Proceeding of International Bussiness and Economic Conference (IBEC) Vol. 5 No. 1, pp. 370-383, November, 2026
http://conference.eka-prasetya.ac.id/index.php/ibec

Tax Ethics in the Smart Business Era: The Role of Tax Sanctions, Self Assessment System, and Tax Knowledge in Mitigating Tax Evasion among Culinary MSMEs in Medan Maimun District

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ABSTRACT

This study investigates the continued prevalence of tax evasion among culinary micro, small, and medium-sized enterprises (MSMEs) in Medan Maimun District, Indonesia, despite the implementation of the self-assessment tax system. The increasing use of cash and digital payment methods, combined with limited bookkeeping capabilities and inadequate tax reporting practices, may contribute to persistent tax noncompliance. Accordingly, this study aims to analyze the influence of tax sanctions, the implementation of the self-assessment system, and tax knowledge on tax evasion among culinary MSMEs. A quantitative research design was employed, involving 74 culinary MSME operators selected through purposive sampling. Data were collected through questionnaires and analyzed using SPSS, with multiple linear regression, partial significance tests (t-tests), simultaneous significance tests (F-tests), and the coefficient of determination (R^2) applied to examine the relationships among the variables. The results reveal that tax sanctions have a negative and statistically significant effect on tax evasion, whereas the self-assessment system and tax knowledge exhibit positive and statistically significant effects. Furthermore, the three independent variables simultaneously demonstrate a statistically significant influence on tax evasion among culinary MSMEs in the context of increasingly digitalized business operations.

Keywords: Tax Sanctions, Self-Assessment System, Tax Knowledge, Tax Evasion, Culinary MSMEs

INTRODUCTION

Taxation is one of the main sources of state revenue and plays a strategic role in financing national development, including infrastructure, education, healthcare, and public services. Under the self-assessment system, taxpayers are entrusted with the responsibility of calculating, paying, and reporting their own tax obligations, with the expectation that this system will enhance awareness, integrity, and accountability in fulfilling tax obligations (Murtin et al., 2023). However, in practice, tax evasion remains prevalent, referring to unlawful acts involving the manipulation of tax subjects and objects to obtain tax savings, which consequently reduce state revenue and create inequity among compliant taxpayers (Lahengko, 2021).

This issue may also affect culinary MSMEs, which typically handle frequent transactions. Under Government Regulation No. 7 of 2021, MSMEs are classified by annual turnover, with micro enterprises earning up to IDR 2 billion, small enterprises exceeding IDR 2 billion up to IDR 15 billion, and medium enterprises exceeding IDR 15 billion up to IDR 50 billion. Although culinary businesses contribute to economic growth in Medan Maimun District, their high transaction frequency, particularly digital transactions, may complicate tax monitoring when records are incomplete.

In practice, some culinary MSME operators have not yet maintained comprehensive transaction records, accurately calculated their tax obligations, or reported their entire income in accordance with their actual financial conditions. To further substantiate this phenomenon, the following data were obtained from the Medan Polonia Primary Tax Office (KPP Pratama Medan Polonia):

Table 1.
Taxation Data of Culinary MSMEs in Medan Maimun District

Year	Number of Registered Culinary MSME Taxpayers in Medan Maimun	Number of Culinary MSME Taxpayers Filing Tax Returns in Medan Maimun	Number of Culinary MSME Taxpayers Subject to Tax Sanctions in Medan Maimun	Total Tax Revenue from Culinary MSMEs in Medan Maimun
2021	11	3	12	-
2022	8	5	9	80.929.263
2023	12	5	11	7.835.000
2024	18	9	18	15.197.533
2025	7	8	1	12.613.970
Total	56	30	51	116.575.766

Source: KPP Pratama Medan Polonia, 2026

According to the data on the total number of newly registered culinary MSMEs in Medan Maimun District, there were still taxpayers who were subject to tax sanctions during the 2021 to 2025 period. This condition indicates the potential occurrence of tax evasion among culinary MSMEs in Medan Maimun District. It further suggests that the potential for tax evasion among culinary MSME operators remains considerable and therefore warrants further investigation.

