

THE EFFECT OF SOCIALIZATION, REDUCTION OF UMKM PPH RATES AND TAX KNOWLEDGE ON THE IMPLEMENTATION OF TAX REGULATION HARMONIZATION LAWS ON INCREASING FRANCHISE UMKM TAX COMPLIANCE

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ABSTRACT

Tax compliance of MSMEs plays an important role in increasing state revenues, but still faces obstacles such as limited understanding and ever-changing policies. Tax socialization, reduction in Income Tax (PPH) rates for MSMEs, and tax awareness related to MSME compliance with tax regulations are the focus of this study. A total of one hundred and thirty Ayam Gepuk Pak Gembus franchisees in Jabodetabek were the subjects of the study. The calculation used the Slovin formula with a margin of error of 5% to select a sample of 171 partners using a basic random sampling approach. Data analysis used SmartPLS software and Structural Equation Modeling-Partial Least Squares (SEM-PLS). The results of the study showed that tax awareness did not have a significant effect on compliance, but tax socialization and rate reductions had a significant effect. This indicates that simpler policies and effective socialization have a greater influence on compliance than the level of taxpayer knowledge. Implications for the government in designing strategies to improve MSME tax compliance through intensive socialization and more accessible tax policies. This suggests that simplifying tax policies and improving socialization efforts are more effective than merely increasing taxpayer knowledge. The results offer insights for policymakers to refine strategies that encourage MSME tax compliance through accessible regulations and targeted outreach.

Keywords: reduction in tax rates; socialization; tax compliance; tax knowledge

INTRODUCTION

Taxes are the main source of state revenue used to finance the state budget. Tax revenue is very important to sustain and increase national growth (Cornevin et al., 2024; Xu et al., 2024). Therefore, tax compliance is very important. Tax socialization is one way to increase public compliance with the law (Lartey, 2024). Overall, taxpayer education on tax provisions, the payment process, and its benefits for national development is important and this process plays an important role. The Directorate General of Taxes organizes tax socialization programs to educate the general public and taxpayers on all tax-related matters, such as provisions and payment processes (Saputra, 2021; Yayuk et al., 2017). Low tax rates and effective tax socialization are the main factors in encouraging the public to pay taxes in accordance with their portion. A well-executed tax socialization program will increase tax literacy and thereby increase public knowledge of their tax obligations (Chen et al., 2024; Martini et al., 2025; Paquin et al., 2024).

Saputra (2021) states that tax incentives are special actions outlined in government tax regulations. Certain actions can be taken to ease the tax burden, such as providing tax relief, exemption, preferential treatment, or temporary relief. By examining taxpayer attitudes towards tax-related actions, the theory of planned behavior explains the relationship between tax incentives and taxpayer compliance. Saputra (2021) found that tax incentives have no effect on MSME taxpayer compliance. According to Takismen et al. (2020), tax knowledge significantly affects MSME taxpayer compliance, which aligns with previous research by Soda et al. (2021). Taxpayers with a good understanding of taxes will be more aware of the importance of timely tax reporting, leading to higher levels of compliance, as shown by their research.

Sari & Fidiana (2017) researched MSME tax compliance after enacting Government Regulation Number 23 of 2018 using a sample of ten MSME taxpayers in Padang City. The study revealed that MSME

taxpayer compliance was still very low after implementing the regulation. This is due to the lack of socialization of the regulation by local tax authorities and a lack of awareness and understanding among taxpayers. The increasing number of MSMEs is one of the main reasons for issuing Government Regulation No. 46/2013 (Handayani et al., 2020). In relation to MSME tax enforcement, this government regulation provides special tax treatment. The government issued Regulation Number 23 Year 2018 which regulates business income tax for taxpayers with certain gross turnover (Sianipar & Sitompul, 2022; Undang-Undang Nomor 7, 2021).

