INFLUENCE OF TRANSPARENCY AND RELATIONSHIP ON SOUTH SULAWESI SMES' COMPLIANCE

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Abstract
Small and Medium Enterprises (SMEs) as the backbone of the national economy face significant challenges in terms of tax compliance. This study aims to understand the effect of taxpayer transparency and the quality of working relationships with tax authorities on SME tax compliance in South Sulawesi. The method used is a quantitative approach through distributing questionnaires and path analysis using SMART-PLS. The results showed that the quality of working relationships had a significant effect on tax compliance, both directly and through the mediation of taxpayer transparency. Transparency is also proven to have a strong influence on increasing compliance. This confirms the importance of harmonious relationships and information disclosure between taxpayers and tax authorities. The implications of these findings can be used by tax authorities to design policies that encourage compliance, particularly through improving relationship quality and transparency. In addition to practical contributions, this study also enriches the literature on tax compliance behavior in the SME sector and serves as a reference in evidence-based decision making in the field of taxation.

Keywords: *Relationship Quality, Tax Compliance*, *Taxpayer Transparency, Small Medium Enterprises.*

INTRODUCTION

Tax compliance is one of the important issues in a country's fiscal management. In Indonesia, taxes are the main source of state revenue used to finance development, education, health, and various social welfare programs. However, the level of tax compliance, especially among Small and Medium Enterprises (MSMEs), remains a significant challenge. According to data from the Ministry of Finance, the tax contribution from the MSME sector to state revenue is still relatively low compared to its large economic potential (Directorate General of Taxes, 2020). This condition demands more attention in an effort to improve tax compliance in the sector.

MSMEs in Indonesia are the backbone of the national economy, with more than 64 million business units that absorb most of the national workforce and contribute around 60% to Gross Domestic Product (GDP) (Janah and Tampubolon, 2024). Despite this, many MSMEs still face challenges in understanding their tax obligations, both in terms of regulations and administrative procedures. Several factors such as the lack of socialization, the low quality of internal tax controls, and the lack of communication relations with tax authorities are factors that cause the low level of tax compliance among MSMEs.

Previous research suggests that a more cooperative approach by tax authorities, through the quality of working relationships between taxpayers and tax authorities, can improve tax compliance. Good working relationships include openness, effective communication, and prompt responses from tax authorities to questions or problems raised by taxpayers (OECD, 2013). A positive relationshipayers who feel treated fairly and have a

positive relationship with the tax authority tend to be more compliant in reporting and paying taxes (Devita et al, 2024). This reflects that the quality of working relationships is one of the important factors that influence taxpayer compliance behavior, especially in the MSME sector.

Apart from the quality of working relationships, taxpayer transparency also plays an important role in improving tax compliance. Transparency in question is the openness of taxpayers in disclosing information related to tax obligations, including the disclosure of tax risks faced. In the context of MSMEs in Indonesia, transparency is often a challenge, especially due to limited tax understanding and low financial literacy among small business actors (Muliari & Setiawan, 2011). Therefore, it is important to explore how taxpayer transparency can be improved and contribute to better tax compliance.

In the Indonesian context, efforts to improve tax compliance in the MSME sector have become increasingly relevant, especially with the government program that encourages the integration of MSMEs into the formal tax system through various incentives and administrative facilities. Nevertheless, the challenge of increasing MSME understanding and acceptance of the tax system remains high, so the right strategy is needed, one of which is through improving the quality of working relationships, and taxpayer transparency.

Based on the problems and previous research, this study aims to analyze the effect of the quality of working relationships between taxpayers and tax authorities, and taxpayer transparency on tax compliance among MSMEs in Indonesia. This research is expected to provide an empirical contribution in understanding the factors that influence MSME tax compliance, as well as provide recommendations for tax authorities to improve tax compliance through a more cooperative and relationship-based approach.

LITERATURE REVIEW
Tax Compliance

Tax compliance is one of the important concepts in the tax literature and is the focus of attention of many studies in the fiscal and economic fields. Tax compliance can generally be defined as the behavior of taxpayers in fulfilling their tax obligations in accordance with applicable laws and regulations, including in terms of reporting, calculating, and paying taxes (Alm & Torgler, 2011). In a broader context, tax compliance also includes the voluntary behavior of taxpayers in paying taxes without coercion from tax authorities, which is often influenced by perceptions of fairness and transparency in the tax system.

