

The Effect of Tax Incentives, Tax Socialization, and Taxpayer Understanding on Annual Tax Return Reporting in Sampit City

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ABSTRACT

Keywords: tax incentives; tax socialization; taxpayer understanding; annual tax return reporting.

This study aims to determine the influence of tax incentives, tax socialization, and taxpayer understanding on the reporting of Annual Tax Returns in Sampit City. The sample of this study is Taxpayers in Sampit City, Central Kalimantan with 300 respondents. The purposive sampling method is used for sample selection. The type of quantitative data is used in this study. The results of this research show that there is no significant influence of tax incentives on the reporting of the Annual Tax Return, but tax socialization and taxpayer understanding affect the reporting of the Annual Tax Return, which means that the existence of tax incentives does not have a significant effect on increasing compliance in reporting the Annual Tax Return, while tax socialization and taxpayer understanding have a significant effect on increasing compliance in reporting the Annual Tax Return. In conclusion, the implementation of tax incentive policies does not have a positive effect on the reporting of Annual Tax Returns. In this study, no significant positive influence was found between tax incentive policies on MSME Annual Tax Return Reporting. Although all respondents are taxpayers who have reported the Annual Tax Return and some answered that they are aware of the tax incentives, they generally still pay taxes according to the amount of tax they usually pay in the previous months.



Introduction

The government issued a regulation regarding the provision of tax incentives for taxpayers in the MSME sector as outlined in the Law on Harmonization of Tax Regulations. This policy is the right step for the government to be able to maintain people's purchasing power and strengthen the company's cash flow (Nurdyastuti &

Penawan, 2018). In addition, various tax incentives are expected to attract investors to Indonesia. However, keep in mind, that the incentives intended for individuals engaged in the MSME sector are not valid forever because they have been regulated in Government Regulation Number 55 of 2022 in Article 59 letter a which explains that "A certain period of imposition of final Income Tax is a maximum of 7 (seven) Tax Years for Individual Taxpayers". This means that if an MSME trader has been using the incentive since 2018, then in 2025 he will no longer be able to take advantage of the tax incentive and switch to using the bookkeeping method. According to (Miranda, n.d.), the Government of Indonesia provides tax incentives during Covid-19 and opens online and more intensive tax services, with the hope of serving taxpayers well during Covid-19 (Kurniawan, Mahrinasari, & Bangsawan, 2023).

In addition to tax incentives that are expected to increase compliance with the Annual Tax Return reporting, the second factor is tax socialization. The Directorate General of Taxes has conducted socialization to improve tax compliance of MSME actors through counseling in the market in coordination with the Market Office, opening stands for tax consultation in malls shopping centers, and banks, and holding question and answer events at local television and radio. (Guna, Amini, Firmansyah, & Trisnawati, 2022). The last factor is the understanding of taxpayers, where according to the Executive Director of the Center for Information Taxation Analysis (CITA) Yustinus Prastowo in an article titled *The Importance of Awareness of Taxpayer MSME Actors* in *pajak.com* (2021) said that the factors that hinder MSME actors in paying taxes. First, lack of understanding of tax regulations. Second, lack of knowledge in recording and financial bookkeeping so it is difficult to calculate how much turnover, operational costs, and profits are obtained correctly. Third, human resources are ready but do not have a program budget. (Ristanti, Khasanah, & Kuntadi, 2022).

The phenomenon that occurs is related to the tax compliance of MSME actors where they are generally not orderly in paying income tax and reporting the Annual Tax Return. Therefore, since 2013, the government has issued tax regulations to overcome this problem, namely by imposing a rate of 1% through Government Regulation Number 46 of 2013 and then amended by imposing a rate of 0.5% through Government Regulation Number 23 of 2018, until finally the Harmonization Law on Tax Regulations Number 7 of 2021 was issued which imposes taxes on turnover above 500 million rupiah. So that compliance in the field of taxation of MSME actors increases.

This study aims to answer the research question of whether income tax incentives, tax socialization, and taxpayers' understanding of taxation can increase compliance in reporting the Annual Tax Return. The benefits of this research are to provide new experiences about MSMEs, provide views on the Law on Harmonization of Tax Regulations as a whole, and be a research guideline for making the right decisions.