Through this regulation, the government facilitates tax compliance for both individual and corporate taxpayers with a certain gross turnover. Although this regulation aims to simplify tax payments for MSMEs, some non-compliant MSME taxpayers still challenge tax authorities. The higher the profit the business owner earns, the greater the tax obligation, resulting in a negative perception of taxation among business actors, including MSMEs (Putri & Aslami, 2022). Maximizing profits is the main goal of all business owners, including MSMEs. The challenge arising from the growth of MSMEs is that, instead of significantly increasing tax revenue, many MSMEs fail to fulfill their tax obligations. Several factors contribute to this problem, including the low moral awareness of MSME taxpayers, lack of tax socialization, limited tax knowledge among MSME owners, and the perception that tax sanctions lack a deterrent effect. In addition, due to limited resources, many MSME owners find it difficult to calculate and remit the required income tax. However, participation in relevant activities can increase their knowledge and improve their ability to accurately calculate and pay MSME income tax (Tarmidi, 2021). Hastuti & Nuryati (2020) found similar results regarding small and medium enterprise (SME) taxpayer compliance. Based on their findings, considering the large number of SMEs effectively improves taxpayer compliance behavior. Internal and external elements affect taxpayer compliance. Internal and external variables influence taxpayer compliance. Internal aspects stem from the quality of the taxpayer raising awareness, while external elements include things like the environment and the surrounding situation. Tax Compliance Analysis: The Impact of Ethics, Behavioral Control, and Taxpayer Knowledge by Tarmidi & Nurlita (2018) found that knowledge, behavioral control, and ethics all work together to improve taxpayer compliance. This empirical research indicates the importance of self-regulation, ethical principles, and in-depth tax knowledge in shaping public and professional tax compliance. According to Tarmidi & Nurlita (2018), this information can also help the Indonesian government make taxpayers more compliant with their tax obligations.

Research conducted by Soda et al. (2021) emphasizes the need for a basic understanding of taxes for all taxpayers. Tax obligations will be difficult to fulfill without an adequate understanding of taxes. People will have difficulty paying taxes if they do not understand taxes and their benefits. In the Ayam Gepuk franchise, fried chicken is processed by flattening it before serving. For added flavor, the chicken is cooked until dry before frying. Accompanied by fresh vegetables and side dishes such as tempeh, tofu, and various satay, including liver, skin, and intestine satay. No meal is complete without the signature sambal ulek. Currently Ayam Gepuk Pak Gembus has branches in Jabodetabek, West Java, Central Java, Yogyakarta, East Java, and several locations outside Java such as Palembang, Bali, Riau, Batam, Balikpapan, and Ambon. The franchise operates based on three core values: family, ethics, and trust. Ayam Gepuk Pak Gembus has become a well-known name in the Indonesian culinary world, especially in the field of Franchise which plays an important role in developing MSMEs (Micro, Small and Medium Enterprises). This franchise has successfully taken advantage of people's love for local flavors by presenting ayam gepuk with a rich and spicy taste. Their success is not only due to their authentic taste, but also their ability to innovate and introduce various menu options that continue to attract customers. In a relatively short period of time, Ayam Gepuk Pak Gembus experienced rapid expansion, opening branches in various major cities and attracting many entrepreneurs to join its Franchise network.

While existing research extensively explores general MSME tax compliance, limited studies focus on compliance within the MSME franchise sector, despite its growing presence in Indonesia. Franchise-based MSMEs, such as Ayam Gepuk Pak Gembus, operate under structured business models that differ from independent MSMEs, which may influence their tax behavior. However, the extent to which tax socialization and rate reductions affect franchise MSME compliance remains unclear. Additionally, while tax knowledge is often considered a key factor in compliance, its role within franchise businesses has yet to be thoroughly examined.

The novelty of this research lies in its exploration of the dynamics of franchise culinary businesses in Indonesia, with Ayam Gepuk Pak Gembus as a case study representing a successful UMKM model. However, to further strengthen this aspect, it is crucial to distinctly articulate how this study diverges

from existing research on UMKM tax compliance or franchise business models. While prior studies have examined various tax-related factors affecting UMKM compliance, there remains a gap in understanding the specific challenges and compliance behaviors within rapidly expanding franchise networks.

