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MSMEs Tax Compliance in Indonesia During Pandemic COVID-19: The Role of Risk Preference as Moderation

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ABSTRACT

There has been global economic fallout from the Pandemic COVID-19. Micro, Small and Medium Enterprises (MSME) is one of the industries hit worst. Many MSMEs have seen their profits decline or even disappear. Consequently, tax income dropped. In order to raise tax revenue, the government has implemented a number of reforms, one of which is a push for greater tax compliance among MSMEs. This study aims to analyze the effect of providing tax incentives and understanding taxpayers on MSME tax compliance during the COVID-19 pandemic. This study also examines risk preferences as moderation. The population in this study is the MSMEs food sector in the city of Pekanbaru, Indonesia. Samples were selected using convenience sampling. A total of 397 MSMEs in the food sector participated in this study. During the months of December 2021 and February 2022, data was gathered by distributing questionnaires to taxpayers directly and also by using Google forms. Data analysis techniques used SEM with Warp PLS. Tests show that tax incentives affect the compliance of MSME taxpayers during the COVID 19. This study demonstrates that understanding MSME tax rules can boost compliance. The high risk faced by taxpayers can reduce tax compliance even though the government provides tax incentives. However, with a high level of understanding, even though taxpayers have risks, they still carry out their tax compliance. This study aids the government's effort to give tax incentives and outreach to better comprehend the needs of MSME taxpayers.

KEYWORDS

Tax Incentives, Understanding of Tax Regulations, Taxpayer Compliance, Risk Preference

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УДК 336.228

Соблюдение налогового законодательства микро-, малым и средним бизнесом в Индонезии в период пандемии COVID-19: роль предпочтения риска в модерации

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АННОТАЦИЯ

Пандемия COVID-19 привела к глобальным экономическим последствиям. Микро-, малые и средние предприятия (ММСП) – один из наиболее пострадавших секторов экономики. Многие предприятия ММСП столкнулись со снижением прибыли и даже убытками. Соответственно, снизились налоговые посту-

пления от этого сектора. Для увеличения налоговых поступлений от ММСП правительство провело ряд реформ, одна из которых направлена на более строгое соблюдение этим сектором налогового законодательства. В данном исследовании анализируется влияние предоставления налоговых льгот микро-, малому и среднему бизнесу в Индонезии в период пандемии COVID-19 и понимания условий налогообложения на соблюдение этим сектором налогового законодательства. Также рассматривается роль предпочтения риска в выборе вариантов поведения. Всего в этом исследовании приняли участие 397 налогоплательщиков ММСП пищевой промышленности в г. Пеканбару, отобранные методом удобной невероятностной выборки. Данные собраны путем прямой рассылки анкет налогоплательщикам, а также с использованием форм Google с декабря 2021 г. по февраль 2022 г. В качестве методов анализа данных использовались SEM с Warp PLS. Исследование демонстрирует, что налоговые льготы влияют на соблюдение налогового законодательства налогоплательщиками ММСП. Также исследование показывает, что понимание малым бизнесом условий налогообложения может повысить соблюдение требований налогового законодательства. Высокий риск, с которым сталкиваются налогоплательщики, может снизить соблюдение налоговых требований, даже если правительство предоставляет налоговые льготы. Однако при высоком уровне понимания условий налогообложения, хотя налогоплательщики и несут риски, они все равно выполняют свои налоговые обязательства. Это исследование способствует усилиям правительства по предоставлению налоговых льгот для лучшего понимания потребностей малого бизнеса.

КЛЮЧЕВЫЕ СЛОВА

налоговые льготы, понимание налогового законодательства, соблюдение требований налогоплательщиками, предпочтение риска

1. Introduction

The emergence of the COVID-19 pandemic that has spread throughout the world has impacted every aspect of life. Not surprisingly, the COVID-19 Outbreak also had an impact in Indonesia. The COVID-19 pandemic has had a significant impact on the Indonesian economy. Among these impacts is weakening investment and business continuity.

