

**THE INFLUENCE OF TAX INCENTIVES, TAX RATE CHANGES,  
AND THE NIK-NPWP CONSOLIDATION PROGRAM ON THE  
COMPLIANCE OF MSME TAXPAYERS**

(A Study on MSME Actors in BSD City Modern Market)

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**Abstract**

*Tax is an essential source of state revenue, but the level of tax compliance, especially in the Micro, Small, and Medium Enterprises (MSMEs) sector, is still relatively low. This study aims to evaluate the effect of tax incentives, changes in tax rates, and the NIK-NPWP matching program on MSME taxpayer compliance in the BSD City Modern Market. Using a quantitative approach, this study involved 90 respondents from a total population of 846 MSMEs, with an accidental sampling technique. Data were analyzed using multiple linear regression through the SPSS 29.0 for Windows program. The findings of the study indicate that tax incentives, changes in tax rates, and the NIK-NPWP matching program have a positive and significant effect on the level of MSME taxpayer compliance in the BSD City Modern Market.*

**Keywords:** Tax Incentives, Tax Rate Changes, NIK-NPWP Matching Program, MSME Taxpayer Compliance

## 1. INTRODUCTION

A country is a social entity with territorial boundaries, governed by effective political and administrative institutions, and has the sovereignty to determine its national goals (KBBI, 2023). In the context of Indonesia, the primary goals of establishing the Unitary State of the Republic of Indonesia are to protect the entire nation and territory of Indonesia, advance the general welfare, educate the nation's life, and participate in creating world order (Constitution of the Republic of Indonesia, 1945). To achieve these goals, synergy between the government and society is crucial. The government, as the authority, is responsible for running the administration effectively, crafting regulations that support economic growth, and overseeing and promoting development in various sectors. Meanwhile, societal support, including compliance with tax obligations, is also very important.

According to Law No. 28 of 2007, taxes are mandatory contributions to the state that must be paid by individuals or entities without direct compensation, used for the welfare of the people. As a mandatory contribution to the state, taxes play a vital role as a primary source of financing for the Indonesian government to carry out its functions. Data from the Central Statistic Agency (2024) shows that from 2018 to 2023, tax revenue contributed more than 77% of the total state revenue. In 2023, tax contributions to state revenue even reached 80.41%. This highlights that taxes are a significant component of the country's revenue structure.

Despite the clear importance of taxes for the government, the actual level of taxpayer compliance, especially in the Micro, Small, and Medium Enterprises (MSME)

sector, remains low (Hapsari & Kholis, 2020). MSME actors, who should have significant potential to contribute to state revenue through taxes (Kumaratih & Ispriyarso, 2020), often view taxes as a burden that reduces their income or net profit, leading them to pay as little tax as possible or even evade it (Pratama, 2023). This non-compliance is a serious issue affecting the effectiveness of the tax system. According to Kamalina (2023), the compliance ratio for submitting income tax returns has shown significant fluctuations from 2018 to 2022. Although there has been an improvement in compliance ratios in recent years, this increase has not met the government's targets.

MSMEs play a crucial role in the Indonesian economy, with a large number and significant contributions to employment and Gross Domestic Product (GDP) (Nabilah, 2023). However, tax contributions from MSMEs are relatively low compared to their potential (Fadilah et al., 2021). In 2019, final income tax contributions from MSMEs accounted for only about 1.1% of total income tax receipts, or 7.5 trillion out of 711.2 trillion (Catriana & Sukmana, 2021). Even in 2021, of the total 64.2 million MSMEs, only 3.11% had Taxpayer Identification Numbers (NPWP), and their contribution to national tax revenue was still very small (Hutagaol, 2024). The low tax revenue from MSMEs compared to their contribution to GDP indicates a problem with tax compliance in this sector (Andriani & Tarmidi, 2024).

Abdi Pradnyani et al. (2022) reveal that providing tax incentives can indirectly increase tax awareness among taxpayers, which in turn will impact tax compliance. On the other hand, Rahmadiane (2022) states that tax compliance will improve if the applicable tax rates are applied fairly and clearly in determining the tax base. Meanwhile, Ayuningtyas & Furqon (2023) argue that the NIK-NPWP integration policy can increase tax revenue by simplifying taxpayer identification and supervision, as well as reducing the likelihood of tax evasion, which in turn will improve tax compliance.

