

Tax Justice, Tax Knowledge, and Tax Compliance: An Empirical Study of Village - Owned Enterprises

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Abstract. This study aims to investigate the relationship between tax knowledge and tax fairness/justice on tax compliance. The research method is quantitative method and this research was conducted in Village-Owned Enterprises (BUMDes) in Trenggalek Regency involving BUMDes management consisting of director, secretary and treasurer. Data from 134 respondents were processed using PLS-SEM. The results showed that tax knowledge has no relationship with tax compliance, while perceived fairness has a positive relationship with tax compliance.

Keywords: tax compliance, BUMDes, tax knowledge, perceived fairness

1. Introduction

The amount State revenues in 2022 reached 115.9% of the target set by the government [1]. The amount reached Rp2,626.4 trillion from the target of Rp 2,266.2 trillion. From the total realization as described above, tax revenue is still the largest. The tax revenue in 2022, which is the responsibility of the Directorate General of Taxes (DGT), reached Rp 1,716.76 trillion. The amount of tax revenue also exceeded its target by 115.61% of its target [1].

The realization of tax revenue in 2022 is much higher than the previous years. In 2021, the realization of tax revenue was Rp1,278.65 trillion, in 2020 it was Rp1,072.11 trillion, and in 2019 it was Rp1,332.66 trillion [2]. The comparative chart of tax realizations from 2019 to 2021 is shown in Figure 1.

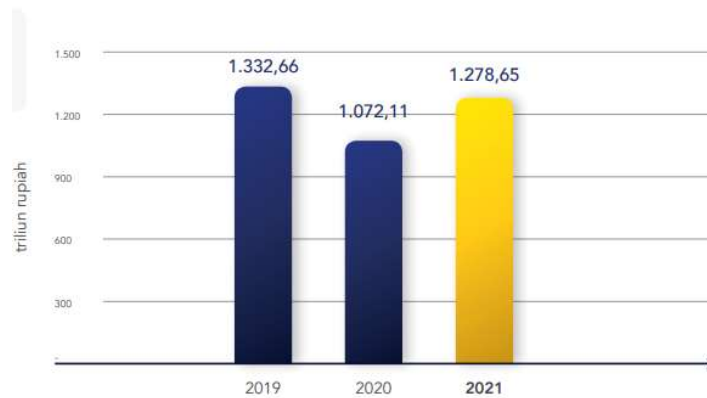


Fig. 1. Realization of Tax Revenue from 2019 to 2021

The collection of tax revenue is linked to efforts to increase taxpayer compliance, which is the mission of the DGT [1]. Based on the DGT's 2022 Performance Report, some of the DGT's Key Performance Indicators (KPIs) are the taxpayer compliance rate for the current year and the percentage achievement of the compliance rate for filing annual income tax returns for corporate and individual taxpayers.

Taxpayer compliance is influenced by several aspects, one of which is tax knowledge [3]–[20]. [11] recommends efforts to improve the knowledge of taxpayers and tax officials to increase tax compliance.

Another factor influencing taxpayer compliance is the perception of tax fairness [3], [21]–[23]. If the taxpayer feels that he/she is bearing the appropriate tax burden, it affects taxpayer compliance [3]. In other words, how individuals perceive fairness in taxation will play an important role in shaping tax compliance behavior [23].

Based on the results of other studies, tax compliance is also influenced by tax sanctions [4]–[7], [14], [15], [21], [24]–[29].

In general, research on taxpayer compliance that has been conducted uses subjects of individual and corporate taxpayers, in addition to Village-Owned Enterprises (BUMDes). Research with BUMDes subjects is still very limited, including that conducted by [12] in North Sumatra and [10] in Sleman Regency, Yogyakarta Special Region. Both researches used variables of taxpayer understanding and awareness that affect BUMDes tax. In this study, the independent variables used were tax knowledge and tax fairness perception of BUMDes management.

BUMDes is a business entity created in the village to strengthen the village economy. The capital of the BUMDes can come from the village government and the village community. According to the Ministry of Villages, there are currently 27,438 BUMDes that have been verified and 12,359 are legal entities. This large number represents potential tax revenue. To achieve the tax revenue goal of BUMDes, compliance by BUMDes administrators must be assessed.