Micro, Small and Medium Enterprises (MSMEs) are one of the businesses affected by the COVID-19 pandemic. According to data, as many as 30 million MSMEs in Indonesia have gone bankrupt. It not only has an impact on people's income but also has an impact on state tax revenues. Revenue from the tax sector decreased by 8.5% to 8.2% during the COVID-19 pandemic¹.

It is impossible to avoid the drop in tax revenue collection, but an effort is needed to keep the decline from becoming too sharp. In addition, it is necessary to ensure the sustainability of sources of tax

revenue, namely business/economic actors, by maintaining supply and demand. Under normal conditions, taxes play more of a budget function, namely as the primary source of state revenue. Meanwhile, during a pandemic, the tax function can switch to a regulatory role, a stability function, and an equity function [1]. The decline in tax revenues requires the government to use various strategies.

Alm et al. [2] stated that during the COVID-19 Pandemic, the government needed to issue policies to help MSMEs. One way to encourage tax compliance is by offering tax incentives [3; 4]. According to a study [5; 6] on the effect of tax incentives on tax compliance, tax incentives encourage tax compliance. Although tax incentives are suspected of increasing tax compliance, research [7] shows that taxpayers do not voluntarily pay taxes, so tax revenue from MSMEs still needs to be satisfactory.

Further encouraging tax compliance is the COVID-19 outbreak's emphasis on the importance of following the law. Increasing knowledge and correct understanding can improve tax compliance.

¹ <https://www.pajakku.com/read/60504f8ac069d02167e9587b/Diversifikasi-Penerimaan-Pajak-di-Tengah-Krisis-Pandemi>

Research [8-11] demonstrates that tax compliance is impacted by tax knowledge.

However, Ayuba et al. [12] shows that tax knowledge cannot increase tax compliance. The inconsistency of the results of this study indicates that there is a possibility that other variables influence it. In this study, we propose risk preference as a moderating variable. Risk preference is an opportunity for taxpayers to consider and prioritize the various options available [13].

Alm & Torgler [14] conveyed that his behavior toward the risks faced can influence a taxpayer's decision. Therefore, when taxpayers identify their attitude towards risk, they will try to avoid problems by complying with regulations that impact tax compliance.

Wulandari [15] finds taxpayers with a high-risk level will affect tax compliance. Kartika [16] states that tax compliance and preferences have a strong relationship. If the taxpayer has low compliance, he will feel he has a high risk. Mei & Firman-syah [17] found that risk preference can strengthen the effect of tax understanding on tax compliance. So is research of Alabede et al. [18] proving risk preference can moderate tax understanding with tax compliance

This paper aims to analyze the effect of tax incentives and tax knowledge on MSME taxpayer compliance in Indonesia during the COVID-19 pandemic. This study also examines risk preference as moderation.

Research hypotheses:

H1: Tax incentives have a significant effect on MSME taxpayer compliance.

H2: Understanding of Tax Regulations Affects MSME Taxpayer Compliance.

H3: Risk preference moderates the Effect of tax incentives on taxpayer compliance.

H4: Risk Preference Moderates the Effect of Understanding of Tax Regulations on MSME Taxpayer Compliance.

In the next section, we will present a literature review that explains the theory used and the hypotheses we built. Next is the research method describing the population, sample, data collection techniques,

variables, and data analysis techniques. The following section is the results and discussion, then closes with conclusions on the research results.

2. Literature review

2.1. Attribution Theory

Attribution is an assumption about why someone behaves in a certain way. According to [19], attribution bias is a person's tendency to explain everything, including the intentions of other people's behavior. This theory refers to how a person describes the causes of other people's behavior or himself, which will be determined whether internal or external will influence individual behavior [20]. Internal attributions are internal forces or dispositions (psychological elements that precede behavior) that change a person's behavior [21].

