THE EFFECT OF TAX AWARENESS, TAX SANCTIONS, AND SOCIAL ENVIRONMENT ON MICRO, SMALL, AND, MEDIUM ENTREPRISES TAX COMPLIANCE

PENGARUH KESADARAN PAJAK, SANKSI PAJAK, DAN LINGKUNGAN SOSIAL TERHADAP KEPATUHAN PAJAK USAHA MIKRO, KECIL, DAN, MENENGAH

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Abstract: The Effect of Tax Awareness, Tax Sanctions, and Social Environment on Micro, Small, and, Medium Enterprises Tax Compliance. This study aims to determine the effect of Taxpayer Awareness, Tax Sanctions, Social Environment on MSMEs Taxpayer Compliance. This research is a causal associative study with a quantitative approach. The population of this study was MSMEs that were registered with the UMKM Department of Bantul Regency numbered 15,941. The size of the study sample was 200 respondents with incidental sampling technique. Methods of collecting data with a questionnaire. The data analysis technique in this study used the classical assumption test and multiple linear regression analysis. The results of this study indicate that (1) Taxpayer awareness has a positive effect on MSMEs Taxpayer Compliance, (2) Tax Sanctions have a positive effect on MSMEs Taxpayer Compliance, and (3) Social Environment has a negative affects MSME Taxpayer Compliance.

Keywords: Tax awareness, Tax Sanctions, Social Environment, Tax Compliance, MSMEs

***Abstrak: Pengaruh Kesadaran Pajak, Sanksi Pajak, dan Lingkungan Sosial terhadap Kepatuhan Pajak Usaha Mikro, Kecil, dan, Menengah.** Penelitian ini bertujuan untuk mengetahui Pengaruh Kesadaran Pajak, Sanksi Pajak, Lingkungan Sosial terhadap Kepatuhan Wajib Pajak UMKM. Penelitian ini merupakan penelitian asosiatif kausal dengan pendekatan kuantitatif. Populasi penelitian ini adalah UMKM yang terdaftar pada Dinas UMKM Kabupaten Bantul sebanyak 15,941. Ukuran sampel penelitian sebanyak 200 responden dengan teknik pengambilan sampling insidental. Metode pengumpulan data dengan kuesioner Teknik analisis data dalam penelitian ini menggunakan uji asumsi klasik dan analisis regresi linear berganda. Hasil penelitian ini menunjukkan bahwa (1) Kesadaran Pajak berpengaruh positif terhadap Kepatuhan Wajib Pajak UMKM, (2) Sanksi Pajak berpengaruh positif terhadap Kepatuhan Wajib Pajak UMKM, and (3) Lingkungan Sosial berpengaruh negatif terhadap Kepatuhan Wajib Pajak UMKM.*

***Kata Kunci**: Kesadaran Pajak, Sanksi Pajak, Lingkungan Sosial, Kepatuhan Wajib Pajak, UMKM*

INTRODUCTION

Tax is a mandatory contribution to the state that must be fulfilled by the tax subject. For developing countries, taxes are one of the largest sources of funds for state revenues. As written in Undang-Undang Nomor 28 Tahun 2007 pasal 1 ayat 1, *"Pajak adalah kontribusi wajib kepada negara yang terutang oleh orang pribadi*

atau badan yang bersifat memaksa berdasarkan Undang–Undang, dengan tidak mendapatkan imbalan secara langsung dan digunakan untuk keperluan negara bagi sebesar–besarnya kemakmuran rakyat". For the implementation of tax collection, the state can force tax subjects to fulfill their obligations even if they are willing or hate the regulation.

The government always tries to make tax revenues increase. Data from Kementerian Keuangan in the 2017 State Budget, the amount of state revenue is set at Rp1,750.3 trillion. This amount consists of tax revenues amounting to Rp1,489.9 trillion, non-tax state revenues of Rp250 trillion, and receipt of grants of Rp1.4 trillion. The State Budget is prepared by considering the potential taxation that the government can accept in 2017, including the realization of the Tax Amnesty program and receipt of new tax sources. The majority of Indonesia's State income still comes from taxes with a percentage of more than 85%. Therefore, taxes are an important source of income for the country.

