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Research Article

Beyond Rules and Sanctions: The Role of Tax Socialization in Strengthening MSME Tax Compliance

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Abstract
This study examines the effects of the tax accounting system, taxpayer awareness, and tax sanctions on MSME tax compliance, with tax socialization as a moderating variable. It addresses the persistent challenge of low tax compliance despite ongoing regulatory reforms and enforcement efforts. The novelty of this study lies in integrating tax socialization as a moderating mechanism that strengthens the relationships between the tax accounting system, taxpayer awareness, tax sanctions, and taxpayer compliance. A quantitative approach was employed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The sample consisted of MSME taxpayers registered at the West Jakarta Directorate General of Taxes who had actively submitted their Annual Tax Returns and met the purposive sampling criteria. The findings show that the tax accounting system, taxpayer awareness, and tax sanctions positively and significantly influence taxpayer compliance. Tax socialization further strengthens these relationships, emphasizing its role in encouraging voluntary compliance. These findings highlight the strategic importance of tax socialization beyond enforcement. Practically, the Directorate General of Taxes should strengthen tax education, expand digital tax assistance, enhance taxpayer awareness programs, and implement fair sanction policies to improve sustainable tax compliance among MSMEs.

Keywords: Tax accounting system, Taxpayer awareness, Tax sanctions, Taxpayer compliance, Tax socialization

JEL Classification: H26, H30, M41

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1. Introduction
Tax revenue is the main source of government financing in developing countries, including Indonesia, as it supports national economic stability and public welfare. A well-functioning tax system ensures fiscal sustainability, reduces dependency on external debt, and enhances the government's ability to finance essential services such as education, healthcare, and infrastructure (Nasution et al., 2023). Despite its strategic importance, Indonesia continues to face challenges in achieving optimal tax compliance, particularly among Micro, Small, and Medium Enterprises (MSMEs), which contribute substantially to national GDP but often exhibit low compliance levels (Piliang, 2024).

The MSME sector plays a vital role in the Indonesian economy, representing over 99% of total business entities and absorbing nearly 97% of the workforce. However, many MSME taxpayers in urban regions such as West Jakarta remain non-compliant due to limited understanding of tax obligations and accounting procedures (Jannah et al., 2025). According to the Directorate General of Taxes (DGT), non-compliance often arises from administrative complexity, low tax literacy, and the perception of tax as a financial burden rather than a civic duty. This phenomenon underscores the need for a comprehensive evaluation of behavioral, institutional, and informational factors influencing taxpayer compliance.

A central issue in MSME tax compliance is the implementation of the tax accounting system. Proper accounting records facilitate accurate tax reporting and minimize errors that may lead to penalties. However, many MSME owners lack adequate knowledge of tax accounting standards and digital tax tools (Rachmawati & Yulianto, 2024). The government's initiative to simplify the reporting mechanism through the 0.5% final income tax under Government Regulation No. 23 of 2018 has increased participation but not necessarily compliance accuracy. Hence, assessing whether the current tax accounting system effectively supports MSME compliance is essential.

Another determinant of compliance is taxpayer awareness, which reflects an individual's understanding of tax functions and willingness to fulfill obligations voluntarily. Studies consistently indicate that awareness significantly enhances compliance when supported by effective education and information dissemination (Kamilah & Arafat, 2025; Maharani & Hariani, 2023). Nevertheless, awareness alone may be insufficient without institutional support, suggesting that both cognitive and environmental factors influence taxpayer behavior. In this context, the theory of planned behavior (Ajzen, 2025) provides a strong framework, as it links attitudes, perceived control, and social norms to tax-compliance intentions.

Furthermore, tax sanctions are designed to enforce legal compliance and deter evasion. Sanctions serve as both corrective and preventive measures, but excessive penalties may generate fear or resistance among small business owners (Sunandy, 2008; Sutanto et al., 2024). Research by Rahayu (2023) shows that fair and transparent enforcement improves voluntary compliance, while inconsistent implementation reduces trust in tax authorities. Therefore, understanding the behavioral response of MSMEs to sanctions remains crucial for formulating effective fiscal policy.

Among moderating factors, tax socialization, the government's effort to disseminate tax information through campaigns, workshops, and digital platforms, plays a pivotal role in bridging knowledge gaps. Effective tax socialization improves both awareness and compliance by clarifying procedures and demonstrating the benefits of taxation for public development (Mardiasmo, 2020; Pasalbessy, 2023). However, the extent to which socialization strengthens the relationships between tax accounting systems, awareness, sanctions, and compliance has not been adequately examined, representing a significant research gap.

