The Effect of Tax Socialization and Incentives on Tax Compliance of Msmes with Tax Knowledge as Intervening (Case Study on MSMEs in Tangerang City)

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Abstract

Tax compliance has always been a severe problem in a country, including Indonesia; tax socialization and tax-intensive facilities provided by the government are expected to increase Compliance with taxpayers. In addition to the variables mentioned in this study, tax knowledge is also included as an intervening variable which aims to determine the extent of the influence of socialization, tax incentives and also to find out whether tax knowledge can mediate the relationship between tax socialization and tax incentives on the Compliance of MSME actors in Tangerang City. . The method used is quantitative, the sample is taken by distributing questionnaires to MSME actors in the city of Tangerang, the data analysis technique uses thePath Analysis Modeling the form of a statistical analysis method which is the development of the multiple linear regression method with the help software the SmartPLS3.0 which includes evaluation of the measurement model (outer model), evaluation of the structural model (inner model) and hypothesis testing (bootstrapping)., from the analysis results obtained that tax socialization and tax incentives have a positive and significant effect and tax knowledge can mediate the relationship between tax socialization and tax incentives on tax compliance of MSME actors in the city of Tangerang

I. Introduction

The obligation to pay taxes is an obligation that must be carried out by all Indonesian people towards the State, both for personal and corporate taxpayers and also for MSME actors. Tax revenues obtained by the government will ultimately be channeled for the common interest in development. Development is a systematic and continuous effort made to realize something that is aspired. Development is a change towards improvement. Changes towards improvement require the mobilization of all human resources and reason to realize what is aspired. In addition, development is also very dependent on the availability of natural resource wealth. The availability of natural resources is one of the keys to economic growth in an area. (Shah, M. et al. 2020). Compliance and awareness of taxpayers in making payments are certainly expected so that state development and other interests for the community obtained from tax revenues can run well.

Understanding taxation is essential for MSME actors. According to the Directorate General of Taxes, Ministry of Finance in liputan6.com, there are sixty-seven million micro, small and medium enterprises in Indonesia. However, only 2.3 million MSMEs have paid their taxes. This is confirmed by Hestu Yoga Saksama (2020) as Public Relations of the Directorate General of Taxes. Of the 2.3 million MSMEs, not all are organized to meet

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their monthly tax obligations, which are regular, maybe only part of it, maybe even less than half.

Edmalia Rohmani (2021), an employee of the Directorate General of Taxes, explained that this tax was the primary key to the nation's life during the pandemic. This is because the realization of the National Economic Recovery (PEN) program amounted to Rp. 579.78 trillion, sourced from the State Budget, and most of the proceeds came from taxes. Of this total, Rp112.44 trillion has been submitted to Micro, Small, and Medium Enterprises (MSMEs). The government implements various programs to provide convenience, especially for MSMEs, including Government-borne tax incentives (DTP), spending on guarantee fees (IJP), interest subsidies, and investment financing to cooperatives through the Revolving Fund Management Agency (LPDB) of the Ministry of Cooperatives and Cooperatives. SMEs and others tax.go.id.

Anwar and Syafiurrahman (2016) examined the effectiveness of tax socialization on Compliance with tax obligations in small and medium enterprises known as MSMEs and mediated by knowledge variables. The research output shows that taxation socialization has a significant impact on tax knowledge and tax compliance. Knowledge has a significant impact on tax compliance and can mediate the impact of socialization on MSME taxpayer compliance. On MSME tax compliance, as an update in the study, there was no self-assessment system variable and added a knowledge variable as an intervening variable. The location of research was conducted in the city of Tangerang.

The government continues to socialize the existence of regulations issued, namely regarding tax incentives, due to the non-compliance of MSME actors in paying taxes. Due to the lack of socialization about the existence of tax incentives issued, the issuance of these regulations is the government's effort to provide a recession, namely reducing the tax burden and reducing tax rates. Tax-free and tax services (Indahsari, 2021).

