



Determinants of MSME Taxpayer Compliance with Moderating Variables of Tax Incentive Utilization in Manado City

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Abstract: Objective: The purpose of this study was to analyze the effect of tax socialization, tax knowledge, and service quality on MSME taxpayer compliance and to test whether tax incentives were able to moderate the effect of these factors on MSME taxpayer compliance in Manado City. **Research Design & Methods:** This research is quantitative research using primary data. The population of this research is MSME taxpayers who are registered at KPP Pratama Manado. Determination of the sample of this study using the slovin formula and obtained a sample of 98 MSME taxpayers with non-probability sampling technique. The data analysis method used in this research is multiple linear regression analysis and moderation test for moderating variables. Data analysis using IBM SPSS 25. **Findings:** The results of this study indicate that taxation socialization has no effect on MSME taxpayer compliance, tax knowledge does not affect MSME taxpayer compliance, service quality has a positive and significant effect on MSME taxpayer compliance. In the moderating variable, the use of tax incentives is able to moderate the effect of tax socialization, tax knowledge, and service quality on taxpayer compliance. **Contribution & Value Added:** This study complements the limitations of studies on tax socialization, tax knowledge, service quality and the use of tax incentives in analyzing its relation to MSME taxpayer compliance.

Keywords: Tax Socialization, Knowledge of Taxation, Service Quality, Tax Incentive, MSME Taxpayer Compliance

INTRODUCTION

During the Covid-19 pandemic, various tax policies were issued by the government with the aim of keeping taxpayers compliant and reducing the impact of covid-19. After the enactment of the tax policy, various public responses emerged in various regions. Nationally there are still many MSMEs that have not taken advantage of this tax incentive. According to the Minister of Finance, nationally in 2021 only 138,635 MSMEs will be utilized with a value of IDR 800 billion. When compared to the number of MSMEs in Indonesia in 2019 according to the Central Bureau of Statistics which reached 65.5 million units and the budget

allocation according to the Minister of Finance for MSME tax incentives worth IDR 1.08 trillion, the number of MSMEs that have taken advantage of MSME tax incentives is concluded to be still lacking.

This is supported by several studies such as research by Agustina et. al. (2020), found that in mentoring there are still many MSMEs who do not know about the use of tax incentives. In addition, the results of Agustia's research (2021) show that the MSMEs' level of understanding of the tax incentive policy in the form of income tax that borne by the government is categorized as quite understanding. The majority of MSMEs only know about the existence of the policy but do not really understand the provisions and procedures and flow of the policy, regarding the perceptions of MSME actors, the result is that there is a positive response from MSMEs to income tax that borne by the government tax incentive policy and there are complaints about the lack of socialization of the policy

Table 1. Data of MSME

	2016	2017	2018	2019	2020	2021	2022 (July)
Annual tax return of MSME	4.188	4.012	5.386	5.397	5.078	6.292	
MSME's payment	4.058	5.495	6.282	7.686	4.665	3.663	3.154

Source: KPP Pratama Manado, 2022

As seen in table 1.1 in the city of Manado itself, the payment of MSME taxpayers from 2019 to 2021 has decreased, but the reporting of Annual Reporting Letters (SPT) for MSME taxpayers has not decreased. In order to be able to take advantage of tax incentives, taxpayers are required to report tax realization to become tax incentives, where the report is part of taxpayer compliance. This means that tax policies can make taxpayers comply. The tax incentives provided by the government to taxpayers will increase taxpayer compliance (Lasmono, 2021). This is in line with the research of Rachmawati & Ramayanti (2016) that the provision of tax incentives has an effect on taxpayer compliance. Tax policies that reach the community cannot be separated from the government's role through socialization and the services provided, as well as the knowledge of the taxpayer. When MSME actors participate in good socialization, get tax knowledge and quality tax service services, then taxpayers will take advantage of tax incentives, followed by taxpayers who will follow the provisions to obtain tax incentives, then taxpayer compliance increases. So the authors formulated the study "Determinants of MSME Taxpayer Compliance With Moderating Variables of Tax Incentive Utilization in Manado City".

