

MSME Tax Compliance: Impact of E-Commerce Regulation, Implementation of Accounting Standards and Tax Review

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Abstract

This study aims to determine how the effect of e-commerce tax regulations, implementation of accounting standards and tax review on taxpayer compliance of Micro, Small, Medium Enterprises (MSMEs) in Jakarta and its surroundings. The study is based on the low level of tax compliance in Indonesia and tax revenues that do not reach the target, even though trade transactions, especially e-commerce, continue to grow. The development of e-commerce transactions requires an understanding of e-commerce regulations, implementation of accounting standards and tax reviews to improve tax compliance of MSME actors. This study uses quantitative methods with multiple regression analysis test through statistical data analysis software SPSS. The data used is primary data collected using a questionnaire with 390 respondents data that can be processed. The results of the study prove that the e-commerce regulation variable and tax review have an effect on MSME taxpayer compliance, while the accounting implementation variable has no effect on MSME taxpayer compliance in Jakarta. The results of this study can be used as a reference for the contribution of MSME practices, consideration for making regulations for the government and teaching input on E-Commerce Tax Regulations, Accounting Applications and Tax reviews on MSME taxpayer compliance, as well as being a scientific reference for future study.

Keywords: Tax Compliance, MSME, Tax Regulation of E-Commerce, Implementation Accounting Standards, Tax Review.

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INTRODUCTION

Various efforts have been made by the government, especially the Directorate General of Taxes in increasing tax revenue and tax compliance, especially for micro, small and medium business taxpayers, but these efforts have not resulted in the achievement of the expected revenue and compliance. The achievement of Tax Revenue and the level of taxpayer compliance until 2020 have not reached the target and the percentage level of taxpayer compliance has only reached 77.63% of the total registered taxpayers of 46.4 million. The achievement of tax revenues in 2020 was IDR 1,069.97 trillion or 89.25% of the 2020 APBN target of 1,198.82 trillion, even though the level of taxpayer compliance is also a signal for foreign investors [1]. This achievement is higher than the previous year's Tax Revenue Achievement of 84.44%.

[2] States that to maximize tax revenue from online transactions, it is necessary to have regulations that are specifically applied to online transactions and a solid monitoring system so that tax revenues from online transactions can be collected to the maximum. Even though the e-commerce business in Indonesia continues to increase and this should be able to increase state revenue [3]. The Indonesian government has actually issued regulations with PP 80/2019 concerning Trading through Electronic Systems (PMSE) [8], as well as Circular Letter of the Director General of Taxes Number SE-62/PJ/2013 [9] concerning Taxes on e-commerce transactions. MSME actors who are accustomed to conducting E-Commerce transactions will find it easier to carry out tax obligations online because they are familiar with the online transaction process [4] found a significant effect of e-commerce on taxpayer compliance. The existence of e-commerce tax regulations has a positive impact on taxpayer compliance [5].

Financial reports are a means for business people to review their performance and as a basis for planning in the future. Accounting Standards for Micro, Small and Medium Entities are prepared to help MSME actors do this. The higher understanding of MSME actors towards accounting standards can improve their tax compliance [6], because the basis of the Annual SPT report is the financial statements prepared [7].

Another thing that affects MSME tax compliance is tax review, where MSME actors review each outstanding transaction and predict whether a transaction can generate tax potential according to the provisions [10]. Even so, very little research on tax review has been carried out, thus encouraging researchers to analyze it. The personality abilities of MSME actors in conducting tax reviews can affect business performance [11] including MSME business behavior in complying with taxes [12].

LITERATURE REVIEW

Theoretical Framework

The compliance theory initiated by [13] explains that no individual is willing to pay taxes voluntarily. Therefore, individuals will always oppose paying taxes [14]. Through the compliance theory approach, it is hoped that taxpayers will better understand the applicable regulations and seek to know about the implementation of taxation rights and obligations, so that it is useful to improve tax compliance, especially in the Micro, Small and Medium Enterprises sector.

Conceptual Framework and Hypothesis Development

Government Regulation No. 80 of 2019 concerning Trading through Electronic Systems [8] explains the definitions and tools and procedures regarding trading through electronic systems, while the Director General of Taxes Circular Letter Number SE-62/PJ/2013 [9] explains taxes on electronic transactions, both Income Tax and Added Tax. Score the regulation explains what and how the tax on e-commerce transactions should be, thus encouraging taxpayers to comply [5] found the effect of e-commerce tax regulations on taxpayer compliance.

H1. E-Commerce Tax Regulations affect tax compliance

Financial reports are the basis for the preparation of the Annual SPT, so that the understanding of MSME actors on the accounting standards used in preparing financial reports also has an impact on tax compliance, especially in the preparation and reporting of the MSME Annual SPT. The higher the understanding of taxpayer accounting, the higher the willingness of taxpayers to comply with tax compliance [7]. Other studies have found that the application of accounting has a positive effect on MSME taxpayer compliance [6, 15].