To address tax compliance issues, the government has implemented various policies. One of these is providing tax incentives, such as a 0.5% final Income Tax (PPH) rate for MSMEs and a 0% tax rate for MSMEs with turnover below IDR 500,000,000. Additionally, changes in tax rates and the NIK-NPWP Consolidation Program have been applied to improve compliance and tax administration efficiency. The NIK-NPWP consolidation program aims to simplify the tax identification system by integrating the Population Identification Number (NIK) with NPWP, making administration easier and improving compliance.

Despite the implementation of various policies, previous research shows mixed results regarding the impact of tax incentives, tax rate changes, and the NIK-NPWP consolidation program on taxpayer compliance. Some studies show positive effects of tax incentives and tax rate changes, while others find no significant impact. The NIK-NPWP consolidation program also shows varied results in improving compliance.

Therefore, it is important to conduct further research to evaluate the effectiveness of these policies, particularly from the perspective of MSME actors. This study will focus on MSME actors in the BSD City Modern Market as a case study of a market that frequently receives training to enhance the quality and capacity of MSMEs. By examining MSME actors' perceptions of tax policies, this research aims to identify factors influencing tax compliance and provide recommendations to increase tax revenue from the MSME sector.

This study aims to evaluate the effect of tax incentives, changes in tax rates, and the NIK-NPWP matching program on MSME taxpayer compliance in the BSD City Modern Market. This research is expected to provide significant contributions to understanding the effectiveness of tax policies in improving tax compliance in the MSME sector.

## **2. LITERATURE REVIEW**

### **2.1. Attribution Theory**

Attribution theory is an approach in social psychology that explains how individuals interpret and ascribe meaning to the causes of their own and others' behaviors. Fritz Heider (1958), in his work "The Psychology of Interpersonal Relations," introduced the basic concept of attribution, focusing on how individuals explain behaviors. Heider distinguished between internal attribution (causes originating from within the individual, such as disposition and personality) and external attribution (causes arising from the environment, situations, and luck). Maretaniandini et al. (2023) explain that in the context of tax compliance, internal attribution involves psychological factors of taxpayers in fulfilling their tax obligations, while external attribution involves external factors such as government policies and environmental conditions.

### **2.2. Micro, Small, and Medium Enterprises (MSMEs)**

Micro, Small, and Medium Enterprises (MSMEs) are business categories defined based on asset size and annual turnover. MSMEs play a significant role in the economy due to their contributions to job creation, innovation, and local economic development. According to Government Regulation No. 7 of 2021, MSMEs are classified based on asset and turnover criteria. The definitions and criteria for each MSME category according to this regulation are displayed in the table below.

**Table 1. MSME Criteria**

<b>Category</b>	<b>Asset</b>	<b>Annual Turnover</b>
Micro Business	≤ IDR 1 billion	≤ IDR 2 billion
Small Business	IDR 1 billion < x ≤ IDR 5 billion	IDR 2 billion < x ≤ IDR 15 billion
Medium Business	IDR 5 billion < x ≤ IDR 10 billion	IDR 15 billion < x ≤ IDR 50 billion

### **2.3. Tax Incentives**

Tax incentives aim to reduce the tax burden on MSMEs and provide stimulus for taxpayers to meet their tax obligations. With these incentives, it is expected to not only increase government revenue from the tax sector but also stimulate overall economic growth. According to Government Regulation No. 55 of 2022, tax incentives for MSMEs include a final Income Tax (PPh) rate of 0.5% with varying periods: individual taxpayers can use this rate for up to 7 tax years, while corporate taxpayers have varying periods—4 tax years for cooperatives, limited partnerships, firms, village-owned enterprises, or sole proprietorships, and 3 tax years for limited companies. Additionally, taxpayers with turnover below IDR 500,000,000 are exempt from final PPh, while corporate taxpayers

with turnover less than or equal to IDR 50,000,000,000 receive a 50% reduction in corporate income tax rate.

