

THE INFLUENCE OF TAX MORALE IN ENCOURAGING TAXPAYER COMPLIANCE IN MICRO, SMALL AND MEDIUM ENTERPRISES (EMPIRICAL STUDY OF MSMEs IN MAKASSAR CITY)

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ARTICLE INFO	ABSTRACT
<p>Keywords: Tax Morale, Compliance with Taxpayers, MSMEs, SPSS.</p>	<p>The purpose of this study was to examine the effect of moral tax on MSME taxpayer compliance. This research was conducted in all Micro, Small and Medium Enterprises (MSMEs) in Makassar. The method used is the sampling method (purposive sampling). This method requires taking the number of samples as determined by the researcher as a target that must be met. The sample in this study were 50 actors in the field of MSMEs in Makassar. Methods of data collection using the questionnaire method. Testing the data in this study using the test of moderation regression analysis. Data processing is done using the SPSS program application. The results of this study indicate that tax morale has a significant positive effect on MSME taxpayer compliance, taxpayer demographic moderation has a positive and insignificant influence between moral tax on MSME taxpayer compliance.</p>
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1. INTRODUCTION

The government's steps to increase revenue from the tax sector began by carrying out comprehensive tax reform in 1983, and since then, Indonesia has adopted a *self-assessment system*. The implementation of a *self-assessment system* will be effective if conditions for voluntary *compliance* in society have been established (Sormin & Rahim, 2019; Damayanti, 2004).

However, the growth in tax revenues was not actually accompanied by an increase in the tax ratio. The amount of Indonesia's tax ratio from 2005 to 2008, in the 2009 Financial Note and RAPBN, still ranged from 12.3% to 13.7% (expected). In fact, in the 2010 Financial Note and RAPBN, the assumed tax ratio is only 12.1%. Indonesia's tax ratio is still lower than other countries in the Southeast Asia region such as Malaysia (15.5%), Thailand (17%), the Philippines (14.4%) and even Vietnam (13.8%) (Darussalam 2010). Indonesia's low tax ratio indicates the low level of effort to collect Indonesian taxes (Gunadi in Mustikasari 2007).

To achieve tax targets, it is necessary to continuously raise awareness and compliance among taxpayers to fulfill tax obligations in accordance with applicable regulations. Considering that taxpayer awareness and compliance are important factors for increasing tax revenues, it is necessary to intensively study the factors that influence taxpayer compliance, especially MSME taxpayers. One of the things that must be considered in implementing taxes in a country is fairness, because psychologically people think that

Tax is a burden and the public needs certainty that they receive fair treatment in the imposition and collection of taxes by the state, so as not to hinder the operation of the existing tax system, because the tax collection system in Indonesia uses a self-assessment system. This principle of justice is very necessary so as not to give rise to tax resistance such as tax avoidance or tax evasion.

Research on tax compliance can, among other things, be seen from the psychology of taxpayers. An approach using psychological aspects is carried out considering that in a country that adheres to a democratic system, the relationship between taxpayers and the tax authority can be seen as a psychological contract (Feld and Frey 2002). A psychological contract requires an equal relationship

between taxpayers and the tax authority and the success of tax collection depends on how much both parties trust each other and comply or fulfill the commitments in this psychological contract.

Taxes, although they can be viewed from the perspective of the psychological contract above, Allingham and Sandmo 1972 in Hidayat 2010 state that an individual's decision to carry out tax compliance is based on a rational decision to maximize the individual's own economic utility. Thus, it is the government's duty to supervise the implementation of the fulfillment of the public's tax obligations. Studies in the field of psychology regarding the factors that influence tax compliance behavior, one of which is through the Theory of Planned Behavior (TPB) (Ajzen, 1991). The TPB model is used because it examines more specific behavior, namely behavior to comply or not comply with tax provisions.

In recent years, the Micro, Small and Medium Enterprises (MSME) sector has succeeded in becoming a source of new economic drive in Indonesia. The role of MSMEs in the economy and employment is no longer in doubt. However, in the implementation of the taxation sector, MSMEs have not reflected a dominant contribution in terms of their impact on the economy and employment. In 2014, the contribution to tax revenue from the Final PPh for MSMEs was only around IDR 2 trillion. Assuming that MSMEs contribute IDR 3,000 trillion to GDP, this value is still relatively far below the potential taxation of IDR 30 trillion (1 percent of contribution to GDP) (www.kemenkeu.go.id).

