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**DETERMINANTS OF TAXPAYER NON-COMPLIANCE OF MSMEs IN INDONESIA**

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**Abstract**

The problem of non-compliance with taxes is a big issue that is often discussed in relation to state or regional income. In this study is analyzed the factors that can affect the non-compliance of MSMEs taxpayers in Tegal Regency. There were 100 respondents and the research was analyzed using multiple regression analysis. The results of this study proved that the behavioral attitude variables and subjective norms have a positive effect on tax non-compliance. Perceived behavioral control has no effect on tax non-compliance. While understanding and knowledge of taxation and tax sanctions have a negative effect on tax non-compliance. The implication of this research suggests that tax authorities to provide a persuasive approach so that taxpayers want to comply with applicable tax regulations since taxpayers' non-compliance is basically a belief that is strongly influenced by the environment or community the taxpayers live in.

**Keywords:** Behavioral Attitudes, Subjective Norms, Behavioral Control, Tax Understanding and Knowledge, Tax Sanctions, Tax Non-compliance

**JEL Classification:** H260

**1. Introduction**

In a government, state revenue is important because income has a function for sustainable development and financing all government operational activities, one of which is the salary of government employees and various kinds of subsidies including in the fields of education, health, employment, public housing, and other development expenditures. Waluyo (2011) argues that taxes are one of the sources of state financing to finance national development for the common good. Indonesia, which is one of the developing countries, is doing a lot of development in all fields, so it requires large enough funds to bear the interests of its development.

The government is currently trying to increase domestic revenue from the tax sector, because taxes are the highest source of revenue in the country. The increase in state revenue in the tax sector, which is targeted to increase every year, needs to be balanced with a better business (Nainggolan & Patimah, 2019). Many new regulations have been issued by the government with the hope that the public will be more aware of participating in the collection of Income Tax.

According to Article 23A of the 1945 Constitution, taxes and other levies that are pressing for the needs of the state are regulated by law

Taxpayer compliance in fulfilling the obligation to pay taxes has a close relationship with the quality of services provided by the tax authorities to taxpayers. According to Fuadi & Mangoting (2013) the problem of tax compliance in Indonesia is a very important problem. Because if the taxpayer does not comply with tax regulations, it can lead to a desire to do tax evasion, neglect and avoidance which will ultimately harm the state.

Micro, Small and Medium Enterprises (MSMEs) are informal business sectors that have an important role and have dominated the economy in Indonesia (Syahputri & Rusli, 2015). Their contribution is to increase the value of the economy in Indonesia, which is always growing every year is a productive economic business that establishes its own business or a business entity that is not a subsidiary of the company or which has its own branch company or large business that has met the criteria of a small business (Nainggolan & Patimah, (2019). Increasing Micro, Small and Medium Enterprises (MSMEs) in Indonesia if considered seriously can become a source of tax that can be used to increase the value of state revenue.

In Tegal Regency, Adiwerna District, there are convection industrial centers spread across the village, namely the Tembok Banjaran, Tembok Lor, Tembok Kidul and Tembok Luwung. The four villages are centers of convection Micro, Small and Medium Enterprises (MSMEs) industry which is growing rapidly in Tegal Regency. Convection SMEs which include apparel, embroidery, or other clothing needs. Convection MSMEs have an income of Rp. 807,409,000, contributed to the GRDP of Tegal Regency by 3.16% in 2017. Of the 35 number of MSMEs in the convection sector in Tembok Banjaran village, only 97% of entrepreneurs do not have a Tax Identification Number (TIN). The low number of convection MSME owners who have not registered their business and do not have a TIN, as well as the lack of knowledge about payment of business taxes, one of which is in Tembok Banjaran village as a convection industrial village. With this, it provides information that the high development of convection MSMEs in Tegal Regency has not been able to increase state tax revenues.

Considering that taxpayer compliance is a very important factor to increase tax revenue, it is necessary to study the factors that influence taxpayer non-compliance, especially MSME taxpayers in the Convection sector in Kab. Tegal. Further research will focus on the factors that influence the occurrence of taxpayer non-compliance, including; behavioral attitudes, subjective norms, behavioral control, understanding and knowledge of tax regulations and sanctions.

### **Theory of Planned Behavior**

There are several behavioral theories that have been used to predict contributions, participation, involvement, achievement, citizenship, organizational, innovation, and other concepts of individual behavior. The theory used in predicting behavior in the psychological model is the Theory of Planned Behavior (TPB), in addition to predicting this theory will also explain human behavior specifically. This theory predicts good behavior by balancing intentions in carrying out the behavior.

The Theory of Planned Behavior (TPB) in estimating an action can be seen from the attitude towards its behavior and in testing subjective norms and measuring behavioral control must consider the attitude and perception of the person. A person's intention to behave will be higher if there is a positive attitude and support from people around so that it feels easy and there are no obstacles (Ajzen, 1991). The Theory of Planned Behavior (TBP) explains that the non-compliance behavior of taxpayers is strongly influenced by subjective norms, attitude variables, and behavioral control. Social norms are one of the three factors that have an impact on the behavior of taxpayers, because of the influence and social pressure of people around taxpayers who are considered important. This intention to behave is what drives individuals to behave and the behavior of these taxpayers is strongly influenced by the people around the taxpayer who are considered influential and have a positive attitude towards tax compliance, so that taxpayers will pay their taxes obediently. This happens on the contrary, taxpayers will avoid taxes when around them have a bad attitude and think paying taxes is not important.