One factor that is presumed to influence tax evasion is tax sanctions (Hakki et al., 2025). Tax sanctions refer to measures imposed on taxpayers or tax officials in response to tax violations, whether committed intentionally or unintentionally. These measures are intended to ensure compliance by taxpayers or tax officials with applicable tax regulations (Octafiani et al., 2024). Theoretically, tax sanctions serve as a law enforcement instrument that provides a deterrent effect on taxpayers who commit violations. The higher taxpayers' perceived risk and consequences associated with tax violations, the lower their tendency to engage in tax evasion should be. However, in practice, some business operators may perceive the risks associated with tax violations as relatively low compared with the economic benefits obtained, indicating that the existence of tax sanctions has not yet fully deterred tax evasion.

Another factor presumed to influence tax evasion is the implementation of the self-assessment system (Murtin et al., 2023). The Self-Assessment System is a tax collection system that authorizes taxpayers to independently determine the amount of tax payable each year in accordance with applicable tax laws and regulations (Lioe & Wijaya, 2024). Under the self-assessment system, taxpayers are responsible for calculating, paying, and reporting their tax liabilities. However, without sufficient integrity and responsibility,

this flexibility may create opportunities for irregularities, including underreporting tax liabilities and increasing the risk of tax evasion.

In addition, tax knowledge is also presumed to be a factor influencing tax evasion (Ustantini et al., 2024). Tax knowledge refers to the process through which taxpayers acquire knowledge about taxation and apply such knowledge in fulfilling their tax obligations. It also refers to the extent of tax-related knowledge and understanding possessed by taxpayers (Haryanti & Wahyudin, 2026). Tax knowledge refers to taxpayers' understanding of tax regulations, rates, procedures, rights, and obligations. Adequate tax knowledge can encourage compliance by helping taxpayers understand the consequences of tax evasion, while limited knowledge may lead to errors, noncompliance, or improper fulfillment of tax obligations.

Several previous studies have demonstrated that tax sanctions, the self-assessment system, and tax knowledge are factors that significantly influence tax evasion. Hakki et al. (2025); Ramli et al. (2019); Wahyuni et al. (2024); Sulchan et al. (2021) found that tax sanctions have a significant effect on tax evasion, while Ustantini et al. (2024); Murtin et al. (2023); Biettant et al. (2023) demonstrated a significant effect of the self-assessment system on tax evasion. Furthermore, Ustantini et al. (2024); Wahyuni et al. (2024); Alwi et al. (2022); Saragih & Putra (2021); Aliu et al. (2025) found that tax knowledge has a significant effect on tax evasion. Previous studies have examined various factors influencing tax evasion, but differences in research contexts and inconsistent findings highlight the need for further investigation. Evidence specifically concerning culinary MSMEs remains limited. Tax sanctions, the self-assessment system, and tax knowledge represent enforcement, tax compliance mechanisms, and regulatory understanding, respectively. Examining these variables simultaneously can provide a more comprehensive understanding of tax evasion among culinary MSMEs, particularly those handling cash and digital transactions. Therefore, this study analyzes the effects of tax sanctions, the self-assessment system, and tax knowledge on tax evasion among culinary MSME operators in Medan Maimun District, with the aim of contributing empirical evidence to tax accounting and informing improvements in tax supervision, education, and enforcement.

LITERATURE REVIEW

Grand Theory

This study is primarily based on Attribution Theory, which explains how taxpayers' behavior is influenced by internal factors, such as tax knowledge, and external factors, such as tax sanctions and the self-assessment system. These factors shape taxpayers' perceptions and decisions regarding tax compliance or tax evasion. Therefore, Attribution Theory provides a theoretical basis for explaining the relationships among tax sanctions, the self-assessment system, tax knowledge, and tax evasion.

Tax Evasion

Tax evasion refers to deliberate actions taken by taxpayers to avoid or reduce their tax liabilities by violating applicable laws and regulations, such as failing to report income, falsifying documents or financial statements, and concealing assets (Rahmawati & Umaimah, 2025); (Herawati et al., 2022); (Suryowati, 2022). Such actions constitute violations of the law and may be subject to administrative or criminal sanctions. The indicators of tax evasion include late or failure to submit tax returns, submitting inaccurate tax returns, failing to remit or reducing taxes that have been collected or withheld, and attempting to bribe tax authorities (Lismawati et al., 2022).