Many studies related to tax compliance adopt two main approaches, namely the economic and psychological approaches. The economic approach emphasizes rational factors, such as the chance of being audited and the amount of sanctions that will be received if taxpayers violate their tax obligations (Allingham & Sandmo, 1972). This theory states that taxpayers will make rational calculations regarding the risks and benefits of non-compliance. The higher the probability of being subject to an audit or the greater the fine that will be imposed, the higher the taxpayer's tendency to comply.

On the other hand, the psychological approach emphasizes non-economic factors that influence tax compliance, such as trust in tax authorities, perceptions of fairness, and social

norms. According to the Slippery Slope Framework, tax compliance can be influenced by two main aspects, namely trust and power. Trust arises when taxpayers feel that tax authorities act fairly and transparently, while power is the ability of tax authorities to apply effective penalties in the event of non-compliance. The combination of a high level of trust and strong tax authority power is believed to result in higher tax compliance.

In the context of MSMEs, tax compliance often faces different challenges compared to large taxpayers. Muliari & Setiawan (2011) found that low tax literacy and lack of understanding of tax rules are the main obstacles for MSMEs in fulfilling their tax obligations. In addition, research by Bruhn and Loeprick (2016) shows that MSMEs often lack the resources to build an adequate internal control system, which potentially increases the risk of non-compliance, both intentional and unintentional.

Previous research has also identified the important role of cooperative approaches between tax authorities and taxpayers in improving compliance. Siglé et al. (2022) show that the quality of working relationships between tax authorities and taxpayers plays a significant role in building trust and transparency, which in turn has a positive impact on tax compliance. In the Indonesian context, this study is relevant to be applied to MSMEs, where a relationship-based approach can help improve tax understanding and awareness.

Overall, tax compliance is influenced by a combination of economic, psychological and institutional factors. Trust-based approaches and strengthening the relationship between taxpayers and tax authorities, especially in the MSME sector, is one of the strategies widely suggested in the literature to increase voluntary tax compliance.

Quality of Working Relationship

The quality of working relationship between taxpayers and tax authorities is one of the important aspects in efforts to improve tax compliance. This working relationship includes various interactions that occur between the two parties, including communication, responsiveness, and trust that is built during the process of fulfilling tax obligations. OECD (2013) asserts that a good working relationship-based approach can influence the level of tax compliance, especially when tax authorities are cooperative and open to taxpayers.

Previous research suggests that quality working relationships between tax authorities and taxpayers can create an environment that is more conducive to voluntary tax compliance. Siglé et al. (2022) state that good quality working relationships, characterized by effective communication and transparency from both parties, can increase taxpayers' trust in tax authorities. Taxpayers who feel trusted and treated fairly by tax authorities are more likely to comply with their tax obligations without the need for coercion or the threat of sanctions.

One widely used approach to understanding the quality of this working relationship is through Procedural Justice Theory. This theory focuses on how taxpayers perceive fairness in the treatment they receive from tax authorities during the tax administration process, from filing tax returns to handling audits. According to Murphy (2004), when taxpayers feel that the tax process is fair, transparent and professional, they are more likely to comply. Fairness in procedures can increase taxpayers' trust in tax authorities, which in turn leads to better compliance behavior.

In addition to the trust aspect, open and responsive communication is also an important factor in building good quality working relationships. Braithwaite (2003) emphasizes that tax authorities that provide clear information, provide opportunities for taxpayers to submit questions, and respond quickly will be more effective in creating harmonious working relationships. This is very relevant for MSMEs in Indonesia, which often experience limitations in understanding the complexity of tax rules. With good communication, taxpayers feel more comfortable in carrying out their tax obligations because they feel supported by the tax authorities.

However, not all studies show that the quality of working relationships always has a direct impact on tax compliance. In addition to trust, the power of the tax authority in applying the rules is also important. In other words, good working relationships must be balanced with sufficient power to enforce tax regulations. If relying solely on cooperative relationships without strict supervision, tax non-compliance may still occur, especially if taxpayers feel that tax authorities do not have the capacity to conduct effective enforcement.