Based on the above background, several objectives can be conveyed as follows:
1. To determine the impact of tax socialization on the Compliance of MSME actors.
2. To determine the effect of incentives on MSME taxpayer compliance.
3. To know simultaneously the effect of tax socialization and incentives on MSME taxpayer compliance.
4. To determine whether tax knowledge can mediate the relationship between tax socialization and MSME compliance.
5. To find out whether tax knowledge can mediate the relationship between incentives and Compliance with MSME actors

The theoretical benefits of this research are expected to be information and additional for the development, knowledge, and insight about tax socialization, tax incentives, tax knowledge, and MSME tax compliance. In contrast, the practical benefits include so that MSME actors in Tangerang City can take advantage of tax incentives and fulfill tax obligations and increase the level of tax compliance.

II. Review of Literature

Richard and Dian's (2021) theory, Attribution is an explanation of a picture that each individual will explain an event, and has a strong relationship with one's thoughts and actions. Attribution theory will determine MSME taxpayers in carrying out what will be done and also provide an overview of how the Directorate General of Taxes gives an impression on MSME taxpayers from personal factors or the situation at the time of the COVID-19 outbreak. There are three reasons for taxpayers, namely the first action of

MSME taxpayers when the epidemic occurs whether to be more obedient or not in paying taxes, secondly deciding whether MSME taxpayers in non-compliance are due to intentional or forced to pay taxes due to an economic downturn. Bankruptcy at the time of the epidemic and the third formed a group that motivates the actions of compliant and obedient MSME taxpayers internally (under personal awareness) or externally (the surrounding environment). Attribution theory is a theory about how someone gives a causal explanation and explains a person's attitude. Attribution theory reveals that if someone observes the actions of the surroundings, then that person tries to determine the actions that occur both internally and externally (Ayem & Nofitasari, 2018). This theory describes a relationship between a person's self-assessment process of an event that arises from the outside and then affects awareness and perception.

2.1 Definition of Taxes

Taxes are deposits for the State owed by those obliged to pay them according to regulations and do not get achievements. Returns can be directed directly to fund public expenditures related to the State's obligations to administer the government (JPA Andriani in Mardiasmo, 2018). Taxes contribute a lot to reducing the government's burden on state development programs. The tax proceeds will be used for transportation, education, health, and security facilities. Therefore, the insight and awareness of public taxpayers on tax matters is critical.

Based on law number 28 of 2007, article 1 concerning general provisions and taxation procedures, it is defined that taxes are mandatory contributions to individuals or entities that are coercive and do not receive direct compensation but will be used for the needs of the State in the welfare of the people.

2.2 Taxpayer Compliance Taxpayer

Compliance is a condition when a taxpayer carries out all tax responsibilities and exercises tax rights. Tax compliance consists of:
1. Formal Compliance a condition where the taxpayer in carrying out his tax obligations is carried out formally
2. following the tax law.
   The Director General of Taxes has set a standard for the first taxpayer to be punctual when giving the annual tax return for the past three years, the submission of the notification letter for those who are late until the end of the year for the tax period January-November no more than three tax periods for each type. Tax and no installments, and for the second point of the notification letter, it is not allowed to exceed the time limit for submitting the following tax period notification letter.
   The double standard does not have installments on all types of taxes, except in the case of tax arrears that have obtained permission to defer tax payments which include commissions at the end of the year before being determined as taxpayers and do not include tax installments and do not exceed the deadline for payment. The third is the financial statements that have been audited with an unqualified opinion for three years, and the fourth standard is that they have never been included in a criminal case in the taxation department based on a court decision that has permanent legal force within the past five years

2.3. Medium Enterprises (MSMEs)

RI Law number 20 of 2008 explains that micro-enterprises are businesses owned by individuals or entities that have established micro-business standards. Primiano (2009:11)

MSMEs are a form of economic activity in a small scope. They have obtained annual income standards and ownership under those stipulated in the small business legislation.

According to (Wanita, 2015), quoted by Return in (Septemti, 2021) Micro Enterprises, the characteristics of micro, small and medium enterprises have different characteristics and characteristics such as the type of goods, place of business, and education level of human resources, and business licenses. The characteristics of MSMEs in Indonesia, according to Nasikin (2016), are that firstly, MSMEs do not require much capital, secondly, employee needs are not too required to have a specific formal education; thirdly, they are generally located in rural areas, and do not require infrastructure like large companies. Has a strong level of resilience when Indonesia is facing an economic crisis

2.4 MSME Tax Rates

Based on Law no. 7 of 2021, the Harmonization of Tax Regulations Law stipulates that the final income tax exemption for business turnover is Rp. 500,000,000 per year, meaning that MSME actors will only be taxed if their one-year turnover exceeds Rp. 500,000,000. If the turnover is less than Rp. 500,000,000, you are free to pay taxes or a tax rate of 0%.