According to Indreswara (2024), tax incentives for MSMEs positively impact several aspects: first, they support economic empowerment by enhancing MSME development, creating new jobs, and reducing unemployment. Second, the flexibility in tax rate application allows MSMEs to manage their tax obligations better, supporting sustainable business growth. Third, the option of a 0.5% final PPh rate or normal calculation provides tax certainty and business planning flexibility, with additional tax relief for small MSMEs.

#### **2.4. Tax Rate Changes**

Tax rates are the percentages set by the government to determine the amount of tax a taxpayer must pay. According to Waluyo (2011), tax rates come in four types: proportional rates with a fixed percentage (e.g., VAT 11%), progressive rates that increase with the tax base (e.g., Article 17 Income Tax), degressive rates with smaller percentage increases, and fixed rates that do not change (e.g., stamp duty). This study highlights changes in progressive tax rates regulated by Law No. 7 of 2021. The latest rates for individual taxpayers are 5% for income up to IDR 60,000,000, 15% for income between IDR 60,000,000 and IDR 250,000,000, 25% for income between IDR 250,000,000 and IDR 500,000,000, 30% for income between IDR 500,000,000 and IDR 5,000,000,000, and 35% for income above IDR 5,000,000,000. Additionally, the income tax rate for domestic corporate taxpayers is set at 22%.

#### **2.5. NIK-NPWP Integration Program**

The integration of NIK as NPWP aims to simplify administration by merging population and tax data into a Single Identification Number (SIN), which will ease supervision, enhance taxpayer compliance, and reduce administrative complexity (Fitriya, 2024). The NIK-NPWP integration is regulated under Article 2, paragraph 1a of Law No. 7 of 2021, as well as its derivative regulations, such as Presidential Regulation No. 83 of 2021 and Minister of Finance Regulation No. 136 of 2023. Its implementation includes using NIK as NPWP for resident individual taxpayers, a 16-digit NPWP format for non-resident individual taxpayers, entities, and government agencies, and a Business Activity Identification Number (NITKU) for branch taxpayers.

#### **2.6. Taxpayer Compliance**

According to the Great Dictionary of the Indonesian Language, the term “compliance” means to obey or adhere to orders and rules (KBBI, 2023). In the context of taxation, “taxpayer” refers to individuals or entities with tax rights and obligations (DJP, 2022). Thus, taxpayer compliance is defined as the attitude of taxpayers adhering to the prevailing tax regulations. According to Minister of Finance Regulation No. 192/PMK.03/2007 a taxpayer is considered compliant if they submit their tax returns on time, are free from tax arrears (unless approved for installment or deferral), have audited financial statements with an Unqualified Opinion for three consecutive years, and have not been convicted of tax crimes in the past five years. Cahyonowati (2012) in Maretianiandini et al. (2023) defines tax compliance as consisting of two types: formal tax compliance, which involves adherence to procedural and administrative tax requirements

such as reporting and payment deadlines, and material tax compliance, which involves fulfilling substantive requirements such as registration, accurate tax return reporting, and payment of tax liabilities.

### **2.7. Conceptual Framework**

Tax incentives are facilities provided by the government to ease the tax burden and support MSME growth, such as lower tax rates or tax exemptions. These incentives can affect taxpayer compliance through internal attribution, where taxpayers perceive incentives as government support reducing their burden, thereby increasing motivation and compliance. Conversely, external attribution makes taxpayers view incentives as the government's way of mitigating the economic impact of taxes, which can strengthen positive perceptions of the tax system and enhance compliance. Tax rate changes involve adjusting the tax percentages imposed on taxpayers, either through progressive rates based on income or adjustments for economic conditions. Their impact on taxpayer compliance may be influenced by internal attribution, where changes perceived as fair and aligned with taxpayers' capabilities make them feel more responsible and likely to comply. Conversely, external attribution may also have a positive impact if taxpayers view rate changes as part of the government's efforts to respond to economic needs and improve the tax system fairly, which can enhance perceptions of tax policies and encourage compliance by seeing rates as fairer or more responsive to their conditions. The NIK-NPWP integration program aims to simplify tax administration by integrating NIK as NPWP, reducing complexity, and improving data accuracy. Its impact on compliance can be positive through internal attribution, where taxpayers see integration as a government effort to ease tax obligations, thus increasing compliance. Through external attribution, if taxpayers view integration as a system improvement and better control, they may feel more confident in fulfilling their tax obligations, supporting increased compliance.

