



**THE INFLUENCE OF SOCIALIZATION OF TAX UNDERSTANDING,
STRENGTH OF TAX SANCTIONS, APPLICATION OF SELF ASSESSMENT
SYSTEM AND LEGAL RIGHTS AGAINST TAXPAYERS OF ENTREPRENEURS
MSMEs IN MEDAN CITY**

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ABSTRACT

This study aims to determine the effect of socialization of understanding, taxation, firmness of tax sanctions, application of the self-assessment system and legal rights to MSME entrepreneurs taxpayers in the city of Medan partially and simultaneously. The approach used in this research is an associative approach. The data collection technique used in this research is using a questionnaire (questionnaire). The population used in this study were all MSME entrepreneur taxpayers in the city of Medan. Sampling using simple random sampling, with a random sampling technique of 100 respondents. The number of questionnaires that can be processed is 80 out of 100 distributed questionnaires. The data analysis technique used classical assumption test, partial test (t test), simultaneous test (f test), The results of this study indicate that the socialization of understanding of taxation variables has a positive and significant influence on MSME entrepreneurs' taxpayers. The variable of firmness of tax sanctions has a positive and significant effect on MSME entrepreneur taxpayers. However, the variable of implementing the self-assessment system has a negative and significant effect on MSME entrepreneur taxpayers and legal rights have a negative and insignificant effect on MSME entrepreneur taxpayers.

Keywords: *Dissemination of Understanding, Firmness of Sanctions, Self-Assessment System, Legal Rights and Micro, Small and Medium Enterprises*

A. Introduction

State revenues that have a very large role and are increasingly relied upon for development purposes and government expenditures are taxes. Taxes are the biggest source of revenue for both the central and local governments. The tax sector is the easiest sector to collect because tax collection is supported by clear and firm tax laws. As a developing country, Indonesia needs to take micro, small and medium enterprises (MSMEs) seriously. With the growth and development of MSMEs, business performance is better so that they are able to provide a productive workforce and increase productivity. The existence of MSMEs can be a driving force and support for the life of large companies. It is undeniable that MSMEs, which are the largest part of business actors in Indonesia, have an important and strategic role in the development of the national economic structure. Therefore, various empowerment efforts need to be carried out both in terms of quality and quantity. The number of micro, small and medium enterprises (MSMEs) in the city of Medan has increased from year to year. According to data from the Ministry of Cooperatives and Micro, Small and Medium Enterprises of the Republic of Indonesia, the number of MSMEs in Medan City currently amounts to 234,509 businesses. The large number of micro, small and medium enterprises (MSMEs) is a tremendous potential to increase tax revenue. One of the sectors that contributes significantly to taxation today is the private sector, namely Micro, Small and Medium Enterprises (MSMEs).

Knowledge and understanding of taxes is very important for all circles of society,



especially MSME entrepreneurs. How can they carry out their rights and obligations if they do not understand tax regulations. Of course, efforts are needed to increase public understanding of the applicable taxation procedures. This is the main task of the Directorate General of Taxes (DGT) to disseminate information on taxation. Socialization is usually carried out in large institutions such as in the North Sumatra Regional Tax Office building or at predetermined places, but not all MSME entrepreneurs can attend the socialization. As well as the socialization conducted by the North Sumatra Regional Tax Office with the North Sumatran Indonesian Tax Consultant Association, which was attended by approximately 1300 MSME players in the city of Medan, which took place at Stella Hall, Hermes Place Convention, Jalan Mongonsidi Medan (pewarta.co/news/economy) . The community needs a more detailed and close socialization to the community directly so that the socialization will be right on target because all levels of society can feel it. Socialization in the city of Medan has not yet entered small institutions such as sub-district offices or urban village offices that have not been touched so that taxpayers do not understand taxation procedures.

Strict sanctions are needed in taxation. Strict sanctions can increase MSME taxpayer compliance in fulfilling their tax obligations. The main reason MSME entrepreneurs are subject to tax sanctions is forgetting to pay taxes and report SPT. The sanctions given by MSME taxpayers who are late in making payments are quite a lot. Taxpayers will fulfill their tax obligations if they perceive that tax sanctions will harm them more. The existence of sanctions can provide awareness of MSME entrepreneurs so that they do not forget and do not neglect to fulfill their tax obligations. The implementation of the self-assessment tax calculation system supports the large role of MSME taxpayers in determining the amount of state revenue from the tax sector which is supported by MSME taxpayer compliance in fulfilling their tax obligations. Thus, taxpayer compliance is the implementation of the obligation to deposit and report taxes owed in accordance with tax regulations. The self-assessment system is expected to increase the awareness of MSME entrepreneurs in fulfilling their obligations as taxpayers.