2.5. Tax Incentives

Regulation of the Indonesian Ministry of Finance (PMK) Number 86/PMK.03/2020 concerning the Tax Commission for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic explains that to overcome the impact of the 2019 Covid pandemic, it is necessary to expand the sector which is given the necessary tax incentives during the economic recovery period. Nationally by granting a wider use of incentives. The tax incentives provided include exemption from the collection of income tax article 22, reduction in the value of PPh Article 25, and construction services income tax by the government on income obtained by taxpayers who are recipients of the acceleration program for improving irrigation water use until June 2022.

2.6. Tax Knowledge

Refers to KBBI, the meaning of Knowledge is the whole thing, intelligence, or all related to the learning system. Knowledge is related to all that is known to be related to teaching and learning activities. Knowledge related to taxes is the ability of taxpayers to understand tax provisions, whether it is the issue of tax rates based on the law that will be fulfilled or the tax function for their lives. Rahayu in (Amalia & Hapsari, 2018).

Mardiasmo (2016) states that tax knowledge is anything that can be understood related to material or formal tax law. Meanwhile, according to Pratama (2018), tax knowledge is the level of understanding related to the tax concept which is composed of taxation and vital financial insight to be understood as a taxpayer to carry out his tax responsibilities.

2.7. Socialization

Socialization is a facility to provide insight, knowledge, and counseling for people who do not understand taxation and other insights. One of the things that affect taxpayer compliance is the socialization and understanding of taxation. Wahono in 2012 means that tax socialization is an effort made by tax officials to provide knowledge to taxpayers regarding the rules and procedures regarding taxes in the right way. Tax socialization can

be distributed from various media, such as brochures, television, radio, newspapers, billboards, and direct socialization distributed by tax officials.

According to Herryanto and Toly (2013), direct socialization is a tax socialization activity by communicating directly with prospective taxpayers or taxpayers. Indirect socialization is a socialization activity where socialization is carried out with little communication with taxpayers. Indirect socialization can be in the form of print media and electronic media. Print media can be in the form of newspapers or books, while electronic media can be in the form of television and radio.

III. Result and Discussion

3.1 Description

Subject Data in this study involved 100 respondents as MSME actors in Tangerang City. Questionnaires were distributed to respondents manually. The compiled questionnaire consisted of two parts, namely the respondent's data and statements related to each tested variable. The variables in this study are Tax Socialization, (1) tax incentives, and (2) taxpayer compliance (Y) mediated by tax knowledge (Z). The output from the distribution of questionnaires to respondents is then processed and then analyzed using Smart Pls 3.0 with the outer model measurement model to test convergent validity with reflexive indicators, *discriminant validity* from indicators, and *composite reliability* for block indicators which can be seen from loading factors for each construct indicator.