LITERATURE REVIEW

Attribution Theory

This theory was first discovered by Fritz Heider in 1958 and developed by Harold Kelley in 1972. According to Robbins and Judge (2008) in Purnaditya and Rohman (2015), attribution theory is that when an individual observes the behavior of another individual, the individual seeks to Explain whether the observed behavior is caused by internal or external parties. The determination of whether behavior is caused internally/externally is influenced by three factors, namely:

1. Specificity, refers to the behavior of an individual showing different behaviors in different situations. If behavior is considered normal, it can be caused internally. Conversely, if the behavior is considered unusual then it can be caused by external conditions.
2. Consensus, refers to all individuals who experience a similar condition respond in the same way. If consensus is low, then the behavior is caused internally. Conversely, if the consensus is high, the behavior is caused externally.

3. Consistency, refers to individuals who always respond in the same way. The more consistent the behavior, the behavior is caused internally. Conversely, if it is increasingly inconsistent, the behavior is caused externally.

Theory of Planned Behavior

According to Ajzen (1991), the theory of planned behavior was developed as a conceptual framework to explain the factors underlying a person's decision to behave. The theory of planned behavior explains that the behavior displayed by individuals arises because of the intention to behave. Intention is something that arises from oneself, a drive for action and behavior that can be known to predict one's behavior. The decision to behave comes from oneself (internal factors) and from the environment (external factors). The emergence of behavioral intentions is determined by 3 determining factors, namely:

1. Behavioral beliefs, namely individual beliefs about the results of a behavior and evaluation of these results.
2. Normative beliefs, namely beliefs about other people's normative expectations and motivation to fulfill these expectations.
3. Control beliefs, namely beliefs about the existence of things that support or inhibit the behavior that will be displayed. And his perception of how strong the things that support and hinder his behavior.

Social Exchange Theory (Social Exchange Theory)

Social exchange theory was developed by John Thibaut and Harold Kelley (1959). In social exchange theory, this approach to the exchange of social relations is like economic theory which is based on a comparison of sacrifices and benefits, with the point of view that people calculate the overall value of a relationship by means of the benefits received minus the sacrifices already given (Monge and Contractor, 2003). This theory explains that an action will occur if it produces mutual benefits for both parties. Vice versa, if an action does not provide benefits, then the action tends to be abandoned (Hidayat, et.al. 2016).

Taxpayer Compliance

Sari (2016: 80) and Pohan (2016: 543) state that in order to achieve taxpayer compliance, it is necessary to create a tax climate (which aims to increase taxpayer compliance), namely:

1. Taxpayers know and understand the Tax Law
2. Fill out the tax form correctly
3. Calculate the tax with the correct amount
4. Pay taxes on time

Micro, Small and Medium Enterprises (MSMEs)

In accordance with Law Number 20 of 2008 article 1 concerning Micro, Small and Medium Enterprises (MSMEs):

- a. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as stipulated in this Law.
- b. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either directly or indirectly of medium-sized businesses or large businesses that meet the criteria of a small business. Small as referred to in this Law.
- c. Medium Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of companies

that are owned, controlled, or become part of either directly or indirectly with Small Businesses or large businesses with total net worth or annual sales proceeds as stipulated in the Act.

Tax Incentives

Winardi (2011) in Safrina, et. al. (2020), defines tax incentives as taxation with the aim of providing incentives. The use of taxes is not only for the purpose of generating government revenue, but also to provide impetus towards economic development, in certain fields. Mohammad, et. al (2021) said that tax incentives are one of the state expenditures that are generally not provided in the form of money, but in the form of a reduction in tax obligations. This incentive is a fiscal instrument that is commonly used by the government to ease the tax obligations of certain sector taxpayers, which is expected to have a positive impact on the macro economy as a whole.