Tax Sanctions

Tax sanctions are provisions in the form of penalties imposed to ensure that taxpayers

comply with tax regulations. The implementation of firm, consistent, and zero-tolerance sanctions is expected to prevent violations and improve taxpayer compliance, as violations may result in financial losses for taxpayers (Hapsari, 2023); (Caroline et al., 2023); (Ningsih et al., 2024). The indicators of tax sanctions include violations, firmness, and zero tolerance (Pratiwi & Farina, 2025).

Self-Assessment System

The self-assessment system is a tax collection system that grants taxpayers the authority, trust, and responsibility to independently calculate, pay, remit, and report their tax liabilities, while tax authorities are responsible for providing services, guidance, and supervision (Hamid, 2023); (Satriya et al., 2024); (Naldo et al., 2025). The indicators of the self-assessment system include registering as a taxpayer, calculating taxes, remitting taxes, and reporting taxes (Lismawati et al., 2022).

Tax Knowledge

Tax knowledge refers to taxpayers' ability to understand tax regulations, rights, obligations, and tax-related information, which serves as a basis for properly fulfilling their tax obligations (Putri, 2022); (Ananda et al., 2025); (Astuti & Muliyani, 2024). Adequate tax knowledge is expected to improve taxpayer compliance. The indicators of tax knowledge include the ability to calculate, pay, and report taxes in accordance with applicable laws and regulations (Mamung & Fibriani, 2026).

Relationships Between Variables

Tax sanctions are intended to discourage noncompliance and promote adherence to tax regulations. They include administrative penalties, such as fines, interest, and tax increases, as well as criminal penalties, including imprisonment. The effective enforcement of these sanctions may improve taxpayer compliance and reduce tax evasion by increasing awareness of the financial and legal consequences of violations (Putra, 2024). Based on this explanation, the first hypothesis of this study is:

H_1: Tax sanctions have an effect on tax evasion among culinary MSME operators in Medan Maimun District in the era of smart business.

The self-assessment system requires taxpayers to independently calculate, pay, and report their tax liabilities. A proper understanding of this system may promote voluntary compliance with tax obligations. However, the system may also create opportunities for noncompliance, such as failing to register as a taxpayer despite meeting the applicable requirements or neglecting to submit tax returns (Murtin et al., 2023). Based on this explanation, the second hypothesis of this study is:

H_2: The self-assessment system has an effect on tax evasion among culinary MSME operators in Medan Maimun District in the era of smart business.

Tax knowledge enables taxpayers to understand their rights, obligations, and responsibilities under applicable tax regulations. Nevertheless, greater tax knowledge does not necessarily ensure compliance, as taxpayer behavior may also be influenced by audit effectiveness and tax rates. When tax rates are perceived as excessively high, taxpayers may attempt to reduce their tax liabilities through unlawful practices, including tax evasion (Sihombing & Iskandar, 2025). Based on this explanation, the third hypothesis of this study is:

H_3: Tax knowledge has an effect on tax evasion among culinary MSME operators in Medan Maimun District in the era of smart business.

Tax sanctions, the self-assessment system, and tax knowledge may jointly influence tax evasion. Tax sanctions discourage noncompliance through the enforcement of penalties (Putra, 2024), while the self-assessment system assigns taxpayers responsibility for calculating, paying, and reporting their taxes, potentially creating opportunities for

misuse (Murtin et al., 2023). Tax knowledge also influences taxpayers' understanding of their rights and obligations, although it does not necessarily guarantee compliance (Sihombing & Iskandar, 2025). Based on explanation, the simultaneous hypothesis is:

H_4: Tax sanctions, the self-assessment system, and tax knowledge simultaneously have an effect on tax evasion among culinary MSME operators in Medan Maimun District in the era of smart business.

Accordingly, the conceptual framework used in this study is presented in the following figure:

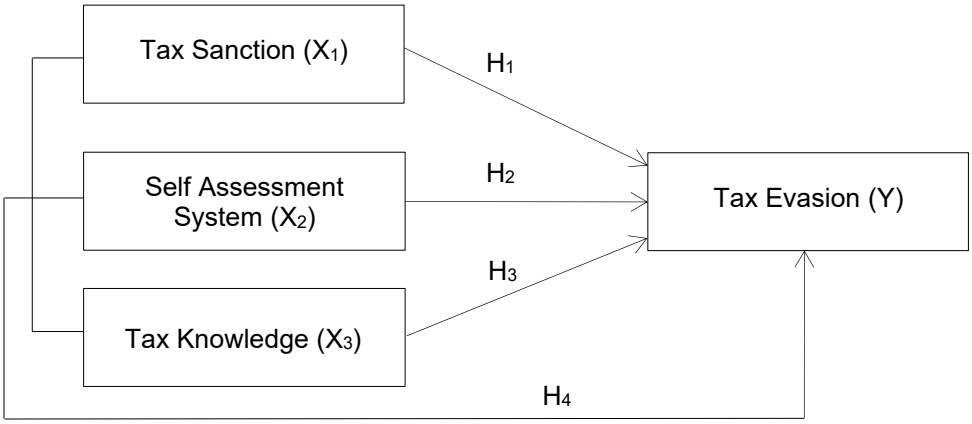


Figure 1. *Conceptual Framework*

RESEARCH METHOD

This study employs a quantitative research method to examine the effects of tax sanctions, the self-assessment system, and tax knowledge on tax evasion among culinary MSMEs in Medan Maimun District. The population comprises 279 business operators, from which 74 respondents were determined using the Slovin formula with a 10% margin of error and selected through purposive sampling. The inclusion criteria required respondents to have operated a culinary MSME in the district for at least one year, possess a Taxpayer Identification Number (NPWP) or be registered as taxpayers, and be willing to participate in the study. Tax sanctions (X_1), the self-assessment system (X_2), and tax knowledge (X_3) served as independent variables, while tax evasion (Y) was the dependent variable. Primary data were collected through questionnaires using a five-point Likert scale, while secondary data were obtained from books, academic journals, tax legislation, and publications issued by the Directorate General of Taxes, the Central Statistics Agency, and other relevant institutions. The questionnaire was developed based on established theoretical concepts and indicators from previous studies, with validity and reliability tests conducted to assess the research instrument. Data analysis was performed using SPSS, including descriptive statistical analysis, classical assumption tests, and multiple linear regression. The t-test was used to examine the partial effects of each independent variable, while the F-test assessed their simultaneous effects. Furthermore, the coefficient of determination (R^2) was employed to determine the extent to which the independent variables explained variations in tax evasion.

RESULT

Validity and Reliability Tests

The validity assessment was performed using a pilot test involving 30 respondents who were excluded from the main research sample. The findings of the validity test are presented below.

Table 2.
Validity Test Results

Statement	r_{hitung}	r_{table}	Criteria	Information
		Tax Sanction		
1	0.843	0.361	$r_{hitung} > r_{table}$	Valid
2	0.912	0.361	$r_{hitung} > r_{table}$	Valid
3	0.876	0.361	$r_{hitung} > r_{table}$	Valid
4	0.795	0.361	$r_{hitung} > r_{table}$	Valid
5	0.901	0.361	$r_{hitung} > r_{table}$	Valid
6	0.827	0.361	$r_{hitung} > r_{table}$	Valid
		Self Assessment System		
1	0.858	0.361	$r_{hitung} > r_{table}$	Valid
2	0.791	0.361	$r_{hitung} > r_{table}$	Valid
3	0.904	0.361	$r_{hitung} > r_{table}$	Valid
4	0.867	0.361	$r_{hitung} > r_{table}$	Valid
5	0.835	0.361	$r_{hitung} > r_{table}$	Valid
6	0.918	0.361	$r_{hitung} > r_{table}$	Valid
7	0.802	0.361	$r_{hitung} > r_{table}$	Valid
8	0.881	0.361	$r_{hitung} > r_{table}$	Valid
		Tax Knowledge		
1	0.798	0.361	$r_{hitung} > r_{table}$	Valid
2	0.884	0.361	$r_{hitung} > r_{table}$	Valid
3	0.839	0.361	$r_{hitung} > r_{table}$	Valid
4	0.925	0.361	$r_{hitung} > r_{table}$	Valid
5	0.812	0.361	$r_{hitung} > r_{table}$	Valid
6	0.891	0.361	$r_{hitung} > r_{table}$	Valid
		Tax Evasion		
1	0.854	0.361	$r_{hitung} > r_{table}$	Valid
2	0.9069	0.361	$r_{hitung} > r_{table}$	Valid
3	0.833	0.361	$r_{hitung} > r_{table}$	Valid
4	0.879	0.361	$r_{hitung} > r_{table}$	Valid
5	0.817	0.361	$r_{hitung} > r_{table}$	Valid
6	0.771	0.361	$r_{hitung} > r_{table}$	Valid
7	0.839	0.361	$r_{hitung} > r_{table}$	Valid
8	0.853	0.361	$r_{hitung} > r_{table}$	Valid

Source: Author's Analysis of Research Data (2026)

The validity analysis indicates that the Corrected Item-Total Correlation values for all variables exceed the critical r-table value of 0.361. Accordingly, all questionnaire items are considered valid and suitable for further analysis.