### **Attribution Theory**

Attribution theory is a theory that studies the process of how someone interprets an event, behavior or reason for what they do. A person's behavior according to Ikhsan & Ishak (2005) is caused by internal factors that come from within a person, internal factors that come from outside. In this theory there are two variables where the control is internal and external. The place of internal control is the feeling experienced by a person that he is personally capable so that it can influence his performance and behavior through his abilities, efforts and expertise. While the place of external control is the feeling experienced by a person that all his behavior is influenced by external factors. This theory explains the processes that occur and the factors that influence us so that we can understand our behavior and that of others, so that the existence of an internal control system is expected to be able to reduce deviant actions taken by management.

A person's behavior in taking action or making decisions is influenced by internal forces in the form of abilities and external forces in the form of the surrounding environment. This is in accordance with attribution theory, so that the higher the taxpayer in understanding and knowing tax regulations and tax sanctions (internal and external factors) the lower the level of taxpayer non-compliance.

### **Attitude to Behavior**

Responding to something that is liked or disliked in a person, object, event or institution is an attitude towards behavior that is owned by all individuals (Ajzen, 2005). The first variable that can influence behavioral intention is attitude towards behavior. When an individual appreciates actions positively, he will have the will to do certain actions. Beliefs (behavioral beliefs) can affect views about a behavior because of the behavior that is carried out, this includes outcome evaluation and beliefs strength. The view of behavior that is believed to have a direct impact on the will to behave which is then affiliated with preparatory behavioral control and subjective norms (Ajzen, 1991).

### **Subjective Norms**

Subjective norm is an acknowledgment of social pressure in showing a particular behavior. Subjective norms are beliefs about the understanding of a person or group that influence individuals on a behavior. A person's behavior is influenced by their social life starting from family, relatives, life partners, co-workers and other things related to a behavior (Ajzen, 2006).

According to Ajzen (1991) what is part of the subjective norm is social power in the form of reward and punishment, conveyed by individuals to other individuals, the individual feels happy about the individual, the individual's desire and how much is considered an experienced person. Social pressure will be greater when individuals suggest to carry out the behavior, on the contrary social pressure will decrease if they do not give suggestions not to do something. Subjective norms are the most influential factors on the intention of taxpayers to behave obediently (Fuadi and Mangoting, 2013). The intention and behavior of taxpayers to comply or not be influenced by the people around who are considered important and most influential, such as family, co-workers, tax consultants, friends, and others. People around taxpayers are very influential on taxpayer compliance, taxpayers will be obedient in paying taxes when the people around them have a positive attitude towards tax compliance, and vice versa.

### **Behavior Control**

The measure of a person's belief in how simple or complex an action is in performing an action is called perceived behavioral control. According to (Ajzen, 2005), perceived behavioral control as a person's ability to show the desired behavior. Attitudes and subjective norms that a person has can help in carrying out certain actions and depend on the support of his perceived behavioral control.

Behavioral control is also considered a function and belief, namely the individual's belief in the presence or absence of factors that support or hinder the emergence of behavior (control belief). Past experience related to behavior gives rise to this belief, so it can be influenced by indirect information from behavior obtained from observing other people's experiences. Control over behavioral control will be an important role when there are supporting factors, if there are few supporting factors, individuals will have difficulty understanding their behavior (Ajzen, 2005). Barriers make people who have a positive attitude and support from those around them will have little intention in carrying out the behavior.

### **Hypotheses Development**

#### **Influence of Attitude on Non-compliance**

Ajzen (1991) argues that attitude is a feeling of favor (favorableness) or a feeling of impartiality (unfavorableness) on an object to be addressed. This feeling arises from a behavior and an evaluation or assessment of the results of that behavior. What is known, believed and experienced by taxpayers causes attitudes towards tax non-compliance in the implementation of tax regulations (Syahputri & Rusli, 2015). Taxpayer non-compliance behavior occurs if the Taxpayer has a positive belief and evaluation of tax non-compliance. The positive or negative attitude towards tax non-compliance is the result of the taxpayer's belief regarding the tax non-

compliance behavior, which in turn will shape the behavior to comply or not comply with the applicable laws and regulations. When the taxpayer has a negative attitude to disobey tax regulations, the taxpayer already has the belief that paying taxes is an unfavorable action for him.