The potential tax revenue of MSMEs is one of the economic sectors that plays a large role in the national economy. Bank Indonesia (BI) assesses that the potential for Micro, Small and Medium Enterprises (MSMEs) is very large in driving economic growth, with a contribution of up to IDR 850 trillion per year to Gross Domestic Product (GDP). Based on data from the Central Statistics Agency (BPS), the contribution of MSMEs to the economy is quite large, reaching 61.41 percent, while MSME employment dominates at least almost 97 percent of the total national workforce. The number of MSMEs has reached 60 million units. (www.republika.co.id).

The government initially created a policy to provide convenience and simplicity regarding the calculation, deposit and reporting of income tax owed to individual and corporate taxpayers. Based on Government Regulation no. 46 of 2013 concerning Final Tax on MSMEs, the government has provided a special scheme in the form of a final income tax of 1 percent of the total income earned for MSMEs with a turnover of up to IDR 4.8 billion, to be precise, effective from July 1 2013. The taxpayer in question is an individual taxpayer. or Corporate Taxpayers do not include permanent establishments and receive income from business, excluding income from services related to independent work, with gross turnover not exceeding IDR 4,800,000,000.00 in one tax year.

This proves that the tax potential is very significant for Indonesia's state revenue. Without an active role, state revenues will decline. In an effort to encourage the voluntary fulfillment of tax obligations (Voluntary Tax Compliance) and encourage the contribution of state revenues in the MSME sector, the Government issued a Government Regulation that regulates special tax treatment income for Small, Micro and Medium Enterprises or MSMEs.

As of July 1 2018, the final PPh rate for MSMEs has officially decreased from 1% to 0.5%. The changes to the UMKM Final PPh rates are stated in PP no. 23 of 2018. The criteria for taxpayers who are charged are those with a turnover of under IDR 4,800,000,000 in a year with a final PPh rate of 0.5%. PP No. 23 of 2018 has an imposition period of 7 years for individual taxpayers; 4 years for corporate taxpayers in the form of cooperatives, limited partnerships and firms; and 3 years for limited liability companies ([www. Ekonomi.kompas.com](http://www.Ekonomi.kompas.com)). The turnover calculation that is used as a reference for being subject to the final PPh rate of 0.5% is turnover per month. If during the journey the taxpayer's turnover exceeds Rp. 4,800,000,000, then the same rate of 0.5% remains charged until the end of the taxpayer's tax year. The Government Regulation concerning Income Tax on Income from Businesses Received or Obtained by Taxpayers Who Have a Certain Gross Turnover is a replacement for PP No. 46 of 2013 and simultaneously revokes all provisions of the old regulation.

One of the sectors driving the Makassar City economy is the Micro, Small and Medium Enterprises sector or called MSMEs. Makassar City MSMEs have great economic potential and have a great opportunity to be developed. Judging from the data on Makassar City MSMEs, they have increased from year to year from 2013-2018 as shown below :

Table 1. Makassar City MSME Data 2013-2018

No	Number of MSMEs	2013	2014	2015	2016	2017	2018
1	Micro business	4,130	4,969	5,326	5,998	6,008	6,445
2	Small business	6,636	7,585	8,406	9,246	9,336	9,336
3	Business Intermediate	684	1,054	2,296	984	1,084	1,084
	Amount	11,450	13,608	16,028	16,228	16,428	16,865

Source: Plt. Head of the Makassar City Cooperatives and SMEs Service

the title For data in 2013 regarding the number of business units, workforce, investment value and small industrial production value in the city of Makassar, namely the number of small industrial business units in Makassar City was 81 units with a workforce of 368 people, the investment value generated was worth 11 billion rupiah with a production value of 43 billion rupiah. The sub-district with the largest number of business units is Wajo District with 10 Business Units (BPS, 2013). (Muh Rachdian Rachman, 2015)

Since the beginning of the implementation of the tax system in the world, the main question that has always been sought for answers is what factors actually cause people to pay taxes or not pay taxes in accordance with the provisions. There are two theories regarding this matter, namely economic and non-economic theories. Economic theory argues that taxpayers in fulfilling their tax obligations are based on economic calculations, namely how much benefit the taxpayer will get if the taxpayer implements tax regulations or decides not to comply with tax regulations. Meanwhile, one non-economic theory that can explain is the tax morale theory (Susila, 2016).

Tax morale indicates intrinsic motivation to comply and pay taxes thereby contributing voluntarily to the provision of public goods. If taxpayers have good tax morale , then the level of compliance will be high and ultimately tax revenue will be more optimal and can create voluntary compliance . These non-economic determinants have a strong impact on tax evasion. The concept of tax morale helps solve the tax compliance puzzle, namely explaining the high level of tax compliance in many countries with very low levels of prevention. (Torgler and Friedrich, 2007).

