The Influence of Tax Knowledge and Socialization Factors on Awareness of Tax Obligations in the Micro, Small and Medium Enterprises (MSME) Sector
Case study on Micro, Small and Medium Enterprises (MSMEs) in Cileungsi in 2023

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Article Info	Abstract
	The main aim of this research is to analyze and find out whether knowledge and socialization of taxation have an effect on awareness of tax obligations in the micro, small and medium enterprise (MSME) sector in the Cileungsi area. This research uses a quantitative analysis method with a sampling technique using non-probability sampling with a voluntary sampling method. The sample obtained in this research was 102 respondents with data collection using the questionnaire method. The data analysis technique used in this research uses Structural Equation Modeling (SEM) analysis based on Partial Least Square (PLS) using the SmartPLS 4.0 analysis tool. The results of this research data show that there is an influence that supports tax knowledge on increasing tax awareness, this is shown in the path coefficient value (0.438) and p-value (0.000 < 0.05). As well as the influence that supports tax socialization on increasing tax awareness, this is shown in the path coefficient (0.383) and p-value (0.000 < 0.05).
Info Artikel	**Abstrak**
	Tujuan utama dilakukannya penelitian ini ialah untuk menganalisis serta mengetahui apakah pengetahuan dan sosialisasi perpajakan berpengaruh *terhadap* kesadaran kewajiban perpajakan pada sektor usaha mikro, kecil dan menengah (UMKM) di wilayah Cileungsi. Penelitian ini menggunakan metode analisis kuantitatif dengan teknik pengambilan sampel menggunakan non-probability sampling dengan metode voluntary sampling. Sampel yang diperoleh dalam penelitian ini sebanyak 102 responden dengan pengumpulan data menggunakan metode kuesioner. Teknik analisis data yang digunakan pada penelitian ini menggunakan analisis Structural Equation Modeling (SEM) berbasis Partial Least Square (PLS) dengan menggunakan alat analisis SmartPLS 4.0. Hasil data penelitian ini menunjukan bahwa adanya pengaruh yang mendukung pengetahuan pajak terhadap peningkatan kesadaran pajak hal ini ditunjukan pada nilai path coefficient (0,438) dan p-value (0,000 < 0,05). Serta adanya pengaruh yang mendukung sosialisasi pajak terhadap peningkatan kesadaran pajak hal ini ditunjukan pada nilai path coefficient (0,383) dan p-value (0,000 < 0,05).

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1. INTRODUCTION

As a country develops, of course it will not escape the increase in sources of state revenue. For most countries in the world, including Indonesia, taxes are one of the largest revenues in a country. However, we need to know that there are several countries in the world that do not charge taxes to their people, such as Monaco, United Arab Emirates (UAE), Bahamas, Bermuda, Adorra. This is of course influenced by the country's economic factors which are stable and continue to develop rapidly with a more multicultural environment so that the government does not levy taxes on its people. However, for some

countries in the world, taxes have a very important role in the development and financing process for a country(Handayani, 2023).

Muhammad Razikun explained that taxes are the main contribution of citizens. Through taxes, citizens can contribute to the construction of roads, bridges, ports, airports, school buildings, markets, all of which can be realized because tax contributions are used by the government as development capital. Along the way, the economic – social – political dynamics of taxes cannot be used simply as a contribution to national development, taxes must also function as a catalyst. Triggers and drivers of a country's economic development(Gunadi et al., 2019).

It cannot be denied that every year the government tries to maximize tax revenues. This is done to finance state expenditure because the higher the tax revenue, the higher the state's ability to finance development.(Listyawati, 2016). Among the many taxes imposed by the government, one of them is income tax (PPh). PPh has the principle of justice, which means that there is equality and tax burden that must be paid by the taxpayer community.(Government Investment Center, 2022)

Micro, small and medium enterprises (MSMEs) are one of the most important parts of the people's economy in a region or a country. Small and medium businesses play a very important role in the Indonesian economy, for example small and medium businesses played a very important role during the 1998 monetary crisis and were seen as a savior in the Indonesian economic process, encouraging the rate of economic growth and employment.

Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs in 2021 will reach 64.2 million with a contribution to GDP of 61.07% or worth 8,573.89 trillion rupiah. The contribution of MSMEs to the Indonesian economy is that they absorb approximately 117 million workers or 97% of the total existing workforce, and can collect up to 60.4% of total investment.

However, in reality, tax collection still causes many problems, including weak regulations in the field of taxation, minimal outreach to MSME actors, low awareness, knowledge and low economic level, incomplete and inaccurate databases, and weak law enforcement in the form of inconsistent and strict supervision and sanctions against MSME actors. This is reinforced by a statement from the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) which states that many micro, small and medium enterprises (MSMEs) feel like defendants when dealing with the Directorate General of Taxes (DJP) of the Ministry of Finance(Junaidi, 2023).

As we know, taxpayer awareness is a very multidimensional problem, which attracts the attention of many parties. Efforts to dissect this problem have been and continue to be made, both by academics and tax authorities.

Many people conclude that tax socialization and tax knowledge significantly influence awareness of tax obligations. As is the case with research conducted byImanuha, (2022)regarding the Influence of Tax Socialization and the Level of Taxpayer Knowledge Regarding the Implementation of PP No. 23 of 2018 on Taxpayer Awareness with Tax Knowledge and Socialization as Variable (X) and Tax Awareness as variable (Y). Based on the results of this research, it is known that knowledge and socialization of taxation have a positive effect on the awareness of MSME taxpayers. Even though many studies have been conducted with the same variables, there are still differences in results between one researcher and another. As with research conducted byHududillah et al., (2018)which shows that taxpayer knowledge has no effect on taxpayer awareness with a significance value of 0.682.

2. RESEARCH METHOD

This research uses a quantitative research approach. The sampling technique used in this research is non-probability sampling, namely selecting samples using the voluntary sampling method. The number of samples in this research was determined as 110 respondents. With information that the number of respondents that can be processed is 102 Respondents and the amount of data that could not be processed was 8 respondents.

The data processing technique in this research uses the Structural Equation Model (SEM) method based on Partial Least Square (PLS) using SmartPLS 4.0 analysis software. SEM-PLS analysis is carried out by testing the outer model and inner model. This is done to show how significant the indicators used to measure the latent variable are.

3. RESEARCH RESULTS AND DISCUSSION

Table 1. Respondent Demographics (N=102 respondents)

No	Information	Amount	Percentage
1.	Gender:		
	a. Man	34	33.33%
	b. Woman	68	66.67%
	Amount	102	100%
2.	Age:		
	a. 18 years to less than 25 years	51	50.00%
	b. 25 years to less than 35 years	30	29.41%
	c. 35 years to less than 45 years	15	14.71%
	d. More than 45 yrs	6	5.88%
	Amount	102	100%
3.	Education:		
	a. elementary school	2	1.96%
	b. JUNIOR HIGH SCHOOL	4	3.92%
	c. SMA/MA/SMK	57	55.88%
	d. Diplomat	1	0.98%
	e. S1	35	34.31%
	f. Other	3	2.94%
	Amount	102	100%
4.	Business Turnover:		
	a. < Rp. 100,000,000	80	78.43%
	b. Rp. 100,000,000 – Rp. 250,000,000	10	9.80%
	c. Rp. 250,000,000 – Rp. 400,000,000	1	0.98%
	d. > Rp. 400,000,000	11	10.78%
	Amount	102	100%
5.	Have a NPWP:		
	a. Yes	58	56.85%
	b. No	44	43.14%
	Amount	102	100%

Source: Questionnaire results, 2023

Evaluation of the Measurement Model or outer model

The measurement model in this research consists of a reflective measurement model where tax knowledge, tax socialization, and tax awareness can be measured reflectively. In the evaluation of the reflective measurement model, it consists of loading factor ≥ 0.70, composite reliability ≥ 0.70 --- Cronbach's alpha --- and average

variance extracted (AVE ≥ 0.50) as well as evaluation of discriminant validity, namely the fornell and lacker criteria and HTMT (Heterotrait Monotrait Ratio) below 0.90 --- cross loadings---.

