The Effect of Tax Avoidance, Harmonization of Tax Regulations and Understanding of Taxation on Taxpayer Compliance with Risk Preference as a Moderation Variable in MSMEs in Makassar City

Muhammad Nuryamin Akbar Khairullah[1], Darwis Lannai[2], Hajering[3]
Postgraduate Program of Indonesian Muslim University[1,2,3]
Email : yaminaffan242@gmail.com, darwislannai@umi.ac.id, hajering@umi.ac.id

Keywords:	Abstract
Tax Avoidance, Harmonization of Tax Regulations, Understanding of Taxation, Risk Preferences, Taxpayer Compliance	MSMEs have an important role in Indonesia's economic growth, especially through their contribution to tax revenue, improving public welfare, and increasing investment and infrastructure development. This study aims to understand the extent of the influence of tax avoidance practices, changes in tax regulations, and understanding of taxation on MSME taxpayer compliance, especially in the context of risk preferences. The MSMEs in Makassar City who were willing to participate as respondents and who were registered as taxable entrepreneurs provided the data for this study. This study included primary and secondary data collection methods, involving direct field research with 60 respondents who completed questionnaires and statement sheets. Data analysis techniques are carried out by descriptive statistical analysis and PLS (Partial Least Square). The results showed that Tax avoidance, Harmonization of tax regulations and Understanding of Taxation had a positive and significant effect on the compliance of MSME taxpayers in Makassar City. Tax avoidance and harmonization of tax regulations have a positive and significant effect on taxpayer compliance strengthened Risk preference and Understanding of taxation is not significant on taxpayer compliance moderated by risk preference.

1. Introduction

The State receives funding from a number of sources, both internal and external. Taxes are one internal source of governmental revenue, but external sources of revenue, such foreign loans. Taxes are the main source of revenue in the State Budget. (Basri, 2005). MSMEs are one of the business actors who become taxpayers who can increase state income. MSMEs are also one of the taxpayers whose compliance or tax payments are still not comparable to other large or medium-sized businesses. The MSME sector has enormous potential for tax revenue in Indonesia. Data shows that the MSME sector contributes 60.3% of Indonesia's GDP. Furthermore, according to CNBCindonesia (2020), the MSME sector accounts for 99% of all employment and 97% of the workforce. One potential and opportunity for tax revenue is the MSME sector.

However, this potential has great challenges, one of which is growing the compliance of MSME taxpayers to carry out their tax obligations. To improve the compliance of MSME taxpayers, there are many ways carried out by the government to improve taxpayer compliance in paying their taxes, where this study focuses on the issue of Tax avoidance, harmonization of tax regulations and understanding of taxes and risk preferences.

Doing tax avoidance can still be allowed if it remains within the corridor of tax provisions. There is a need for tax sanctions as a preventive tool so that the number of tax avoidance carried out by taxpayers can be suppressed, so that state revenue can increase. Subsequently, Rida Nurlaila disclosed on the pajak.com website (accessed September 9, 2023) that the HPP Law was created to maximise state revenues while promoting sustainable economic growth and accelerating the economic recovery.

In addition to Tax avoidance and harmonization of tax regulations, the Tax Understanding will also be examined for its effect on taxpayer compliance. According to Adiasa, N. (2013) Taxpayer compliance is determined by taxpayers' understanding of tax regulations. The process of running one's information is understanding. Even though the Directorate General of Taxation has made an

effort to make it simple for the public and taxpayers to comprehend and fulfil their tax obligations, some taxpayers actually do not or have not fulfilled their tax obligations correctly voluntarily (voluntary) because they are unaware of the laws and regulations pertaining to taxes. In addition, the thing that taxpayers must pay attention to in making tax payments is risk. Because there are several risks that must be considered by taxpayers before making tax payments.

The current phenomenon on the level of compliance of taxpayers in Indonesia is that the realization of submitting Annual Tax Returns until March 19, 2022 for income tax for the 2021 tax year has entered as much as 7.49 million. When compared to the same period in 2020, the realization of the submission of annual tax returns was 7.96 million, so the number of annual tax return filers was lower by 5.93% (Kontan, 2021). This shows that taxpayer compliance is still low in reporting Annual Tax Returns.

Previous studies that became the basis for researchers to conduct this study were those conducted by Ferry Halimi and Waluyo Waluyo (2019) stating that tax avoidance The application of tax sanctions has a positive and significant effect on individual taxpayer compliance. Then research conducted by (Asrianti, 2018) which said that Tax Understanding and Sanctions have a positive and significant effect on taxpayer compliance with risk preferences as a moderation variable and previous research by (Makaryanawati, 2023) Literacy of the Law Harmonization of Tax Regulations to Realize Tax-Abiding MSMEs that changes related to tax regulations make this socialization and training activity important.

This research is a modification of several previous studies on taxpayer compliance. The first difference from this study with previous studies lies in the variables used. In addition, the results of previous studies showed mixed results. This creates a research gap with different research results from one study to another. The last difference from this study with

previous research is that the object of this study focuses on MSME taxpayers in Makassar City.

The public has a responsibility to recognise their status as citizens and to consistently support the 1945 Constitution as the supreme law governing the State. If the public understands the benefits or functions of taxes, especially withß tax sanctions, then of course the public will be tax aware and there will no longer be found taxpayers who do not carry out their tax obligations. Based on the explanation above, researchers are interested in examining "The Effect of Tax Avoidance, Harmonization of Tax Regulations and Tax Understanding on Taxpayer Compliance with Risk Preference as a Moderation Variable (Study at KPP Pratama Makassar Selatan)".

2. Literature Review
2.1 Compliance Theory

Deviano and Rahayu (2006: 110) stated that tax compliance is the state in which taxpayers satisfy all tax-related obligations and utilise their tax rights. This benchmark can be used mainly in terms of tax reporting and revenue. With sanctions if taxpayers violate compliance, they will be subject to sanctions that can make taxpayers change to comply with regulations.

2.2 Prospect Theory

Amos Tversky and Daniel Kahneman (1979) claimed that this theory explains how people make judgements in the face of uncertainty. According to prospect theory, a person with an irrational inclination would be less willing to take a chance on rewards than losses. People have a tendency to shy away from risk (risk aversion) while they are profitable, but they are more likely to take a chance (risk seeking) when they are losing money. Prospect theory explains how taxpayer compliance in this study can be impacted by risk preferences. In other words, a taxpayer who faces a high risk may choose not to pay their taxes.

2.3 Taxpayer Compliance

according to Gibson (1991) in Maulidia (2018: 14), in the research of Sudirman, S. R., Lannai, D., &; Hajering, H. (2020) explained that compliance is the motivation of a person, group or organization to do or not act in accordance with predetermined rules. In taxes, the applicable rules are tax laws and regulations. So, tax compliance can be interpreted as the compliance of a person, in this case a taxpayer, to the tax laws and regulations that have been set.