Based on the above discussion, this study investigates the effect of the tax accounting system, taxpayer awareness, and tax sanctions on MSME tax compliance, with tax socialization as a moderating variable. The research is conducted within the West Jakarta DGT Regional Office, which has shown fluctuating MSME tax revenues from 2020–2024. This contextual focus allows for an in-depth examination of compliance behavior in a high-density business environment.

The objectives of this research are: (1) to determine how the tax accounting system influences MSME tax compliance; (2) to examine the role of taxpayer awareness and sanctions in shaping compliance behavior; and (3) to assess whether tax socialization strengthens these relationships. The findings are expected to provide both theoretical and practical contributions: theoretically, enriching behavioral tax compliance models by integrating socialization as a moderating factor; practically, offering insights for policymakers to design more effective tax education and digitalization strategies targeting MSMEs.

The novelty of this study lies in its simultaneous integration of three compliance determinants tax accounting systems, taxpayer awareness, and sanctions under the moderating influence of tax socialization, a variable rarely examined in prior MSME studies. Additionally, by employing a recent dataset from West Jakarta MSMEs and applying the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach, this research provides contemporary evidence on behavioral tax compliance in Indonesia's digital taxation era.

Although previous studies have established that tax accounting systems, taxpayer awareness, and tax sanctions individually influence tax compliance, limited attention has been given to the theoretical role of tax socialization as a moderating mechanism. From the perspective of the Theory of Planned Behavior (TPB), tax socialization extends beyond information dissemination by strengthening taxpayers perceived behavioral control, shaping favorable attitudes toward taxation, and reinforcing subjective norms that encourage voluntary compliance. Likewise, Communication Theory suggests that effective and continuous socialization reduces information asymmetry, improves taxpayers' understanding of tax regulations, and enhances the effectiveness of institutional policies. Consequently, tax socialization is expected not only to encourage compliance directly but also to amplify the influence of tax accounting systems, taxpayer awareness, and tax sanctions on taxpayer behavior. By positioning tax socialization as a moderator within an integrated behavioral framework, this study addresses an important theoretical gap. It offers a more comprehensive explanation of how educational and communication-based interventions enhance MSME tax compliance in Indonesia's digital taxation era.

2. Literature Review and Hypothesis

Literature Review

Tax Compliance

Tax compliance refers to the extent to which taxpayers fulfill their tax obligations accurately and promptly, as prescribed by law. It includes activities such as registering for a tax identification number, filing tax returns, reporting income truthfully, and paying taxes within deadlines. Compliance can be either voluntary or enforced voluntary compliance occurs when taxpayers willingly fulfill their duties, whereas audits, penalties, or the fear of legal consequences drive enforced compliance (Santosa et al., 2023). According to Rahayu (2017), tax compliance is a multidimensional construct influenced by psychological, economic, and institutional factors. In developing countries like Indonesia, compliance levels among MSMEs remain low due to limited tax knowledge, weak administrative systems, and inconsistent enforcement. Improving compliance requires integrating behavioral and institutional approaches to motivate taxpayers both cognitively and morally (Mardiasmo, 2020).

Tax Accounting System

The tax accounting system encompasses the methods and processes used by taxpayers to record, calculate, and report taxable income in accordance with prevailing regulations. A reliable tax accounting system ensures accuracy, transparency, and accountability in tax reporting. Davis's (1989) Technology Acceptance Model (TAM) posits that system adoption depends on perceived usefulness and perceived ease of use. In taxation, systems like e-Filing and e-Billing help minimize human error and simplify complex administrative tasks, thereby promoting compliance. However, several MSMEs still cannot implement these systems due to limited literacy and digital access (Rachmawati & Yulianto, 2024). Wibowo (2025) and Loen et al. (2025) found that the effectiveness of a tax system significantly correlates with taxpayer behavior, suggesting that system quality directly affects compliance through ease of operation and trust.

Taxpayer Awareness

Taxpayer awareness refers to the level of understanding and consciousness that taxpayers have about their rights, duties, and the importance of taxation for national welfare. According to the Theory of Planned Behavior (Ajzen, 1991), awareness shapes attitudes and behavioral intentions toward compliance. When taxpayers understand the societal benefits of taxation, they are more motivated to fulfill their obligations voluntarily. Awareness is also associated with moral obligation and social responsibility. Kamilah and Arafat (2025) and Wafa et al. (2024) revealed that higher awareness leads to greater voluntary compliance among MSMEs, while Maharani and Hariani (2023) highlighted that awareness programs increase trust in tax authorities. Thus, unpaid awareness functions as an internal control that complements enforcement mechanisms.