B. Theoretical Basis

1. Socialization of Tax Understanding

Socialization and understanding of taxation is important for people who still do not understand the tax itself. The taxpayer's understanding of taxation will make the self-assessment system run according to the objectives of the Directorate General of Taxes. With a low level of public education, many Indonesians do not know what taxes are. The higher the level of public education will make it easier for the public to understand the provisions and legislation in the applicable taxation sector. The low level of education will also be reflected in the large number of taxpayers who do not keep books or do double bookkeeping for tax purposes.

2. Tax Sanction Firmness

In essence, the imposition of tax sanctions is imposed to create taxpayer compliance in carrying out their tax obligations. Therefore, it is important for taxpayers to understand tax sanctions so that they know the legal consequences of what is done or not done. This can affect taxpayers to fulfill their tax obligations (Diana Sari, 2013). By complying with applicable laws, taxpayers have indirectly enforced a culture of self-discipline. The discipline that he applies indirectly helps the government in determining policies, of course policies related to the business world.



By obeying the applicable law, at least he has made the government feel appreciated. In addition, the entrepreneur's compliance is the smallest form of action that can be taken against the state and government. Of course not in terms of providing material, but encouraging compliance with the law (Susanta and Syamsudin, 2009).

3. Implementation of the Self-Assessment System

With the implementation of the self-assessment system, taxpayers have the obligation to calculate, deposit and report their tax obligations, including small business taxpayers, where they have the same obligations as other domestic taxpayers. However, for some small taxpayers, it will be difficult to do the bookkeeping of their transactions. Especially the tax policies that burden small taxpayers will affect compliance in fulfilling their tax obligations. In addition, ignorance of tax policies for small taxpayers will hinder the implementation of tax obligations (Widodo, 2010).

4. Legal Rights

Legal rights are rights based on law. Legal rights are defined by laws, legal regulations or other documents. This type of right generally arises when there is an interaction between tax law and taxpayers. To provide justice in tax collection, the tax law provides a dispute resolution mechanism if there is a problem between the taxpayer and the tax authorities. Each legal remedy has different procedures and settlement procedures. Often the taxpayer's misunderstanding in taking legal action makes the legal remedies taken cannot be processed because they do not meet formal provisions. For this reason, an understanding of the procedures and procedures for submitting each of these legal remedies is absolutely necessary (Kurniawan, 2011).

5. MSME Entrepreneurs' Tax Obligations

The tax obligation is a manifestation of the service and means of the participation of the taxpayer to directly and jointly carry out the taxation needed for state financing and national development with responsibility for its implementation obligations fully entrusted to members of the community. (Kustadi Arianta, in Choiriyatuz Hidah's research, 2010). Based on the above understanding, the things or circumstances that can be behind small and medium business owners in reporting tax obligations are:

- a. MSME business knowledge about tax is the process of changing the behavior of a taxpayer or group of taxpayers in an effort to mature humans through teaching and training efforts.
- b. MSME entrepreneurs' understanding of tax regulations is the MSME entrepreneur's way of understanding existing tax regulations.
- c. Tax benefits felt by taxpayers are the benefits or benefits or good and bad taxes that can be received or felt by taxpayers.

The taxpayer's optimistic attitude towards taxes is a view that contains good hope because he is not worried about losing or not making a profit from the taxpayer against taxes

C. Research Method

The object of research carried out in this study is Micro, Small and Medium Enterprises (MSMEs) both from the service and trade sectors in the city of Medan. p . methodThis research uses associative research. Associative research is research that aims to determine the effect or relationship between two or more variables. The

data collection carried out in this study was a questionnaire given directly or through intermediaries to the respondents. The population in this study were all MSME entrepreneurs from the service and trade sectors in Medan City. Sampling in this study used a simple random sampling technique. Simple random sampling is a technique of taking sample members at random without regard to the existing strata in the population. In this study, the authors took 100 samples from the number of MSME entrepreneurs in the city of Medan. The data in this study are primary data. The primary data used by the author is data obtained from a questionnaire. Researchers obtained data by sending questionnaires to 100 MSME entrepreneurs directly or through intermediaries.