The state in which the taxpayer complies with all tax requirements and makes use of his tax entitlements is known as taxpayer compliance. The study's definition of compliance is when taxpayers make an effort to abide by all relevant tax rules and regulations in order to fulfil their duties and assert their tax rights.

2.4 Tax Avoidance

Tax avoidance refers to the practice of using legal loopholes to reduce the amount of taxes owing from the current year to future years in an attempt to improve the cash flow of the organisation, while still adhering to applicable tax legislation. Although tax evasion frequently attracts unwanted attention from the tax office due to the perception that it has a negative connotation or a less nationalist notion, it is not illegal. (Priantara, 2011).

2.5 Law on Harmonization of Taxation Rules

Harmonization of Tax Regulations is a change in regulations stipulated by the government, namely regulating the material of General Provisions and Tax Procedures containing several provisions that are amended and/or added, including cooperation in tax collection assistance between countries, taxpayer power, providing data in the context of law enforcement and cooperation for the benefit of the state, and tax criminal prosecution. In the Income Tax material, there are several provisions that are amended and/or added, among others, regarding changes in the imposition of taxes on nature and/or enjoyment, individual and corporate income tax rates, depreciation and amortization, and international agreements/agreements in the field of taxation. Furthermore, material changes to Value Added Tax and Sales Tax on Luxury Goods include, among others, reducing the exclusion of Value Added Tax objects, resetting Value Added Tax facilities, changing Value Added Tax rates, and imposing final Value Added tax rates. Then to encourage Taxpayer compliance, there is a Taxpayer Voluntary Disclosure Program material that provides an opportunity for taxpayers to disclose their assets that have not been disclosed.

2.6 Understanding Taxation

Understanding tax regulations is the process by which taxpayers know about taxation and apply that knowledge to pay taxes. Taxpayers' understanding of tax regulations is a way for taxpayers to know and understand tax regulations, this was conveyed in research by (Ira Nugriah, Syamsuri Rahim, Darwis Lannai, 2022) asserting that raising taxpayer awareness of filing taxes will benefit from a rise in formal and informal tax understanding. discovered that taxpayers' low attitudes of taxes and tax officers, along with their lack of information, are the main causes of their low compliance. While tax officers are one source of tax knowledge for certain taxpayers, other sources include the media, tax consultants, tax seminars, and training.

2.7 Risk Preference

Risk preference is a risk or opportunity that will be considered by the taxpayer which is a top priority among others from the various options available (Aryobimo, 2012in; Suntono and Andi, 2015). Torgler (2007) suggests that individual taxpayers' decisions can be influenced by their attitude towards risk. A person's risk aversion is a part of several decision-making theories, one of which is tax compliance. Prospect theory discusses how taxpayer compliance will be impacted by a high level of risk for the taxpayer. Thus, there will be

low taxpayer compliance when there is a substantial correlation between risk choice and tax compliance. This implies that taxpayers with a wide range of risks will be able to lower their level of taxpayer compliance.

3. Research Methods

This research is primary and secondary data with quantitative properties. The primary data source in this study was obtained directly from MSMEs in Makassar City in the form of answers from questionnaires and secondary data used were data from answers from the distribution of questionnaires for MSMEs in Makassar City who were registered as taxable entrepreneurs. This study used a quantitative approach with a sample of 60 MSMEs registered as Taxable Entrepreneurs at KPP Pratama Makassar Selatan, which were selected using the technique. Proportionate stratified random

sampling and AccidentaI sampIing. The study examines tax avoidance, harmonization of tax regulations and understanding of taxation on MSME taxpayer compliance with risk preference as a numerical moderation variable and tests the hypothesis proposed. Field techniques and documentation are methods applied in this study as data collection methods. Smart PLS (Partial Least Square) 4 software is the data analysis method used in this research.

4. Results and Discussion
4.1 Research Results
4.2.1 Descriptive Statistical Test Results

The variables used in this study are Tax Avoidance, Harmonization of Tax Regulations, Tax Knowledge, Understanding of Taxation, Risk Preferences and Taxpayer Compliance. These variables will be tested with descriptive statistics.

Table 1. Descriptive Statistical Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Tax avoidance	60	2.00	5.00	4.3389	.86301
Harmonization of Tax Regulations	60	3.00	5.00	4.3976	.72705
Understanding Taxation	60	2.00	5.00	4.3917	.83521
Risk preference	60	2.00	5.00	4.3537	.89580
Taxpayer Compliance	60	3.00	5.00	4.5188	.52974
Valid N (listwise)	60				

Source : Processed primary data, 2024

The table provided above presents the findings of descriptive statistics on the factors examined in this study, which includes:

a. Tax Avoidance (X1)

Referring to table 10, X1 has a minimum value of 2.00, a maximum value of 5, and a mean of 4.3389, suggesting that it falls within a range of values that represent positive answer options. The standard deviation figure indicates a departure of 0.86301 from the mean value of respondents' answers.

b. Harmonization of Tax Regulations (X2)

Referring to table 10, X2 has a minimum value of 3.00, a maximum value of 5, and a mean

of 4.3976, placing it inside a range of values that suggest positive answer options. The standard deviation indicates a variation of 0.72705 from the mean value of the respondents' answers.

c. Understanding Taxation (X3)

Referring to table 10, X3 has a minimum value of 2.00, a maximum value of 5, and a mean of 4.3917, suggesting that it falls within a range of values that represent positive answer options. The standard deviation indicates a variation of 0.83521 from the mean value of the respondents' answers.

d. Risk Preference (Z)

Referring to table 10, Z has a minimum value of 2.00, a maximum value of 5, and a mean of 4.5188, placing it on a spectrum of values that represent affirmative answer options. The standard deviation indicates a variation of 0.52974 from the mean value of the answers provided by the respondents.

e. Taxpayer Compliance (Y)

Referring to table 10, Y has a minimum value of 2.00, a maximum value of 5, and a mean of 4.3537, indicating that it falls within a range of values that represent positive answer options.

The standard deviation indicates a difference of 0.89580 from the mean value of the respondents' answers.