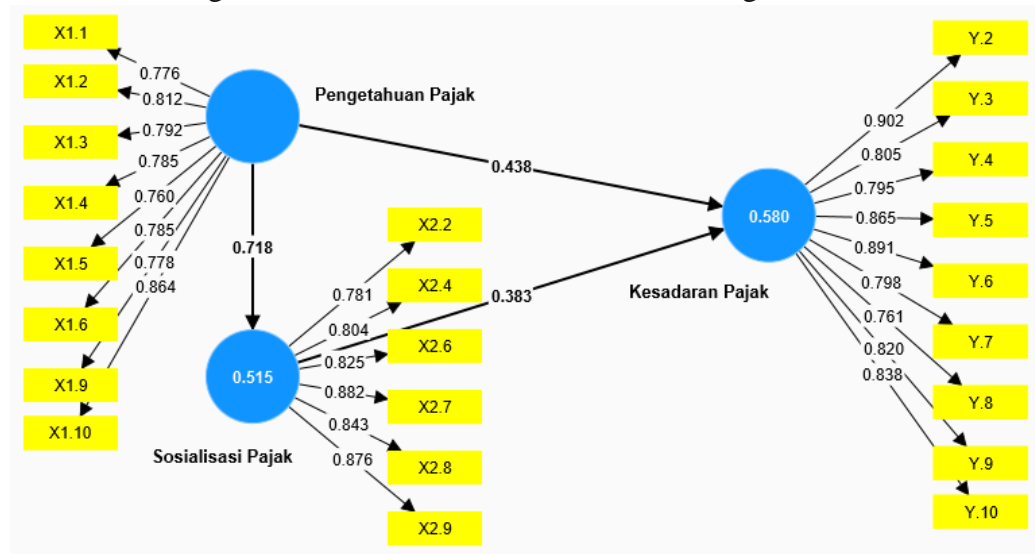Figure 1. Path Coefficient and P – value diagram

Table 2. Results of the measurement model or outer model

Variable	Measurement Items	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Tax Knowledge	X1.1	0.776			
	X1.2	0.812			
	X1.3	0.792			
	X1.4	0.785	0.917	0.932	0.631
	X1.5	0.760			
	X1.6	0.785			
	X1.9	0.778			
	X1.10	0.864			
Tax Socialization	X2.2	0.781			
	X2.4	0.804			
	X2.6	0.825	0.913	0.933	0.699
	X2.7	0.882			
	X2.8	0.843			
	X2.9	0.876			
Tax Awareness	Y.2	0.902			
	Y.3	0.805			
	Y.4	0.795			
	Y.5	0.865	0.944	0.953	0.692
	Y.6	0.891			
	Y.7	0.798			
	Y.8	0.761			
	Y.9	0.820			

Y.10	0.838

Based on the results of Table 2, it shows that, as follows:

The tax knowledge variable is measured by 8 (eight) items where the value in the outer loading shows between 0.760 - 0.864. This explains that the eight measurement items have a strong correlation in explaining tax knowledge. The level of reliability of the tax knowledge variable is acceptable with a composite reliability value of 0.932 and a Cronbach's alpha of 0.917 above 0.70 and convergent validity as indicated by an AVE of 0.631, a value greater than 0.05.(Hair, JF et al., 2019)says that an acceptable AVE is 0.50 or higher indicating that the construct explains at least 50 percent of the variance in the items. Among the eight valid measurement items, tax knowledge appears to be stronger, as shown by X10 (LF=0.864) and X2 (LF=0.812).

The tax socialization variable is measured by 6 (six) items where the value in the outer loading shows between 0.781 - 0.882. This explains that the six measurement items have a strong correlation in explaining tax knowledge. The level of reliability of the tax knowledge variable is acceptable with a composite reliability value of 0.933 and Cronbach's alpha 0.913 above 0.70 and convergent validity shown by AVE 0.699 > 0.05. Among the six valid measurement items, tax knowledge appears to be stronger, this is indicated by X9 (LF=0,882) and X7 (LF=0,876).

The tax awareness variable is measured by 9 (nine) items where the value in the outer loading shows between 0.761 – 0.902. This explains that the nine measurement items have a strong correlation in explaining tax knowledge. The level of reliability of the tax knowledge variable is acceptable with a composite reliability value of 0.953 and Cronbach's alpha 0.944 above 0.70 and convergent validity shown by AVE 0.692 > 0.05. Among the nine valid measurement items, tax knowledge appears to be stronger, as indicated by X2 (LF=0.902) and X6 (LF=0.891).

