Jurnal Maneksi (Management Ekonomi Dan Akuntansi)
e-ISSN: 2597-4599
Volume 15 No.03, September 2026
Journal Home Page: https://ejournal-polnam.ac.id/index.php/JurnalManeksi
DOI: https://doi.org/10.31959/jm.v15i3.3944
Page: 2188-2201

# EXAMINING THE INFLUENCE OF TAXPAYER KNOWLEDGE, TAXPAYER AWARENESS, AND TAX SANCTIONS ON TAX COMPLIANCE AMONG MSMES IN JAMBI CITY

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**ARTICLE HISTORY**
Received:
June 18, 2026
Revised
September 28, 2026
Accepted:
September 29, 2026
Online available:
September 29, 2026

**Keywords:** *Taxpayer Compliance; Taxpayer Knowledge; Taxpayer*

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***ABSTRACT***

***Introduction**: Among Jambi City's MSME, this research seeks to examine the impact of taxpayer awareness, taxpayer knowledge, and tax penalties on taxpayer compliance.*

***Methods:** There are two kind of variables used in this research: independent and dependent. The dependent variable here is taxpayer compliance, whereas the independent variables are taxpayer awareness, knowledge, and tax penalties. Random sampling was used to choose the sample, and the selection methodology used was stratified proportional random sampling. Distributing questionnaires to 100 MSME respondents working in Jambi City allowed for the collection of data. Using a descriptive analytical method, this research employed quantitative data. This study used SPSS version 27 for hypothesis testing and descriptive statistics for data analysis. SPSS is a software package for the social sciences.*

***Results:** The results show that MSMEs in Jambi City are more likely to comply with tax regulations when there is more taxpayer education, more taxpayer awareness, and more penalties for noncompliance.*

*Our research has shown that taxpayer education, taxpayer awareness, and the threat of financial penalties have a significant impact on taxpayer compliance, especially among Jambi City's MSMEs. In order to increase taxpayer compliance, it is suggested that ongoing, informative, and convincing tax education and outreach initiatives be strengthened, and that tax punishments be applied fairly and consistently.*

## INTRODUCTION

According to data from the Badan Pusat Statistik (2024) the taxation sector contributes 82% of Indonesia's total state revenue. Meanwhile, Non-Tax State Revenue (PNBP) accounts for 17.55%, while grants contribute 0.01%. This composition demonstrates that taxation plays a highly dominant role in supporting state revenue. This condition encourages the government to continuously optimize tax revenue, one of which is by strengthening the contribution of MSMEs. To support the development of this sector, the government also provides various financing facilities, including access to funding at relatively low interest rates. As MSME activities continue to expand, the tax revenue base is expected to broaden, thereby enabling MSMEs to make a greater contribution to state revenue Tiswiyanti et al. (2022).

Data from Kemenkop UKM et al. (2021) shows that, with 64 million units, or 99.9 percent of all operational company units, MSMEs rule Indonesia's corporate structure. With a workforce comprising over 97% of the total and a GDP contribution of 61.1%, MSMEs are crucial to Indonesia's ability to absorb new workers and keep them employed. The high level of this contribution indicates that the development and strengthening of MSMEs have a strategic position in promoting more inclusive national economic growth while simultaneously enhancing the competitiveness of the economy.

The Direktorat Jenderal Pajak (2024) revealed that MSMEs still make a relatively low contribution to both tax revenue and the total number of taxpayers. This situation remains even though the government has instituted various tax incentive programs to assist the MSME sector. These programs include lowering the Final Income Tax rate from 1% to 0.5% and exempting business actors with a gross turnover of no more than IDR 500 million from Finacial Income Tax. Unfortunately, these laws still haven't done a good job of getting MSME actors to pay their fair share of taxes, as the low level of compliance shows.

The view of Abdullah et al. (2019) that the government should pay more attention to the micro, small, and medium business sector in Indonesia due to its strategic importance in the country's economy is congruent with this matter. For this reason, while considering and enacting tax laws, it is crucial to include the nature and presence of MSMEs. The phenomenon of low MSME compliance is not only found in the national context but can also be observed at the regional level, including in Jambi City.

The number of registered MSME taxpayers in Jambi City, including both individuals and corporations, increased from 2019 to 2024, according to data from KPP Pratama Telanaipura. Nevertheless, there has been no corresponding rise in reporting compliance with the expansion of the taxpayer registration pool. Taxpayer compliance among MSME has been poor and has shown little to no progress from one year to the next. This issue warrants more research and thorough examination since it shows that there is a discrepancy between the growth of reporting compliance levels and the expansion of registered taxpayers. The following table displays information on the amount of registered MSME taxpayers in Jambi City, as well as their levels of reporting compliance.

Table 1.