Taxation in Indonesia has three types of applicable tax collection systems, which are the Self-Assessment System, the Official Assessment System, and the Withholding Assessment System. From these systems, Self-assessment system is the most interesting system to be developed with research. Self-assessment system is a tax collection system that imposes the determination of the amount of tax that must be paid by the taxpayer himself/herself. In other words, taxpayers must be active in calculating, paying, and reporting the amount of tax to the Kantor Pelayanan Pajak (KPP) or through the online administration system that has been made by the government. The role of the government in this tax collection system is as a supervisor of taxpayers. Because this tax system is very dependent on each of the taxpayers, the tax system also allows the potential for taxpayers not to carry out their obligations. One example of tax that uses the Self-assessment system in Indonesia is Pajak Penghasilan (PPh) of people who carry out business activities.

Business owners in Indonesia who are being Tax Subjects are very diverse, ranging from the sector and size of its business. But most business owners in Indonesia are classified as Micro, Small and Medium Enterprises (MSMEs). However MSMEs have some lack of business capabilities so they are less able to fulfill tax obligations. The problem is MSMEs do not calculate how many income they get in running their business. Meanwhile, profit is the basis for imposing tax rates, so that because MSMEs do not know the exact profit they have, the amount of their obligations becomes unclear.

Indonesia has a unique regulation regarding taxes that is applied to MSMEs. The basis of the rates charged on MSMEs taxes is calculated using gross circulation / turnover. The regulation is stated in Peraturan Pemerintah Nomor 46 tahun 2013 for MSMEs that have gross circulation / turnover below 4.8 billion rupiah. There is overlapping of the law in implementing Peraturan Pemerintah Nomor 46 tahun 2013. The government intends to provide convenience and simplification of tax rules so that it can be applied to MSMEs. However, Undang-Undang Republik Indonesia Nomor 36 Tahun 2008 on pasal 4 states that "Yang menjadi objek pajak adalah penghasilan, yaitu setiap tambahan kemampuan ekonomis yang diterima atau diperoleh Wajib Pajak, baik yang berasal dari Indonesia maupun dari luar Indonesia, yang dapat dipakai untuk konsumsi atau untuk menambah kekayaan Wajib Pajak yang bersangkutan, dengan nama dan dalam bentuk apa pun…". So Peraturan Pemerintah Nomor 46 tahun 2013 has a concept that contradicts with the applicable Income Tax Act.

The results of applying Peraturan Pemerintah Nomor 46 tahun 2013 based on data Kementerian Keuangan RI shows high growth occurred in the Final Income Tax segment for Taxpayers with Certain Gross Income (1% Final Income Tax). Year on year (y-o-y) MSMEs are 36.19% in 2017

compared to y-o-y 2016 which is 20.25%. This indicates an increase in the contribution of the MSME sector and sound developments in this sector.

However, if viewed nationally, the actual potential of Indonesian taxes has not been explored optimally. *Direktorat Jenderal (Ditjen) Pajak* (2018) said that the number of Micro, Small and Medium Enterprises (MSMEs) actors reached around 60 million and contributed as much as 60% of Gross Domestic Product (GDP). However, only 1.5 million are recorded as taxpayers with a contribution of 2.2% to total tax income paid by taxpayers (Thertina, 2018). The government then implemented a new policy to increase the contribution and participation of MSMEs in fulfilling tax obligations, on July 1, 2018 the final PPh rate of 1% turnover is reduced to 0.5% turnover.

Tax obligations are something that is often avoided. Daerah Istimewa Yogyakarta, especially in the area of Bantul, has low compliance of individual taxpayer. Based on data from the KPP Pratama Bantul in 2013 there were 16,645 individual taxpayers who owned businesses but only 3,885 taxpayers paid their taxes and only 2,693 taxpayers reported SPT. In other words, only around 23% of taxpayers pay taxes and only about 16% of taxpayers pay taxes and have reported their tax returns. In 2014 there were 17,944 individual taxpayers who owned

businesses but only 4,206 taxpayers paid their taxes and the amount decreased to taxpayers who reported SPT of 2,432 taxpayers. In other words, only around 23.4% of taxpayers pay taxes and only about 13.5% of taxpayers pay taxes and have reported their SPT. In 2015 there were 17,848 individual taxpayers who owned businesses but only 4,610 taxpayers paid their taxes and taxpayers who reported SPT of 3,392 taxpayers. In other words, only around 25.8% of the taxpayers pay taxes and only about 19% of taxpayers pay taxes and have reported their tax returns. Until 2016 there was a significant increase in the number of individual taxpayers who owned businesses in Bantul with a total of 19,398 but only 4,780 taxpayers who paid their taxes and only 3,292 taxpayers reported SPT, or 25% of the taxpayers who paid taxes and less of 17% of taxpayers who pay taxes and have reported their SPT.

