

1 THE EFFECT OF TAX SERVICES AND TAX 2 INCENTIVES ON TAX COMPLIANCE WITH TAX 3 KNOWLEDGE AS A MODERATION VARIABLE

9
10
11

ABSTRACT

Objective: This research aims to investigate the impact of tax services and tax incentive policies on the level of tax compliance, by considering the tax knowledge factor as a moderating variable.

Time and Place of Research: Participants involved in this research are MSMEs who specialize in selling used cars in the Tangerang area and its surroundings. This research uses a quantitative approach by distributing surveys to 250 used car entrepreneurs in the Tangerang area and surrounding areas 2024

Method: The data collection procedure using non-probability sampling involves the use of convenience sampling to distribute it. The analytical method used in this research involves the use of Structural Equation Modeling (SEM) techniques utilizing smartPLS 3 software

Conclusion: The findings from this research indicate that tax services do not make a positive contribution to tax compliance. However, tax incentives have a significant impact on the willingness to comply with tax obligations. Understanding taxes cannot influence the relationship between tax services and tax compliance, or between tax incentives and tax compliance. In addition, knowledge about taxes cannot influence the relationship between tax services and tax compliance, nor between tax incentives and tax compliance.

12
13
14

Keywords: Tax Services, Tax Incentives, Tax Compliance, Tax Knowledge

15
16

1. INTRODUCTION

17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

Taxes are a very significant source of state income, so taxation has a large impact on state income. Tax levies have become a crucial element in supporting the sustainability of the country, both in supporting economic activity, running the government, and providing public facilities. Owners of small and medium enterprises (MSMEs) are one of the groups of entrepreneurs who participate in paying taxes to the government. Micro, Small and Medium Enterprises (MSMEs) are considered to play a very important role in economic growth and are an important instrument for reducing poverty levels through efficient development efforts (Jansson, et al. According to Naufalin & Aldila (2020), Micro, Small and Medium Enterprises (MSMEs) plays a very significant role in the growth of Gross Domestic Product (GDP) and in creating jobs in Indonesia. In 2017, it can be seen how significant the contribution of MSMEs is in this regard. According to sources from the Ministry of Cooperatives, Small and Medium Enterprises, based on BPS statistics for the year In 2019, this number reached 65. At the end of that year, there were a total of 465,497 registered MSMEs, including small and medium businesses. This number increased by 64 percent from the previous year. This figure increased by 1.98 percent to 194,057. Contribution of MSMEs to Gross Domestic Product (GDP) is much larger than what MSMEs contribute to tax revenues. In 2017, the Ministry of Cooperatives and Small and Medium Enterprises reported that the MSME sector had contributed IDR 7 trillion. 820.2826 billion or around sixty percent. As much as 90% of the company's total contribution to Gross Domestic Product (GDP). According to the 2017

36 Directorate General of Taxes report, the contribution of Final PPh from MSMEs to total PPh
37 revenues reached 2,200. MSME participation in paying taxes is not commensurate with the
38 contribution of MSMEs to GDP, indicating that the level of MSME compliance with taxes is still
39 low. According to the Ministry of Finance, the Directorate General of Taxes (DJP) stated that
40 tax revenues from MSMEs are still low due to a lack of knowledge and understanding in
41 calculating taxes. Based on information obtained from the Directorate General of Taxes,
42 Ministry of Finance in 2019, the contribution of Final PPh for MSMEs to total tax revenue was
43 only around 1.1%, which was worth around 7.5 trillion. According to a study conducted by
44 DDTF FRA, as many as 61% of small and medium entrepreneurs do not use the 0.5% final
45 tax relief due to lack of understanding and knowledge regarding this matter. Many small
46 business owners only know about tax obligations without having a deep understanding of
47 those tax requirements. Many people often face problems in calculating taxes because of the
48 complexity of the regulations related to this matter. That's why, there needs to be changes in
49 tax management to improve the quality of services provided by tax officials. PT Autopedia
50 Sukses Lestari Tbk (ASLC) is a public company operating in the automotive sector and
51 focuses on selling used cars via an online platform (Caroline). The used car distributor
52 company (JBA Indonesia) believes that their revenue in 2023 will increase significantly due to
53 an increase in used car sales transactions. Used car sales increased in line with overall car
54 sales growth from January to April this year, reaching 339. A total of 962 units experienced an
55 increase of 5.2% from year to year compared to 320 units. At the same time the previous year,
56 there were 120 units. The company feels confident about the potential of the used car business
57 this year because there are many positive factors that support it. Initially, a reduction in oil
58 prices from their peak will reduce inflationary pressures and improve economic activity. In the
59 future, it is estimated that a rise in new car sales to pre-pandemic levels could result in growth
60 in used car demand.

61 Providing tax relief during this pandemic can increase MSME entrepreneurs' understanding of
62 the tax benefits they receive directly. Raising awareness of tax responsibilities and the benefits
63 that can be gained from taxpayers is very important. With an indirect approach, this learning
64 can increase awareness about how important it is to pay taxes, which in turn can increase the
65 level of compliance with tax obligations. The hope is that this tax policy will provide
66 encouragement to taxpayers to remain stable during the pandemic and will also improve the
67 welfare of the policy's beneficiaries (Padyanoor 2020). Research conducted by Ni Luh Putu
68 Norma Dewi Abdi Pradnyani, et al (2022) regarding the Impact of Tax Incentives, Service
69 Quality, and Tax Knowledge on Taxpayer Compliance in Small and Medium Enterprises
70 (MSMEs) states that all of these factors have a positive and important impact on compliance.
71 MSME taxpayers. According to research conducted by Selinda Agustine and Leonard
72 Pangaribuan, there is not enough evidence to state that Tax Incentives have a positive impact
73 on the level of taxpayer compliance. Taxpayer compliance is measured based on the quality
74 of services provided by tax officers. Tax officers or tax officers who provide comprehensive
75 and clear information to taxpayers will provide more confidence so that the services provided
76 will make a taxpayer understand more (Subarkah, J., & Dewi, 2017). Based on studies
77 conducted by Putri, K. J, and Setiawan, P. According to research by E. (2017), there is a
78 positive correlation between good service quality and taxpayer compliance. Assessment of
79 reliability, responsiveness, assurance, empathy and physical evidence in services has a
80 significant impact on tax authorities and policy makers. This has an impact on increasing tax
81 revenues which greatly influences economic growth and development (Susuwawu, Kenneth &
82 John Amoh 2020). The results of a study conducted by Suyanto and Siska Damayanti show
83 that tax authorities' services do not have a positive impact on MSME taxpayer compliance. If
84 someone's understanding of taxation is sufficient, it means that the taxpayer is considered
85 compliant. Because the tax collection system used in Indonesia is a self-assessment system,
86 the taxpayer determines the amount of tax that must be paid. Stating this situation can be
87 used to evaluate the actions that must be taken by taxpayers in fulfilling their tax obligations