Method

The type of research conducted is quantitative research. Quantitative research is research that displays statistical data. According to (Sugiyono, 2017), quantitative data

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is a research method that uses concrete data where research data is displayed in the form of numbers and will be measured using statistics that will be a calculation tool and related to the problem being studied to conclude the research conducted.

Population and Sample

The subjects of the study are all MSME business actors in Sampit City, Central Kalimantan. The purposive sampling method is used for sample selection. Sample determination technique with business actors who have NPWP and individuals who have MSME businesses in Sampit City, Central Kalimantan. The selected sample was 300 MSME taxpayers. The research will use SPSS 26 software.

Table 1
Characteristics of the Research Subject

Information	Sum
Distributed questionnaires	300
Processable questionnaires	300

Results and Discussion

Validity Test

In the research, the Validity Test aims to measure and find out whether the questionnaire that has been filled out by the respondents is valid or not.

Table 2
Validity Test

Variable	Statement	r calculate	r table	Information
Tax Incentives (X1)	X1.1	0,638	0,113	Valid
	X1.2	0,635	0,113	Valid
	X1.3	0,840	0,113	Valid
	X1.4	0,824	0,113	Valid
	X1.5	0,880	0,113	Valid
Tax socialization (X2)	X.2.1	0,623	0,113	Valid
	X.2.2	0,690	0,113	Valid
	X.2.3	0,720	0,113	Valid
	X.2.4	0,558	0,113	Valid
	X.2.5	0,665	0,113	Valid
	X.2.6	0,584	0,113	Valid
Taxpayer	X.3.1	0,579	0,113	Valid

understanding (X3)	X.3.2	0,552	0,113	Valid
	X.3.3	0,705	0,113	Valid
	X.3.4	0,789	0,113	Valid
	X.3.5	0,470	0,113	Valid
	X.3.6	0,866	0,113	Valid
	X.3.7	0,907	0,113	Valid
	Y.1	0,687	0,113	Valid
Reporting of Annual Tax Return for MSMEs (Y)	Y.2	0,761	0,113	Valid
	Y.3	0,572	0,113	Valid
	Y.4	0,761	0,113	Valid
	Y.5	0,694	0,113	Valid
	Y.6	0,572	0,113	Valid
	Y.7	0,687	0,113	Valid
	Y.8	0,761	0,113	Valid

$r_{count} > r_{table} = \text{Valid}$

$r_{calculate} < r_{table} = \text{invalid}$

$N = 306 = 300$ at a significance of 5%, then the value of $r_{table} = 0.113$ is obtained

Reliability Test

In the research, the Reliability Test aims to assess and find out whether the questionnaire answers given by the respondents are consistent and trustworthy or not.

Table 2
Reliability Test

Variable	Number of Statements	Cronbach's Alpha	Information
Tax Incentives (X1)	5	0,823	Reliable
Tax socialization (X2)	6	0,701	Reliable
Taxpayer understanding (X3)	7	0,837	Reliable
Reporting of Annual Tax Return for MSMEs (Y)	8	0,840	Reliable

Source: Results of SPSS Data Analysis in 2024

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Cronbach's Alpha > 0.6 = Reliable

Cronbach's Alpha < 0.6 = not Reliable

Descriptive statistical analysis

This analysis has the function of getting a brief overview of all variables and is displayed in the form of a table containing the number of studies, maximum and minimum values, average values, and standard deviations.

Table 3
Descriptive statistical analysis

Variable	N	Min	Max	Mean	Standard Deviation
Tax Incentives (X1)	300	14	25	20,7353	2,90481
Tax socialization (X2)	300	20	30	25,9085	2,28282
Taxpayer understanding (X3)	300	18	35	29,4804	3,78018
Reporting of Annual Tax Return for MSMEs (Y)	300	32	40	34,7222	2,60604

Source: Results of SPSS Data Analysis in 2024

Heteroscedasticity Test

This test aims to obtain information on whether there is a difference in variance from the residual of one observation to another. The analysis technique in this test uses a glacier test based on a decision if the significance value > 0.05, then it can be said that heteroscedasticity does not occur.