Number of Registered MSME Taxpayers, Filing MSME Taxpayers, and Compliance Rates in Jambi City, 2019–2024

| Year | Registered MSME Taxpayers | | MSME Taxpayers Submitting Tax Returns | | Percentage | |
|---|---|---|---|---|---|---|
| | Individual | Corporate | Individual | Corporate | Individual | Corporate |
| **2019** | 6.713 | 1.430 | 1.645 | 729 | 25% | 51% |
| **2020** | 44.903 | 1.916 | 2.449 | 967 | 5% | 50% |
| **2021** | 46.555 | 2.402 | 3.581 | 1.126 | 8% | 47% |
| **2022** | 48.826 | 3.144 | 4.596 | 1.286 | 9% | 41% |
| **2023** | 50.950 | 3.911 | 5.957 | 1.452 | 12% | 37% |
| **2024** | 53.077 | 4.683 | 4.373 | 243 | 8% | 5% |

Source: Data obtained from KPP Pratama Jambi Telanaipura (2025).

According to Jambi City's tax reporting statistics, there is a disparity between the increase in the number of taxpayers registered and the amount of money actually paid in taxes. Among Individual Taxpayers (WP OP), the percentage of taxpayers submitting tax reports was recorded at 25% in 2019, then declined drastically to 5% in 2020. Following this decline, the percentage gradually increased again, reaching 12% in 2023, but subsequently declined to

8% in 2024. Meanwhile, the condition among Corporate Taxpayers also shows a similar trend. The reporting rate, which remained at around 50% during 2019–2020, gradually declined in the subsequent period, reaching only 5% in 2024.

According to As'ari (2018), there are a number of factors that affect taxpayer compliance with tax obligations. These include familiarity with tax provisions and regulations, satisfaction with services received, awareness of tax obligations, and the efficiency of tax sanctions. There may be a higher chance of non-compliance with tax legislation, including tax avoidance activities, if these conditions have not been fully met.

Several studies have looked at taxpayer compliance. Nevertheless, there are also discrepancies in the actual data when it comes to the roles played by taxpayer awareness, tax knowledge, and tax sanctions. According to Adi et al. (2022), compliance with tax duties was positively and significantly impacted by taxpayer knowledge and awareness. Supriatiningsih & Jamil (2021) showed that taxpayer awareness leads to boosting tax compliance, while Susanti et al. (2020) also found that knowledge had an influence. Alternatively, research by As'ari (2018) and Situmorang & Septiani (2025) shown that taxpayer compliance was positively impacted by the deployment of tax sanctions.

But the outcomes have been all over the place based on these studies. Taxpayer compliance in meeting their tax responsibilities was not significantly affected by taxpayer understanding, according to Malendes et al. (2024). In a similar vein, Maharaja et al. (2021) found no statistically significant relationship between taxpayer knowledge and compliance. Hadry & Gunawan (2025) discovered that the installation of tax sanctions had no discernible impact on taxpayer compliance as well. These discrepancies in results highlight the need for more empirical research on the link between taxpayer compliance and tax knowledge, awareness, and sanctions, especially as it pertains to MSMEs in Jambi City.

This phenomena is the basis for the current research, which seeks to investigate how taxpayer awareness, taxpayer knowledge, and tax sanctions influence compliance among MSME in Jambi City. In addition to resolving discrepancies in earlier research, this study aims to provide more thorough empirical information about the variables impacting MSME taxpayer compliance, which would enhance the taxation literature. When it comes to improving compliance among MSME taxpayers, the findings should be a great resource for tax authorities.

## LITERATURE REVIEW

### Theory of Planned Behavior (TPB)

In order to comprehend the myriad of elements that impact a person's decision-making and behavior, Ajzen (1991) put out the TPB. A person's choice to do anything could be influenced by both internal and external forces. There are three main components that, according to this idea, decide whether or not a person will act:

1. In this context, "attitude toward the behavior" is how someone rates a certain action based on their ideas about the outcomes of that action, which are sometimes called behavioral beliefs. These beliefs are associated with the individual's subjective assessment of their surrounding environment. Individuals develop an understanding of themselves and their environment by linking a specific behavior with the potential benefits or disadvantages that may arise from performing or not performing the behavior.
2. What constitutes a "subjective norm" is an individual's estimation of the moral weight that various influential people give to a certain course of conduct. This perception is inherently subjective, as it is based on the individual's interpretation of social expectations and pressures from influential people in their life.
3. How much influence a person feels they have over their own conduct is based on their beliefs about the resources and opportunities that might help or hurt their planned actions. Equipment, compatibility, competency, and opportunity are all examples of resources that could be considered, along with the degree to which they impact the individual's capacity to carry out the activity.

When it comes to understanding taxpayer compliance, especially among MSME taxpayers, the TPB offers a strong theoretical basis. Because taxpayers' confidence in their capacity to accurately fulfilll their tax obligations is bolstered by a better level of information about tax legislation and procedures, this research finds a strong association between taxpayer knowledge and perceived behavioral control.

