

The Effect of Tax Understanding and Tax Sanctions on Taxpayer Compliance at KPP Pratama Ciawi

(A Case Study on Micro, Small, and Medium Enterprises in Ciomas District)

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This study examines the effect of tax understanding and tax sanctions on taxpayer compliance among Micro, Small, and Medium Enterprises (MSMEs) in the working area of KPP Pratama Ciawi, particularly in Ciomas District. Although the relationship between taxation knowledge and taxpayer compliance has been widely investigated, empirical inconsistencies regarding the effectiveness of tax sanctions among MSMEs remain unresolved, especially within regional tax office contexts characterized by limited taxation literacy and administrative capability. This study therefore contributes to the literature by examining the interaction between voluntary compliance factors and enforcement mechanisms among MSME taxpayers. A quantitative approach was employed using purposive sampling techniques involving 80 MSME taxpayers. Data were collected through questionnaires and analyzed using multiple linear regression with SPSS version 29. The results indicate that tax understanding has a positive and significant effect on taxpayer compliance ($\beta = 0.353$; $p = 0.036$), while tax sanctions demonstrate a stronger positive effect ($\beta = 0.681$; $p < 0.001$). Simultaneously, both variables significantly influence taxpayer compliance with an explanatory power of 65.3%. These findings confirm that taxpayer compliance among MSMEs is influenced by both voluntary awareness and enforcement-based compliance mechanisms. The study strengthens the Theory of Planned Behavior and the Slippery Slope Framework by demonstrating that compliance behavior within MSMEs is shaped not only by taxation knowledge but also by perceptions of sanction enforcement.

Keywords: Tax Understanding, Tax Sanctions, Taxpayer Compliance

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1. Introduction

Taxes continue to serve as the primary source of state revenue in Indonesia and play a crucial role in supporting national development, economic stability, and public welfare improvement. Through tax revenue, the government finances various strategic sectors, including infrastructure, education, healthcare, transportation, and social protection programs. Within Indonesia's self-assessment taxation system, taxpayers are entrusted with the responsibility to independently calculate, pay, and report their tax obligations. Consequently, the effectiveness of the taxation system is highly dependent on taxpayer compliance. However, despite continuous taxation reforms and digitalization initiatives implemented by the government, taxpayer compliance in Indonesia remains a significant challenge, particularly among Micro, Small, and Medium Enterprises (MSMEs) [1].

The MSME sector has become one of the most important pillars of the Indonesian economy because of its substantial contribution to employment creation, poverty reduction, regional economic growth, and national economic resilience. Data from the Ministry of Cooperatives and SMEs indicate that the number of MSMEs in Indonesia exceeded 65 million business units in 2024, reflecting the dominant role of the sector in the national economy [2]. In addition, MSMEs contribute approximately 61% of Indonesia's Gross Domestic Product (GDP) and absorb nearly 97% of the national workforce [2]. These figures demonstrate that MSMEs

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are not only important economic actors but also strategic contributors to sustainable economic development. Nevertheless, the substantial economic contribution of MSMEs has not been accompanied by optimal taxpayer compliance and tax revenue contribution.

Data from the Directorate General of Taxes (DJP) reveal that in 2024 only around 653,000 out of approximately 1.6 million registered MSME taxpayers fulfilled their final income tax obligations [3]. Furthermore, DJP reported that the formal taxpayer compliance ratio in 2024 reached 85.75%, slightly lower than the compliance level recorded in previous years [3]. The decline was particularly visible among non-employee taxpayers, indicating that taxpayer compliance among independent business actors remains an ongoing challenge despite continuous modernization of taxation administration and digital reporting systems. This condition reflects a phenomenon gap in which the significant economic contribution of MSMEs is not yet followed by proportional taxation compliance and tax revenue realization[4].

The issue of taxpayer compliance among MSMEs becomes increasingly important within the implementation of the self-assessment taxation system because taxpayers are required to possess adequate understanding regarding tax regulations, reporting procedures, tax rates, rights, and obligations[5][6][7]. Tax understanding therefore becomes an important determinant influencing taxpayer behavior[8]. Taxpayers with sufficient taxation knowledge tend to demonstrate stronger awareness and voluntary motivation to comply because they understand both the legal obligations and the broader economic function of taxation[9]. Conversely, limited taxation literacy frequently causes taxpayers to perceive taxation procedures as complicated, burdensome, and administratively difficult[10]. Such conditions may result in reporting errors, delays in tax payments, or even intentional non-compliance[11]. Several previous studies have confirmed that inadequate tax understanding among MSMEs often contributes to low taxpayer compliance because taxpayers lack sufficient knowledge regarding taxation procedures and administrative systems[12][13].