Reliability Test
The reliability assessment was performed using a pilot sample of 30 respondents who were excluded from the main study sample, following the procedure described by Wahyuni et al. (2022). The results of the reliability analysis are presented below.

Table 3.
Reliability Test Results

Variable	Cronbach's Alpha	N of Items
Tax Sanction	0.829	6
Self Assessment System	0.775	8

Tax Knowledge	0.813	6
Tax Evasion	0.911	8

Source: Author's Analysis of Research Data (2026)

The reliability analysis confirms that all research variables exhibit satisfactory internal consistency. Cronbach's Alpha values were 0.829 for Tax Sanctions, 0.775 for the Self-Assessment System, 0.813 for Tax Knowledge, and 0.911 for Tax Evasion. As each coefficient exceeds the minimum criterion of 0.60, all measurement instruments are deemed reliable and appropriate for subsequent statistical analysis.

Normality Test

The normality test was conducted to determine whether the residuals were normally distributed. The normality assessment was performed using a histogram, Normal Probability Plot, and One-Sample Kolmogorov-Smirnov test (Wahyuni et al., 2022). The results of the normality test are presented below:

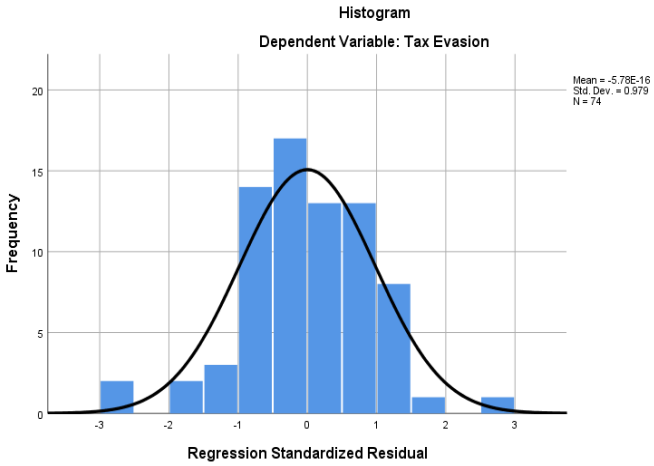


Figure 2. *Histogram Graphic*
Source: Author's Analysis of Research Data (2026)

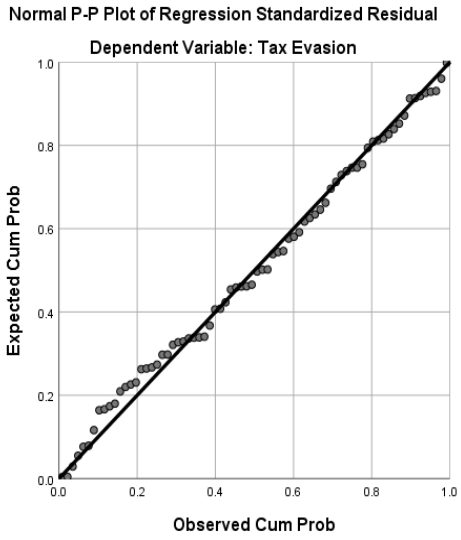


Figure 3. *Normal Probability Plot Regression Graphic*
Source: Author's Analysis of Research Data (2026)

The figure displays a bell-shaped distribution, with the data points closely following the diagonal reference line. These patterns suggest that the residuals are approximately

normally distributed, indicating that the normality assumption is satisfied. To further verify this finding, a One-Sample Kolmogorov-Smirnov test was conducted, with the results presented below.

Table 4.
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		74
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.65490593
Most Extreme Differences	Absolute	.065
	Positive	.041
	Negative	-.065
Test Statistic		.065
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.
Source: Author's Analysis of Research Data (2026)

The One-Sample Kolmogorov-Smirnov test yielded a significance value of 0.200, exceeding the 0.05 threshold. Thus, the residuals are considered normally distributed, indicating that the normality assumption has been fulfilled.