H2. The application of accounting affects tax compliance

Tax review is part of tax forensics, by carrying out a series of processes to identify tax rights and obligations in accordance with applicable regulations on each evidence or document of financial transactions that are traced in a tax period to find out the amount of tax payable and predict potential taxes that may arise in the future [10] by conducting a tax review, MSME actors are aware and know what their tax rights and obligations are so that they comply with taxes [10]. Explained that tax planning was carried out through a tax review process first.

H3. Tax Review has an effect on tax compliance

METHODOLOGY

Population and Sample

The unit of analysis of this research is the MSME actors in the Special Capital Region of Jakarta, Indonesia who carry out e-commerce transactions, with a sample of 390 respondents representing the population.

Operational Variable

Tax compliance is the dependent variable of this study, measured using the withholding tax indicator, timely tax payment, timely tax reporting as described in the Minister of Finance Regulation Number 39/PMK.03/2018 [16]. Meanwhile, there are 3 independent variables in this study, namely e-commerce tax regulations, application of accounting standards and tax review. E-commerce tax regulations are measured by the understanding of MSME actors on the 12 indicators described in the Director General of Taxes Circular Number SE-62/PJ/2013 [9].

The implementation of accounting standards itself is measured by 4 indicators, namely correct journaling, correct account grouping, account balance recognition, and the process of preparing financial statements according to the Accounting Standards for Micro, Small and Medium Entities [17]. And the Tax Review itself is measured by developing [18] research into 8 indicators, namely identification of tax objects, identification of tax rights, reviews of basic income and costs, reviews of completeness of transaction documents, reviews of tax deposit times, reviews of tax credits, reviews of completeness of bookkeeping data, reviews tax reconciliation and bookkeeping.

Hypothesis Testing Method

The 390 questionnaire data analyzed in this study did not find the classic assumption problem in the normality test with the finding of data distribution on the probability plot graph, as well as in the multicollinearity test by producing a tolerance value of more than 0.1 and a VIF value of less than 10. As for the heteroscedasticity test, a point was found. -points in a scatterplot graph that are spread out and do not define

a pattern. Then the coefficient of determination test found the adjusted R-Square value of 0.251 and the Fit test found a significance value of 0.000 which means

the research model is fit. Then a t-test was conducted to analyze the partial effect of each independent variable, while the results are depicted in (Table 1) below:

Table 1 Hypothesis Test

Variable	Tax Compliance (Y)	
	Unstandarized B	Sig
Regulation (X1)	0.452	0.000 ***
Accounting Standar (X2)	0.111	0.130
Tax Review (X3)	0.296	0.001 ***
N	390	

Table 1 shows that e-commerce tax regulations have a significant effect on taxpayer compliance; these results indicate that the first hypothesis is accepted. With an unstandardized value of 0.452, it shows that e-commerce tax regulations have a positive effect on taxpayer compliance.

Table 1 also explains that the application of accounting standards has no effect on taxpayer compliance, so hypothesis 2 is rejected. Table 1 also finds a significant effect of tax review on taxpayer compliance, so hypothesis 3 is accepted. With an unstandardized value of 0.296, it shows that the tax review has a positive effect on tax compliance.

RESULT AND DISCUSSION

This study found a positive effect of e-commerce tax regulations on taxpayer compliance. With clear rules regarding taxes on e-commerce transactions, MSME actors are encouraged to follow them both because of their positive and negative motivations. These results are in line with the research of [5] which also found the effect of e-commerce tax regulation on taxpayer compliance.

This study also found a positive effect of tax review on taxpayer compliance. By conducting a tax review, MSME actors become aware and understand from the beginning the tax rights and obligations of each transaction carried out, thus encouraging them to be tax compliant. These results are in line with [10] who explain that tax review is carried out in tax planning so that taxpayers become obedient to taxation rights and obligations according to applicable regulations.

This study did not find the effect of applying accounting standards on taxpayer compliance. This is presumably because MSME actors generally do not understand accounting standards in doing bookkeeping, due to limited human resources in the process of preparing financial reports. So that the financial statements prepared to be the source of the Annual SPT also do not follow the applicable EMKM accounting standards. These results are not in line with the research [6] and [15] which found a positive effect on the

application of accounting standards on taxpayer compliance.

CONCLUSIONS & SUGESTIONS

The results of this study found the following:

1. E-commerce tax regulations have a positive effect on MSME tax compliance. These results are important information for regulators to socialize these rules to many MSME actors so that the level of tax compliance increases.
2. The application of accounting standards has no effect on MSME tax compliance. Further research can analyse other variables that may have a strong influence or other units of analysis whose results may be different.
3. Tax review has a positive effect on MSME tax compliance. These results can be used by regulators to provide socialization in conducting tax reviews to MSME actors so that the level of tax compliance increases.

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