

Determination E-Tax System and Tax Incentive on MSMEs Taxpayer Compliance during Pandemic

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Abstract

This study aims to ascertain the significant effect of the E-Tax System and Tax Incentive on increasing MSMEs taxpayer compliance during the Covid-19 pandemic in East Java, the E-Tax System and Tax Incentive on MSMEs taxpayer compliance during the East Java Covid-19 pandemic. This research uses the mixed method. Quantitative data collection methods and qualitative approaches to discuss the phenomenon of the state of individual taxpayers who use E-Tax, as well as fiscus as recipients and managers of E-Tax accounts. The research resulted in findings that there is a significant and positive relationship between the use of e-Billing on the use of e-SPT, the use of e-SPT on MSMEs Taxpayer Compliance, the use of Tax Incentive Facilities on the use of e-Billing, the use of Tax Incentive Facilities on the use of e-SPT, and the use of Tax Incentive Facilities on MSMEs Taxpayer Compliance. There is no relationship between the use of e-Billing and MSMEs Taxpayer Compliance. The main finding in this study is that there is a significant and positive relationship between the use of Tax Incentives on MSMEs Taxpayer Compliance through the use of e-Billing and e-SPT. This means that the increase in the use of Tax Incentives will also be followed by an increase in the use of e-Billing and e-SPT, and has an impact on increasing MSME Taxpayer Compliance. So it can be concluded from the findings stated that Tax Incentives Through the E-Tax System have a significant and positive relationship with MSME Taxpayer Compliance During the Covid-19 Pandemic in East Java.

Keywords: Interest, MSMEs Taxpayer, E-Tax

INTRODUCTION

The Covid 19 pandemic has changed the development and order of the global economy through various economic policy measures implemented by the government, including refocusing and reallocating the state budget, as well as providing fiscal, monetary, and financial sector stimulus. The main focus of the Government's policy in handling COVID-19 is to support the health budget, expand the social safety net to maintain purchasing power and support the business and industrial world. The provision of stimulus aims to help economic actors survive the impact of COVID-19, maintain people's purchasing power, provide export-import facilities, minimize the number of layoffs (PHK), help banks provide relaxation and liquidity, and prevent economic and financial crises from occurring. In terms of fiscal policy, the Ministry of Finance is required to continuously design policies that are responsive to very dynamic economic and national conditions, one of which is to optimize the use of technology to reduce interaction to minimize the spread of Covid 19, the use of E-Tax is currently an alternative which makes it easier for taxpayers, especially MSMEs, to carry out tax administration.

This is in line with research conducted by Nianty (2020) where the analysis results reveal that e-registration, e-billing, e-SPT, and e-filing have a positive and significant effect on increasing compliance among taxpayers at the North Makassar Tax Service Office.

The Directorate General of Taxes (DGT) is trying to update the taxation system in line with the E-Government directions stated in Presidential Instruction NO. 6 of 2001 concerning the Development and Utilization of Telematics in Indonesia. The online facility (e-Tax Services) has been implemented by the Directorate General of Taxes (DGT) since early 2005 as the first step in applying the digitization of the tax system in Indonesia. The E-Tax system includes e-Registration, e-billing, e-SPT, and e-filing which are expected to accelerate tax compliance. Tax Compliance illustrates evidence that taxpayers comply with registering, complying with reporting notification letters (SPT), complying with calculations, and complying with paying taxes owed (Rohmawati & Rasmini, 2012). Where the system that is already available is very helpful in the taxation process in Indonesia during the Covid-19 pandemic. This is supported by statements from taxpayer compliance that have not met the DGT's target, making the DGT continue to make efforts to change the views of taxpayers to be more aware and compliant through the E-Tax system which can make it easier for taxpayers to pay their obligations (Wahyudi, 2012). In addition, to increase taxpayer compliance behavior for their tax obligations, the DGT conducts tax audits (Suyanto & Setiawan, 2017). Based on Ayunianty, D., & Hidayah, N. (2020) it is stated that e-Tax has a positive and significant effect on increasing taxpayer compliance.