A person's level of tax compliance behavior is indicative of their level of taxpayer awareness. Per Mansur et al. (2022), taxpayers who are well-informed on the role of taxes in national development are more inclined to see their tax obligations in a favorable light.

Tax sanctions may also play the role of an external factor that influences subjective standards. In this case, the presence of sanctions acts as social pressure or incentive for taxpayers to comply with existing rules because they are worried about the potential legal and social repercussions of failing to do so.

Thus, the TPB provides a framework for understanding the three independent variables that were investigated in this research. The intention and actual compliance behavior of MSME taxpayers in meeting their tax obligations are impacted by these elements taken together.

**Previous Studies**

Many variables impact taxpayer compliance behavior, and prior research has thoroughly investigated these elements, such as taxpayer awareness, tax knowledge, and tax sanctions. A consistent conclusion on the influence of each element on taxpayer compliance is lacking, however, since the results stated in the current literature are still varied.

Numerous studies have shown that taxpayer compliance is significantly improved by tax knowledge, which is related to taxation. An increased degree of taxpayer compliance in meeting tax duties is linked to a better degree of tax knowledge, according to the results of Lianty & Kurnia (2022), Akbar et al. (2019), Susanti et al. (2020), Maharaja et al. (2021), Ghesiyah (2022), and Siregar et al. (2025). There was no statistically significant relationship between taxpayer compliance and tax knowledge, according to Adi et al. (2022) and Malendes et al. (2024). Additionally, taxpayer compliance was shown to be negatively impacted by tax knowledge (Hadry & Gunawan, 2025). The reasoning for this conclusion is that people who have a better understanding of tax laws are better able to discover ways to lawfully avoid paying as much in taxes as possible, which means that voluntary compliance is not as important. In addition, taxpayers may lose faith in tax authorities and be less motivated to obey their tax duties if they develop a more critical view of government fiscal management as a result of gaining a better knowledge of taxes. The link between taxpayer compliance and tax knowledge is still up for dispute in the taxation literature, according to these contradictory results.

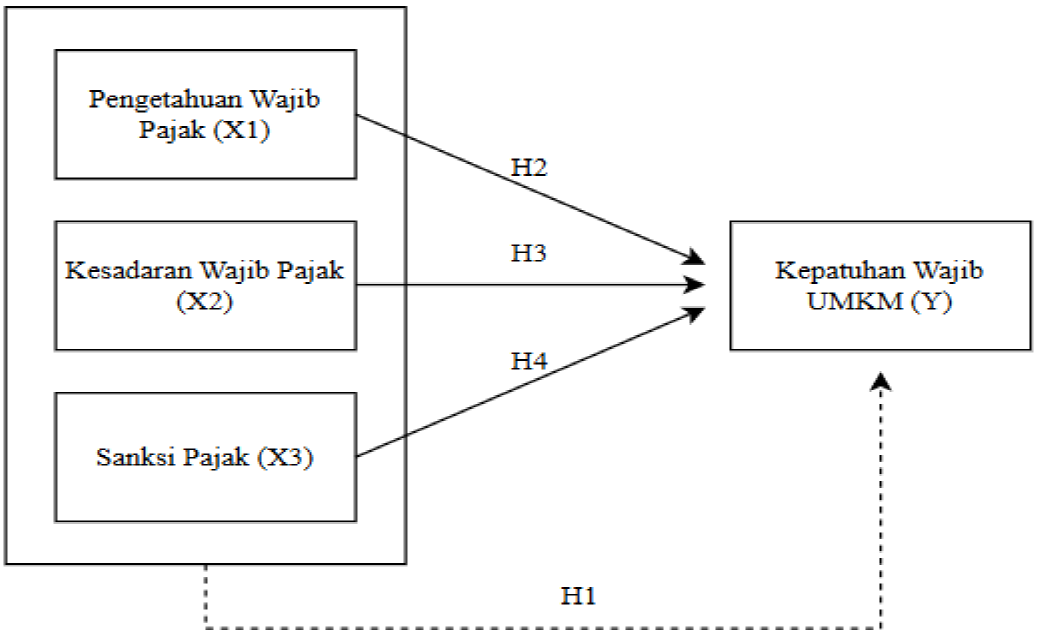
Similarly, there is still no clear conclusion about taxpayer awareness. Ruky et al. (2018), Akbar et al. (2019), Supriatiningsih & Jamil (2021), Agustine & Pangaribuan (2022), Adi et al. (2022), Malendes et al. (2024), and Siregar et al. (2025) are among the research that have shown that taxpayer knowledge increases taxpayer compliance. Taxpayer knowledge, on the other hand, does not substantially affect taxpayer compliance, according to Maharaja et al. (2021) and Hadry & Gunawan (2025). Given these contradictory results, it is clear that further empirical research is needed to establish a definitive link between taxpayer knowledge and taxpayer compliance.