The results of research from Zaini (2010) stated that attitude is a factor that affects individual taxpayer non-compliance. The same result is also explained by the research of Syahputri & Rusli (2015) that the attitude variable towards the intention to behave in disobedience is acceptable. From the description above, the researcher can conclude the hypothesis as follows:

H1: The Effect of Attitude on Tax Non-compliance Behavior has a positive effect on MSME Taxpayer Non-compliance in the Convection field in Tegal Regency

### **Effect of Subjective Norms on Non-compliance**

Ajzen (1991) stated in his research that perceived social pressure to perform or not to perform a behavior is called subjective norm. This subjective norm becomes a function of the desire perceived by the individual when the people around him (eg, family, relatives, friends) agree to take a certain attitude to encourage the people around him to comply with his attitude.

The social influence can come from the environment around the individual concerned. If other people judge that not complying with tax regulations is something that should not be done, then individuals will tend to intend to comply with taxation, and vice versa if other people influence not to comply with acceptable reasons, it will also affect not to comply with tax regulations. This subjective norm can be said to what extent in following people's views on the behavior they will do. Individuals will ignore the views of others if they feel that it is their personal right to do something and not be determined by other people around them.

The results of research by Retyowati & Aris (2016), Fuadi & Mangoting (2013), and Zaini (2010) show that subjective norms affect taxpayer non-compliance. The influence of people around (perceived social pressure) is strong, namely friends, family, superiors and tax officers which is reflected in subjective norms that affect the intention of tax professionals to behave disobediently. Based on this, the researcher can conclude the following hypothesis:

H2: Subjective Norms have a negative effect on MSME Taxpayer Non-compliance in the Convection field in Tegal Regency.

### **Effect of Behavioral Control on Non-compliance**

Perceived behavioral control can influence directly or indirectly (through intentions) on behavior (Ajzen, 2005). The existence of actual control can directly influence the individual to perform behavior against his will. The greater and stronger a person's intention to show certain behavior occurs because of a positive attitude towards subjective behavior and norms. This is in accordance with the control conditions that exist in the field (actual behavioral control) when there is an opportunity, the intention will be realized. On the other hand, the behavior that appears may be contrary to the individual's intentions because the conditions in the field do not allow the behavior to emerge so that it will quickly affect the control of the individual's behavior.

The behavior displayed is no longer the same as the intention because the behavior control has changed.

Zaini (2010) has proven empirically that perceived behavioral control is one of the factors of taxpayer non-compliance. So from this description, researchers can conclude the following hypotheses:

H3: Behavioral control has a negative effect on non-compliance of MSME Taxpayers in the Convection sector in Tegal Regency

### **The Effect of Understanding and Knowledge of Tax Regulations on Non-compliance**

Knowledge of taxation such as tax regulations, knowledge of procedures for calculating and reporting tax obligations, knowledge of the function and role of taxes are things that must be known in general in taxation.

Zainuddin (2017) argues that knowledge and understanding of tax regulations is a process where taxpayers know about taxation and also apply their knowledge to pay taxes. According to (Susherdianto & Haryanto, 2012) the behavior of taxpayers in making decisions regarding compliance behavior in carrying out tax obligations is strongly influenced by knowledge and understanding of taxation internally. However, if the taxpayer does not have the knowledge and understanding of tax regulations, the taxpayer cannot determine his behavior properly.

Efforts to increase taxpayer awareness so that taxpayers are more obedient is to increase knowledge and understanding in the field of taxation. Syahputri & Rusli (2015) and Kaunang & Pinatik (2016) state that tax knowledge affects tax non-compliance. Based on the description above, the researcher can conclude the following hypothesis:

H4: Understanding and knowledge of taxation has a negative effect on the non-compliance of MSME taxpayers in the field of convection in Tegal Regency.

### **The Effect of Tax Sanctions on Non-compliance**

Sanction is an action in the form of punishment given to people who violate the rules (Arum, 2012). Tax sanctions, according to Susherdianto and Haryanto (2012), are punishments given by the tax authorities to taxpayers who take actions that are not in accordance with the tax law. Meanwhile, according to Mardiasmo (2016) in his book, what is meant by tax sanctions is a guarantee that the provisions of tax laws (tax norms) will be obeyed or a tool to prevent taxpayers from violating tax norms.

Tax sanctions are divided into two, namely criminal sanctions and administrative sanctions. Taxpayer compliance will be determined based on the taxpayer's assessment of how strong the tax sanctions are able to support the taxpayer's behavior to comply with taxes. The deterrent effect given to taxpayers who violate tax norms is the purpose of applying tax sanctions (Masrurroh and Zulaikha, 2013). If tax sanctions affect taxpayer compliance, it is clear that the higher the sanctions imposed, the higher the level of taxpayer compliance. Situmorang (2003) states that the rule of law (tax law) in the form of criminal and administrative sanctions is



basically intended so that people are obedient and willing to pay off their obligations to pay off their tax debts properly and correctly.

In the implementation of the imposition of tax sanctions, the Directorate General of Taxes has determined the amount of the penalty rate given to the Taxpayer and the determination of the amount of this penalty rate must have been carried out with careful considerations. The provisions for the amount of the administrative penalty rate are regulated in the Taxation Law. This is done so that there is no abuse of authority by the tax authorities, so that they impose arbitrary sanctions and in the end it will even harm taxpayers. Obedient taxpayers will avoid sanctions that will be imposed, because taxpayers who know the sanctions will harm themselves. In research conducted by Retyowati & Aris (2016), Kaunang & Pinatik (2016) stated that the amount of sanctions significantly affected taxpayer non-compliance. Based on the description above, this research hypothesizes that:

H5: Tax sanctions have a negative effect on non-compliance of MSME taxpayers in the convection sector in Tegal Regency.