Tax Sanctions

Tax sanctions are administrative or criminal penalties imposed on taxpayers who violate tax laws, such as late payments, underreporting, or tax evasion. Based on the Deterrence Theory (Allingham & Sandmo, 1972), sanctions act as a preventive mechanism to discourage non-compliance. The effectiveness of sanctions depends on three elements: the probability of detection, the severity of punishment, and the speed of enforcement. If sanctions are perceived as fair and consistent, they encourage compliance; if they are seen as arbitrary or excessive, they may undermine trust in the tax system. Sutanto et al. (2024) and Wafa et al. (2024) found that taxpayers are more likely to comply when they perceive sanction enforcement as just and transparent. Therefore, sanctions should not merely punish but also educate and restore compliance motivation.

Tax Socialization

Tax socialization refers to the government's effort to disseminate information, educate taxpayers, and promote a culture of compliance. It is part of public communication aimed at reducing information asymmetry between tax authorities and citizens. Effective socialization clarifies procedures, updates regulatory knowledge, and increases perceived behavioral control, particularly among MSMEs (Mardiasmo, 2020). Through campaigns, seminars, and digital platforms, tax offices can improve tax literacy and build positive perceptions of taxation. According to Pasalbessy (2023), socialization contributes to the creation of a compliance culture, enhancing voluntary participation in the tax system. Therefore, tax socialization is not merely informative it serves as a behavioral intervention tool that moderates the effects of awareness, system adoption, and sanctions.

Hypothesis

The Tax Accounting System has a positive and significant effect on Tax Compliance.

A tax accounting system provides mechanisms and tools to record, report, and calculate tax obligations accurately. According to the Technology Acceptance Model (TAM) (Davis, 1989), if taxpayers perceive the system as easy to use and beneficial, they are more likely to adopt it, leading to greater compliance. The Theory of Planned Behavior (Ajzen, 1991) also suggests that perceived behavioral control, reflected in taxpayers' ability to use accounting systems effectively, strengthens their intention to comply. Empirical research supports this theoretical linkage. Setyaningrum et al. (2023) found that a well-functioning tax system enhances taxpayers' ability to meet their obligations. Similarly, Rachmawati and Yulianto (2024) reported that digital tax accounting systems simplify reporting and reduce human error, leading to higher compliance. Wibowo (2025) also showed that accurate bookkeeping directly correlates with voluntary compliance among MSMEs. Therefore, it is expected that a more efficient tax accounting system will improve compliance.

H1: The tax accounting system positively and significantly affects tax compliance.

Taxpayer Awareness has a positive and significant effect on Tax Compliance.

Taxpayer awareness refers to an individual's understanding of tax functions, obligations, and the role of taxation in national development. Based on Compliance Theory (Rahayu, 2017) and TPB (Ajzen, 1991), awareness promotes internal motivation, moral responsibility, and normative commitment to pay taxes. Aware taxpayers tend to perceive compliance not merely as a legal duty but as a civic contribution to society. Empirical studies consistently confirm this relationship. Kamilah and Arafat (2025) revealed that higher awareness levels significantly increase voluntary compliance among Indonesian MSMEs. Similarly, Maharani and Hariani (2023) found that financial literacy and understanding of tax policies enhance compliance behavior. Nurizzaman et al. (2020) also concluded that knowledge and awareness are key factors influencing tax compliance in small enterprises. In line with these findings, reported that awareness plays a crucial role in improving MSME tax compliance in West Jakarta.

H2: Taxpayer awareness positively and significantly affects tax compliance.

Tax Sanctions positively affect Tax Compliance.

Tax sanctions are a deterrent mechanism designed to prevent non-compliance by increasing the perceived cost of violation. According to Deterrence Theory (Allingham & Sandmo, 1972), the likelihood of compliance increases when taxpayers perceive a high probability of detection and severe penalties. Sanctions therefore serve both as preventive (deterring evasion) and corrective (enforcing compliance) tools. Empirical evidence aligns with this theory. Purnamasari (2024) demonstrated that strict and fair tax sanctions increase compliance among MSME taxpayers. Husain et al. (2024) also noted that the enforcement of penalties involves taxpayers' reporting accuracy. Sutanto, Widodo, and Karim (2024) illustrate that fair sanction enforcement improves perceptions of justice and strengthens compliance intentions. Similarly, found a significant positive influence of tax sanctions on MSME compliance in Jakarta.

H3: Tax sanctions have a positive and significant effect on tax compliance.

Tax Socialization moderates the effect of the Tax Accounting System on Tax Compliance.

Tax socialization refers to the dissemination of information and education programs designed to help taxpayers understand tax laws, procedures, and systems. Drawing from Communication Theory and TPB, effective socialization improves knowledge, reduces uncertainty, and enhances perceived behavioral control, thus strengthening the relationship between tax system quality and compliance (Ajzen, 1991). Research supports this moderating effect. A study showed that socialization enhances the adoption and effectiveness of digital tax systems. The Open Access Indonesia Journal (2024) reported that well-structured socialization activities boost compliance levels by increasing the usability of electronic tax systems. Rachmawati and Yulianto (2024) confirmed that socialization contributes to better system adoption outcomes, found that tax socialization significantly moderates the relationship between tax accounting systems and compliance.