Based on these data, it can be concluded that the taxpayer compliance of individuals who own a business in Bantul is still relatively low in terms of the number of populations that exist, the amount that pays taxes, the number of reported SPT, and the growth of private entrepreneurs in Bantul. The impact of the low tax compliance in Bantul certainly results in not optimal tax revenues that should be collected. It is known that in 2016 the realization of tax revenue in Bantul did not reach the budgeted target. Realization of tax revenue is only 60% from Rp. 890 Billion targeted by KPP Pratama Bantul (Hadi, 2016).

According to Rahayu (2010: 138) tax compliance can be defined as a situation where the taxpayer fulfills all tax obligations and executes his taxation rights. Non-compliance with taxes is a taxpayer who does not fulfill his obligation to pay his tax in accordance with applicable regulations, does not report his tax obligations in accordance with applicable laws, and does not pay taxes according to the provisions. Therefore with a tax self-assessment system if the taxpayer has not yet calculated, deposited, and reported the tax correctly, the taxpayer still does not yet have tax compliance.

The most inherent theory regarding tax compliance is legitimacy theory. The theory state that companies (in this case are MSMEs) try to act ethically according to values, norms, and laws so that their business activities get recognition from the public and the government. Even though in real situations, there are more people who still have less tax compliance

Many factors can affect tax compliance on taxpayers. These factors continue to be reviewed by the government and researchers to be able to increase taxpayer compliance. There are two main questions regarding tax compliance; (1) Why individual voluntary pay taxes and (2) How compliance

motivation can be improved (Trivedi, Shehata, & Lynn, 2003). The first question identifies that there are actually factors in the taxpayer that make the individual voluntary pay taxes. While the second question identifies that if the factors in the taxpayer are still lacking to achieve tax compliance, then there are still other factors that can be used to increase the motivation of taxpayers so that they are willing to pay taxes.

The factor that causes taxpayers to have voluntary tax compliance is something that the government continuously to explore. These factors may be different for each individual. Moreover, taxpayers also do not receive remuneration directly from the taxes they have paid. Taxpayer's personal awareness is the most important voluntary factor. Without pressure from other parties they fulfill their obligations in calculating, paying and reporting taxes. Adimasu and Daare (2017) stated that the main reason for tax non-compliance by most tax payers is lack of awareness about taxation.

Taxpayers who are aware of their tax obligations will not violate the applicable tax regulations, the taxpayer also calculates the tax correctly, and will pay the tax payable. Tax awareness is a condition of knowing or understanding tax matters. Positive assessment of taxpayers on the implementation of state functions by the government will move the public to comply with their obligations to pay taxes, therefore Taxpayer's awareness of taxation is very necessary to improve taxpayer compliance (Jatmiko, 2006:72).

Mustikasari (2007) conducted a previous study using Theory of Planned Behavior (TPB) where this theory is relevant to explain the behavior of taxpayers in fulfilling their tax obligations. Individuals will have confidence about the results to be obtained from their behavior before the individual decides to do something for example paying taxes voluntarily. Yuliyanti (2018) also show that Tax Awareness has a positive and significant effect on Taxpayer Compliance.

Tax is an obligation that can be forced by the State on taxpayers. This form of forced is tax sanctions that pressure taxpayers to fulfill their obligations. With the existences of tax sanctions factor, the compliance can be increased.

According to Mardiasmo in Sukmayanti (2018: 33), tax sanctions are interpreted as a guarantee that the provisions of taxation laws (tax norms) will be obeyed. The application of tax sanctions is expected to prevent violations of tax regulations. Consideration of losses due to tax sanctions will make taxpayers prefer to comply with regulations.

Tax sanctions consist of administrative sanctions and criminal sanctions. The fear of

sanctions is considered by the government to be effective way to increase tax revenues. Doran (2009) state that the relationship of tax sanctions with tax compliance based on deterrence theory and norms theory is assumed to be that the function of tax penalties is solely to promote tax compliance. Sukmayanti (2018) Tax Sanctions have a positive and significant effect on MSME Taxpayer Compliance.

The social environment can also affect the level of taxpayer compliance, because the social environment is one of the factors that comes from outside the taxpayer but is different from the forced factor. Social environment is a region which is a place where various kinds of social interactions take place between various groups and their institutions with established symbols and values and norms, as well as related to the natural environment and built or artificial environment (Purba, 2002:13-14).

