
THE EFFECT OF PUBLIC INFORMATION ON TAX COMPLIANCE MEDIATED BY TAXPAYERS' UNDERSTANDING OF MSMEs IN PEKANBARU

Febri Rahmi¹, Elfiandri², Shahedah Soeci Elfera³

^{1,2} Universitas Islam Negeri Sultan Syarif Kasim Riau ³Padjajaran University

Email: Elfiandri@uin-suska.ac.id

Abstract

The government as a public service provider has provided public information disclosure and ease of access. The beneficiaries of information such as tax information are MSMEs. MSMEs as contributors to the country's foreign exchange have received tax stimulus, such as lowering rates, but have not been good enough to increase taxpayer compliance. Therefore, it is necessary to conduct a study aimed at analyzing the effect of public information on tax compliance mediated by the understanding of taxpayers. The research sample was 316 people, with an incidental purposive sampling technique. Data was collected by distributing questionnaires. Data analysis method using Structural Equation Model. Previous research has not discussed public information regarding tax compliance. The results of the study stated that partially public information and understanding of taxpayers had a significant positive effect on tax compliance. The understanding of taxpayers can mediate the relationship between public information and taxpayer compliance. The amount of public information contribution that can explain tax compliance mediated by taxpayer understanding is 47%, the rest is influenced by other variables. These variables are tax transparency, information regarding the past degree of tax evasion, fiscal transparency, and individual behavior that can be studied in the next studies

Keywords: *Micro Small and Medium Enterprises; Public Information; Taxpayer Understanding; Tax Compliance.*

INTRODUCTION

Low government tax revenue from the Micro, Small and Medium Enterprises (MSMEs) sector. Various efforts have been made by the government to increase tax opinions from the MSME sector, among others, decreasing The tax rate is 0.5% for MSMEs that have a maximum turnover of Rp. 4.8 billion per year. However, the fact that the tax rate has decreased from 1 percent to 0.5 percent is not good enough to improve the MSME class. In research Tatik (2018) stated that the amount of a tax rate of 1% of sales turnover, incomprehension of tax obligations and limited human resources to take care of tax payments are some of the obstacles for MSME actors to comply with tax payment obligations. Since the enactment of PP no.23 of 2018 concerning the reduction

of tax rates by 0.5%, MSME actors have appreciated by being willing to pay taxes and this strengthens the potential for tax compliance.

Table 1. Number of Taxpayers and Value of Tax Revenue from MSMEs

No	Year	Taxpayer	Tax Value / Trillion
1	2013	220.000	424,000,000.000
2	2014	532.000	2,200,000,000.000
3	2015	780.000	3,500,000,000.000
4	2016	1,450.000	4,300,000,000.000
5	2017	1,500.000	5,800,000,000.000
6	2018	1,800,000	5,700,000,000.000

Source: <https://majalahpajak.net/menggali-kontribusi-sektor-umkm/download>,

The table above informs that every year the number of taxpayers increases, but it is not followed by the amount of tax revenue from the MSME sector. From the data above, there is a decrease in tax revenue. This is due to the low level of compliance, awareness and understanding of taxpayers. The low tax revenue from MSMEs raises the first question, why is the low level of taxpayer compliance among MSMEs. Kalsum et al. (2016) stated that the dominant factor affecting the level of taxpayer compliance is the awareness of the taxpayer itself and then the taxpayer's understanding of taxation. Added by Lucas (2018) that another cause is the complexity of tax reporting such as the column of the Tax Return (SPT) report that must be filled in by taxpayers too much. Lucas said again that the tax collection system must be simplified both from the reporting process and from paying taxes.

The lack of availability of public information or public media content regarding taxation. Question kSecond, whether the low understanding and revenue of taxes from MSMEs is related to the availability of public information or whether it is related to the absence of public media content about taxation or whether it may be due to limitations among MSMEs in accessing information about taxation, so that they do not understand or misunderstand taxation. Errors in understanding and receiving information from the public media affect the perceptions, attitudes and behaviors of MSME actors towards the tax. Starting from exposure to information from various public media, it affects perceptions and further affects their level of compliance in paying taxes. Tatik (2018) stated that MSME actors need detailed information about the latest taxation for MSMEs and this must be socialized and need to get assistance so that they understand taxes. But according to Syaputra (2019), tax socialization cannot strengthen the relationship

between taxpayer perceptions regarding Government Regulation no. 23 of 2018 and taxation understanding of MSME tax compliance. Tax socialization will be successful depending on the packaging of the public information content presented. Digitalization of tax administration cannot strengthen the influence of tax services, supervision and audits on corporate tax compliance (Mimi & Mulyani, 2022). Next Purnaditya (2015), Sumianto & Kurniawan (2015), Machfuzhoh & Pratiwi (2021) Stating an understanding of taxes has a significant positive effect on tax compliance. The availability of public information regarding taxation will have an impact on tax compliance.