## **2. Method**

### **Population and Sample**

The population used in this study were all entrepreneurs or Micro, Small and Medium Enterprises (MSMEs) engaged in the convection sector domiciled in Tegal Regency, Central Java. The type of data in this study is primary data, which was obtained by distributing 100 questionnaires to the respondents and in this study the respondents used were MSME entrepreneurs engaged in the convection sector domiciled in Tegal Regency, Central Java. The sample of this research used purposive random sampling method.

### **Research Variables**

The dependent variable in this study is taxpayer non-compliance, while the independent variables in this study are behavioral attitudes, subjective norms, behavioral control, understanding and knowledge of taxpayers, and tax sanctions.

The non-compliance of MSME taxpayers referred to in this study is the non-compliance of taxpayers in fulfilling their tax obligations. Researchers measure variables using a Likert instrument, namely by distributing questionnaires used by previous research developed by Mustikasari (2007), namely non-compliance with SPT submission, non-compliance with payments, and non-compliance with reporting.

The attitude towards tax non-compliance in this study is intended as an aspect of feeling owned by MSME Taxpayers in the Convection field which is determined directly by the beliefs held by MSME Taxpayers in the Convection field towards tax non-compliance behavior. The measurement of this variable replicates previous research by Tarjo (2009) in Zaini (2010), namely the desire to pay taxes less than they should, the use of taxes that are not transparent, feelings of being harmed by the tax system, the cost of bribes to tax officials is smaller than the tax paid. can be saved, the difficulty of tax regulations.

The subjective norm referred to in this study is the subjective norm on tax non-compliance, how people around taxpayers can influence taxpayers on MSME taxpayer non-compliance behavior. The measurement of subjective norms used in this study replicates Zaini's (2010) research, namely: family, friends, spouse, tax consultant, tax officer, business partner who motivates him to do non-compliance behavior.

Knowledge and understanding of tax regulations referred to in this study is the perception of taxpayers understanding about matters in taxation on tax non-compliance behavior. The questionnaire instrument used by previous research that has been developed by Susherdianto (2014) is an understanding of the rights and obligations of taxpayers, knowledge and understanding of tax sanctions, knowledge and understanding of tax rates, understanding tax regulations through socialization carried out by the KPP, and know and understand tax regulations through tax training.

The tax sanctions referred to in this study are penalties for someone who does not comply with tax regulations. The measurement of tax sanctions in this study uses a questionnaire instrument used by previous research developed by Susherdianto (2014) and adds from Benk et al, (2011) in Basri (2012) namely, criminal sanctions can be imposed for violators of tax rules that are quite severe, administrative sanctions can be imposed for violators of very light tax rules, the imposition of fairly severe sanctions is a means of educating taxpayers, the government will impose penalties if it finds that taxpayers do not report some or all of their taxable income, and the government has not been serious in imposing penalties if the tax administration found that taxpayers did not report some or all of their taxable income.

### **Analysis Method**

The data analysis method in this study uses validity and reliability tests, classical assumption tests, and hypothesis testing.

### **Validity test**

To measure the validity of a questionnaire whether or not a validity test is carried out. If the questionnaire has revealed questions that are in accordance with its objectives, then the questionnaire can be said to be valid. The researcher used the validity test by comparing the Pearson product moment correlation numbers  $r$  calculated and  $r$  table with a significance level of 5% from degree of freedom  $(df) = n - 2$  where  $n$  is the number of samples. If  $r$  count is greater than  $r$  table then an indicator is said to be valid.

### **Reliability Test**

Reliability test is a test to measure an indicator of the variables used whether it can produce reliable data if it gives stable and consistent results. In the calculation of this reliability test using the Cornbach Alpha ( $\alpha$ ) method with SPSS. Data that has a high level of reliability if the Cornbach Alpha value is above  $> 0.60$  (Ghozali, 2009)



### **Classic Assumption Test**

#### **Normality test**

The normality test is a variable test aimed at testing the effect of the normal distribution or not of the dependent variable and the independent variable of a study. The results of the normality test which are normally distributed are proven by using normal probability plots graphs and the Kolmogorov Smirnov test with a significance level set at 0.05 or 5%.

#### **Multicorrelarity Test**

Multicorrelation is a situation where there is a perfect correlation between one independent variable and another independent variable. The multicorrelation test is used to detect the presence or absence of multicorrelarity in the regression model, namely looking at the tolerance value and others, namely Variance Inflation Factor (VIF). The cut off value commonly used to indicate the presence of multicorrelation is the tolerance value or equal to VIF 10.