### **2.8. Hypothesis**

This section details the proposed hypotheses that will lead the research. The hypotheses analyze how different factors may impact MSME taxpayer compliance, including tax incentives, adjustments in tax rates, and the implementation of the NIK-NPWP program.

H1: Tax incentives affect MSME taxpayer compliance.

H2: Tax rate changes affect MSME taxpayer compliance.

H3: The NIK-NPWP integration program affects MSME taxpayer compliance.

## **3. RESEARCH METHODS**

This research is a causal quantitative study aimed at analyzing the influence of tax incentives, changes in tax rates, and the NIK-NPWP (National Identity Number - Taxpayer Identification Number) reconciliation program on taxpayer compliance. The research method used is a survey with a questionnaire designed to measure taxpayer perceptions of these three variables. The research population consists of 846 MSME's taxpayers in Pasar Modern BSD City. A sample of 90 respondents was selected using the

Slovin formula. The sampling technique used was accidental sampling. The questionnaire was tested for validity and reliability before being distributed to respondents both directly and online. The collected data will be analyzed using SPSS version 29 with descriptive analysis techniques, validity and reliability tests, multiple regression, and hypothesis testing to measure the impact of each variable on taxpayer compliance.

## 4. RESULTS AND DISCUSSION

### 4.1. Research Results

#### 4.1.1. Descriptive Statistics

**Table 2. Descriptive Statistics Test Results**

Descriptive Statistics					
Variable	N	Minimum	Maximum	Mean	Std. Deviation
Tax Incentives (X1)	90	10	25	19,13	3,346
Changes in Tax Rates (X2)	90	8	25	18,96	3,886
NIK-NPWP Reconciliation Program (X3)	90	8	25	19,73	3,988
MSME Taxpayer Compliance (Y)	90	8	30	24,38	5,329
Valid N (listwise)	90				

The results of the descriptive statistics test show the characteristics of the four variables studied based on 90 respondents: Tax Incentives (X1), Changes in Tax Rates (X2), NIK-NPWP Reconciliation Program (X3), and MSME Taxpayer Compliance (Y). Tax Incentives (X1) has a mean of 19.13 with a standard deviation of 3.346, indicating a positive view but with moderate variation. Changes in Tax Rates (X2) have a mean of 18.96 and a standard deviation of 3.886, reflecting diverse views with slightly greater variation. The NIK-NPWP Reconciliation Program (X3) has the highest mean of 19.73 and a standard deviation of 3.988, showing a very positive view with considerable variation. MSME Taxpayer Compliance (Y) shows a mean of 24.38 and a standard deviation of 5.329, indicating a high level of compliance but with significant variation. Although perceptions of tax incentives, changes in tax rates, and the NIK-NPWP reconciliation program are generally positive, there are individual differences affecting the level of MSME tax compliance.

#### 4.1.2. Validity and Reliability Tests

##### a. Validity Test

**Table 3. Validity Test Results**

Correlations				
Statement Item	r statistic	r table	Sig. (2-tailed)	Description
X1.1	0,727	0,2072	< 0,001	Valid
X1.2	0,759	0,2072	< 0,001	Valid

X1.3	0,837	0,2072	< 0,001	Valid
X1.4	0,769	0,2072	< 0,001	Valid
X1.5	0,741	0,2072	< 0,001	Valid
X2.1	0,790	0,2072	< 0,001	Valid
X2.2	0,782	0,2072	< 0,001	Valid
X2.3	0,818	0,2072	< 0,001	Valid
X2.4	0,823	0,2072	< 0,001	Valid
X2.5	0,814	0,2072	< 0,001	Valid
X3.1	0,916	0,2072	< 0,001	Valid
X3.2	0,857	0,2072	< 0,001	Valid
X3.3	0,837	0,2072	< 0,001	Valid
X3.4	0,794	0,2072	< 0,001	Valid
X3.5	0,875	0,2072	< 0,001	Valid
Y.1	0,893	0,2072	< 0,001	Valid
Y.2	0,833	0,2072	< 0,001	Valid
Y.3	0,877	0,2072	< 0,001	Valid
Y.4	0,867	0,2072	< 0,001	Valid
Y.5	0,855	0,2072	< 0,001	Valid
Y.6	0,822	0,2072	< 0,001	Valid