H4: Tax socialization strengthens the effect of the tax accounting system on tax compliance.

Tax Socialization moderates the effect of Taxpayer Awareness on Tax Compliance.

Tax socialization reinforces awareness by providing up-to-date information, clarifying procedures, and promoting the benefits of compliance. Based on TPB, such communication enhances subjective norms and attitudes toward taxation (Ajzen, 1991). When awareness is supported by continuous education, taxpayers are more likely to internalize the importance of compliance. Empirical evidence confirms this interaction. Ramdhan and Rachman (2023) found that tax socialization enhances the effect of awareness on compliance by strengthening moral and informational support. Mudiarti and Mulyani (2020) revealed that effective tax education programs encourage voluntary compliance among SMEs. The Open Access Indonesia Journal (2024) similarly reported that socialization activities amplify the positive influence of awareness on compliance.

H5: Tax socialization strengthens the effect of taxpayer awareness on tax compliance.

Tax Socialization moderates the effect of Tax Sanctions on Tax Compliance.

Socialization plays a critical role in communicating the rationale and procedures behind tax sanctions, thereby reinforcing their deterrent impact. According to Deterrence Theory (Allingham & Sandmo, 1972) and Communication Theory, clear communication about sanctions enhances the perceived legitimacy and credibility of enforcement mechanisms, increasing taxpayers' fear of punishment and compliance intention. Empirical studies support this argument. Purnamasari (2024) observed that sanction effectiveness increases when taxpayers are well informed about their purpose and application. Hassan and Hossen (2022) found that transparent communication regarding penalties promotes deterrence in developing economies. EAJournals (2024) also confirmed that socialization moderates the effect of sanctions on compliance, validated this interaction within MSME taxpayers in Jakarta.

H6: Tax socialization strengthens the effect of tax sanctions on tax compliance.

Framework of Thought
To facilitate the depiction of the thinking in this research, the following is a research model framework, which can be seen in the figure.

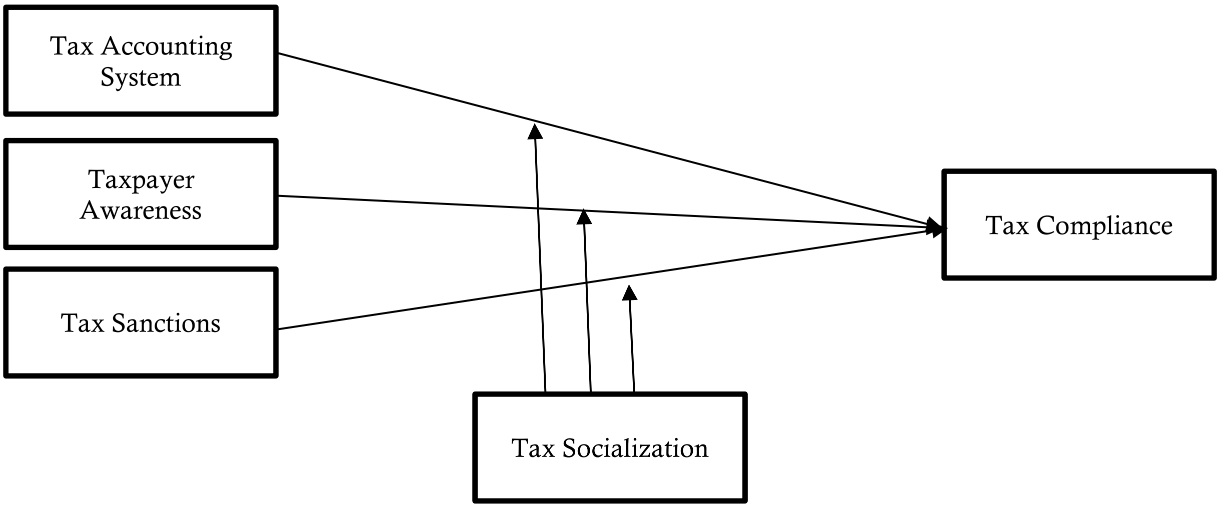

Figure 1. Framework of Thought

3. Data and Method

Research Design
This study uses a positive/quantitative research paradigm. States that positivist/quantitative research assumes that a phenomenon can be classified and that the relationship between the phenomena is causal. Therefore, researchers can conduct research by focusing on only a few variables.

Therefore, this study focuses on the relationships between the variables being studied while simultaneously answering the problem formulation previously defined in the hypothesis. The independent variables in this study are tax knowledge, the modern tax administration system, tax sanctions, tax socialization, and the dependent variable is taxpayer compliance.