In addition to tax understanding, tax sanctions are also considered an important factor influencing taxpayer compliance behavior. Tax sanctions represent legal consequences imposed on taxpayers who violate taxation regulations, including administrative fines, penalties, and legal enforcement measures[14]. Within the taxation system, sanctions function as external control mechanisms intended to create deterrent effects and improve taxpayer discipline[15]. Taxpayers are expected to avoid violations because of fear of financial losses and legal consequences arising from non-compliance. However, the effectiveness of tax sanctions remains debatable because taxpayers may perceive sanctions differently depending on their level of taxation awareness, trust in taxation authorities, and perceptions regarding fairness and consistency of law enforcement[16][17]. In certain situations, sanctions may strengthen taxpayer discipline, while in other contexts they may fail to significantly influence compliance behavior due to weak enforcement intensity and low taxpayer awareness[18].

Several previous studies examining the relationship between tax understanding, tax sanctions, and taxpayer compliance have produced inconsistent empirical findings. Permata and Zahroh [19] found that tax understanding positively and significantly affects taxpayer compliance because knowledgeable taxpayers tend to fulfill their obligations more consistently. Purnamasari and Sudaryo[20] also concluded that taxation knowledge contributes positively to voluntary compliance through increased taxpayer awareness regarding administrative obligations and taxation procedures. In contrast, Khodijah et al[21] reported that tax sanctions do not significantly influence taxpayer compliance because many taxpayers still perceive sanctions merely as administrative consequences rather than serious legal obligations. Conversely, Rahmayanti et al[22] demonstrated that tax sanctions positively affect taxpayer compliance because sanctions create deterrent effects and fear of financial consequences arising from tax violations. These contradictory findings indicate that the effectiveness of tax understanding and tax sanctions may vary

depending on contextual factors such as taxpayer literacy, socio-economic conditions, business scale, regional enforcement intensity, and administrative characteristics of MSMEs.

The phenomenon is also highly relevant within regional taxation environments such as Ciomas District under the supervision of KPP Pratama Ciawi. Ciomas District has experienced continuous growth in MSME activities, particularly within the trade, culinary, service, and household industry sectors. The increasing number of MSMEs reflects the region's growing economic potential and contribution to local economic development. However, many MSME taxpayers in regional areas continue to experience limitations in financial literacy, taxation understanding, and administrative capability. Difficulties in understanding tax regulations, operating digital taxation systems, and fulfilling reporting procedures remain common challenges among MSME actors. Furthermore, some taxpayers tend to prioritize operational sustainability and short-term business survival over tax compliance, particularly amid increasing business competition and economic pressure. The perception that tax sanctions are not consistently enforced may also reduce taxpayer motivation to comply voluntarily. These conditions indicate that taxpayer compliance among MSMEs in Ciomas District remains an important issue requiring further empirical investigation.

Although numerous studies have investigated taxpayer compliance, limited research specifically examines how tax understanding and tax sanctions simultaneously influence taxpayer compliance among MSMEs within regional taxation environments characterized by limited taxation literacy and varying perceptions regarding law enforcement. Most previous studies tend to focus on broader taxpayer populations and generally examine tax understanding and tax sanctions separately without critically analyzing how internal awareness factors and external enforcement mechanisms interact in shaping compliance behavior among MSMEs. In addition, previous studies have not sufficiently explained the contextual reasons underlying contradictory findings regarding the effectiveness of tax sanctions. These inconsistencies may be influenced by differences in taxpayer characteristics, regional economic conditions, levels of taxation literacy, and perceptions regarding fairness and consistency of tax enforcement. Therefore, this study seeks to address these gaps by examining the simultaneous influence of tax understanding and tax sanctions on taxpayer compliance among MSMEs in Ciomas District under the supervision of KPP Pratama Ciawi.