This research makes a new contribution in understanding the dynamics of culinary franchise development in Indonesia, focusing on the phenomenon of Ayam Gepuk Pak Gembus as a successful MSME model. In addition to examining marketing strategies and product innovation, this study also explores the relationship between the growth of this franchise business and tax compliance. With the growing number of franchise branches, it is important to assess the extent to which Ayam Gepuk Pak Gembus and their franchise partners fulfill their tax obligations and the challenges MSMEs face in maintaining tax compliance as they expand. The findings of this study are expected to provide insights for culinary entrepreneurs and the government in designing policies that support tax compliance in the MSME sector, as well as optimizing the contribution of this sector to the country's economy. To ensure a coherent research flow, this study maintains a logical progression from the introduction to the results and discussion. Each section is designed to seamlessly connect, ensuring that the research questions posed in the introduction are explicitly addressed in the findings. The discussion section critically engages with previous studies, reinforcing theoretical perspectives and contextualizing the results within existing literature. This study aims to enhance objectivity and provide a comprehensive understanding of tax compliance within UMKM franchise businesses by explicitly linking findings to prior research and theoretical underpinnings.

METHOD

This study employs Structural Equation Modeling-Partial Least Squares (SEM-PLS) using SmartPLS software, an approach well-suited to analyzing complex relationships between latent variables (Bougie, 2019). The choice of SEM-PLS over other statistical methods is justified by its ability to handle small-to-moderate sample sizes while effectively modeling relationships among multiple independent and dependent variables. Unlike covariance-based SEM, which requires a larger sample size and assumes normal data distribution, SEM-PLS is preferable for exploratory research and non-normally distributed data, making it an ideal method for this study (Yang et al., 2023).

The operationalization and measurement of variables were carefully designed to ensure methodological transparency. Tax compliance, tax socialization, tax rate reduction, and tax knowledge were measured using validated indicators adapted from previous research. Responses were collected through a structured questionnaire. Each variable was assessed using a Likert scale, enabling quantification of participants' perceptions and experiences.

The study sample consists of 171 Ayam Gepuk Pak Gembus franchisees, selected using the Slovin formula with a 5% margin of error. This formula provides a statistically sound method for determining sample size. Its robustness is further supported by a statistical power analysis, which ensures the sample's adequacy in detecting significant relationships among variables. The sample size meets the minimum requirements for SEM-PLS analysis, allowing for reliable path coefficients and model fit estimation.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

Gender of Respondents

Table 1. Gender of Respondents

No.	Gender	Total	Percentage
1	Male	96	56,14%
2	Female	75	43,86%
	Total	171	100%

Source: Primary data processed, 2024

The results showed that the majority of respondents were male, as many as 96 people (56.14%), while 75 respondents were female (43.86%). This finding shows that men dominate the owners of Pak

Gepuk Chicken Franchise Partner MSMEs, who are actively involved in cooperation and information exchange.

Age of Respondent

Table 3. Age of Respondents

Age Limitation	Total	Percentage
<22 Years	-	-
22-42 Years	112	65,50%
>42 Years	59	34,50%
Total	171	100%

Source: Primary data processed, 2024

The results indicate that most of the respondents in this study were aged between 22 and 42 years, totaling 112 respondents (65.50%). Meanwhile, the age category over 42 years included 59 respondents (34.50%), and there were no respondents under 22 years. This indicates that the MSME owners of Pak Gepuk Gembus Chicken Franchise Partners who participated in this study are primarily business individuals within the 22-42 year age range.

Respondent's length of business

Table 3. Respondents' length of business

Length of business	Total	Percentage
1-5 Years	63	36,84%
5-10 Years	107	62,57%
>10 Years	1	0,58%
Total	171	100%

Source: Primary data processed, 2024

The results showed that most of the respondents in this study had a business length of 5-10 years as many as 107 (62.57%) respondents, while in the 1-5 year business length category there were 63 (36.84%) respondents, while in the >10 year business length category there were 1 (0.58%) respondent. This shows that the length of business of the active Pak Gepuk Chicken Franchise Partner MSMEs in this study is dominated by the 5-10 year category.