4.2.2 First Order Confirmatory Factor Analysis

The first order construct involves the test proceeding through one level, with the analysis being conducted from the latent construct to its indicators. More clearly the research path diagram drawn with Smart PLS 4 software can be shown in the following figure:
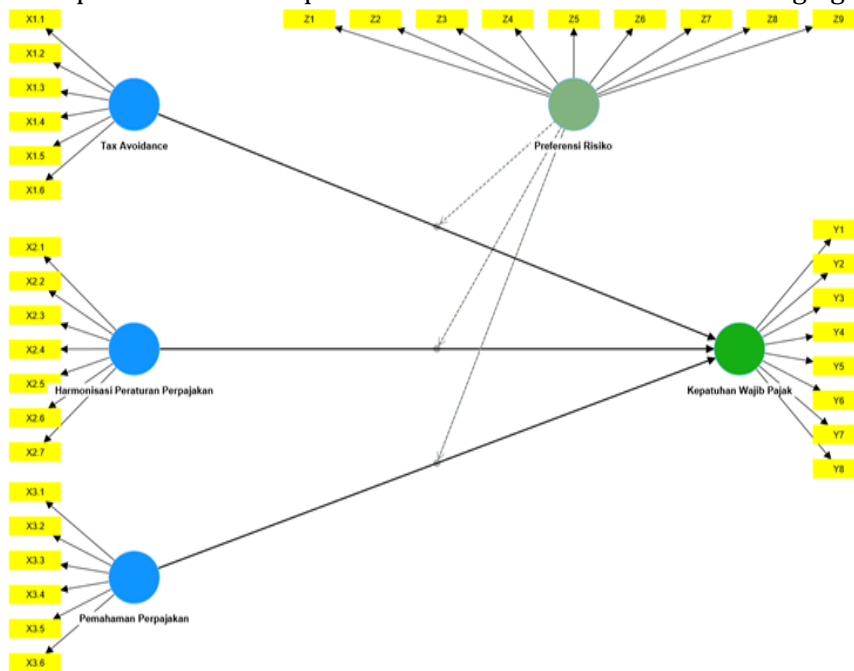

Figure 1
First Order Confirmatory Factor Analysis
Source : Processed primary data, 2023

From figure 1, it can be seen that the first order tax avoidance construct is measured by the indicator X1.1 – X1.6; First order tax regulation harmonization construct is measured by the indicator X2.1 – X2.7. The first order construct of understanding taxation is measured by indicators X3.1 – X3.6. The first order construct of taxpayer compliance is measured by indicators Y1 – Y8. And the First order risk preference construct is measured by the Z1 – Z9 indicator.

4.2.3 Pengujan Struktural Equation Model (SEM)

The primary analytical approach in this study is conducted using the Structural Equation Model (SEM). Testing was carried out using the assistance of the Smart PLS 4.0 software. Figure 2 below displays the outcomes of Full Model SEM testing using PLS as shown :
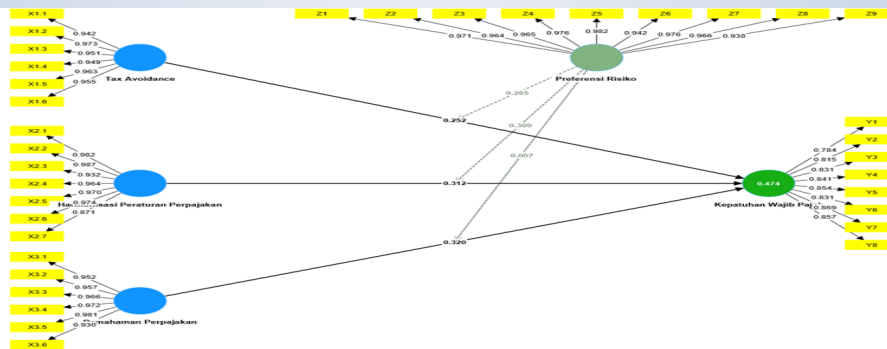
Figure 2
Test Full Model SEM Using smartPLS
Source : Processed primary data, 2023

Based on the test results utilizing smartPLS as shown in Figure 3, it is evident that there are no loading factor values below 0.50. Therefore, there is no need to eliminate data or indications with loading values below 0.50 in order to achieve a satisfactory model.

4.2.4 Uji Outer Model

Three measurement criteria are included in data analysis procedures employing SmartPLS to evaluate models. The three metrics are convergent validity, composite reliability, and discriminant validity.

a. Convergent Validity

1) Uji outer model variabel Tax avoidance

Table 2. Test the validity of outer loading variable Tax avoidance

	Tax avoidance	Information
X1.1	0,942	Valid
X1.2	0,973	Valid
X1.3	0,951	Valid
X1.4	0,949	Valid
X1.5	0,963	Valid
X1.6	0,955	Valid

Sumber : Output PLS, 2023

The table presents the estimated results of the outer loading test calculation using PLS for the indicators of the tax avoidance variable. The table indicates that X1.1 to X1.6, which are reflecting indicators, have a loading factor greater than 0.70, indicating that all construct indicators are legitimate. All indicators are considered valid for measuring the variable construct of tax avoidance.

2) Uouter variable model Harmonization of tax regulations

Table 3. Validity Test outer loading variable Harmonization of tax regulations

	Harmonization of tax regulations	Information
X2.1	0,982	Valid
X2.2	0,987	Valid
X2.3	0,932	Valid
X2.4	0,964	Valid
X2.5	0,970	Valid
X2.6	0,974	Valid
X2.7	0,871	Valid

Sumber : Output PLS, 2023

The table displays the estimated results of the outer loading test calculation using PLS for the variable indicators of tax regulation harmonization. The table indicates that X2.1 to X2.7, which are reflecting indicators, have a loading factor more than 0.70, indicating that all construct indicators are legitimate. The validity of all indicators for measuring the variable construct of harmonization of tax regulations has been determined.

3) Outer test variable model Understanding taxation

Table 4. Validity Test of outer loading variables Understanding Taxation

	Understanding taxation	Information
X3.1	0,952	Valid
X3.2	0,957	Valid
X3.3	0,966	Valid
X3.4	0,972	Valid
X3.5	0,981	Valid
X3.6	0,930	Valid

Sumber : Output PLS, 2023

Based on the table shows the estimated results of the outer loading test calculation using PLS for variable indicators Understanding taxation. The table shows that X3.1 to X3.6 which are reflective indicators, have a loading factor of > 0.70 which means that all construct indicators are valid. It was concluded that all indicators are valid for measuring the variable construct of understanding taxation

4) Outer test variable model Taxpayer compliance

Table 5. Validity Test outer loading variable Taxpayer compliance

	Taxpayer compliance	Information
Y1	0,784	Valid
Y2	0,815	Valid
Y3	0,831	Valid
Y4	0,841	Valid
Y5	0,854	Valid
Y6	0,831	Valid
Y7	0,869	Valid
Y8	0,857	Valid

Sumber : Output PLS, 2023

The table presents the estimated results of the outer loading test calculation using PLS for the variable indicator of taxpayer compliance. The table indicates that Y1 to Y8, which are reflecting indicators, have a loading factor greater than 0.70, indicating that all construct indicators are legitimate. All indicators are considered legitimate for measuring the variable construct of taxpayer compliance.

5) Variable model outer test Risk preference

Table 6. Test Validity of outer loading variables Risk preference

	Risk preference	Information
Z1	0,971	Valid
Z2	0,964	Valid
Z3	0,965	Valid
Z4	0,976	Valid
Z5	0,982	Valid
Z6	0,942	Valid
Z7	0,976	Valid
Z8	0,966	Valid
Z9	0,938	Valid

Sumber : Output PLS, 2023

The estimated results of the outer loading test calculations for variable indicators of Risk preference are shown in the table. The table indicates that Z1 to Z9, which are reflecting indicators, have a loading factor greater than 0.70, indicating that all construct indicators are legitimate. The conclusion was reached that all indicators are reliable for assessing the construct of the risk preference variable.

b. Uji Discriminant Validity

The accuracy of the discriminant is based on the idea that the observable variables of separate concepts should not have a correlation with height. To assess the accuracy of the discriminant validity using reflection indicators, one should compare the loading value on the targeted construct to the loading value on other constructs (Ghozali, 2014).