The validity test results show that all statement items for the variables Tax Incentives (X1), Changes in Tax Rates (X2), NIK-NPWP Reconciliation Program (X3), and MSME Taxpayer Compliance (Y) have correlation coefficients far exceeding the R Table value and significance values less than 0.001. This indicates that all these items are valid and consistent in measuring the constructs of each variable. In other words, the instruments used to measure these four variables are reliable and accurate for the study.

b. Reliability Test

**Table 4. Reliability Test Result**

<b>Reliability Statistics</b>				
Variable	Cronbach's Alpha	N of Items	Criteria	Description
Tax Incentives (X1)	0,824	5	0,7	Reliable
Changes in Tax Rates (X2)	0,865	5	0,7	Reliable
NIK-NPWP Reconciliation Program (X3)	0,909	5	0,7	Reliable
MSME Taxpayer Compliance (Y)	0,927	6	0,7	Reliable

The reliability test results show Cronbach's Alpha values for each variable: 0.824 for Tax Incentives, 0.865 for Changes in Tax Rates, 0.909 for NIK-NPWP Reconciliation Program, and 0.927 for MSME Taxpayer Compliance. All these Cronbach's Alpha values exceed the minimum threshold of 0.7, indicating that the measurement instruments used have a very high level of reliability, with high consistency in measuring the intended variables. Therefore, these instruments can be relied upon for measuring the aspects intended in this research.

#### 4.1.3. Classical Assumption Test

##### a. Normality Test

**Table 5. Normality Test Results**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		90
Normal Parameters <sup>a,b</sup>	Mean	0,0000000
	Std. Deviation	3,72988835
Most Extreme Differences	Absolute	0,063
	Positive	0,063
	Negative	-0,045
Test Statistic		0,063
Asymp. Sig. (2-tailed) <sup>c</sup>		,200 <sup>d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

The Kolmogorov-Smirnov test reveals a p-value of 0.200, indicating that the residuals conform to a normal distribution. The test statistic of 0.063 also indicates a small deviation from the expected normal distribution. The Lilliefors Correction further confirms that there are no significant differences in the residual distribution, supporting the conclusion that the residuals follow a normal distribution effectively.

##### b. Multicollinearity Test

**Table 6. Multicollinearity Test Results**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Tax Incentives	0,478	2,091
	Changes in Tax Rates	0,358	2,791
	NIK-NPWP Reconciliation Program	0,436	2,295

a. Dependent Variable: Compliance of MSME Taxpayers

The results of the multicollinearity test in the table above show the Tolerance and Variance Inflation Factor (VIF) values for three independent variables: Tax Incentives, Changes in Tax Rates, and the NIK-NPWP Synchronization Program, with MSME Taxpayer Compliance as the dependent variable. The Tolerance values for each variable are 0.478 for Tax Incentives, 0.358 for Changes in Tax Rates, and 0.436 for the NIK-NPWP Synchronization Program. All these Tolerance values are well above the minimum threshold of 0.10, indicating that there are no serious issues with multicollinearity among the independent variables.

For VIF, the values are 2.091 for Tax Incentives, 2.791 for Changes in Tax Rates, and 2.295 for the NIK-NPWP Synchronization Program. All these VIF values are below the maximum threshold of 10, indicating that there are no significant multicollinearity issues in the regression model. Therefore, the results of the multicollinearity test show that the collinearity among the independent variables in this model is within acceptable limits and will not seriously affect the reliability of the regression analysis results.

c. Heteroscedasticity Test

**Table 7. Glejser Test Results**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,862	1,373		4,998	< 0,001
	Tax Incentives	0,016	0,098	0,024	0,163	0,871
	Changes in Tax Rates	-0,171	0,097	-0,297	-1,758	0,082
	NIK-NPWP Reconciliation Program	-0,049	0,086	-0,087	-0,567	0,572
a. Dependent Variable: ABS_RES						

The results of the Glejser test show that the Tax Incentive variable has a significance value of 0.871, the Tax Rate Change variable has a significance value of 0.082, and the NIK-NPWP Matching Program variable has a significance value of 0.572. All of these significance values exceed the set threshold of 0.05.