Dalyono (2010:133) defines that the social environment is all people / humans who influence someone, both direct and indirect influences. The social environment consists of family, friends, social networks and others that affect someone. Stroz in Megawati, Irja dan Widiastuti (2017:8) adds that the social environment is all conditions in the world that in certain ways can affect a person's behavior, including growth and development or life process, which can also

be seen as providing the environment for other generations.

People often act by looking at other individuals in their environment. They will also feel safe if they have the same position, in this case if there are Taxpayers who do not carry out their tax obligations but they know that their environment does not carry out their tax obligations too, they will not feel guilty. If the environmental conditions are good (obeying the rules), each individual will be motivated to comply with tax regulations by paying taxes in accordance with applicable regulations. Therefore social environment is one of the factors that can increase the motivation of individuals to fulfill their tax obligations.

Nabilla (2018) which shows a positive and significant relationship between the Social Environment and UMKM Tax Compliance. Noguera (2014) state that social influence does not always optimize compliance. The effect of the social environment is very dependent on the conditions under which taxpayers exist.

As a pre-study, researchers interviewed several MSMEs at Imogiri Market regarding their tax compliance. Because of Peraturan Pemerintah Nomor 23 tahun 2018, market traders are subject to MSME tax on this regulation. However, from the results of the pre-research, traders still consider taxes to be futile. Where they have not been able to

voluntarily pay their taxes, there are no direct sanctions imposed on traditional traders who do not pay taxes, and they know each other that their environment also does not fulfill their respective tax obligations.

Based on the description above, the researcher is interested to study about tax compliance factors in MSMEs. This research was specifically devoted to the MSME taxpayer response in Bantul Regency. This is because Bantul Regency is a region that has quite a lot of MSME distribution but still has a low level of tax compliance. This research is entitled "The Effect of Tax awareness, Tax Sanctions, and Social Environment on MSME Tax Compliane"

RESEARCH METHODS
Research Design

This type of this research is associative causal research. Associative research is research that is asking about the relationship between two or more variables (Sugiyono, 2011: 57). Associative Causal Research is research that looks at patterns of relationships that are causal. This study uses a type of quantitative data because the data presented is related to numbers.

Place and Time of Research

This research was carried out in the Bantul Regency area especially on the MSMEs that were registered with the UMKM Department in Bantul Regency. Time for conducting research from April to June 2019.

Populations and Samples of Research

The population in this study were taxpayers, amounting to 15,941 that were registered with the UMKM Department in Bantul Regency. The sample selection technique used is incidental sampling, which is a sampling technique based on chance, anyone who accidentally meets with the researcher can be used as a sample, if the person encountered is suitable as a data source.

The determination of the number of samples in this study using the theory of sampling from Roscoe. According to Roscoe in Sugiyono (2015: 131), to determine the number of samples in the study are:

a) The appropriate sample size in the study is 30 to 500 people.
b) If the sample is divided into categories (for example: male-female, private-employee, etc.), then the number of samples in each category is at least 30 people.
c) If the study will conduct a multivariate analysis (correlation or regression), then the number of sample members is at least 10 times the number of variables studied.

d) For simple experimental research, which uses the experimental group and the control group, the number of sample members is between 10 and 20 each.

The sampling technique in this study uses incidental sampling with the number of samples used based on the theory of Rescoe (1975) as many as 200 respondents or 50 times the number of variables studied, (4 x 50 =200). The sample size in this study is 200 respondents that were registered with the UMKM Department in Bantul Regency.

Operational Variable Definition

a) Taxpayer compliance

Taxpayer compliance is a condition where a taxpayer fulfills all tax obligations and applies his taxation rights. Taxpayer Compliance Variables refer to the criteria of obedient Taxpayers based on Peraturan Keuangan Nomor 74/PMK.03/2012 Indicators used to measure Taxpayer Compliance include: registration of NPWP, calculation of tax payable, tax payments, SPT reporting.

b) Taxpayer Awareness

Taxpayer Awareness is a condition when a compulsory taxpayer from any party pays his tax in accordance with applicable regulations. The indicators used to measure Taxpayer Awareness include: taxpayer discipline and willingness to pay taxes from taxpayers (tax mindedness).

c) Tax Sanctions

Tax sanctions are defined as a guarantee that the provisions of tax laws and regulations will be obeyed. The indicators used to measure tax sanctions include: taxpayer knowledge about taxation sanctions and taxpayer attitudes towards taxation sanctions.

d) Social Environment

The social environment is something that cannot be separated from humans as social beings who will always depend on each other and also care for the existence of others. The social environment is a factor that can influence a person or group to be able to take action and change the behavior of each individual. Indicators used to measure tax sanctions include: the public supports behavior to comply with the fulfillment of their tax obligations and the public encourages them to report taxes properly without reducing the tax burden.