The role of public media in providing public information about taxation will have an impact on the understanding and compliance of taxpayers themselves. In other words, if the media always repeats messages about taxation, it will encourage audience perception and behavior as directed by the public media. Teun A. van Dijk (2012; 17) states that patterns of knowledge, attitudes and ideologies will be strong due to repeated media reports. Furthermore, Law No. 14 of 2008 Chapter 5 article 17 states that every public body must open access for every applicant for public information to obtain public information. The organizer related to tax information disclosure is the ministry of finance, especially in the field of the director general of taxes. The Director General of Taxes as the organizer of public information must convey repeated messages and ease of access to information users.

Furthermore, Handayani (2016) stated that to improve taxpayer compliance is to improve communication between tax officers and taxpayers by improving the moral, ethical and service values of tax officers so that later it can increase taxpayer trust in tax organizations. In addition, cooperation can also be made with organizations outside the tax directorate general such as tax consultants to improve tax administration and cooperatives to improve the bookkeeping system and storage of tax money, because they are considered more neutral.

Pekanbaru as a business city has the highest number of MSMEs of the number of MSMEs in Riau Province. MSMEs in Pekanbaru as many as 68,728, the second place is Kampar Regency with 45,446 MSMEs, and third is Indragiri Hilir Regency with 44,891 MSMEs (ranahriau.com, 2018). MSMEs in Pekanbaru play a role in supporting the economy, especially when facing an economic crisis, because they are able to reduce the

number of unemployed, create new businesses that absorb a lot of labor and are able to contribute to increasing Gross Domestic Product (GDP).

MSMEs in Pekanbaru are inseparable from problems, first capital problems and limited access to financing. Capital is an important component to develop a business, which is usually sourced from personal funds or bank loans. Banks provide capital offers for investments but must meet administrative requirements such as financial reporting, guarantees, and must pay attention to time periods, taxes, regulations and policies and so on. The second problem is related to the quality of human resources (HR), which has limited knowledge and skills because these MSMEs develop traditionally or hereditary. These limitations can make it difficult for MSMEs to develop so that they can hamper the potential tax revenue from this sector. On the other hand, the Covid-19 pandemic has damaged the activities and business turnover of MSMEs. Therefore, in order to accelerate economic recovery, the government issued Minister of Finance Regulation (PMK) No. 110/PMK.03/2020 concerning changes to tax incentives for taxpayers affected by the pandemic to take advantage of these tax incentives for MSMEs.

The Director General of Taxes provides tax incentives. Based on data from the Director General of Taxes of Riau, the government covers 5,325 taxpayers, but those who take advantage of the final income tax incentive are 3,171 taxpayers, even though this incentive is intended to ease the burden and restore MSME businesses. Furthermore, the realization of tax revenue in the MSME sector in the third quarter of 2020 amounted to Rp. 9.94 trillion or 69.13% of the target, while taxpayer compliance in submitting annual Tax Returns (SPT) amounted to 75.04% of the target of 347,054 (news.ddt.co.id, 2020). So tax incentives have not been utilized optimally, tax revenue targets from MSMEs have not been achieved and the level of tax compliance is still low.

With this problem, research is encouraged to be carried out. Research related to MSMEs has been carried out a lot. However, research related to the availability of public information with tax compliance has not been conducted. Previous research examined tax compliance (Sumianto & Kurniawan, 2015; Kalsum et al., 2016) with accounting knowledge variables (Hendrawati, 2017), understanding accounting and tax provisions (Sumianto & Kurniawan, 2015; Supriono, 2016, p 236), understanding tax regulations, tax rates, tax sanctions, tax socialization, fiscus services, online services (Machfuzhoh &

Pratiwi, 2021), tax awareness (Kalsum et al., 2016), *moral tax* (Supriono (2016, p. 236), individual behavior, motivation and organizational climate (Anggraini P.L & Waluyo, 2014), impact before and after the introduction of the new tax rate (Tatik, 2018) as well as the implementation of Government Regulation No. 23 of 2018 and the understanding of taxation on MSME tax compliance with tax socialization as a moderating variable (Syaputra, 2019).