The attribution theory employed in this study is significant as a supporting theory because it clarifies how taxpayer behavior is influenced by internal and external attributions that alter one's attitude, specifically the attitude toward paying taxes. Internal attribution is indicated by the understanding and risk preference felt by the taxpayer. Meanwhile, external attribution is the regulation of tax incentives issued by the government. Internal and external attributions can affect the behavior of MSME taxpayers in paying their taxes.

2.2. Effect of Tax Incentives on Taxpayer Compliance

Brauner & Stewart [22] investigate the effectiveness of state tax incentives through reducing the tax burden for various projects. During the pandemic, several new tax incentives have been introduced to increase government revenue and improve tax compliance. Tax incentives for taxpayers who would be impacted by COVID-19 are the first measure (Ministry of Finance Decree No. 23/PMK.03/2020).

The existence of tax incentives is an external attribution that encourages someone to behave. The MSME tax reduction during the COVID-19 period,

implemented by the government, is expected to increase MSME tax compliance. According to Smith & Stalans [23] also explained that a reduction in tax rates can improve tax compliance.

H1: Tax incentives have a significant effect on MSME taxpayer compliance.

2.3. Effect of understanding tax regulations on taxpayer compliance

Robbins & Judge [24] explained that the understanding of tax regulations can affect tax compliance. Following attribution theory, understanding regulations is an internal and external attribution. Understanding tax regulations and their external factors is an empirical perception of taxpayer behavior that influences compliance [25].

Taxpayers who know tax regulations and have extensive experience in the field of taxation will follow the taxpayer in a way that can appreciate what is happening in the taxation system and the results of tax returns [26; 27]. Understanding the government's restrictions published during the COVID-19 outbreak can help taxpayers behave in accordance with the rules. Supriyati & Hapsari [9] on individual entrepreneur taxpayers shows that an understanding increases tax compliance. Based on this description, it is hypothesized:

H2: Understanding of Tax Regulations Affects MSME Taxpayer Compliance.

2.4. The role of risk preference in moderating the Effect of tax incentives on taxpayer compliance

Tax incentives, according to Ridwan & Nawir [11] are measures used by the government to entice people and businesses to spend money or save money by lowering the taxes they are required to pay. The government offers tax incentives to support national economic recovery and respond to reduced business productivity during the COVID-19 pandemic.

One of a person's traits that affects how they act is their affinity for taking risks. Aswar et al. [28] expresses the concept of risk preference. There are three scopes: avoiding risk, neutral in facing risk, and looking

for threats. Research reveals that the behavior of taxpayers in facing risk cannot be underestimated in tax compliance. Based on [28] when the government has offered ease by lowering the tax rate, taxpayers can suffer tax penalties for failing to comply with their duties. The amount of threat faced by taxpayers can affect the decision of MSME taxpayers to implement their tax compliance. Based on the description above, the hypothesis proposed is:

H3: Risk preference moderates the Effect of tax incentives on taxpayer compliance.

2.5. The role of risk preference in moderating the influence of tax understanding on taxpayer compliance

A taxpayer's behavior toward the dangers he faces can affect his decision. Several theories on decision-makers, including tax compliance theories like rationality theory and prospect theory, include risk preference as a component. The perspective theory is the basis used to prioritize tax compliance affected by risk.

Alabede et al. [29] uses perspective theory to evaluate the impact of risk preference on individual taxpayer compliance and finds that it has a beneficial effect. Alm & Torgler [14] revealed that the behavior of taxpayers in the face of risk does not mean that the taxpayer will not fulfill their tax obligations. The risk preferences faced by MSME taxpayers, such as health risks and bankruptcy risks, cause taxpayers to increase their taxpayer understanding. The existence of risks faced by taxpayers allows taxpayers to understand better tax regulations that enable taxpayers to be more obedient in paying taxes. If the risk preference level of the taxpayer is high, it can be said that it influences the taxpayer's understanding of regulations. Taxpayers who tend to be brave in facing existing risks are taxpayers with a high-risk preference. The higher the level of risk preference, The greater it is, the more impact it will have on taxpayer compliance and understanding of tax laws [30]:

H4: Risk Preference Moderates the Effect of Understanding of Tax Regulations on MSME Taxpayer Compliance.