In the context of MSMEs, research by Siglé et al. (2022) found that a good quality of working relationship between tax authorities and MSMEs is crucial to improve tax understanding and awareness. On the other hand, MSMEs often require a more personalized approach and direct support from tax authorities to understand and comply with their tax obligations. This indicates that the quality of working relationships serves not only as a means of communication, but also as an educational tool for MSMEs in fulfilling their tax obligations.

Overall, the quality of the working relationship between taxpayers and tax authorities plays an important role in encouraging voluntary tax compliance. The combination of trust, open communication, and procedural fairness are the main pillars in building a productive and effective relationship, especially in the context of MSMEs in Indonesia. However, it is important to remember that the quality of this working relationship must be balanced with adequate law enforcement in order to generate optimal tax compliance.

Taxpayer Transparency

Transparency in the context of taxation can be defined as the openness of taxpayers in disclosing relevant and accurate information related to their tax obligations to tax authorities. This transparency includes disclosure of tax risks, completeness and honesty in tax reporting, and taxpayer readiness to provide additional information if needed. Taxpayer transparency is often considered as one of the key factors affecting tax compliance because tax authorities can be more effective in conducting supervision and guidance when they have clear access to taxpayer information.

In the context of tax research, taxpayer transparency has been widely discussed, especially in relation to how transparency can minimize the information gap between taxpayers and tax authorities. Fung et al. (2007) state that transparency serves as an uncertainty reduction mechanism, where more transparent taxpayers tend to minimize potential conflicts with tax authorities regarding the disclosure of their tax obligations. In

MSMEs in Indonesia, transparency issues often arise due to low levels of tax literacy and difficulties in understanding complex tax regulations (Muliari & Setiawan, 2011).

Taxpayer transparency is also important in increasing trust between taxpayers and tax authorities. Slemrod (2007) shows that taxpayers who voluntarily provide accurate and complete information about their income and business transactions tend to show a higher commitment to tax compliance. In this case, transparency is not only considered as formal disclosure, but also as a taxpayer's attitude to be open and cooperative with tax authorities. The trust that grows from greater transparency will create a more productive relationship between the two parties.

Furthermore, research by Siglé et al. (2022) highlights that taxpayer transparency is often a reflection of the quality of the working relationship between taxpayers and tax authorities. When the working relationship is good - characterized by open communication, prompt responses and a cooperative approach from the tax authority - taxpayers tend to be more transparent in disclosing information. This is relevant in the context of MSMEs in Indonesia, where there are often communication barriers and limited understanding of tax regulations. With greater transparency, tax authorities can provide more effective guidance and direction to ensure that MSMEs fulfill their tax obligations properly.

However, the main challenge in encouraging taxpayer transparency among MSMEs is the lack of awareness and understanding of the importance of transparency in tax reporting. Bruhn and Loeprick (2016) state that many MSMEs do not have an adequate internal control system, which causes gaps in tax reporting that can trigger non-compliance. Taxpayer transparency, therefore, is also strongly influenced by the quality of internal tax controls within the company. If MSMEs have a weak internal control system, the transparency shown in tax reporting also tends to be lower.

In addition, Braithwaite (2003) states that the level of transparency can be influenced by taxpayers' perceptions of fairness in tax enforcement. If taxpayers feel that tax authorities apply regulations inconsistently or discriminatorily, they may be more reluctant to openly disclose relevant information. In this context, transparency is not only influenced by the internalization of transparency values within the company, but also by external factors such as perceptions of tax authorities.

Overall, taxpayer transparency plays an important role in creating a more cooperative and open relationship between taxpayers and tax authorities, especially in the MSME sector. In this study, taxpayer transparency will be analyzed as a variable that affects tax compliance and is mediated by the quality of working relationships and internal tax controls. Better taxpayer transparency is expected to encourage higher tax compliance through increased trust and better tax risk management.