This research has 3 objectives. The first objective is to identify with certainty the effect of the availability of public information on the level of understanding of taxpayers in paying taxes among MSMEs. Second, to determine the effect of the availability of public information on the level of compliance in paying taxes to MSMEs in Pekanbaru City. Third, to determine the effect of public information on tax compliance mediated by taxpayer understanding.

This research is expected to be useful for the government through the Directorate General of Taxes as a consideration for making more specific policies and regulations related to the determination of public information about taxes based on business sectors, conditions, types, length of business and size (micro, small, medium, and large) by taking into account the average profit margin obtained so as to be able to pay its taxes voluntarily. Furthermore, the results of this research can be used as consideration for the Government in managing public information in general and specifically in fostering sustainable MSMEs so that they can compete nationally and internationally. The impact of this research is to increase taxpayer understanding and compliance of MSME actors to pay taxes so that they can show their participation in increasing public revenue sources from the tax sector as a source of national development financing. Then to increase awareness of MSME actors on the importance of utilizing services related to the availability of tax public information.

LITERATURE REVIEW

Micro, Small and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises (MSMEs) are regulated in Law no.20 of 2008 setting the criteria for these businesses. Table 2. The following are these criteria:

Table 2. Determination of Business Size Index

Information	Number of Employees	Business Assets (Rp)	Business Turnover (Rp)
1. Micro	<4 Persons	0 – 50 Million	0 – 300 Million
2. Small	5-19 People	50 Million - 500 Million	300 Million – 2.5 Billion
3. Intermediate	20-99 People	500 Million - 10 Billion	2.5 Billion – 50 Billion
4. Big	>100 People	>10 Billion	>50 Billion

Source: Law No. 20 of 2008 concerning MSMEs

Attribution Theory

The theory relating to taxpayer compliance is attribution theory. This theory relates to the attitude of taxpayers in assessing the tax. Attribution theory explains when a person observes another individual's behavior to determine whether that behavior originates internally or externally. This means that taxpayer behavior to comply in paying taxes can be influenced by 2 factors (internal and external), one of which is the information they receive, understand and remember.

Atkinson's theory

The theory related to information is the Atkinson Theory. Atkinson and Shiffrin (1968) found a model or theory of processing and storing information in human memory, namely in 3 stages, including: *Sensory Memory*, *Short-term Memory*, and *Long-term Memory* (Huit, 2003; Flavell, 1985; Woolfolk, 2004; Gagne, 1985). Atkinson said that one way to convey information to long-term memory is by encoding. *Encoding* is the process of connecting information (new and old) stored in previous long-term memory. Understanding this information is believed to be more durable in human memory and can be invoked when needed at any time by short-term memory, such as when acquiring certain problems such as those related to taxes. The ability of long-term memory to store information is unlimited.

Dependency theory

Dependency theory is a theory that focuses on the structural conditions of a society with regard to media effects. This theory is a development of a theory presented by Sandra Ball-Rokaech and Melvin DeFleur in 1975, explaining that modern society relies heavily on the media as a source of information. If a person or the public has more needs then he will depend on the media that presents the information. Morison (2018, p.8) states that information must contain 2 aspects, namely important and interesting. The important aspect is that the information conveyed has an impact on its users, and the interesting

aspect is that it is able to evoke a sense of awe, sympathy, and uniqueness regarding one's life choices. The wider the impact of information on audiences, the greater the influence that information has.

Public information and taxpayer understanding

Public Information is information made by the administration of the state or other Public Bodies for the public interest (Government Regulation No.61, 2010). In article 2 of this Government Regulation, it is also stated that public information is open and easily accessible quickly, on time, at low cost and in a simple way, unless it is confidential to protect the interests of the nation and state. Public information provided by one of the state administrators, namely the director general of taxes, is tax information. Tax information from the director general of taxes contains messages and *News* for the benefit of taxpayers.

Mass media presence and *News* The media is not only the provision of public information but its presence also brings changes in society. Such changes include increased knowledge and changes in attitudes and behaviors. Information (official or not) affecting tax compliance (Garcia et al., 2020). Therefore information needs to be conveyed repeatedly. Teun A. van Dijk, (2012; 17) said that patterns of knowledge, attitudes and ideology will be strong due to repeated media reports. Public information as submitted by the director general of taxes repeatedly can increase public knowledge and understanding of taxes.