Based on the above phenomenon, researchers are encouraged to conduct empirical research studies on the impact of various tax cases on tax morale and tax compliance . In this research, MSMEs are used as research objects to understand the tax morale of taxpayers, namely micro, small and medium entrepreneurs. When MSMEs have income above Non-Taxable Income (PTKP), then they must be registered as taxpayers.

Theoretical review

Attribution theory was first introduced by Fritz Heider in 1958 and then further developed by Harold Kelley in Nugraheni 2015. Attribution is a process of forming an impression by observing social behavior based on situational or personal factors. Attribution occurs because of the natural tendency of human scientists to explain everything, including what is behind other people's behavior. However, this tendency does not necessarily originate from outside the person concerned, for example due to the circumstances of the surrounding environment (external). However, it can also originate from within the person under the control of his consciousness (internal).

Attribution theory positions a person as an amateur psychologist who tries to understand the causes of something happening, so this theory tries to find what could cause what or what drives who to do what (Sarwono, 2004: 94). Attribution theory is relevant to use in this research because it is able to explain what factors influence increased taxpayer compliance. Perceptions from oneself and the impression formed from the surrounding environment on the tax agency will certainly influence personal assessment of the tax itself. Then this impression will be realized by someone through their actions, whether they obey or not.

Theory of Planned Behavior

Theory of Planned Behavior (TPB). *The theory of planned behavior* explains that behavior caused by individuals arises because of the intention to behave. Mustikasari (2007) stated that the emergence of intentions to behave is determined by three factors. First, *Behavioral Beliefs* are individual beliefs regarding the results of a behavior and evaluation of the results obtained. Second, *Normative beliefs* are beliefs about other people's normative expectations and have high motivation to fulfill these expectations.

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Third, *Control beliefs* are beliefs about the existence of something that supports or hinders the action to be performed and the perception of how much something supports and hinders the action (*Perceived Power*).

The Theory of Planned Behavior (TPB) proposed by Ajzen (1991) explains the factors that influence a Taxpayer's tax compliance behavior from a psychological perspective. The TPB model states that intention can influence individual behavior to comply or not comply with tax regulations.

This theory is able to strengthen the attribution theory previously described above in explaining the research variables. The impression formed in an individual's mindset will influence the individual's intentions or beliefs before doing something. Confidence in the results he obtains from his behavior then has an impact on whether he will fulfill his tax obligations or not. Taxpayers who are aware of the importance of paying taxes for state administration will of course fulfill their tax obligations (behavioral beliefs). By fulfilling tax obligations, taxpayers want reciprocity or confidence about the fulfillment of normative expectations from other people and the surrounding environment which motivates them to continue to behave in tax compliance. By improving the quality of tax authorities' services, conducting tax outreach to increase public knowledge & understanding of taxation, strengthening the application of tax regulations, etc., it will motivate taxpayers' awareness to become compliant (*normative beliefs*). Meanwhile, tax sanctions are used as a control tool to what extent the taxpayer's perception of sanctions influences compliance (*control beliefs*).

Justice Theory

The theory of justice put forward by John Rawl (1971) views justice as fairness . If justice as fairness is used as a basic principle in implementing a policy, it will create the willingness of all members of society to accept and comply with existing provisions. Rawls's theory of justice focuses on how to distribute rights and obligations in a balanced manner in society, so that everyone has the opportunity to obtain benefits and bear the same burdens. The key to success in Rawls's formulation of justice can be achieved by having clear and impartial procedures. If a policy is implemented according to fair (impartial) procedures , good relations will be established between individuals and will also ensure that fair final results are obtained.

This theory is used to explain justice variables consisting of distributive justice, procedural justice and interactional justice in this research. The Director General of Taxes as the holder of the tax authority, if decisions or policies are made and the implementation of these policies is carried out in accordance with applicable procedures, then taxpayers will be able to accept & comply with them voluntarily. This can happen because the community as taxpayers feel that they are treated fairly by the government, good relations can be established between the two parties so that the reciprocity that the community can give is to comply with the policy voluntarily. This volunteerism can trigger awareness among taxpayers in increasing tax compliance which is expected to have an impact on increasing tax revenues.