Data Collection Technique

The data used in this study are quantitative data. Quantitative data is data in the form of numbers. The technique of data collection is done by the questionnaire. Data

taken from respondents Micro, Small and Medium-sized Entreprises (MSMEs) in Bantul Regency that were registered with the UMKM Department in Bantul Regency

Data Analysis Technique

The data analysis techniques were descriptive statistical analysis, classic assumption test, and multiple linier regressions.

RESULT AND DISCUSSION

Descriptive Statistical Analysis

a) Taxpayer Compliance

Table 1. Results of descriptive statistical analysis of Taxpayer Compliance:

	N	Min	Max	Mean	Std.
T C	200	34	70	56.55	6.123

Based on the table 1, the table above shows that the MSME Taxpayer Compliance variable of 200 MSME Taxpayers has a minimum value of 34, the maximum value is 70, the mean (average) is 56.55 and the standard deviation is 6.123.

b) Tax Awareness

Table 2. The Result of Descriptive Statistic of Tax Awareness

	N	Min	Max	Mean	Std.
TA	200	21	40	32.54	3.435

Based on the table 2, the table above shows that the UMKM Tax awareness variable of the 200 MSME Taxpayers has a minimum value of 21, a maximum value of 40, a mean (average) of 32.54 and a standard deviation value of 3,435.

c) Tax Sanctions

Table 3. The Result of Descriptive Statistic of Tax Sanctions

	N	Min	Max	Mean	Std.
TS	200	18	45	34.54	4.993

Based on the table 3, the table above shows that the Tax Sanction variable of the 200 MSME Taxpayers studied has a minimum value of 18, a maximum value of 45, a mean value of 34.54 and a standard deviation value of 4.993.

d) Social Environment

Table 4. The Result of Descriptive Statistic of Social Environment

	N	Min	Max	Mean	Std.
LS	200	22	45	33.88	4.425

Based on the table 4, the table above shows that the Social Environment variables of 200 MSME Taxpayers have a minimum value of 22, a maximum value of 45, a mean (average) of 33.88 and a standard deviation value of 4.425.

Classic Assumption Test

1) Normality Test

Table 5. The Result of Normality Test

N	Variable	Asymp. Sig.
200	Unstandardized Residual	0.200

The normality test in this study used the Kolmogorov-Smirnov test. From table 5, it can be seen that the Kolmogorov-Smirnov significance

value (Asymp. Sig. 2 tailed) is 0.200. So it can be concluded that the data in this study are normally distributed.

2) Multicollinearity Test

Table 6. The Result of Multicollinearity Test

Variable	Tolerance	VIF
TA	0,294	3,405
TS	0,236	4,230
LS	0,380	2,634

Based on the results of the multicollinearity test in table 6, this indicates that the tolerance value is greater than 0.10. Then, the results of the Variance Inflation Factor (VIF) indicate that the value is less than 10. Therefore, it can be concluded that multicollinearity does not occur.

3) Heteroscedasticity Test

Table 7. The Result of Heteroscedasticity Test

Variable	T	Sig.
(Constant)	4.196	.000
TA	-1.260	.209
TS	-.503	.616
SE	.429	.668

Based on the results of. Heteroscedasticity testing using the Glejser method, in table 8 shows that the results of all independent variables are greater than 0.05 (5%). So it can be concluded that the regression models in this study does not occur heteroscedasticity.