D. Research and Discussion Results

1. Hypothesis Test Results

Partial Test (t Test)

Table 1
Partial Test Results (t Test)

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	24,617	2,710		9.083	.000
	Socialization Understanding	.401	.122	.506	3.277	.002
	Firmness of Sanctions	.653	.146	.602	4.467	.000
	Self-Assessment	-.385	.121	-.425	-3.167	.002
	Legal Rights	-.095	.153	-.081	-.623	.535

a. Dependent Variable: MSME Taxpayer

Based on the results of the partial test (t test) that has been carried out between socialization of tax understanding (X1) to MSME entrepreneur taxpayers (Y), it shows that the value of tcount is 3,277 > ttable 1,991 with a significance value of 0.002 < 0.05. This means that there is a positive and significant influence on the socialization of tax understanding to MSME entrepreneurs taxpayers in the city of Medan.

There is a significant positive effect, it shows that if the socialization of understanding of taxation variables has increased or tax counseling is often carried out, it will cause an increase in awareness and compliance with the variable of MSME entrepreneurs' taxpayers in fulfilling their tax obligations. Tax socialization is an effort made by the Director General of Taxes to provide knowledge to MSME taxpayers so that they know tax procedures and regulations. With the socialization of tax understanding given to MSME entrepreneur taxpayers, it is hoped that effective participation from the community and MSME taxpayers in fulfilling their rights and obligations will be possible, thus enabling tax awareness. Based on the results of the partial test (t test) that has been carried out between the firmness of tax sanctions (X2) on MSME entrepreneur taxpayers (Y), it shows that the value of tcount is 4,467 < ttable 1,991 and has a significance value of 0.000 > 0.05, meaning that there is a positive influence and significant between the



variables of the firmness of tax sanctions against MSME entrepreneurs taxpayers in the city of Medan.

There is a positive and significant effect between the firmness of tax sanctions on MSME entrepreneur taxpayers. This shows that with the firmness of tax sanctions, MSME entrepreneurs are afraid to violate tax laws and regulations. MSME entrepreneurs will comply with established tax regulations. They are aware of the regulations and sanctions received, both administrative sanctions and criminal sanctions that will be accepted if they do not comply with their tax obligations. The existence of strict sanctions tends to comply with tax regulations so that MSME entrepreneurs are aware and obedient to fulfill their tax obligations. Based on the partial test (t test) that has been carried out between the application of the self-assessment system (X3) to MSME entrepreneur taxpayers (Y), it shows that the value of tcount is $-3.167 < t_{table} 1.991$ and has a significance value of $0.002 > 0.05$, then the application The self-assessment system has a negative and significant effect on MSME entrepreneur taxpayers in the city of Medan.

The results of the research on the application of the self-assessment system have a negative and significant effect on MSME entrepreneur taxpayers. This can be caused that the application of the self-assessment system has not been able to run properly, without good knowledge and honesty from MSME taxpayers. Because if the application of the self-assessment system is not based on honesty, then it is possible for MSME taxpayers to be dishonest in calculating their tax payable. So that it has not been able to influence MSME entrepreneur taxpayers to be aware of carrying out their tax obligations. Based on the partial test (t test) that has been carried out between legal rights (X4) against MSME entrepreneur taxpayers (Y), it shows that the value of tcount is $-0.623 < t_{table} 1.991$ and has a significance value of $0.535 > 0.05$, so legal rights have a negative effect. and significant to the MSME entrepreneur taxpayers. This means that there is no significant effect between the legal rights variables on the MSME entrepreneur taxpayers in the city of Medan.

The results of the study show that legal rights have a negative and insignificant effect on MSME entrepreneur taxpayers. This can be due to the fact that the MSME entrepreneur taxpayers in the city of Medan do not have much knowledge about legal rights or legal remedies in taxation. Lack of understanding of MSME entrepreneur taxpayers regarding the basic principles of law and the substance contained in tax law. This lack of knowledge so that legal rights have not been able to influence the awareness and increase of taxpayers for MSME entrepreneurs in the city of Medan.