Tax Morale

Since the beginning of the implementation of the tax system in the world, the main question that has always been sought for answers is what factors actually cause people to pay or not pay taxes in accordance with the provisions. There are two theories regarding this matter, namely economic and non-economic theories. Economic theory argues that taxpayers in fulfilling their tax obligations are based on economic calculations, namely how much benefit the taxpayer will get if the taxpayer implements tax regulations or decides not to comply with tax regulations. Empirically, this theory was first proven by Allingham and Sandmo (1972) who stated that the decision to comply or disobey is based on four variables, namely (1) income earned by the taxpayer, (2) tax rate, (3) possibility of being audited, and (4) the amount of the penalty. However, recently, the theory has begun to emerge that taxpayer compliance is not only based on profit and loss calculations as previously described. This is what then gave birth to a new theory which states that there are other factors, namely social and psychological factors.

Empirically, this is proven, among others, by Phillips (2011), who based on data from the Internal Revenue Service (IRS) in the United States (US), that although there is a certain amount of taxpayer income that cannot be tracked by the IRS, the taxpayer still report his income. This shows that there are factors within the Taxpayer himself which causes the Taxpayer to become compliant. This intrinsic factor in paying taxes is what was later referred to as tax morale by Torgler and Murphy (2004), or what was

previously referred to as tax mentality by Strumpel (1969). This study of tax morale is part of non-economic understanding as mentioned previously, or also known as 'fiscal psychology'. Researchers have conducted a lot of research to find out what factors other than economic factors determine taxpayer compliance, including the demographic status of taxpayers (gender, age, education level), socio-economic factors, and the level of trust in government.

Tax Morale Score

Since empirical data *on tax morale* is inadequate (Torgler and Murphy, 2004), what is used as a benchmark *for tax morale* is usually data from *the World Values Survey* (WVS). WVS is a survey conducted by an institution also called *the World Values Survey* by submitting a number of questions regarding the values held in a uniform format, in many countries, and conducted periodically so that the results can be compared between countries and across time. One of the questions asked was regarding taxation, namely 'If you had the opportunity, would you avoid this obligation?'. From these questions, multiple choice alternatives are provided on a scale ranging from 'strongly agree' to 'strongly disagree' with ten levels. From the answer to this question, it can be seen that a country's *tax morale* can then be compared relatively with other countries or in that country at different times.

Factors That Influence Tax Morale

Tax morale was quite comprehensively investigated by Torgler (2007) by relating it to the level of religious observance, state form (democracy and federalism), culture (the cases of West Germany and East Germany), and additional investigations of tax morale *in Latin America*. Torgler used data obtained from the WVS, Latinobarometro (WVS-like research in Latin American countries), and the *International Social Survey Program* (ISSP) (WVS-like research in European countries). Through elaboration with previous research, Torgler argues that the level of *tax morale* is determined by socio-demographic and socio-economic factors. Socio-demographic factors include age, gender, education level, marital status, and employment. Meanwhile, socio-economic factors include the economic situation, level of religious observance, trust in government institutions, national pride, form of country, deterrent effect, perception, tax system and tax administration.

Data from WVS has also been used by Alm and Torgler (2004) in comparing tax compliance in the US and Europe. Initially, comparisons were only made against the US and Spain, which in the research results showed that tax morale in the US was higher than in Spain. The research was then expanded to cover fourteen European countries, and the calculation results showed that tax morale in the US was higher than all the countries in the study, followed by Austria and Switzerland. Research also shows that there is a strong correlation between the size of a country's informal economy and *tax morale* in that country.

A comparison of tax morale was also carried out by Tekeli (2011) on two Organization for Economic Co-operation and Development (OECD) countries, namely Japan and Turkey using data from WVS. This research shows that Japan's tax morale is higher than Turkey's and there is a positive correlation between tax morale and pride in a country and the level of religiosity, but a negative correlation with pro-democracy attitudes. Tax morale does not correlate with political alliance tendencies and citizen joy. Compliance costs are negatively correlated with tax morale. Tax morale is not correlated with gender and education level, but is positively correlated with age.

Regarding the question of whether tax morale really influences compliance with tax obligations, Halla (2012) claims that he was the first to find a causal relationship between tax morale and tax compliance. Through data analysis of 64 countries with aspects including tax morale data based on WVS and informal economic data (underground productivity), Halla concluded that tax morale influences tax compliance, this proves that the higher the tax morale, the smaller the informal economy in a country. Other tax morale investigations are mainly carried out on developing countries where tax revenues have not yet reached the desired level. These researches were conducted in Africa (D'Arcy, 2011; Levi and Sacks, 2009), Latin America (Daude and Melguizo, 2010; Gaviria et al., 2007; Torgler, 2005), Eastern Europe (Hug and Sporri, 2011; Torgler, 2003), and Asia (Torgler, 2004).