Hypothesis Development
1. Quality of Working Relationship between Taxpayer and Tax Authority on Tax Compliance

Previous research suggests that a good relationship between taxpayers and tax authorities, characterized by open and responsive communication, can increase trust and

commitment to comply with tax obligations (OECD, 2013; Siglé et al., 2022). While direct interaction with tax authorities is often challenging, cooperative relationships can help overcome gaps in understanding and encourage compliance (Siglé et al., 2022).

Hypothesis 1 (H1): The quality of working relationships between taxpayers and tax authorities has a positive effect on tax compliance in MSMEs in Indonesia.

2. Taxpayer Transparency on Tax Compliance

Taxpayer transparency, including honest disclosure of tax risks and information, contributes to improved tax compliance. MSMEs that are transparent about their tax obligations will be more accessible to tax authorities and, as a result, will receive assistance in completing their tax obligations. Research in Indonesia also shows that tax transparency plays an important role in reducing the uncertainty felt by MSME actors (Muliari & Setiawan, 2011).

Hypothesis 2 (H2): Taxpayer transparency has a positive effect on tax compliance in MSMEs in Indonesia.

3. Quality of Working Relationships between Taxpayers and Tax Authorities on Taxpayer Transparency.

The quality of good relationships between taxpayers and tax authorities can create an environment that supports transparency. When relationships are based on trust and good communication, taxpayers will feel more comfortable in disclosing important information related to their tax obligations (Liani and Barli, 2024). Research in various countries shows that a cooperative approach from tax authorities encourages taxpayers to be more open in providing information (Muliari & Setiawan, 2011).

4. Taxpayer Transparency as Mediation between Quality of Working Relationships and Tax Compliance.

Taxpayer transparency can act as a mediator in the relationship between the quality of working relationships and tax compliance. Good working relationships create greater openness from taxpayers, which in turn increases tax compliance (Siglé et al., 2022). In MSMEs, transparency is often the link between trust in tax authorities and actual action to comply with tax obligations.

Hypothesis 5 (H5): Taxpayer transparency mediates the relationship between the quality of the working relationship between taxpayers and tax authorities and tax compliance in MSMEs in Indonesia.
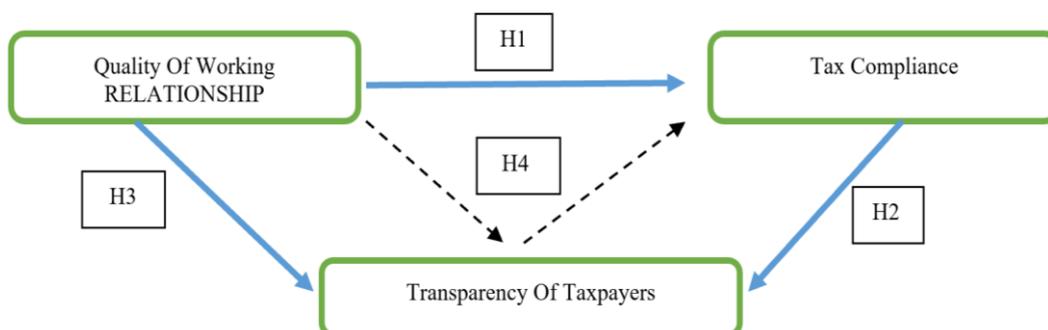

Figure 1. Research Model

METHOD

This research is quantitative research with an explanatory approach. This research aims to explain the causal relationship between the variables studied, namely the Quality of Working Relationships between Taxpayers and Tax Authorities, Taxpayer Transparency, and Tax Compliance in MSMEs in Indonesia. The quantitative approach is used because this research requires numerical data that is analyzed statistically to test the proposed hypothesis.

The population in this study are all MSMEs registered as taxpayers in the South Sulawesi region, Indonesia. This region was chosen because it represents one of the centers of MSME activity in Indonesia with various types of business sectors. The areas selected as research areas are city districts that have the highest number of SMEs according to Makassar City (8,855 SMEs), Gowa Regency (10,062 SMEs), Bone Regency (11,151 SMEs), and Wajo Regency (17,279). So that the total population is 47,347 SMEs. The number of samples in this study amounted to 382 SMEs with the Slovin formula which uses a confidence level of 95%, Margin of Error 5%.