Supriono (2016: 236) explained that tax law affects human behavior because the law seeks to motivate taxpayers to pay taxes in the right amount and time. Therefore, the role of public media in providing public information about taxation will have an impact on tax understanding. Taxpayers will easily pay taxes if they understand the financial or fiscal structure of the government (Capasso et al., 2021). Therefore, the availability of public information and taxpayer understanding is considered very necessary. Based on the description above, the hypothesis is:

H1: Public information can affect taxpayers' understanding of paying taxes.

Public information and taxpayer compliance

According to Burhan Bungin (2006: 280) in the Dependency Theory of Mass Communication Effects that mass media is considered as an information system that has an important role in the process of maintenance, change, and conflict on the plains of society, groups of individuals in social activities. On the other hand, taxes are one of the public information that must be conveyed to the public by the government, among them through the mass media. According to Hernawan, (2012) Mass media not only changes cultural norms but can also change the behavior of individuals and society besides that the media is also useful in supporting programs planned by the government, such as taxes regulated in Law No. 28 of 2007. So taxes are public information submitted by the mass media to support government programs.

Based on Law No. 28 of 2007 article 1, tax is a mandatory levy from the people to the state that is coercive based on the law, without direct remuneration and is used for state needs and people's prosperity. Every taxpayer must be tax compliant. Taxpayer compliance is a taxpayer, either an individual or an entity that carries out its tax obligations properly and correctly in accordance with tax rules and regulations.

Sumianto & Kurniawan, (2015) states that tax compliance is influenced by the understanding of tax provisions, meaning that the higher the understanding of tax provisions, the better the implementation of taxation and the higher the tax compliance. Added by Suherman et al. (2015) public awareness and limitations of knowledge on modernizing annual tax return reporting through *e-filing* become an obstacle to tax compliance. Tax compliance depends on the intensity of the information they receive and understand. Because of the high intensity of information, it can update the midset about taxes in a better direction (Anggraini P.L & Waluyo, 2014). Disclosure of information about public budgets is likely to have additional effects on tax morale and tax compliance (Capasso et al., 2021). (Capasso et al., 2021)Based on this explanation, the hypothesis is as follows:

H2: Public information can affect taxpayer compliance in paying taxes

Public information, taxpayer understanding, and tax compliance

Flander (2009) in Ihsan, (2016) Saying that information obtained through the media includes frequency, attention and duration of use in each type of media used is called media exposure. If someone is exposed to messages or information in the media that is

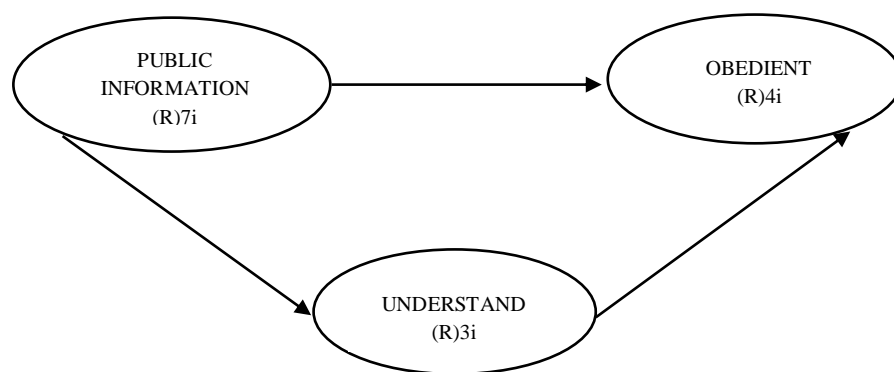
trusted continuously, it will have an impact on increasing knowledge and changing attitudes in the audience or public. How much news is read, how long the information/news is accessed and how much public interest in the information is a measurement of media exposure to public information. Taxes are one example of public information. When this tax information is contained in important and interesting messages and delivered repeatedly, it will affect understanding and compliance to fulfill tax payment obligations.