Heteroscedasticity Test
The heteroscedasticity test aims to determine whether the variance of the residuals in the regression model is constant. A good regression model demonstrates homoscedasticity (Wahyuni et al., 2022). The results of the heteroscedasticity test are presented in the following table.

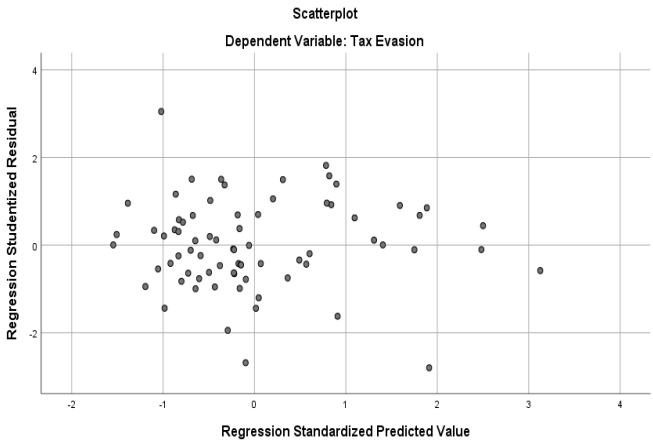


Figure 4. *Scatterplot Graphic*
Source: Author's Analysis of Research Data (2026)

Based on the scatterplot, the residual points are randomly distributed above and below zero without forming any particular pattern. This indicates that the regression model does not exhibit heteroscedasticity and satisfies the regression assumptions.

Linear Regression Analysis Test
Linear regression analysis is used to determine the effects of the independent variables on the dependent variable and to predict the value of the dependent variable based on

the independent variables (Wahyuni & Pane, 2020). The results of the multiple linear regression analysis are presented in the following table.

Table 5.
Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4.140	4.079		1.015	.314		
	Tax Sanction	-.253	.094	-.236	-2.683	.009	.827	1.209
	Self Assessment System	.618	.111	.490	5.584	.000	.828	1.207
	Tax Knowledge	.552	.117	.385	4.704	.000	.955	1.047

a. Dependent Variable: Tax Evasion
Source: Author's Analysis of Research Data (2026)

Tax Evasion = 4,140 − 0,253 Tax Sanction + 0,618 Self Assessment System + 0,552 Tax Knowledge + e

The regression results indicate that all tolerance values are above 0.10 and all VIF values are below 10, suggesting that multicollinearity is not present in the regression model. The constant coefficient of 4.140 represents the estimated value of Tax Evasion when all independent variables equal zero. Tax Sanctions has a regression coefficient of −0.253, implying that a one-unit increase in Tax Sanctions is associated with a 0.253-unit reduction in Tax Evasion, assuming the other variables remain constant. Conversely, the Self-Assessment System and Tax Knowledge have coefficients of 0.618 and 0.552, respectively, indicating that a one-unit increase in each variable is associated with an increase in Tax Evasion of 0.618 and 0.552 units, respectively, when the other variables are held constant.

The partial hypothesis testing results reveal that all three independent variables have statistically significant effects on Tax Evasion. Tax Sanctions (X_1) exhibit a negative and significant relationship with Tax Evasion, as evidenced by a calculated t-value of −2.683, which is lower than the critical value of −1.994, and a significance value of 0.009, below the 0.05 threshold. In contrast, the Self-Assessment System (X_2) has a positive and significant effect, with a calculated t-value of 5.584, exceeding the critical value of 1.994, and a significance value reported as 0.000. Likewise, Tax Knowledge (X_3) demonstrates a positive and significant effect, with a calculated t-value of 4.704 and a significance value reported as 0.000. As all significance values are below 0.05, the findings indicate that each independent variable has a statistically significant partial effect on Tax Evasion.

