

Research.

Effect of Socialization and Literacy on Compliance: Tax Sanctions as a Moderated

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Abstract. *Micro, Small, and Medium Enterprises (MSMEs) in the culinary sector of Palembang play a vital role in the regional economy; however, their level of tax compliance remains relatively low. Limited effective tax socialization and low levels of tax literacy among business owners are key factors influencing this issue. This study aims to analyse the effect of tax socialization and tax literacy on tax compliance, with tax sanctions as a moderating variable. The population consisted of 79,158 culinary MSMEs in Palembang, with 100 respondents selected using a purposive sampling technique. Data were collected using a Likert-scale questionnaire and analysed through multiple linear regression and moderated regression analysis (MRA) using SPSS version 31. The results reveal that both tax socialization and tax literacy have a positive and significant effect on tax compliance. However, tax sanctions do not moderate the relationship between tax socialization and tax compliance and negatively moderate the relationship between tax literacy and tax compliance. These findings suggest that strengthening tax socialization and improving tax literacy are more effective approaches to enhancing voluntary tax compliance among MSMEs than relying on punitive tax sanctions alone.*

Keywords: Tax Socialization; tax literacy; tax compliance; tax sanctions

INTRODUCTION

Background

Micro, Small, and Medium Enterprises (MSMEs) are one of the pillars of Indonesia's economy, contributing significantly to national income, employment, and economic growth. According to the Ministry of Cooperatives and SMEs, Indonesia has approximately 64.2 million MSMEs that contribute more than 60% to the national Gross Domestic Product (GDP) and absorb a substantial portion of the labor force (Anastasya, 2023). This data reinforces the strategic role of MSMEs not only as engines of economic growth but also as key actors in promoting economic inclusivity and resilience. Their capacity to operate in diverse sectors and sustain economic activity during crisis periods makes MSMEs an essential component of national development strategies.

Within this national framework, the city of Palembang represents one of the regions with a highly dynamic MSME ecosystem, particularly in the culinary sector. Culinary MSMEs are one of the fastest-growing types of businesses. This is because of cultural factors, rising consumer demand, and the fact that it is not too hard to start a business in this field. According to the development report from the Palembang City Government (Tim Penyusun Pemerintah Kota Palembang, 2023), the culinary industry contributes significantly to local economic circulation and provides broad employment opportunities. This growth indicates that culinary MSMEs hold enormous potential to support regional development, including through participation in the taxation system.

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Despite their strong economic potential, MSMEs have not yet fully optimized their contribution to tax revenue. National tax revenue has continued to rise, increasing from IDR 1,716.8 trillion in 2022 to IDR 1,988.9 trillion in 2024 with a growth rate of 9.4% (Tim Kementerian Keuangan, 2024). However, this national growth does not reflect the specific contribution of culinary MSMEs in Palembang, which remains relatively low (Rianto, 2023). The gap between the economic activity generated by these MSMEs and their tax compliance indicates a missed opportunity for local revenue enhancement (PAD) and hinders the potential for targeted regional development programs (Tim Penyusun Pemerintah Kota Palembang, 2023). Many MSME actors, especially in the culinary sector, still face challenges that hinder them from fulfilling their tax obligations effectively, including limited administrative capacity, insufficient understanding of tax regulations, and the perception that taxation is complicated or burdensome. As a result, many culinary MSMEs struggle to carry out reporting and payment procedures accurately and consistently.

Based on these conditions, the core problem addressed in this study is the low level of tax compliance among culinary MSMEs in Palembang (Tim Penyusun Pemerintah Kota Palembang, 2023). One of the key elements influencing taxpayer behavior is tax socialization. Tax socialization should be a way to raise awareness, let people know about changes in the law, and help taxpayers understand how to report and pay their taxes. However, various studies indicate that tax socialization for MSMEs is not always optimal or adaptive to their needs. Traditional methods such as seminars, face-to-face sessions, or printed materials often fail to reach all culinary MSMEs due to time constraints, limited access, or the technical nature of the material presented. Research conducted by (Utari & Sofya, 2023) shows that effective tax socialization significantly increases taxpayers' positive attitudes toward tax compliance, demonstrating that improving the quality and accessibility of socialization programs is essential.

Another important factor related to tax compliance is tax literacy. Tax literacy encompasses knowledge and comprehension of tax laws, tax categories, rights and responsibilities, and the processes for tax reporting and payment. Tax literacy helps people avoid making mistakes when filing their taxes and makes them more confident that they can meet their obligations. (Yulianti & Fauzi, 2020) state that higher levels of tax literacy correlate strongly with improved behavioral compliance, as taxpayers who feel competent are more likely to carry out their tax responsibilities voluntarily. However, many culinary MSMEs in Palembang still exhibit low levels of tax literacy due to limited exposure to taxation information and challenges in using digital tax platforms such as DJP Online. These literacy gaps may lead to late reporting, unintentional violations, and misunderstandings of applicable regulations.