Tax Socialization

Rimawati (2013) in Setyabudi (2017), tax socialization is a method carried out by the Directorate General of Taxes to provide knowledge to the public, especially taxpayers, so that they know about everything regarding taxation, both tax regulations and tax rules or procedures with the right method. If the socialization of taxation is conveyed correctly and clearly by the tax official, then the taxpayer can find out the latest tax regulations/policies or those that are not yet known by the taxpayer so that the taxpayer can fulfill his tax obligations, including taxpayer compliance. Socialization can be done in two ways, namely direct socialization such as interacting directly with taxpayers or potential taxpayers, and indirect socialization such as through electronic media or print media and not interacting with taxpayers (Toly and Heryanto in Setyabudi, 2017).

According to Widodo (2010: 168), counseling and socialization of taxes is one of the most important strategies in disseminating knowledge and the important role of taxes. In conducting socialization, it is necessary to have the right strategies and methods that can be applied properly and become indicators and components in tax socialization according to Widodo, namely:

1. Extension activities
2. How to Socialize
3. Information media used

Tax knowledge

According to Rahayu (2010: 141) tax knowledge is the ability possessed by taxpayers regarding rights and obligations as taxpayers so that taxpayers are able to avoid tax sanctions. Taxpayers who have knowledge of taxation will increase taxpayer compliance. According to Rahayu, the concept of tax knowledge is:

1. Knowledge of General Provisions and Tax Procedures (KUP)
2. Knowledge of the tax system applied in Indonesia, namely the self-assessment system
3. Knowledge of the function of taxation as a source of state revenue and as a tool for regulating policies in the social and economic fields

Service quality

Tax services are all forms of activities and assistance processes provided by the tax authorities to taxpayers to increase taxpayer satisfaction (Feld and Frey in Wisudawaty, 2018). Five factors of the quality of tax services according to Kotler and Keller (2009:5), namely.

- a. Reliability
It is the quality and ability of service officers to provide promising and targeted services to customers.
- b. Responsiveness
It is a characteristic and compatibility in service, namely the desire of tax officials to help taxpayers and provide responsive service.
- c. Guarantee
This is the scope of the ability, courtesy and trustworthiness possessed by the tax officer who is free from the risk of doubt.
- d. Empathy
This includes the convenience of tax officials in carrying out good and friendly communication and understanding taxpayers so that taxpayers feel that tax officers understand the difficulties they are experiencing.
- e. Direct evidence
Includes physical facilities, employees, equipment and communications to customers.

Hypothesis Development

1. The effect of tax socialization on MSME taxpayer compliance

The existence of tax socialization makes taxpayers aware of the importance of paying taxes and increases their awareness in carrying out their tax obligations. This is supported by Jannah's research (2016), which states that intensive tax socialization can increase taxpayer knowledge on all matters related to taxation. The higher the intensity of tax socialization carried out by the tax authorities, the higher the level of taxpayer compliance. This is in line with research conducted by Arisman (2017) that tax socialization has a positive effect on taxpayer compliance. If there is no socialization, taxpayers cannot know things about taxation so that taxpayer compliance does not increase.

H1: Tax socialization has a positive and significant effect on MSME taxpayer compliance

2. The effect of tax knowledge on MSME taxpayer compliance

According to Nugroho (2012) in Fendisty (2021), the attribution theory explains that tax knowledge is a person's behavior caused by internal factors within the taxpayer. If the knowledge of taxation on taxpayers is higher, then they can determine their behavior properly and in accordance with the provisions of tax regulations. Taxpayers will voluntarily follow procedures regarding taxation.

Taxpayers who understand and understand a regulation will implement the regulation as long as it is not detrimental (Pangesti and Yushita, 2019). Tax knowledge possessed by taxpayers is the most basic thing that must be possessed, because without tax knowledge it will be difficult for taxpayers to fulfill their tax obligations (Ariyanto et. al. 2020).

