valid
	X3.5	0.835	> 0.70	Valid

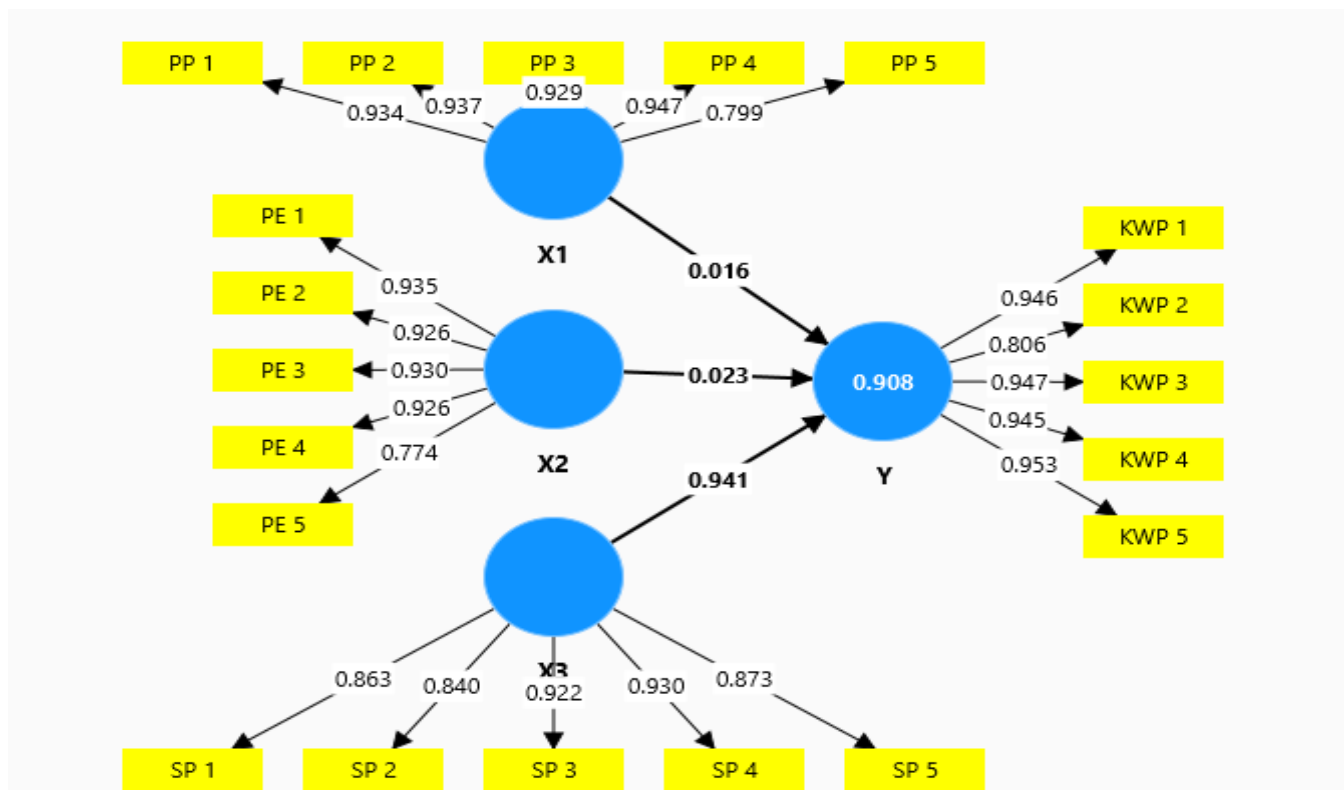


Figure 1.2 Measurement Model (Outer Model) Convergent Validity

Based on table 1.6 and figure 1.2 above, it can be concluded that all indicators of each construct value variable >0.70 have met convergent validity and are valid. The convergent validity value is measured using the recommended Average Variance Extracted (AVE) which is at least 0.50

Table 1.7 Average Variance Extracted (AVE)

Variabel	Average Variance Extracted (AVE)	Terms	Conditions
Tax Understanding (X1)	0.812	0.50	Valid
Implementation E-Form (X2)	0.811	0.50	Valid
Tax Sanctions (X3)	0.730	0.50	Valid
Taxpayer Compliance (Y)	0.849	0.50	Valid

Based on table 1.7, the Cronbach's alpha value of all indicators of each construct value variable >0.50 has met convergent validity and is valid.