Based on the results of the study Tatik (2018) stated that MSME actors need detailed information about the latest taxation for MSMEs and this must be socialized and need to get assistance so that they understand taxes. Next Purnaditya (2015), Sumianto & Kurniawan (2015), Machfuzhoh & Pratiwi (2021) Stating an understanding of taxes has a significant positive effect on tax compliance. Thus, the more taxpayers understand in receiving public information, the more obedient taxpayers will be to pay taxes. In other words, taxpayer understanding can strengthen the relationship of public information to tax compliance. Based on the explanation above, the hypothesis is as follows:

H3: Public information influencing taxpayer tax compliance mediated by taxpayer understanding

Research design

Picture 1. The Effect of Public Information on Tax Compliance Mediated by Taxpayer Understanding



Research Methods

This type of research is quantitative, where the research method is based on the philosophy of positivism. The population in this study is MSME business actors in Pekanbaru, who are active and registered as many as 13,639 MSMEs. Based on the mayor's regulation (Perwako) no.96 of 2015, MSMEs that already have Micro Small Business Licenses (IUMK) are as many as 1,516 businesses, so that a sample of 316 MSMEs was obtained. Determination of the number of samples using the slovin formula.

The data collection technique is to distribute questionnaires to respondents. The data type is primary data. The source of research data is MSME actors in Pekanbaru City. The exogenous variables of this study are the availability of public information (X1) and taxpayer understanding (X2). Endogenous variable is tax compliance (Y1). More details can be seen in the following table:

Table 3. Operational Variables

No.	Variable	Indicators
1	Public information	1. Media access 2. Media content 3. Media orientation
2	Taxpayer understanding	1. Tax provisions 2. Type of Taxable Income (PKP) 3. Calculating taxes
3	Tax compliance	1. Not in arrears 2. On time 3. According to rates 4. Honest, true and complete

Source: Processed data

The data analysis used is descriptive analysis to explain the data and multivariate analysis to answer research questions using the *Structural Equation Model* (SEM) assisted by the WarpPLS 3.0 program. The equation of this study is as follows:

Endogenous (Y)		Exogenous (X) + Error	
Understand taxpayers	=	Infopub+ Error	H1
Taxpayer compliance	=	Infopub+ Error	H2
Obeywp	=	Inforpub + Infopub X Pahamwp + Z1	H3

Measurement Model Equation:

$$X1.1 = \beta_1 \text{ Infopub} + \varepsilon_1$$

$$X1.2 = \beta_2 \text{ Infopub} + \varepsilon_2$$

$$X2.1 = \beta_1 \text{ Pahamwp} + \varepsilon_1$$

$$Y1.1 = \beta_1 \text{ Obeywp} + \varepsilon_1$$

Information:

INFOPUB (X1) = Public Information

PAHAMWP (X2) = Understanding Taxpayers

OBEYWP (Y1) = Tax Compliance

$\beta_{1,2,3,4...7}$ is the loading factor of indicator X1 into the Public Information construct.

$\beta_{1,2,3}$ is the loading factor of indicator X2 to the Taxpayer Understanding construct

$\beta_{1,2,3,4}$ is the loading factor of the Y1 indicator to the Tax Compliance construct

The analysis method in this study uses *the Structural Equation Model (SEM)*. SEM used in multivariate analyses is caused by:

1. SEM can test complex research models simultaneously.
2. SEM can analyze unobserved variables and take into account their measurement errors.

SEM-PLS testing depends on the quality of the test Validity, reliability and goodness *of fit test*. There are two stages of testing in this study, namely:

1. Descriptive analysis of data
2. Hypothesis analysis

RESULTS AND DISCUSSION

RESULT

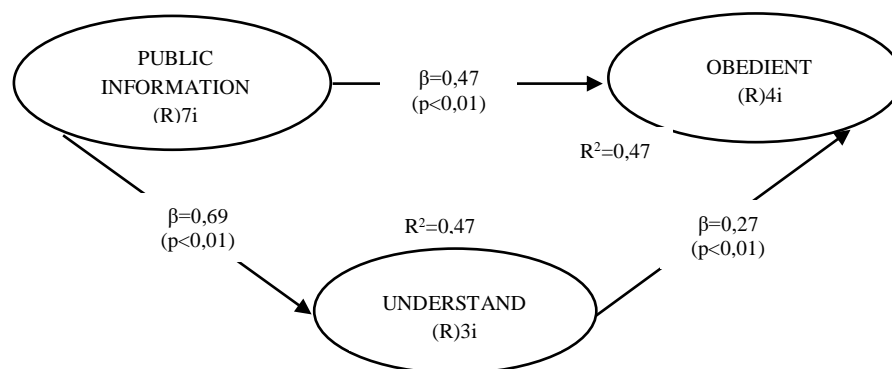
In this study, the sample was MSMEs in Pekanbaru. The samples that can be processed are 285 MSMEs from 316 MSMEs. The description of MSMEs is divided into three classifications, namely, types of business, education, business capital, and business conditions during the Covid-19 pandemic for MSME actors in Pekanbaru City. The research was conducted on MSMEs in the trade sector as many as 236 (83%), Services 40 (14%) and others 9 (3%). The majority of education for MSME actors is 182 (63.9%) upper secondary school graduates, followed by 53 (18.6%) diploma / strata 1 graduates, then as many as 32 (11.2%) respondents graduated from junior high school (SLTP) and finally graduated from elementary school (SD) as many as 9 (3.2%) from a total of 285 respondents. The business capital of MSME actors where the capital of 500 million to 1 billion is only 1 (4%), while having a working capital of 50 to 500 million as much as 61 (21.4%) while the dominant working capital is less than 50 million as much as 222 (77.9%) from 285 total respondents.

Regarding the condition of MSMEs, the study sample has different conditions during the Covid-19 pandemic. During the Covid-19 pandemic, conditions were quite varied where there was a decrease in MSME sales turnover by 84 (29.5%) experiencing a decrease of more than 30% of its turnover. Furthermore, the decrease in turnover by 25% to 30% was 52 (18.2%). Next, the most dominant decrease in turnover was a decrease in turnover by 20% to 25%, which was 92 (32.3%), while respondents whose turnover decreased by less than 20% were 55 (19.3%) from 285 total MSMEs.

The results of this study show that the test of validity and reliability has been fulfilled. In the test the convergent validity is fulfilled because the *loading* is above 0.7 and above the p value is significant (<0.05). Furthermore, the reliability of the instrument is fulfilled because it is above 0.70, namely *the Composite reliability (CR)* of the latent variable of Public Information (IP) is 0.903. The CR of the Taxpayer Understanding is 0.928. The CR of Taxpayer Compliance is 0.879, as well as *Cronbach's alpha* value has been met because it is above 0.70.

Based on data processing through WarpPLS 6, it was found that public information had a significant effect on taxpayer understanding of 0.69 and was significant with a value of $p < 0.01$. Therefore **hypothesis 1 is acceptable**. Furthermore, the R2 value of 0.47 shows that the variance in taxpayer understanding of 47% can be explained by the variance of public information. Furthermore, **hypothesis 2 can be accepted** where statistical test results are obtained that public information has a significant effect on taxpayer understanding of 0.66 and significant with a value of $p < 0.01$. Then the R2 value of 0.435 indicates a taxpayer compliance variance of 44% can be explained by the variance of public information.

Figure 2. Public Information Affects Taxpayer Compliance Mediated Taxpayer Understanding



Source: Processed Data 2021

Based on figure 2, public information has a significant effect ($p < 0.01 < 0.05$) on tax compliance, so hypothesis 1 is accepted. Furthermore, public information has a significant effect ($p < 0.01 < 0.05$) on taxpayers' tax understanding so as to accept hypothesis 2. So it can be concluded that partially public information has a significant positive effect on taxpayer understanding and taxpayer compliance.

Then, based on the results of statistical tests, it is stated that hypothesis 3 cannot be rejected, namely Taxpayer tax understanding can mediate the relationship between public information and taxpayer tax compliance. The amount of public information contribution that can explain tax compliance mediated by taxpayer understanding is 47%, the rest is influenced by other variables.

Further explanation of the form of mediation whether partial or full on the variable understanding of taxpayer tax can be seen from the direct effect table *and the indirect effect and total effect table*. However, before the test is carried out, model testing, namely the coefficient of determination (*R-Squared*) and model feasibility test (*Goodness of Fit*) must be met. Here's the explanation.