H2: Tax knowledge has a positive and significant effect on MSME taxpayer compliance

3. The effect of service quality on MSME taxpayer compliance

Based on attribution theory, service quality is an external cause for someone to behave. The better the quality of tax services provided by the tax officials, the taxpayers feel satisfied so that the taxpayers will tend to comply in fulfilling their tax obligations (Purnaditya and Rohman, 2015). If the services provided by the tax officials do not meet or exceed expectations, then the services provided are not of high quality. Quality services provide satisfaction to taxpayers thereby encouraging taxpayer compliance to fulfill their tax obligations (Hardiningsih, et. al. 2021).

H3: Service quality has a positive and significant effect on MSME taxpayer compliance

4. Utilization of MSME tax incentives can moderate the effect of tax socialization on MSME taxpayer compliance

The more aggressive the government is in providing socialization to the public, especially taxpayers regarding tax incentives, will further increase taxpayer compliance in carrying out their tax obligations by utilizing these applicable tax incentives. Fazriputri. et. al (2021) states that the socialization of tax incentives has a significant positive effect on taxpayer compliance.

H4: tax socialization has a positive and significant effect on MSME taxpayer compliance which is moderated by the use of tax incentives

5. Utilization of tax incentives can moderate the effect of tax knowledge on MSME taxpayer compliance

Sari, et. al (2020), namely the use of tax incentives during the COVID-19 pandemic was not optimal because MSME taxpayers did not know the applicable tax provisions. The cause of the less optimal use of incentives is the understanding of MSMEs which is still low. Marlinah's research (2020) states that many MSMEs have not taken advantage of tax incentives because MSME actors do not understand the tax incentive policies provided.

H5: Knowledge of taxation has a positive and significant effect on MSME taxpayer compliance which is moderated by the use of tax incentives

6. Utilization of tax incentives moderates the effect of service quality on MSME taxpayer compliance

Based on the attribution theory, service quality is an external cause in taxpayers complying with tax regulations. Attitudes and actions of the tax officials and their systems affect taxpayers in the utilization of tax incentives which impact on taxpayer compliance. The better the quality of tax services provided by tax officials, the taxpayer will feel satisfied so that taxpayers tend to comply in fulfilling their tax obligations (Purnaditya and Rohman, 2015).

H6: Service quality has a positive and significant effect on MSME taxpayer compliance which is moderated by the use of tax incentives

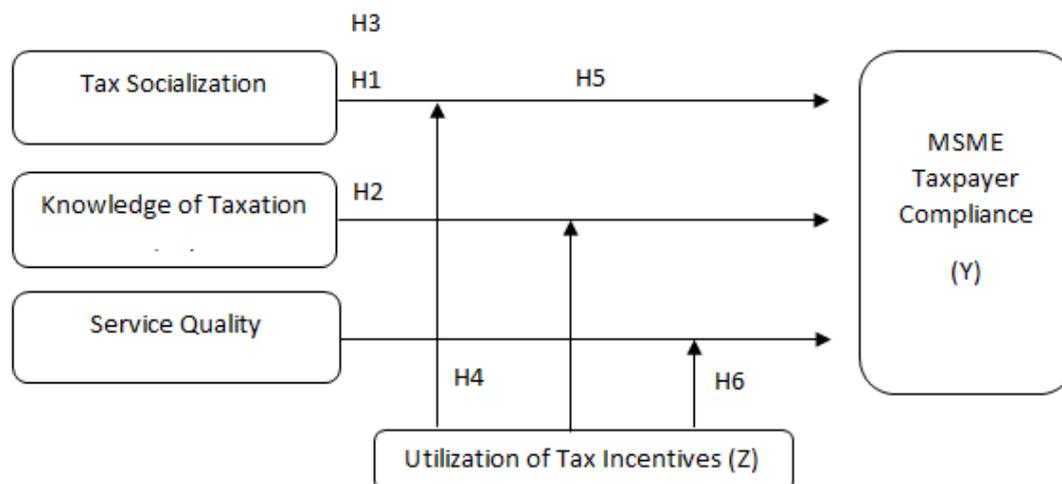


Figure 1. Conceptual Framework of the Study

METHODS

This research uses quantitative research in the form of associative. The scope of this research is MSME taxpayers who are registered at KPP Pratama Manado, with a sample of