This study also contributes theoretically by strengthening the application of the Theory of Planned Behavior proposed by Ajzen[23] and the Slippery Slope Framework developed by Kirchler et al[24] in explaining taxpayer compliance behavior among MSMEs. The Theory of Planned Behavior explains that taxpayer behavior is influenced by attitudes, behavioral beliefs, and perceived behavioral control associated with taxation knowledge and taxpayer awareness. Meanwhile, the Slippery Slope Framework emphasizes that taxpayer compliance is shaped not only by voluntary trust and awareness but also by enforcement power and sanction mechanisms. By integrating these theoretical perspectives, this study provides a more comprehensive explanation regarding how voluntary compliance factors and enforcement-based mechanisms simultaneously influence taxpayer compliance behavior among MSMEs within regional economic contexts.

2. Literature Review

Theory of Planned Behavior

Theory of Planned Behavior explains that individual behavior is influenced by attitudes, subjective norms, and perceived behavioral control. In the taxation context, this theory describes how taxpayer behavior is shaped by beliefs and perceptions regarding tax obligations. Taxpayers who possess positive attitudes toward taxation and understand the importance of taxes for national development tend to demonstrate higher compliance behavior. According to Zahrani and Mildawati[13], taxpayer understanding and

knowledge significantly influence taxpayer compliance because taxpayers who understand taxation procedures, regulations, and obligations are more likely to fulfill their tax responsibilities voluntarily. This theory is relevant to explain how tax understanding may influence MSME taxpayer compliance at KPP Pratama Ciawi.

Tax Understanding and Taxpayer Compliance

Tax understanding refers to the taxpayer's ability to comprehend taxation regulations, procedures, rights, and obligations within the taxation system. In Indonesia's self-assessment system, taxpayer understanding becomes an important factor because taxpayers are responsible for calculating, paying, and reporting taxes independently. Indrawan and Binekas [12] explained that tax understanding positively affects taxpayer compliance because taxpayers with adequate tax knowledge are more capable of understanding tax obligations and reporting procedures correctly. Similarly, Nurkhin et al [25] found that tax understanding significantly influences taxpayer compliance since taxpayers with higher levels of understanding tend to possess stronger awareness regarding the importance of paying taxes. These findings indicate that insufficient tax understanding among MSMEs may reduce taxpayer compliance because taxpayers often experience difficulties in understanding tax administration and reporting procedures.

Tax Sanctions and Taxpayer Compliance

Tax sanctions are legal consequences imposed on taxpayers who violate taxation regulations. Tax sanctions may take the form of fines, administrative penalties, or legal actions intended to create deterrent effects and improve taxpayer discipline. According to Khuzaimah and Hermawan [18], tax sanctions function as preventive instruments aimed at encouraging taxpayers to comply with tax regulations. Putra et al [26] also explained that effective and proportional sanctions may improve taxpayer compliance because taxpayers tend to avoid financial losses and legal consequences arising from violations. However, Khodijah et al [21] found that tax sanctions do not significantly affect taxpayer compliance because taxpayers may perceive sanctions merely as administrative obligations rather than serious legal consequences. These inconsistent findings demonstrate that the effectiveness of tax sanctions in influencing taxpayer compliance remains debatable and requires further empirical investigation, particularly among MSMEs.

Research Gap

Several previous studies have examined the relationship between tax understanding, tax sanctions, and taxpayer compliance. Indrawan and Binekas (2018) and Nurkhin et al. (2018) concluded that tax understanding positively affects taxpayer compliance. Meanwhile, Rahmayanti et al [22] found that tax sanctions significantly influence taxpayer compliance because sanctions increase taxpayer discipline. Conversely, Khodijah et al [21] reported that tax sanctions do not significantly affect taxpayer compliance due to limited taxpayer awareness regarding the importance of taxation. These contradictory findings indicate the existence of a research gap concerning the effectiveness of tax understanding and tax sanctions in improving taxpayer compliance, especially among MSMEs in regional tax office areas such as KPP Pratama Ciawi.

Research Framework

This study examines the relationship between tax understanding, tax sanctions, and taxpayer compliance among MSMEs in Ciomas District under the supervision of KPP Pratama Ciawi. The conceptual framework is developed based on the Theory of Planned Behavior and Attribution Theory, which explain that taxpayer behavior is influenced by internal factors, such as knowledge and understanding, as well as external factors, such as sanctions and legal enforcement. Tax understanding reflects the taxpayer's ability to comprehend taxation regulations, procedures, rights, and obligations, while tax sanctions represent legal consequences

imposed on taxpayers who violate taxation regulations. Taxpayer compliance refers to the willingness of taxpayers to fulfill taxation obligations in accordance with applicable tax laws and regulations.