88 (Anggraeni and Lenggono 2021). Taxpayers are obliged to carry out tax duties in accordance
89 with the provisions of applicable tax law. Therefore, taxpayers need to have adequate and
90 accurate tax knowledge. The greater the taxpayer's knowledge of the tax system, the the
91 greater their compliance in paying taxes. According to Subarkah and Maya (2017), research
92 shows that knowledge about taxes has a significant impact on the level of compliance in paying
93 taxes.

94 Attribution theory was originally discovered by Heider in 1958 before being further explained
95 by Kelley (1972). Attribution is the process by which we develop perceptions about someone
96 by observing their actions based on context or individual traits. Attributions are given because
97 of the natural urge of human scientists to seek explanations for everything, including the
98 causes behind other people's behavior. However, this tendency is not only influenced by
99 external factors such as the surrounding environment, but can also be influenced by internal
100 factors which are governed by individual consciousness. According to the concept of
101 attribution, a person's behavior is influenced by factors originating from the environment and
102 internal factors of the individual. Factors that originate from outside the individual are called
103 external factors, while factors that originate from within the individual are called internal
104 factors. The background in this research includes tax incentives and external tax services,
105 while internal factors involve tax knowledge which can influence the level of MSME tax
106 compliance. Rita J has conducted research that supports these findings. Atarmawan (2020)
107 uses attribution theory to examine the impact of Taxpayer Awareness, Tax Penalties, and Tax
108 Service Quality on the level of individual tax compliance. The aim is to find the elements that
109 play a role in compliant behavior in paying taxes. A tax officer must have adequate skills,
110 knowledge and experience in tax policy, tax administration and tax regulations when providing
111 services. According to Heriyah (2020), a superior tax service can have a positive impact on
112 taxpayers in fulfilling their tax obligations. According to research by Antika et al (2020), the
113 better the service provided to taxpayers, the more likely they are to comply with tax obligations.
114 The research also concludes that the quality services provided by tax officers have a good
115 impact on the level of compliance of small and medium businesses to pay taxes. According to
116 research conducted by Rita J. According to the latest research by Atarwaman (2020), it was
117 concluded that the quality of tax services is positively related to the level of tax compliance.
118 By referring to the explanation given, we can make the following hypothesis:

119 ..H1 = Tax Services influence Tax Compliance

120 The government provides tax incentives as part of its policy to reduce the tax burden on
121 citizens. Apart from this, applying for incentives is simplified and disbursement is accelerated.
122 The government extended the validity period of tax incentives and simplified the tax reporting
123 process (Amah et al, 2021). It is hoped that this step can provide assistance to MSMEs in
124 maintaining their businesses and also increase tax compliance from taxpayers. Thus, the
125 relationship between tax incentives and tax compliance is very significant because tax
126 incentives are able to reduce the amount of tax that needs to be paid, thereby increasing the
127 level of tax compliance. With a significant tax reduction, taxpayers will feel helped in paying
128 off their tax obligations. Based on a study conducted by Riris Rotuas Sitorus (2020), it was
129 concluded that fiscal incentives have a positive impact on tax compliance. The results of
130 research conducted by Nik Amah and his colleagues in 2023 concluded that providing tax
131 incentives has a positive impact on the level of taxpayer compliance. Based on the description
132 that has been presented, it can be concluded that we can make the following assumptions:

133 .H2: Tax incentives influence tax compliance

134 Tax knowledge involves the ability of individuals who have tax obligations to understand tax
135 regulations, including the statutory tax rates they must pay and the tax benefits that will affect

136 their lives. This also involves an understanding of tax regulations, calculation techniques and
137 reporting of tax obligations, as well as knowledge of the role and function of tax. Tax services
138 involve tasks carried out by tax officials to provide services such as counseling, guidance, or
139 consultation about taxation to citizens so that they can fulfill their tax obligations. Tax officers
140 must have skills, abilities and high standards in the field of taxation so that people can pay
141 and report their taxes on time and comply with tax regulations. This means that tax officers
142 must have knowledge about taxation. A study conducted by Tarmidi & Nurlita (2018) supports
143 that knowledge about taxes is related to better tax compliance. People who have good
144 knowledge about taxes can be people who comply with their tax obligations. Based on the
145 explanation that has been given, it can be concluded that the hypothesis that can be made is
146 as follows:

147 .H3: Tax knowledge moderates the effect of tax services on tax compliance

148 Understanding tax regulations is very crucial in forming a compliant attitude towards taxation.
149 How can we expect taxpayers to comply if they do not understand tax regulations? By having
150 a good understanding of taxes, we can reduce the amount of tax we have to pay through good
151 tax planning. So with a minimal tax amount, taxpayers will be able to fulfill their obligations in
152 paying taxes more smoothly, because they feel able to make contributions according to their
153 financial capabilities. With better knowledge about taxes, taxpayers will be more compliant in
154 paying their taxes, and this will lead to increased levels of compliance. People who have
155 knowledge about taxes and are aware of the importance of paying taxes will be obedient in
156 fulfilling their tax obligations. Because they already understand how the tax system works,
157 they finally feel the benefits of having to pay taxes. According to Rachmawati (2019),
158 understanding the tax system has a significant impact on the level of willingness to comply in
159 the tax payment process. The deeper the taxpayer's understanding of tax regulations, the
160 more aware the taxpayer will be of the benefits of complying with the obligation to pay taxes.
161 In this way, it can increase the level of compliance in paying taxes. Based on a study
162 conducted by Ni Luh Putih and her team in 2020, it was concluded that knowledge about
163 taxes contributed positively to the level of compliance in complying with tax regulations. The
164 greater a person's knowledge about taxes, the greater his desire to send tax returns on time,
165 which in turn will increase tax compliance. Knowing the various tax facilities that exist is
166 important for taxpayers, so that they can reduce the amount of tax they need to pay. By
167 understanding tax regulations, a person can reduce the amount of tax they have to pay
168 through the various incentives available. With a tax burden that is not too heavy, taxpayers
169 will feel more helped in paying their taxes. Based on the explanation that has been given, we
170 can make an assumption or hypothesis as follows:

171 .H4: Tax knowledge moderates the effect of tax incentives on tax compliance

172

173 **2. METHODS**

174

175 The location of this study is around Tangerang, where secondhand car entrepreneurs are the
176 focus of the research. This research was carried out using survey techniques and
177 questionnaires given to used car traders in the Tangerang area. The groups of interest in this
178 research are people and small and medium enterprises (MSMEs) who have tax
179 responsibilities and are involved in the business of selling used cars in the Tangerang, Banten
180 area. The sample in this research was determined using a non-probability sampling method.
181 This method was chosen to obtain representative and reliable results. This approach takes
182 random steps in selecting participants without regard to the number of people in the
183 population. The non-probability sampling technique involves a sample selection process
184 without providing equal opportunities to all elements or members of the population (Sugiyono,
185 2018). This means that not all members of the population have the same opportunity to be

186 selected as samples in research. This method does not provide a fair opportunity for each
 187 section to be represented in the research sample. According to research conducted by Hair et
 188 al. (2017), it is recommended that the sample asked for responses reach a minimum of 100
 189 respondents. Sample size evaluation was carried out in accordance with this statement.
 190 Generally, the number of samples required should be at least 10 times more than the number
 191 of indicators to be analyzed. In this situation, we need to have 250 samples to evaluate the 25
 192 existing indicators. This research aims to examine the impact of knowledge about taxes on
 193 the relationship between tax services and tax incentives on the level of tax compliance among
 194 used car business actors in the Tangerang area. This research specifically seeks samples
 195 from MSMEs using a special sampling method. In this study, the analysis techniques used
 196 involve descriptive analysis and hypothesis testing (both external model testing and internal
 197 model testing). In this study, the hypothesis was tested using the SmartPLS 3 platform. The
 198 Partial Least Squares (PLS) method does not depend on a particular distribution of data and
 199 can be applied to various types of data, including nominal, categorical, ordinal, interval, and
 200 ratio without needing to assume a data distribution. The Partial Least Square method is a very
 201 effective analysis method because it is not tied to assumptions about the scale of data
 202 measurement and can be used even when the sample is limited (Ghozali, 2014). Tax Services
 203 (X1), in accordance with Directorate General of Taxes Regulation Number PER-02/PJ/2014,
 204 can be interpreted as services provided by units of the Directorate General of Taxes to the
 205 public in accordance with applicable tax regulations. Vigryana together with his team
 206 conducted the study. The tax office's actions in 2016 demonstrate its commitment to meeting
 207 the needs and desires of taxpayers, and that is real proof of their efforts in providing quality
 208 services. The satisfaction and comfort felt by Taxpayers is the result of efforts to improve the
 209 standards of services provided. Making taxpayers feel satisfied is the result of providing good
 210 service. Someone who is satisfied with the tax services received will continue to update their
 211 payment activities. The tax service quality variable (X1) is measured using two research
 212 aspects, namely 1) service quality from the tax authorities and 2) availability of facilities. Tax
 213 Intensification (X2) is a form of tax incentive provided by the government to a number of
 214 taxpayers by reducing tax rates, aiming to reduce the amount of tax that must be paid
 215 (Prasetya & Gayatri, 2017). In this research, there are 2 variable dimensions used to assess
 216 tax incentives, namely 1) general dimensions of MSMEs and 2) specific dimensions of
 217 MSMEs. Rahayu (2017) explains that Tax Knowledge (Z) refers to the knowledge needed to
 218 carry out various tax administration tasks, such as calculating the amount of tax that must be
 219 paid, filling out tax notification forms, reporting tax owed, understanding tax collection
 220 procedures, and other things that relating to tax obligations. Understanding of taxes can be
 221 measured through two research dimensions, namely procedural knowledge and declarative
 222 knowledge.

223

224 3. RESULTS AND DISCUSSION

225 Description of Research Objects

226 Table 01 presents general information about the respondents of this study, including data on
 227 gender, age range, highest level of education, length of business, and business income.

228

229

Table 01 Characteristics of Respondents

RESPONDENT CHARACTERISTICS		
Gender	Frequency	Percentage (%)
Man	239	95.6
Woman	11	4.4
Total	250	100
Age Group	Frequency	Percentage (%)

20 - 29 years old	16	6.4
30 - 39 years old	58	23.2
40 - 49 years old	102	40.8
50 - 59 years old	61	24.4
> 60 years	13	5.2
Total	250	100%
Last education	Frequency	Percentage (%)
Elementary school or equivalent	15	6
Middle school or equivalent	39	15.6
High school or equivalent	119	47.6
College	77	30.8
Total	250	100
Business Age	Frequency	Percentage (%)
< 5 Years	79	31.6
6 - 9 Years	122	48.8
10 – 14 Years	35	14
> 15 Years	14	5,6
Total	250	100
Operating revenues	Frequency	Percentage (%)
< Rp.50,000,000,-	91	36.4
IDR 50,000,001 to IDR. 100,000,000,-	114	45.6
Rp. 100,000,001 to Rp. 200,000,000,-	26	10.4
Rp. 200,000,001 to Rp. 350,000,000,-	12	4.8
> Rp. 350,000,000,-	7	2.8
Total	250	100

Source: Primary data processed, 2023

230
231
232
233
234
235
236
237
238
239
240
241
242
243

From table 01 above, information regarding the respondent's description can be obtained as follows:

1. Male respondents had a percentage of 95.6% while female respondents were 4.4%
2. Respondents in the age group 40 – 49 years had the highest percentage reaching 40.8% and respondents in the age group more than 60 years had the lowest percentage reaching 5.2%
3. Respondents with the highest percentage of education level reaching 47.6% were high school and respondents with the lowest percentage of education level with only 6% were elementary school.
4. Respondents with the highest percentage of business age with a percentage of 48.8% were respondents with a business age of 6 - 9 years, while respondents with the lowest percentage of 5.6% belonged to respondents with a business age of more than 15 years.