Several studies have shown that taxpayer compliance is positively affected by tax sanctions. Pratama and Mulyani (2019), Hazmi and colleagues (2020), Agustine and Pangaribuan (2022), and Malendes and colleagues (2024) all documented similar results. Tax sanctions, however, do not substantially impact taxpayer compliance, according to research by Supriatiningsih & Jamil (2021), Adi et al. (2022), and (Hadry & Gunawan, 2025). There is still a lack of consistent empirical evidence about the efficiency of tax sanctions in improving taxpayer compliance, as shown by these contradictory results.

Reviewing the literature on the topic of tax knowledge, taxpayer awareness, and the impact of tax sanctions on taxpayer compliance reveals some disappointing anomalies. The purpose of this research is to contribute to the existing body of empirical information on the links between these three factors and taxpayer compliance by examining them within the context of MSMEs in Jambi City.

**Research Hypotheses**

H1 : “Taxpayer knowledge, taxpayer awareness, and tax sanctions positively and significantly influence MSME taxpayer compliance.”
H2 : “Taxpayer knowledge positively and significantly influences MSME taxpayer compliance.”
H3 : “Taxpayer awareness positively and significantly influences MSME taxpayer compliance.”
H4 : “Tax sanctions positively and significantly influence MSME taxpayer compliance.”




Gambar 1. Model Penelitian

**Research Method**

The research methodology used in this study is quantitative. Machali (2021) states that numerical data is used in all stages of quantitative research, from data collecting to data processing and finally, formulating conclusions. This study used an explanatory research design. The purpose of explanatory research, as stated by Darwin et al. (2021), is to investigate and clarify the interrelationships and causes and consequences of the variables being studied. As a result, the purpose of this research was to examine the impact of taxpayer awareness, taxpayer knowledge, and tax sanctions on MSME taxpayer compliance in Jambi.

From March 1, 2026, to June 1, 2026, a survey was conducted with the use of questionnaires that were sent out to participants. Jambi City's Department of Manpower, Cooperatives, and SMEs counted 47,494 MSMEs from 11 districts in 2025 as its study population. Using the Slovin method and a 10% margin of error, we were able to predict that 100 responders would make up the sample. Stratified random sampling was used to define the sample distribution across districts in a proportionate fashion, while simple random sampling was used to choose respondents within each stratum.

Taxpayer compliance served as the dependent variable in this research, with taxpayer knowledge, taxpayer awareness, and tax sanctions serving as the independent factors. Indicators from Wardani and Wati (2018), Supriatiningsih and Jamil (2021), and Risa and Sari (2021) were used to build the study instrument. Using a five-point Likert scale, all indicators were assessed. There were a total of sixty-five questions on the tax questionnaire, with ten evaluating taxpayer knowledge, five taxpayer awareness, four tax sanctions, and five taxpayer compliance.

The results were analyzed with the help of IBM SPSS Statistics 27. Testing for validity and reliability using Cronbach's Alpha was done to evaluate the quality of the instruments. Descriptive statistics and classical assumption tests were then applied to the data. These tests included the Kolmogorov-Smirnov normality test, a multicollinearity test based on tolerance and VIF values, and a heteroscedasticity test utilizing the Glejser technique and scatterplot analysis among others. To assess the model's capacity to account for fluctuations in the dependent variable, hypothesis testing was carried out using multiple linear regression analysis, t-test, F-test, and coefficient of determination ($R^2$) analysis. The following is the formulation of the empirical model used in this study:

TC = a + b1TK + b2TA + b3TS + e

where TC is Taxpayer Compliance, TK is Taxpayer Knowledge, TA is Taxpayer Awareness, TS is Tax Sanctions, α is the intercept, b1, b2, b3 are the regression coefficients, and ε is the stochastic error term.

## RESULTS AND DISCUSSION

### Research Results

**a. Descriptive Statistical Analysis**

Tabel 2.
Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Taxpayer Compliance | 100 | 5 | 25 | 16,59 | 5,405 |
| Taxpayer Knowledge (X1) | 100 | 14 | 48 | 31,57 | 8,180 |
| Taxpayer Awareness (X2) | 100 | 5 | 25 | 16,22 | 5,140 |
| Tax Sanctions (X3) | 100 | 4 | 20 | 13,32 | 3,926 |
| Valid N (listwise) | 100 | | | | |

Source: IBM SPSS Statistics Version 27 Output (2026).

