

## Analysis of Tax Compliance Optimization in MSMEs: Case Study at KPP Pratama Kudus

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### **Abstract**

*In Indonesia, taxes are the primary source of state revenue and are a top priority in government management. The government gradually began to focus on Indonesia's Micro, Small, and Medium Enterprises (MSME) sector in 2013, which experienced accelerated growth due to the imposition of taxes on MSMEs. Nevertheless, taxpayer compliance in Indonesia remains an annual issue due to the low level of tax compliance. This investigation aims to investigate and analyze the impact of religiosity, love of money, and knowledge of taxation on taxpayers' compliance in MSMEs registered at KPP Pratama Kudus. Primary data was acquired through questionnaires in this investigation, which employs a quantitative methodology. The population of MSME taxpayers registered at KPP Pratama Kudus is the subject of this study, with a total sample of 178 respondents used. The technique employed in this investigation was random sampling. The SPSS version 25 software application is utilized to process the data analysis technique in this study, which involves multiple linear regression analysis. The findings of this investigation suggest that taxpayer compliance is significantly and positively influenced by religiosity, a fondness for money, and an understanding of taxation.*

**Keywords:** Religiosity; Love of money; Tax Knowledge; Taxpayer Compliance

## **INTRODUCTION**

In Indonesia, taxes are the primary source of state revenue; therefore, the government must prioritize their processing (Sulistiyaniti & Az Zahra Fakhrunnisa, 2023). One of Indonesia's most promising forms of taxes is the land and building tax. Government operations are financed, and the country is managed through taxes (Ermawati & Afifi, 2018b). The government of Indonesia began to gradually focus on the Micro, Small, and Medium Enterprises (MSMEs) sector in 2013, which was beginning to expand as an initial measure to increase tax revenues. This trend started in 2013. Tax revenues for MSMEs are generated through the implementation of a final tax rate of 1% in PP No. 46 of 2013. Nevertheless, MSMEs' ultimate income tax rate was reduced to 0.5% over time due to PP No. 23 of 2018. The government's expectations were not met by implementing

the 1% rate, as numerous taxpayers of MSMEs failed to pay their taxes on time each month (Cahyani & Noviani, 2019). Consequently, this change was necessary.

This demonstrates that the state tax revenue objective must still be achieved, as MSMEs report low taxpayer compliance. The annual issue in the Kudus Regency is the low level of taxpayer compliance among MSMEs. The number of MSMEs in Kudus Regency reached 13,700 following the 2016 economic census, according to data from the Manpower, Industry, Cooperatives, and SMEs Service of Kudus Regency. There are a variety of MSMEs in the Kudus Regency, including jenang, convection, bags, processed foods, shoes, sandals, spare parts, knives, soy sauce, and figurines.

The level of taxpayer compliance is decreasing annually, which is a cause for concern, as the tax situation in Indonesia still needs to improve. According to data from the Kudus Pratama Tax Office, the compliance rate of individual MSME taxpayers in Kudus Regency remains low, with a compliance rate of 31.93% for 2020. This figure is based on 23,370 individual MSME taxpayers who have paid the government's specified taxes. The number of MSME taxpayers who made tax payments from 2017-2020 is as follows, as per data obtained from the Kudus Pratama Tax Service Office (TSO):

Table 1. Percentage of compliance of MSME Taxpayers in Kudus Regency

Year	Number of MSMEs	Number of MSMEs paying taxes	Percentage
2017	17,680	5,726	32.39%
2018	19,539	6,631	33.94%
2019	21,640	7,870	36.37%
2020	23,370	7,462	31.93%

Source: Kudus Pratama Tax Office

The data presented above indicates that the compliance of MSME taxpayers in Kudus Regency is subject to significant fluctuations from year to year. However, taxpayer compliance remains relatively low, even below 50%. This is evident in the aggregate number of taxpayers associated with MSMEs who must pay taxes. Due to the absence of direct compensation, taxpayers are hesitant to pay taxes, which is why the low compliance rate exists.

