ANALYSIS OF TAX KNOWLEDGE, TAX SANCTIONS AND SYSTEM MODERNIZATION ON MSME TAXPAYER COMPLIANCE
(Case Study on SMEs in the Karanganyar Region)

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Abstract: This study's goal is to evaluate the level of compliance among Karanganyar's MSME taxpayers utilizing factors like tax knowledge, tax penalties, and system modernisation. There are 19,355 participants in the study. Technically speaking, this study included numerous linear regression analysis models with random sampling. Research findings have an impact on how MSME taxpayers in Karanganyar City comply with the law, while tax penalties also have an impact. In this study, suggestions are made for: KPP Pratama Karanganyar is intended to be able to assess and enhance upcoming services and policies, particularly those that pertain to taxpayers, through more various variations. Additionally, it is anticipated that science will advance by using more precise research techniques.

Keywords: *Compliance, Taxpayers, MSMEs*

1. Introduction

In Indonesia, taxes play a crucial role in running the government. The government published a new regulation, Constitution 7 of 2021 Concerning Harmonization of Tax Regulations (UU HPP), in an effort to increase tax income. With the new policy, the government must now perform outreach or education on tax duties through social media or direct counseling. Additionally, knowledge of the existence of tax consequences can improve taxpayer compliance. Modernizing the payment and tax reporting systems is another strategy for increasing taxpayer compliance. However, the Directorate General of Taxes continues to have issues with taxpayer compliance. As a result, the connection between tax awareness, tax penalties, and system modernisation is now directly connected to taxpayer compliance. This study seeks to ascertain the impact of tax awareness, tax penalties, and system modernization on MSME taxpayer in Karanganyar based on the context described above. Considerations used as a condition in determining the sample are MSME who are registered at the Karanganyar KPP and the research subjects who are willing to fill out a questionnaire.

The questionnaire used the Google form. The respondents who filled out the research questionnaire were 110 respondents. 99 questionnaires can be used as an analysis tool, while 11 questionnaires cannot be used as an analysis tool because the questionnaires are damaged so they do not match the specified criteria.

2. Research Method

Technique Data Collection

Techniques data Collection using a questionnaire. Questionnaires were given to MSME registered at KPP Karanganyar. The technique data sample used a random sample method. The

Variable Measurement

The one independent variable in this study is MSME Taxpayer Compliance, while the three case study dependent variables are tax awareness, tax penalties, and system modernization. The SPSS 23 application was used to analyze the data that had been gathered. All survey responses were scored using a 5-point Likert scale, with 1 being strongly disagree and 5 being strongly agree. The table below lists research indicators:

Table 1 . Research Constructs and Indicators

Variable	Indicator
Taxpayer Compliance	taxpayer compliance in registering, taxpayer compliance in resubmitting notification letters (SPT) in a timely manner, compliance in calculating and paying tax payable on income earned, and taxpayer compliance in paying tax arrears (STP) before maturity.
Variable	**Indicator**
Tax Knowledge	tax socialization, tax understanding, insights related to tax regulations, and insights related to institutions as sources of valid tax information
Tax Sanctions	the views of taxpayers on tax fines and sanctions, the intensity of taxpayers on tax fines and sanctions, and the response of taxpayers in the face of tax fines and sanctions.
System Modernization	socialization of system modernization, benefits of system modernization, and use of system modernization.

Source: Data Processing

3. Results and Discussion

3.1. Results

Three independent variables or independent variables and one dependent variable or dependent variable are used in this study. The study's independent variables are system modernisation, tax penalties, and tax knowledge. MSME taxpayer compliance is the study's dependent variable. In this study, descriptive statistical analysis was performed using the SPSS version 23 software.

Table 2. Descriptive Statistical Test Results

Variable	N	*Min*	*Maks*	*Mean*	Std. Deviasi
Tax Knowledge	99	29	40	36,12	3,078
Tax Sanctions	99	27	40	35,77	3,123
System Modernization	99	50	70	64,95	5,068
Taxpayer Compliance	99	29	45	39,61	4,280
Valid N (*listwise*)	**99**				

Source: SPSS Data Processing version 23

Table 3. Taxpayer Compliance Validity Test Results

Variable	Information
Tax Knowledge	Valid
Tax Sanctions	Valid
System Modernization	Valid
Taxpayer Compliance	Valid

Source: SPSS Data Processing version 23

Table 4. Reliability Test Results

Variabel	Valid Item	*Cronbach's Alpha*	Criteria	Information
Tax Knowledge	8	0,774	> 0,70	Reliabel
Tax Sanctions	8	0,755	> 0,70	Reliabel
System Modernization	14	0,913	> 0,70	Reliabel
Taxpayer Compliance	9	0,859	> 0,70	Reliabel

Source: SPSS Data Processing version 23

Table 5. Regression Equation Results

	Model	*Unstandardized Coeffiicients*		*Unstandardized Coeffiicients*
		B	Std. Error	Beta
1	(constant)	-3,736	4,394	
	Tax Knowledge	0,535	0,128	0,384
	Tax Sanctions	0,244	0,124	0,178
	System Modernization	0,236	0,083	0,279
Dependent Variable : Taxpayer Compliance				