Discriminant Validity

Discriminant validity assesses the extent to which a variable or construct can be distinguished from other constructs or variables that should be different. Discriminant validity is measured using two criteria, namely the Fornell Lacker Criterion with the root criterion Average Variance Extracted (AVE) $>$ correlation between variables and HTMT (Heterotrait Monotrait Ratio) with the criterion of the accepted HTMT value below 0.90 which indicates that the discriminant validity evaluation is accepted (Hair et al, 2021).

Table 1.8 Fornell Lacker Criterion

Tabel 1.9 HTMT (Heterotrait Menotrait Ratio)

Variabel/Indicator	Heterotrait-monotrait ratio (HTMT)
Implementation E-Form_(X2) <-> Tax Understanding_(X1)	0.851
Tax Sanctions_(X3) <-> Tax Understanding_(X1)	0.253
Tax Sanctions_(X3) <-> Penerapan E-Form (X2)	0.255
Taxpayer Compliance_(Y) <-> Tax Understanding_(X1)	0.314
Taxpayer Compliance_(Y) <-> Implementation E-Form_(X2)	0.306
Taxpayer Compliance_(Y) <-> Tax Sanctions_(X3)	0.766

Based on table 1.8, the AVE root of the variable is greater than the correlation between the variables. The tax understanding variable has an AVE root of 0.901, which is correlated with the implementation of e-form 0.804, greater than tax sanctions 0.243, and greater than taxpayer compliance 0.316. These results indicate that the discriminant validity of the tax understanding variable is met. Likewise, the variables for the implementation of e-form, tax sanctions, and taxpayer compliance have AVE roots greater than the correlation between the variables. In addition, table 1.9 shows that the HTMT value is below 0.90 for all variables, so the discriminant validity is met.

Reliability Test

This reliability test describes the extent of the consistency or reliability of a measuring instrument or indicator in measuring a particular variable. The recommended Cronbach's alpha and Composite Reliability (CR) values are at least 0.70 (Hair et al, 2021).

Tabel 1.10 Uji Reliabilitas

Variabel/Indicator	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Tax Understanding (X1)	0.942	0.981	0.956	0.812
Implementation E-Form (X2)	0.941	0.965	0.955	0.811
Tax Sanctions (X3)	0.907	0.909	0.931	0.73
Taxpayer Compliance (Y)	0.954	0.962	0.965	0.849

Based on table 1.10, the results of the Cronbach's alpha and composite reliability tests show reliable values, because all variables in the construct have a value > 0.7 which indicates that the reliability test has been proven valid.

Inner Collinearity

Inner collinearity indicates a high relationship between independent variables. If the inner VIF > 5 , there is a suspicion of multicollinearity (Hair et al, 2021).

Tabel 1.11 Inner Collinearity

Variabel/Indicator	VIF
Tax Understanding_(X1) -> Taxpayer Compliance_ (Y)	2.854
Implementation E-Form (X2) -> Taxpayer Compliance_(Y)	2.848
Tax Sanctions_(X3) -> Taxpayer Compliance_(Y)	1.069

Based on table 1.11, it shows that the VIF value is < 5 . This result indicates that there is no multicollinearity. It can be seen from the tax understanding variable (X1) on taxpayer compliance (Y) with a VIF value of 2,854, the e-form application variable (X2) on taxpayer compliance (Y) with a VIF value of 2,848 and the tax sanction variable (X3) on taxpayer compliance (Y) with a VIF value of 1,069.

Inner Model Analysis

R Square

The statistical measure of R square is used to describe the magnitude of the variation in exogenous variables that can be explained by endogenous variables. According to Hair et al (2021), the value in the interpretation of R square is 0.25 which means it has a low influence, 0.50 which has a moderate influence and 0.75 which has a high influence.