The first factor that influences taxpayer compliance is religiosity. Ratnawardhani et al. (2020) Conducted research that indicates that religiosity influences taxpayer compliance. A taxpayer's religiosity is a conviction that the taxpayer believes in God Almighty and is concerned about violating tax regulations. Religion is intended to regulate personal conduct by regulating attitudes that deviate from societal norms. Individuals with high religiosity are inclined to engage in ethical conduct and refrain from engaging in tax fraud (Febriani & Noviani, 2023).

The subsequent factor that impacts taxpayer compliance is the affection for money. Money is a fundamental component of existence. Money and income are the metrics by which success is evaluated in the United States. From childhood to maturity, socialization is the source of human behavior and attitudes toward money. Specific organizations implement financial incentives to motivate, attract, and retain employees. Tang introduced the concept of "love of money" in his research, which posited that money is significant and has varying cultural interpretations. The idea of "love of money" is employed to quantify an individual's subjective sentiments regarding money. The research Ratnawardhani et al. (2020) indicates a substantial correlation between unethical behavior and the passion for money. Individuals who regard money as essential to their existence are likelier to engage in unethical behavior and commit fraud.

Tax knowledge influences taxpayer compliance, in addition to religiosity and a passion for money Ermawati and Afifi (2018). Tax knowledge is the capacity of taxpayers to comprehend and be aware of the relevant tax regulations, including their rights and responsibilities under the law, to understand the process of paying taxes that may benefit their lives (Rahayu, 2017). Taxpayers' extensive tax knowledge can encourage them to comply with their tax obligations. Taxpayers will endeavor to fulfill their responsibilities to prevent incurring and evading tax penalties through relevant tax regulations (Rahayu, 2017).

Based on prior research on the impact of tax knowledge, love of money, and religiosity on taxpayer compliance, this study identifies a research gap. Several studies, including those conducted by Dwi et al. (2019); and Ratnawardhani et al. (2020), demonstrate that religiosity benefits taxpayer compliance. Conversely, studies Wati, (2016); and Widagsono, (2017) suggest discrepancies in taxpayer perspectives between religious and business interests. Ratnawardhani et al. (2020) They discovered a positive influence, albeit a small one, in their research on the love of money, whereas Purwanti and Herawati (2020) they found a negative effect. Similarly, (Rahayu, 2017; Yuesti & Bhegawati, 2020) reports that tax knowledge benefits compliance. However, Fitrianingsih et al. (2018) did not observe a substantial impact, as tax education fails to ensure compliance. Ratnawardhani et al. (2020) Emphasized the significance of comprehending these factors in the context of MSME taxpayers, concluding that religiosity and love of money influence compliance. This study is a reference to their work.

This study introduces a new independent variable, tax knowledge, which research corroborates Ermawati and Afifi (2018); Rahayu (2017); and Yuesti and Bhegawati (2020). These studies assert that tax knowledge influences taxpayer compliance. The region's low level of taxpayer compliance, as evidenced by the low annual tax revenue, has piqued researchers' interest in studying this variable in the context of MSME taxpayers registered at the Kudus Pratama Tax Office.

This research is captivating in light of this context. It evaluates taxpayers' compliance in micro, small, and medium enterprises registered at KPP Pratama Kudus by assessing their religiosity, love of money, and tax knowledge. The data utilized in this study is derived from direct interviews and questionnaires that researchers shared with MSME taxpayers who are registered at the Kudus Pratama Tax Office.

## **LITERATURE REVIEW**

### **Theory of Planned Behavior**

The theory of planned behavior explains that intentions toward specific actions influence personal behavior (Cahyani & Noviari, 2019). Ajzen and Fishbein initially identified the theory of reasoned action in 1980. In 1991, Azjen revised it and was renamed the Theory of Planned Behavior. This theory aims to investigate the behavior and desire for sharing.