Table 4
Heteroscedasticity Test

Type	Sig-	Border	Information
Tax Incentives (X1)	0,303	0,05	No heteroscedasticity occurs
Tax socialization (X2)	0,033	0,05	Heteroscedasticity occurs
Taxpayer understanding (X3)	0,001	0,05	Heteroscedasticity occurs

Source: Results of SPSS Data Analysis in 2024

Partial Test

If the sig value is <0.05, it has a significant effect, and if the sig value is exactly 0.05, then to find out whether or not there is an influence of independent variables on dependent variables, you can use a comparison of T Count with T Table.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.719	1.366		12.240	<.001
	Insentif Pajak	-.056	.080	-.062	-.700	.484
	Pemahaman WP	.176	.061	.256	2.896	.004
	Sosialisasi Pajak	.539	.092	.472	5.847	<.001

a. Dependent Variable: Kepatuhan WP

T-Test Analysis (Hypothesis Test)

The Sig Value of the Tax Incentive Variable (X1) is 0.484 (>0.05), then the conclusion of variable X1 does not have a significant effect on Variable Y. The Sig Value of the Tax Socialization Variable (X2) is 0.004 (<0.05), then the conclusion of variable X2 has a significant effect on Variable Y. The Sig Value of the WP Understanding Variable (X3) is 0.001 (<0.05), then the conclusion of variable X3 has a significant effect on Variable Y.

Effect of Tax Incentives on Annual Tax Return Reporting

Based on the results of the hypothesis test of the Sig Value of the Tax Incentive Variable (X1) of 0.484 (>0.05). This shows that the implementation of tax incentive policies does not have a significant effect on taxpayer compliance. The results of this study are similar to the research of Syanti. (Dewi, 2022) and (Hayati, Wahyudi, & Tiswiyanti, n.d.) Who concluded that tax incentives do not have a significant effect on taxpayer compliance. This is also in line with research conducted by (Purba & Darmasetiawan, 2023) This stated that tax literacy has a positive effect on the compliance of MSME taxpayers, while tax incentives and tax sanctions do not affect the compliance of MSME taxpayers.

The Effect of Tax Socialization on Annual Tax Return Reporting

Based on the results of hypothesis testing, the Sig Value of the Tax Socialization Variable (X2) is 0.004 (<0.05). This shows that tax socialization has a significant effect on taxpayer compliance. The results of this study are similar to the research of (Dewi, 2022) Who concluded that tax socialization has a significant effect on taxpayer compliance.

The Effect of MSME Taxpayers' Understanding on Annual Tax Return Reporting

Based on the results of the hypothesis testing of the Sig Value of the Taxpayer Understanding Variable (X3) of 0.001 (<0.05). This shows that taxpayers' understanding has a significant effect on the Annual Tax Return Reporting of MSMEs. The results of this study are similar to the research of (Dong, 2023) Which concluded that taxpayer understanding has a significant effect on taxpayer compliance.

Conclusion

The implementation of tax incentive policies does not have a positive effect on the reporting of Annual Tax Returns. In this study, no significant positive influence was found between tax incentive policies on MSME Annual Tax Return Reporting. Although all respondents are taxpayers who have reported the Annual Tax Return and some answered that they are aware of the tax incentives, they generally still pay taxes according to the amount of tax they usually pay in the previous months. Tax socialization has a positive effect on the reporting of the Annual Tax Return. In this study, it was found that there was a significant positive influence between tax socialization and MSME Annual Tax Return Reporting. In general, respondents feel that tax socialization is very helpful for MSME actors in understanding tax regulations. The delivery of good and communicative socialization material makes MSME actors interested in seeing and understanding the tax regulations submitted so that MSME actors who have not previously reported the Annual Tax Return or have reported the Annual Tax Return but have not been correct, will be encouraged to report the Annual Tax Return by applicable regulations. Taxpayers' understanding has a positive effect on the reporting of the Annual Tax Return. In this study, it was found that there was a significant positive influence between tax understanding and the Reporting of MSME Annual Tax Returns. In general, respondents feel that they understand enough of the obligations of MSME taxpayers to the state in the field of taxation.

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