Previous studies have shown that tax understanding contributes significantly to taxpayer compliance because taxpayers with better knowledge regarding taxation procedures and obligations tend to comply voluntarily with tax regulations[25][13]. In addition, tax sanctions are considered capable of improving taxpayer compliance because sanctions create deterrent effects and encourage taxpayers to avoid violations of taxation rules[22][26]. Based on these theoretical and empirical considerations, this study assumes that tax understanding and tax sanctions influence taxpayer compliance among MSMEs in Ciomas District.

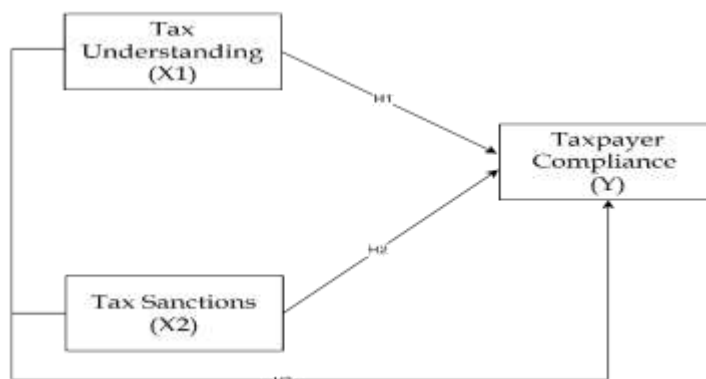


Figure 1. Research Framework

3. Method

This study employs a quantitative research approach to examine the causal relationship between tax understanding, tax sanctions, and taxpayer compliance. A quantitative approach is considered appropriate because it allows the researcher to measure relationships among variables using numerical data and statistical analysis, thereby enabling objective hypothesis testing and generalizable findings[27]. The research design used in this study is associative research, which aims to analyze the influence of independent variables on dependent variables.

The research was conducted in the working area of KPP Pratama Ciawi, specifically focusing on Micro, Small, and Medium Enterprises (MSMEs) located in Ciomas District. This location was selected because MSMEs in Ciomas District continue to grow and contribute significantly to local economic activities. However, taxpayer compliance among MSMEs remains an important issue due to limited tax understanding and varying perceptions regarding tax sanctions. Therefore, the selected research location is considered relevant for examining factors influencing taxpayer compliance behavior.

The population of this study consists of MSME taxpayers registered within the working area of KPP Pratama Ciawi. Since the population size is relatively broad and diverse, this study applies purposive sampling to select respondents based on criteria relevant to the research objectives. The criteria include MSME taxpayers who actively operate businesses and have experience in fulfilling tax obligations. A total of 100 questionnaires were distributed through Google Forms, and 80 valid responses were successfully collected and analyzed.

Data collection was conducted using a structured questionnaire consisting of statements related to tax understanding, tax sanctions, and taxpayer compliance. Each statement was measured using a Likert scale to assess respondents' perceptions and attitudes toward taxation. The questionnaire method was selected

because it enables efficient, systematic, and standardized data collection from a relatively large number of respondents (Sanjaya, 2015).

The data analysis technique used in this study is multiple linear regression analysis, which aims to determine the partial and simultaneous effects of tax understanding and tax sanctions on taxpayer compliance. Before conducting hypothesis testing, classical assumption tests were performed to ensure that the regression model fulfilled statistical requirements. These tests include normality testing using the Kolmogorov–Smirnov test, multicollinearity testing using tolerance and Variance Inflation Factor (VIF) values, and heteroscedasticity testing using the Park test.

Hypothesis testing was conducted using partial testing (t-test) and simultaneous testing (F-test). The t-test was used to analyze the individual effect of each independent variable on taxpayer compliance, while the F-test was used to evaluate the simultaneous influence of tax understanding and tax sanctions on taxpayer compliance. Furthermore, the coefficient of determination (R^2) was used to measure the extent to which the independent variables explain variations in taxpayer compliance among MSMEs in Ciomas District.

4. Results and Discussion

Descriptive Statistics

Descriptive statistical analysis was conducted to provide an overview of the research variables, namely tax understanding (X1), tax sanctions (X2), and taxpayer compliance (Y). The analysis includes the minimum value, maximum value, mean, and standard deviation obtained from 80 respondents.