The data in this study were collected through a closed questionnaire distributed to selected respondents. The questionnaire consists of a number of questions designed to measure the research variables, with a Likert scale of 1-5 (1 = Strongly Disagree, 5 = Strongly Agree). Measurement of research variables such as the Quality of Working Relationships between Taxpayers and Tax Authorities: Measured by indicators of trust, effective communication, and satisfaction with interactions with tax authorities (Siglé et al., 2022). Taxpayer Transparency: Measured by indicators of honest information disclosure and openness regarding tax risks. Tax Compliance: Measured by indicators of timeliness in tax reporting, accuracy of the amount of tax paid, and willingness to comply with tax regulations (Alm & Torgler, 2011).

The data obtained from the questionnaire will be analyzed using the Partial Least Squares - Structural Equation Modeling (PLS-SEM) statistical technique. PLS-SEM was chosen because this model is able to handle causal relationships between latent variables, which is in accordance with research that examines the complex relationship between independent variables (quality of working relationships, transparency, quality of internal tax control) and the dependent variable (tax compliance). The data analysis stages include Validity and Reliability Tests; The validity test is carried out by looking at the outer loading of each indicator. If the outer loading value is above 0.5, the indicator is considered valid. Reliability test is conducted using Composite Reliability (CR) and Cronbach's Alpha; where the expected value is above 0.7. Structural Model Test; This test is used to see the relationship between the variables in the model. The path coefficient value will be seen to determine the significance of the relationship between variables, with a p value <0.05 considered significant. R-Square; used to measure how much variation in the dependent variable can be explained by the independent variable.

RESULTS AND DISCUSSION
Contents Results and Discussion

Two steps in this analysis in assessing the research model. By analyzing the correlations between latent variables and their associated indicators, the measurement model will first be allowed to assess the precision of the suggested measures. The reliability scores of all latent variables (see Table 1) are above the threshold level of 0.70. Convergent validity of latent variables refers to the "average variance extracted (AVE)" value. All the results shown have good convergent validity as the values are greater than 0.5 (see Table 1) (Hair et al., 2010). Discriminant validity was confirmed by assessing the AVE that exceeded the intercorrelation of the latent variable relative to the other latent variables. All constructs have high discriminant validity (see Table 1). As a result, the measurement model recognizes these values with evidence of adequate construct validity and reliability. From the measurement model results, it was found that all data were strongly supported to continue testing the structural model.

Tabel 1. Construct Reliability dan Validity

Variables	Indicator	Convergent Validity Loading Factor	Discriminant Validity			Composite Reliability	AVE
			KHK	TWP	KP		
Quality of Working Relationship (KHK)	KHK1	0.714	0.714	0.596	0.450	0.748	0.563
	KHK2	0.715	0.715	0.330	0.410		
	KHK3	0.763	0.763	0.386	0.459		
	KHK4	0.805	0.805	0.445	0.545		
Transparency of Taxpayers (TWP)	TWP1	0.752	0.489	0.752	0.469	0.794	0.707
	TWP2	0.874	0.522	0.874	0.457		
	TWP3	0.890	0.564	0.890	0.482		
Tax Compliance (KP)	KP1	0.853	0.528	0.476	0.853	0.875	0.725
	KP2	0.848	0.519	0.508	0.848		
	KP3	0.878	0.523	0.477	0.878		
	KP4	0.827	0.476	0.439	0.827		

Source: Results of data processing, 2024

This study uses a 95% confidence interval to determine whether the hypothesis is supported or rejected. This study uses a four-step procedure to investigate the mediation effect. This study also tested the t-test values and p-values to support hypothesis testing. All results are displayed in Table 2 which shows that the direct effects of the two independent variables, namely Quality of working relationships, and Taxpayer transparency, on Small Business Tax Compliance are indicated to be statistically significant. Evidence from the path coefficients also indicates that Quality of Working Relationship has a positive impact on Taxpayer Transparency. This structural model test supports hypotheses H1, H2, and H3.

The mediation effect was assessed simultaneously, showing that this independent Quality of Working Relations variable is positively related to the mediator Taxpayer Transparency, and the mediator Taxpayer Transparency is significantly related to Taxpayer Compliance, so it can be said that Quality of Working Relations has a positive impact on Taxpayer Compliance

through Taxpayer Transparency, and shows that all paths are significant (See Table 2). This structural model test supports hypothesis H4.