*The theory of Planned Behavior* states that a person's actions in a social environment are influenced by certain factors from a reason and arise in a structured way. A person's behavioral intention arises because it is determined by three factors, namely social norms (subjective), individual attitudes toward behavior, and perceived behavioral control (Indrawan & Binekas, 2017). Of the three factors, the one that most influences a person's behavioral intention is social norms (subjective).

### **Taxpayer Compliance**

According to KBBI (Big Indonesian Dictionary), compliance is an attitude of submission or obedience to a specific rule or teaching. Tax compliance is obedience, compliance, and submission when carrying out all provisions of tax obligations (Indrawan & Binekas, 2017).

According to Ratnawardhani et al. (2020) the state, taxpayer compliance is a person's action in correctly reporting all taxable income and calculating all income to calculate the tax owed in the specified period without waiting for a follow-up from the tax authority (Andriyani et al., 2022). A person is said to be a compliant taxpayer if he obeys and fulfills all obligations and carries out his tax obligations according to applicable tax laws and regulations (Indrawan & Binekas, 2017).

### **Religiosity**

The initial principle of Pancasila is "Belief in One Almighty God," which denotes that the Republic of Indonesia is a nation that places a high value on religiosity. Ermawati and Afifi (2018) Define religiosity as the degree of belief and comprehension that taxpayers possess regarding their religion and God to ensure they adhere to all relevant tax regulations. Religiosity is also defined as the extent of taxpayers' faith and understanding of religion and its teachings (Eka Budi & Putra Astika, 2023). Therefore, it can be inferred that religiosity is how taxpayers' knowledge and convictions regarding religion and its teachings are reflected in their daily activities within the community as they fulfill their responsibilities as taxpayers (Ermawati & Afifi, 2018).

### **Love of Money**

In life, money is a vital asset. Money and income are the benchmarks of success among people, one of which is in the United States. The socialization of attitudes and behavior towards money begins from an early age to adulthood. In business, money has been used to motivate, retain, and attract employees (Ratnawardhani et al., 2020).

Ratnawardhani et al. (2020) Tang introduced the concept of "love of money" because He believed that money was significant and had different understandings of it. The idea of love of money measures an individual's subjective feelings toward money. *Love of Money* is related to several organizational behaviors, such as high levels of job satisfaction, low employee turnover rates, and unexpected organizational behaviors, such as accounting fraud (Ratnawardhani et al., 2020).

### **Tax Knowledge**

The definition of knowledge is the outcome of human knowledge of an object or all human actions directed toward comprehending specific objects, whether they are tangible objects like commodities or ideal objects that humans learn and are associated with psychological issues (Abdi Pradnyani et al., 2022). Additionally, tax is defined as a legal obligation for the public to contribute to the state treasury without receiving direct reciprocal services, and it is necessary to cover general expenses (Pratiwi & Susanti, 2020). It can be inferred that tax knowledge is the capacity of taxpayers to be aware of all relevant tax regulations, including those based on the law and those about tax rates. This knowledge is essential for taxpayers to pay taxes and receive life benefits (Rahayu, 2017).

### **Hypothesis Development**

#### ***The influence of religiosity on taxpayer compliance***

Religiosity is very important for every religious person in life. Every individual, including taxpayers, has different levels of religiosity. Religiosity is defined as the belief held by taxpayers that they believe in the existence of God, so by having a religious attitude, taxpayers will feel afraid when they violate tax regulations. This will increase taxpayer compliance because it indirectly means that religiosity influences taxpayers in terms of tax compliance. Tax is a social obligation of every citizen, especially in Indonesia. Where the majority of people in Indonesia are Muslim, apart from the special meaning of tax as an expression of gratitude to Allah and to gain closeness to Allah, it should be emphasized that after taxes in a country are implemented, taxpayers must obey them as an obligation and be responsible for paying taxes that the state has determined (Dwi et al., 2019).