Model Accuracy Model

Coefficient of Determination (R²)

The coefficient of determination is used to find out how much the independent variables can explain the dependent variable. The value of determination is determined by the adjusted r squar8e value. The results of the analysis of the coefficient of determination can be seen in the following table:

Table 8. The Result of Coefficient of Determination (R2)

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.975ᵃ	.950	.949	1.383

Based on the results of table 8 above, it can be seen that the results of the adjusted r square are 0.949. From these results indicate that the variable Tax awareness, Tax Sanctions, and the influential Social Environment can explain the dependent variable MSME Taxpayer Compliance of 94.9% and the remaining 5.1% can be explained by other variables not included in the research model

F Test

The F statistical test basically shows whether all the independent variables included in the model have a joint effect on

the dependent variable. The statistical F test is used to see whether the regression model used is fixed or not, provided that if the p value < (α) = 0.05 and F count> F table, the model is fixed and can be used to test the hypothesis. With the level of confidence for hypothesis testing is 95% or (α) = 0.05. The results of the F test can be seen in the following table:

Table 9. The Result of F Test

ANOVAª			
	Model	F	Sig.
	Regression	1234.715	.000ᵇ
1	Residual		
	Total		
a. Dependent Variable: TC			
b. Predictors: (Constant), TA, TS, SE			

Based on the table above, it can be seen that the calculated f value is 1,234.71. When compared to f table at a significance level of 5% that is equal to 2.65, then the calculated f value is greater than f table (1,234.71> 2.65). Significance value of 0,000 in the table above shows the regression model used is fixed or feasible to conduct research.

Hypothesis Testing Results and Discussion

Multiple Linear Regression Analysis

The hypothesis in this study was tested using multiple linear regression analysis. Multiple linear regression is used to determine the effect of more than one independent variable on one dependent variable. The test results are shown in the Regression table below:

Table 10. The Result of Multiple Linear Regression

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
Constant	1.353	.979	1.383	.168
TA	1.629	.053	30.924	.000
TS	.164	.040	4.063	.000
SE	-.103	.036	-2.858	.005

Based on table 8 above, a regression equation can be arranged as follows:

$$Y = \alpha + \beta_1 KS + \beta_2 SP + \beta_3 LS + E$$

$$KP = 1{,}353 + 1{,}629KS + 0{,}164\ SP + (-0{,}103)\ LS + E$$

Based on the regression equation that has been compiled above, it can be explained as follows:

1) The constant or α value of 1.353 means that if the Tax awareness Dimension, Tax Sanction Dimension, and Social Environment Dimension does not exist or is zero, then the amount of MSMEs taxpayer compliance is 1.353.

2) The value coefficient of the variable Tax Payer Awareness is 1.629 which means that if there is an increase of 1 point, the value of MSMEs Taxpayer Compliance will increase by 1.629.

3) The value coefficient of the variable Tax Sanctions is 0.164 which means that if there is an increase of 1 point, the value of MSMEs Taxpayer Compliance will increase by 0.164.

4) The value coefficient of the variable Social Environment is (-0.103) which means that if there is an increase of 1 point, the value of MSME Taxpayer Compliance will decrease by 0.103.

T Test

The t test aims to determine how far the influence of the independent variables partially in explaining the dependent variable. The independent variables in this study are Tax awareness, Tax Sanctions, and Social Environment. The t test is done by comparing the value of t table with t count and its significance value with α (0.05). The results of the t test can be seen from the following table:

Table 11. The Result of F Test

Model	t	Sig.
Constant	1.383	.168
TA	30.924	.000
TS	4.063	.000
SE	-2.858	.005

The Effect of Tax awareness on MSMEs Tax Compliance

Based on the results of the statistical t test, the value of t count is 30.924 and the significance value is 0,000. The value of t count is 30.924 greater than the value of t table 1.97214 (30,924> 1.97214) and the significance value of 0.000 is smaller than 0.05 (0.000 <0.05) then H1 is accepted.

Based on the hypothesis test, it can be concluded that the Tax awareness variable has a significant positive effect on MSME Tax Compliance.

The effect of Tax Sanctions on Tax Compliance of MSMEs

Based on the results of the statistical t test, the value of t count is 4.063 and the significance value is 0,000. The value of t count is 4.063 greater than the value of t table 1.97214 (4.063> 1.97214) and the significance value of 0.000 is smaller than 0.05 (0.000 <0.05) then H2 is accepted. Based on the hypothesis test, it can be concluded that the Tax Sanction variable has a significant positive effect on MSME Tax Compliance.

The effect of the Social Environment on MSMEs Tax Compliance

Based on the results of the statistical t test, the value of t count is (-2,858) and the significance value is 0.005. The value of t count is (-2.858) greater than the value of t table 1.97214 (2.858> 1.97214) and the significance value of 0.005 is smaller than 0.05 (0.005 <0.05). Because t test of the Social Environment variable has a negative value, so the effect of the Social Environment variable is negative and significant on Tax compliance. The direction of this influence is the opposite with the researcher assumed so H3 was

rejected. Based on the hypothesis test, it can be concluded that the Social Environment variable has a significant negative effect on MSME Tax Compliance.