Table 2. Path Coefficient for Structural Model

Influence between Variables	Hipotesis	Original Sample	t - Statistics	P - Values
Quality of Work Relations (KHK) on Tax Compliance (KP)	H1	0.413	6.948	0.000
Taxpayer Transparency (TWP) on Tax Compliance (KP)	H2	0.300	4.936	0.000
Quality of Working Relationship (KHK) on Taxpayer Transparency (TWP)	H3	0.626	15.274	0.000
Quality of Work Relations (KHK) on Tax Compliance (KP) mediated by Taxpayer Transparency (TWP)	H4	0.188	4.220	0.000

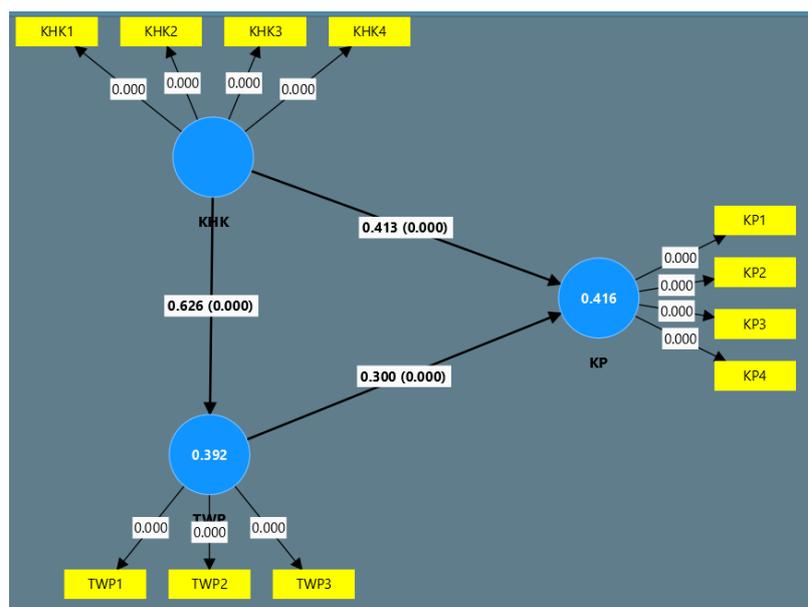Source: Processed Data, 2024

Figure 2. Research Model Findings

Source : Data Processing Results, 2024

Quality of Working Relationships (KHK) on Tax Compliance (KP)

The quality of working relationships between taxpayers and tax authorities significantly affects tax compliance with a coefficient value of 0.413. This finding indicates that the better the quality of interactions between taxpayers and tax authorities, the more likely taxpayers are to comply with their tax obligations. Effective working relationships include clear communication, trust, and mutually beneficial cooperation (Afifah and Syarah, 2020). A positive relationship reduces conflicts of interest and increases trust, thus making agents (taxpayers) more compliant.

This result is important because it highlights how a relationship-based approach can address the problem of non-compliance that is prevalent in the small business sector. It suggests a more human relationship-oriented approach, rather than just coercive measures. The practical implication of this result is that tax authorities need to focus on building better working relationships with taxpayers. This can be done through training tax officers in communication skills, improving tax advisory services, and creating a more inclusive environment in tax matters.

Taxpayer Transparency (TWP) on Tax Compliance (KP)

Taxpayer transparency significantly affects tax compliance with a coefficient of 0.300. This finding confirms that the more open and transparent taxpayers are in submitting tax reports, the more likely they will comply with tax regulations. Taxpayers who provide accurate and complete information tend to comply with their obligations more consistently (Liani and Barli, 2024). Taxpayers who feel that the tax system is fair and they do not need to hide income or other information will be more transparent and ultimately more compliant. Transparency also strengthens the sense of fairness between taxpayers and authorities.

This finding is important as transparency is often an issue for MSMEs that have limited knowledge and resources. Improving transparency can be one of the most effective ways to improve tax compliance, especially in the context of MSMEs in Indonesia. Tax data authentication, information accessibility, and accuracy of filling out tax documents need to be considered by tax authorities. These implications suggest that taxpayer transparency could be an important indicator in assessing and improving tax compliance.