3. Research Methodology

The population used in this study is MSME taxpayers in Indonesia. This research is devoted to the MSME food sector in Pekanbaru City. According to data, the number of MSMEs in Pekanbaru City is 4,645 (source: Office of cooperatives and MSMEs). The sampling technique used is convenience sampling. To calculate sample adequacy, 397 SMEs were selected for the sample size using the Slovin formula.

Data collection was carried out by sending questionnaires directly to

MSMEs. Respondents in this study were MSME owners or managers.

3.1. Variable Measurement

Operational definitions and variable measurements can be seen in Table 1.

3.2. Characteristics of Respondents

A total of 400 questionnaires were distributed to food SMEs in Pekanbaru City. A total of 397 questionnaires can be processed (Table 2).

The characteristics of the participating respondents can be seen in Table 3.

Table 1

Variable Measurement		
Research variable	Indicator	Scale
Taxpayer compliance (TC)	1. Compliance in registering with the tax office. 2. Compliance in reporting notice of tax payable on time. 3. Compliance in calculating and paying taxes correctly. 4. Observance of paying back taxes. Adopted from [31]	Ordinal
Tax incentives (TI)	1. Tax incentives lighten the tax burden. 2. Tax incentives educate the real benefits of taxes that are felt directly. 3. Tax incentives reduce costs and increase people’s purchasing power. 4. Tax incentives increase tax compliance. Adopted from [32]	Ordinal
Tax Understanding (TU)	1. Understanding of tax ID number. 2. Understanding of tax regulations. 3. Taxpayers allocate funds to pay taxes. 4. Taxpayers seek information and ways of paying taxes. 5. Taxpayers realize that education is needed to know things and their tax obligations. Adopted from [33]	Ordinal
Risk preference (RP)	1. Financial risk. 2. Health risks. 3. Social risk. 4. Job risk. 5. Safety risk. Adopted from [34]	Ordinal

Table 2

Questionnaire description			
No	Information	Amount	Percentage
1	Questionnaires distributed	400	100
2	Responded questionnaire	397	99.25
3	Questionnaires that cannot be processed	3	0.75
4	Questionnaires that can be processed	397	99.25

Source: Processed data, 2022

4. Results

4.1. Results of Descriptive Statistical Analysis

Descriptive statistics include the interpretation of the mean, minimum, maximum, and standard deviation. The aim is to analyze data based on the respondents' responses to the statements of each variable. Descriptive statistics can be seen in Table 4.

The standard deviation for each variable is lower than the mean value. This result shows the data is quite good.

4.2. Outer Model test results

4.2.1. Validity test

This test uses convergent validity and discriminant validity. The loading factor and AVE values indicate whether or not an indicator is valid. A construct indicator that is said to be valid is if the value of the loading factor and AVE (Average Variance Extracted) > 0.50 [35].

The cross-loading value and correlation value of the structure's indices with other variables both show discriminant validity [36]. The results can be seen in Table 5.

As can be seen from table 5 above, every construct indicator has a loading value larger than 0.5 and an AVE value greater than 0.5. Each indicator's factor loading value is higher than that of other indicators' factors. It means that all construct indicators have fulfilled the discriminant validity requirements.

4.2.2. Reliability Test

Aggregate reliability uses Cronbach's Alpha, and synthesis reliability uses composite reliability. The questionnaire has good Cronbach alpha and composite reliability if it has a value greater than 0.7 [35]. The results of the reliability test can be seen in Table 6. Each construct shows a value greater than 0.7, which means that reliability is good.