Simultaneous Test (F Test)

**Table 2
Simultaneous Test Results (F Test)**

**Tabel 3
Koefficient Determination**

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	398,902	4	99,725	21.828	.000a
Residual	342,648	75	4,569		



Total	741,550	79		
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a. Predictors: (Constant), Legal Rights, Firmness of Sanctions, Self-Assessment, Dissemination of Understanding

b. Dependent Variable: MSME Taxpayer

The results of this study support the fifth hypothesis, which states that there is an effect of socializing the understanding of taxation, the firmness of tax sanctions, the application of the self-assessment system, and legal rights together on MSME taxpayers. This can be proven by the results of the F test, $F_{count} 21.828 > F_{table} 2.50$ and has a significance value of $0.000 < 0.50$ which means that the socialization of understanding taxation, the firmness of tax sanctions, the application of the self-assessment system, and legal rights collectively have a positive effect. which is significant for the taxpayers of MSME entrepreneurs in the city of Medan. Based on the results of the coefficient of determination (R^2) of 0.538 or equal to 53.8%, it shows that the socialization of taxation understanding, the firmness of tax sanctions, the application of the self-assessment system, and legal rights affect the MSME entrepreneur taxpayers by 53.8%. While the remaining 46.2% is influenced by other variables not examined in this study.

E. Conclusions And Suggestions

1. Conclusion

Based on the data that has been collected and the tests that have been carried out on the problems from the results of the analysis that have been discussed previously, the following conclusions can be drawn:

1. There is a positive and significant effect of socializing the understanding of taxation on MSME entrepreneurs taxpayers in the city of Medan. With the socialization of a comprehensive understanding of taxation, it can increase the knowledge and understanding of MSME entrepreneurs taxpayers. Socialization can also increase awareness and compliance of MSME entrepreneur taxpayers in fulfilling their tax obligations.
2. The firmness of tax sanctions has a positive and significant effect on MSME entrepreneurs taxpayers in the city of Medan. Because the MSME entrepreneur taxpayers do not know the tax sanctions that will be received if the taxpayer commits a violation. And it is possible that there are still many MSME entrepreneur taxpayers who do not want to know the applicable tax regulations and sanctions.
3. The application of the self-assessment system has a negative and significant effect on MSME entrepreneur taxpayers in the city of Medan. This is because the implementation of a self-assessment system that is not based on knowledge and understanding will make MSME entrepreneurs taxpayers not carry out their tax obligations in terms of calculating, paying and self-reporting the taxes owed.
4. Legal rights have a negative and insignificant effect on MSME entrepreneur taxpayers in the city of Medan. Due to the lack of knowledge and understanding of MSME entrepreneur taxpayers regarding legal rights or legal remedies in taxation. The lack of understanding of MSME entrepreneur taxpayers regarding the basic principles of law and the substance contained in tax law.



There is a significant effect of socializing understanding of taxation, firmness of tax sanctions, application of the self-assessment system, and legal rights together on MSME entrepreneurs taxpayers in the city of Medan. The value of the coefficient of determination is 0.538 or 53.8%, which means that the increase in MSME entrepreneur taxpayers can be explained by the variables of socialization of tax understanding, firmness of tax sanctions, application of the self-assessment system, and legal rights. While the remaining 46.2% is explained by other variables not examined in this study.

2. Suggestions

Based on the conclusions in this study, the suggestions to be conveyed by the researchers are:

1. This research is expected to provide insight to related parties. The related parties should consider the factors that influence taxpayers in reporting their tax obligations, especially regarding the socialization of tax understanding factors, because these factors have proven to be very influential on taxpayers to carry out their tax obligations. So that with frequent counseling, training or socialization actions regarding taxation, it can increase the awareness of taxpayers.
2. The taxpayers themselves with high education and knowledge of taxes allow taxpayers to dodge, which in turn will reduce their tax awareness. But with the knowledge possessed, taxpayers will be obedient in fulfilling tax obligations. For example, they will consciously register to have a NPWP, but with the NPWP from the tax office, they will continue to pressure the NPWP holders.
3. Further research is expected to add other independent variables or add moderating variables in order to find out other variables that can influence and strengthen or weaken the dependent variable. Further research can also increase the number of research samples and expand the research sample area, so that research results with a higher level of generalization can be obtained..

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