Tabel 7. Cross Loading Tax avoidance

	Tax avoidance	Harmonization of tax regulations	Understanding taxation	Risk preference	Taxpayer compliance
X1.1	0.942	0.039	0.319	0.161	0.326
X1.2	0.973	0.064	0.223	0.157	0.290
X1.3	0.951	0.040	0.148	0.008	0.254
X1.4	0.949	0.080	0.129	0.162	0.235
X1.5	0.963	0.032	0.181	0.133	0.274
X1.6	0.955	0.031	0.274	0.146	0.308

Sumber : Output PLS, 2023

Based on the table above, it shows that the cross loading value for the Tax avoidance indicator (X1.1 to X1.6) has a loading factor to the tax avoidance construct higher than that of other constructs, so it is said to have a good discriminant validity value (Valid) (Ghozali, 2014).

Table 8. Cross Loading Harmonization of Tax Regulations

	Tax avoidance	Harmonization of tax regulations	Understanding taxation	Risk preference	Taxpayer compliance
X2.1	0.059	0.982	0.192	0.179	0.355
X2.2	0.043	0.987	0.196	0.237	0.355
X2.3	0.061	0.932	0.163	0.169	0.359

X2.4	0.061	0.964	0.212	0.216	0.334
X2.5	0.008	0.970	0.159	0.249	0.354
X2.6	0.040	0.974	0.192	0.214	0.334
X2.7	0.056	0.871	0.191	0.256	0.273

Sumber : Output PLS, 2023

According to the table provided, it indicates that the cross loading value for the harmonization indicator of tax regulations (X2.1 to X2.7) has a loading factor to the harmonized construct of tax regulations that is larger than the loading factors of other constructs. Therefore, it is considered to have a favorable discriminant validity value (Valid) (Ghozali, 2014).

Table 9. Cross Loading Understanding taxation

	Tax avoidance	Harmonization of tax regulations	Understanding taxation	Risk preference	Taxpayer compliance
X3.1	0.232	0.111	0.952	0.248	0.435
X3.2	0.187	0.157	0.957	0.302	0.385
X3.3	0.229	0.223	0.966	0.208	0.482
X3.4	0.189	0.223	0.972	0.208	0.429
X3.5	0.183	0.194	0.981	0.294	0.436
X3.6	0.322	0.212	0.930	0.271	0.342

Sumber : Output PLS, 2023

According to the table provided, it indicates that the cross loading value for the tax knowledge indicator (X3.1 to X3.6) has a loading factor to the taxation understanding construct that is higher compared to other constructs. Therefore, it is considered to have a favorable discriminant validity value (Valid) (Ghozali, 2014).

Table 10. Cross Loading Taxpayer Compliance

	Tax avoidance	Harmonization of tax regulations	Understanding taxation	Risk preference	Taxpayer compliance
Y1	0.173	0.253	0.285	0.268	0.784
Y2	0.122	0.288	0.387	0.109	0.815
Y3	0.297	0.277	0.325	-0.068	0.831
Y4	0.20	0.185	0.323	0.131	0.841
Y5	0.193	0.248	0.441	0.131	0.854
Y6	0.299	0.370	0.417	0.203	0.831
Y7	0.298	0.354	0.415	0.183	0.869
Y8	0.351	0.346	0.315	0.045	0.857

Sumber : Output PLS, 2023

According to the table provided, it indicates that the cross loading value for taxpayer compliance indicators (Y1 to Y8) has a loading factor to the taxpayer compliance construct that is higher compared to other constructs. Therefore, it is considered to have a favorable discriminant validity value (Valid) (Ghozali, 2014).

Table 11. Cross Loading Risk preference

	Tax avoidance	Harmonization of tax regulations	Understanding taxation	Risk preference	Taxpayer compliance
Z1	0.094	0.207	0.304	0.971	0.155
Z2	0.074	0.225	0.253	0.964	0.147
Z3	0.111	0.242	0.206	0.965	0.140
Z4	0.084	0.205	0.270	0.976	0.140
Z5	0.088	0.215	0.243	0.982	0.139
Z6	0.240	0.217	0.280	0.942	0.132
Z7	0.182	0.206	0.271	0.976	0.152
Z8	0.170	0.205	0.242	0.966	0.141
Z9	0.149	0.238	0.206	0.938	0.125

Sumber : Output PLS, 2023

The table above indicates that the cross loading value for risk preference indicators (Z1 to Z9) has a greater loading factor to the standard construct of risk preference compared to other constructs. Therefore, it is considered to have a favorable discriminant validity value (Valid) (Ghozali, 2014).

c.   Composite Reliability Test

A reliability test is a method for assessing the consistency of a questionnaire, which serves as an indication of a variable or construct. A measuring device or tool in the shape of a survey is said to be capable of offering consistent or constant measurement outcomes, if the measuring device is dependable or trustworthy. Thus, it is essential to carry out dependability checks. A questionnaire is considered reliable if a person's responses to questions remain constant or stable throughout time. Reliability tests are conducted utilizing the Internal consistency approach. The dependability of research tools in this study was assessed using composite reliability and Cronbach's Alpha coefficient. A construct is considered reliable if the composite reliability and Cronbach alpha values are more than 0.70 (Nunnaly, 1996 in Ghozali, 2014). Moreover, AVE measurements can be utilized to assess the dependability of latent variable component scores, and the outcomes are more cautious compared to composite reliability. The suggested AVE value should be higher than 0.50 (Fornell and Larcker, 1981 in Ghozali, 2014).

Table 12. Cronbach's Alpha, Composite Reliability and AVE Test Results

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Harmonization of Tax Regulations	0.984	0.987	0.986	0.912
Taxpayer Compliance	0.938	0.946	0.949	0.698
Understanding Taxation	0.983	0.989	0.986	0.922
Risk preference	0.991	0.992	0.992	0.930
Tax avoidance	0.981	0.988	0.984	0.913
Tax avoidance*Risk preference > Taxpayer compliance	1.000	1.000	1.000	1.000

Harmonization of tax regulations*Risk preference > Taxpayer compliance	1.000	1.000	1.000	1.000
Understanding Taxation*Risk preferences > Taxpayer compliance	1.000	1.000	1.000	1.000

Sumber : Output PLS, 2023

The test findings from the Table indicate that the composite reliability and Cronbach's alpha values are satisfactory, with each variable exceeding the minimum threshold of 0.70. The AVE value generated by all constructs above 0.50. This demonstrates that the instruments utilized exhibit a high level of consistency and stability. All the factors, such as variables related to tax evasion, harmonization of tax legislation, tax understanding, risk preferences, and taxpayer compliance, have become effective tools for measurement. The questions used to test each factor have shown good dependability.

d.   Test the Structural Model or Inner Model

The inner model (also known as the inner relation, structural model, and substantive theory) explains the connection between latent variables using substantive theory. The structural model is assessed by calculating the R-square for the dependent latent variable. When evaluating a model using PLS, the first step is to examine the R-square value for each dependent latent variable. The interpretation is identical to the interpretation in regression. Modifications in R-square values can be utilized to evaluate the impact of specific independent latent factors on whether dependent latent variables have a significant influence (Ghozali, 2011).