Source: SPSS Data Processing version 23

Table 6. Model Feasibility Test Results/F Test

	Model	*Sum of Squares*	df	*Mean Square*	F	Sig.
1	Regression	920,822	3	306,941	33,341	,000[b]
	Residual	874,592	95	9,206		
	Total	1795,414	98			

a. Dependent Variable: Y
b. Predictors: (Constant), X3, X2, X1

Source: SPSS Data Processing version 23

Table 7. Results of Hypothesis Test/Test t

Model		Sig	Criteria	Information
1	(constant)			
	Tax Knowledge	0,000	< 0,05	Accept
	Tax Sanctions	0,052	< 0,05	Reject
	System Modernization	0,005	< 0,05	Accept
Dependent Variable : Taxpayer Compliance				

Source: SPSS Data Processing version 23

3.2. Discussion

Based on the research that has been done, the following research results are obtained:

1) Test between tax knowledge on taxpayer compliance

Tax knowledge has a significant value of 0.000 below 0.05 in the statistical test t variable. Therefore, it can be said that H1 is acknowledged, which indicates that tax knowledge has an impact on taxpayer compliance in Karanganyar. This is due to the self-assessment nature of Indonesia's tax system, which requires taxpayers to be able to compute, pay, and report. As a result, tax knowledge is crucial. The foundation of this self-assessment system cannot function well without understanding of taxation, which means that tax compliance will also be low or subpar. According to research (Susanti et al., 2020) that claims tax compliance is influenced by tax knowledge. Research (Taufik Hidayat, 2018) indicates that tax knowledge influences taxpayer compliance. The same study (Kesaulya Juliana & Pesireron Semy, 2019) demonstrates that tax knowledge has a significant impact on taxpayer compliance with paying taxes. As a result, if tax knowledge rises, taxpayers are more likely to behave honorably in carrying out their tax obligations, which will increase compliance among MSME taxpayers in Karanganyar.

2) Test the tax penalty variable on taxpayer compliance

It is determined that H2 is Rejected because the t statistical test has a significant value of 0.052 more than 0.05, which suggests that there is no effect of tax sanctions on MSME taxpayer compliance in Karanganyar. This is due to the fact that neither a direct effect nor a deterrent effect is provided by the government punishments. Because the tax authorities don't follow up on tax matters with enough vigor, whether there are tax penalties or not, the taxpayer will continue to be compliant. study (Antika et al., 2020) indicates that the variable tax sanctions does not affect taxpayer compliance, which is consistent with study (Saraswati, 2018) that claims that tax sanctions do not affect taxpayer compliance. However, research (Kesaulya Juliana & Pesireron Semy, 2019) claiming that the tax penalty variable has a favorable influence on tax compliance runs counter to the test's findings. Similarly, study (Permata, 2020) found that tax sanctions had a strong positive impact on taxpayer compliance, while research (Francis, 2019) found that Negeria's Tax Amnesty program eliminated all tax penalties and interest in an effort to boost tax compliance.

3) Test between system modernization on taxpayer compliance

The significant value for the t statistical test is 0.005, which is less than 0.05. It follows that H3, which asserts that system modernization affects MSME taxpayer compliance in Karanganyar, is approved. This is so that taxpayers may fulfill their duties more easily as a result of the tax system's modernization. The administration of the tax system can be made easier to encourage taxpayer engagement, which will boost taxpayer compliance. These findings are consistent with research (Taufik Hidayat, 2018) that demonstrates how the e-SPT system's implementation influences taxpayer compliance, indicating that raising the system's implementation quality will boost taxpayer compliance. According to study (Putra, 2020), system modernisation helps increase tax compliance because people are more likely to happily comply with their tax duties when supported by an operational system that is simple to use. The modernization of the taxation system has a considerable impact on taxpayer compliance, according to research by (Hapsari & Kholis, 2020) on the analysis of the variables of MSME taxpayer compliance at KPP Pratama Karanganyar. According to research (Septriliani et al., 2021), the modern tax collection and management system has a positive and significant impact on raising taxpayer compliance because it

makes it simpler for taxpayers to comply with their tax obligations, eliminating any excuses for them to forgo paying taxes while also increasing taxpayer compliance. Therefore, study indicates that the greater the influence of system modernization on MSME taxpayer compliance in Karanganyar, the better.

4. Conclusion

This study examined how the variables of tax knowledge, tax penalties, and system modernization affected the compliance of MSME taxpayers in Karanganyar. In Karanganyar, there are 19,345 MSME business players in the research population. This study used random sampling in conjunction with numerous linear regression analysis models. The findings of this research are:

a. The tax knowledge variable has a significant value of 0.000 below 0.05 according to the t test. Therefore, it may be said that tax knowledge has an impact on taxpayer compliance.

b. Tax sanctions have a significant value of 0.052 or more based on the t test variable. We can therefore draw the conclusion that tax penalties have no impact on taxpayer compliance. Things that support and are inversely proportional to this research have been found in several studies.

c. The system modernisation variable has a significant value of 0.005, which is less than 0.05, according to the t test. Thus, it may be argued that system modernization affects taxpayer compliance in line with earlier research that claim systems like electronic invoices, electronic billing, and electronic forms have an impact on boosting compliance.

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