3.2 Data Analysis
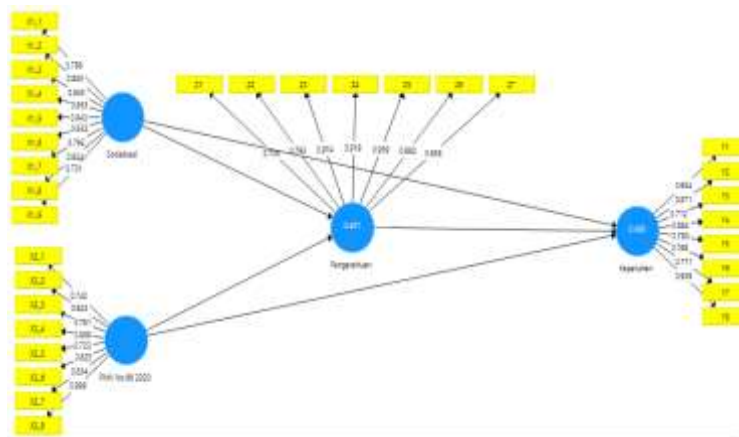### a. Outer Model

Figure 1. Bootstrapping Outer Model

The outer model is assessed by looking at *convergent validity* (the magnitude of the *loading factor* for each construct). *Convergent validity* of the indicator reflexive measurement model is assessed based on the correlation between *the item/component score* and the *construct score* calculated by PLS. Individual reflexivity is said to be high if it correlates more than 0.70 with the construct to be measured. According to (Chin, 1998 in Sholekha, 2018). measurement of the *loading factor* 0.50 to 0.60 is considered sufficient.

b. Validity Test
1. Convergent Validity

Table 1. Analysis

Variable		Standardized Loading
1_1		0,788
1_2		0,803
1_3	*Socialization*	0,803
1_4		0,855
1_5		0,843
1_6		0,833
0,792		1_8
0,824		1_9
1_7		0,731
2_0,7		0,73_
2_0		7
,		0,8
Results	*Taxes*	Factors
Validity		2
2_6		0,825
2_7		0,834
2_8		0,899
Y_1		0,954
Y_2		0,871
Y_3		0,712
Y_4	*Compliance*	0,884
Y_5		0,780
Y_6		0,768
Y_7		0,771
Y_8		0,939
Z_1		0,735
Z_2		0,793
Z_3		0,974
Z_5	*Knowledge*	0,9529
Z_5		0,9529
Z_6		_
Z_7		0.938

Based on the test output, it can be concluded that all statements on all indicators used are accurate with convergent validity because each indicator/question has an *outer loading* > 0.7.

2. Discriminant Validity

Table 2. Discriminant validity test results

Cornell-Larcker Criterion	compliance	Tax Incentive	Knowledge	Socialization Tax
Compliance	**0.839**			
Tax Incentive	0.311	**0.836**		
Knowledge	0.511	0.392	**0.889**	
Tax Socialization	0.677	0.551	0.674	**0.803**

The results in the test above show that the value *Fornell-Larcker Criterion* on the indicator of each variable has a number > 0.7. So it can be concluded that the overall construct of each variable already has good discriminant validity or can be declared valid.

c. Reliability Test
1. Cronbach's Alpha

Table 3. Test Results *from Cronbach's Alpha*

Item Questions	Cronbach Alpha
Socialization (1)	0.932*
Tax Incentives (2)	0.931*
Compliance (Y)	0.939*
Knowledge (Z)	0.954*

The above results show that the alpha coefficient (*Cronbach alpha*) has a number > 0.7, so it can be explained that the research variables (constructs), namely *Socialization*, Incentives, *Knowledge,* and *Tax Compliance,* are reliable.

2. Composite Reliability

Table 4. TEST Results from *Composite reliability*

Variable	Composite Reliability
Socialization (1)	0.942*
Tax Incentives (2)	0.942*
Compliance (Y)	0.949*
Knowledge (Z)	0.963*

The test output in the table above shows that for all variables In this study, the *composite reliability* was above 0.7, so it could be said that all variables had passed the reliable or consistent test. This study has

Validity*reliability*data the*the*andSquare, Q-Square, hypothesis testing, *Goodness of Fit (GoF), Model Fit,* and indirect testing (mediation).
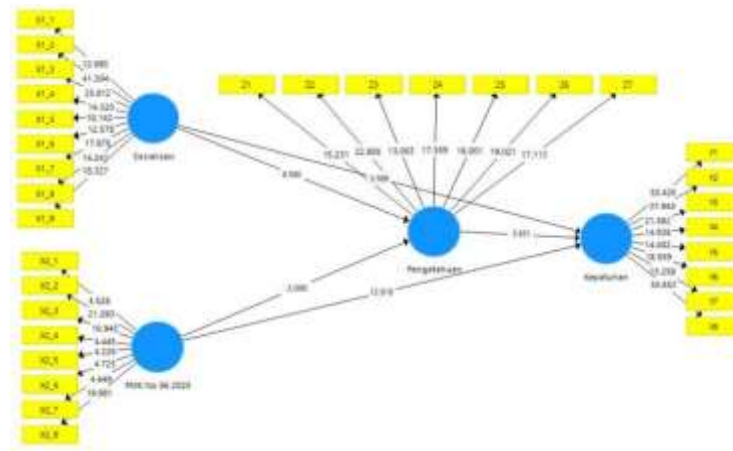

Figure 2. Passed test

3. Coefficient of determination test (R-*Square*)

Analysis of the impact of determination on SEM analysis is used to understand the amount of contribution from exogenous variables to endogenous variables can be seen from the adjusted R square. The coefficient of determination (R^2) essentially measures the level of the model's capacity to explain endogenous variation.