Respondent's Position

Table 4. Position of Respondents

Position	Total	Percentage
Business Owner	170	99,42%
Store Head	1	0,58%
Supervisor	-	-
Staff	-	-
Total	171	100%

Source: Primary data processed, 2024

The results showed that most of the respondents in this study had the status of business owners as many as 170 (99.42%) respondents, while in the category of business length of the shop head as many as 1 (0.58%) respondents, while in the category of supervisors and staff as many as 0 (0.00%) respondents. This shows that the length of business of the active Pak Gepuk Chicken Franchise Partner MSMEs in this study is dominated by the business owner category.

Descriptive Analysis of Variables

The following is the interpretation of the average assessment (mean) of each indicator on the research variable which is categorized based on the scale limitations:

- Scale limits of $1.00 \leq$ to < 1.80 are classified as "very low"

- Scale boundaries of $1.80 \leq$ to < 2.60 are classified as "low"
- Scale boundaries of $2.60 \leq$ to < 3.40 are classified as "sufficient"
- Scale boundaries of $3.40 \leq$ to < 4.20 are classified as "high"
- Scale limits of $4.20 \leq$ to < 5.00 are classified as "very high"

The following is a descriptive table of variables that illustrates the analysis results of each research variable.

Table 5. Descriptive Variable of Taxation Socialization (SP)

		Score						
No.	Indicator	1	2	3	4	5	Mean	Description
1	SP1	0	1	36	112	22	3,91	High
2	SP2	0	1	35	113	22	3,91	High
3	SP3	0	3	33	117	18	3,88	High
4	SP4	0	3	36	108	24	3,89	High
5	SP5	0	3	33	112	23	3,91	High
Average index							3,91	High

Source: Results of data processing in 2024

All indicators have a high index with an average of 3.91 and almost the same or average value, in accordance with the findings of the descriptive analysis shown above. These results show that MSMEs of Pak Gepuk Chicken Franchise Partners have a relatively high tax socialization index.

Table 6. Descriptive Variable of Tax Rate Reduction (PTP)

		Score						
No.	Indicator	1	2	3	4	5	Mean	Description
1	PTP1	0	3	38	109	21	3,87	High
2	PTP2	0	1	36	112	22	3,91	High
3	PTP3	0	6	33	113	19	3,85	High
4	PTP4	0	2	35	112	22	3,90	High
5	PTP5	0	6	33	108	24	3,88	High
Average index							3,88	High

Source: Results of data processing in 2024

According to the descriptive analysis findings, all indicators have a high index with an average of 3.88 and almost identical or average values. The results show that respondents place significant value on the tax rate reduction variable in relation to Pak Gembus Chicken Gepuk MSME franchise partners.

Table 7. Descriptive Taxation Knowledge Variable

		Score						
No.	Indicator	1	2	3	4	5	Mean	Description
1	PP1	0	3	33	117	18	3,88	High
2	PP2	0	3	35	110	23	3,89	High
3	PP3	0	6	33	113	19	3,85	High
4	PP4	0	1	36	112	22	3,91	High
5	PP5	0	3	38	109	21	3,87	High
Average index							3,88	High

Source: Results of data processing in 2024

According to the descriptive analysis findings, all indicators have a high index, with an average of 3.88 and almost the same or average value. Therefore, it is clear that MSME Franchise Partner Ayam Gepuk Pak Gembus has a very good understanding of taxation.

Table 8. Descriptive Variable of Tax Compliance

		Score						
No.	Indicator	1	2	3	4	5	Mean	Description

1	KP1	0	3	36	108	24	3,89	High
2	KP2	0	1	36	112	22	3,91	High
3	KP3	0	3	33	112	23	3,91	High
4	KP4	0	7	37	109	18	3,81	High
5	KP5	0	6	33	113	19	3,85	High
Average index							3,87	High

Source: Results of data processing in 2024

According to the descriptive analysis results above, all indicators have a high index, with an average of 3.87 and almost the same value or average. As a result, UMKM Franchise Partner Ayam Gepuk Pak Gembus has a high tax compliance variable.