Specifically, the high significance values for the Tax Incentive variable (0.871) and the NIK-NPWP Matching Program variable (0.572) indicate that these variables do not cause heteroskedasticity in the regression model. For the Tax Rate Change variable, although its significance value is 0.082, which is slightly closer to the threshold, it still remains above 0.05. This suggests that this variable also does not show significant signs of heteroskedasticity.

Thus, the overall analysis indicates that the regression model used in this study is free from heteroskedasticity issues, making it reliable for generating valid and consistent estimates.

#### 4.1.4. Multiple Linear Regression Analysis

**Table 8. Multiple Regression Test Results**

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,178	2,443		0,892	0,375
	Tax Incentives	0,450	0,174	0,283	2,589	0,011
	Changes in Tax Rates	0,379	0,173	0,276	2,192	0,031
	NIK-NPWP Reconciliation Program	0,325	0,153	0,243	2,125	0,036

a. Dependent Variable: Compliance of MSME Taxpayers

Based on the results of the multiple regression test, the regression equation can be formulated and explained as follows:

$$Y = 2,178 + 0,450X_1 + 0,379X_2 + 0,325X_3 + \varepsilon$$

The constant ( $\alpha$ ) is positive at 2.178. This value indicates that if the independent variables—Tax Incentive ( $X_1$ ), Tax Rate Change ( $X_2$ ), and NIK-NPWP Matching Program ( $X_3$ )—are held constant or at zero, the dependent variable MSME Taxpayer Compliance ( $Y$ ) would have a value of 2.178.

The Tax Incentive coefficient is positive, suggesting that for each one-unit increase in Tax Incentive, MSME taxpayer compliance is expected to increase by 0.450 units, assuming other variables remain constant. The significance value of less than 0.05 indicates that this relationship is statistically significant, meaning Tax Incentive has a significant positive impact on MSME taxpayer compliance.

The Tax Rate Change coefficient is also positive, indicating that each one-unit increase in Tax Rate Change is expected to increase MSME taxpayer compliance by 0.379 units, with other variables held constant. The significance value of less than 0.05 suggests that this effect is statistically significant, indicating that Tax Rate Change positively and significantly contributes to MSME taxpayer compliance.

The NIK-NPWP Matching Program coefficient is positive as well, showing that each one-unit increase in the NIK-NPWP Matching Program is expected to increase MSME taxpayer compliance by 0.325 units, assuming other variables are constant. The significance value of less than 0.05 indicates that the NIK-NPWP Matching Program has a significant positive effect on compliance.

The analysis of the multiple regression model indicates that all tested independent variables—Tax Incentive, Tax Rate Change, and NIK-NPWP Matching Program—have a significant positive effect on MSME Taxpayer Compliance. Each independent variable makes a meaningful contribution to improving compliance levels, suggesting that policies or programs related to these variables could enhance MSME taxpayer compliance overall. The significance values less than 0.05 for each variable provide a strong basis for designing policies or interventions focused on these variables, as significant effects suggest that steps taken to improve these aspects are likely to be effective in increasing tax compliance among MSME.

#### 4.1.5. Hypothesis Test

##### a. Determination Coefficient Test ( $R^2$ )

**Table 9. Determination Coefficient Test Results**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,714 <sup>a</sup>	0,510	0,493	3,794
a. Predictors: (Constant), NIK-NPWP Reconciliation Program, Tax Incentives, Changes in Tax Rates				
b. Dependent Variable: Compliance of MSME Taxpayers				

Based on the results of the determination coefficient test, the Adjusted R Square value of 0.493 indicates that approximately 49.3% of the variation in MSME taxpayer compliance can be explained by the three independent variables studied: Tax Incentive, Tax Rate Change, and NIK-NPWP Matching Program. This means the model used in this study explains nearly half of the factors affecting MSME taxpayer compliance. However, the remaining 51.7% of the variation in MSME taxpayer compliance is influenced by other factors not included in this study.