One of the regions that has had many BUMDes, even since the implementation of regional autonomy and fiscal decentralization, is Trenggalek Regency, East Java. Since 2001, several BUMDes have been established, and they have been involved in savings and loans. The Village Community Empowerment (PMD) Office of Trenggalek Regency pays special attention to the development of BUMDes in its region, which is not done by other districts. Several measures have been taken by the Trenggalek Regency Government, namely the establishment of the BUMDes Center, the allocation of BUMDes assistants funded by the APBD, and the obligation of all BUMDes to prepare financial reports based on applicable financial accounting standards.

With these special conditions in Trenggalek Regency, we are interested in conducting research that examines the relationship of tax knowledge and perception of fairness on BUMDes tax compliance in Trenggalek Regency. We explore the perception of directors, secretaries, treasurers, and other administrators involved in the management of BUMDes. The variable of perceived fairness has not been tested with the population of BUMDes managers, although the assumption that taxes have been imposed fairly may make taxpayers more compliant [11].

2. Literature Review

2.1. Tax Compliance

Tax compliance is a condition in which taxpayers perform and report all tax rights and obligations correctly and on time in accordance with applicable regulations [7]. [8] cites Simon's definition of tax compliance as the willingness of taxpayers to comply with their tax obligations. [30] define tax compliance more specifically as the willingness of individuals and other entities to act in accordance with the spirit and letter of tax administration rules without the use of law enforcement. Compliance is voluntary and does not need to be preceded by reprimands, audits or the imposition of sanctions.

The level of voluntary compliance has three main aspects, namely formal, material, and reporting aspects [10]. This is in line with the Organization for Economic Co-operation and Development [11] which states that the results of compliance are registration, filling, reporting, and payment. Registration means that there is compliance to register as a taxpayer. Filling means compliance to fill out the appropriate report/tax return. Reporting means compliance to report the completed tax return. Payment means compliance to pay taxes according to the calculated amount.

Taxpayer compliance is important because high tax compliance will have an impact on the achievement of the tax revenue target, which is the mainstay of the Indonesian state budget [31]. Therefore, high tax compliance is expected to increase tax revenue in Indonesia.

2.2. The Effect of Tax Knowledge on Tax Compliance

[12] found that tax knowledge has a significant effect on tax compliance. This research is in line with other studies conducted by [3]–[11], [13]–[20].

These studies have different topics or research locations, but with relatively similar results. [12] studied MSMEs in Sleman Regency, [3] examined individual taxpayers registered with KPP Pratama Bantul with positive and significant results, and [4] studied the issue of MSMEs in

Tajurhalang District, Bogor Regency. Other studies show similar results.

2.3. Perceived Fairness and Tax Compliance

Taxpayer compliance, including noncompliant behavior, is strongly influenced by taxpayers' perceptions of the fairness of the tax system. If taxpayers feel/perceive that the tax system is fair, their willingness to comply increases. However, if they perceive it to be unfair, their compliance decreases. This leads to tax avoidance or smuggling [15].

Perceived tax fairness can be measured in five basic dimensions [16], namely:

1. Overall fairness and burden sharing
This dimension measures whether the tax system in place is efficient and effective, whether each taxpayer is treated equally, and whether the tax burden is appropriately distributed based on the taxpayer's ability and circumstances.
2. Government Reciprocity
This refers to whether there is reciprocity from the government for the taxes that have been paid to the government, which is an indirect contra benefit for taxpayers.
3. Special provisions
This refers to provisions granted to taxpayers for the payment of taxes.
4. Preferential tax rate structure
This is due to the different levels and rates of tax imposed.
5. Self-interest
This is related to taxpayers comparing the imposition of tax rates on themselves and other taxpayers.

2.4. Taxation of BUMDes in Indonesia

In the Indonesian tax law system, BUMDes is classified as a corporate tax subject. The income tax aspect of BUMDes appears more explicitly in Government Regulation 55/2022 on Adjustment of Regulations in the Income Tax Sector. If the BUMDes has a gross turnover of no more than Rp4.8 billion, it is subject to income tax of 0.5% of gross income and is final. All payments made during the year are later recapitulated and reported in the annual corporate income tax return with an attachment in the form of a BUMDes financial report.

In addition, BUMDes is obliged to tax withholding, namely income tax articles 21/26, 22, 23/26, 15 and 4 paragraph (2), when making payments according to the respective tax object. BUMDes supplying taxable goods and/or taxable services with a gross turnover exceeding Rp4.8 billion in a fiscal year must be confirmed as taxable employers (PKP). The PKP is obliged to collect VAT on each delivery (sale) to the buyer.

