

Strategies to improve taxpayers' compliance of Indonesian micro small and medium enterprises: Prisma approach

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Abstrak

Micro, Small, and Medium Enterprises (MSMEs) have a major contribution to the economy of developing countries. However, the contribution of this sector to state revenues from the tax sector is still low because the level of compliance and tax payments of MSME taxpayers are still low. This research examines the strategies which can increase the MSMEs' compliance level regarding the amount of payment and tax return report. This study uses the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) as a guide for conducting a systematic literature review of articles meeting the predetermined criteria. This study shows that the research model on the strategy to improve MSMEs' compliance is dominated by quantitative studies, qualitative studies, mixed-methods, literature reviews, and experimental studies. This study suggests ten strategies to be used by the tax authority to improve MSME tax payers' compliance. The ten strategies are providing tax education and training, service modernization, applying the same sanctions to all non-compliant taxpayers, tax reform, increasing public trust in tax authorities and government to increase voluntary compliance, improving MSME tax morale, maintaining and increasing engagement with taxpayers, increasing awareness and tax knowledge of taxpayers about the penalties and sanctions, supporting MSME business actors, and applying behavioral insights approach. This study recommends that tax authority should identify factors that affect MSME tax payers' compliance and create strategies to improve the MSME tax payers' compliance.