The descriptive statistical analysis yielded the following findings based on 100 respondents (valid N listwise = 100), as shown in Table 2:

1. With a mean score of 16.59 and a standard deviation of 5.405, the taxpayer compliance variable (Y) may take on values ranging from 5 to 25. According to these findings, there is a wide range of responses on the amount of MSME taxpayer compliance in Jambi City.
2. With a mean score of 31.57 and a standard deviation of 8.180, the taxpayer knowledge variable ($X_1$) may take on values ranging from 14 to 48. Differences in tax-related awareness among MSME taxpayers are shown by the unusually significant standard deviation, which implies considerable diversity in respondents' levels of tax knowledge.
3. The range of values for the taxpayer awareness variable ($X_2$) is 5–25, with 16.22 as the mean and 5.140 as the standard deviation. Based on these results, it seems that there is a wide range of taxpayer awareness among the respondents.
4. The range of values for the tax sanctions variable ($X_3$) is from 4 to 20, with an average score of 13.32 and a standard deviation of 3.926. The lower standard deviation compared to the other factors indicates that there is a higher degree of homogeneity in how respondents perceive tax sanctions.

Overall, the descriptive statistical results indicate that all research variables exhibit adequate variability, suggesting that the data are capable of representing the characteristics and conditions of respondents in the study of MSME taxpayer compliance in Jambi City.

**b. Multiple Linear Regression Analysis**

Tabel 3.
Multiple Linear Regression Analysis Results
Coefficients[a]

| | | Unstandardized Coefficients | | Standardized Coefficients | | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| Model | | B | Std. Error | Beta | t | Sig. | Tolerance | VIF |
| 1 | (Constant) | ,565 | 1,346 | | ,420 | ,676 | | |
| | Taxpayer Knowledge | ,195 | ,072 | ,295 | 2,721 | ,008 | ,323 | 3,094 |
| | Taxpayer Awareness | ,313 | ,132 | ,298 | 2,364 | ,020 | ,239 | 4,181 |
| | Tax Sanctions | ,360 | ,167 | ,261 | 2,157 | ,034 | ,259 | 3,868 |

a. Dependent Variable: Taxpayer Compliance
Source: IBM SPSS Statistics Version 27 Output (2026).

The following multiple linear regression equation may be derived from the data shown in the table:

TC = a + b1TK + b2TA + b3TS + e

TC = 0,565 + 0,195 TK + 0,313 TA + 0,360 TS + e

What follows is an interpretation of the regression equation:

1. If Taxpayer Knowledge ($X_1$), Taxpayer Awareness ($X_2$), and Tax Sanctions ($X_3$) are all set to zero, the projected value of Taxpayer Compliance (Y) is 0.565, as shown by the constant value of 0.565.
2. Assuming all other variables stay constant (ceteris paribus), the regression coefficient of Taxpayer Knowledge ($X_1$) is 0.195, which means that there is a one-unit increase in taxpayer knowledge that is related with a 0.195-unit rise in taxpayer compliance.
3. Assuming all other factors remain constant, the regression coefficient of Taxpayer Awareness ($X_2$) is 0.313, which means that there is a correlation between a one-unit increase in taxpayer awareness and a 0.313-unit increase in taxpayer compliance.
4. If all other factors stay the same, a one-unit rise in tax sanctions is related with a 0.360-unit increase in taxpayer compliance, according to the 0.360 regression coefficient of Tax Sanctions ($X_3$).

**c. F-Test Results**

Tabel 4.
F-Test Results
ANOVA[a]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 1838,063 | 3 | 612,688 | 55,798 | ,000[b] |
| | Residual | 1054,127 | 96 | 10,980 | | |
| | Total | 2892,190 | 99 | | | |

a. Dependent Variable: Taxpayer Compliance

b. Predictors: (Constant), Tax Sanctions, Taxpayer Awareness, Taxpayer Knowledge

Source: IBM SPSS Statistics Version 27 Output (2026).

Table 4.19 shows that the F-statistic is 55.789 and the p-value is 0.000. The findings show that Taxpayer Knowledge ($X_1$), Taxpayer Awareness ($X_2$), and Tax Sanctions ($X_3$) all have a significant impact on Taxpayer Compliance (Y) since the significance value is less than the 0.05 criterion ($0.000 < 0.05$).

## d. t-Test Results

To determine how each independent variable affected the dependent variable, the t-test was used. The following table displays the outcomes.

Tabel 5.
t-Test Results
Coefficients[a]

| Model | | Unstandardized Coefficients B | Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | ,565 | 1,346 | | ,420 | ,676 |
| | Taxpayer Knowledge | ,195 | ,072 | ,295 | 2,721 | ,008 |
| | Taxpayer Awareness | ,313 | ,132 | ,298 | 2,364 | ,020 |
| | Tax Sanctions | ,360 | ,167 | ,261 | 2,157 | ,034 |

a. Dependent Variable: Taxpayer Compliance

Source: IBM SPSS Statistics Version 27 Output (2026).

The following is a description of the t-test findings based on Table 5:

1. A t-statistic of 2.721 and a significance value of 0.008 were achieved by Taxpayer Knowledge ($X_1$). Given that 0.008 is less than the significance level of 0.05, the findings suggest that Taxpayer Knowledge has a significant impact on Taxpayer Compliance.