With the above-mentioned income tax obligations, BUMDes faces the challenge of becoming a compliant, i.e. mastering the relevant regulations as a basis for BUMDes to fulfill its obligations. In addition, the obligation to submit financial reports as an attachment to the annual corporate income tax return means that BUMDes are required to be able to present financial reports in accordance with applicable standards.

2.5. Framework of Thought

The framework of this study is illustrated in Figure 2.

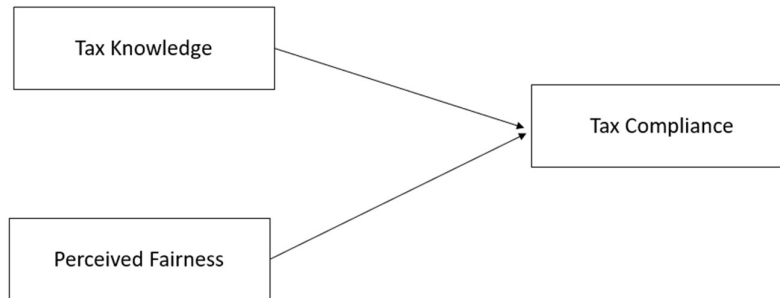


Fig. 2. Research Framework

2.6. Hypothesis Development

[12] found that tax knowledge has a significant effect on tax compliance. This research is consistent with other studies conducted by [3]–[11], [13]–[20]. The research subjects are individual taxpayers, MSMEs and also BUMDes. Therefore, the first hypothesis of this study is:

H1: Tax knowledge is positively related to tax compliance

Research by [22] found that perceptions of tax fairness can affect tax compliance. This is consistent with the findings of [3], [21], [23]. BUMDes in Trenggalek Regency are corporate tax subjects whose characteristics are not too different from other tax subjects in previous studies. Therefore, the second hypothesis of this study is:

H2: Perceived fairness of the tax system is positively related to tax compliance.

3. Methodology

3.1. Research Methods

This research was conducted using a quantitative approach. We use primary data from respondents who are part of BUMDes management. Then the data is analyzed using *Structural Equation Modeling* (SEM) through Partial Least Square (PLS) supported by software SmartPLS 4.0. The independent variables include tax knowledge and perceived fairness of the tax system, while the dependent variable is tax compliance. The research model is as follows.

$$KP = a + \beta_1 PP + \beta_2 PKSP + e \dots\dots\dots (1)$$

Description:

- KP : Tax compliance
- a : Constant
- β_1 , β_2 : Regression coefficient
- PP : Taxation knowledge
- PKSP : Perceived fairness of the tax system
- e : error

The hypotheses are supported if the coefficients β_1 and β_2 are positive and significant.

3.2. Data types and sources

The study used primary data from the respondents collected through the survey. The data is collected using questionnaires as a research instrument. The respondents came from all BUMDes managers in Trenggalek, including directors, secretaries and treasurers. We collected 134 questionnaires from 45 BUMDes for further analysis. We include only BUMDes that are already legal entities because the government (PMD Office) gives more concern to these entities regarding their tax payments.

3.3. Operational Definition of Variables

The operational definition of the tax compliance variable refers to [32]. According to [32], tax compliance can be measured by the willingness of taxpayers to meet their tax obligations. Tax obligations consist of:

1. Registering as a taxpayer in the system.
2. Submit tax information in a timely manner
3. Provide correct and accurate information
4. Pay taxes on time

The tax compliance variable in this questionnaire is adapted to be relevant to the tax object under study. There are seven questions, namely: (1) I (BUMDes) register NPWP on my own awareness as a taxpayer; (2) I (BUMDes) will always calculate the income tax due correctly; (3) I (BUMDes) will consciously try to pay taxes within the required timeframe; (4) I (BUMDes) will try to pay according to the correct calculation; (5) I (BUMDes) have filed my annual tax return (SPT) on time for the last 2 years; (6) I (BUMDes) report all income received by BUMDes in the annual tax return; and (7) I (BUMDes) report other additional income earned, even if the value is not much.

The tax knowledge variable is measured based on 3 questions, namely: (1) I have received training on taxation; (2) I receive tax information from the government; and (3) I try to find information related to taxation. This type of question related to tax knowledge was chosen because it is based on the condition of tax subjects who generally get information related to taxation from limited sources.