Ratnawardhani et al. (2020) Numerous studies have been conducted on religiosity, which indicates that religiosity influences taxpayer compliance. This implies that religiosity, frequently referred to as religious belief among prospective taxpayers, is high, suggesting that prospective taxpayers can fulfill their tax obligations and collaborate to enhance prospective taxpayer compliance. A hypothesis can be formulated as follows based on the explanation above:

H1: *Religiosity* has a positive effect on taxpayer compliance.

### **The influence of Love of Money on taxpayer compliance**

Love of money is defined as a tool used to measure the values of needs, desires, or a person's passion for money. Everyone will have different views on money. This causes the concept of love of money because someone will have different levels of love for money. The same is true for taxpayers with various forms of love for money. When taxpayers have a high level of love of money, it will indirectly affect their compliance in paying taxes per applicable tax laws and regulations. Every taxpayer with a high level of love of money will certainly think about how to manage money properly. It is impossible to violate not paying taxes to the state because when they do not pay taxes according to their obligations, they will also get sanctions, affecting their money (Ratnawardhani et al., 2020).

Ratnawardhani et al., (2020) Conducted prior research on the love of money, demonstrating that love positively impacts taxpayer compliance. This implies that a prospective taxpayer's love of money, or what is commonly referred to as a "high love of money," indicates the impact of the love of money on taxpayer compliance. An individual with a high love of money will be able to effectively manage their love of money, which includes adhering to all applicable tax regulations in terms of taxation. The following hypothesis can be deduced from the statement above:

H2 = *Love of money* has a positive effect on taxpayer compliance.

### **The influence of tax knowledge on taxpayer compliance**

Taxpayers' expertise is employed to furnish pertinent information while implementing applicable tax regulations. Good tax knowledge can assist taxpayers in enhancing their compliance with tax obligations. Taxpayers with a comprehensive understanding of tax laws and regulations can fulfill their responsibilities. In contrast, taxpayers can only meet their duties by the relevant laws and regulations when their tax knowledge is adequate (Wardani & Wati, 2018). If taxpayers are internally motivated, they will adhere to taxation. Their comprehension of taxes may enhance taxpayers' motivation to conform to taxation. Tax knowledge is how taxpayers know their tax rights and responsibilities. By being aware of these rights and responsibilities, taxpayers will be more inclined to adhere to the relevant tax regulations. This will be based on the theory of planned behavior employed in this investigation (Prawati et al., 2020).

According to the research Yuesti and Bhegawati (2020), taxpayer compliance is positively impacted by tax knowledge. This implies that the taxpayer's inclination to pay taxes is directly proportional to their level of tax literacy, as they are already familiar with the taxation process. This research corroborates this research, which asserts that tax knowledge influences taxpayer compliance (Ermawati & Afifi, 2018; Indrawan & Binekas, 2017; Rahayu, 2017; Wardani & Wati, 2018). The following hypothesis can be deduced from the statement mentioned above:

H3 = Tax knowledge has a positive effect on taxpayer compliance.

### Empirical Research Model

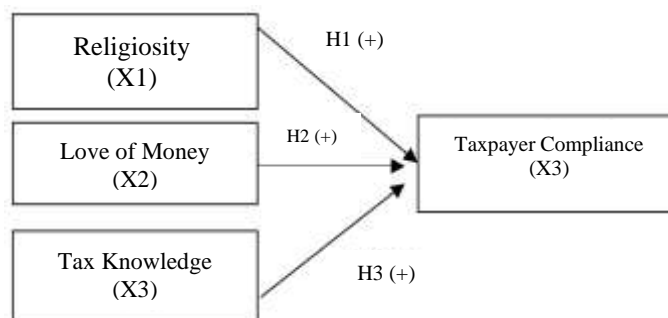


Figure 1. Theoretical Framework

## RESEARCH METHODS

### Types of research

This investigation employs quantitative research, which involves collecting numerical data to generate information regarding the questions we wish to investigate. Quantitative methods are used to ascertain the relationship between independent and dependent variables.