98 respondents. The time of the research was conducted in May - September 2022. Data collection used a questionnaire with primary data types. Methods of data analysis with multiple regression analysis and moderating test, which were processed using SPSS 26. In model one it was analyzed using ordinary linear regression which had no moderating effect, with the following mathematical equation:

$$(i) Y = a + b1X1 + b2X2 + b3X3 + e$$

Information:

Y : Taxpayer compliance

a : Constant

b1, b2, b3 : Coefficient of regression direction

X1 : Tax Socialization

X2 : Knowledge of Taxation

X3 : Quality of Service

e : Disturbing variable (Error)

Model 2 has the effect of moderating variables, namely the use of tax incentives, where the dependent variable, namely taxpayer compliance, is regressed into the independent variables, namely tax socialization, tax knowledge, service quality, and regressed again by the multiplication of the independent variables and the moderating variable. The mathematical equation in model 2 is:

$$(ii) Y = a + b1X1 + b4Z + b5X1Z + e$$

$$(iii) Y = a + b2X2 + b4Z + b5X2Z + e$$

$$(iv) Y = a + b3X3 + b4Z + b5X3Z + e$$

Information:

Y : Taxpayer compliance

a : Constant

b1-6 : Coefficient of regression direction

X1 : Tax sociali

X2 : Knowledge of taxation

X3 : Quality of service

Z : Utilization of tax incentives

X1Z : Interaction between tax socialization and the utilization of tax incentives

X2Z : Interaction between knowledge of taxation and utilization of tax incentives

X3Z : Interaction between service quality and utilization of tax incentives

e : Disturbing variable (Error)

RESULTS AND DISCUSSION

Results

The t test is used to test each independent variable whether it has an influence or not on the dependent variable. The t table value for this study with a sample size of 98 and degrees of freedom (df) 5 is 1.984.

Table 2. T Test

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	4.625	1.403		3.295	.001
Tax Socialization	.076	.102	.118	.739	.462

Knowledge of Taxation	-.008	.124	-.011	-.061	.952
Service Quality	.333	.062	.710	5.339	.000

Based on table 4.9, the form of the regression equation in this study is

$$Y : 4.625 + 0.076X1 + -0.008X2 + 0.333X3 + e$$

1. A constant of 4,625 means that if there is no change in the variables of tax socialization, tax knowledge, and service quality, then the value of taxpayer compliance is 4,625
2. The regression coefficient value of the tax socialization variable is 0.076. Also seen t count $0.739 < t$ table 1.984, and sig value $0.462 > 0.05$, then Ha1 is rejected, H01 is accepted. So it can be concluded that tax socialization has no positive and significant effect on MSME taxpayer compliance.
3. The regression coefficient value of the tax knowledge variable is -0.008. T count $-0.061 < t$ table 1.984, and sig value $0.952 > 0.05$, then Ha2 is rejected, H02 is accepted. It was concluded that knowledge of taxation had no positive and significant effect on MSME taxpayer compliance.
4. The regression coefficient value of the service quality variable is 0.333. T count $5.339 > t$ table 1.984, and sig value $0.000 < 0.05$, then Ha3 is accepted, H03 is rejected. So it can be concluded that service quality has a positive and significant effect on MSME taxpayer compliance.

Table 3. Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801 ^a	.641	.629	1.732

a. Predictors: (Constant), Knowledge of Taxation, Service Quality, Tax Socialization

The adjusted R square value is 0.629, meaning that the influence of the variables of tax socialization, tax knowledge, service quality, taxpayer compliance, and the use of tax incentives gives a value of 62.9%, while the rest is explained by variables that do not or do not yet exist in this study.

Table 4. Moderating Test X1Z

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	15.110	6.383		2.367	.020
Tax Socialization	-.373	.196	-.579	-1.906	.060
Utilization of tax incentives	.085	.266	.098	.318	.751
X1Z	.019	.008	1.318	2.370	.020

a. Dependent Variable: MSME Taxpayer Compliance

Based on the table above, the value of Sig. X1Z (Socialization of tax * Utilization of tax incentives) is 0.020, less than 0.05. It was concluded that tax socialization had a positive and significant effect on MSME taxpayer compliance which was moderated by the use of tax incentives. Then Ha4 is accepted, H04 is rejected.