This study uses a quantitative approach using survey research, which involves distributing questionnaires and is based on numerical results. This aims to obtain more accurate data because it is based on authentic (applied/pure) data sources. Inferential research is also used to facilitate the study and is expected to produce more representative and explanatory results. Data collection consists of primary and secondary data, making it easier, more effective, and more efficient (time dimension).

Population and Sample
States that a population is a generalized area consisting of objects/subjects with certain qualities and characteristics determined by the researcher to be studied and then conclusions drawn. In this study, the population used was 10,583 effective taxpayers registered at the West Jakarta Regional Office of the Directorate General of Taxes (DGT), who were actively reporting their tax obligations as of 30 January 2025. The sampling technique used is purposive sampling. The sampling in this study used purposive sampling. States that purposive sampling is a technique for selecting research respondents to obtain specific and in-depth information and understanding of a specific situation. By using purposive sampling, researchers can focus on subjects with specific characteristics or experiences relevant to the research, thus enabling more in-depth and specific data collection.

Data Types and Sources

This study uses quantitative data, namely data in numerical form that can be analyzed statistically. Data were obtained by distributing questionnaires containing statements according to predetermined variable indicators based on a measurement scale. The measurement scale used is the Likert scale to obtain ordinal data. Ordinal data is data that has levels or rankings, but the differences between categories cannot be calculated. The data sources used in this study were primary and secondary data. Primary data was obtained by distributing questionnaires.

Research Instrument

The research instrument consisted of a structured questionnaire developed from established measurement scales in previous studies. All constructs were measured using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. The Tax Accounting System construct was adapted from studies on digital tax systems and tax administration (Rachmawati & Yulianto, 2024; Wibowo, 2025). Taxpayer Awareness indicators were adapted from Kamilah and Arafat (2025) and Maharani and Hariani (2023), while Tax Sanctions were measured based on the deterrence perspective proposed by Sutanto et al. (2024). Tax Socialization indicators were adapted from Pasalbessy (2023) and Mardiasmo (2020), whereas Tax Compliance indicators were developed from Rahayu (2017). Before the main survey, the questionnaire was reviewed by accounting and taxation experts to ensure content validity and clarity of the measurement items.

Respondent Profile and Sampling Procedure

The respondents were MSME taxpayers registered at the West Jakarta Regional Office of the Directorate General of Taxes who had actively submitted their 2025 Annual Tax Returns. Purposive sampling was employed because the study required respondents with sufficient experience in fulfilling tax obligations and using the tax administration system. The selection criteria included: (1) owning or managing an MSME registered with the Directorate General of Taxes; (2) actively submitting the 2025 Annual Tax Return; and (3) completing the questionnaire in full. A total of 100 valid responses were obtained and analyzed. This sample size satisfies the minimum requirement for SEM-PLS analysis because it exceeds the recommended minimum sample based on the ten-times rule and is appropriate for prediction-oriented models.

Ethical Considerations

Participation in this study was voluntary. Prior to completing the questionnaire, respondents were informed of the research objectives and assured that their responses would remain anonymous and confidential. No personally identifiable information was collected, and respondents provided informed consent before participating. The collected data were used exclusively for academic research purposes.

Common Method Bias Assessment

Because all variables were collected using a self-administered questionnaire, common method bias (CMB) was assessed. Harman's single-factor test indicated that the first factor did not account for the majority of the total variance, suggesting that common method bias was unlikely to threaten the validity of the findings. Furthermore, procedural remedies, including respondent anonymity, clear questionnaire instructions, and neutral question wording, were implemented to minimize response bias.

Outer Model Evaluation

Before testing the structural model, the measurement model (outer model) was evaluated to assess the reliability and validity of the constructs. Convergent validity was examined using factor loadings and the Average Variance Extracted (AVE), where standardized loadings greater than 0.70 and AVE values above 0.50 indicate adequate convergent validity. Internal consistency reliability was assessed using Cronbach's Alpha and Composite Reliability (CR), with values exceeding 0.70 considered acceptable. Discriminant validity was evaluated using the Fornell–Larcker criterion and the Heterotrait–Monotrait Ratio (HTMT), ensuring that each construct measured a distinct concept. After confirming that the measurement model met all validity and reliability requirements, the structural model was evaluated by examining the coefficient of determination (R^2), path coefficients, effect sizes, predictive relevance, and hypothesis testing through the bootstrapping procedure.

4. Results

Inner Model or Structural Model Test

The inner model or structural model test is used to determine the relationships between constructs, significance values, and R-Square of the research model. Model assessment using PLS can begin by examining the R-Square for the dependent latent variable. The model of the influence of independent variables on the dependent variable shows an R-Square value of 0.763. This indicates that the independent variables explain 76.3% of the variation in taxpayer compliance, while the remaining 23.7% is explained by other factors not included in this research model. The following are the results of the R-Square test using the SmartPLS 4.1 analysis tool.