The perceived fairness variable is referenced from [33] by modification. The indicators of perceived fairness outlined in the questions in this study are: (1) In my opinion, the tax system in Indonesia is fair; (2) The amount of tax that BUMDes pays is appropriate/comparable to the amount of income earned by BUMDes; (3) In my opinion, tax officers have high integrity; and (4) I agree that tax officers work professionally. The questions were formulated to fit the conditions of the research object.

3.4. Research Instruments

The research data collection instrument used a questionnaire in the form of a list of questions prepared to obtain answers from the respondents. The questionnaire used a 5-point Likert scale

to measure the attitudes, opinions and perceptions of the respondents regarding tax knowledge, perception of fairness of tax system and tax compliance.

The printed questionnaires were then distributed to the respondents. The use of this physical questionnaire data collection method is based on input from the DPMD of Trenggalek Regency that in the condition of BUMDes respondents whose locations are diverse, based on the DPMD's experience, the data collection process by physical means can maximize in quality and quantity, although it is more expensive than filling out the questionnaire online.

The questionnaires were then collected by BUMDes managers at a discussion event on the preparation of the BUMDes financial statements, where the research team had the opportunity to be a speaker. For questionnaires not collected at the event, the scanned documents were emailed by DPMD.

4. Results And Discussion

4.1. Descriptive statistical analysis

Descriptive Statistics of Respondents

a. Based on Position in BUMDes

Respondents were 134 BUMDes managers. The BUMDes managers surveyed were primarily directors, secretaries and treasurers. However, this does not exclude the possibility of the respondent being the head of the business unit. For the business unit head criteria, the title "other" was given. Table 1 shows distribution of respondents based on their position in the BUMDes.

Table 1. Respondents by Position

Position	Number
Director	39
Secretary	38
Treasurer	40
Others	17
Sub Total	134

Based on Table 1, the number of respondents based on position tends to be evenly distributed. This is because the distribution of this questionnaire was intended to be filled by 3 elements of the main position in BUMDes.

b. By Gender

There are more male respondents than female respondents, although the difference is quite small, at 8 people. The data can be interpreted that the role of women in participating in the development of BUMDes is quite significant.

Table 2. Respondents by Gender

Gender	Number
Male	71
Female	63
Sub Total	134

c. Based on Education

Table 3 describes the respondents based on the educational level of the BUMDes managers. The statistical data show that the educational level of BUMDes managers is dominated by high school and bachelor (S1) levels. Based on this data, the ability of BUMDes managers to understand BUMDes financial and tax issues is generally considered sufficient.

Table 3. Respondents Based on Education

Education	Number
Junior High School	4
Senior High School	66
Undergraduate degree	57
Master's degree	3
Others	4
Sub Total	134

4.2. Descriptive Statistics of Variable Data

a. Taxation Knowledge (PP)

Questions about tax knowledge were asked to the respondents by means of 3 questions, namely: (1) whether they have participated in tax training; (2) whether they have received tax information socialization; and (3) whether they try to find tax information. Answer 1 is never, answer 2 is rarely, answer 3 is sometimes, answer 4 is often and answer 5 is very often.

The results of the descriptive statistical analysis of the tax knowledge variable are presented in Table 4. The mean value of tax knowledge is 2.18. This means that there is still a lack of understanding of tax issues among BUMDes managers. This shows that the participation of the government to conduct tax-related socialization for BUMDes managers in Trenggalek Regency needs to be improved. The mode in the statistical result is 2. This result reinforces the previous conclusion that BUMDes managers generally still lack understanding of taxation.

Table 4. Descriptive Statistics of Tax Knowledge

Tax Compliance	
Mean	2,18
Standard Error	0,07
Median	2,00
Mode	2,00
Standard Deviation	0,82
Sample Variance	0,67
Kurtosis	0,04
Skewness	0,79
Range	3,33
Minimum	1,00
Maximum	4,33
Sum	292,33
Count	134

b. Perceived Fairness (PKSP)

The perceived fairness variable is represented by four indicators of questions to respondents. Question 1 is the perception of the tax system in Indonesia, question 2 is the perception of the amount of tax paid by taxpayers in relation to income, question 3 is the perception of the integrity of tax officials, and question 4 is the professionalism of tax officials.