The steps in the multicorrelation test are as follows:

##### 1. Using the Tolerance Value

- a. If the tolerance value is 0.10, then multicorrelarity occurs
- b. If the tolerance value is 0.10, then it does not occur multicorrelarity

##### 2. Using Value Inflation Factor (VIF)

- a. If the VIF value 10, then there is no multicorrelarity
- b. If the VIF value 10, then there is no multicorrelarity

#### **Heteroscedasticity Test**

Heteroscedasticity test is a test used in a regression model. This test is carried out to test if in a regression model there is an inequality of variance from the residual of one observation. The regression model is said to be a regression model with good quality if there is homoscedasticity. This detection can be done by looking at the pattern formed on a scatter diagram with the following conditions:

1. If the existing scatter diagram forms certain regular patterns, the regression has heteroscedasticity disorders.
2. If the scatter diagram does not form a clear pattern, and the points spread above and below the number 0 on the Y axis, there is no heteroscedasticity.

#### **Multiple linear regression**

To test the hypothesis in this study using multiple regression analysis, namely to test the effect of or more independent variables on one dependent variable. With the help of the SPSS program with the equation:

$$Y = \alpha + \beta_1SK + \beta_2NS + \beta_3KP + \beta_4PP + \beta_5SP + e$$

Y	=	Taxpayer Non-Compliance
$\alpha$	=	Constanta
$\beta$	=	Regression Coefficient
e	=	Error
SP	=	Behavioral Attitude
NS	=	Subjective Norms
KP	=	Behavioral Control
PP	=	Understanding and Knowledge
SP	=	Sanctions

### **Test Model**

#### **Coefficient of Determination (R2)**

Measurement of the coefficient of determination in a study was carried out with the aim of measuring the ability of a model to explain variations in the dependent variable (Ghozali, 2009). If the result of R2 is close to 1, it can be concluded that there is a strong correlation between the independent variable and the dependent variable of a study.

#### **F Statistic Test**

The F statistical test was carried out with the aim of testing the feasibility of a research model. If the results of the analysis have a significance level of less than 0.05 then the model is considered feasible. This test model uses a significance level of 0.05 (5%).

#### **T . Statistical Test**

T test is a partial test. This test was conducted to test the level of significance of the independent variable and the dependent variable of a study. The basis for making decisions on the t statistical test are:

1. If  $t \text{ count} < t \text{ table}$ , then the independent variables individually have no effect on the dependent variable.
2. If  $t \text{ arithmetic} > t \text{ table}$  then the independent variables individually affect the dependent variable.

### **3. Results**

The questionnaires distributed were 100 questionnaires and there was already a minimum number of samples that could represent the population, namely 100 populations. Characteristics of respondents in this study were determined based on gender, age, education level, annual sales, and ownership of NPWP

**Taxpayer Profile**

Profile	Criteria	Number	Percentage
Gender	Male	59	59%
	Female	41	41%
	Total	100	
Age	<20 yo	5	5%
	20 - 30 yo	23	23%
	31 - 40 yo	32	32%
	41 - 50 yo	18	18%
	>50 yo	22	22%
	Total	100	100%
Education	Senior High School	61	61%
	Vacational	7	7%
	Diploma	32	32%
	Master	0	0%
	Total	100	100%
Income/y	< Rp.500 M	79	79%
	Rp. 500 M - Rp.1 B	18	28%
	Rp. 1 B - Rp.4,8 B	3	3%
	> Rp. 4,8 B	0	0%
	Total	100	100%
TIN Ownership	A	25	25%
	N/A	75	75%
	Total	100	100%

**Validity test**

The results of the validity test can be seen in the following table:

<b>Variable</b>	<b>Item</b>	<b>r-Count</b>	<b>r Table</b>	<b>Result</b>
<b>Behavioral Attitude</b>	SK1	0.776	0.1966	Valid
	SK2	0.725	0.1966	Valid
	SK3	0.704	0.1966	Valid
	SK4	0.662	0.1966	Valid
	SK5	0.659	0.1966	Valid
<b>Subjective Norm</b>	NS1	0.812	0.1966	Valid
	NS2	0.753	0.1966	Valid
	NS3	0.734	0.1966	Valid
	NS4	0.782	0.1966	Valid
	NS5	0.690	0.1966	Valid
<b>Behavioral Control</b>	KP1	0.668	0.1966	Valid
	KP2	0.786	0.1966	Valid
	KP3	0.771	0.1966	Valid
<b>Understanding and Knowledge</b>	PP1	0.775	0.1966	Valid
	PP2	0.754	0.1966	Valid
	PP3	0.793	0.1966	Valid
	PP4	0.812	0.1966	Valid
	PP5	0.620	0.1966	Valid
<b>Sanctions</b>	SP1	0.775	0.1966	Valid
	SP2	0.754	0.1966	Valid
	SP3	0.793	0.1966	Valid
	SP4	0.812	0.1966	Valid
	SP5	0.620	0.1966	Valid

Based on the table above, it is known that all variables have a value of r arithmetic > r table (0.1966) so that research on this validity test can be declared valid.