1)   Test Coefficient of Determination (R Square)

Table 13. R-quare Variable Construct

	R-square	Adjusted R-square
Taxpayer Compliance	0.474	0.403

Sumber : Output PLS, 2023

From the table above, it can be seen that the R Square value for the taxpayer compliance variable is 0.474 which means that it is included in the moderate category. The Adjusted R square value of taxpayer compliance of 0.403 or 40.3% shows that taxpayer compliance variables can be explained by tax avoidance, harmonization of tax regulations, understanding of taxation and risk preference as moderation variables of 40.3% while the remaining 59.7% can be explained by other variables that are not contained in this study

2)   Hypothesis Test Results
a) Direct Effect Testing

Table 14. Test Hypothesis based on Path Coefficient

	Sampel asli (O)	Sample mean (M)	Standard deviation (STDEV)	T statistik (|O/STDEV|)	Nilai P (P values)
Tax avoidance -> Taxpayer Compliance	0.252	0.253	0.117	2.161	0.031
Harmonization of Tax Regulations -> Taxpayer Compliance	0.312	0.317	0.121	2.591	0.010
Understanding Taxation -> Taxpayer Compliance	0.320	0.320	0.108	2.962	0.003

Sumber : Output PLS, 2023

Based on the inner weight value consisting of Tax avoidance (X1), harmonization of tax regulations (X2), understanding of taxation (X3) and risk preference (Z) can be partially known its effect on taxpayer compliance (Y).

a) First Hypothesis Testing (H1)

The first hypothesis states that tax avoidance has a positive and significant effect on taxpayer compliance. The table shows that the tax avoidance variable has a significant level of 0.031 which is smaller than 0.05 and t statistic > 1.96 (2.161 > 1.96). The value of the parameter coefficient of +0.252 indicates that the effect given is positive on the dependent variable. This means that H1 is rejected so that it can be said that tax avoidance has a positive and significant effect on taxpayer compliance. The higher the taxpayer's tax avoidance, the more taxpayer compliance will increase.

b) Testing the Second Hypothesis (H2)

The second hypothesis states that harmonization of tax regulations has a positive and significant effect on taxpayer compliance The table shows that the harmonization variable of tax regulations has a significant level

of 0.010, which is smaller than 0.05 and t statistic > 2.59 (2.591 > 1.96). The value of the parameter coefficient of +0.312 indicates that the effect given is positive on the dependent variable. This means that H2 is accepted so that it can be said that harmonization of tax regulations has a positive and significant effect on taxpayer compliance. The better the applicable tax harmonization, the more taxpayer compliance will increase.

c) Third Hypothesis Testing (H3)

The third hypothesis states that understanding taxation has a positive and significant effect on taxpayer compliance. The table shows that the variable understanding of taxation has a significant level of 0.003, which is smaller than 0.05 and t statistic > 1.96 (2.962 < 1.96). The value of the parameter coefficient of +0.320 indicates that the effect given is positive on the dependent variable. This means that H3 is accepted so that it can be said that understanding taxation has a positive and significant effect on taxpayer compliance.

b) Effect Moderation Testing

Table 15. Test Hypotheses based on the Moderation Effect

	Sampel asli (O)	Sample mean (M)	Standard deviation (STDEV)	T statistik (|O/STDEV|)	Nilai P (P values)
Risk preference x Tax avoidance -> Taxpayer Compliance	0.265	0.250	0.129	2.065	0.039
Risk preference x Harmonization of Tax Regulations -> Taxpayer Compliance	0.309	0.289	0.141	2.200	0.028
Risk preference x Understanding Taxation -> Taxpayer Compliance	0.007	0.002	0.121	0.061	0.951

Sumber : Output PLS, 2023

Based on the inner weight value consisting of Tax avoidance (X1), harmonization of tax regulations (X2), understanding of taxation (X3) and risk preference (Z) can be partially known its effect on taxpayer compliance (Y).

a) Fourth Hypothesis Testing (H4)

The fourth hypothesis states that tax avoidance has a positive and significant effect on taxpayer compliance reinforced by risk preferences. The table shows that the tax avoidance variable has a significant level of 0.039 which is smaller than 0.005 and a statistical t value of > 1.96 (2,065 > 1.96). The

value of the parameter coefficient of +0.265 indicates that the effect given is positive on the dependent variable. This means that H4 is accepted so that it can be said that accountability has a positive and significant effect on taxpayer compliance which is strengthened by risk preferences. The more tax avoidance, the more taxpayer compliance will increase, which is strengthened by risk preferences. This indicates that the standard variable of risk preference is a moderation variable between tax avoidance and taxpayer compliance.

b) Fifth Hypothesis Testing (H5)

The fifth hypothesis states that harmonization of tax regulations has a positive and significant effect on taxpayer compliance reinforced by risk preferences. The table shows that the harmonization variable of tax regulations has a significant level of 0.028, which is smaller than 0.005 and a statistical t value of > 1.96 (2,200 > 1.96). The value of the parameter coefficient of +0.309 indicates that the effect given is positive on the dependent variable. This means that H5 is accepted so that it can be said that harmonization of tax regulations has a positive and significant effect on taxpayer compliance strengthened by risk preferences. The better the harmonization of tax regulations, the more taxpayer compliance will increase, which is strengthened by risk preferences. This indicates that the risk preference variable is a moderation variable between harmonization of tax regulations and taxpayer compliance.

c) Testing the Sixth Hypothesis (H6)

The sixth hypothesis states that understanding taxation has a positive and insignificant effect on taxpayer compliance reinforced by risk preferences. The table shows that the taxation understanding variable has a significant level of 0.951, which is greater than 0.005 and a statistical t value of < 1.96 (0.061 < 1.96). The value of the parameter coefficient of +0.007 indicates that the effect given is positive but not significant on the dependent variable. This means that H6 is rejected.

4.2   Discussion
4.2.1 The effect of Tax avoidance on the compliance of MSME taxpayers in Makassar City

The results of the hypothesis test show that tax avoidance has a positive and significant influence on taxpayer compliance with MSMEs in Makassar City. This shows that the better the tax avoidance carried out by taxpayers legally and in accordance with the provisions of the tax law, the level of compliance will still be carried out. This can happen because with a firm legal framework on tax regulations and effective supervision can support a positive relationship between tax avoidance and taxpayer compliance. When tax rules are clear and reliable, taxpayers will feel more confident in doing legitimate tax avoidance, thus creating an environment that encourages compliance.