Table 1. R-Square Values

	R-Square	R-square adjusted
Tax Compliance	0,780	763

Source: Processed Data (2025)

Hypothesis Testing

The hypothesis testing method in this study used a variance-based Structural Equation Model (SEM) using SmartPLS 3.0. The following are the results of the Full Model SEM Algorithm test. At this stage, the test was conducted by examining the path coefficient and t-value. A path coefficient value close to 1 indicates a positive relationship, while a value close to 0 indicates a weak relationship in the model structure. Furthermore, the t-value indicates the significance of a relationship between variables at a certain error level. In this study, the researchers used a significance level of 5%, meaning the t-value must be greater than 1.96. The following Table 2 shows the path coefficient and t-value values:

Table 2. Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Tax Accounting System -> Tax Compliance	0,393	0,304	0,179	2,194	0,028
Awareness -> Tax Compliance	0,445	0,349	0,188	2,367	0,018
Tax Sanctions -> Tax Compliance	0,370	0,304	0,149	2,491	0,013
Tax Socialization -> Tax Compliance	0,302	0,300	0,149	2,029	0,043
Tax Socialization Tax Accounting System -> Tax Compliance	0,306	0,330	0,153	2,387	0,017
Tax Socialization Awareness -> Tax Compliance	0,372	0,345	0,150	2,477	0,013
Tax Socialization Tax Sanctions-> Tax Compliance	0,334	0.322	0,140	2,381	0,017

Source: Processed Data (2025)

This study used a 95% confidence level with a 5% margin of error. Hypothesis testing was performed by examining the path coefficient value, which indicates the parameter coefficients and the t-statistic value. If the t-statistic value is greater than the t-table, the hypothesis is accepted. The t-table value for the one-tailed hypothesis is >1.96. The following Table 2 shows the results of the path coefficient test using the SmartPLS 4.1 application.