The results of worldwide research compiled by the OECD (2013) show that tax morale is positively correlated with taxpayers who claim to be more obedient in carrying out religious orders, women, older people, those with a higher level of education, agreeing not to claim benefits they are not entitled to; negatively correlated with people who work part-time and have their own business (negative). When linked to institutions, higher tax morale is owned by taxpayers who believe that democracy is the best

system, trust the government, and believe in income redistribution. The OECD itself also bases its conclusions on the WVS and similar surveys, namely the Afrobarometer, Asiabarometer and Latinobarometro.

Although quite a lot of researchers use WVS as a reference for analyzing tax morale, there are some who use data other than WVS. Frey and Feld (2002), for example, analyze tax morale based on tax office policies in Switzerland. The data used comes from a survey conducted on regional tax offices in Switzerland regarding how they handle taxpayers who do not/have not complied. The survey empirically shows that taxpayers' tax morale decreases if the tax office uses a power approach in its interactions with taxpayers. On the other hand, if the tax office acts sympathetically, the taxpayer's tax morale will increase. Meanwhile, McKerchar et al. (2013) used a different method to examine the factors behind the tax morale of individual entrepreneur taxpayers in the US. Using audit data conducted by the IRS, of the 6 factors that theoretically have a correlation with tax morale, there are 3 factors that significantly influence tax morale, namely (1) taxable income and (2) increase in income as an indicator of tax fairness, and (3) tax credits for income taxes paid to state governments as an indicator of trust to government.

Meanwhile, three other factors have an influence less significant are (1) citizenship status and (2) social contributions as indicators of moral rules, and (3) presidential election campaign donations as indicators of trust in government. A criticism was made by Luttmer and Singhal (2014) regarding the use of WVS. According to them, the scores in the WVS need to be validated whether individual responses to tax non-payment behavior are actually reflected in their compliance behavior in real life. They admit that it will be very difficult to determine how compliant taxpayers in a country actually are. An alternative that can be done to measure tax morale is to compare economic motives for tax avoidance with actual compliance, and attribute the difference to tax morale. Apart from this problem, they then formulated that tax morale works in the taxpayer compliance mechanism through a set of basic motivations. These basic motivations are (1) intrinsic motivation, namely personal satisfaction such as a sense of pride if you are a compliant taxpayer or conversely a feeling of shame/guilt if you do not comply, (2) the reciprocal relationship between citizens and government, such as the willingness to pay taxes and the availability of public services, (3) the influence of friends and society, namely how the views of other parties (social environment) influence tax paying behavior, (4) long-term cultural factors, namely the values that have been embedded in an environment across generations, and (5) information imperfections, for example regarding audit probability. With the increasing number of researchers proposing various research results on factors that influence tax morale, Pope and McKerchar (2011) try to collect these research results and propose a diagram that illustrates the factors that influence tax compliance, both in terms of attitude (tax morale) and economical (opportunity to avoid taxes). According to him, from the compilation of research that has been carried out in the tax discipline, there are 6 factors that solely influence tax morale; 3 influencing factors, both attitudinal factors and economic factors; and 6 other different factors that each influence only attitudinal factors and economic factors. The six attitude factors are: norms, religious observance, education, attitudes towards the government, attitudes towards the surrounding community, and perceptions of legal justice. Meanwhile, the six economic factors are the size of the tax debt, the possibility of being audited/the amount of the penalty, the amount of compliance costs and the complexity of the tax legal system, economic obligations and commitments, the tax system, and the type of income. Finally, three factors that influence both attitudinal factors and economic factors are government and tax policies, tax knowledge and the role of consultants, and risk preferences.

Tax Compliance

Nurmantu (2005) explains that tax compliance is a situation where taxpayers fulfill and carry out all their tax obligations and rights. The burden borne by taxpayers to carry out their tax rights and obligations is known as the concept called *cost of taxation*. There are two types of compliance, namely formal compliance and material compliance. Formal compliance is a situation where taxpayers fulfill their tax obligations formally in accordance with the formal provisions in the tax law. Material compliance is a situation where taxpayers substantively fulfill all material tax provisions, namely in accordance with the letter and spirit of tax law. A tax collection system must take into account the amount of tax revenue and collection costs in order to successfully fulfill the principle of *revenue productivity*. Vogel (quoted by Togler 2003) explains that there are four types of taxpayers, namely:

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- a. *Social Taxpayer* , namely someone who fulfills his tax obligations is influenced by social norms, feelings of guilt and shame and reacts sensitively to other people's beliefs.
- b. *Intrinsic Taxpayer* , namely someone who feels they have an obligation to comply with the rules without being forced from outside and is sensitive to institutional facts.
- c. *Honest Taxpayer* , that is, someone does not look for ways to cheat on taxes while others act otherwise.
- d. *Tax Evader* , namely a person reacts to changes in relative prices due to penalties or a higher audit probability so that they act in line with standard economic rational choice theory by comparing the expected value of avoiding taxes or being honest.