**Reliability Test**

The results of the reliability test can be seen in the following table:

Variable	Cronbach's Alpha	Result
Behavioral Attitude	0.779	High Reliability
Subjective Norm	0.794	High Reliability
Behavioral Control	0.798	High Reliability
Understanding and Knowledge	0.793	High Reliability
Sanctions	0.793	High Reliability
Taxpayer Non-Compliance	0.815	High Reliability

Based on the table above, all variables have Cronbach's alpha values above 0.70, which means that each variable in this study has high reliability. So it can be concluded that all the questions used are reliable or reliable.

**Classic assumption test**

**Normality test**

The data used in the statistical method, the normality test can be detected by the Kolmogrov-Smirnov (K-S) nonparametric statistical test. The data of this study is 0.200 greater than the significance level ( $\alpha$ ) of 0.05. So the research data as a whole is said to be normally distributed.

**Multicollinearity Test**

Multicollinearity test to test whether there is a correlation in the regression model between the independent variables. The following are the results of the multicollinearity test of research data:

**Multicollinearity Test**

Variable	Tolerance	VIF	Result
Behavioral Attitude	0.703	1.422	No Multicollinearity
Subjective Norm	0.258	3.883	No Multicollinearity
Behavioral Control	0.958	1.044	No Multicollinearity
Understanding and Knowledge	0.273	3.667	No Multicollinearity
Sanctions	0.860	1.163	No Multicollinearity

From the results of the data above, it can be seen that all research variables show that there is no multicollinearity in the results of this test, because in the data above all variables show a tolerance value of more than 10 percent or 0.1, and a VIF value of less than 10 percent or 0.1.

**Heteroscedasticity Test**

Heteroscedasticity test aims to test whether a regression model occurs if in a regression model there is an inequality of variance from the residual of one observation. The results of the heteroscedasticity test in the Scatter Plot test produce a random pattern and spread erratically, the distribution of residual data spreads above and below the number 0 on the Y axis, so in this study the data used did not occur heteroscedasticity, meaning that the variance from the residuals of one observation to observation else there is no inequality.

**Multiple Regression Analysis**

The following are the results of multiple linear regression analysis of the variables contained in the following research:

**Multiple Regression Test Results**

Variables	Unstandardized Coefficients B	Sig
	15.323	.000
SK	.140	.029
N	.209	.043
KP	.140	.119
PP	-.349	.002
SP	-.308	.000

Dependent Variable: KWP

Based on the results of the multiple regression test, the following equation can be written:

$$Y = 15.323 + 0.140SK + 0.209N + 0.140KP - 0.349PP - 0.309P$$

The value of the constant intercept is 15.323. These results can be concluded that if the value of all independent variables is 15. Then the amount of non-compliance with taxpayers will be 15.323.

The regression coefficient value of the Behavioral Attitude (SK) variable is 0.140. These results can be concluded that if the attitude of behavior increases by one unit, the disclosure of taxpayer non-compliance has increased by 0.140 assuming all other independent variables are constant.

The regression coefficient value of the Subjective Norm (NS) variable is 0.209. These results can be concluded that if the subjective norm is increased by one unit, the disclosure of taxpayer non-compliance has increased by 0.209 assuming all other independent variables are constant.



The regression coefficient value of Behavioral Control variable (KP) is 0.140. These results can be concluded that if the behavioral control is increased by one unit, the disclosure of taxpayer non-compliance has decreased by 0.140 assuming all other independent variables are constant.

The regression coefficient value of the Tax Understanding and Knowledge (PP) variable is -0.349. These results can be concluded that if the understanding and knowledge of taxation increases by one unit, the disclosure of taxpayer non-compliance will increase by -0.349 assuming all other independent variables are constant.

The regression coefficient value of the Tax Sanctions (SP) variable is -0.308. These results can be concluded that if the Tax Sanction norm is increased by one unit, the disclosure of taxpayer non-compliance will increase by -0.308 with the assumption that all other independent variables are constant.

**Hypotheses Test**

**Coefficient of Determination**

The results of the coefficient of determination (R2) can be seen in the following table:

**Coefficient of Determination Test Results (Adjusted R2)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.533 <sup>a</sup>	.284	.246	2.195

Based on the table above, the coefficient of determination (Adjusted R Square) is 0.246. From these results it can be concluded that the magnitude of the variation of the independent variables in influencing the regression equation model is 24.6% and the remaining 75.4% is influenced by other variables that are not included in the regression model.

**T Statistical Test**

The results of the T statistical test can be seen in the following table:

Variables	Unstandardized Coefficients B	Sig
	15.323	.000
SK	.140	.029
N	.209	.043
KP	.140	.119
PP	-.349	.002
SP	-.308	.000

Based on the table above, it is known that the results of the T statistical test, behavioral attitude variables, subjective norms, understanding and knowledge of taxation, and tax sanctions produce numbers greater than t count (1.98552) which can be concluded that the taxpayer's non-compliance variable is influenced by the behavioral attitude variable, subjective norms, understanding and knowledge of taxation, and tax sanctions. Based on the results of the t test, the behavioral control variable resulted from t count (1.98552) which can be concluded that the taxpayer's non-compliance variable is not influenced by the behavioral control variable.