Table 5. Test Results R^2

	R Square	R Square Adjusted
Compliance	0.811	0.805
Knowledge	0.616	0.609

Source: SmartPLS 3.0 data processing output

Based on the table above, the r *square* variable is *Compliance* 80.5%, and the r square of the *Knowledge* 60.9%. This means that 80.5% can explain the variance in the *Compliance* simultaneously by exogenous latent variables. Moreover, the remainder is explained by other factors not described in the model. While as much as 60.9%. Can explain the variance in the *Knowledge* simultaneously by exogenous latent variables. Moreover, the rest is explained by other factors not explained in the model.

4. F-Square Test *(Effect Size)*

Table 6. F-Square test results (*Effect Size)*

Variable	Compliance
Socialization	0.562
Tax Incentives (2)	0.166
Compliance (Y)	-

Source: SmartPLS 3.0 data processing output

F-value square on each independent variable to the dependent, the tax socialization variable has a value of 0.562> 0.35, which means that tax socialization has a more

significant influence than MSME tax compliance. For the tax incentive variable, the value of F-Square is 0.166> 0.15, which means it has Medium to MSME tax compliance, so it can be concluded that simultaneously the variable of tax socialization and tax incentives have a positive effect on MSME tax compliance.

5.Q-Square Test (Prediction Relevance)

The coefficient of determination using R^2 is higher, and the higher it is declared good. In contrast, Q^2 is used to assess the predictive validity or relevance of a set of predictor latent variables as follows:

Table 7. Q-Square Test Results

Variables	SO	SSE	Q (=1-SSE/SSO)
Compliance an	800,000	459,844 0.425	Source

*Source: **Output** of SmartPLS 2022 data processing*

Based on the table above, the results of the *Q-Square* on the dependent variable with a value of 0.425 > 0. Furthermore, the predictions obtained are included in the high influence group because > 0.35. It can be concluded that the value of the prediction of research data that has been distributed has gone well, which has a predictive relationship.

6. Model Fit

For the model to meet the model fit decision criteria, the SMSR value should be less than 0.05. However, based on the explanation from the SMART PLS website, the limitations or criteria for the fit model include SRMR or *Standardized Root Mean Square* < 0.10 or < 0.08 and NFI Value > 0.9.

Table 8. Test Results of Fit

	Saturated Model	Estimated Model
SRMR	0.079	0.076
d_ULS	5,980	5,980
d_G	14,438	14,438
Chi-Square	3392,067	3392,067
NFI	0,980	0,923

Source: Output of SmartPLS 2022 data processing

The results in the table above show that according to the fit model image above, the SRMR value is 0.076 < 0.1, and the NFI value is 0.923 > 0.9. So based on the two assessments, the model meets the model fit criteria.

3.3 Hypothesis Test
a. Testing Direct Effect

Table 9. Hypothesis Testing Tax Socialization on MSME tax compliance

	Original Sample	statistic value		Information
Socialization -> Compliance	0.157	3,589	0.000	Accepted

Source: Output of SmartPLS 2022 data processing

Socialization has a significant positive effect on Compliance seen from the *original sample* 0.157 > 0, which states an optimistic prediction, p_{value} < 0.05, which is 0.000, which means that the prediction is significant and the t test value obtained is more than the t_{table} (> 1.96), which is 3,589. *A direct effect* of the socialization variable on Compliance is 0.157, which means that if the socialization increases once, the Compliance can increase by 15.7%. Then H1 can be accepted because this influence is positive.