The answers to the questions consist of 5-points of Likert scale, namely level 1 for strongly disagree, level 2 for disagree, level 3 for undecided, level 4 for agree and level 5 for strongly agree. The results of the descriptive statistical analysis of the perceived fairness variable are presented in Table 5.

In the perceived fairness variable (PKSP), the average respondent answers with a value of 3.81 or the percentage weight of trust in tax fairness for BUMDes managers in Trenggalek Regency is 76%, which means that the perception weight still needs to be increased with government programs that can thoroughly prosper the Indonesian people.

The perception response "agree" or 4 on tax justice is the most common (mode). In other words, public confidence in tax fairness is weighted with a value of 80%.

Table 5. Descriptive Statistics of Perceived Fairness

Perceived Fairness	
Mean	3,81
Standard Error	0,04
Median	4,00
Mode	4,00
Standard Deviation	0,42
Sample Variance	0,18
Kurtosis	-0,10
Skewness	-0,20
Range	2,00
Minimum	3,00
Maximum	5,00
Sum	510,75
Count	134

c. Tax Compliance (KP)

The variable of tax compliance (KP) is represented by 7 question indicators. The first question is about the awareness of registering NPWP, the second question is about the correctness of tax calculation, the third question is about the awareness of paying taxes according to the time period, the fourth question is about paying taxes according to the correct calculation, the fifth question is about reporting the annual tax return correctly, the sixth question is about reporting all BUMDes income in the annual tax return, and the seventh question is about reporting other additional income correctly. The answers to the questions consist of 5 levels of Likert scale, namely level 1 for strongly disagree, level 2 for disagree, level 3 for undecided, level 4 for agree, and level 5 for strongly agree.

The results of the descriptive statistical analysis are presented in Table 6. In general, on the dependent variable of tax compliance, BUMDes are compliant in carrying out their tax obligations. The obtained mean value of tax compliance is 3.98 (close to 4), while the mode is 4 (agree). These results are possible because BUMDes are entities that are strictly regulated by laws and regulations in their governance. In addition, BUMDes capital is generally received from the government, both central, regional and village governments. It is natural that in terms of tax compliance, BUMDes tend to comply with tax-related regulations.

Table 6. Descriptive Statistics of Tax Compliance

Tax Compliance	
Mean	3,98
Standard Error	0,05
Median	4,00
Mode	4,00
Standard Deviation	0,58
Sample Variance	0,34
Kurtosis	4,04
Skewness	-1,10
Range	3,57
Minimum	1,43
Maximum	5,00
Sum	533,86
Count	134

4.4. Testing the Measurement Model (*Outer Model*)

This test consists of a validity test and a reliability test, the results are as follows.

a. Validity Test

Convergent Validity

First, the available data was searched for the *loading factor* value. The results of the first *loading factor* test are as in figure 3.

Cross Loading	Tax Compliance	Perceived Fairness	Tax Knowledge
kp1	0,559		
kp2	0,817		
kp3	0,805		
kp4	0,718		
kp5	0,890		
kp6	0,873		
kp7	0,854		
pk1		0,840	
pk2		0,568	
pk3		0,723	
pk4		0,687	
pp1			0,716
pp2			0,773
pp3			0,893

Fig. 3. Loading Factor Value

From the data there are red values that are below 0.6. The indicators are kp1 and pk2. The indicator is then removed from the model so that there are only indicators that have a value of > 0,6 [34]. Then the second test was performed, the results are as in figure 4.

Cross Loading	Tax Compliance	Perceived Fairness	Tax Knowledge
kp2	0,800		
kp3	0,837		
kp4	0,699		
kp5	0,908		
kp6	0,884		
kp7	0,857		
pk1		0,913	
pk3		0,735	
pk4		0,761	
pp1			0,723
pp2			0,778
pp3			0,888

Fig. 4. Loading Factor Value – After Adjustment

From the results of the second convergent validity test there is a red value, namely kp4 (0.699). However, the authors try to keep this indicator, considering that the validity test is also seen from the value of Average Variance Extracted (AVE). If the AVE value is greater than 0.5, it can be said that the indicator is valid in explaining the variable [34].

Variable	Average Variance Extracted (AVE)
Tax Compliance	0,695
Perceived Fairness	0,651
Tax Knowledge	0,639

Fig. 5. AVE Testing Results

From these results, the AVE values of all variables are all above 0.6, so it can be said that the indicators are considered valid in explaining their variables.