During the Covid-19 pandemic, only around 12,000 taxpayers in East Java had just taken advantage of the COVID-19 pandemic tax stimulus out of a total of 1.9 million taxpayers. That figure is less than one percent. There are five stimuli that taxpayers can take advantage of following the rules in the Minister of Finance Regulation 86/2020, a revision of the Minister of Finance Regulation 44/2020 namely, Article 21 PPh incentives are borne by the government, MSME Final Income Tax Incentives are borne by the government, Article 22 Import Income Tax Incentives are not collected, Article 25 PPh installment incentives with a 30 percent reduction, VAT incentives in the form of preliminary returns on tax excess as low-risk PKP. Ayu (2020) explains that tax incentives are tax policies provided by the government to taxpayers, especially certain MSMEs, both individuals or entities that support the government, which are used to provide encouragement and convenience for taxpayers to remain compliant in carrying out their tax obligations both now and in the future.

Based on the research results of Andrew, R., & Sari, D. P. (2021) it is known that the socialization of incentives for Minister of Finance Regulation 86/2020 affects MSME taxpayer compliance. Based on the tests that have been carried out, the socialization of incentives for Minister of Finance Regulation 86/2020 which has been carried out by the government so far during a pandemic has had an impact on MSME taxpayer compliance. The government has been anticipating and socializing incentives for Minister of Finance Regulation 86/2020 after Minister of Finance Regulation 44/2020 because at the time Minister of Finance Regulation 44/2020 showed data that there were still many MSMEs

who did not know what was needed in applying to take advantage of the Ministerial Regulation tax incentives Finance 86/2020. From the explanation above, the researchers conducted research on the determination of the e-tax system and tax incentives for MSME taxpayer compliance during the Covid-19 pandemic in East Java.

METHOD

This study examines and interprets the influence of the Determination of the E-Tax System and Tax Incentives on MSME Taxpayer Compliance during the Covid-19 Pandemic in East Java. The method used is mixed research or a combination (mixed method), which combines quantitative and qualitative approaches. The first approach, quantitatively, is trying to explain (explanatory) the influence relationship between variables which is done through hypothesis testing. Furthermore, the second approach qualitatively reveals the use of the E-Tax system and Tax Incentives both from the user and tax authorities through an interpretive approach. The population in this study are all MSME taxpayers registered at the Primary Tax Service Office (KPP) in the Horseshoe area, which includes the Jember, Bondowoso, Situbondo, and Banyuwangi areas, which are under the auspices of the Regional Office of the Directorate General of Taxes East Java III. Determination of the sample in this study using population cluster accident sampling, which divides the population into city clusters, then each city is selected by accident by distributing questionnaires to taxpayers within a certain predetermined period. Furthermore, to enrich the results of the study, a qualitative approach was used using interpretive methods, collecting interviewees was carried out with the following population coverage and explanatory sampling methods.

In this study, the dependent variable used was MSME taxpayer compliance as measured by the ease of registering, willingness to count, willingness to pay, and willingness to report tax obligations. The data obtained from the research results were then processed using data analysis techniques, namely Partial Least Square (PLS). PLS according to Wold in Ghazali (2008) is a powerful analytical method because it is not based on many assumptions. The data does not have to be normally distributed multivariate, the sample does not have to be large. Although PLS can be used to confirm a theory, it can also be used to explain whether or not there is a relationship between latent variables. Because it focuses more on data and with limited estimation procedures, model misspecification does not significantly affect parameter estimation. Compared to Covariance Based SEM, component-based SEM (PLS) avoids two serious problems, namely inadmissible solutions and indeterminacy factors (Fornell and Bookstein, 1982 in Ghazali, 2008).

Based on the theoretical relationship between variables, a model can be made in the form of variable path analysis in Figure as follows:

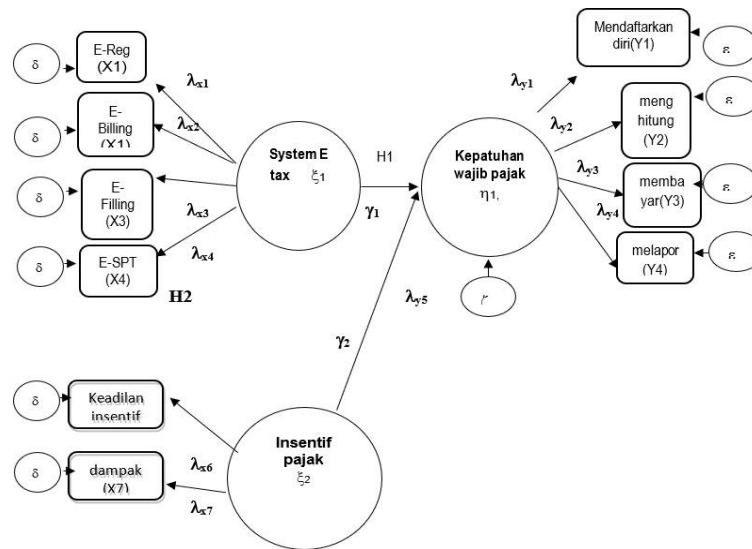


Figure 1
Source: Processed data (2021)

Following the analytical method and conceptual model above, a path analysis model for all latent variables in PLS can be created. The path analysis model for all latent variables in PLS consists of (Ghozali, 2008):

1. The inner model specifies the relationship between latent variables (structural model). The model equation above can be written as follows

$$H1: \eta_1 = \gamma_1 \xi_1 + \gamma_2 \xi_2 + \zeta$$

$$H2: \xi_1 = \lambda_{x1} X_1 + \lambda_{x2} X_1' + \lambda_{x3} X_3 + \lambda_{x4} X_4 + \delta$$

Outer model, which specifies the relationship between latent variables and their manifest indicators (*measurement model*).

The second technique for a qualitative approach uses the interview method which has a specific purpose and discusses the phenomenon of the condition of MSME taxpayers in using E-Tax and utilization of Tax Incentives, as well as tax authorities as recipients and managers of E-Tax accounts and policymakers related to Tax Incentives through interviews structured by distributing questionnaires and freeing the resource persons in interpreting the questions. The results of data processing are then combined with quantitative and qualitative results, to form a comprehensive and intact discussion.

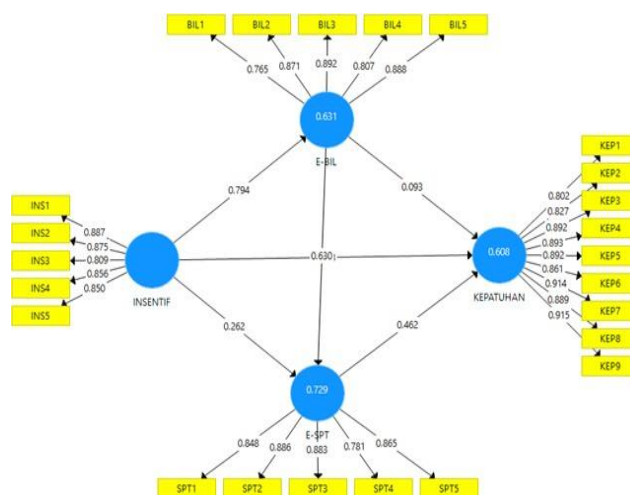
RESULTS AND DISCUSSION

This study examines and interprets the influence of the Determination of the E-Tax System and Tax Incentives on MSME Taxpayer Compliance during the Covid-19 Pandemic in East Java. The method used is mixed research or a combination (mixed method), which combines quantitative and qualitative approaches. The first approach, quantitatively, is trying to explain (explanatory) the influence relationship between variables which is done through hypothesis testing. Furthermore, the second approach

qualitatively reveals the use of the E-Tax system and Tax Incentives both from the user and tax authorities through an interpretive approach. The population in this study are all MSME taxpayers registered at the Primary Tax Service Office (KPP) in the Horseshoe area, which includes the Jember, Bondowoso, Situbondo, and Banyuwangi areas, which are under the auspices of the Regional Office of the Directorate General of Taxes East Java III. Determination of the sample in this study using population cluster accidentsampling, which divides the population into city clusters, then each city is selected by accident by distributing questionnaires to taxpayers within a certain predetermined period. Furthermore, to enrich the results of the study, a qualitative approach was used using interpretive methods, collecting interviewees was carried out with the following population coverage and explanatory sampling methods.