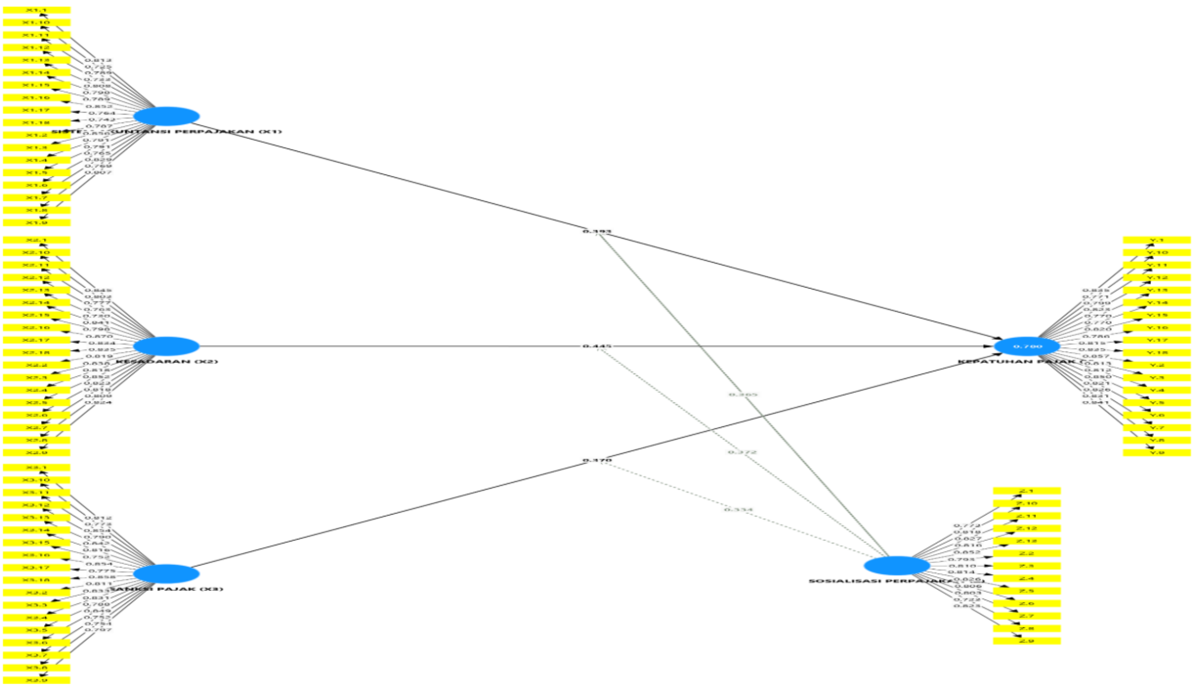

Figure 2. Full Model SEM PLS Test

Based on the results of the bootstrapping resampling test, this study shows that all proposed hypotheses are accepted because they have a p-value <0.05. The Tax Accounting System variable has a positive effect on Taxpayer Compliance with a p-value of 0.028, which means that a good accounting system can encourage increased compliance in tax reporting and payment. Furthermore, Taxpayer Awareness also has a significant effect on compliance with a p-value of 0.018, indicating that the higher the level of taxpayer awareness, the higher their compliance in fulfilling tax obligations. Similarly, Tax Sanctions have a positive effect on compliance with a p-value of 0.013, indicating that the application of firm and consistent sanctions can increase compliance. In addition, the results of the study also prove the moderating effect of Tax Socialization, where this variable strengthens the relationship between the Tax Accounting System and Tax Compliance (p-value 0.017), between Tax Awareness and Tax Compliance (p-value 0.013), and between Tax Sanctions and Tax Compliance (p-value 0.017). Thus, the more effective socialization activities are carried out by the tax authorities, the stronger the influence of the system, awareness, and sanctions on increasing taxpayer compliance among MSMEs in West Jakarta.

5. Discussion

The Effect of the Tax Accounting System on Tax Compliance

The findings indicate that the tax accounting system has a positive and significant effect on tax compliance among MSME taxpayers. This result suggests that a well-designed and user-friendly accounting system facilitates accurate tax calculations, timely reporting, and reduced administrative burden, ultimately enhancing compliance behavior. This finding aligns with the Technology Acceptance Model (TAM) (Davis, 1989), which asserts that perceived usefulness and ease of use influence users' behavioral intentions. When taxpayers perceive the system as beneficial and easy to use, they are more likely to adopt it and comply. This result is consistent with

Setyaningrum et al. (2023), who found that a simplified and accessible tax system improves compliance among MSMEs. Similarly, Rachmawati and Yulianto (2024) concluded that digital tax systems contribute to higher compliance rates by increasing transparency and reducing procedural complexity. Wibowo (2025) also confirmed that MSMEs using digital accounting systems tend to comply more consistently. Theoretically, this strengthens TAM and the Theory of Planned Behavior (TPB), suggesting that perceived behavioral control influences compliance behavior. Practically, it implies that the Directorate General of Taxes (DGT) should enhance digital infrastructure, provide user guidance, and promote system literacy among MSMEs.

The Effect of Taxpayer Awareness on Tax Compliance

The results show that taxpayer awareness has a positive and significant impact on tax compliance. This indicates that taxpayers who understand the role of taxes in public welfare are more motivated to comply voluntarily. This finding supports Compliance Theory (Rahayu, 2017) and TPB (Ajzen, 1991), which highlight that awareness shapes moral responsibility and internal motivation to obey tax laws. Empirical evidence supports this conclusion. Kamilah and Arafat (2025) demonstrated that higher awareness levels significantly improve voluntary compliance. Maharani and Hariani (2023) found that financial literacy and tax knowledge create a positive perception of taxation, while Nurizzaman et al. (2020) reported that educational programs increase tax knowledge and compliance. These results emphasize that awareness transforms tax compliance from an obligation into a conscious civic act. This outcome underscores the importance of sustained tax education and outreach campaigns. The DGT should continue to invest in awareness-building initiatives that emphasize both civic responsibility and the benefits of paying taxes.

The Effect of Tax Sanctions on Tax Compliance

The study reveals that tax sanctions positively and significantly affect tax compliance. This supports Deterrence Theory (Allingham & Sandmo, 1972), which argues that strict enforcement and penalties increase the cost of non-compliance, thereby motivating adherence to regulations. This finding is consistent with previous studies. Purnamasari (2024) found that fair and consistent sanctions encourage taxpayers to comply. Sutanto et al. (2024) highlighted that perceptions of fairness enhance the legitimacy of sanctions and improve voluntary compliance. Husain et al. (2024) also demonstrated that the existence of proportional sanctions reduces intentional evasion. These results suggest that enforcement strategies must balance deterrence and fairness. Tax authorities should ensure that sanctions are transparent, proportional, and well-publicized to maintain public trust and voluntary compliance.

The Moderating Effect of Tax Socialization on the Relationship between the Tax Accounting System and Tax Compliance

The findings indicate that tax socialization strengthens the relationship between the tax accounting system and tax compliance. This means that socialization efforts help taxpayers better understand and use tax systems, thereby amplifying the positive effect of technology on compliance. This finding aligns with Communication Theory (Mardiasmo, 2020) and TPB (Ajzen, 1991), which emphasize that well-structured communication enhances perceived behavioral control and attitude. Previous studies by Management.ifrel.org (2024) and the Open Access Indonesia Journal (2024) found that socialization activities, such as training sessions and digital campaigns, improve understanding and trust in the tax system. Rachmawati and Yulianto (2024) similarly concluded that effective tax communication enhances compliance through better system adoption. Practically, this implies that digital transformation in taxation must be accompanied by continuous education. The DGT should implement targeted socialization campaigns that guide MSMEs through system use and compliance processes.