Table 1. Descriptive Statistics of Research Variables

Variable	N	Min	Max	Mean	Std. Deviation
Tax Understanding (X1)	80	11	50	40.24	6.639
Tax Sanctions (X2)	80	11	50	40.35	6.749
Taxpayer Compliance (Y)	80	10	50	39.09	8.317

The results indicate that the average level of tax understanding among respondents is relatively high (mean = 40.24), suggesting that most MSME taxpayers in Ciomas District possess an adequate level of knowledge regarding taxation. Similarly, tax sanctions are perceived at a relatively high level (mean = 40.35), indicating that respondents acknowledge the importance of sanctions in ensuring compliance. Meanwhile, taxpayer compliance shows a moderately high mean value of 39.09, although the higher standard deviation (8.317) reflects greater variability in compliance behavior among respondents.

Classical Assumption Tests

Prior to regression analysis, classical assumption tests were conducted to ensure the validity of the model.

Table 2. Summary of Classical Assumption Tests

Test	Indicator	Result	Conclusion
Normality	Asymp. Sig (K-S) = 0.24	> 0.05	Normally distributed
Multicollinearity	Tolerance = 0.257	> 0.10	No multicollinearity
	VIF = 3.884	< 10	No multicollinearity
Heteroscedasticity	Sig. > 0.05	> 0.05	No heteroscedasticity

The normality test result (Asymp. Sig = 0.24) confirms that the residuals are normally distributed. The multicollinearity test shows acceptable tolerance and VIF values, indicating no correlation issues among independent variables. Additionally, the heteroscedasticity test reveals no significant issues, confirming that the regression model meets the classical assumptions.

Multiple Linear Regression Analysis

The regression analysis was conducted to examine the effect of tax understanding and tax sanctions on taxpayer compliance.

Table 3. Regression Analysis Results

Variable	Coefficient (β)	t-value	Sig.
Constant	-2.590		
Tax Understanding (X1)	0.353	2.132	0.036
Tax Sanctions (X2)	0.681	4.174	<0.001

Based on the results, the regression equation can be formulated as:

$$Y = -2.590 + 0.353X_1 + 0.681X_2$$

The positive coefficient of tax understanding (0.353) indicates that an increase in tax knowledge leads to higher taxpayer compliance. Similarly, tax sanctions show a stronger positive effect (0.681), suggesting that stricter enforcement significantly enhances compliance behavior.

Coefficient of Determination (R^2)

Table 4. Model Summary

R	R Square	Adjusted R Square
0.808	0.653	0.647

The R Square value of 0.653 indicates that 65.3% of the variation in taxpayer compliance can be explained by tax understanding and tax sanctions. The remaining 34.7% is influenced by other variables not included in the model.

Simultaneous Test (F-Test)

Table 5. ANOVA Test Results

Source	F-value	Sig.
Regression	72.4	<0.001

The F-test result shows that the calculated F-value (72.4) is significantly higher than the critical value, with a significance level below 0.05. This indicates that tax understanding and tax sanctions simultaneously have a positive and significant effect on taxpayer compliance.

Partial Test (t-Test)

The t-test results reveal that both independent variables significantly influence taxpayer compliance. Tax understanding ($t = 2.132$; $p = 0.036$) has a positive and significant effect, indicating that better knowledge leads to improved compliance behavior. Meanwhile, tax sanctions ($t = 4.174$; $p < 0.001$) show a stronger and highly significant effect, suggesting that enforcement mechanisms play a crucial role in shaping compliance.

Discussion

The findings of this study indicate that tax understanding has a positive and significant effect on taxpayer compliance among MSMEs in Ciomas District, as reflected by the regression coefficient value of $\beta = 0.353$ with a significance level of 0.036. This result demonstrates that taxpayers who possess adequate knowledge regarding taxation regulations, procedures, rights, and obligations are more likely to fulfill their tax responsibilities consistently and accurately. Within Indonesia's self-assessment taxation system, taxpayers are required to independently calculate, pay, and report taxes. Consequently, tax understanding becomes an essential determinant influencing taxpayer compliance behavior because insufficient taxation knowledge may lead to reporting errors, delays in payment, and administrative non-compliance[13]

From the perspective of the Theory of Planned Behavior proposed by Ajzen[23], tax understanding reflects behavioral beliefs that shape taxpayer attitudes and intentions toward compliance behavior. Taxpayers who understand the function and benefits of taxation tend to develop positive perceptions regarding tax obligations and become more willing to comply voluntarily. This finding supports Nurkhin et al[25], who emphasized that taxpayer understanding significantly improves compliance because knowledgeable taxpayers possess stronger awareness regarding the importance of taxation for national development. Similarly, Permata and Zahroh[19] concluded that taxpayers with higher taxation literacy demonstrate stronger compliance behavior because they possess greater confidence in fulfilling tax obligations correctly.