Micro, Small and Medium Enterprises (MSMEs)

MSMEs generally have different meanings according to each opinion as follows :

- a. Micro Business is a productive business owned by an individual and/or individual business entity that meets the Micro Business criteria as regulated in this Law.
- b. Small businesses are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part, either directly or indirectly, of medium or large businesses that meet the business criteria. Small as intended in this Law.
- c. Medium Enterprises are productive economic enterprises that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part either directly or indirectly with Small Businesses or Large Businesses with total net assets or annual sales proceeds as regulated in this Law.

Goals of MSMEs

Goals of empowering Micro, Small and Medium Enterprises:

1. Realizing a balanced, developed and just national economic structure;
2. Growing and developing the capabilities of Micro, Small and Medium Enterprises to become strong and independent businesses; And
3. Increasing the role of Micro, Small and Medium Enterprises in regional development, job creation, income distribution, economic growth and alleviating people from poverty.

MSME criteria

1. Micro Business Criteria are as follows:
Have a net worth of a maximum of IDR 50,000,000.00 (fifty million rupiah) excluding land and buildings for business premises; or Have annual sales of a maximum of IDR 300,000,000.00 (three hundred million rupiah).
2. Small Business Criteria are as follows:
Have a net worth of more than IDR 50,000,000.00 (fifty million rupiah) up to a maximum of IDR 500,000,000.00 (five hundred million rupiah) excluding land and buildings of business premises; or
3. Have annual sales results of more than IDR 300,000,000.00 (three hundred million rupiah) up to a maximum of IDR 2,500,000,000.00 (two billion five hundred million rupiah).
4. Medium Business Criteria are as follows:
Have a net worth of more than IDR 500,000,000.00 (five hundred million rupiah) up to a maximum of IDR 10,000,000,000.00 (ten billion rupiah) excluding land and buildings for business premises; or Have annual sales of more than IDR 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of IDR 50,000,000,000.00 (fifty billion rupiah)

2. METHOD

The population in this research is Taxpayers who are registered at KPP Pratama North Makassar and have businesses in the MSME sector in Tamalanrea District, totaling 800 MSMEs. Registered taxpayers are characterized by ownership of a Taxpayer Identification Number (NPWP). This research uses research objects, namely MSMEs. The sample is part of the population that is the actual data source for a study. The sample taken must be truly representative or able to represent the technique used in sampling, namely the sampling technique.

Sampling techniques are basically grouped into 2 (two) types, namely probability sampling and non-probability sampling . Probability sampling is a sampling technique that provides an equal opportunity or opportunity for members of the population to be selected as members of the sample, while non-probability sampling is a sampling technique that does not provide an equal opportunity for members of the population to be selected as members of the sample.

This quantitative research uses a non-probability sampling technique with a purposive sampling method, namely that the sample is selected using certain considerations (Sugiyono, 2010:218). The criteria set for obtaining samples are Micro, Small and Medium Enterprises who are registered as taxpayers and have a registered NPWP.

3. RESULTS AND DISCUSSION

This research was conducted on all MSME actors in Tamalanrea District in Makassar. Data for this research was obtained using a questionnaire distributed directly to respondents among MSMEs in Makassar

Table 2. Distribution and Return of Questionnaires

Number of questionnaires distributed	89
Number of unreturned questionnaires	39
Number of Questionnaires that cannot be processed	0
Number of questionnaires that can be processed	50

Source: Processed Primary Data, 2019

The respondents in this research were MSMEs in Tamalanrea District in Makassar. The following is a description of the respondent's identity consisting of gender, age, education level, income, religion and ethnicity

Table 3. Gender of Respondents

No	Gender	Amount	Percentage
1	Man	28	56%
2	Woman	22	44%
	Amount	50	100%

Source: processed data, 2019

50 respondents who are MSME actors from Tamalanrea District in Makassar consisting of 28 respondents or 56% are male, while 22 respondents or 44% are female.