Table 4. Latent Variable Coefficients

	INFOPUB	PAHAMWP	OBEYWP
R-squared		0,473	0,474
Composite reliab.	0,903	0,928	0,879
Cronbach's alpha	0,874	0,883	0,816
Avg.var.extrac.	0,571	0,811	0,646
Full Collin.VIF	2,258	1,858	1,686
Q-Squared		0,473	0,470

Source: Processed Data 2021

Table 4 shows the coefficient of determination using *R-Squared*. The higher the R-Squared indicates a good model. *R-squared* exists only in endogenous constructs. The coefficient of determination obtained the following results:

1. *The R-squared* taxpayer comprehension construct is 0.473. This means that the variable of public information is able to affect the understanding of taxpayers by 47%
2. *The R-squared* tax compliance construct is 0.474. This means that public information variables can affect tax compliance by 47%

Table 5. Model Fit Testing (*Goodness of Fit*)

Model fit indices and P value
APC = 0.477, P<0.001
ARS = 0.473, P<0.001
AVIF=1,880. Goof if<5

Source: Processed Data 2021

Then the model fit test (*Goodness of Fit*) looks at the *indirect fit model and P values* the fit model indicator consists of APC, ARS and AVIF. Based on the output of table 5 above, the study has met the criteria of *goodness of fit model*, namely:

1. *Avarage Path Coefficient* (APC) =0.477, P<0.001
2. *Avarage R-Squared* (ARS) of=0.473, P<0.001
3. *Avarage Inflation Factor* (AVIF) of =1.880, accepted if <= 5, ideal <= 3.3

Table 6. Direct Effect

<i>Path Coefficients and P-Value</i>			
Path Coefficients	Public Information	Taxpayer Understanding	Taxpayer Compliance
Public Information			
Taxpayer Understanding	0,687		
Taxpayer Compliance	0,474	0,271	
P Value	Public Information	Taxpayer Understanding	Taxpayer Compliance
Public Information			
Taxpayer Understanding	<0.001		
Taxpayer Compliance	<0.001	<0.001	

Source: Processed Data 2021

Table 7. Indirect Effect and Total Effect

<i>Indirect Effect</i>			
Indirect effect for path with 2 segments	Public Information	Taxpayer Understanding	Taxpayer Compliance
Public Information			
Taxpayer Understanding			
Taxpayer Compliance	0,186		
P Value of indirect effect for paths with 2 segments	Public Information	Taxpayer Understanding	Taxpayer Compliance
Public Information			
Taxpayer Understanding			
Taxpayer Compliance	<0.001		

Source: Processed Data 2021

Further based on the comparison of coefficients *direct effect* and *indirect effect* public information on tax compliance decreased from 0.474 (sign 0.001) to 0.186 (sign 0.001). This indicates a form of partial mediation (*partial mediation*) or in other words

taxpayer understanding partially mediates the relationship between public information and tax compliance. Shape *partial mediation* Taxpayer understanding is not the only mediator of public information relations on taxpayer compliance but there are other factors (Baron and Kenny 1986 in Sholihin and Dwi, 2013 p. 59). Therefore it can be concluded that **Hypothesis 3 is acceptable** That is, public information has a direct effect on taxpayer compliance and taxpayer understanding as a partial mediator of the relationship between public information and taxpayer compliance.

Based on the indirect effect *coefficient table* which shows the influence of public information on taxpayer compliance indirectly through taxpayer understanding is 0.186 and significant with a p value of 0.001. So the indirect influence of public information on taxpayer compliance significantly demonstrates the taxpayer's understanding as a partial mediating variable.

Another way to determine partial or full mediation is to use *Variance Accounting For* (VAF). VAF is a measure to see how much the mediating variable is able to absorb the previously significant direct influence of the model without mediation. VAF is calculated by the formula indirect *effect* divided by total effect. Total influence is direct influence plus indirect influence. In this study, the value of VAF mediating variables understanding taxpayers as is:

$$\text{VAF} = 0.186 / (0.474 + 0.186) = 0.186 / 0.66 = 0.28 \text{ or } 28\%$$

The VAF value of 28% is between 20%-80%, so it is concluded that the taxpayer's understanding as a partial mediate.

Discussion

Public information affects taxpayer understanding

Based on data processing through WarpPLS 6, the results were obtained that **Hypothesis 1 is acceptable** i.e. public information has a significant effect on taxpayer understanding. The results of this study are in line with those delivered Tatik (2018) that tax information can increase the tax understanding of MSME actors as long as they are socialized and accompanied. Understanding of tax information can be obtained through messages that are conveyed important, interesting and repetitive. In theory Atkinson states that one way to convey information to long-term memory is by understanding.

Information that is easy to understand will increase the need and dependence on that information.