Table 10. Hypothesis Testing Tax incentives on MSME tax compliance

	Original Sample	T Statistics	P Values	Information
on Tax Incentives -> Compliance	0.000	0.727 13,818	Accepted	Source

*Source: **Output** of SmartPLS 2022 data processing*

Tax incentives have a significant positive impact on Compliance shown from *the original sample* positive 0.727 > 0, which states optimistic prediction $p_{value} < 0.05$, which is 0.000, which means that the prediction is significant and the t-statistic value obtained is greater than the t_{table} (> 1.96), which is 13,818. The direct effect of PMK No. 86 2020 on Compliance is 0.727, which means that if PMK No. 86 2020 increases one unit, Compliance can increase by 72.7%. Then H1 is accepted because this influence is positive.

b. Indirect Effect

Table 11. *Indirect Effect*

	Original Sampel	$t_{statistic}$	p_{value}
Socialitation->Knowledge -> Komplience	0,157	3,589	0,000

*Source: **Data** Processing Output SmartPLS 2022*

Socialization has a significant effect on Compliance with Knowledge mediation as seen from the original sample 0.157 > 0 which states a positive prediction, p_value < 0.05 which is 0.000 which means a positive prediction and the t test value obtained is greater than the t_table value (> 1.96 i.e. 3.589 p_value<0.05. The indirect effect of Socialization on Compliance through Knowledge is 0.157, which means that if Socialization increases by one unit, Compliance can increase indirectly through Knowledge by 15.7%. This influence is positive.

Table 12. *Indirect Effect*

	Original Sampel	$t_{statistic}$	p_{value}
Tax Incentive -> Knowledge -> Compliance	0,062	2,209	0,028

Source: Data Processing Output SmartPLS 3.0

The test results in the table above show that tax knowledge is able to mediate the relationship between tax incentives and tax compliance as seen from the *original sample*

0.062 > 0 which states a positive prediction, pvalue< 0.05 which is 0.028 which means positive prediction and tstatistic obtained is more than the value ttable (> 1.96) which is equal to 2.209.

3.4 Discussion of Research Results
a. Effect of socialization on the compliance of MSME Actors

Hypothesis 1 proposed in this study is that tax socialization has a significant positive impact on MSME actors. The results of hypothesis testing one conclude that socialization taxation has a significant positive effect on MSME compliance. This is evidenced by the results of pvalue<0.05, which is 0.000 which means the prediction is significant and tstatistic greater than the value of ttable (> 1.96) which is equal to 3.589 influence and the value of the *original sample* is positive 0.157 > 0. Based on these results H1 is acceptable and has a positive effect.

The results showed that socialization Taxation is an important thing and should always be improved again both from the government and the directorate general of taxes, because tax socialization is able to provide information about taxation SMEs and also improve taxpayer compliance. Either through social media or services provided by the DGT and the government. This is supported by research by Rizky Akbar (2016) which states that tax socialization significant effect on compliance of MSME actors Ari Wibowo et al (2018) which states that socialization positive effect on the compliance of MSME actors is different from the research of Siti Khairani (2021) which states that tax socialization does not **positive** effect on the compliance of MSME actors.

b. The Effect of Tax Incentives on the Compliance of MSME Actors

Hypothesis 2 proposed in this study is tax incentives on the compliance of MSME actors. The results of the hypothesis 2 test have a significant positive effect on the compliance of MSME actors. This is evidenced by the results of pvalue<0.05 which is 0.000 which means the prediction is significant and tstatistic is greater than the ttable (> 1.96) which is 13.818 and the *original sample* is positive 0.727 > 0. Based on these results H2 is acceptable and positive effect.

So that it can be interpreted that MSME actors want the convenience that the government provides and can understand the tax rules so that they can help fulfill their obligations in paying taxes and will become more obedient. This result is supported by siti Khairani (2021) who explains that utilizing tax incentives has a significant effect on the compliance of MSME actors Richard Andrew (2021) who says that tax incentives have an influence on tax liability compliance.

However, this study is not in line with the research of Dewi et al (2020) which states that incentives have no effect on taxpayer compliance during the pandemic.

c. Effect of tax socialization Tax incentives on MSME Tax compliance

The effect of tax socialization and tax incentives on tax compliance of MSME actors can be proven by the F-square value of each independent variable on the dependent where the tax socialization variable has a value of 0.562 > 0.35, which means that tax socialization has a greater influence than MSME tax compliance. For the tax incentive variable, the F-Sqare value is 0.166 > 0.15, which means it has a moderate effect, which means that tax socialization and tax incentives together have a significant effect on MSME tax compliance.