### Population and Sample

The taxpayers from MSMEs registered at the Kudus Pratama Tax Office comprised the population of this investigation. The Kudus Pratama Tax Office provided the data directly. The data indicates that 23,370 MSME taxpayers were registered in 2020. In 2020, 7,462 micro, small, and medium-sized enterprises (MSMEs) paid taxes. The author collected a sample of MSME taxpayers registered at the Kudus Pratama Tax Office to assess the extent of taxpayer compliance. The sample could be classified as either having paid or not paying taxes. Many MSMEs, including taxpayers in the area, represented the Kudus Regency. The Slovin formula was employed to ascertain that the sample from the 23,370-person population consisted of 100 respondents.

This investigation implements random sampling, a method of sample collection in which all population members are given the same opportunity to select a sample. The sample will be randomly selected to prevent the representation of the results from being influenced by the number of extant populations. This sampling is conducted by locating precise population unit data and establishing a representative sample.

### Data Sources and Types

This study employs primary data from questionnaires disseminated to respondents, specifically small and medium-sized enterprise owners who registered as taxpayers at the Kudus Pratama Tax Office.

### Method of collecting data

This investigation employs the questionnaire method, which involves a series of statements or queries formulated by the author to gather data from respondents. The author will disseminate this method to respondents who are MSME owners and registered as taxpayers at the Kudus Pratama Tax Office. The questionnaires will be distributed online through Google Forms and shared on social media.

### Analysis Techniques

This investigation employs multiple linear regression analysis techniques. The SPSS version 25 application software will evaluate the model. The analysis aims to assess the impact of tax knowledge, the love of money, and religiosity on the compliance of MSME taxpayers registered at KPP Pratama Kudus. The hypothesis will be either accepted or rejected.

## RESULTS AND DISCUSSION

### Descriptive Statistical Test Results

Table 2. Results of Descriptive Statistical Tests

No	Variables	N	Min	Max	Mean	Std. Deviation
1	Taxpayer Compliance	178	9	20	14.79	2,734
2	<i>Religiosity</i>	178	9	20	14.54	2,772
3	<i>Love of Money</i>	178	25	48	38.93	4,940
4	Tax Knowledge	178	6	15	11.13	2,398

Based on Table 2, it can be concluded that the average taxpayer compliance of respondents is in the medium to high category, with an average score of 14.79 from a range of 9–20, followed by a fairly high level of religiosity, with an average of 14.54. Meanwhile, the level of love of money of respondents is relatively high, with an average of 38.93 from a range of 25–48, indicating a fairly large variation in attitudes among respondents. Respondents' tax knowledge itself is at an average of 11.13 from a range of 6–15, indicating a relatively moderate level of knowledge. The standard deviation for each variable shows that there is variation in respondents' answers, with the largest variation in the love of money variable.

### Data Quality Test Results

Table 3. Data Validity Test Results

Variables	Item	R. Count	R. Table	Information
Taxpayer Compliance	Y.1	0.775	0.1471	Valid
	Y.2	0.711	0.1471	Valid
	Y.3	0.765	0.1471	Valid
	Y.4	0.779	0.1471	Valid
<i>Religiosity</i>	X1.1	0.731	0.1471	Valid
	X1.2	0.744	0.1471	Valid
	X1.3	0.827	0.1471	Valid
	X1.4	0.715	0.1471	Valid
<i>Love of Money</i>	X2.1	0.537	0.1471	Valid
	X2.2	0.587	0.1471	Valid
	X2.3	0.672	0.1471	Valid
	X2.4	0.530	0.1471	Valid
	X2.5	0.531	0.1471	Valid
	X2.6	0.501	0.1471	Valid
	X2.7	0.526	0.1471	Valid

Variables	Item	R. Count	R. Table	Information
Tax Knowledge	X2.8	0.549	0.1471	Valid
	X2.9	0.603	0.1471	Valid
	X2.10	0.572	0.1471	Valid
	X3.1	0.831	0.1471	Valid
	X3.2	0.888	0.1471	Valid
	X3.3	0.823	0.1471	Valid

Table 3 illustrates the positive coefficient value and  $r \text{ count} > r \text{ table}$  of each statement item in the taxpayer compliance variable: religiosity, love of money, and tax knowledge. Consequently, the data and indicators in the questionnaire can be declared valid, and the indicator items can be employed for additional data testing.