Tax avoidance is an effort that is still included in the context of applicable tax regulations by utilizing legal loopholes to reduce the amount of tax owed from the current year to future years so as to help improve the company's cash flow. Tax avoidance is not prohibited by tax law even though it often gets unfavorable attention from the tax office because it is considered to have negative connotations or less nationalist assumptions (Muhajirin, Muhammad Yazzid, et al, 2021)

Legal tax avoidance efforts in accordance with tax provisions carried out by MSME taxpayers do not rule out the possibility of MSMEs to continue to carry out their tax administration obligations because business actors or MSMEs consider that Tax avoidance is part of tax planning efforts that are not at all in the sense of being carried out in ways that violate the provisions of applicable tax laws and regulations or steal taxes So that tax Avoidance will still be carried out by MSME taxpayers but with the aim of minimizing their tax burden, then When taxpayers do tax avoidance correctly and thoroughly, this can increase their awareness of tax regulations and obligations. As they learn how to legally reduce the tax burden, they will better understand the importance of

compliance and will tend to better meet obligations.

According to Deviano and Rahayu (2006: 110) compliance theory which states that tax compliance theory can be defined as a condition in which taxpayers fulfill all tax obligations and exercise tax rights. This theory is in line with this research where with tax avoidance efforts carried out properly and correctly by MSME taxpayers, it can provide a level of compliance in carrying out and fulfilling tax obligations by understanding applicable tax rules and regulations.

The most dominant indicator in the discussion of this variable is the statement that in-kind provision is charged as the cost of in-kind benefits, in-kind tax is a tax imposed on goods and/or facilities provided by companies or employers to employees or employees not in the form of money (S Isnaniati, 2021). With the imposition of in-kind tax, it makes business actors or MSMEs to make in-kind tax as one of the tax avoidance instruments because Natura tax and/or enjoyment which is generally treated as nondeductible-nontaxable causes loopholes. This loophole is then used by taxpayers who have objectives to carry out tax efficiency.

The results of this study are in line with research conducted by (Ira Maria Sari, 2021) which states that tax avoidance, tax planning, and isomorphism have a positive and significant effect on taxpayer compliance with tax justice as a moderation variable and in line with research conducted by (Muttika S and Caecilia RW, 2021) Tax avoidance and tax sanctions simultaneously affect taxpayer compliance (study on taxpayers in Purworejo Primary Tax Service Office.

4.2.2 The Effect of Harmonization of Tax Regulations on the compliance of MSME taxpayers in Makassar City

The results of the hypothesis test show that harmonization of tax regulations has a positive and significant influence on taxpayer compliance with MSMEs in Makassar City. This shows that the better the changes in tax regulations or harmonization of applicable tax

regulations, the level of taxpayer compliance will increase. This can happen because with changes in tax regulations, especially for MSMEs contained in the HPP Law, provisions related to Personal WP Entrepreneurs who are exempt from the imposition of income tax for MSMEs that have a gross circulation of up to Rp. 500,000,000 a year are not subject to income tax (PPh) and also with new regulations that make it easier for taxpayers, MSMEs will more easily understand their tax obligations. Uniform rules will make MSME actors more confident in fulfilling their tax obligations correctly. This will contribute to increasing the level of compliance of MSMEs in paying taxes on time.

According to (Safitri, Candra, et al., 2022) Harmonization of Tax Regulations is a change in regulations set by the government, namely regulating the material of General Provisions and Tax Procedures containing several provisions that are amended and/or supplemented, including cooperation in tax collection assistance between countries, taxpayer power, providing data in the context of law enforcement and cooperation for the benefit of the state, and daluwarsa tax criminal prosecution.

Harmoinization of tax regulations can have a positive influence on taxpayer compliance, especially for MSMEs, namely Harmonization of tax regulations can provide an Easier Tax Understanding for MSMEs in Makassar City, the rules applied will become more uniform and clear. This will make it easier for MSME actors to understand their tax obligations better. They no longer have to face the complexity of finding out different regulations in each region or country, then with the harmonization of tax regulations, a higher level of fairness will be created among MSMEs. When rules are applied uniformly, MSMEs will feel that they are not unfairly benefited or disadvantaged by different regulations. This can encourage MSMEs to be more compliant because they will feel that the tax system is fairer and fairer.

Research on this variable is in line with prospect theory where the main concept in this

theory is the existence of a disproportionate prospect effect or loss effect, where people tend to avoid losses rather than get equivalent benefits (Suartana, 2010). In the context of harmonization of tax regulations on taxpayer compliance, prospect theory can provide an understanding of how taxpayer behavior is affected by changes in tax regulations, harmonization of tax regulations can provide a stronger foundation to achieve goals which in the HPP Law provide clarity, transparency, and consistent risk assessment in the tax system so that it is expected to improve compliance of MSME taxpayers including MSMEs in Makassar City.

The dominant indicator contained in this research variable is the statement of Changes in PP Tariff No. 23 of 2018 after the issuance of the HPP Law is very meaningful to be applied to MSME actors. MSMEs in Makassar city with the tariff change rate in the form of a reduction in tax rates which is considered meaningful can provide strong incentives for MSMEs to comply with their obligations to pay taxes. With lower rates and simpler taxation processes, MSMEs may feel more motivated to pay taxes on time and avoid the risk of tax sanctions. This can improve the level of tax compliance in the MSME sector and help the government in better tax revenue collection.

The results of this study are in line with research conducted by (S Natsir, et al., 2022) which states that changes to the Law on Harmonization of Tax Regulations on MSMEs in Makassar City have a positive and significant influence on the compliance of MSME Taxpayers in Makassar City and are in line with research conducted by (Alamanda, C et al., 2020) which states that the influence of tax administration reform and the quality of fiscal services on taxpayer compliance Private person of the profession of doctor with risk preference as moderation.

4.2.3 The Effect of Tax Understanding on MSME Taxpayer Compliance in Makassar City

The results of the hypothesis test show that understanding taxation has a positive and significant influence on taxpayer compliance with MSMEs in Makassar City. This shows that the better the understanding of taxation contained in taxpayers, the higher the level of compliance. This can be interpreted that the deeper the taxpayer's understanding of tax regulations, it will affect the level of compliance of taxpayers in carrying out obligations as citizens. In addition, taxpayers also understand the function of the tax itself so that it can improve taxpayer compliance in paying taxes.

Understanding taxation is the knowledge, understanding, and interpretation of a person or group of people regarding the tax system including rules, regulations, and practices related to tax payments. This includes an understanding of the types of taxes imposed, such as income tax, value added tax, land and building tax, and taxpayer obligations and rights (Hs, N.A.T., Achmad, H. and Pelu, M.F.A., 2023). Understanding taxation also involves the process of studying the tax system thoroughly, including changes in regulations and new policies that are enforced periodically.