Simultaneous Hypothesis Test (F-Test)
The F-test is used to determine the simultaneous effect of all independent variables on the dependent variable (Rezeki & Gustina, 2021). The results of the F-test in this study are presented as follows:

Table 6.
Simultaneous Hypothesis Test (F-Test)

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	1207.436	3	402.479	28.891	.000[b]
	Residual	975.159	70	13.931		
	Total	2182.595	73			

a. Dependent Variable: Tax Evasion
b. Predictors: (Constant), Tax Knowledge, Self Assessment System, Tax Sanction
Source: Author's Analysis of Research Data (2026)

The findings presented in Table 6 indicate that the calculated F-value of 28.891 is greater than the critical F-value of 2.699, with a significance value of 0.000, which falls below the 0.05 significance level. Therefore, the null hypothesis (H_0) is rejected, while the alternative hypothesis (H_a) is accepted. This result demonstrates that Tax Sanctions, the Self-Assessment System, and Tax Knowledge simultaneously have a statistically significant effect on Tax Evasion.

Coefficient of Determination
The coefficient of determination is used to measure the ability of the independent variables to explain variations in the dependent variable. Its value ranges from 0 to 1, with a value approaching 1 indicating a greater explanatory capacity (Rezeki et al., 2022). The results of the test are presented in the following table.

Table 7.
Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.744[a]	.553	.534	3.732

a. Predictors: (Constant), Tax Knowledge, Self Assessment System, Tax Sanction
b. Dependent Variable: Tax Evasion
Source: Author's Analysis of Research Data (2026)

Based on the table, the Adjusted R Square value of 0.534 indicates that Tax Knowledge, the Self-Assessment System, and Tax Sanctions are able to explain 53.4% of the variation in Tax Evasion, while the remaining 46.6% is explained by other factors outside the research model.

DISCUSSION

Tax sanctions constitute legal measures designed to address tax violations and promote taxpayer compliance. The findings indicate that Tax Sanctions have a negative and statistically significant effect on Tax Evasion (β = −0.253, p = 0.009), indicating that stricter sanctions are associated with a reduction in tax evasion. This finding is consistent with Putra (2024), who highlighted the importance of tax sanctions in encouraging compliance and preventing tax violations.

The Self-Assessment System requires taxpayers to independently calculate, pay, and report their tax obligations. The results demonstrate a positive and statistically significant effect on Tax Evasion (β = 0.618, p = 0.000), suggesting that greater taxpayer independence may create opportunities for evasion when supervision and tax literacy are inadequate. This result is in line with Murtin et al. (2023), who observed that the system may facilitate inaccurate or incomplete tax reporting. Therefore, effective supervision is necessary to ensure the proper application of the system and reduce tax evasion.

Tax Knowledge refers to taxpayers' comprehension of tax regulations, obligations, and administrative procedures. The analysis reveals a positive and statistically significant effect on Tax Evasion (β = 0.552, p = 0.000), indicating that increased tax knowledge

may enable certain taxpayers to recognize potential opportunities for evasion. This finding corresponds with Sihombing and Iskandar (2025), who discussed the association between tax knowledge and taxpayer behavior. Accordingly, tax education should be complemented by ethical awareness and a strong commitment to compliance to prevent tax evasion.

Simultaneously, Tax Sanctions, the Self-Assessment System, and Tax Knowledge have a statistically significant influence on Tax Evasion. The F-test results indicate that the calculated F-value of 28.891 exceeds the critical value of 2.699, with a significance level of 0.000, which is below the 0.05 threshold. Consequently, the hypothesis regarding the joint effect of these variables is supported. Furthermore, the Adjusted R^2 value of 0.534 indicates that the three independent variables explain 53.4% of the variation in Tax Evasion, whereas the remaining 46.6% is attributable to other factors not examined in this study.

CONCLUSION

Based on the research results, Tax Sanctions have a negative and significant effect on Tax Evasion, whereas the Self-Assessment System and Tax Knowledge have positive and significant effects on Tax Evasion among culinary MSME operators in Medan Maimun District. Simultaneously, the three variables have a significant effect on Tax Evasion. These findings indicate that the implementation of tax sanctions, the implementation of the Self-Assessment System, and tax knowledge contribute to explaining Tax Evasion among culinary MSMEs.

RECOMMENDATIONS

For culinary MSME operators in Medan Maimun District, it is recommended that they increase their awareness and responsibility in fulfilling their tax obligations and maintain proper records of tax-related transactions, payments, and reporting. For the Directorate General of Taxes, it is recommended that tax supervision be strengthened through the utilization of technology and tax data, tax sanctions be implemented consistently, and tax education for MSMEs be enhanced. For future researchers, it is recommended that additional variables, such as tax morale, tax rates, the quality of tax authority services, and audit effectiveness, be examined and that the scope of the research area be expanded.

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