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Based on the theoretical relationship between variables, model can be made in the form of variable path analysis in Figure as follows:



Source: Processed data (2021)

The reliability test is used to measure the reliability and consistency of the question items in measuring the variables used. It is said to be reliable and consistent if Cronbach's alpha value

is above 0.7. resulted in the finding that the exogenous construct could explain e-Billing by 63.1%, while the remaining 36.9% was explained by other variables not proposed in the study. Furthermore, the exogenous construct can explain e-SPT by 72.9%, while the remaining 37.1% is explained by other variables that were not proposed in the study. Then for the UMKM Taxpayer Compliance variable, namely that the exogenous construct can explain MSME Taxpayer Compliance of 60.8%, while the remaining 49.2% is explained by other variables that were not proposed in the study.

The direct effect test is used to see the relationship between variables in the research model. It is said to be influential or significant if the P Values are < 0.05 . However, if the value is > 0.05 , it is not significant or there is no relationship between the variables.

Table 1 Direct Effect Test

NOTE	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
E-BIL -> E-SPT	0,630	0,626	0,091	6,887	0,000
E-BIL -> MSME Taxpayer Compliance	0,093	0,084	0,127	0,732	0,465
E-SPT -> MSME Taxpayer Compliance	0,462	0,461	0,152	3,034	0,003
INCENTIF -> E-BIL	0,794	0,795	0,033	24,343	0,000
INCENTIF -> E-SPT	0,262	0,268	0,105	2,498	0,013
INCENTIF -> MSME Taxpayer Compliance	0,278	0,288	0,125	2,217	0,027

Source: Processed data (2021)

The first hypothesis in this study examines the effect between the use of e-Billing and the use of e-SPT. The original sample value is 0.630 in a positive direction, and the P value is 0.000 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of e-Billing and the use of e-SPT. This means that if the use of e-Billing increases, it will also be followed by an increase in the use of e-SPT, and vice versa. So the first hypothesis is accepted.

The second hypothesis in this study examines the influence between the use of e-Billing and MSME Taxpayer Compliance. The original sample value is 0.093 with a positive direction, and the P value is 0.465 (above 0.05), so it can be concluded that it is not significant or there is no relationship between the use of e-Billing and MSME Taxpayer Compliance. This means that if the use of e-Billing increases, it will not necessarily be followed by an increase in MSME Taxpayer Compliance. So the second hypothesis is rejected.

The third hypothesis in this study examines the effect of the use of e-SPT and MSME taxpayer compliance. The original sample value was 0.462 in a positive direction, and the P value was 0.003 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of e-SPT and MSME taxpayer compliance. This means that if the use of e-SPT increases, it will also be followed by an increase in MSME taxpayer compliance, and vice versa. So the third hypothesis is accepted.

The fourth hypothesis in this study examines the effect between the use of Tax Incentive Facilities and the use of e-Billing. The original sample value is 0.794 in a positive direction, and the P value is 0.000 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of Tax Incentive Facilities and the use of e-Billing. This means that if the use of Tax Incentive Facilities increases, it will also be followed by an increase in the use of e-Billing, and vice versa. So the fourth hypothesis is accepted.

The fifth hypothesis in this study examines the effect between the use of Tax Incentive Facilities and the use of e-SPT. The original sample value is 0.262 in a positive direction, and the P value is 0.013 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of Tax Incentive Facilities and the use of e-SPT. This means that if the use of the Tax Incentive Facility increases, it will also be followed by an increase in the use of e-SPT, and vice versa. So that the fifth hypothesis is accepted.

The sixth hypothesis in this study examines the effect between the use of Tax Incentive Facilities and MSME Taxpayer Compliance. The original sample value was 0.278 in a positive direction, and the P value was 0.027 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of Tax Incentive Facilities and MSME Taxpayer Compliance. This means that if the use of the Tax Incentive Facility increases, it will also be followed by an increase in MSME Taxpayer Compliance, and vice versa. So the sixth hypothesis is accepted.

The indirect effect test is used to assess the effect between variables, as well as through intermediary variables.