### Data Reliability Test Results

Table 4. Reliability Test Results

No	Variables	Cronbach's Alpha	Information
1	Taxpayer Compliance	0.751	Reliable
2	Religiosity	0.748	Reliable
3	Love of Money	0.756	Reliable
4	Tax Knowledge	0.803	Reliable

Based on the results of the reliability test in Table 4, all research variables have a Cronbach's Alpha value above 0.7, which means that all instruments used are declared reliable or have a good level of internal consistency. The Taxpayer Compliance variable obtained an alpha value of 0.751, the Religiosity variable was 0.748, the Love of Money variable was 0.756, and the Tax Knowledge variable showed the highest alpha value of 0.803. These results indicate that each question item in the four variables has been able to measure its construct consistently, so that the data obtained can be trusted and used for further analysis.

### Classical Assumption Test Results

#### Normality Test Results

Table 5. Normality Test Results (Kolmogorov Smirnov)

Unstandardized Residual		
N		178
Normal Parameters <sup>a,b</sup>	Mean	0.0000000
	Std. Deviation	2.31465290
Most Extreme Differences	Absolute	0.055
	Positive	0.055
	Negative	-0.055
Statistical Test		,037
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

In the normality test, the one-sample Kolmogorov-Smirnov test revealed that the significance value is 0.200, or 20%. If this value exceeds 0.05, the data is considered to be



normally distributed. Typically, distributed testing is defined as testing the variables of religiosity, the love of money, and tax knowledge.

### Multicollinearity Test Results

Table 6. Multicollinearity Test Results

Variables	Tolerance	VIF	Information
<i>Religiosity</i>	0.376	2,661	No multicollinearity
<i>Love of Money</i>	0.143	6,994	No multicollinearity
Tax Knowledge	0.140	7,156	No multicollinearity

The tolerance value of each independent variable is more significant than 0.10, as evidenced by the results of the multicollinearity test for each variable in Table 5. The results also indicate that the VIF value of each independent variable is less than 10.00. According to this explanation, the regression model equation does not exhibit multicollinearity, implying any substantial correlation between the independent variables. Therefore, the variables of this study are appropriate for additional analysis.

### Heteroscedasticity Test Results

Table 7. Heteroscedasticity Test Results - Glejser Test

Variables	<i>Sig.</i>	Information
<i>Religiosity</i>	0.503	There is no heteroscedasticity
<i>Love of Money</i>	0.582	There is no heteroscedasticity
Tax Knowledge	0.132	There is no heteroscedasticity

As the table above indicates, the significance value of all variables tested using the Glejser test is more significant than 0.05, suggesting no heteroscedasticity. Consequently, this investigation has been deemed successful and is appropriate for implementation in subsequent assessments.

### Multiple Linear Regression Test Results

Table 8. Multiple Linear Regression Test Results

Information	B
(Constant)	1,757
<i>Religiosity</i>	0.300
<i>Love of Money</i>	0.352
Tax Knowledge	0.368