Tabel 1.12 R Square

Variabel	R square	R square adjusted
Taxpayer Compliance (Y)	0.533	0.518

Based on table 1.12, the coefficient of determination R square on the endogenous variable of taxpayer compliance is 0.533. This shows that all independent variables simultaneously have a moderate influence of 53.3% on taxpayer compliance (dependent variable). While the remaining 46.7% is influenced by other variables that were not tested in the study. An R square value exceeding 0.50 is said to be moderate.

F Square

According to Hair et al, (2021) an F square value of 0.02 has a low influence, 0.15 has a moderate influence and 0.35 has a high influence.

Tabel 1.13 F Square

Variabel/Indicator	F Square
Tax Understanding (X1) -> Taxpayer Compliance (Y)	0.009
Implementation E-Form (X2) -> Taxpayer Compliance (Y)	0.002
Tax Sanctions (X3) -> Taxpayer Compliance (Y)	0.912

Based on table 1.13 above, it can be seen that variable X1 has an f square value of 0.009, which means that tax understanding has a low influence on taxpayer compliance (Y). Variable X2 has an f square value of 0.002, which means that the e-form implementation variable has a low influence on taxpayer compliance. Meanwhile, variable X3 has an f square value of 0.912, which means that the tax sanction variable has a relatively high influence on taxpayer compliance.

Hypothesis Testing

Hypothesis testing is used to see the relationship between endogenous variables and exogenous variables. In this study, hypothesis testing uses the bootstrapping process by looking at the T-Statistic value and the P-Value value on the path coefficients.

Tabel 1.14 Hypothesis Testing

Indicator	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistic (O/STDEV)	P values
X1 -> Y	0.110	0.106	0.097	1.134	0.257
X2 -> Y	0.052	0.060	0.062	0.842	0.400
X3 -> Y	0.675	0.680	0.155	4.360	0.000

RESULTS AND DISCUSSION

Results

The results of the hypothesis test are in table 1.14 showing that the influence of the Tax Understanding variable (X1) on Taxpayer Compliance (Y) is not significant with a t-statistic value of 1.134 which is smaller than the critical value of 1.96. The original sample value is 0.110 which indicates that the direction of the relationship between the independent variable (X1) and the variable dependent variable (Y) is positive. The P value is 0.257 more than 0.05, thus the H1 hypothesis in this study which states that Tax Understanding (X1) has a positive effect on Taxpayer Compliance (Y) is rejected.

The Effect of E-Form Implementation (X2) on Taxpayer Compliance (Y) is not significant with a t-statistic value of 0.842 which is smaller than the critical value of 1.96. The original sample value is 0.052 which indicates that the direction of the relationship between the independent variable (X2) and the dependent variable (Y) is positive. The P value is 0.400 more than 0.05, thus the H2 hypothesis in this study which states that E-Form Implementation (X2) has a positive effect on Taxpayer Compliance (Y) is rejected.

The Effect of Tax Sanctions (X3) on Taxpayer Compliance (Y) is significant with a t-statistic value of 4.360

which is greater than the critical value of 1.96. The original sample value is 0.675 which indicates that the direction of the relationship between the independent variable (X3) and the dependent variable (Y) is positive. The P value is 0.000 less than 0.05, thus the hypothesis H3 in this study which states that Tax Sanctions have a positive effect on Taxpayer Compliance (Y) is accepted.

Discussion

The Effect of Tax Understanding on Taxpayer Compliance

Based on the hypothesis test results, it proves that tax understanding does not significantly affect taxpayer compliance. This shows that understanding tax rules alone is not enough to guarantee taxpayer compliance. Taxpayers tend to be more compliant when they feel treated fairly and receive rights that are commensurate with their obligations. MSME taxpayers in Karang Tengah District do not fully understand the importance of tax contributions to improving the country's economy. This is due to a lack of understanding of the tax obligations that should be carried out by MSME taxpayers and the lack of direction from the government needed to support this understanding. This lack of understanding not only hinders tax compliance, but also reduces the potential contribution of MSMEs to local economic development.