In MSMEs in Makassar, a good understanding of taxation helps MSMEs realize the importance of fulfilling their tax obligations. They understand that paying taxes is a responsibility that must be fulfilled as part of legally conducting business and contributing to the economic development of the country. A strong understanding of taxation is important for MSMEs in ensuring compliance with their tax obligations then By increasing the understanding of taxation owned by MSMEs in Makassar through education, training, and consultation with tax experts, MSMEs can reduce the risk of tax violations and make a positive contribution to the country's tax system.

Therefore, a strong understanding of taxation is important for MSMEs in ensuring compliance with their tax obligations. By increasing this understanding through education, training, and consultation with tax experts, MSMEs can reduce the risk of tax

violations and make a positive contribution to the country's tax system.

Research on this variable is in line with compliance theory, compliance theory which is an approach used to understand the factors that influence individual compliance behavior with tax obligations. In this study, the factor in compliance of MSME taxpayers is an understanding of taxation With a better understanding of tax regulations and their benefits, MSME taxpayers will be better able to fulfill their tax obligations and contribute positively to the country's economy.

The dominant indicator in this research variable is the statement that the community knows and understands how to calculate the amount of tax it bears. MSME taxpayers in Makassar city with education on the procedures for calculating their dependent tax burden because it is important for MSME taxpayers to have a good understanding of applicable tax regulations and calculate taxes carefully. If needed, it is best to seek assistance from an experienced accountant or tax advisor to ensure maximum tax compliance in order to more effectively fulfill its tax rights and obligations.

The results of this study are in line with research conducted by (Yuni Andiani, 2022) which states that the variables of taxpayer understanding, socialization taxation, income level and religiosity have a significant effect on taxpayers' compliance to pay land and building tax in Rejang Lebong Regency. Then in line with research conducted by (Elma Siti Rahma, 2019) which states that the level of understanding of taxation, tax sanctions, and taxpayer compliance in Cianjur Regency can be said to be good.

4.2.4 Risk preference strengthens the relationship between tax avoidance and taxpayer compliance

The results of the Hypothesis test show in this study that risk preference has a significant effect in influencing the relationship between tax avoidance and taxpayer compliance. This means that the more a taxpayer has a high level of preference in dealing with risk, it will

moderate between tax avoidance and taxpayer compliance. This means that MSMEs in Makassar with a high risk preference tend to have greater motivation to engage in aggressive tax avoidance strategies and take risks to reduce their tax burden. In this case, risk preference can strengthen the effect of tax avoidance on taxpayer compliance. MSMEs, based on the results of the questionnaire distribution, are looking for creative ways to avoid paying higher taxes and with a high risk preference they are comfortable with the level of risk associated with these activities and will continue to carry out their tax rights and obligations with less cost.

Some taxpayers or MSMEs in Makssar city have a higher risk preference and tend to take greater risks in an attempt to reduce or avoid paying higher taxes. They are willing to engage themselves in aggressive tax planning strategies or use existing legal loopholes to reduce their tax burden and remain compliant with applicable tax regulations.

Kahneman and Tversky in 1974 stated that prospect theory refers to a theory that studies the way individuals make decisions in situations involving risk. This theory emphasizes that individuals tend to be more sensitive to losses than comparable gains. In other words, people tend to be more afraid of losing something than gaining something equal in value. MSMEs that have a high risk preference and are more inclined to take tax avoidance actions and are uncomfortable with the risk of negative consequences of tax violations. MSMEs are more likely to comply with tax rules when engaging in tax avoidance in order to avoid potential sanctions or legal problems.

So Tax avoidance carried out by MSMEs is by legal means and in accordance with applicable tax regulations. Good taxpayer compliance not only means avoiding tax evasion, but also involves a moral and ethical obligation to comply with tax regulations.

The dominant indicator in this research variable is the statement The relationship between taxpayers and tax officers / fiscus affects taxpayer compliance. The relationship

between MSME taxpayers and fiscal taxpayers is a relationship involving tax obligations that must be fulfilled by MSMEs to the government through fiscal institutions. The fiscus is tasked with managing and supervising the implementation of taxation. The role of the fiscal is very important to maintain the compliance of MSME taxpayers. Fiscus needs to carry out effective supervision and law enforcement to avoid violations of tax regulations.

The results of this study are in line with research conducted by (Subekti, S. A. 2016) which states that risk preferences have a positive and significant effect on taxpayer compliance. And in line with research conducted by (Febri, D., &; Sulistyani, T., 2018) which states that simultaneously together tax avoidance and tax sanctions have a positive and significant effect on taxpayer compliance with KPP Pratama Tegal).

4.2.5 Risk preference moderates the relationship between harmonization of tax regulations on taxpayer compliance

The results of the hypothesis test show that risk preference strengthens the relationship between changes in tax regulations or harmonization of tax regulations on taxpayer compliance. Where the higher the risk preference of MSME taxpayers towards harmonization of tax regulations, the level of taxpayer compliance will increase. This means that the enactment of harmonization of tax regulations can help reduce ambiguity or confusion that is often experienced by MSME taxpayers in understanding and fulfilling their tax obligations. With uniform and clear regulations, MSMEs will more easily understand legitimate ways to meet their tax obligations. This can reduce the risk of errors and abuse in managing taxes so as to provide convenience in fulfilling tax rights and obligations.

Risk preference is an opportunity that will be considered by taxpayers who are other proprieties from various options available (Yunia, N. N. S., 2021). Harmonization of tax

regulations is an effort to unify or bring tax regulations closer between various jurisdictions or countries. The purpose of this harmonization is to create a uniform and consistent tax environment among the countries involved (Ministry of State Secretariat of the Republic of Indonesia 2021).

Risk preference that strengthens the relationship between harmonization of tax regulations on taxpayer compliance with legal certainty to taxpayers, including MSMEs. With clear, consistent, and uniform regulations contained in the harmonization of tax regulations, taxpayers will more easily understand their tax obligations. This reduces the risk of errors or misinterpretations that can result in tax violations.

Harmonization of tax regulations can also result in more attractive tax incentives for taxpayers, including MSMEs. In harmonization of tax regulations with tax rates adjusted to lower levels or provided facilities such as tax relief or reduction, one of which is final income tax (0.5%) to be tax-free for MSME taxpayers who have a turnover of 500 million, taxpayers will tend to be more encouraged to comply with tax regulations. This will strengthen the relationship between harmonization of tax regulations and taxpayer compliance.

The relationship between the theory of compliance of harmonization of tax regulations to taxpayer compliance can be influenced by risk preference as a moderation variable. Taxpayers who have a risk preference, tend to avoid the risks associated with tax violations. In this case, tax compliance will be positively affected by harmonization of tax regulations. MSME taxpayers who have risk preferences are more motivated to comply with harmonized tax regulations because they want to avoid sanctions and negative consequences of violations.

The dominant indicator in this research variable is the statement that the reduction in the Final Income Tax rate is very appropriate and profitable for me. With a lower tax rate, MSMEs in Makassar feel more motivated to voluntarily comply with their tax obligations.