The Moderating Effect of Tax Socialization on the Relationship between Taxpayer Awareness and Tax Compliance

The results reveal that tax socialization positively moderates the relationship between taxpayer awareness and tax compliance. When socialization activities effectively reinforce awareness, taxpayers are more likely to act upon their knowledge and fulfill their obligations. This finding supports the Theory of Planned Behavior (Ajzen, 1991), which explains that communication strengthens subjective norms and behavioral intentions. Ramdhan and Rachman (2023) found that socialization activities reinforce moral motivation for compliance. Mudiarti and Mulyani (2020) emphasized that education and awareness programs lead to sustained behavioral change. The Open Access Indonesia Journal (2024) also reported that continuous outreach amplifies awareness-driven compliance. Theoretically, this finding emphasizes that awareness alone is insufficient without consistent engagement. Practically, the DGT should integrate tax socialization with awareness programs to ensure behavioral transformation and long-term compliance.

The Moderating Effect of Tax Socialization on the Relationship between Tax Sanctions and Tax Compliance

The study demonstrates that tax socialization strengthens the effect of tax sanctions on tax compliance, indicating that sanctions become more effective when taxpayers understand their purpose and application. This aligns with Deterrence Theory and Communication Theory, both of which suggest that clear communication about enforcement increases legitimacy and compliance (Allingham & Sandmo, 1972; Mardiasmo, 2020). Purnamasari (2024) and Hassan and Hossen (2022) found that transparent communication about sanctions enhances deterrence and public trust. EAJournals (2024) also showed that education regarding penalties amplifies their impact on compliance. Confirmed that socialization mediates the relationship between sanctions and compliance among MSMEs in Jakarta. This finding indicates that enforcement must go hand in hand with information dissemination. By explaining the purpose of sanctions, the DGT can prevent fear-based compliance and foster a culture of trust and accountability.

6. Conclusion

This study demonstrates that the tax accounting system, taxpayer awareness, and tax sanctions positively influence MSME tax compliance, while tax socialization strengthens the relationships between these determinants and compliance. These findings indicate that improving tax compliance requires not only effective administrative systems and enforcement but also continuous educational and communication efforts that encourage voluntary compliance. Theoretically, this study extends the Theory of Planned Behavior and Communication Theory by demonstrating that tax socialization functions as a moderating mechanism that enhances the effectiveness of tax accounting systems, taxpayer awareness, and tax sanctions within a single integrated framework. Consequently, this research enriches the behavioral tax compliance literature by providing empirical evidence on the strategic role of tax socialization in Indonesia's digital taxation environment.

From a managerial perspective, the findings suggest that the Directorate General of Taxes (DGT) should implement segmented tax socialization programs tailored to different categories of MSMEs, supported by digital tutorials, webinars, and practical guidance on tax reporting and digital tax applications. Collaboration with local governments, business associations, and universities should be strengthened to provide bookkeeping assistance and tax mentoring, while expanding accessible online and offline helpdesk services to support taxpayers in meeting their obligations. In addition, communication regarding tax sanctions should emphasize fairness, transparency, and educational value to foster voluntary compliance rather than relying solely on deterrence. The effectiveness of these initiatives should be evaluated through measurable indicators, including tax return filing rates, timely reporting, participation in tax socialization programs, adoption of digital tax services, and improvements in voluntary tax compliance among MSMEs.

Recommendation

The Directorate General of Taxes (DGT) should implement quarterly MSME tax clinics to provide continuous guidance on tax reporting and bookkeeping practices. Digital onboarding modules, including interactive tutorials and practical simulations, should be developed to improve taxpayers' understanding of digital tax services. Tax socialization programs should be segmented according to taxpayers' literacy levels and business characteristics to increase effectiveness. Compliance should be monitored through pre- and post-socialization evaluations using measurable indicators, such as filing timeliness and reporting accuracy. Collaboration among the DGT, local governments, business associations, and accounting practitioners should be strengthened to deliver sustainable tax education and compliance support.

Limitations and avenues for future research

This study is limited to MSME taxpayers in West Jakarta, which may not fully represent other regions or business sectors. The use of cross-sectional data restricts causal inference, and the reliance on self-reported questionnaires may introduce response bias. Future research should expand the sample scope, employ longitudinal or mixed-method designs, and explore additional moderating variables such as digital literacy or tax morale to deepen understanding of compliance behavior.

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