However, the findings of this study also indicate that the influence of tax understanding is relatively weaker compared to tax sanctions. This condition suggests that taxpayer compliance among MSMEs in Ciomas District is still not fully driven by voluntary awareness. Many MSME actors in Ciomas District continue to experience limitations in financial literacy, bookkeeping capability, and understanding of digital taxation procedures. Most small business owners prioritize operational sustainability, business competition, and income generation rather than taxation administration. Consequently, even though taxpayers may possess basic taxation knowledge, compliance behavior is not always consistently implemented in practice.

This socio-economic condition explains why tax understanding positively influences compliance but does not become the dominant factor shaping taxpayer behavior. This finding also differs from Khodijah et al[21], who argued that taxpayer awareness and understanding alone were insufficient to significantly encourage taxpayer compliance due to weak internal motivation among taxpayers. The difference may be influenced by variations in taxpayer characteristics, regional economic conditions, and enforcement intensity between research locations. In Ciomas District, MSMEs generally operate within relatively small-scale and family-based business environments where administrative management systems remain relatively simple and informal. Consequently, taxation understanding contributes positively to compliance behavior, but external enforcement mechanisms remain more dominant in influencing taxpayer decisions.

Moreover, the positive influence of tax understanding indicates that taxpayer compliance cannot rely solely on coercive mechanisms. Kirchler[24] explained that long-term voluntary compliance tends to increase when taxpayers understand taxation systems and perceive taxation as a contribution to public welfare and economic development. Therefore, improving taxpayer education through taxation socialization programs, digital tax literacy assistance, and administrative guidance remains essential for strengthening sustainable taxpayer compliance among MSMEs.

The results of this study further reveal that tax sanctions have a positive and significant effect on taxpayer compliance, with a regression coefficient value of $\beta = 0.681$ and a significance level below 0.001. Compared to tax understanding, tax sanctions demonstrate a substantially stronger influence on taxpayer compliance behavior among MSMEs in Ciomas District. This finding indicates that MSME taxpayers are more responsive to external enforcement mechanisms and legal consequences than to voluntary awareness regarding taxation obligations. Tax sanctions therefore function as an important external control mechanism reinforcing taxpayer discipline and obedience within the taxation system.

This finding can be explained through Attribution Theory developed by Heider[28], which states that individual behavior may be strongly influenced by external environmental factors such as supervision, regulations, and legal enforcement. MSME taxpayers who perceive tax sanctions as strict and enforceable tend to avoid non-compliance because they fear administrative fines, financial losses, and legal consequences arising from tax violations. This finding supports Rahmayanti et al[22], who concluded that tax sanctions significantly influence taxpayer compliance because sanctions create deterrent effects encouraging taxpayers to fulfill taxation obligations. Similarly, Putra et al[26] argued that effective and

proportional sanctions strengthen taxpayer discipline by increasing awareness regarding the risks associated with tax violations.

The stronger influence of tax sanctions compared to tax understanding reflects the socio-economic characteristics of MSMEs in Ciomas District. Many MSME actors still operate with limited financial capacity, unstable income conditions, and relatively weak bookkeeping systems. Under such conditions, taxpayers tend to prioritize avoiding financial penalties and administrative burdens rather than developing intrinsic awareness regarding taxation responsibilities. In other words, taxpayer compliance among MSMEs in Ciomas District is still dominated by enforced compliance rather than fully voluntary compliance. Taxpayers comply primarily because of fear of sanctions rather than because of comprehensive taxation awareness. This condition demonstrates that external enforcement mechanisms remain highly influential within MSME environments characterized by limited taxation literacy and economic vulnerability.