MSMEs see long-term benefits from fairer law enforcement, access to better public services, and a good reputation in the eyes of business partners and consumers. This can encourage voluntary compliance and reduce the chances of tax violations.

The results of this study are in line with research conducted by (Natsir, S. et al., 2022) which states that changes to the Law on Harmonization of Tax Regulations have a positive effect on MSME taxpayers in Makassar City.

4.2.6 Risk preference as a moderation variable between the effect of understanding taxation on taxpayer compliance

The results of the hypothesis test show that the risk preference variable is not significant in moderating the relationship between tax understanding and taxpayer compliance, where risk preference cannot strengthen the relationship between tax understanding and taxpayer compliance. This can happen because MSME taxpayers in the city of Makassar have been able to carry out and fulfill their tax obligations simply with their understanding without involving a preference for risk because some MSMEs argue that high risk preferences may be more inclined to take risks by carrying out less compliant tax practices.

Risk preference is one of the characteristics of individuals which will influence their behavior towards decisions in paying taxes and a taxpayer can be influenced by their attitude towards risks that occur (Kartika and Suntono, 2015). Understanding tax regulations is a process where taxpayers understand and know about applicable tax regulations and laws and procedures and apply them to carry out tax activities (Wilestari, M., & Ramadhani, M., 2020).

MSME taxpayers with an understanding of their tax regulations can provide adequate knowledge so as to provide awareness of the importance of fulfilling and carrying out their tax obligations without having to have a high

risk preference. Because with the preference of greater risk in fulfilling tax obligations. This may cause them to violate tax rules or take non-compliant actions deliberately. In this case, a good understanding of taxation is actually sufficient to encourage taxpayer compliance, but a high risk preference can mitigate the positive effects of such understanding. For example, even though MSMEs have a good understanding of taxation, then with a preference for risk, taxpayers still choose to take risks by carrying out less compliant tax practices for personal gain or greater business profits.

According to Daniel Kahneman and Amos Tversky (1979) prospect theory suggests that a person who has an irrational tendency to be more reluctant to risk gains than losses. When one is in a position of profit then one tends to avoid risk. Risk preference cannot affect the relationship between understanding taxation and taxpayer compliance. This can happen if MSME taxpayers with a good understanding of taxation are naturally more inclined to comply with tax rules. However, if the individual has a high risk preference, the taxpayer still chooses to take the risk of not complying with the taxation rules even though they fully understand it.

The results of this study are in line with research conducted by (Nirawan Adiasa, 2013) which states that risk preference for the relationship between understanding of tax regulations and taxpayer compliance has no effect and cannot moderate the relationship between the two variables.

5. Cover
5.1 Conclusion

Based on research data and tracing that has been collected and hypothesis testing with PLS-SEM Analysis has been carried out, the conclusions of this study are as follows:

a. Tax avoidance has a positive and significant influence on taxpayer compliance with MSMEs in Makassar City. This shows that the higher the tax avoidance carried out by taxpayers legally and in accordance with the

provisions of the tax law, the level of compliance will still be carried out. This can happen because the existence of a firm legal framework on tax regulations and effective supervision can support a positive relationship between tax avoidance and taxpayer compliance. When tax rules are clear and reliable, taxpayers will feel more confident in doing legitimate tax avoidance, thus creating an environment that encourages compliance.

b. Harmonization of tax regulations has a positive and significant influence on taxpayer compliance with MSMEs in Makassar City. This shows that the better the changes in tax regulations or harmonization of applicable tax regulations, the level of taxpayer compliance will increase. This can happen because with changes in tax regulations, especially for MSMEs contained in the HPP Law, provisions related to Personal WP Entrepreneurs who are exempt from the imposition of income tax for MSMEs that have a gross circulation of up to Rp. 500,000,000 a year are not subject to income tax and also with new regulations that make it easier for MSMEs, MSMEs will more easily understand the tax obligations of MSMEs. Uniform rules will make MSME actors more confident in fulfilling their tax obligations correctly. This will contribute to increasing the level of compliance of MSMEs in paying taxes on time.

c. Understanding taxation has a positive and significant influence on taxpayer compliance with MSMEs in Makassar City. This shows that the better the understanding of taxation contained in taxpayers, the higher the level of compliance. This can be interpreted that the deeper the taxpayer's understanding of tax regulations, it will affect the level of compliance of taxpayers in carrying out obligations as citizens. In addition, taxpayers also understand the function of the tax itself so that it can improve taxpayer compliance in paying taxes.

d. Risk preference has a significant effect on the relationship between tax avoidance and taxpayer compliance. This means that the more a taxpayer has a high level of preference in dealing with risk, it will moderate between tax avoidance and taxpayer compliance. This means that MSMEs in Makassar with a high risk preference tend to have greater motivation to engage in aggressive tax avoidance strategies and take risks to reduce their tax burden. In this case, risk preference can strengthen the effect of tax avoidance on taxpayer compliance. They may be more likely to seek creative ways to avoid paying higher taxes, and their high risk preferences may help them feel comfortable with the level of risk associated with such activities and will still exercise their tax rights and obligations at a reduced cost.

e. Risk preference strengthens the relationship between changes in tax regulations or harmonization of tax regulations to taxpayer compliance. Where the higher the risk preference of MSME taxpayers towards harmonization of tax regulations, the level of taxpayer compliance will increase. This means that the enactment of harmonization of tax regulations can help reduce ambiguity or confusion that is often experienced by MSME taxpayers in understanding and fulfilling their tax obligations. With uniform and clear regulations, MSMEs will more easily understand legitimate ways to meet their tax obligations. This can reduce the risk of errors and abuse in managing taxes so as to provide convenience in fulfilling tax rights and obligations.

f. Risk preference is not significant in moderating the relationship of understanding taxation to taxpayer compliance where risk preference cannot strengthen the relationship between understanding taxation and taxpayer compliance. This can happen because MSME taxpayers in the city of Makassar have been able to carry out and fulfill their tax obligations simply with their understanding without involving a preference for risk because high risk preferences may be more inclined to take risks by carrying out less compliant tax practices.

5.2 Suggestion

Suggestions that can be given for further research are as follows:

a. MSME taxpayers in Makassar who carry out tax avoidance accompanied by changes in regulations or harmonization of tax regulations and based on their understanding of taxation have made taxpayers comply so they only need to further add and improve their knowledge and updates to applicable tax regulations in order to provide convenience in fulfilling and their tax obligations.

b. In order for the government's goal to be achieved in improving taxpayer compliance in paying taxes, it is necessary to conduct direct education or counseling to MSMEs on regulatory changes, so that MSMEs can have a positive perception of DGT. If MSME WPs have a positive perception, they will also behave positively by paying taxes on time because they feel that DGT is fair in treating all WPs.

c. The next researcher is expected to be able to examine more respondents and a wider range. This research is expected to contribute and reference MSMEs and readers to be more obedient in fulfilling their rights and obligations as obedient taxpayers

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