Table 5. Moderating Test X2Z

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	16.045	6.819		2.353	.021
Knowledge of Taxation	-.393	.210	-.593	-1.875	.064

Utilization of tax incentives	.031	.282	.037	.112	.911
X2Z	.020	.008	1.400	2.374	.020

a. Dependent Variable: MSME Taxpayer Compliance

Based on the table above, the value of Sig. X2Z (Knowledge of taxation*Utilization of tax incentives) is 0.020, less than 0.05. Thus, tax knowledge has a positive and significant effect on MSME taxpayer compliance which is moderated by the use of tax incentives. Then Ha5 is accepted, H05 is rejected.

Table 6. Moderating Test X3Z Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	15.512	5.504		2.818	.006
Service Quality	-.297	.142	-.634	-2.101	.038
Utilization of tax incentives	.059	.230	.069	.258	.797
X3Z	.015	.006	1.438	2.723	.008

a. Dependent Variable: MSME Taxpayer Compliance

Based on the table above it is known that the value of Sig. X3Z (Quality of service*Utilization of tax incentives) is 0.008. This value is smaller than 0.05. Thus it is concluded that service quality has a positive and significant effect on MSME taxpayer compliance which is moderated by the use of tax incentives. Thus, Ha6 is accepted, H06 is rejected.

Discussion

The Effect of Tax Socialization on MSME Taxpayer Compliance

Based on the results of testing the first hypothesis (H1) shows that tax socialization has no effect on MSME taxpayer compliance. The magnitude of the direct effect of tax socialization on MSME taxpayer compliance is 0.076 and the t value is 0.739 and the sig value is 0.462 > 0.05, which means that tax socialization has no effect on taxpayer compliance. Thus, Ha1 is rejected, H01 is accepted. This shows that although the socialization of taxation in the city of Manado is important and has been carried out, especially when there is a new policy on taxation, it does not influence taxpayers to behave obediently. The results of tax socialization did not affect taxpayer compliance, because before the Covid-19 pandemic, the perception of taxpayers regarding tax socialization that was carried out directly was only a place where tax officers could obtain taxpayer data, so they were worried that it could affect their business. So when there is an invitation to attend the socialization, most taxpayers do not want to attend, some only order their employees to attend the socialization. This continued until the Covid-19 pandemic, moreover socialization could not be done directly, so it was done through social media and print media. However, it is still not effective because the taxpayer only sees it and asks the tax consultant.

The Effect of Tax Knowledge on MSME Taxpayer Compliance

Based on the results of the H2 test, it shows that knowledge of taxation has no effect on MSME taxpayer compliance. Knowledge of taxation is information that can be used by taxpayers as a basis for acting, making decisions, and for pursuing certain directions or strategies in connection with the implementation of their rights and obligations in the field of taxation (Carolina, 2009: 7). MSME taxpayers in the city of Manado who already have tax knowledge will not necessarily act to increase taxpayer compliance. Information that has been received by taxpayers may make taxpayers unwilling to carry out their tax obligations,

or use it for tax evasion, so that taxpayer compliance is not fulfilled. The results of tax knowledge have no effect on taxpayer compliance, also because taxpayers still rely on other parties, for example tax consultants and they only focus on their business.

The Effect of Service Quality on Taxpayer Compliance

Based on the results of testing the third hypothesis (H3) it shows that service quality has a positive and significant effect on MSME taxpayer compliance. The implication of the results of this study is that service quality has an important role in increasing taxpayer compliance. With the five factors of the quality of tax services according to Kotler and Keller (2009: 5), namely reliability, responsiveness, assurance, empathy, and direct evidence of being owned by the tax authorities, it will provide satisfaction to taxpayers. When the taxpayer has a very good perception of the quality of service by the tax authorities, this means that the taxpayer is satisfied with the activity process in the tax environment so that the taxpayer is willing to implement tax provisions and taxpayer compliance will increase. The better the service quality of tax officials in the city of Manado, the higher the level of MSME taxpayer compliance. On the other hand, the poorer the service quality of the tax officers in the city of Manado, the lower the level of MSME taxpayer compliance.