Table 4. Respondents' Educational Level

No	Level of education	Amount	Percentage
1	Not finished	1	2%
2	elementary school	0	0%
3	JUNIOR HIGH SCHOOL	3	6%
4	SENIOR HIGH SCHOOL	36	72%
5	Bachelor	10	20%
	Amount	50	100%

Source: processed primary data, 2019

Table 5. Age of Respondents

No	Respondent's Age	Amount	Percentage
1	>20 Years	2	4%
2	20 – 30 Years	32	64%
3	30 – 40 Years	11	22%
4	>40	5	10%
	Amount	50	100%

Source: processed primary data, 2019

Descriptive Analysis Test Results

The variables used in this research are *tax morale* (X), demographics (Z) and taxpayer compliance (Y). The variables will be tested with descriptive statistics.

Table 6. Descriptive Statistical Analysis

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Y	50	2.83	4.83	3.9042	.48842
X	50	3.11	4.78	3.9780	.41751
Z	50	1.00	5.00	3,1600	1.09470
Valid N (listwise)	50				

Source: Processed primary data, 2019

Data Quality Test Results

1. Validity Test Results

Table 7. Validity Test Results

Statement Item Table	Pearson Correlation	Sig (2-Tailed)	Information	
<i>Tax Morale</i>	X_1	0.584**	0.300	VALID
	X_2	0.596**	0.300	VALID
	X_3	0.716**	0.300	VALID
	X_4	0.744**	0.300	VALID
	X_5	0.657**	0.300	VALID
	X_6	0.487**	0.300	VALID
Taxpayer Compliance	X_7	0.697**	0.300	VALID
	X_8	0.716**	0.300	VALID
	X_9	0.587**	0.300	VALID
	Y_1	0.670**	0.300	VALID
	Y_2	0.379**	0.300	VALID
	Y_3	0.632**	0.300	VALID
	Y_4	0.790**	0.300	VALID
	Y_5	0.709**	0.300	VALID
	Y_6	0.289**	0.300	VALID

Source: processed primary data, 2019

Table 8. Reliability Test Results

Variable	Cronbach's Alpha	Cronbach's Alpha	Information
Tax Morale (X)	0.822	0.6	Reliable
Taxpayer Compliance (Y)	0.614	0.6	Reliable

Source: Processed Primary Data, 2019

Multicollinearity Test Results

Table 9. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
TM (X)	.932	1.073
KWP (XZ)	.932	1.073

Source: Processed primary data, 2019

Table 10. Moderation Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.754	.606		2.897	.006		
X	.535	.157	.458	3.414	.001	.932	1.073
XZ	.002	.014	.015	.114	.909	.932	1.073

Source: Processed primary data, 2019

Coefficient of Determination Test (R²)

Table 11. Coefficient of Determination Test Results (R²)

Model	Model Summary ^b			
	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 ^a	.213	.180	.44236

Source: Processed primary data, 2019

Simultaneous Significant Test (Statistical test)

Table 12. Simultaneous Significant Test Results (F Statistical Test)

Model	ANOVA ^b				
	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2.492	2	1.246	6.368	.004 ^a
Residual	9.197	47	.196		
Total	11.689	49			

Sumber: Data primer yang diolah, 2019

Based on Table 6, it shows the results of descriptive statistics regarding the variables in this research, including:

1) Taxpayer Compliance (Y)

Based on table 6 above, the lowest value of the total score of respondents' answers for the taxpayer compliance variable is 2.83, the highest value is 4.83. The average value of the total score of respondents' answers for the variable is 3.9042. This means that if the total score of respondents' answers is greater than 3.9042, then this includes respondents who have high taxpayer compliance. If the total answer score is less than 3.9042, then this includes respondents who have low taxpayer compliance. The standard deviation is 0.48842, this means that there is a difference in the compliance of the taxpayers studied compared to the average value of 0.48842.

2) Tax Morale (X)

Based on table 6 above, the lowest value of the total score of respondents' answers for the *tax morale variable* is 3.11, the highest value is 4.78. The average value of the total score of respondents' answers for the *tax morale variable* is 3.9780, this means that if the total score of respondents' answers is greater than 3.9780 then this includes respondents who have high *tax morale*. If the total answer score is smaller than 3.9780 then it is included in the respondent who has low *tax morale*. The standard deviation is 0.41751, this means that there is a difference in the *tax morale* studied compared to the average value of 0.41751.