Table 3. Discriminant Validity

Variable	Tax Awareness	Tax Knowledge	Tax Socialization
Discriminant validity - Fornell - Larcker criterion			
Tax Awareness	0.832		
Tax Knowledge	0.713	0.795	
Tax Socialization	0.698	0.718	0.836
Discriminant validity - Heterotrait - Monotrait ratio (HTMT)			
Tax Awareness			
Tax Knowledge	0.752		
Tax Socialization	0.744	0.769	

Evaluation of discriminant validity is an evaluation of the measurement model to ensure that the variables are theoretically different and tested empirically and statistically. The discriminant validation methods used are the Fonnel Larcker criterion and Heterotrait Monotrait ratio (HTMT). The tax awareness variable has an AVE root (0.832) with a greater correlation with tax knowledge (0.795) and tax socialization with an AVE root of (0.836).Henseler et al., (2015) shows that the Fornell-Lacker criterion does not work well, especially when the indicator loadings on a construct differ only slightly (for example, all indicator loadings are between 0.65 and 0.85).

As a replacement,Henseler et al., (2015)proposed a heterotrait-monotrait correlation ratio (HTMT) threshold value of 0.90 for structural models with conceptually very similar constructs. The test results show that the HTMT value is below 0.90 for the variable pair, so discriminant validity is achieved. The variable divides the variance of the measurement item into the item that measures it more strongly than it divides the variance into other variable items.

Structural Model Evaluation

Evaluation of the structural model is related to testing the hypothesis of influence between research variables. According to Hair et al., (2019)The structural model evaluation check consists of checking the absence of multicollinearity between variables with an Inner VIF (Variance Inflation Factor) measure below 5, hypothesis testing and 95% confidence intervals interpreting path coefficient parameters, direct variable influence at the structural level, namely direct influence with the f measure square (f square 0.02 low, 0.15 moderate and 0.35 high). As for the mediation effect, we use the upsilon v statistical measure obtained by squaring the mediation coefficient, Lachowicz et al., (2018)namely low mediation effect (0.02), medium mediation effect (0.075) and high mediation effect (0.175).

The overall capital evaluation consists of R Square with criteria of Chin W, (1998)namely 0.19 (low influence), 0.33 (moderate influence), and 0.66 (high influence), Q Square above 0 shows that the model has predictive relevance. Hair, J. et al., (2017)SRMR below 0.08. PLS Predict as shown by the RMSE and MAE of the PLS model is lower than the linear regression model (LM),Hair et al., (2019)and Robustness Check consisting of linearity and heterogeneity of structural models with FIMIX PLSSarstedt et al., (2020)

Table 4. Hypothesis Testing / Structural Model Testing

Hipotesis	Path Coefficient	P value	95% Interval kepercayaan Path Coefficient		Hasil Pengujian / Sig?	VIF	f square / Upsilon V	R Square	Q Square
			Batas Bawah	Batas Atas					
Pengaruh Langsung									
H1. Pengetahuan Pajak -> Kesadaran Pajak	0.438***	0.000	0.265	0.634	Mendukung	00.00	0.222	0.580	0.572
H2. Sosialisasi Perpajakan -> Kesadaran Pajak	0.383***	0.000	0.150	0.576	Mendukung	2064	0.169		
H3. Pengetahuan Pajak -> Sosialisasi Perpajakan	0.718***	0.000	0.601	0.823	Mendukung	00.00	1.064	0.515	0.511
Pengaruh Tidak Langsung / Mediasi									
H4. Pengetahuan Pajak -> Sosialisasi Pajak -> Kesadaran Pajak	0.275**	0.001	0.108	0.439	Mendukung	-	0.275	-	-

Based on the results of the hypothesis testing above, it is known that, as follows:

H1 (first hypothesis) is accepted or has a positive effect, namely that there is an influence that supports tax knowledge on increasing tax awareness, this is shown in the path coefficient value (0.438) and p-value (0.000 < 0.05). Any changes to the tax knowledge variable will increase the tax awareness of MSME players. Meanwhile, in the 95% confidence interval, the magnitude of the influence of tax knowledge on the tax awareness of MSME actors is shown at a value of 0.265 to 0.546. However, the existence of tax knowledge in increasing the tax awareness of MSME actors has a moderate / moderate influence at the structural level (f square = 0.222).