244 5. Respondents with the highest income percentage were 45.6% with total income
 245 ranging from 50 to 100 million, while respondents with the lowest percentage of 2.8%
 246 were respondents with income of more than 350 million.

247 **Test Outer Model**

248 The purpose of external model testing is to verify the accuracy of the measuring
 249 instruments in research. This research includes conducting validity and reliability tests on the
 250 instruments used. The external model was evaluated based on convergent validity,
 251 discriminant validity, and reliability as the main criteria. Convergent validity testing is a method
 252 used to evaluate the validity of indicators by examining each construct separately. Convergent
 253 validity is measured by comparing the factor loadings of the external model with a critical value
 254 of 0.6. If the loading factor is > 0.6 then the tool is considered valid and vice versa if the value
 255 is less than or equal to 0.6

256 **Table 02 Outer Loading**

Variable	Code	Loading	Information
Tax Services (X1)	LP.1 - LP.8	0.718 - 0.924	Valid
Tax Incentive (X2)	IP.1 - LP.6	0.716 - 0.871	Valid
Tax Knowledge (Z)	PP.1 - PP.9	0.647 - 0.878	Valid
Tax Compliance (Y)	KP.1 - KP.6	0.751 - 0.883	Valid

257 Source: Data processed with SmartPLS, 2023

258 Based on Table 02, the validity test results can be confirmed because all factor
 259 loadings have values greater than 0.7. Thus, all indicators of the Tax Service, Tax Incentive,
 260 Tax Knowledge and Tax Compliance factors can be considered valid. One technique that can
 261 be used to assess reliability is to use Cronbach Alpha. The table shows the reliability of all
 262 model indicators. In addition, composite reliability is also used as a measure of internal
 263 consistency, where the minimum acceptable value is 0.7 for composite reliability. The reason
 264 why a high Cronbach Alpha value is important is because the minimum threshold that can be
 265 perceived is 0.6. Construct reliability is classified as high because the average variance
 266 extracted (AVE) value for each construct is at least 0.5, which indicates very high validity. high
 267 level of reliability.

268 **Table 03 Reliability Test Results**

	<i>Cronbach's Alpha</i>	<i>rho_A</i>	<i>Composite Reliability</i>	<i>Average Variance Extracted (AVE)</i>
L.P	0.925	0.928	0.940	0.662
IP	0.889	0.896	0.916	0.645
KP	0.909	0.912	0.928	0.650
PP	0.921	0.925	0.935	0.617
LP*PP	1,000	1,000	1,000	1,000
IP*PP	1,000	1,000	1,000	1,000

270 Source: Data processed with SmartPLS, 2023

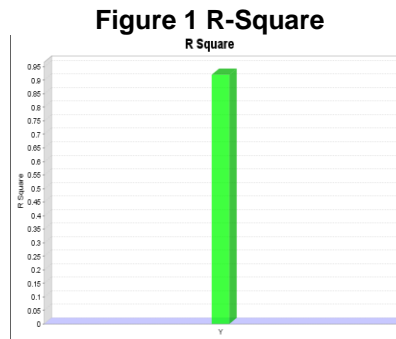
271 Based on Cronbach's Alpha, Composite Reliability, and AVE measurements, it can be seen
 272 that the construct is reliable. In this case, it seems that AVE has a value greater than 0.5.
 273 Cronbach's alpha was greater than 0.7. The reliability of the composite must exceed the
 274 Standard value of 0.6.

275 **Test the Inner Model**

276 The inner model or structural model test is carried out to assess the relationship between
 277 constructs, significance level, and R-Square of a research model. The coefficient of
 278 determination in this study has been successfully calculated to reach 0.92. The research
 279 results show that most of the variation in the level of taxpayer compliance can be explained

280 by other factors, amounting to 92.0%, while the remaining 8% is influenced by other variables
 281 not examined in this research. Thus, the conclusion is that the relationship between
 282 endogenous latent variables has very strong strength because the R-Square is more than
 283 0.75. figure1 shows how the R-Square value is represented.

284
 285



286
 287

Source: SmartPLS, 2024

288

289 The f-square (f2) value indicates the level of partial influence of each predictor variable on the
 290 endogenous variable. Ghozali (2018) provides an interpretation of the f-square value in this
 291 text.

292

1. If f-Square has a value equal to or greater than 0.35, this indicates that the latent
 293 variable predictor has a significant influence.

294

2. If the f-Square value is in the range between 0.15 to 0.35, it will have a moderate
 295 influence.

296

3. If the f-Square value is in the range of 0.02 to 0.15, then this indicates that the
 297 influence is not that strong. This is the result of the f-Square value for each exogenous
 298 variable against the endogenous variable.

299

Table 04 F-Square

	Y	CONCLUSION
X1	0.003	Weak
X2	0.117	Medium
Z	0.098	Weak
Z*X1	0.006	Weak
Z*X2	0.008	Weak

300

Source: SmartPLS, 2024

301 Based on the information in Table 04, it can be concluded that the f2 value of this variable is
 302 0.003, which indicates that the influence of the tax service variable on tax compliance is partial
 303 and not strong. The f2 coefficient of the tax incentive variable is 0.117, indicating that tax
 304 incentives have a moderate influence on tax compliance. The coefficient of the tax knowledge
 305 variable is 0.098, indicating that the relationship between tax knowledge and tax compliance
 306 is not strong. Tax knowledge has a small influence on tax services to ensure taxpayer
 307 compliance, with an impact coefficient of 0.006. On the other hand, the influence of tax
 308 knowledge on tax incentives on taxpayer compliance is relatively weak with a coefficient of
 309 0.008.