##### b. Simultaneous Significance Test (F-Test)

**Table 10. F-Test Results**

ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1288,982	3	429,661	29,843	<,001 <sup>b</sup>
	Residual	1238,174	86	14,397		
	Total	2527,156	89			
a. Dependent Variable: Compliance of MSME Taxpayers						
b. Predictors: (Constant), NIK-NPWP Reconciliation Program, Tax Incentives, Changes in Tax Rates						

Based on the ANOVA table above, the F-statistic is 29.843 with a significance level of  $<0.001$ . This F-statistic is much larger than the F-table value set at 2.710 for this study. Additionally, the significance value less than 0.05 supports that the regression model significantly affects the MSME Taxpayer Compliance variable.

With the F-statistic larger than the F-table and the significance value smaller than 0.05, it can be concluded that the regression model used is significant in explaining variability in MSME Taxpayer Compliance. Therefore, the alternative hypothesis ( $H_a$ ) is accepted, meaning that the independent variables (Tax Incentive, Tax Rate Change, and NIK-NPWP Matching Program) collectively have a significant impact on MSME Taxpayer Compliance.

c. Individual Significance Test (T-Test)

**Table 11. T-Test Results**

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,178	2,443		0,892	0,375
	Tax Incentives	0,450	0,174	0,283	2,589	0,011
	Changes in Tax Rates	0,379	0,173	0,276	2,192	0,031
	NIK-NPWP Reconciliation Program	0,325	0,153	0,243	2,125	0,036

a. Dependent Variable: Compliance of MSME Taxpayers

Based on the data analysis results, it can be concluded that each independent variable has a significant effect on MSME Taxpayer Compliance. Firstly, Tax Incentive has been found to significantly contribute to MSME Taxpayer Compliance, as indicated by a t-value of 2.589, which is higher than the t-table value of 1.987, and a significance value of 0.011, which is below the 0.05 threshold. This indicates that the alternative hypothesis ( $H_a$ ) is accepted, meaning that Tax Incentive has a significant positive effect on increasing MSME taxpayer compliance.

Secondly, Tax Rate Change also shows a significant effect on MSME Taxpayer Compliance. The t-value of 2.192 exceeds the t-table value of 1.987, and the significance value of 0.031 is less than 0.05, supporting the acceptance of the alternative hypothesis ( $H_a$ ). This indicates that Tax Rate Change has a significant impact on MSME taxpayer compliance.

Lastly, the NIK-NPWP Matching Program shows a significant effect on MSME Taxpayer Compliance. The t-value of 2.125 is greater than the t-table value of 1.987, and the significance value of 0.036 is less than 0.05, leading to the acceptance of the

alternative hypothesis ( $H_a$ ). This indicates that the NIK-NPWP Matching Program significantly influences the improvement of MSME taxpayer compliance.

Overall, this analysis shows that the three independent variables—Tax Incentive, Tax Rate Change, and NIK-NPWP Matching Program—have a significant effect on MSME Taxpayer Compliance, with each variable positively contributing to the increase in compliance.

## **4.2. Discussion**

### **4.2.1. The Effect of Tax Incentives on MSME Taxpayer Compliance**

The study results show that Hypothesis 1 is accepted, meaning that the tax incentive variable has a positive and significant effect on MSME taxpayer compliance. This finding suggests that an increase in tax incentives will lead to an increase in taxpayer compliance. Conversely, a decrease in tax incentives will also lead to a decrease in MSME taxpayer compliance.

Providing tax benefits or relief in the form of tax incentives for MSME taxpayers has a positive impact on improving MSME taxpayer compliance. Tax incentive policies not only provide tax stimuli to taxpayers but also significantly help in reducing the tax burden for MSME taxpayers. With a lower tax burden than otherwise required, MSMEs feel advantaged, leading them to consciously utilize tax incentives. When MSMEs perceive tangible benefits from tax incentives, they are generally more motivated to comply with their tax obligations.

According to Attribution Theory, a person's behavior is influenced by internal and external factors. In this context, tax incentives are considered an external factor affecting MSME taxpayer compliance. External factors like tax incentives can change how MSME operators view their tax obligations. When they feel that tax policies support them and provide real benefits, they are more likely to comply. Based on the analysis, it can be concluded that the tax incentive variable is consistent with attribution theory, where tax incentives as an external factor can affect MSME taxpayers' compliance attitudes in fulfilling their tax obligations.