2. A t-statistic of 2.364 and a significance value of 0.020 were found by Taxpayer Awareness ($X_2$). The findings show that Taxpayer Awareness has a substantial impact on Taxpayer Compliance since the significance value is less than the 0.05 criterion (0.020 < 0.05).
3. A t-statistic of 2.157 and a significance value of 0.034 were found for Tax Sanctions ($X_3$). The findings show that Tax Sanctions have a substantial impact on Taxpayer Compliance since the significance value is less than the 0.05 criterion (0.034 < 0.05).

**e. Coefficient of Determination ($R^2$)**

Each independent variable's ability to explain variation in the dependent variable was assessed using the coefficient of determination ($R^2$). The following table displays the outcomes.

Tabel 6.
Coefficient of Determination Results
Model Summary[b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | ,797[a] | ,636 | ,624 | 3,314 | 1,580 |

a. Predictors: (Constant), Tax Sanctions, Taxpayer Awareness, Taxpayer Knowledge
b. Dependent Variable: Taxpayer Compliance
Source: IBM SPSS Statistics Version 27 Output (2026).

A total of 63.6% of the variance in taxpayer compliance can be explained by taxpayer knowledge, taxpayer awareness, and tax sanctions (R Square = 0.636), with the remaining 36.4% being explained by characteristics that were not included in this research.

The independent variables explain 62.4% of the variance in the dependent variable after correcting for the number of variables in the model, according to the Adjusted R Square value of 0.624. The regression model's prediction inaccuracy is reflected by the Standard inaccuracy of the Estimate, which is 3.314. The model's predictive accuracy in predicting the dependent variable is enhanced with a lower value. Furthermore, with a value somewhat near to 2, the Durbin-Watson statistic indicates that the regression model is not severely affected by autocorrelation, coming in at 1.580.

**Discussion**

**a. Effect of Taxpayer Knowledge on Taxpayer Compliance**

At the 5% level of significance, the computed t-value of 2.721 is more than the crucial t-value of 1.985, according to the findings of the partial hypothesis test. A significant level of 0.008, which is less than the 0.05 threshold, adds credence to this finding, and it meets the testing condition, which is a t-statistic > t-critical (2.721 > 1.985). So, it's safe to say that taxpayer awareness has a notable and favorable impact on tax compliance among Jambi City's MSME taxpayers.

Taxpayer awareness was one of the study's variables where respondents' mean scores were high and close to the maximum achievable. Based on this data, it seems that the majority of Jambi City's MSME taxpayers have a solid grasp of the fundamentals of taxes, including the rules and regulations, filing processes, the overall taxation system, and its many purposes. According to the findings of the hypothesis testing, taxpayers' capacity and desire to comply with their tax responsibilities, such as determining, paying, and reporting taxes in compliance with current rules, are enhanced by such knowledge. The bottom line is that taxpayer compliance rises in tandem with taxpayer understanding.

The results align with what is predicted by Ajzen's (1991) TPB, which states that beliefs based on knowledge play a role in shaping behavioral intentions. The information that MSME taxpayers have may help them have a favorable outlook on their tax responsibilities, which in turn can lead to the formulation of intents to be compliant. As a result, tax knowledge serves as both a technical understanding and a cognitive basis, assisting MSME taxpayers in making educated choices to freely and responsibly fulfilll their tax duties.

Both official and informal learning environments may impart tax knowledge, according to Mansur et al. (2022). Accordingly, in order to accomplish tax revenue goals, it is crucial that tax authorities maintain ongoing outreach and education campaigns on taxes. Since most owners of MSME are concerned with running their companies day-to-day, this is a very pressing problem for them. Tax authorities must therefore make greater and more efficient efforts to educate, guide, and help this industry with its tax affairs.

Siregar et al. (2025) confirmed what the current research found: that taxpayer compliance within the MSME sector is positively and significantly impacted by taxpayer knowledge. Compliance with tax reporting, payment, and other administrative tax requirements is more likely among owners of micro, small, and medium enterprises (MSME) when their knowledge of tax legislation and procedures is strong.

According to another research (Sudiarto & Santoso, 2024), taxpayer compliance among individual MSME taxpayers in Semarang City is favorably impacted by tax knowledge. Accordingly, it seems that MSME taxpayers' degree of compliance in meeting their tax duties is proportional to their degree of tax expertise.

**b. Effect of Taxpayer Awareness on Taxpayer Compliance**

Based on the findings of the partial hypothesis test, the t-value of 2.364 is greater than the crucial t-value at the 5% significance level (1.985). A significant level of 0.020, which is less than the 0.05 threshold, adds credence to this finding, and it meets the testing condition, which is t-statistic > t-critical (2.364 > 1.985). So, it's safe to say that taxpayer awareness has a notable and beneficial impact on the tax compliance of Jambi City's MSME taxpayers.

Respondents' mean scores on the taxpayer awareness variable were high and near the highest attainable score in this research. Based on these results, it seems that the majority of Jambi City's MSME taxpayers understand that taxes are necessary for the government to get its funding and that they must pay their taxes in compliance with the laws and regulations in place.