Discussion

The Effect of Tax Awareness on MSMEs Tax Compliance

The results of this study indicate that there is a significant positive effect on the Tax awareness variable on MSMEs Tax Compliance that were registered with the UMKM Department in Bantul Regency. This is indicated by t count of 30.924 and a significance value of 0.000. The t count is 30.924 greater than the value of t table 1.97214 (30.924>1.97214) and the significance value of 0.000 is smaller than 0.05 (0.000<0.05). The regression coefficient of 1.629 shows that every increase of 1 point of Tax awareness will increase MSMEs Tax Compliance by 1.629. This means that the higher the value of Tax awareness, the higher the value of MSME Tax Compliance too. Based on the results of the above research, the first hypothesis which states "Tax awareness has a positive effect on MSME Taxpayer Compliance in Bantul Regency" can be proven.

The effect of tax awareness is in accordance with the theory of Legitimacy. Because tax awareness matches the assumptions of the validity of the theory. Paying taxes is the desired action, according to the norm system, and the values of society and the state.

The Effect of Tax Awareness is in accordance on Theory of Planned Behavior. Because there are some reasons why taxpayers want to do their obligations. Taxpayers who have a high level of awareness are taxpayers who have attitudes, subjective norms, and good behavior control.

The results of this study support the results of research conducted by Tembo (2014) that there is a significant positive relationship between Tax awareness on Tax Compliance. This research is also in line with the research of Putri (2018) and research from Kundalini (2016) which shows consistent results that there is a significant relationship between Tax awareness on Taxpayer Compliance.

Research by Adimasu and Daare (2017) stated that the main reason for tax non-compliance by most tax payers is lack of awareness about taxation. So, to increase tax compliance, the main factor that must be increased is awareness of taxpayers.

Finally, other studies with similarities in UMKM respondents but different places namely Magelang conducted by Yuliyanti (2018) shows that Taxpayer Awareness has a positive and significant effect on Taxpayer Compliance.

Based on the theory, discussion, and relevant research above, it can be concluded

that Tax awareness has a positive and significant effect on Taxpayers Compliance. The higher level of the tax awareness from taxpayer will impact to the higher the level of tax compliance. Taxpayers who have good tax awareness will create the willingness to voluntarily comply with applicable tax rules.

The Effect of Tax Sanctions on MSMEs Tax Compliance

The results of this study indicate that there is a significant positive effect of the variable Tax Sanctions on MSME Tax Compliance that were registered with the UMKM Department in Bantul Regency. This is indicated by t count of 4.063 and a significance value of 0.000. The value of tcount is 4.063 greater than the value of t table 1.97214 (4.063> 1.97214) and the significance value of 0.000 is smaller than 0.05 (0.000 <0.05). The regression coefficient of 0.164 indicates that every increase in 1 point of Tax Sanctions will increase MSMEs Tax Compliance by 0.164. This means that the higher the value of Tax Sanctions, the higher the value of MSME Tax Compliance too. Based on the results of the above research, the second hypothesis which states "Tax Sanctions has a positive effect on MSME Taxpayer Compliance in Bantul Regency" can be proven.

The results of this study support the results of a study conducted by Devos (2014) which shows "The findings revealed that tax law enforcement measures and to a lesser degree penalties and detection, did impact upon the compliance behaviour of tax evaders. The study's results provide useful information for tax authorities and have implications for tax policy development".

Doran (2009) writes that the relationship of tax sanctions with tax compliance based on deterrence theory and norms theory is assumed to be that the function of tax penalties is solely to promote tax compliance.

This research is also in line with research from Putri (2018) and research from Purnaditya (2015) which shows that tax sanctions have a positive and significant effect on tax compliance. Other studies with similarities of respondents MSMEs with different place namely Magelang, conducted by Sukmayanti (2018) Tax Sanctions have a positive and significant effect on MSME Taxpayer Compliance.

Based on the theory, discussion, and relevant research above, it can be concluded that Tax Sanctions have a positive and significant effect on tax compliance. The higher level of the Tax Sanctions from taxpayer will impact to the higher the level of tax compliance. Strong tax sanctions will create conditions for taxpayers to obey and fulfill taxes according to applicable regulations.