Tax socialization and tax incentives delivered by MSME actors can have a positive impact on MSMEs to comply with their obligations so as to increase MSME tax revenues in the city of Tangerang.

The results of this study are in line with research by Walidain (2021) which explains that tax socialization and tax incentives simultaneously have an effect on MSME tax compliance in Kediri Regency

d. MSME tax compliance

Andcompliance with the results of the *original sample* 0.157 > 0 which states a positive prediction, p-value <0.05, which is a significant 0.000 value and the tstatistic value obtained is more than the ttable (> 1.96) which is 3.589. This indicates that there is a significant and positive indirect effect on the relationship of the variable of tax socialization to the compliance of MSME actors with the knowledge of taxation as an intervening variable. \

Tax socialization can increase the knowledge of MSME actors, motivate MSME actors and foster a sense of compliance with their rights and obligations in taxation. Training and information from tax services so that all MSMEs in Tangerang City can feel the good impact that has been given.

The results of this study are in line with previous research, namely Ario Wibowo et al (2018) which states that tax socialization has a significant effect on taxpayer compliance through tax knowledge. Siti Khairani (2021) also explains that the socialization variable indirectly affects compliance.

e. Tax knowledge can mediate the relationship between tax incentives and MSME tax compliance

The results of the hypothesis test state that PMK 86 2020 has a significant positive effect on compliance with knowledge mediation as seen from the *original sample*, the indirect effect of PMK No. 86 of 2020 on compliance is 0.062 > 0 which states a positive prediction, p-value <0.05, which is 0.028 which is significant and the tstatistic value obtained is the ttable (> 1.96) which is 2.209.

From the results of these calculations, information can be obtained that there is an indirect effect of the convenience variable on compliance with the mediation of the knowledge variable, which is 22.09%, which means that the variable of ease of being mediated by the knowledge variable has a significant impact on the compliance variable.

The incentive movement issued from 2020 is going well, although at the beginning of this waiver, the community has not been able to accept it well and consider it difficult. As time goes by, people continue to increase their knowledge of how important it is to calculate, deposit and report their business taxes so that they can instill a sense of community compliance or MSME actors in paying taxes.

The output of this study is in line with previous research, namely Siti Khairani (2021) which revealed that indirectly the variable of ease of being mediated by tax incentives through the knowledge variable had a significant impact on the compliance variable.

IV. Conclusion

Based on the results of the data analysis and the overall discussion of this research, the following conclusions can be drawn:

1. Tax socialization has a significant positive effect on MSME Actors Compliance. With the results of pvalue<0.05, which is 0.000 which means the prediction is significant and tstatistic is more than the value of ttable (> 1.96) which is equal to 3.589 influence and the value of the original sample is positive 0.157 > 0.

2. Tax incentives have a significant positive effect on Compliance. with the results of pvalue<0.05 which is 0.000 which means the prediction is significant and tstatistic is more than the ttable (> 1.96) which is 13.818 and the original sample is positive 0.727 > 0.

3. Tax socialization and tax incentives have an effect on MSME tax compliance by F-Square value 0.562 > 0.35 has a greater influence than MSME tax compliance. While the tax incentive variable, the value of F-Suare 0.166 > 0.15 has a moderate effect, so it can mean that tax socialization and tax incentives together have an effect on MSME tax compliance.

4. Knowledge of taxation can mediate the relationship of tax socialization to the compliance of MSME actors. with the results of the original sample 0.157 > 0 which states a positive prediction, pvalue<0.05   which is 0.000 which is significant and the tstatistic value obtained is more than the ttable (> 1.96 which is 3.589

   Taxation knowledge can mediate the relationship between tax incentive incentives and the compliance of MSME actors with a result of 0.062 > 0 which indicates a positive prediction, pvalue<0.05 which is 0.028 which is significant and the tstatisticvalue obtained is more than the ttable (> 1.96) which is 2.209.

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