The majority of respondents were above the age of 40, which may be a contributing factor to their high level of tax knowledge. Fahrudin and Ma'sum (2025) found that taxpayer compliance is positively and significantly correlated with age. Thus, taxpayers are more likely to comply with tax obligations if they are more financially stable.

The findings of the hypothesis testing indicate that taxpayer compliance is favorably affected by this elevated degree of knowledge. Taxpayers who are well-informed about their tax obligations are more likely to know how their taxes help pay for public services, be aware that there are rules and regulations that everyone must follow, and see paying their taxes as a personal responsibility. As a result of being self-aware, people are more likely to calculate, pay, and report taxes in compliance with relevant legislation, even in the absence of direct oversight or coercion. As a result, more taxpayer compliance in meeting tax obligations is correlated with greater taxpayer awareness.

These results are in line with the TPB put forward by Ajzen (1991), which states that people's knowledge of a duty shapes their behavioral intentions, and that intentions in turn impact their actual action. When it comes to taxes, the knowledge that MSME taxpayers have makes them feel good about their tax obligations, which in turn makes them more likely to plan to be compliant. As a result, taxpayer awareness acts as a motivating factor for MSME taxpayers to execute their tax obligations voluntarily and responsibly.

Consistent with previous research, this study confirms that taxpayer awareness has a favorable effect on taxpayer compliance with meeting tax obligations (Siregar et al., 2025; Malendes et al., 2024). Not only that, but Agustine & Pangaribuan (2022), Adi et al. (2022), and Ruky et al. (2018) also found that taxpayer awareness correlates positively with taxpayer compliance.

**c. Effect of Tax Sanctions on Taxpayer Compliance**

The computed t-value of 2.157 surpasses the crucial t-value at the 5% significance level (1.985), according to the findings of the partial hypothesis test. A significant level of 0.034, which is less than the 0.05 threshold, adds credence to this finding, and it meets the testing condition, which is t-statistic > t-critical (2.157 > 1.985). It follows that tax sanctions have a significant and beneficial impact on the tax compliance of Jambi City's MSME taxpayers.

The results of this research might be explained by the fact that most participants gave very high ratings to the tax sanctions variable, with average ratings close to the maximum that could be measured. Government tax sanctions, including administrative and criminal penalties, seem to get a positive reception from respondents, according to this finding. Perceptions like these show that taxpayers are cognizant of the repercussions of breaking the law when it comes to taxes. In order to minimize the risks and costs associated with noncompliance, the presence of tax sanctions may motivate taxpayers to comply more carefully with their tax obligations.

Tax sanctions may have an impact on taxpayer compliance behavior via the dimension of perceived behavioral control, according to the TPB. When taxpayers are informed about the penalties for filing or paying taxes late, they are more inclined to think about the possible repercussions of not following the rules. In addition, people may be more convinced that there would be negative repercussions for noncompliance if tax authorities consistently, firmly, and fairly execute tax sanctions. Perceptions like this might encourage taxpayers to comply with tax rules, which shows up as compliance actions.

Hantono and Wijaya (2025), who stated that tax sanctions are a tool for reducing tax infractions by imposing legal repercussions on taxpayers who do not comply with tax legislation, further support the study's conclusions. The presence of penalties motivates taxpayers to comply with their tax obligations; this process is known as the deterrence effect. Tax sanctions can help to raise taxpayer knowledge of the fines and legal repercussions that come with not paying their taxes.

Tax sanctions have a strong impact on taxpayer compliance, according to research by Malendes et al. (2024) and Agustine & Pangaribuan (2022). Yuliati and Fauzi (2020) found that tax sanctions had a favorable effect on taxpayer compliance, and our results are in line with their findings.

**d. Simultaneous Effects of Taxpayer Knowledge, Taxpayer Awareness, and Tax Sanctions on Taxpayer Compliance.**

The computed F-statistic for the fourth hypothesis is 55.789, and the significance level is 0.000, according to the findings of the simultaneous testing. Based on the fact that the significance value is less than the 0.05 threshold ($0.000 < 0.05$), it can be inferred that the tax compliance of MSME taxpayers in Jambi City is significantly impacted by the combined effects of taxpayer knowledge, taxpayer awareness, and tax sanctions. As a result, this study may accept the fourth hypothesis. The results indicate that the level of tax compliance among MSME taxpayers in Jambi City may be improved via raising taxpayer awareness, increasing taxpayer knowledge, and implementing tax sanctions.

The fact that respondents were in complete agreement with the indicators of taxpayer knowledge, taxpayer awareness, and tax sanctions explains why these three factors have an impact on taxpayer compliance at the same time. Findings from the descriptive statistics show that most people have a solid grasp of taxes, are very conscious of the significance of meeting tax responsibilities, and are aware of the repercussions of not doing so.