In addition to socialization and literacy, tax sanctions also play an important role in shaping compliance behavior. Tax sanctions serve as legal enforcement mechanisms to prevent taxpayers from violating regulations. These sanctions include administrative fines, interest charges, and other penalties designed to deter non-compliance. Research by (Lestari, 2023) indicates that consistent and proportional sanctions strengthen the effectiveness of both tax socialization and tax literacy. Through the deterrent effect, sanctions help encourage taxpayers to comply not only out of obligation but also to avoid legal consequences.

Although previous studies have discussed factors such as socialization, literacy, and sanctions, few have specifically examined their interaction in the context of culinary MSMEs in Palembang. Culinary MSMEs possess unique operational characteristics, such as high transaction frequency, informal recordkeeping, and dependence on owner-driven decision-making. These factors may influence how socialization and literacy translate into compliance behavior, especially when tax sanctions serve as moderating variables. This gap highlights the need for research that focuses on how these variables collectively influence taxpayer compliance within a specific local context.

To address this gap, the present study adopts the Theory of Planned Behavior (TPB) as its theoretical foundation. TPB says that attitudes, subjective norms, and perceived behavioral control all affect behavioral intention. In taxation, tax socialization influences

taxpayers' attitudes by providing clarity and building positive perceptions. Tax literacy improves perceived behavioral control as taxpayers feel more competent in fulfilling their obligations. Meanwhile, sanctions function as external regulators that may strengthen behavioral intention and actual compliance. Integrating TPB into the research model enhances understanding of how behavioral, cognitive, and regulatory factors interact to shape tax compliance among culinary MSMEs.

Based on the issues and gaps identified, this study aims to analyze the influence of tax socialization and tax literacy on tax compliance among culinary MSMEs in Palembang, with tax sanctions as a moderating variable. The expected contribution of this research is twofold. First, theoretically, it enriches the literature on behavioral tax compliance by providing empirical evidence from the culinary MSME sector, which remains understudied in Indonesia. Second, practically, the findings are expected to serve as input for the Directorate General of Taxes and local governments in designing more effective tax education strategies, strengthening digital outreach programs, and improving proportional enforcement mechanisms. Ultimately, the results of this study are expected to support the development of a more inclusive and responsive taxation system for MSMEs.

Research Question

Based on this background, the research questions formulated are

1. How does tax socialization affect tax compliance among culinary MSME taxpayers in Palembang?
2. How does tax literacy affect tax compliance among culinary MSME taxpayers in Palembang?
3. How do tax sanctions moderate the effect of tax socialization on tax compliance among culinary MSME taxpayers in Palembang?
4. How do tax sanctions moderate the effect of tax literacy on tax compliance among culinary MSME taxpayers in Palembang?

LITERATURE REVIEW

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB), developed by Ajzen, states that individual behavior is determined by the intention to behave. The theory is influenced by three main determinants, such as attitudes towards behavior, subjective norms, and perceived behavioral control (Asyhari & Aryati, 2023). This theory is relevant to explain taxpayer compliance behavior because an individual's decision to fulfill their tax obligations is not only influenced by knowledge but also by social factors and beliefs about their ability to carry out these obligations. In terms of tax compliance, attitude refers to taxpayers' positive or negative assessment of tax obligations. Research conducted by (Utari & Sofya, 2023) shows that tax socialization influences an increase in positive attitudes toward compliance. Furthermore, tax socialization serves as a means of forming collective norms so that compliance becomes the expected behavior in the business environment. Research by (Yuesti et al., 2022) confirms that strong subjective norms encourage voluntary tax compliance. Meanwhile, adequate tax literacy will increase perceived behavioral control. Research conducted by (Yuliati & Fauzi, 2020) shows that good tax literacy correlates with increased compliance, because individuals who feel competent are more likely to actualize their intentions into real behavior. And tax sanctions serve as external controls that strengthen the relationship between intentions and actual behavior. Based on (Lestari, 2023), consistent and proportional sanctions can improve the effectiveness of tax socialization and literacy.

Tax Socialization

Based on (Utari & Sofya, 2023), tax socialization is an activity carried out by tax authorities to convey information, regulations, and taxation procedures to taxpayers with the aim of increasing understanding, awareness, and willingness to fulfill tax obligations voluntarily. Socialization can be carried out through face-to-face meetings, print media, electronic

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media, or digital media, with clear and easy-to-understand material. In this study, tax socialization is defined as all efforts made by the tax authorities to provide targeted understanding to culinary MSMEs in Palembang regarding their rights, obligations, and procedures for reporting and paying taxes.

Tax Literacy

Based on (Yuliati & Fauzi, 2020), tax literacy is defined as the ability and knowledge of taxpayers to understand the types of taxes, regulations, rights, obligations, and tax implementation procedures so that they can fulfill their obligations correctly and on time. Good tax literacy can minimize violations, increase legal awareness, and encourage compliance. In this study, tax literacy is defined as the level of understanding of culinary MSMEs in Palembang regarding applicable tax regulations, including mastery of knowledge about the types of MSME taxes, the ability to independently report and pay taxes through electronic systems, and awareness of the legal consequences of violations.