Based on the results of the multiple linear regression test, a regression equation can be obtained as follows:

$$Y = 1.757 + 0.300 X_1 + 0.352 X_2 + 0.368 X_3 + \varepsilon$$

The constant value attained is 1.757, as indicated by the multiple linear regression analysis results. This demonstrates that taxpayer compliance is estimated at 1.757 if all independent variables in the study, namely religiosity, love of money, and tax knowledge, are zero. In addition, the regression coefficient for the religiosity variable ( $X_1$ ) is 0.300, with a positive value. This suggests that a one-unit increase in religiosity will result in a 0.300 increase in taxpayer compliance. The regression coefficient of the desire for money variable ( $X_2$ ) is 0.352, with a positive value. This implies that a one-unit increase in this variable will result in a 0.352 increase in taxpayer compliance. Lastly, the regression coefficient of the tax knowledge variable ( $X_3$ ) is 0.368, which is positive. Consequently, it can be inferred that a one-unit increase in tax knowledge

will result in a 0.368 increase in taxpayer compliance. These results suggest that taxpayer compliance positively correlates with the three independent variables.

### Statistical t Test Results (Partial Test)

Table 9. Results of t-Statistic Test (Partial Test)

Model	t	Sig.	Information
(Constant)	2,902	0.004	
Religiosity	8,670	0,000	H1 Accepted
Love of Money	6,273	0,000	H2 Accepted
Tax Knowledge	6,483	0,000	H3 Accepted

As indicated in Table 9, the statistical analysis results suggest that taxpayer compliance is influenced by tax knowledge, love of money, and religiosity. Initially, the significance value of 0.000 indicates that the impact of religiosity on taxpayer compliance is less than the significance limit of 0.05. This suggests that the null hypothesis (H0) is denied, and the alternative hypothesis (H1) is accepted. Consequently, it can be inferred that religiosity substantially and positively impacts taxpayer compliance. Secondly, the significance value of the desire for money on taxpayer compliance is 0.000, less than the threshold of 0.05. The results of this study suggest that H0 is rejected and H1 is accepted.

Consequently, the passion for money significantly and positively influences taxpayer compliance. Third, the significance value of 0.000, which is also less than 0.05, is generated by the impact of tax knowledge on taxpayer compliance. Consequently, H0 is rejected, and H1 is accepted, suggesting that tax knowledge substantially and positively influences taxpayer compliance. In general, these three variables substantially impact the increase in taxpayer compliance.

### F Statistic Test Results (Simultaneous Test)

Table 10. Results of F Statistic Test (Simultaneous Test)

Model	Df	F	Sig.	Information
Regression	3	683,106	0,000	Ha Accepted
Residual	174			
Total	177			

Table 9 indicates that the significance value is 0.0000, less than 0.05. This shows the rejection of H0 and the acceptance of Ha, suggesting that religiosity, desire for money, and tax knowledge collectively influence taxpayer compliance.

### Results of the Determination Coefficient Test (R<sup>2</sup>)

Table 11. Results of the Determination Coefficient Test (R<sup>2</sup>)

Model	Adjusted R Square
1	0.920

The table above presents the results of the coefficient of determination test, specifically the Adjusted R Square (R<sup>2</sup>) value of 0.920 or 92%. This figure indicates that the independent variables—religiosity, love of money, and tax knowledge—account for 92% of the variance in taxpayer compliance, while other variables account for the remaining 8%.

## **Discussion**

### ***The Influence of Religiosity on Taxpayer Compliance***

This study's findings demonstrate that religiosity positively and significantly influences taxpayer compliance, rendering the research both viable and valid. An increase or reduction in religiosity influences taxpayer compliance. A taxpayer with a religious disposition may experience apprehension while contemplating a breach of tax regulations. This will enhance taxpayer adherence. The Theory of Planned Behavior positively influences MSME taxpayers as it is fundamentally rooted in behavioral principles. In this instance, the object is the taxpayer, arising from their intention to act by tax obligations. When MSME taxpayers are highly religious, they intend to pay taxes. This idea significantly impacts the examination of religion and taxpayer compliance. This research is pertinent to the investigation Ratnawardhani et al., (2020), which asserts that religiosity influences taxpayer compliance. Increased religion among taxpayers correlates with heightened tax compliance. This study is inconsequential to the research Dwi et al., (2019); and Wati, (2016), which concluded that religiosity does not influence taxpayer compliance.