Table 2 Indirect Effect Test

NOTE	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
INCENTIF -> E-	0,500	0,	0,073	6,875	0,000

BIL -> E-SPT		497				
E-BIL -> E-SPT -> MSME Tax Compliance	payer	294	0,	0,119	2,453	0,015
INSENTIF -> E-BIL -> MSME Taxpayer Compliance		066	0,	0,101	0,730	0,466
INSENTIF -> E-SPT -> MSME Taxpayer Compliance	0,121	117	0,	0,053	2,307	0,021
INSENTIF -> E-BIL -> E-SPT MSME Taxpayer Compliance	->0,231	233	0,	0,094	2,454	0,014

Source: Processed data (2021)

The effect of tax incentives on the use of e-SPT through the use of e-billing, namely with an original sample value of 0.500 in a positive direction, and a P value of 0.000 (below 0.05), so it can be concluded that there is a significant and positive relationship between use of Tax Incentives for the use of e-SPT through the use of e-Billing. This means that an increase in the use of Tax Incentive Facilities will also be followed by an increase in the use of e-Billing, which will increase the use of e-SPT.

The effect of using e-Billing on MSME taxpayer compliance through the use of e-SPT, namely with an original sample value of 0.291 in a positive direction, and a P value of 0.000 (below 0.05), so it can be concluded that there is a significant and positive relationship. a positive relationship between the use of E-Billing on MSME Taxpayer Compliance through the use of e- SPT. This means that an increase in the use of e-Billing will be followed by an increase in the use of e-SPT, which will have an impact on increasing MSME Taxpayer Compliance.

The Effect of Tax Incentives on MSME Taxpayer Compliance through the use of e-Billing, with an original sample value of 0.074 in a positive direction, and a P value of 0.466 (above 0.05), so it can be concluded that there is no relationship between the use of Tax Incentives on MSME taxpayer compliance through the use of e-Billing. This means that an increase in the use of tax incentives will not necessarily be followed by the use of e-billing, and it will not necessarily have an impact on increasing MSME taxpayer compliance.

The effect of tax incentives on MSME taxpayer compliance through the use of e-SPT, with an original sample value of 0.121 in a positive direction, and a P value of 0.021 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of Tax incentives for MSME taxpayer compliance through the use of e-SPT. This means that an increase in the use of tax incentives will also be followed by an

increase in the use of e-SPT, which will have an impact on increasing MSME taxpayer compliance.

The effect of tax incentives on MSME taxpayer compliance through the use of e-Billing and e-SPT, namely with an original sample value of 0.231 with a positive direction, and a P value of 0.014 (below 0.05), so it can be concluded that there is a significant relationship and is positive between the use of Tax Incentives on MSME Taxpayer Compliance through the use of e-Billing and e-SPT. This means that an increase in the use of tax incentives will also be followed by an increase in the use of e-billing and e-SPT, as well as an impact on increasing MSME taxpayer compliance.

1. First Hypothesis: Relationship between e-Billing and e-SPT

The first hypothesis in this study examines the effect between the use of e-Billing and the use of e-SPT. The original sample value is 0.630 in a positive direction, and the P value is 0.000 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of e-Billing and the use of e-SPT. This means that if the use of e-Billing increases, it will also be followed by an increase in the use of e-SPT, and vice versa. So the first hypothesis is accepted.

2. Second Hypothesis: Relationship between e-Billing and MSME Taxpayer Compliance

The second hypothesis in this study examines the influence between the use of e-Billing and MSME Taxpayer Compliance. The original sample value is 0.093 with a positive direction, and the P value is 0.465 (above 0.05), so it can be concluded that it is not significant or there is no relationship between the use of e-Billing and MSME Taxpayer Compliance. This means that if the use of e-Billing increases, it will not necessarily be followed by an increase in MSME Taxpayer Compliance. So the second hypothesis is rejected.

3. Third Hypothesis: Relationship between e-SPT and MSME Taxpayer Compliance

The third hypothesis in this study examines the effect of the use of e-SPT and MSME taxpayer compliance. The original sample value was 0.462 in a positive direction, and the P value was 0.003 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of e-SPT and MSME taxpayer compliance. This means that if the use of e-SPT increases, it will also be followed by an increase in MSME taxpayer compliance, and vice versa. So the third hypothesis is accepted.

4. Fourth Hypothesis: Relationship between Tax Incentives and e-Billing

The fourth hypothesis in this study examines the effect between the use of Tax Incentive Facilities and the use of e-Billing. The original sample value is 0.794 in a positive direction, and the P value is 0.000 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of Tax Incentive Facilities and the use of e-Billing. This means that if the use of Tax Incentive Facilities increases, it will also be followed by an increase in the use of e-Billing, and vice versa. So the fourth hypothesis is accepted.