310

Hypothesis testing

311

Hypothesis testing is carried out by analyzing the path coefficient which shows the
 312 parameters and the t statistical value. Determination of significant parameters provides

313 information about the relationship between various variables in a study, followed by a
 314 comparison between the t-statistic value and the significance value listed in the t table at a 5%
 315 confidence level. The output of the path coefficient test using SmartPLS can be seen in Table
 316 04 below.

317
 318

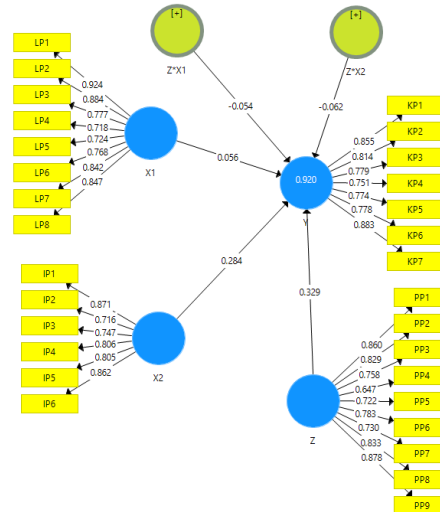
Table 05 Hypothesis Test Results

	<i>Original Sample (O)</i>	<i>Sample Mean (M)</i>	<i>Standard Deviation (STDEV)</i>	<i>T Statistics (O/STDEV)</i>	<i>P Values</i>
LP -> KP	0.056	0.062	0.081	0.689	0.491
IP -> KP	0.284	0.274	0.069	4,112	0,000
LP*PP -> KP	-0.054	-0.071	0.093	0.585	0.559
LP*PP -> KP	-0.062	-0.049	0.094	0.662	0.508

319
 320
 321
 322

Source: Data processed with SmartPLS, 2023

Figure 2 Hypothesis Testing



323
 324
 325

Source: SmartPLS, 2024

326 Based on table 04, the results of hypothesis testing can be described as follows:

327 1. H1 which examines the relationship between tax services and tax compliance states
 328 that tax services have no impact on the level of tax compliance. The original sample
 329 value for the tax services variable is 0.056, the sample average is 0.062, the standard
 330 deviation is 0.081, and the t statistic for the tax services variable is 0.689 (smaller than
 331 1.96) with a p value = 0.491 (greater than 0, 05), shows that the tax service variable
 332 has no effect on tax compliance and the first hypothesis is rejected.

333 2. H2 which tests the influence of tax incentives on tax compliance shows that tax
 334 incentives have a significant positive effect on tax compliance. The original sample
 335 value for the tax incentive variable is 0.284, while the sample average value is 0.274,
 336 and the standard deviation value is 0.069. Apart from that, the t statistical value for
 337 the tax incentive variable is 4.112 (greater than 1.96) with a p value = 0.000 (smaller

- 338 than 0.05). This shows that the tax incentive variable has a significant influence on
339 tax compliance and the hypothesis can be accepted.
- 340 3. H3 which tests the moderating role of tax knowledge on the influence of tax services
341 on tax compliance shows that the moderating role of tax knowledge on tax incentives
342 has no effect on tax compliance. The original sample value of the tax service variable
343 taxpayer compliance which is moderated by tax knowledge is -0.054, the sample
344 mean value is -0.071, the standard deviation value is 0.093, and the t-statistic value
345 of Transformation of tax knowledge regulates tax services. on tax compliance of 0.585
346 with p value = 0.559 (greater than 0.05), this shows that the tax knowledge variable
347 does not moderate tax services on tax compliance and the third hypothesis is rejected
348 and it can be concluded that the type of moderator used in this research is: This
349 problem is a potential moderator variable because this variable does not interact with
350 the predictor variables and does not have a significant relationship with the dependent
351 variable.
- 352 4. H4 concludes that there is no significant influence between tax incentives and tax
353 compliance when the tax knowledge variable is used as a mediating variable. Analysis
354 of the results shows that the effect of the tax incentive variable on tax compliance
355 which is influenced by tax knowledge is -0.062. The sample average value is -0.049
356 with a standard deviation of 0.094. The results of statistical analysis also show that
357 the t value for the tax knowledge variable as a moderating variable is 0.662 with a p-
358 value of 0.508 (with a significance higher than 0.05). This implies that knowledge
359 about taxation does not affect the relationship between tax incentives and tax
360 compliance. Thus, the fourth hypothesis is not proven and it can be concluded that
361 knowledge about taxes functions as a variable that can predict in the relationship
362 model being tested.

363 4. CONCLUSION

364 From the analysis presented previously, it can be concluded that.

- 365 1. Tax services do not have an impact on tax compliance. In this way, the adequacy
366 of services does not guarantee that taxpayers will be obedient in paying taxes, so it
367 does not encourage taxpayers to be diligent in paying taxes and cannot inspire
368 taxpayers to fulfill their obligations.
- 369 2. The influence of tax incentives greatly influences the level of taxpayer compliance.
370 In this way, it can be understood that the benefits of tax incentives can be felt
371 immediately because they are considered to reduce the burden of tax costs.
- 372 3. Knowledge about taxes does not reduce the impact of tax services on tax
373 compliance. The nature of the tax knowledge variable as a moderating variable in
374 this research is a moderation homologizer (potential moderation) which has the
375 potential to influence the relationship between the independent variable and the
376 dependent variable. This variable has no interaction with the independent variable
377 and does not have a significant relationship with the dependent variable. This
378 variable only has a possibility, but is not a variable that has a moderating influence.
- 379 4. Knowledge of tax regulations does not reduce or increase the impact of tax
380 incentives on tax compliance. The moderating variable (knowledge about taxes)
381 does not show significant results, while tax incentives show significant results as an
382 interaction variable. Therefore, knowledge about taxes can be classified as a

383 moderating predictor, which means that this moderating only acts as a predictor
384 (independent) variable in the relationship model formed.