According to these results, there is a synergistic effect of many elements on taxpayer compliance. Understanding one's tax rights, responsibilities, and processes is facilitated by taxpayer knowledge, which acts as a cognitive component. Internally, taxpayer knowledge motivates the voluntary motivation to fulfilll tax duties, while externally, tax sanctions guide taxpayer behavior toward conformity with existing tax legislation. Taxpayers are more likely to comply with their tax duties when they have sufficient tax knowledge, high awareness, and positive attitudes about the enforcement of tax sanctions.

With a coefficient of determination (R Square) of 0.636, these three factors are clearly quite influential. This findings suggest that taxpayer awareness, taxpayer knowledge, and tax sanctions account for 63.6% of the variance in MSME taxpayer compliance in Jambi City. The results of this study provide strong evidence that these factors significantly influence taxpayer compliance. The remaining 36.4% of the difference may be explained by variables that are not included in this study. These variables include things like company income levels, the simplicity of utilizing taxation systems, and the quality of tax services.

Additionally, Ajzen's (1991) TPB is congruent with the results of this research. A person's attitude, the subjective norm, and their perception of their own behavioral control are the three main determinants of their conduct, according to TPB. In this study, taxpayers' confidence in their ability to register, submit tax returns, and accurately calculate and pay taxes in a timely manner is influenced by their knowledge of general tax regulations, tax procedures, the Indonesian taxation system, and the functions of taxation. This knowledge reflects the perceived behavioral control dimension. One aspect of attitude toward conduct is taxpayer awareness, which includes knowing that taxes are a way for the government to make money, being prepared to voluntarily report and pay taxes, and following all applicable rules and regulations. When people are informed of their tax duties, they develop a favorable outlook on them, which encourages regular compliance. Concurrently, the subjective norm dimension is represented by the government's fair execution of tax rules and the consistent and equitable enforcement of tax sanctions against taxpayers who fail to disclose or pay their taxes when due. Within this framework, taxpayers are incentivized to meet their responsibilities by social and institutional forces within the taxation environment. This is done to prevent penalties, ensure compliance with tax payments, and settle any outstanding tax liabilities.

Additional support for the study's conclusions comes from Rosyadi (2018), who found that taxpayer awareness and knowledge had a favorable and substantial impact on taxpayer compliance. The findings of Hadry and Gunawan (2025) that taxpayer knowledge, taxpayer awareness, and tax sanctions together have a considerable impact on MSME taxpayer compliance support this finding.

## CONCLUSION

It is possible to get the following findings from the multiple linear regression analysis:

1. The tax compliance of MSME taxpayers in Jambi City is significantly influenced by taxpayer knowledge. A better level of compliance in meeting tax obligations is connected with a higher level of tax awareness among MSME taxpayers, according to this result.
2. In Jambi City, MSME taxpayer compliance is significantly impacted by taxpayer awareness. Based on these findings, it seems that MSME owners are more likely to comply with their tax obligations in a timely and organized manner when they have a higher degree of knowledge of the significance of taxes.
3. The compliance of MSME taxpayers in Jambi City with their tax obligations is greatly impacted by tax consequences. This result suggests that taxpayers are more likely to consistently comply with their tax obligations when tax sanctions are in place and are being enforced.
4. Taxpayer knowledge, MSME taxpayer awareness, and tax sanctions all have a substantial impact on MSME compliance in Jambi City. This outcome shows that increased levels of taxpayer compliance among MSMEs are a consequence of better tax knowledge, better taxpayer awareness, and the successful execution of tax sanctions.

### Recommendations

This study finds that tax sanctions, taxpayer awareness, and taxpayer knowledge are important variables influencing tax compliance among MSME taxpayers. Theoretically, this study argues that taxpayers' internal understanding of the importance of fulfilling their tax obligations, the existence of consequences that encourage compliance, and their understanding of tax regulations are the three most important factors influencing improvements in tax compliance. These findings may strengthen the understanding of the importance of knowledge, awareness, and sanctions in explaining tax compliance behavior within the MSME sector.

From a practical perspective, the findings of this study provide implications for tax authorities in designing integrated strategies to improve tax compliance. Tax literacy can be enhanced through socialization, education, and assistance programs that are accessible and easy for MSME owners to understand. In addition, taxpayer awareness can be strengthened by providing information on the benefits and importance of voluntarily fulfilling tax obligations. However, to encourage compliance without undermining taxpayers' trust in tax authorities, tax sanctions should be applied consistently, fairly, and in accordance with applicable regulations. To improve tax compliance among MSME taxpayers, this study recommends combining tax education, increased taxpayer awareness, and the continuous enforcement of tax regulations. In addition to improving compliance in the short term, these initiatives are expected to contribute to fostering a culture of tax compliance in the long term. To enhance the generalizability of the findings to a broader population, future researchers should employ a more comprehensive sample size and incorporate various relevant factors into the research model in subsequent studies.

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