Discriminant Validity

The next validity test is discriminant validity. This is the cross-loading factor value used to determine if the construct has adequate discriminant validity. The method used is to compare the intended loading value, which must be greater than the loading value for other constructs [19]. The results of the cross-load value are as follows.

Indikator	Tax Compliance	Perceived Fairness	Tax Knowledge
kp2	0,800	0,251	0,163
kp3	0,837	0,335	0,249
kp4	0,699	0,334	0,172
kp5	0,908	0,294	0,194
kp6	0,884	0,275	0,158
kp7	0,857	0,277	0,226
pk1	0,405	0,913	0,314
pk3	0,126	0,735	0,235
pk4	0,202	0,761	0,247
pp1	0,092	0,190	0,723
pp2	0,129	0,286	0,778
pp3	0,265	0,304	0,888

Fig. 6. Discriminant Validity Testing Results

From the results above, the cross-loading value for the intended/appropriate construct is greater than the loading value for other constructs, so it can be said that each indicator is consistent with its respective variables.

In addition to these methods, there is another way to see discriminant validity. This other method is known as the Fornell and Larcker method. This Fornell and Larcker test is performed by comparing the square root of the AVE value of each construct with the correlation between the construct and other constructs in the model. The results of the Fornell and Larcker test are as follows.

Fornell Larcker	Tax Compliance	Perceived Fairness	Tax Knowledge
kp	0,834		
pk	0,358	0,807	
pp	0,237	0,335	0,799

Fig. 7. Fornell and Larcker Test Results

From the results above, it can be seen that the root AVE value (red color) is greater than each correlation between latent variables (value below the main diagonal).

b. Reliability Test

Reliability can be measured by looking at the composite reliability and Cronbach's alpha. The construct is considered reliable if it has a composite reliability value and Cronbach's alpha greater than 0.70. The results of these scores are as follows.

<u>Construct reliability and validity</u>		
<u>Overview</u>		
	Cronbach's alpha	Composite reliability (rho_a)
kp	0,911	0,914
pk	0,770	1,024
pp	0,766	0,980

Fig. 8. Reliability Test Results

All composite reliability and Cronbach's alpha values are above 0.70, so it can be said that the construct has good reliability.

4.5. Structural Model Testing (*Inner Model Analysis*)

In this structural model, the dependent variable is evaluated by R-squared, while the independent variable is evaluated by the path coefficient value. Then, the significance value is measured by the t-statistic value of each path.

The adjusted R-squared test results are as follows.

<u>R-square</u>		
<u>Overview</u>		
	R-square	R-square adjusted
kp	0,144	0,131

Fig. 9. R-Square Test Results

The R Square value of 0.131 means that the independent variables, namely tax knowledge and perceived fairness, can explain the dependent variable on tax compliance by 13.1 percent, the rest is explained by other variables outside the model.

Hypothesis Test

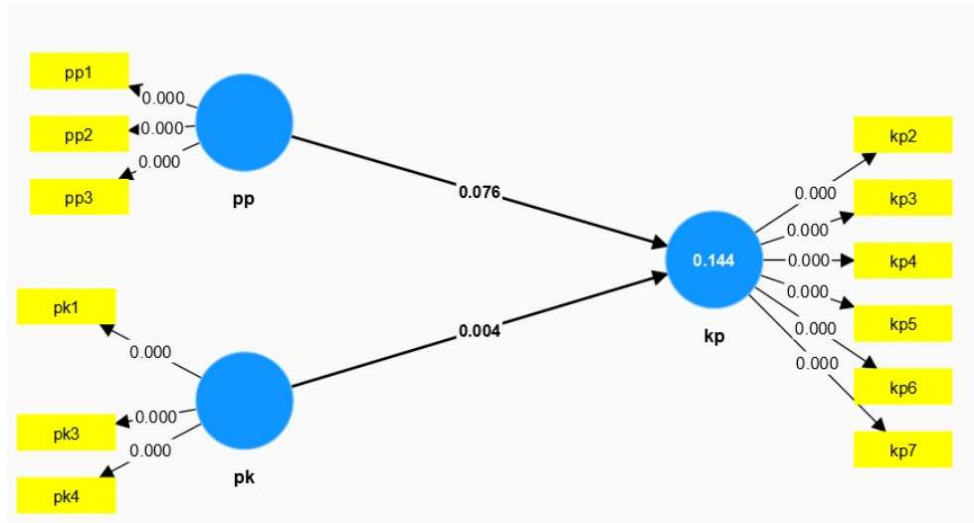


Fig. 10. Hypothesis Test Results

Testing the direct effect

Path Koefisien	Original sample (O)	Sample mean (M)	T statistics (O/STDEV)	P values
Perceived Fairness → Tax Compliance	0,315	0,327	2,643	0,004
Tax Knowledge → Tax Compliance	0,131	0,147	1,433	0,076