### **Hypotheses Test Results**

#### **The Influence of Behavioral Attitudes on Non-compliance**

Hypothesis H1 of this study states that behavioral attitudes (SK) have a positive effect on taxpayer non-compliance. The magnitude of the Behavioral Attitude (SK) regression coefficient on taxpayer non-compliance is 0.140 and the significance value is 0.029. At the significance level = 5%, then the regression coefficient is significant because the significance is  $0.029 < 0.05$  so it can be concluded that behavioral attitudes have a positive and significant effect on taxpayer non-compliance.

#### **Effect of Subjective Norms on Non-compliance**

Hypothesis H2 of this study states that subjective norms have a positive effect on taxpayer non-compliance. The magnitude of the subjective norm regression coefficient is 0.209 and the significance value is 0.043. At the significance level = 5%, the regression coefficient is significant because the significance is  $0.043 < 0.05$  so it can be concluded that subjective norms have a positive and significant effect on taxpayer non-compliance.

#### **Effect of Behavioral Control on Non-compliance**

Hypothesis H3 of this study states that behavioral control has a positive effect on taxpayer non-compliance. The magnitude of the behavioral control regression coefficient is 0.140 and the significance value is 0.119. At the significance level = 5%, the regression coefficient is significant because the significance is  $0.119 > 0.05$  so it can be concluded that perceived behavioral control has no effect on taxpayer non-compliance.

#### **The Effect of Tax Understanding and Knowledge on Non-compliance**

Hypothesis H4 of this study states that understanding and knowledge of taxation has a negative effect on taxpayer non-compliance. The regression coefficient of perceived tax understanding and knowledge is -0.349 and a significance value of 0.002. At the significance level of = 5%, the regression coefficient is significant because the significance is  $0.002 < 0.05$ , so it can be concluded that understanding and knowledge of taxation have a negative and significant effect on taxpayer non-compliance.

#### **Effect of Tax Sanctions on Non-compliance**

Hypothesis H5 of this study states that tax sanctions have a negative effect on taxpayer non-compliance. The magnitude of the perceived tax sanctions regression coefficient is -0.308 and the significance value is 0.000. At the significance level = 5%, then the regression coefficient is

significant because the significance is  $0.000 < 0.05$  so it can be concluded that tax sanctions have a negative and significant effect.

#### **4. Discussion**

##### **The Influence of Behavioral Attitudes on Non-compliance of MSME Taxpayers in the Convection Sector in Tegal Regency**

The results of this study prove that Behavioral Attitudes (SK) have a positive effect on taxpayer non-compliance. This result is based on the significance value is below  $= 5\%$  ( $0.029 < 0.05$ ) and the t-statistic value which is above the t-table is  $2.215 > 1.98552$ . Then the greater the behavioral attitude of MSME taxpayers, the greater the non-compliance of taxpayers. This shows that the non-compliance of taxpayers is influenced by the behavioral attitude variable which has a significant effect.

Attitude is a feeling that supports or does not support an object to be addressed. The attitude of the taxpayer's non-compliance with tax regulations if the taxpayer has confidence and a positive evaluation of tax non-compliance. Taxpayers who have non-compliance behavior in paying taxes make the taxpayers have beliefs about non-compliance with tax regulations.

The results of this study indicate that this hypothesis is supported by previous research that proves the attitude variable has a positive and significant effect on taxpayer non-compliance such as research by Zaini (2010), Syahputri & Rusli (2015), Winarsih (2015), Dewi & Jumaili (2016), Syarahputri (2017). Because convection MSME taxpayers believe that paying taxes does not benefit them. So that this action can cause MSME taxpayers in the convection sector to have an attitude so that they do not comply with the tax regulations that have been set.

##### **The Influence of Subjective Norms on Non-compliance of MSME Taxpayers in the Convection Sector in Tegal Regency**

The results of this study prove that the Subjective Norm (NS) has a positive effect on taxpayer non-compliance. This result is based on the significance value below  $= 5\%$  ( $0.043 < 0.05$ ) and the t-statistic value which is above the t-table of  $2.050 > 1.98552$ . So the greater the subjective norm of MSME taxpayers, the greater the taxpayer's non-compliance.

Subjective norms are a person's perception of the beliefs of others that influence actions to perform or not to perform the behavior under consideration. If the taxpayer has a sense of his personal right to determine what will be done, he will ignore the actions that will be taken by others.

This hypothesis is not supported because the results of the study show that the subjective norm variable has a positive and significant effect on taxpayer non-compliance, meaning that the higher the subjective norm level, the greater the taxpayer's non-compliance behavior. The results of this study support the research of Zaini (2010), Fuadi & Mangoting (2013), Winarsih (2015), Dewi & Jumaili (2016), Noermansyah & Aslamadin (2019). This shows that taxpayers consider people in their environment to influence subjective norms about tax non-compliance. Because if the taxpayer environment provides support for not complying with tax regulations, it will affect

not to comply with tax regulations. On the other hand, when the environment around the taxpayer provides motivation to comply with taxation, the taxpayer will tend to intend to comply with tax regulations.