Data Analysis

Table 9. Validity Test Results

Variables	Indicator	Outer Loadings	Description
Tax Socialization	SP1	0.973	Valid
	SP2	0.960	Valid
	SP3	0.879	Valid
	SP4	0.828	Valid
	SP5	0.911	Valid
Tax Rate Reduction	PTP1	0.883	Valid
	PTP2	0.945	Valid
	PTP3	0.826	Valid
	PTP4	0.892	Valid
	PTP5	0.840	Valid
Taxation Knowledge	PP1	0.899	Valid
	PP2	0.906	Valid
	PP3	0.852	Valid
	PP4	0.951	Valid
	PP5	0.859	Valid
Tax Compliance	KP1	0.840	Valid
	KP2	0.949	Valid
	KP3	0.863	Valid
	KP4	0.799	Valid
	KP5	0.849	Valid

Source: Data processing results (2024)

The validity test results are in the table above. If the factor loading value exceeds 0.7, all items are valid. This proves that the questionnaire is factually valid and appropriate for scientific research. The model for conducting the validity test is shown in the figure below.

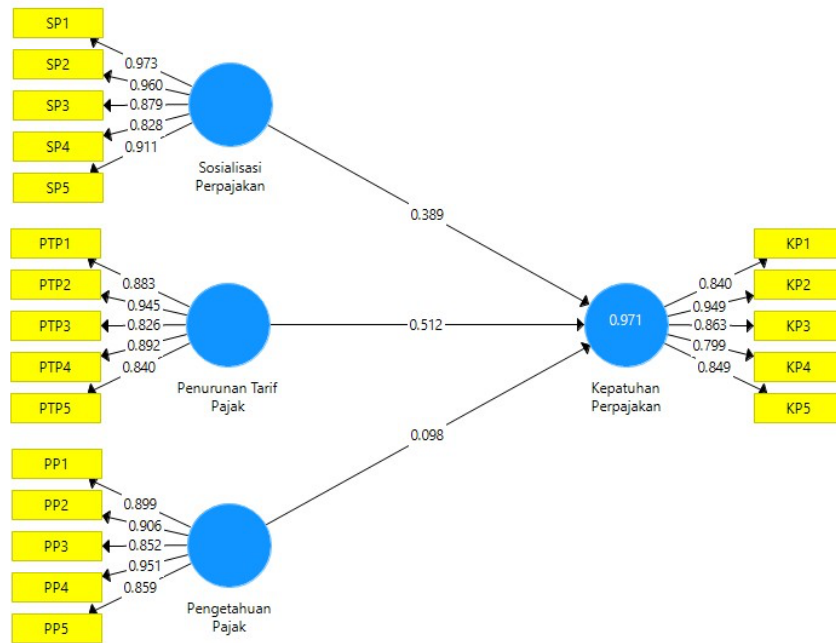


Figure 2. Validity Test Model

Table 10. Cronbach's Alpha, Composite Reliability and AVE Test Results

Variables	Cronbach's Alpha	Composite Reliability	AVE
Tax Socialization	0.912	0.961	0.831
Tax Rate Reduction	0.925	0.952	0.799
Taxation Knowledge	0.937	0.944	0.771
Tax Compliance	0.912	0.935	0.742

Source: Data processing results (2024)

Based on the data above, the test results show that Composite Reliability and Cronbach's Alpha have adequate values, with each variable above 0.7. This indicates that the instruments used are quite stable and consistent. Whatever this means, the research constructs or variables are now highly suitable for measurement, and the questions used to assess them are highly reliable.