The Effect of Social Environment on MSMEs Tax Compliance

The results of this study indicate that there is a significant negative effect of the Taxpayer Social Environment variable on MSME Tax Compliance that were registered with the UMKM Department in Bantul Regency. This is indicated by t count of (-2,858) and a significance value of 0,005. The t count of (-2,858) is greater than the value of t table 1.97214 (2.858>1.97214) and the significance value of 0.005 is smaller than 0.05 (0.005 <0.05). The regression coefficient value shows that every increase of 1 point in the Social Environment will reduce MSMEs Tax Compliance by -0.103. This means that the higher the value of Social Environment, more reduce the value of MSME Tax Compliance. Based on the results of the above research, the third hypothesis which states "Social Environment has a positive effect on MSME Taxpayer Compliance in Bantul Regency" cannot be proven.

The results of this study can be explained by the results of research conducted by Noguera (2014) stated that social influence does not always optimize compliance. Another study related to this hypothesis is research conducted by Paetzold and Winner (2016) stated that non-compliant behaviour is systematically influenced by a taxpayer's social environment, a finding that is also relevant for enforcement strategies. When evasion behaviour between taxpayers is causally linked, then policies that lower non-compliance of one group of taxpayers will have spillover effects on other groups of society.

In addition, from the experience of researcher when conducting surveys in data collection, several respondents spontaneously stated that the social environment where taxpayers who chosen for to be respondents is an environment that is not fulfill the tax obligations.

The negative effect of the Social Environment variable is in accordance with the external attribution theory. A person's behavior comes from the situation of the place / environment of the person. Because the environment of taxpayers who do not carry out tax obligations will only reduce compliance of taxpayers who have carried out obligations.

Another theory related to the negative effect of the Social Environment variable is Regulatory Capture Theory. In this theory assume that all members of society are economically rational, therefore each person will pursue his own interests. MSMEs are not parties that can lobby policy makers, but weak control to their business also provides a gap so make many of MSMEs do not carry out their obligations.

Doerrenberg and Peichl (2017) entitled stated that Social norms of tax-compliance

behavior particularly depend on the perception about the prevalence of tax evasion in society. Taxpayers are likely to be more willing to evade if (they have the impression that) evasion is very common, and they might be more compliant if (they believe that) most other taxpayers pay their taxes honestly. Evidence in this direction is presented by Paetzold and Winner (2016) who how that taxpayers evade more taxes after they change jobs to a firm where evasion is more common than in their previous firm".

This research has a result not in line with the research of Nabilla (2018) which shows a positive and significant relationship between the Social Environment and UMKM Tax Compliance. This may be influenced by taxpayers who are used as respondents. Nabilla conducted a survey of business owners who came to the KPP Pratama Bantul, so that taxpayers who became respondents were people who had implemented tax obligations and there might not be variations in taxpayers who faced different problems regarding taxation. Researchers assume that Zahra's research does not accommodate the possibilities of taxpayers who have not implemented tax obligations.

Based on the theory, discussion, and relevant research above, it can be concluded that the Social Environment has an effect on Taxpayer Compliance. However, the direction of influence from the Social Environment is very dependent on these environmental conditions. The Social Environment of registered taxpayers from the UMKM Department in Bantul Regency does not include a social environment that carries out taxes, so the effect of the Social Environment is negative and significant on tax compliance.

CONCLUSIONS AND SUGGESTIONS
Conclusions

Tax compliance is influenced by various factors. Basically, taxpayers have internal factors to fulfill tax obligations voluntarily. However, if voluntary compliance cannot be achieved, the government still has ways to improve tax compliance through tax sanctions or from creating a tax-compliant social environment.

Suggestions

a) For the Tax authorities and the Government

As a Tax Agency that has the duty to collect taxes from taxpayers, it is advisable to aggressively disseminate and educate the public, especially taxpayers of MSMEs in Bantul Regency, so that they have the awareness to pay taxes. This will greatly help increase tax awareness, because if the taxpayer is aware of

paying taxes, compliance with taxpayers will continue to increase.

The social scope of taxpayers is one of the influential factors, so it is important to create a conducive social environment. There should be a tax representative who goes directly to the community and helps the Taxpayer in calculating his obligations.

b) For Society

The Society should be more aware of tax obligations and create awareness among taxpayers.

c) For Next Research

The next researcher is suggested to be able to increase the observation period and examine other regions that have taxpayers with different characteristics

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