### ***The Influence of Love of Money on Taxpayer Compliance***

The findings of this study demonstrate that an affinity for wealth positively and significantly influences taxpayer compliance, thereby rendering this study viable and valid. An increase or reduction in the love of money will influence taxpayer compliance. Taxpayers with a strong affinity for wealth will undoubtedly contemplate effective financial management, as failing to fulfill tax obligations will result in penalties that adversely impact their finances (Ratnawardhani et al., 2020). Taxpayers will exhibit elevated tax compliance if they are cheerful about finances. Consequently, taxpayers value money and will be incentivized to fulfill their tax obligations through relevant legislation. The Theory of Planned Behavior favorably influences MSME taxpayers, as taxpayer intents and behaviors affect their affinity for money, making this theory particularly relevant in contexts where monetary desire affects tax compliance. Suppose taxpayers exhibit a strong love for money. In that case, they will adeptly manage their finances to meet all rights and obligations, ensuring that their assets remain secure and unencumbered, provided they demonstrate high compliance with tax regulations. This study is based on research Ratnawardhani et al., (2020) that indicates that an affinity for wealth influences taxpayer compliance; specifically, a greater love of money correlates with increased tax compliance among taxpayers. This study must adhere to the findings Purwanti & Herawati, (2020), which indicate that the love of money does not influence taxpayer compliance.

### ***The Influence of Tax Knowledge on Taxpayer Compliance***

The findings of this study demonstrate that tax knowledge positively and significantly influences taxpayer compliance, therefore validating the study's feasibility and acceptability. An increase or reduction in tax knowledge directly influences taxpayer compliance. MSME taxpayers with extensive tax knowledge understand their rights and obligations, hence fostering motivation to adhere to relevant tax legislation. This will conform to the Theory of Planned Behavior employed in this study. Planned conduct positively influences MSME taxpayers since taxpayers are likely to possess substantial tax knowledge when they exhibit the purpose and conduct to comprehend and enhance their tax understanding, aligning with the idea presented in this study. Taxpayers with extensive tax knowledge will better understand their obligations, enhancing compliance. This study is based on research Ermawati & Afifi, (2018); Indrawan & Binekas, (2017); Wardani & Wati, (2018); and Yuesti & Bhegawati, (2020) that indicates that tax knowledge influences taxpayer compliance; precisely, a greater level of tax knowledge among taxpayers correlates with increased compliance in tax payments. However, this study falls outside the scope of the survey

Fitrianingsih et al. (2018), which concluded that tax knowledge does not influence taxpayer compliance.

## CONCLUSION

The preceding discussion concludes that religiosity, love of money, and tax awareness each exert a favorable and considerable influence on taxpayer compliance among MSME taxpayers enrolled at KPP Pratama Kudus. Taxpayers exhibiting a high degree of religiosity are often more compliant in fulfilling tax responsibilities due to the assumption that failing to do so may result in moral and spiritual repercussions. The taxpayers' avarice for wealth motivates them to exercise prudence in financial management, including fulfilling tax duties and enhancing compliance. Comprehensive tax knowledge enables taxpayers to comprehend their rights and obligations, improving compliance with tax payments.

This research possesses both theoretical and practical implications. The findings of this study can enhance understanding and provide scholarly references, particularly in accounting and management, on the determinants of taxpayer compliance. This study aims to furnish MSME stakeholders with insights and recommendations to enhance tax compliance. This study can offer the government guidance, motivation, and facilitation for MSME taxpayers to adhere to and fulfill their tax obligations. This study has drawbacks, mainly due to the need for more references concerning the love of money variable, which hampers the author's ability to acquire supporting material. The author proposes direct sampling with respondents to achieve more ideal research outcomes. Moreover, subsequent research should enhance investigations concerning monetary affection, particularly within the framework of MSME taxpayers, to expand comprehension of the determinants affecting tax compliance.

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