The results of this study are not in line with the Theory of Planned Behavior in the Control Beliefs factor where in the context of this study taxpayers who do not have a good understanding of their tax obligations. This study is in line with research conducted by (Wulandini & Srimindarti, 2023) which shows that tax understanding does not affect the compliance of MSME taxpayers, because the lack of tax understanding by taxpayers results in low compliance of MSME taxpayers in fulfilling their obligations. The efforts made by Karang Tengah District to attract the attention of taxpayers did not increase taxpayer compliance. If MSME taxpayers in Karang Tengah District have a good understanding of how taxes can affect MSMEs, then taxpayers will tend to be motivated to comply with tax regulations. This is not in accordance with research conducted by (Aflakh et al., 2024) and (Mawaddah, 2024) which shows that tax understanding can affect taxpayer compliance.

The Effect of E-Form Implementation on Taxpayer Compliance

Based on the hypothesis test results, it is proven that the implementation of e-form does not significantly affect taxpayer compliance. This shows that taxpayers who know the use and effectiveness of e-forms are not enough to guarantee compliance from taxpayers. Many MSME taxpayers in Karang Tengah District still do not understand and know how to use the e-form platform provided by the Directorate General of Taxes to report MSME tax obligations. This is due to the lack of socialization and training provided by the government, which results in a lack of understanding of the use of the e-form platform. In addition, other obstacles such as low digital literacy among MSME actors also contribute to their difficulty in accessing and utilizing the e-form platform online.

This result is not in line with the Theory of Planned Behavior which is expected that e-forms can influence MSME taxpayer compliance in Karang Tengah District. This result is related to the development of technology that is increasingly developing, especially with the existence of a special platform provided by the Directorate General of Taxes to facilitate taxpayer reporting in real time and easily. However, in practice, taxpayers do not yet know how to use the platform and must adapt quickly to changes in the way tax obligations are reported digitally. This study is in line with research conducted by (Amelia et al., 2023) which shows that the implementation of e-forms does not affect taxpayer compliance, because many taxpayers still find it difficult to understand and have limited internet access to access the use of e-forms. This is not in accordance with research conducted by (Dewi et al., 2023) and (Mazmur et al., 2022) which shows that the implementation of e-forms can affect taxpayer compliance.

The Effect of Tax Sanctions on Taxpayer Compliance

Based on the testing of the hypothesis results, it is proven that tax sanctions have a significant effect on taxpayer compliance. This shows that the more severe the sanctions imposed by the government, the more

compliant taxpayers will be because of the sanctions that burden them for non-compliance in carrying out their tax obligations.

The results of this study are in line with the Theory of Planned Behavior that individuals carry out behavior that cannot be separated from the impact that will be received by the individual after the behavior is carried out. In relation to the relationship between tax sanctions and taxpayer compliance, the compliant or non-compliant behavior carried out by taxpayers cannot be separated from the existence of tax sanctions. Sanctions are one of the factors that can control MSME taxpayers in Karang Tengah District to be able to comply and carry out their tax obligations. The existence of tax sanctions is expected to be a guarantee that MSME taxpayers in Karang Tengah District can comply with tax laws and regulations and be implemented properly. This is in accordance with research conducted by (Hidayat et al., 2023) and (Ridhotin & Ardini, 2022) which proves that tax sanctions have a positive and significant effect on taxpayer compliance.

CONCLUSION

Based on the data processing and discussion that has been explained, it is concluded that Tax Understanding does not have a significant effect on Taxpayer Compliance, E-Form Implementation does not have a significant effect on Taxpayer Compliance and Tax Sanctions have a significant effect on taxpayer compliance.

Suggestions for further researchers to consider the use of additional independent variables that are not included in this study, which have the potential to affect the level of tax obligations in MSMEs. The aim is to achieve research results more comprehensive and determine which variables have the most significant impact on taxpayer compliance towards MSMEs.

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