Table 3

Information	Description	Amount	Presentation
Gender	Number of Respondents:	397	100%
	Man	230	58%
	Woman	167	42%
Age	Number of Respondents:	397	100%
	< 30 years	155	39%
	- 30-40 years	99	25%
	- 41-50 years	79	20%
	>50 years	64	16%
Educational background	Number of Respondents:	397	100%
	Senior High School	92	23%
	Diploma	84	21%
	Bachelor	189	48%
	> Bachelor	32	8%

Source: Processed Data (2022)

Table 4

Variable	N	Min	Max	Means	std. deviation
Tax Incentives	397	3	5	4,100	0.600
Tax Understanding	397	3	5	4,140	0.650
Risk Preference	397	3	5	4,100	0.600
Taxpayer Compliance	397	3	5	4,114	0.625

Source: Primary data analysis, 2022

Table 5

Combined Loading and Cross Loading						
	Indicator	TC	TI	TU	RP	AVE
Taxpayer Compliance	KWP1	0896	0.059	0.047	-0.02	0.748
	KWP2	0.782	-0.400	0.409	0.045	
	KWP3	0.900	0.081	-0.180	-0.230	
	KWP5	0.678	-0.070	0.013	0.424	
Tax Incentives	IP2	-0.050	0.669	-0.390	-0.10	0.715
	IP3	-0.120	0.782	0.117	0.033	
	IP4	-0.150	0.860	-0.180	-0.30	
	IP5	-0.230	0.743	0.102	0.669	
Tax Understanding	PPP1	0.076	0.199	0.856	-0.050	0.799
	PPP2	-0.360	-0.120	0.792	0.280	
	PPP3	0.235	-0.330	0.774	0.152	
	PPP4	0.211	0.281	0.831	0.005	
	PPP5	-0.190	-0.070	0.735	-0.410	
Risk Preference	PR2	0.816	0.009	-0.320	0.865	0.762
	PR3	-0.680	0.015	0.047	0.565	
	PR4	0.653	0.178	-0.560	0.800	
	PR5	0.059	-0.130	0.231	0.886	
	PR6	-0.050	-0.160	0.599	0.797	
	PR7	-0.750	-0.040	-0.140	0.743	
	PR8	0.315	-0.190	0.141	0.863	
	PR9	-0.570	-0.080	0.138	0.700	
	PR10	0.395	-0.010	0.138	0.832	
	PR11	0.181	-0.060	-0.280	0.797	
	PR12	-0.080	0.102	-0.430	0.770	

Table 6

Reliability Test Results		
	Cronbach Alpha	Composite Reliability
Taxpayer Compliance (TC)	0.777	0.854
Tax Incentives (TI)	0.747	0.834
Tax Understanding (TU)	0.857	0.898
Risk Preference (RP)	0.927	0.941

Source: WarpPLS 7.0 processed data

Table 7

Output Results of Fit Indices Models				
	Index	P-Values	Criteria	Explanation
R Square	0.66			
APCs	0.264	P = 0.002	P < 0.05	Received
ARS	0.66	P < 0.001	P < 0.05	Received
AVIV	2,568		Acceptable If <= 5 Ideally <= 3.3	Received
AFVIF	3,752		Acceptable If <= 5 Ideally <= 3.3	Received
Tenenhaus GoF	0.756		Small >= 0.1 Medium >= 0.25 Large >= 0.36	Received

Source: Processed data using WarpPLS 7.0

4.3. Inner Model Test Results

The results of the inner model test are divided into 2, namely: fit and quality indices models and hypothesis testing. The results of testing the fit model can be seen in Table 7.

Based on the findings in Table 7, it is clear that the factors of tax incentives, tax law comprehension, and moderation of risk preferences can all have a 66% impact on the proportion of taxpayer compliance. The study did not look at the remaining 34%.

The fit model indicated by the APC value has an index value of 0.264 with a p-value of $P = 0.002$. In addition, ARS has an index of 0.66 and a p-value of 0.001 at the same time. Because APC has a p-value of less than 0.001, it has satisfied the criteria. The p-value for ARS is also similar, being p-value 0.001. The AVIF value, which should be 5 and ideally 3.3, has been satisfied because it is 2,568 based on these facts [37].