385 REFERENCE

- 386 Adhi, DHN (2020). Opportunities to Increase Compliance with Tax Incentives.
- 387 Agus Wahyudi. The influence of implementing the E-filing System, Implementing the Billing
388 System, Tax Incentive Policy on Individual Taxpayer Compliance. Scientific Journal of
389 Financial Accounting Vol 9 No. 2.2021.
- 390 Alm, J. (1998). Tax Policy Analysis: The Introduction of a Russian Tax Amnesty
- 391 Ahn, J. and Schneider, BJ, 2000, Cephalometric Appraisal of Posttreatment Vertical
392 Changes in Adult Patients, Am J Orthod Dentofacial Orthop.,118:374-84.
- 393 Alshir'ah, AF, Abdul-Jabba, H., & Samsudin, RS (2016). Determinants of Sales Tax
394 Compliance in Small and Medium Enterprises in Jordan: A Call for Empirical Research.
395 World Journal of Management and Behavioral Studies, 4(1), 41-46.
- 396 Azizah, WN, & Wijaya, S. (2020). Overview of Income Taxation on More VAT Differences in
397 Retail Used Motorcycle Retail. Dynasty International Journal of Economics, Finance,
398 and Accounting Volume 1, Issue 1.
- 399 Azizah, Waidatin Nur. (2021). "Income Tax from Excess of VAT on the Sale of Used Motor
400 Vehicles." Journal of Tax and State Finance.
- 401 Discussion paper (Draft), Tax Policy Unit, KIPPRA, Nairobi, Kenya.
- 402 Dince, MN, & Desy, HN (2023). The Influence of Service Quality, Tax Audits and Tax
403 Sanctions on Taxpayer Compliance at KPP Pratama Maumere. Tambusai Education
404 Journal, 7(1), 2036-2044.
- 405 Deden Tarmidi, DL Nurlita. Tax Compliance Analysis: Impact of Ethics, Behavioral Control
406 and Taxpayer Knowledge. Tax Accounting Media, 2018.
- 407 DJP. (2020a). Guidelines for Implementing the Most Popular Tax Incentives and E-Invoicing
408 3.0.
- 409 DJP. Regulation of the Minister of Finance of the Republic of Indonesia Number
410 110/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the Covid-19
411 Pandemic (2020).
- 412 FATTAKH, ANU, & TARMIDI, D. (2023). Gender Analysis on the Effect of Tax Incentives,
413 Tax Knowledge, and the Application of the E-Filing System on Tax Compliance (Survey
414 of MSMEs in Bekasi City). International Journal of Environmental, Sustainability, and
415 Social Science, 4(4), 1223-1238.
- 416 Favorite Y. Sebele-Mpofu Tatenda Chinoda . Tax knowledge , Tax Complexity Perceptions
417 and attitudes of the Sugarcane Farmers and their influence on Tax Compliance in the
418 lowland area, ZimbabweOlufemi Oladipo, Tony mwanji, Damimola Elu yela, Bitrus
419 Godo, Adekunle Aadeg boyegun. This Study found that tax knowledge significantly

- 420 Fiqi Andreansyah and Khoirina Farina (2022). Analysis of the Effect of Tax Incentives, Tax
421 Sanctions and Tax Services on MSME Taxpayer Compliance. *Journal of Economics*
422 *and Sharia Economics*, Vol 5 No. 2, July 2022.
- 423 Fita Fitrianiingsih, Sudarno, Taufik Kurrohman. Analysis of the Influence of Tax Knowledge,
424 Fiscus services and fines on taxpayer compliance in paying land and building taxes in
425 rural and urban areas in the city of Pasuruan. *E-Journal of Business Economics and*
426 *Accounting 2018*, Volume v (1): 100-104.
- 427 F Halimi, W Waluyo. The Effect of Tax Avoidance, Application of Tax Sanctions and Tax
428 Services on Taxpayer Compliance (Empirical Study of Individual Taxpayers at KPP
429 Pratama Jakarta Setiabudi Dua). *Muara Journal of Economics and Business*, 2019
- 430 Friscayuarisanti, F., Tanno, A., & Putri, A. (2023). The Moderating Effect of Taxpayer
431 Awareness and Age on the Influence of Taxation Motivation and Knowledge on
432 Taxpayer Compliance during the Covid-19 Pandemic (Study of Individual Taxpayers at
433 KPP Pratama in Pangkal Pinang). *Journal of Business Economics Informatics*, 894-
434 899.
- 435 Hair, JF, Black, WC, Babin, BJ, & Anderson, RE (2010). *Multivariate Data Analysis 7th*
436 *Edition*. Hair, Black, Babin, Anderson.pdf. United States.
- 437 Hamid, NA, Hamzah, FHA, Noor, RM, & Azali, NM (2018). Determinants of reinvestment
438 allowance (RA) tax incentive utilization in embracing industry 4.0. *Polish Journal of*
439 *Management Studies*, 18(2), 94–104.
- 440 Handayani, KR, & Tambun, S. (2016). The Influence of Implementing the E-Filing System
441 and Tax Knowledge on Taxpayer Compliance with Socialization as a Moderating
442 Variable. *Journal UTA45JAKARTA*.
- 443 Harianto, H., Mus, AR, & Lannai, D. (2020). Analysis Of The Application Of E-Invoicing In
444 Increasing Taxable Entrepreneur Compliance. *Point of View Research Accounting and*
445 *Auditing*, 1(3), 77–87.
- 446 Hazman Hadi, Abdul Ghani, Nadiah Abd Hamid Soliha Sanusi, Roszilah Shamsuddin (2020)
447 The Effect of Tax Knowledge, Compliance Costs, Complexity and morality towards Tax
448 Compliance among Self-Employed in Malaysia. The Effect of Tax Knowledge, Reward,
449 and Enforcement Strategies on SMEs Tax Compliance. *Proc of The Seventh intl Conf*
450 *on Advances in Social Science, Management and Human Behavior*.
- 451 Herdianto, S. (2021). The Influence of Tax Knowledge, Tax Services and Tax Sanctions on
452 Taxpayer Compliance with Treasurers within the National Narcotics Agency.
453 *Krisnadwipayana Journal of Accounting and Business*, 8(2), 246–
454 265. <https://doi.org/10.35137/Jabk.V8i2.551>
- 455 Husnurrosyidah, & Suhadi. (2017). The Influence of E-Filing, E-Billing and E-Invoicing on
456 Tax Compliance in BMTs throughout Kudus Regency. *Journal of Accounting and*
457 *Taxation Analysis*, 1(1), 97–106.
- 458 Hyung Chul, L. (2016). Can Electronic Tax Invoicing Improve Tax Compliance? A Case
459 Study Of The Republic of Korea's Electronic Tax Invoicing for Value-Added Tax. *The*
460 *World Bank Group*. Korea.