### **The Effect of Behavioral Control on Non-compliance of MSME Taxpayers in the Convection Sector in Tegal Regency**

Behavioral control in this study has a positive and insignificant effect on taxpayer non-compliance. This result is based on the significance value which is above = 5% ( $0.119 > 0.05$ ) and the t-statistic value which is below the t-table is  $1.573 < 1.98552$ . These results indicate that the greater behavioral control of MSME taxpayers, it will not increase or decrease taxpayer non-compliance. This shows that taxpayer non-compliance is not influenced by behavioral control variables.

Behavioral control is someone who has confidence about the resources and opportunities he has to carry out the behavior under consideration. Ajzen (2005) states that behavioral control affects intentions based on the assumption that individual behavior control will have motivational implications for the person.

The results of this study support the research of Fuadi & Mangoting (2013), Syahputri and Rusli (2015), Dewi & Jumaili (2016), Syarahputri (2017), which states that behavioral control has no effect on taxpayers' tax non-compliance. Behavioral control in the context of taxation is how strong an individual is to behavioral control that can control himself, including actions so as not to violate tax regulations. If the behavioral control owned by MSME taxpayers in Tegal Regency is very strong, then things like not complying with tax regulations will not happen. It is different if MSME taxpayers have weak behavioral control, then the taxpayer tends to be easy to do things that deviate, so it is very easy to take non-compliance with tax payments.

### **The Influence of Understanding and Knowledge of Tax Regulations on Non-compliance of MSME Taxpayers in the Convection Sector in Tegal Regency**

The results of this study prove that the understanding and knowledge of tax regulations (PP) has a negative and significant effect on taxpayer non-compliance. This result is based on the significance value below = 5% ( $0.002 < 0.05$ ) and the t-statistic value which is below the t-table is  $3.121 > 1.98552$ . The greater the understanding and knowledge of tax regulations for MSME taxpayers, it will lead to a decrease in taxpayer non-compliance behavior. This shows that the variable of understanding and knowledge of tax regulations has a negative and significant effect on taxpayer non-compliance.

If a taxpayer understands and understands his taxes and applicable regulations, he will have a more obedient attitude in carrying out his obligations in paying taxes and taxpayers will certainly find it easier to carry out their obligations as taxpayers. because the higher the level of taxpayers in understanding and knowing tax regulations, the less likely the taxpayers to violate the stipulated tax regulations. If the taxpayer's understanding of taxation is low, the taxpayer's non-compliance will be high.

The results of this study support the research of Taher (2011), Syahputri & Rusli (2015), and Kaunang & Pinatik (2016), which found that there is a perception of taxpayers about understanding and knowledge of tax regulations on non-compliance in paying taxes. Difficulties in understanding tax regulations can encourage taxpayers' non-compliance in carrying out their tax obligations. The more taxpayers understand and know about tax regulations, the more taxpayers will comply with their tax obligations.

### **The Effect of Tax Sanctions on Non-compliance of MSME Taxpayers in the Convection Sector in Tegal Regency.**

The results of this study prove that Tax Sanctions (SP) have a negative and significant effect on taxpayer non-compliance. This result is based on the significance value below = 5% ( $0.000 < 0.05$ ) and the t-statistic value which is below the t-table is  $5.506 > 1.98552$ . Then the greater the tax sanctions on MSME taxpayers, will cause a decrease in taxpayer non-compliance behavior. This shows that the tax sanctions variable has a negative and significant effect on taxpayer non-compliance.

Actions and intentions against perpetrators can be controlled by the presence of sanctions, so that the sanctions that have been set can also directly influence non-compliant behavior. If employment sanctions affect taxpayer compliance, it is clear that the higher the sanctions given, the higher the level of taxpayer compliance.

The results of this study support the research of Akbar (2015), Kaunang & Pinatik (2016), Retyowati & Aris (2016), which found that there was an influence between tax sanctions on taxpayers' perceptions of non-compliance in paying taxes. Situmorang (2003) argues that tax law in the form of criminal and administrative sanctions is basically intended to pay off tax debts properly and correctly. The tax collection system in the form of a self-assessment system, taxpayers are given full trust to calculate and deposit, and self-report the amount of tax owed in accordance with tax laws and regulations. However, there are still many taxpayers who do not fulfill their tax obligations even though they have been given such trust. Thus, the application of tax sanctions is expected to increase awareness and compliance of taxpayers in fulfilling their tax obligations.

### **5. Conclusion**

The results of this study prove that the main factor why taxpayers among MSMEs in Tegal Regency is because of behavioral factors that are influenced by environmental factors that create beliefs for generations in the community so that it creates a mindset that taxes are not very important to be paid.

### **6. Suggestion**

Future research is expected to add several other variables such as taxpayer awareness, tax system justice, and taxpayer religiosity. It is hoped that further research, researchers will conduct interviews with respondents in addition to distributing questionnaires.

## **7. Implication**

Taxpayers' non-compliance is basically a belief that is strongly influenced by the environment or community the taxpayers live in. So it is important for tax collectors to provide a persuasive approach so that taxpayers want to comply with applicable tax regulations

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