4.4. Hypothesis test

Hypothesis testing using Warp Pls 7.0 can be seen in Figure 1 and Table 8.

Hypothesis 1 states that Tax Incentives affect Taxpayer Compliance. The test results show the p-value $TI \rightarrow TC$ 0.01 which is smaller than 0.05. Thus hypothesis 1 is accepted with a path coefficient of 0.22.

Hypothesis 2 states that understanding tax regulations affects taxpayer compliance. The test results show that the p-value $TU \rightarrow TC < 0.001$ is smaller than 0.05, and the path coefficient is 0.69. Thus hypothesis 2 is accepted.

Hypothesis 3 states that Tax Incentives affect Taxpayer Compliance moderated by Risk Preference. The interaction test of Tax Incentives with Risk Preference results shows that the p-value $RP*TI \rightarrow TC < 0.001$ is smaller than 0.05, and the path coefficient is -0.2. Thus hypothesis 3 is accepted.

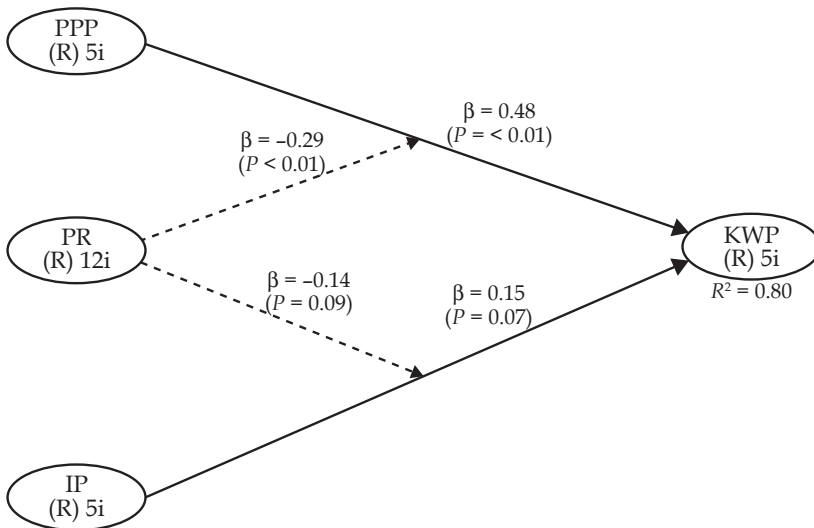


Figure 1. Structural Equation Model

Table 8

Hypothesis Test Results				
Hypothesis	Research hypothesis	Path Coefficient	P-values	Information
H1	TI \rightarrow TC	0.22	0.01	Accepted
H2	TU \rightarrow TC	0.69	< 0.001	Accepted
H3	RP*TI \rightarrow TC	-0.25	< 0.001	Accepted
H4	RP*TI \rightarrow TC	0.34	< 0.001	Accepted

Hypothesis 4 states that Understanding Regulations influences Taxpayer Compliance moderated by Risk Preference. The results of testing the interaction of understanding regulations with risk preferences show that the p-value $RP*TU \rightarrow TC < 0.001$ is less than 0.05, and the path coefficient is 0.34. Thus hypothesis 4 is accepted.

5. Discussion

5.1. Effect of Tax Incentives on Taxpayer Compliance

It is known that tax incentives affect taxpayer compliance based on the description of the research findings above. This hypothesis is accepted because it follows attribution theory, that a person's behavior is determined by internal and external attributions [20].

An external factor that affected MSME taxpayers' tax-paying behavior during the COVID-19 pandemic was the existence of tax incentive regulations. The findings demonstrated that stronger tax incentives boosted MSME tax compliance during the COVID-19 epidemic.

Government policy to reduce tax rates during the COVID-19 period by issuing regulations in the form of Ministry of Finance Decree no. 23/PMK.03/2020 provides convenience for MSME taxpayers who encounter economic difficulties during the Covid-19 period. MSMEs can easily continue to fulfill their tax obligations thanks to this tax reduction. The study's findings are consistent with previous research [5; 6; 23].