Quality of Working Relationship (KHK) on Taxpayer Transparency (TWP)

The quality of working relationships has a major effect on taxpayer transparency with a coefficient value of 0.626. A good quality relationship between tax authorities and taxpayers increases taxpayer transparency. When taxpayers feel that they can trust tax authorities and have open communication channels, they tend to be more honest and open in their tax reporting (Yoku, 2022). The trust that exists between the authority and the taxpayer will affect transparency in filling out tax reports. If taxpayers feel treated fairly and receive clear information, they will be more open.

This result is important as transparency is one of the key pillars of tax compliance. This confirms the need to build quality working relationships to improve taxpayer transparency, which in turn also affects compliance. Improved quality of public services and

more positive interactions from tax authorities will encourage taxpayer transparency. Tax authorities should consider a more friendly and consultation-based approach to increase taxpayer disclosure.

Quality of Work Relations (KHK) on Tax Compliance (KP) through the mediation of Taxpayer Transparency (TWP)

The quality of working relationships affects tax compliance through the mediation of taxpayer transparency with a coefficient of 0.188. This finding suggests that the effect of the quality of working relationships on tax compliance can be strengthened through taxpayer transparency. In other words, good quality of working relationships not only directly increases tax compliance but also indirectly through increased taxpayer transparency (Siglé et al, 2022). In other words, the quality of working relationships and transparency affect the intention to comply (tax compliance). Transparency in this case functions as a social norm that is reinforced by positive interactions with authorities.

The importance of these results is that they provide a holistic view of how working relationships and transparency can jointly influence tax compliance. This provides a strategic point for tax authorities to develop policies based on a dual approach: relationship quality and transparency. This suggests that tax compliance improvement strategies should not only focus on the quality of working relationships, but also how to encourage taxpayer transparency as a mediating factor. Fostering trust between taxpayers and authorities will strengthen transparency, which in turn encourages compliance.

CONCLUSION

This study examines the effect of the quality of working relationships between taxpayers and tax authorities and transparency on MSME tax compliance in South Sulawesi. The results showed that the quality of working relationships has a positive and significant effect on tax compliance. Harmonious relationships between taxpayers and tax authorities encourage higher tax compliance. Taxpayer transparency also has a significant effect on tax compliance. Taxpayers who are transparent in reporting their obligations show a higher tendency to comply. The quality of working relationships has a significant effect on taxpayer transparency. The better the working relationship between the two parties, the higher the level of taxpayer transparency. Taxpayer transparency mediates the relationship between the quality of working relationships and tax compliance, suggesting that good working relationships influence transparency which ultimately increases compliance. These findings emphasize the importance of building strong relationships between tax authorities and taxpayers and promoting transparency as an important factor in improving tax compliance in the MSME sector.

Some things that can be suggested from this research such as Tax authorities should focus more on improving positive working relationships with MSME taxpayers, taxpayer transparency can be improved through a better understanding of tax rights and obligations, future tax policies should emphasize a collaborative approach rather than just rigid law

enforcement, and the tax administration system, especially for MSMEs, needs to be improved to encourage transparency.

A limitation of this study is that it was only conducted in the South Sulawesi region, so generalization of the findings to the rest of Indonesia may not be entirely accurate. Socio-economic and cultural conditions in other regions may differ, which may affect the quality of working relationships, transparency, and tax compliance. In addition, this study only focuses on the quality of working relationships, transparency, and tax compliance. There are other variables such as perceived fairness, tax penalties, and understanding of taxation that may also affect taxpayer compliance but were not analyzed in this study. So from here it can be suggested for further research is to conduct research in a wider area to ensure the findings can be generalized, further research should be carried out in various regions in Indonesia. Thus, other social, economic, and cultural factors can be taken into account to get a more comprehensive picture. In addition, future research can include other variables such as perceptions of fairness, tax sanctions, the level of tax literacy, or even the level of digitization in tax administration that may affect tax compliance. More comprehensive research by including these additional variables will enrich the understanding of the factors that influence MSME taxpayer compliance.

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