The Effect of Tax Socialization on MSME Taxpayer Compliance Moderated By Utilization of Tax Incentives

Based on the results of testing the fourth hypothesis (H4) shows that moderation in the use of tax incentives for the effect of tax socialization on MSME taxpayer compliance has a positive and significant effect. When there is socialization regarding the use of MSME tax incentives and MSME taxpayers think this policy is useful, MSME taxpayers will make provisions to take advantage of the policy as a form of exchange for what the taxpayer wants to get, this is in line with the social exchange theory developed by John where when taxpayers feel tax incentives are useful, then taxpayers will produce obedient behavior, namely following the provisions to get tax incentives. Socialization of the use of tax incentives increases taxpayer compliance.

The Effect of Tax Knowledge on MSME Taxpayer Compliance Moderated By Utilization of Tax Incentives

Based on the results of testing the fifth hypothesis (H5) shows that moderation in the use of tax incentives on the influence of tax knowledge on MSME taxpayer compliance has a positive and significant effect. The magnitude of the direct influence of the use of tax incentives on tax knowledge on MSME taxpayer compliance is 0.013 and a Sig value of $0.000 < 0.05$. The results of this study when compared with H2 where tax knowledge has a negative effect on taxpayer compliance, proves that tax knowledge regarding the use of tax incentives can increase MSME taxpayer compliance in the city of Manado. When MSME taxpayers gain knowledge about using MSME tax incentives to help business actors during a pandemic, and MSME taxpayers think this policy is useful, then MSME taxpayers will fulfill all the terms and conditions in order to take advantage of this policy as a form of exchange for what they want tax get.

The Effect of Service Quality on MSME Taxpayer Compliance Moderated By Utilization of Tax Incentives

Based on the results of testing the sixth hypothesis (H6) shows that the moderation of the use of tax incentives on the effect of service quality on MSME taxpayer compliance has a positive and significant effect, based on the direct effect of the use of tax incentives on service quality on MSME taxpayer compliance is 0.009 and a Sig value of $0.000 < 0.05$. With

the five factors of the quality of tax services according to Kotler and Keller (2009: 5), namely reliability, responsiveness, assurance, empathy, and direct evidence owned by the tax authorities in serving MSME taxpayers. who want to take advantage of MSME tax incentives, MSME taxpayers will be satisfied. Taxpayers will also think that policies from the government really help taxpayers, especially during the Covid-19 pandemic. When MSME taxpayers can take advantage of tax incentives, indirectly taxpayer compliance will increase. MSME taxpayers have a very good perception of the quality of tax incentive services by the tax authorities, so taxpayers are satisfied with the activity process in the tax environment so that taxpayers are willing to implement provisions in the utilization of tax incentives. The quality of service for tax officers in the city of Manado must be maintained so that it has a good impact on MSME taxpayers, including increasing MSME taxpayer compliance.

CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that:

1. Tax socialization has no positive and significant effect on MSME taxpayer compliance with a value of 0.076 and a sig value of $0.462 > 0.05$.
2. Knowledge of taxation has no positive and significant effect on MSME taxpayer compliance with a value of -0.008 and a sig value of $0.952 > 0.05$.
3. Service quality has a positive and significant effect on taxpayer compliance. The regression coefficient value of the variable is 0.333 and the sig value is $0.000 < 0.05$.
4. Tax socialization has a positive and significant effect on taxpayer compliance which is moderated by the use of tax incentives. Knowledge of taxation has a positive and significant effect on taxpayer compliance which is moderated by the use of tax incentives.
5. Service quality has a positive and significant effect on taxpayer compliance which is moderated by the use of tax incentives.

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