- 461 I Consultant. (2020). Implementation of E-Bupot and SE Implementation of the Most Popular
462 Tax Incentives - IC Consultant.
- 463 Kartika Rahma, Handayani Sihar, Tambun (2016). The Effect of Implementing the Efilling
464 System and Tax Knowledge on Taxpayer Compliance as a Moderating Variable. Tax
465 Accounting Media, Vol 1 No 2, Jul-Dec 2016.
- 466 Khairiyah, YR, & Akhmadi, MH (2019). Qualitative Study: The Impact of Tax Incentive
467 Policies for Small and Medium Enterprises on Tax Compliance and State Revenue.
468 Journal of Public Financial Management, 36.
- 469 Kibiwott, M. M. (2013). Determinants of Tax Compliance among Small and Medium
470 Enterprises in Uasin Gishu County: Unpublished MBA Project. University of Nairobi,
471 Nairobi, Kenya
- 472 Kumala, R., & Junaidi, A. (2020). Business Strategy and Utilization of Tax Policies During
473 the COVID-19 Pandemic and the New Normal Era (Case Study of SME Marketplace
474 Actors). Stiami Seminar Proceedings, 7(2).
- 475 Latief, S., Zakaria, J., & Mapparenta. (2020). The Influence of Trust in the Government, Tax
476 Incentive Policies and Tax Benefits on Taxpayer Compliance. Center of Economic
477 Student Journal, 3(3), 270–289.
- 478 Mardiasmo. (2016a). Taxation (Latest Edition 2016). (A. Offset, Ed.) (Vol. 53). Yogyakarta:
479 Andi Offset.
- 480 Muhtiar, I., & Tambun, S. (2019). The influence of tax knowledge and the application of e-
481 systems on taxpayer compliance is moderated by the technology acceptance model.
- 482 Nik Amah, Candra Febrilyanti, and Novi Dwi Lestari (2023). Tax Incentives and Level of
483 Trust: Their Influence on Taxpayer Compliance. Economic Journal, Volume 28, No1,
484 March 2023.
- 485 Ni Luh Putu Norma Dewi, Abdi Pradnyani, Putuh Ratih Sasmitadewi, and Putu Adi Suprpto
486 (2020). The Influence of Tax Incentives, Service Quality and Understanding of Taxation
487 on MSME Tax Compliance. Udayanan University Economics and Business E-Journal,
488 Vol 11 No. 02, February 2022.
- 489 Ni Made Galih, Masari a Iwan Suartana (2019). Effect of Tax Knowledge, Service Quality,
490 Tax Examination. Effect of Tax knowledge, Service quality, Tax Examination and
491 Technology of Compliance Regional Tax Mandatory. International research Journal of
492 Management, IT & Social Science, Vol 6 No 5. September 2023.
- 493 Noormala, Siti Sheikh Obid. 2008. Voluntary compliance: preventive tax education.
494 International Conference on Business and Economy 6-8 November 2008 Constanta
495 Romania. International Islamic University Malaysia. International Islamic University
496 Malaysia.
- 497 Nurlita Rahayu (2017). The Influence of Tax Knowledge, Firmness of Tax Sanctions and Tax
498 Amnesty on military service compliance. Dewantara Accounting, Vol 1 No 1, April 2017.
- 499 Nursanti. (2018). The Effect of Implementing the Electronic Tax Invoice Application (E-
500 Invoice, E-Billing) on the Compliance of Corporate Taxpayers Registered at the

- 501 Subulussalam Pratama Tax Service Office. Medan Area University. Medan Area
502 University.
- 503 *Obongo Matibe Bernard, Dr. Florence S, Memba, Dr. Oluch Oluoch oluoch (2018).*
504 *International Journal of Scientific Research and Management (IJSRM) Volume 06,*
505 *Issue 10 Pages EM-2018-728-733 (2018).*
- 506 Paulus, H., & Tarmidi, D. (2023). Analysis of MSME tax compliance during the Covid-19
507 pandemic: The impact of knowledge, sanctions, outreach and implementation of e-
508 filling. *Compartment: Scientific Journal of Accounting*, 21(2), 173-187.
- 509 Palupi, C., & Darwanto, D. (2017). Transaction Costs on the Implementation of E-Invoices
510 in Micro and Small Enterprises. *Significance: Journal of Economic Sciences*, 6(1), 139–
511 158.
- 512 P. Hardiningsih, RMORWCS (2019). The Electronic Systems And Taxpayer Compliance.
513 *Journal of Accounting*, 23(1), 143.
- 514 Minister of Finance Regulation Number 65/PMK.03/2022 concerning Value Added Tax on
515 the Delivery of Used Motor Vehicles (hereinafter referred to as PMK 65/2022).
- 516 Pope, J., & Abdul-Jabbar, H. (2008). Exploring The Relationship Between Tax Compliance
517 Costs And Compliance Issues In Malaysia. *Journal Of Applied Law And Policy*.
- 518 Putri, AA (2019). Taxpayer Compliance: Study of E-Billing, E-Filling, and E-Invoicing
519 Aspects. *Dharma Andalas Journal of Economics & Business*, 21(1), 19–39.
- 520 Putri, NA, & Tambun, S. (2018). The Influence of Tax System Quality and Tax Socialization
521 on E-Filing User Satisfaction with Trust in Tax Authorities as a Moderating Variable.
522 *Economic Studies Media*.
- 523 Rachmawati, N., & Ramayanti, R. (2016). Benefits of Providing Income Tax Incentives in
524 MSME Taxpayer Compliance. *Journal of Accounting, Economics, and Business*
525 *Management*, 4(2), 176–185.
- 526 Rahayu, YN, Setiawan, M., Troena, EA, & Sudjatno. (2017). The Role Of Taxpayer
527 Awareness, Tax Regulation And Understanding In Taxpayer Compliance. *Journal of*
528 *Accounting and Taxation*, 9(10), 139–146.
- 529 Riris Rotuas Sitorus (2020). Tax Incentive Moderation in the Covid 19 Pandemic Era on the
530 Effect of E-Invoicing and E-Proof of Withholding on Taxpayer Compliance. *Journal of*
531 *business Studies*, Volume 05, No 2 2020.
- 532 Rita JD Atarwaman (2020). The Influence of Taxpayer Awareness, Tax Sanctions and Tax
533 Service Quality on Individual Taxpayer Compliance. *Accounting Journal*, Vol 6 No. 1,
534 Pages: 39-51, July 2020.
- 535 Robiansyah, A., Midiastuty, PP, Suranta, E., & Suparsiyem. (2020). The Influence of
536 Taxpayer Perceptions on Understanding Tax Regulations, Government Accountability,
537 Taxpayer Awareness and Tax Sanctions on Taxpayer Compliance. *I-Finance: A...*,
538 06(01), 46–63.