3) Demographics (Z)

Based on table 6 above, the lowest value of the total score of respondents' answers for demographic variables is 1.00, the highest value is 5.00. The average value of the total score of respondents' answers for the demographic variable is 3.1600, this means that if the total score of respondents' answers is greater than 3.1600 then they are included in respondents who have high demographics. If the total answer score is less than 3.1600 then it is included in the respondents who have low demographics. The standard deviation is 1.09470, this means that there is a difference in the ethics of the auditors studied compared to the average value of 1.09470.

Based on table 7, it is known that *Tax Morale* and Taxpayer Compliance have a significant value smaller than 0.05, so it can be concluded that all statement items in this research are valid. Table 8 shows that the *Tax Morale* and Taxpayer Compliance variables have a Cronbach's Alpha value greater than 0.6. This shows that the statement items in this research are reliable. So that each statement item used will be able to obtain consistent data and if the statement is submitted again an answer will be obtained that is relatively the same as the previous answer.

Classic Assumption Test Results

1) Normality Test Results

Based on the results of the normality test, the points spread around the diagonal line, and the direction of distribution follows the direction of the diagonal line. This shows that the regression model is suitable for use because it meets the normality assumption.

2) Multicollinearity Test Results

Based on Table 9, it shows that the tolerance value for each variable is greater than 10 percent (0.1), likewise the VIF value for each variable is smaller than 10. This means that the regression model is free from multicollinearity problems.

3) Heteroscedasticity Test Results

Based on the results of the heteroscedasticity test, the scatterplot graph shows that the data is distributed on the Y axis and does not form a clear pattern in the distribution of the data. This shows that there is no heteroscedasticity in the regression model, so the regression model is suitable to be used to predict taxpayer compliance with the influencing variables, namely *tax morale* and demographics as moderating variables.

Based on table 10 above, the results are as follows:

- a) *the Tax Morale (X)* value is constant, then the Taxpayer Compliance (Y) value is 1.754 or has a positive direction.
- b) *Tax Morale* interaction coefficient value of 0.535 shows a positive relationship, this means that the higher *the Tax Morale (X)*, the influence on Taxpayer Compliance (Y) increases.
- c) The interaction coefficient value of *Tax Morale (X)* with Demography (Z) is 0.002, indicating that the moderation effect provided is positive, this means that the higher the moderation of *Tax Morale (X)* with Demography (Z), the more Taxpayer Compliance (Y) increases.

Based on table 11, the results of the coefficient of determination test in the table show an R number of 0.462, which indicates that the relationship between Taxpayer Compliance and the independent variable is quite strong, because it is in the very strong definition with a figure above 0.4. Meanwhile, the R square value of 0.213 or 21.3% shows that the influence of the *Tax Morale variable* on Taxpayer Compliance is 0.213 or 21.3%, while the remaining 0.787 or 78.7% is influenced by other variables outside this research model.

Calculated F value is 6.368 with a significance of 0.004. Because the significance level is smaller than 0.05, it can be said that *tax morale* through demographics simultaneously (together) has an influence on taxpayer compliance. Because the probability is much smaller than the significant value of 0.05, the regression model can be used to predict the level of taxpayer compliance.

Individual Significance Test (T Statistical Test)

The partial test is used to see the effect of each independent variable on the dependent variable. Based on table 10, it can be seen that only *Tax Morale* has a positive and significant effect on individual Taxpayer Compliance. This can be seen from the probability value of 0.001 (below 0.05). Meanwhile, the interaction of *Tax Morale* (X) with Demography (Z) has a positive and insignificant effect on individual Taxpayer Compliance (Y). This can be seen from the probability value of (0.909) more than 0.05.

Testing the first hypothesis (H₁)

Table 10 shows that the *tax morale variable* has a t value of 3.414 and a significance value of 0.001 which is smaller than *the level of significance of 0.050*, indicating that the influence it has is positive and significant on the dependent variable. This shows H₁, namely that *tax morale* has a positive and significant effect on taxpayer compliance.

4. CONCLUSION

This research aims to determine the influence of tax morale in encouraging taxpayer compliance in Micro, Small and Medium Enterprises (MSMEs), in the city of Makassar. The respondents for this research were 50 MSME actors. Based on the data that has been collected and hypothesis testing with the moderated regression analysis equation that has been carried out, the conclusions of this research are as follows: Tax morale has a positive and significant effect on taxpayer compliance and shows that the first hypothesis (H1) is accepted. This states that the better the tax morale provided, the more taxpayer compliance will increase. Demography has a positive and insignificant effect on tax morale on taxpayer compliance and shows that the second hypothesis (H2) is not accepted. This states that the educational level indicator in demographics has no significant effect, so that demographic variables have no opportunity to influence taxpayer compliance.

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