H2 (second hypothesis) is accepted or has a positive effect, namely that there is an influence that supports tax socialization on increasing tax awareness, this is shown in the path coefficient value (0.383) and p-value (0.000 < 0.05). Any changes to the tax socialization variable will increase the tax awareness of MSME actors. Meanwhile, in the 95% confidence interval, the magnitude of the influence of tax knowledge on the tax awareness of MSME actors is shown at a value of 0.150 to 0.576. However, the existence of tax socialization in increasing tax awareness of MSME actors has a moderate / moderate influence at the structural level (f square = 0.169).

H3 (third hypothesis) is accepted or has a positive effect, namely that there is an influence that supports tax knowledge on increasing tax socialization, this is shown in the path coefficient value (0.718) and p-value (0.000 < 0.05). Any changes to the tax knowledge variable will increase tax socialization. Meanwhile, in the 95% confidence interval, the magnitude of the influence of tax knowledge on tax socialization is shown at a value of 0.601 to 0.823. However, the existence of tax knowledge in increasing tax socialization has a high influence at the structural level (f square = 1.064).

H4 (first hypothesis) is accepted or has a positive effect. This shows that tax knowledge significantly acts as a mediating variable, namely mediating the indirect effect of tax socialization on tax awareness of MSME business actors with a mediation path coefficient (0.275) and p-value (0.001 < 0.05). However, at the structural level, the role of knowledge mediation has a moderate/moderate influence, this is shown at (upsilon v = 0.275). In the 95% confidence interval, the magnitude of the influence of knowledge as mediation is shown at a value of 0.108 to 0.439.

Table 5. PLS Predict

Indicator	PLS SEM model		LM models	
	RSME	MAE	RMSE	MAE
Y.10	0.754	0.538	0.814	0.562
Y.2	0.631	0.477	0.666	0.478
Y.3	0.796	0.597	0.809	0.599
Y.4	0.738	0.544	0.745	0.550
Y.5	0.694	0.486	0.644	0.444
Y.6	0.666	0.481	0.695	0.499
Y.7	0.729	0.533	0.762	0.554
Y.8	0.708	0.508	0.789	0.573
Y.9	0.774	0.523	0.814	0.585
X2.2	0.713	0.565	0.755	0.591
X2.4	0.673	0.517	0.724	0.547
X2.6	0.707	0.525	0.707	0.504
X2.7	0.674	0.509	0.694	0.518
X2.8	0.732	0.547	0.772	0.565
X2.9	0.732	0.517	0.794	0.551

Source: SmartPLS 4.0 Output, 2023

States that PLS is SEM analysis with predictive purposes. Therefore, it is necessary to develop a measure of model validation to show how good the predictive power of the model is. PLS prediction works as a form of validation of the strength of the PLS prediction test. PLS results can be said to have good predictive power, so it is necessary to compare the basic model, namely the linear regression model (LM). Meanwhile, if the RMSE (Root Mean Square Error) or MAE (Mean Absolute Error) values are all lower than the linear regression model, then it can be said that the PLS model has high predictive power, and if only most of the PLS model values are lower than the values in the regression model linear, it can be stated that the predictive power of the PLS model is medium.

Based on the results of data processing and a comparison of 30 RSME and MAE values, the low value of RMSE and MAE in the PLS model is around 27 and the high value is around 3, this shows that the PLS model has medium predictive power.

4. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis previously presented, it can be concluded that hypotheses 1, 2, 3 and 4 are accepted. It is hoped that this study can use other variables or add useful variables for further research. Apart from that, it is recommended for MSME business actors to care more about the country by becoming a taxpayer who complies with tax regulations and fulfills their tax rights and obligations so that they can continue to contribute to increasing income and developing the country. The advice that can be given to the government and tax officers is to continue to increase tax awareness among taxpayers, especially micro, small and medium business actors, because there are still many people who are unfamiliar with taxes, both how to calculate, report and pay taxes. Not to mention this, socialization can be carried out directly and indirectly, either in the form of mass media or outreach.

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