Table 11. R Square value

Variables	R Square	Adjusted R Square
Tax Compliance	0.971	0.970

Source: Data processing results (2024)

The R Square value of 0.971 and adjusted R Square of 0.970 show that the model is strong, medium, and weak. Based on the measurement results above, the effect is strong. The output results above show that the R Square value is the percentage of the contribution of the influence of exogenous variables on the endogenous. R Square of the Tax Compliance variable is 0.971 (97.1%), meaning that the contribution of the influence of the Tax Socialization variable, the Decrease in Tax Rates and Tax Knowledge on Tax Compliance is 97.1%. In contrast, other variables outside the model studied explain the rest.

Table 12. F Square Value

Influence between Variables	F Square
Tax Socialization (SP) → Tax Compliance (KP)	0.440
Tax Rate Reduction (PTP) → Tax Compliance (KP)	0.446
Taxation Knowledge (PP) → Tax Compliance (KP)	0.015

Source: Data processing results (2024)

Based on the data above, the following results can be found:

- a. The Tax Socialization variable on Tax Compliance has an f square value of 0.440, so the effect is classified as large.
- b. The variable Decrease in Tax Rates on Tax Compliance has an f square value of 0.446, so the effect is classified as large.
- c. The effect of the Tax Knowledge variable on Tax Compliance has an f-square value of 0.015, so it is relatively small.

Table 13. Path Coefficient Results

Hypothesis	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Tax Socialization → Tax Compliance	0.389	0.381	0.093	4.177	0.000
Rate Reduction → Tax Compliance	0.512	0.513	0.149	3.440	0.001
Knowledge → Tax Compliance	0.098	0.105	0.187	0.526	0.599

Source: Data processing results (2024)

Thus, the results of hypothesis testing can be concluded as follows:

1. Tax Socialization affects Tax Compliance. This can be seen from the Path Coefficient output, which obtained P values <0.05 (0.000 <0.05), so Ho is rejected, H1 is accepted. This means that it has a positive effect: if the Tax Socialization increases, Tax Compliance also increases.
2. The reduction in tax rates affects tax compliance. This can be seen from the Path Coefficient output, which obtained P values <0.05 (0.001 <0.05), so Ho is rejected, H1 is accepted. This means that it has a positive effect, that is, if the policy of reducing tax rates is carried out by the government (Director General of Taxes), then tax compliance will also increase.
3. Taxation Knowledge does not affect Tax Compliance. This can be seen from the Path Coefficient output, which obtained P values > 0.05 (0.599 > 0.05), so Ho is accepted, and H1 is rejected. This means that there is no effect, namely if the level of Taxation Knowledge increases but there is no effect on Tax Compliance.

Discussion

The Effect of Taxation Socialization or Tax Literacy on MSME Tax Compliance

Based on the test results of the analysis, it can be seen that socialization has a positive and significant effect on individual taxpayer compliance at Pak Gembus Chicken Gepuk Partnership in Jabotabek. Analysis of calculations using SmartPLS.3 produces a P value <0.05 (0.000 <0.05) thus rejecting Ho and accepting H1. This shows that socialization has a positive impact, because taxpayer compliance and tax compliance increase. Based on these findings, taxpayers really need a socialization program that can motivate them to pay taxes in accordance with applicable regulations. After getting socialization, people who have not previously complied with taxes can change their minds and become compliant. Efforts made by tax officials in utilizing social media as a means of delivering information to taxpayers have been made.

Effect of Tax Rate Reduction on Tax Compliance of MSMEs

The findings and data analysis show that the level of tax compliance of MSMEs of Pak Gembus Ayam Gepuk Partnership has increased after the tariff was reduced. Calculations and data analysis conducted in the Hypothesis Test using SmartPLS prove this. With three P values less than 0.05 (0.001 less than 0.05), Ho can be rejected and H1 accepted. Therefore, it can be assumed that the reduction in the MSME tax rate impacts the tax compliance of MSMEs of Pak Gembus Ayam Gepuk Partnership in Jabotabek. Therefore, in an effort to ease the financial burden on MSME players, a reduction in the MSME tax rate of 0.5% has recently been determined through Government Regulation Number 23 Year 2018. The tax compliance of MSME players will likely increase due to the reduction in the new MSME tax rate.