5. Fifth Hypothesis: Relationship between Tax Incentives and e-SPT

The fifth hypothesis in this study examines the effect between the use of Tax Incentive Facilities and the use of e-SPT. The original sample value is 0.262 in a positive direction, and the P value is 0.013 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of Tax Incentive Facilities and the use of e-SPT. This means that if the use of the Tax Incentive Facility increases, it will also be followed by an increase in the use of e-SPT, and vice versa. So that the fifth hypothesis is accepted.

6. The Sixth Hypothesis: The Relationship between Tax Incentives and MSME Taxpayer Compliance

The sixth hypothesis in this study examines the influence of the use of Tax Incentive Facilities and MSME Taxpayer Compliance. The original sample value was 0.278 in a positive direction, and the P value was 0.027 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of Tax Incentive Facilities and MSME Taxpayer Compliance. This means that if the use of the Tax Incentive Facility increases, it will also be followed by an increase in MSME Taxpayer Compliance, and vice versa. So the sixth hypothesis is accepted.

7. Indirect Relationship: The Effect of Tax Incentives on MSME Taxpayer Compliance through the Use of e-Billing and the Use of e-SPT

The original sample value is 0.231 in a positive direction, and the P values are 0.014 (below 0.05), so it can be concluded that there is a significant and positive relationship between the use of Tax Incentives on MSME Taxpayer Compliance through the use of e-Billing and e-SPT. This means that increasing the use of Tax Incentives will also be followed by increasing the use of e-Billing and e-SPT, as well as having an impact on increasing MSME Taxpayer Compliance.

MSME Taxpayer Compliance

The main source for Indonesia to fund the State Revenue and Expenditure Budget (APBN) is taxes. More than 70% of the state's revenue comes from taxes, the rest comes from customs and excise, non-tax revenue, and grants, in other words, taxes are the primary source of Indonesian state revenue (UU No. 12 of 2018). The state uses tax revenues to support development financing. Tax revenue is expected to continue to increase so that the development of the State can run well. An increase in tax revenue is achieved if an increase in the number of taxpayers occurs. Efforts to maximize tax revenue cannot only rely on the role of the Directorate General of Taxes and tax officers but also on the active role of the taxpayers themselves. On the importance of the role of taxes, the government in this case the Directorate General of Taxes has made various efforts to maximize tax revenues. One of the efforts made is through the reform of laws and regulations in the field of taxation with the enactment of the Self Assessment System.

The Self Assessment System requires taxpayers to register, calculate, pay, and self-report the amount of tax owed which is their obligation (Tiraada, 2013). The Self Assessment System requires a change in the attitude (awareness) of taxpayers to pay taxes

voluntarily (voluntary compliance). Compliance with fulfilling voluntary tax obligations is the backbone of the Self Assessment System. One of the obstacles that can hamper the effectiveness of tax collection is tax compliance. Taxpayer compliance is how the attitude of a taxpayer who wants and carries out existing tax obligations. Taxpayer compliance is known to increase state revenues. If you want to maximize tax revenue, the government must make efforts so that taxpayers are increasingly aware that the role of taxes is very important for achieving national development. The services provided by the tax authorities are also important considering that taxpayers need convenience in paying taxes.

Jember Regency is a unique regency category according to Mr. Didik, this is because during the COVID-19 Pandemic, the Government made a policy in the form of tax incentives that aims to ease the burden on taxpayers affected by COVID 19 but taxpayers in Jember Regency find it difficult to take advantage of these government facilities optimally, from 100% of taxpayer data in Jember Regency approximately 25% still find it difficult to take advantage of the facilities in the form of tax incentives. This is due to various obstacles such as unstable internet network constraints, taxpayer access to the Service Office which is quite far away, and the lack of information received by taxpayers which is caused by many factors such as minimal access to social media, news, and the age factor. This naturally occurs because the e-Tax system itself is very dependent on the internet network and adequate equipment which is still difficult to access in several areas in Jember Regency, especially those far from the city center. According to Mr. Trixa, this naturally happens in Jember Regency because most of the taxpayers in Jember Regency are not the millennial generation who are used to technological advances so there is a need for a solution to this problem in the future, perhaps by expanding the role of tax volunteers to help with problems. Taxpayers in areas that have high tax potential but have technical problems in reporting such as the Puger, Ambulu, Sukowono, and other areas in Jember Regency. So that it can be concluded that for now the provision of tax incentives has a positive effect on taxpayer compliance in Jember Regency, but there are still obstacles that need to be resolved as long-term and short-term solutions in Jember Regency by collaborating with the Regional Government of Jember Regency.