This finding also provides a contextual explanation for contradictory results reported in previous studies. Khodijah et al[21] found that tax sanctions did not significantly affect taxpayer compliance because many taxpayers perceived sanctions merely as administrative obligations rather than serious legal consequences. However, the findings of this study indicate otherwise because MSME taxpayers in Ciomas District appear to respond more strongly to legal and financial risks associated with non-compliance. The difference may be caused by variations in regional enforcement intensity, taxpayer characteristics, socio-economic conditions, and perceptions regarding the consistency of tax supervision between research contexts. Therefore, the effectiveness of tax sanctions cannot be generalized universally because compliance behavior may differ depending on local economic and administrative conditions.

Nevertheless, the effectiveness of tax sanctions should still be interpreted critically. Excessively strict sanctions without adequate taxpayer education may create fear, dissatisfaction, and distrust toward taxation authorities. Muniroh[29] emphasized that sanction effectiveness depends not only on sanction severity but also on taxpayer perceptions regarding fairness, transparency, and consistency of law enforcement. Consequently, sanctions should not merely function as punitive instruments but should be integrated with educational approaches, taxation assistance, and administrative simplification to create sustainable taxpayer compliance among MSMEs.

The simultaneous testing results indicate that tax understanding and tax sanctions jointly have a positive and significant effect on taxpayer compliance among MSMEs in Ciomas District, with an explanatory power of 65.3%. These findings indicate that taxpayer compliance behavior is influenced by both internal factors related to taxpayer awareness and external factors associated with supervision and law enforcement. Tax understanding represents cognitive and behavioral aspects encouraging voluntary compliance, whereas tax sanctions represent enforcement mechanisms encouraging compliance through deterrence effects.

The findings demonstrate that taxpayer compliance cannot be improved solely through educational approaches or solely through strict enforcement policies. Taxpayers who possess taxation knowledge but face weak supervision may still engage in non-compliance, while taxpayers exposed only to sanctions without adequate understanding may comply merely because of fear rather than genuine awareness. This finding supports the Slippery Slope Framework proposed by Kirchler et al[30] which explains that taxpayer compliance is shaped by both trust in taxation authorities and the power of law enforcement mechanisms. Tax understanding contributes to voluntary compliance through awareness and trust, whereas tax sanctions contribute to enforced compliance through supervision and deterrence mechanisms.

The findings also reflect the socio-economic realities of MSMEs in Ciomas District, where taxpayers continue to face limitations in taxation literacy, digital reporting capability, and financial management systems. Under these conditions, compliance behavior becomes multidimensional because taxpayers are

influenced simultaneously by internal awareness and external pressure. Consequently, improving taxpayer compliance among MSMEs requires balanced strategies integrating taxation education, digital taxation assistance, simplified administrative systems, and consistent enforcement mechanisms.

From a theoretical perspective, this study strengthens the application of the Theory of Planned Behavior[23] and the Slippery Slope Framework[30] in explaining taxpayer compliance behavior among MSMEs within regional economic environments. The findings confirm that taxpayer compliance behavior is not merely determined by taxation knowledge alone but is also strongly influenced by taxpayer perceptions regarding sanction enforcement and legal certainty. Therefore, sustainable taxpayer compliance among MSMEs can only be achieved through the integration of educational approaches, effective supervision, and fair sanction implementation.

5. Conclusion

This study concludes that taxpayer compliance among MSMEs in Ciomas District under the supervision of KPP Pratama Ciawi is influenced by the interaction between voluntary awareness and enforcement-based mechanisms. The findings indicate that tax understanding positively contributes to taxpayer compliance by strengthening taxpayer awareness and knowledge regarding taxation obligations. However, tax sanctions demonstrate a stronger influence on compliance behavior, indicating that MSME taxpayers remain more responsive to legal consequences and enforcement mechanisms than to intrinsic taxation awareness. This condition reflects that taxpayer compliance among MSMEs in Ciomas District is still predominantly characterized by enforced compliance rather than fully voluntary compliance.

The findings strengthen the Theory of Planned Behavior and the Slippery Slope Framework, emphasizing that taxpayer compliance is shaped by both internal awareness and external enforcement factors. The study also contributes to the taxpayer compliance literature by highlighting the importance of regional socio-economic conditions in influencing MSME taxpayer behavior. Nevertheless, this study is limited to MSME taxpayers in Ciomas District and only examines tax understanding and tax sanctions as explanatory variables. Therefore, future studies are recommended to include broader regional contexts and additional variables such as tax morale, digital taxation literacy, trust in taxation authorities, and perceived fairness of tax sanctions to provide more comprehensive insights into taxpayer compliance behavior among MSMEs.

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