The Effect of Taxation Knowledge on Tax Compliance of MSMEs

The value of $0.599 > 0.05$ for the tax knowledge variable was found in PLS data processing research. Thus, the hypothesis test did not find a statistically significant relationship between tax awareness and compliance with MSME income tax payments made at the Pak Gembus Ayam Gepuk Partnership in Jabotabek. This proves that good tax knowledge is not a determining factor for tax compliance. Because this study did not find a positive correlation between taxpayer compliance and tax knowledge, it can be concluded that the two variables are not positively related. This means that taxpayer compliance will not be affected by changes in taxpayer knowledge about taxes.

One of the interesting phenomena in the business world is MSMEs moving up through the franchise model. Many small business actors who initially ran their businesses independently grew rapidly with the franchise system. Examples of well-known phenomena in Indonesia are the success of culinary brands such as Ayam Gepuk Pak Gembus, Rocket Chicken, and Kopi Janji Jiwa, which were originally MSMEs and then developed into national franchise networks with hundreds to thousands of outlets.

This phenomenon occurs because the franchise model allows MSMEs to expand their business reach without large capital from just one party, because the investment comes from partners. With operational standards, strong branding, and a more structured business system, many MSMEs are able to compete with large-scale businesses. This success is also driven by the consumption trend of people increasingly interested in local brands with distinctive flavors and affordable prices. In addition, the government supports MSMEs in upgrading with various programs, such as business legality assistance, access to capital, and business and taxation training. With the rapid growth of franchises, it is important to examine aspects of tax compliance, because the larger the business scale, the more complex the tax obligations that franchise partners must comply with.

CONCLUSIONS

This study analyzes the impact of tax socialization, reduced MSME Income Tax (PPh) rates, and tax knowledge on tax compliance among franchise-based MSMEs, specifically Ayam Gepuk Pak Gembus franchisees in Jabodetabek. The findings reveal that tax socialization and tax rate reductions significantly enhance compliance, while tax knowledge does not directly impact. These results suggest that simplifying tax policies and intensifying socialization efforts are more effective strategies for improving MSME tax compliance than merely increasing taxpayer knowledge. From a policy perspective, the findings emphasize the need for the government to enhance tax education programs and ensure that socialization efforts reach MSME franchise owners effectively. Streamlining tax regulations, providing clear guidance, and using digital platforms for tax education could further boost compliance. Additionally, reducing tax rates for MSMEs while improving administrative efficiency can encourage voluntary compliance.

For MSME practitioners, especially franchise owners, it is crucial to actively engage in tax education programs and leverage available resources to ensure proper tax management. Franchise networks should also implement internal tax training initiatives to enhance their partners' compliance. Strengthening collaboration between tax authorities, business associations, and MSME networks can create a more supportive tax environment that benefits businesses and the government. By addressing these policy and practical implications, this study contributes to a deeper understanding of MSME tax compliance dynamics, particularly in the franchise sector. It provides actionable recommendations for improving tax compliance in Indonesia.

In line with the research objectives, these findings highlight the importance of simplified tax regulations and targeted socialization programs to enhance UMKM tax compliance. The study provides empirical evidence that well-implemented tax policies can drive compliance, reinforcing the Theory of Planned Behavior and Tax Compliance Theory. However, this study has certain limitations. First, the sample is limited to Ayam Gepuk Pak Gembus franchisees in Jabodetabek, which may affect the generalizability of the findings to other UMKM sectors or regions. Second, while SEM-PLS is a robust analytical tool, future research could compare its results with other statistical methods to strengthen validity.

Future studies should explore longitudinal data to examine tax compliance trends over time and investigate additional factors such as digital taxation systems or financial literacy programs. Further research could also compare compliance behaviors between franchise-based and independent UMKM to provide deeper insights into the effectiveness of tax policies in different business structures.

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