Fig. 11. Direct Effect Test Results

Based on the figure 11 above, the direct effect of the dependent and independent variables can be described in the regression equation as follows:

$$\text{Tax Compliance} = 0.315 \text{ Perceived Fairness}$$

$$\text{Tax Compliance} = 0.131 \text{ Tax Knowledge}$$

The regression equation indicates that perceived fairness has a direct and significant positive effect on tax compliance with a coefficient of 0.315, with a t-statistic= 2.643 > t Table 1.64 and a p-value of 0.004 < alpha = 0.05.

Furthermore, tax knowledge has a positive effect on tax compliance with a coefficient of 0.131, with a t-statistic of 1.433 < t table 1.64 and a p-value of 0.076 > alpha 0.05. This means that tax knowledge has no significant effect on tax compliance at the 95% confidence level but is significant at the 5% confidence level.

5. Discussion

5.1. Tax Knowledge on Tax Compliance

The first hypothesis is not supported by this study. Tax knowledge is not positively related to tax compliance. The results of this study are not consistent with several previous studies, including research [4]–[12], [14]–[20] which found that tax knowledge has a significant impact on tax compliance.

This may be because these previous studies examined the object of MSMEs, while this research is the object of BUMDes. BUMDes is the embodiment of an entity whose capital is mostly owned by the state, so the taxation factor is highly considered by stakeholders from government elements such as the Regional Government, Ministry of Villages, Development of Disadvantaged Regions, and Transmigration, and the Ministry of Finance. Meanwhile, MSMEs are generally owned by individuals, where the awareness to pay taxes is influenced by their knowledge of taxation.

5.2. Perceived Fairness on Tax Compliance

The second hypothesis that the perception of fairness is positively related to tax compliance can be accepted because the t-statistic of 2.643 is greater than the t-test of 1.64 and the p-value of 0.004 is less than alpha 0.005. This shows that the perception of fairness of the tax system in Indonesia has a significant effect on tax compliance. The higher the level of perceived fairness of the tax system in Indonesia, the higher the level of tax compliance.

This is consistent with [35] which found that taxpayers' perceptions of tax evasion and the fairness of the tax system have a positive and significant effect on tax compliance. In addition, [21] also stated that the perception of the effectiveness of the tax system has a significant effect on taxpayer compliance.

6. Conclusion

6.1. Summary

This research was conducted on BUMDes managers in Trenggalek Regency. The respondents were mainly directors, secretaries and treasurers. There were 134 respondents collected.

The results of the analysis of this study include Tax compliance, based on the results of descriptive statistical analysis, BUMDes are generally compliant in fulfilling their tax obligations. This is because BUMDes are entities subject to various laws and regulations. In addition, in general, the capital of BUMDes currently comes from the government, both central, regional and village governments.

The result showed that the tax knowledge variable does not have a significant effect on tax compliance, while the perceived fairness of the tax system variable has a significant positive effect on tax compliance. This means that if the BUMDes manager's perception of the fairness of the tax system increases by one point, then tax compliance will also increase by 0.345, holding other variables constant.

6.2. Research Limitations

This research is limited to a specific area of BUMDes, namely BUMDes located in Trenggalek Regency. In addition, based on the results of the analysis, it was found that the level of tax compliance of BUMDes is relatively good, which may be because BUMDes is an entity subject to relevant regulations. In addition, the ownership and capital status of BUMDes, which comes from the government, forces BUMDes to comply with tax regulations. The management process of BUMDes is also supervised by various government agencies, which further encourages BUMDes to comply with taxation related to BUMDes business processes.

6.3. Suggestion for Futher Research

Further BUMDes tax compliance research can include the selection of BUMDes whose capital structure is dominantly from the community. After the selection of BUMDes whose capital structure comes mostly from the community, then, independent variables related to the condition of the BUMDes to be studied are selected and developed, for example, the level of education of the management, prevailing social norms, and prevailing behavior.

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