This study's findings align with the research conducted by Abdi Pradnyani et al. (2022), Aryawan et al. (2022), and Nurwijayanti & Widiastuti (2021), which found that tax incentives have a positive and significant effect on MSME taxpayer compliance. The consistency of these findings with previous research indicates that this finding is strong and relevant in the context of tax research for MSMEs.

### **4.2.2. The Effect of Tax Rate Changes on MSME Taxpayer Compliance**

The study results show that Hypothesis 2 is accepted, meaning that the tax rate change variable has a positive and significant effect on MSME taxpayer compliance. This finding emphasizes that fair and beneficial tax rates can enhance MSME taxpayer compliance. When the government sets tax rates that are considered fair and provide better benefits compared to previous rates, MSMEs are more likely to comply with their tax obligations. This is because reasonable tax rates reduce the financial burden on MSMEs, making them more motivated to fulfill their tax obligations. Conversely, tax rate changes that are unfavorable or perceived as unfair may decrease compliance. High rates

or rates considered beyond MSMEs' capacity can lead to dissatisfaction and tax avoidance, reducing overall compliance.

These findings are consistent with the research by Kumaratih & Ispriyarso (2020), Hapsari & Kholis (2020), and Rahmadiane (2022), which indicates that tax rates have a significant impact on taxpayer compliance. The fairer the tax rate set by the government, the higher the compliance rate for reporting tax obligations. Similarly, when tax rates applied to MSMEs are adjusted to be supportive and more beneficial compared to previous rates, MSMEs tend to comply more with their tax obligations.

This study's findings align with Fritz Heider's Attribution Theory, which states that a person's behavior can be influenced by external factors, which are things outside the individual. In this context, tax rate changes are an external factor that, according to attribution theory, can affect MSME taxpayers' compliance attitudes in fulfilling their tax obligations.

#### **4.2.3. The Effect of NIK-NPWP Matching Programs on MSME Taxpayer Compliance**

The study results show that Hypothesis 3 is accepted, meaning that the NIK-NPWP matching program variable has a positive and significant effect on MSME taxpayer compliance. This finding highlights that an increase in the NIK-NPWP matching program is positively related to MSME taxpayer compliance. When there is a matching of population data and tax data, tax administration becomes simpler and more efficient, making it easier for taxpayers to manage their obligations. The linkage of NIK and NPWP can also be very useful for tax authorities in identifying MSMEs with tax obligations. This, in turn, encourages MSMEs to comply more with their tax obligations as they are easier to monitor by tax authorities.

According to Attribution Theory, a person's behavior is influenced by internal (personal) and external (environmental) factors. In this research context, NIK-NPWP matching can be categorized as an external factor affecting MSME taxpayers' compliance attitudes. With a system that simplifies tax administration, this external factor changes taxpayers' perceptions of the ease of fulfilling their obligations. Thus, they are more likely to show compliance in reporting and paying taxes.

These findings are consistent with previous research showing the positive impact of a single identity number on taxpayer compliance. Ayuningtyas & Furqon (2023) found that using a single identity number can improve tax administration, while Maulidia et al. (2023) observed increased compliance due to a simpler system. Lestariani (2023) also showed that tax identity integration contributes to better compliance.

## **5. CONCLUSION**

The research indicates that the tax incentives provided by the government have a significant impact on MSME taxpayer compliance in Pasar Modern BSD City. Tax incentives, such as reductions and exemptions, have been shown to encourage MSME operators to be more compliant with their tax obligations. This suggests that tax incentive policies can be an effective tool for increasing tax compliance among MSMEs.

The study also shows that changes in tax rates significantly affect MSME taxpayer compliance in Pasar Modern BSD City. The results indicate that progressive tax rate

adjustments made by the government have effectively increased compliance among MSME taxpayers. Adjusting tax rates to align with MSMEs' economic conditions can motivate them to better meet their tax obligations.

The research reveals that the NIK-NPWP matching program also has a significant effect on MSME taxpayer compliance in Pasar Modern BSD City. The integration of Population Identification Number (NIK) and Taxpayer Identification Number (NPWP) simplifies tax administration and improves monitoring efficiency, thereby encouraging better tax compliance among MSMEs.

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