5.2. Effect of Understanding Tax Regulations on Taxpayer Compliance

Based on the explanation of the research results, it is known that understanding tax regulations affects MSME taxpayer compliance. The study results show that with the increasing knowledge of MSME taxpayers on rules, the taxpayers will respect their tax payments and increase taxpayer compliance.

The results of this study also support the attribution theory. The internal and external conditions of the taxpayer

strongly influence taxpayer compliance. It includes his understanding of tax regulations as an internal factor and his experience in understanding other people's behavior as an external factor, so his knowledge of tax regulations influences taxpayer compliance with tax regulations. This research is in line with research [8-10] which proves that tax understanding affects tax compliance.

5.3. Role of Risk Preference in Moderating the Effect of Tax Incentives on Taxpayer Compliance

The results show that risk preference can moderate the Effect of tax incentives on tax compliance. The path coefficient shows a negative value which means high risk, even though there are incentives provided by the government that will reduce the level of tax compliance.

Avoiding danger is one of the characteristics of a person who can influence his behavior [38]. Required MSME taxes face a choice when taxpayers face risks during the COVID-19 pandemic. The existence of tax incentives causes taxpayers to choose to avoid hazards rather than expose themselves to risks. Taxpayers can be influenced by their risk-averse behavior, which helps ease the burden on taxpayers to report taxes on time and improve tax compliance. For MSME taxpayers, tax incentives are beneficial and can increase taxpayer compliance with the risks they face.

At low risk, the existence of tax incentives will increase tax compliance. However, if the dangers faced by MSME taxpayers are high, even though the government provides tax incentives, it remains a consideration for taxpayers to carry out their tax obligations [28].

5.4. The Role of Risk Preference in Moderating the Effect of Tax Understanding on Taxpayer Compliance

The study results show that risk preference moderates tax understanding toward tax compliance. The high-risk taxpayers face them to increase their knowledge of regulations. For example, the low risk of late paying taxes can be caused by the taxpayer's lack of understanding of tax regu-

lations. During the COVID-19 period, the government issued various regulations to help MSMEs. These regulations make it easier for MSMEs to reduce the risks faced by MSMEs. The new regulation requires MSME taxpayers to increase their understanding to fulfill their tax obligations.

Research conducted [39] used prospectus theory to test the Effect of risk preference on tax payer compliance, and the study results showed that risk preference had a positive effect on tax payer compliance. A study [26] indicates the taxpayer's risk management behavior does not mean that the taxpayer will not fulfill his tax obligations. These findings are supported by research [40], which explains that risk preference can change the relationship between tax literacy and compliance.

6. Conclusion

Based on this research, several conclusions were drawn that tax incentives and understanding of taxation affected MSME taxpayer compliance during the COVID-19 pandemic.

Tax incentives provided by the government could increase MSME taxpayer compliance. Taxpayers' knowledge of regulations can also improve tax compliance. This study also found that the level of risk

preference affects tax compliance differently. The existence of risk preferences can increase the understanding of taxpayers so that it has an impact on their tax compliance. However, a high-risk choice will reduce tax compliance even if the government provides tax incentives. Tax compliance depends on the high or low-risk preferences of MSME taxpayers during the COVID-19 pandemic.

This research has limitations, namely, not being able to cover a wider area. This research was only conducted on SMEs in the food sector. This study also found that the R square was worth 66%, which means that there is still another variable of 34% that has yet to be studied in this study. Therefore, this study suggests that further research, in addition to expanding the research area, can also conduct research on various MSME sectors. Other studies are also advised to test different variables that have not been studied in this study.

This research has contributed to the theory, especially the theory of attribution. The influence of tax incentives, tax understanding, and risk preferences on tax compliance proves the existence of internal and external attributions that influence the behavior of taxpayers in paying their taxes. This research can also be used as a comparison with research studies before the COVID-19 era.

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