Public information affects taxpayer compliance

Statistical test results were obtained that Public Information had a significant effect on Taxpayer Understanding significantly. Therefore **Hypothesis 2 is acceptable**. The results of this study support Supriono's research (2016: 236) explaining that tax law affects human behavior because the law seeks to motivate taxpayers to pay taxes in the right amount and time. Tax law is a form of public information. Tax information contained in important, interesting and repetitive messages will increase understanding of information so as to bring changes in knowledge, attitudes and behavior. Purnaditya (2015), Sumianto & Kurniawan (2015), Machfuzhoh & Pratiwi (2021) Stating an understanding of taxes has a significant positive effect on tax compliance.

Public information, taxpayer compliance and mediation of taxpayer understanding

Based on figure 2 shows the effect of the availability of public information on tax compliance mediated by taxpayer understanding variables. Indirect public information on taxpayer compliance that significantly demonstrates the taxpayer's understanding as a partial mediating variable. Judging from the magnitude of the influence of public information on taxpayer understanding by 47%, taxpayer compliance is 43%, while the rest is influenced by other factors. Although the percentage of influence of public information below 50% related to tax information is enough to explain that public information is an important part of the lives of MSME actors. This is due to the ease of access to public information both from conventional and new media.

Access to conventional public information includes electronic media such as TV, radio, mass and non-mass print media such as newspapers, magazines, brochures and others used by respondents to obtain public information about taxation. Likewise with access to information from new media including, whatsapp (WA), face book, social media, youtube, web. instagram, internet. They agree that the content of public information delivered by conventional and new media is quite clear from the delivery of content and easy to understand. They also agreed that the purpose of accessing public information is as a means of education (*education*) and updating (*update*) information including about taxation.

According to dependency theory, modern society relies heavily on the media as a source of information. When the need for public information such as taxation increases, dependence on the media or information providers will increase. Tax information must be packaged in the form of important and interesting messages and delivered repeatedly so that information users understand. When they understand taxes, changes will be obtained both knowledge and attitudes, behavior and tax compliance.

CONCLUSION

MSMEs are one of the entities that benefit from public information. Tax information is important information for the government, large companies, and Micro, Small and Medium Enterprises (MSMEs). Taxes are a source of income for the state that is used for the benefit of society. Tax revenue from MSMEs has increased every year, although it is very small. Various efforts have been made by the government, including reducing tax rates for MSMEs, but have not had an optimal impact on state revenue. The small tax revenue from MSMEs is caused by many factors, including the availability of information, taxpayer understanding and taxpayer compliance. Taxes are publicly available information.

Based on the results of data processing, all hypotheses are acceptable. Hypothesis 1 is acceptable, i.e. Public information has a significant positive effect on taxpayer understanding. Furthermore, accepting hypothesis 2 is that public information has a significant positive effect on tax compliance. Finally, hypothesis 3 is accepted, namely that public information has a significant positive effect on taxpayer compliance and understanding of taxpayers as partial mediates. The amount of public information contribution that can explain tax compliance mediated by taxpayer understanding is 47%, the rest is influenced by other variables. This study supports previous research, but previous research still discusses the relationship and effect of tax understanding with tax compliance. The advantage of this study is that it discusses public information and its relation to understanding taxation and tax compliance. So it is concluded that public information about taxes contains easy-to-understand messages will improve taxpayer compliance.

In addition, the results of this study provide a new perspective that public information plays a role in improving tax compliance. Public information that contains tax payment messages from the media, especially the director general of taxes, if it is

considered important, interesting and easy to understand by taxpayers, they will follow and comply with taxes. There is even a feeling of loss if the tax message contained in public information is not obtained and not implemented. Thus the results of this study can strengthen the theory of dependence of public information as an effect of a media.

Suggestion

The suggestion in this study is first, the government needs to socialize optimally about tax provisions through to use of conventional and new media access. Second, for the Director General of Taxes, the public information conveyed contains persuasive, important and interesting messages so that MSME actors consider this tax information a necessity and feel the dependence of tax information on trusted media. Third, for further researchers to pay attention to economic, political and individual behavioral aspects that affect the compliance of MSME taxpayers

Limitations

This study has limitations. These limitations include difficulty in obtaining data. When collecting data, respondents were seen discomfort when given questionnaires. Some are willing to fill in and give data voluntarily. Some refuse for fear of being caught not paying taxes and fear of being charged taxes. Limitations of collecting data due to respondents are uncomfortable.

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