The convenience obtained by taxpayers with the E-Tax facility is also felt by Situbondo Regency taxpayers. This is based on the researcher's interview with Mr. Agung, where it was stated that the implementation of E-tax has been running effectively, this is evidenced by the ability of taxpayers to fulfill obligations online, it can be seen that in 2019 the tax revenue target reached 94.66% and increased in 2020 exceeding the target, reaching 118.43%. Online SPT reporting is felt to be familiar among taxpayers, especially during a pandemic where there are restrictions on face-to-face services so that taxpayers make the most of using online facilities to facilitate SPT reporting. Data for 2021 shows that in the third quarter with a total of 22,252 taxpayers, in November the percentage of taxpayers who reported their SPT was with a target ratio of 83% with manual descriptions of 3,181 taxpayers and E-Filing of 42,949 taxpayers. With the realization of SPT receipts reaching 100.85%. The incentive policy implemented by the Central Government is also very helpful for taxpayers in the era of the Covid 19 pandemic. The dryness felt by

taxpayers makes the implementation of this policy very effective.

The results of the questionnaires that have been distributed by the research team to taxpayers in the Horseshoe Region, such as Jember Regency, Situbondo Regency, Banyuwangi Regency, and Bondowos Regency, there are several obstacles related to the implementation of e-tax and the use of tax incentives that apply to MSME taxpayers for Compulsory Compliance Tax. The obstacles encountered in implementing the E-Tax system are as follows:

1. There are still taxpayers who have not mastered information technology so people who are not yet technologically literate in the end do not feel the convenience of the services provided.
2. There are still people who are not aware and care about taxes, which can be seen from the reluctance of taxpayers to fulfill their tax obligations
3. Service limitations due to restrictions on taxpayer visits to the Situbondo Regency Tax Service Office during the Covid-19 Pandemic
4. MSME Taxpayers always do it offline / come directly to the Tax Service, Counseling, and Consultation Offices of each Regency

During the Covid-19 pandemic, the Government, both the Central Government and Regional Governments, provided facilities in the form of tax incentives for central and regional taxes given to MSME taxpayers, but not all of them were able to take advantage of central or regional tax incentives. The factor that MSME taxpayers do not take advantage of tax incentives, namely the lack of knowledge and understanding of MSME taxpayers regarding MSME tax incentives is still minimally known by MSME taxpayers, so MSME taxpayers cannot take advantage of these tax incentives. This is one of the factors directly proportional to MSME taxpayer compliance, some MSME taxpayers explain MSME tax compliance, namely some MSME taxpayers do not comply with the:

1. Registration of MSME taxpayers caused by a lack of knowledge of administration to register as MSME taxpayers\
2. Payment of MSME taxpayers due to uncertain business income every month
3. As well as tax reporting caused by a lack of knowledge and understanding of the administration to carry out tax reporting

CONCLUSION

1. Based on the results of the analysis and discussion, it can be concluded as follows:
There is a significant and positive relationship between the use of e-Billing on the use of e-SPT, the use of e-SPT on MSME Taxpayer Compliance, the use of Tax Incentive Facilities on the use of e-Billing, the use of Tax Incentive Facilities on the use of e-SPT, and the use of Tax Incentive Facilities for MSME Taxpayer Compliance.
2. There is no relationship between the use of e-Billing and MSME Taxpayer Compliance.
3. The main finding in this study is that there is a significant and positive relationship between the use of Tax Incentives on MSME Taxpayer Compliance through the use

of e-Billing and e-SPT. This means that an increase in the use of tax incentives will also be followed by an increase in the use of e-billing and e-SPT, as well as an impact on increasing MSME taxpayer compliance.

4. Some MSME taxpayers do not comply with their tax obligations, namely due to several factors, including MSME taxpayers who do not know and understand administratively in taxation and the uncertain income they get every month.

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