- 539 Ropinov Saputro and Farah Meivira (2020). The Influence of the Owner's Education Level,
540 Accounting Practices, and Perceptions of Tax Incentive Limits on MSME Taxpayer
541 Compliance. *EMBA Journal*, Volume 8 No 4, October 2020.
- 542 Salehi, M., Khazaei, S., & Tarighi, H. (2019). Tax Avoidance and Corporate Risk: Evidence
543 from a Market Facing Economic Sanction. / *Journal of Asian Finance, Economics and*
544 *Business*, 6 (4).
- 545 Saputra, H. (2019). Analysis of Tax Compliance Using the Theory of Planned Behavior
546 Approach for Individual Taxpayers in DKI Jakarta Province. *Estuary Journal of*
547 *Economics and Business*, 3(1), 47–58.
- 548 Saputra, R., & Meivira, F. (2022). The Effect of Owner Education Level, Accounting Practices
549 and Perceptions of Tax Incentives on SMME Tax Compliance. *Journal of Business*
550 *Management Economics and Accounting*, 8(4), 1059–1068.
- 551 Sari, RRN (2019). The Influence of E-Filing, E-Billing and E-Invoicing on Taxpayer
552 Compliance at KPP Pratama Kediri. *Journal of Business Economics*, 5(1), 158–170.
- 553 Selinda Agustinei, Leonar Panggaribuan . The influence of tax incentives and tax sanctions
554 on taxpayer compliance of individual entrepreneurs during the Covid 19 pandemic in
555 Tambora. *Accounting Journal kwik kian Gie*, Voll 11 February 2022.
- 556 Serem, W., Robert, K., & Phillip, O. (2017). The Effect Of Tax System Simplicity On Tax
557 Compliance Among The Rental Income Earners In Kenya. A Case Of Eldoret Central
558 Business District. *European Journal of Business and Innovation Research*, 5(5).
- 559 Siregar, N.M. (2020). Antecedents of Taxpayer Compliance. *Journal of Accounting and*
560 *Finance*, 1(2), 152–168.
- 561 Sugiyono, PD (2018). *Quantitative, Qualitative, R&D Research Methods*. (A. Bandung, Ed.).
562 Bandung: Alfabeta Bandung.
- 563 Suharyono. (2018). The Effect Of Applying E-Filling Applications Towards Personal
564 Taxpayer Compliance in Reporting Annual Tax Returns (SPT) In Bengkalis State
565 Polytechnic Indonesia. *International Journal of Public Finance*, 3(1), 47–62.
- 566 Syanti Dewi, Widyasari and Nataherwin (2020). The Influence of Tax Incentives, Tax Rates,
567 Tax Sanctions and Tax Services on Taxpayer Compliance During the Covid 19
568 Pandemic. *Journal of Economics and Management*, Vol 9 No 2, October 2020.
- 569 Tambun, S., & Fadzy, M. (2019). The Effect of Host To Host E-Invoices and E-Bupot on
570 Taxpayer Compliance Which is Moderated by Internal Supervision. *Tax Accounting*
571 *Media*, 4(2), 1–10.
- 572 Tyasminingsih, A. (2016). Electronic Tax Invoice Application (E-Invoice) in the Context of
573 Measuring the Level of Taxpayer Compliance at the Tax Service Office. *EI Muhasaba:*
574 *Accounting Journal*, 7(2), 172.
- 575 Yosi Yulia, Ronmi Andri Wijaya, Desi Gemasi. The influence of tax knowledge, taxpayer
576 awareness, level of education and tax socialization on taxpayer compliance in city
577 MSMEs. *Jemsi Volume 1, Issue 4, March 2020*.

- 578 Yulis, Y., Wijaya, R., & Sari, D. (2020). The Influence of Tax Knowledge, Taxpayer
579 Awareness, Level of Education and Tax Socialization on Taxpayer Compliance in
580 MSMEs in the city of Padang. *Journal of Information Systems Economics and*
581 *Management*, 1(4), 305–310.
- 582 Yustisia, D. (2020, May 29). Guaranteeing the Digitalization of a Fair Tax Administration
583 System for MSMEs.
- 584 Zahrani, Naifah Roidah, and Titik Mildawati. (2019). "The Influence of Tax Understanding,
585 Tax Knowledge, Quality of Tax Services and Tax Sanctions on Individual Taxpayer
586 Compliance." *Journal of Accounting Science and Research (JIRA)* 8, no. 4 (2019).