Tax Sanctions

According to (Lestari, 2023), tax sanctions are penalties imposed on taxpayers who violate tax regulations, with the aim of deterring them from repeating the violation in the future. These sanctions can take the form of fines, interest, or other administrative sanctions in accordance with applicable regulations. In this study, tax sanctions are defined as a form of law enforcement by the tax authorities against culinary MSMEs in Palembang that commit violations or non-compliance, whether in the form of late reporting, underpayment, or administrative violations.

Tax Compliance

According to (Yuesti et al., 2022), tax compliance is the behavior of taxpayers in carrying out their tax obligations in accordance with applicable regulations, both formal compliance related to the fulfillment of administrative requirements and material compliance related to the fulfillment of substantive obligations. In this study, tax compliance is defined as the willingness and ability of culinary MSME actors in Palembang to voluntarily fulfill their tax obligations in a timely manner and in accordance with regulations, which includes tax return reporting, tax payment, and the completeness of tax documents.

Research Hypothesis

The Effect of Social Tax Socialization on Tax Compliance

According to (Utari & Sofya, 2023), intensive and targeted tax socialization can increase taxpayers' understanding of applicable regulations, thereby encouraging them to be more compliant in reporting and paying taxes. With clear and easy-to-understand information, taxpayers can avoid administrative errors and understand the legal consequences of violations.

H1: Tax socialization affects tax compliance.

The Effect of Tax Literacy on Tax Compliance

Research conducted by (Yuliati & Fauzi, 2020) states that good tax literacy can increase legal awareness, minimize errors, and encourage compliance with tax regulations. Taxpayers who have adequate understanding tend to fulfill their tax obligations in a timely manner and in accordance with procedures.

H2: Tax literacy affects tax compliance.

The Effect of Tax Socialization on Tax Compliance with Tax Sanctions as a Moderator

Research conducted by (Yuesti et al., 2022) explains that the application of strict and consistent tax sanctions can strengthen the effect of tax socialization on compliance, because taxpayers who have understood the rules through socialization will be more motivated to comply when they know the clear risks of sanctions. Enforcement of rules through sanctions creates a balance between voluntary awareness and compliance triggered by fear of legal consequences.

H3: Tax sanctions moderate the influence of tax socialization on tax compliance.

The Effect of Tax Literacy on Tax Compliance with Tax Sanctions as a Moderator

Research conducted by (Latuheru & Loupatty, 2023) states that tax sanctions can strengthen the relationship between tax literacy and compliance, because taxpayers who understand the rules will be more motivated to comply if they know the consequences of sanctions for violations.

H4: Tax sanctions moderate the effect of tax literacy on understanding tax compliance.

RESEARCH METHODS

Research Design

This study uses a quantitative approach with an associative method aimed at analyzing the relationship and influence among variables. The quantitative associative method is relevant because it allows measurement, testing of hypotheses, and examination of the interaction effect between independent variables, dependent variables, and moderating variables.

Object, Population, and Sample

This study focuses on micro, small, and medium enterprises (MSMEs) in the culinary sector that operate and reside in Palembang. Based on data from the Palembang City Cooperative and MSME Office, there are 79,158 registered culinary MSMEs. Due to the large population size, sampling is necessary.

Sampling Technique

This study uses purposive sampling, with the following criteria:

- Culinary MSMEs that have been established for at least 1 year.
- Have a Taxpayer Identification Number (NPWP).
- Have reported their taxes at least once in the last two years.

Using the Slovin formula, the minimum sample size required is 100 respondents.

Data Sources and Data Collection Techniques

The study uses primary data, obtained directly from respondents through a structured questionnaire. The questionnaire consists of statements measured using a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Data collection is carried out through online questionnaires distributed to culinary MSMEs that meet the sample criteria.

Research Variables and Operational Definitions

This study consists of four variables: Tax Socialization (X_1), Tax Literacy (X_2), Tax Sanctions (Z) as a moderating variable, and Tax Compliance (Y) as the dependent variable. The operational definitions and indicators of each variable are presented in the table below. All indicators are measured using a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Table 1. Operational Definitions

Variable	Definition	Indicator	Scale
Tax Socialization (X_1)	The efforts made by the tax authorities to disseminate information related to tax regulations, procedures, and obligations to culinary MSME taxpayers in Palembang to improve understanding and voluntary compliance.	1. Intensity of socialization activities 2. Media used 3. Quality of the material presented 4. Ease of understanding the material by taxpayers	Ordinal
Tax Literacy (X_2)	The level of understanding among culinary MSME actors about tax regulations, rights, obligations, and procedures is crucial for them to fulfill	1. Understanding the types of MSME taxes 2. Knowledge of tax regulations 3. Taxpayers' ability to exercise their right to	Ordinal

	their obligations accurately and on time.	independently file and pay taxes	
		4. Awareness of legal consequences	
Tax Compliance (Y)	The behavior of culinary MSME actors in fulfilling their tax obligations on time, correctly, and completely in accordance with applicable regulations is being examined.	1. Timeliness of SPT reporting 2. Timeliness of tax payments 3. Compliance of the amount of tax paid with the regulations 4. Completeness of tax reporting documents	Ordinal
Tax Sanctions (Z)	Administrative penalties, such as fines, interest, or other sanctions, are imposed on taxpayers who violate tax regulations to deter and improve compliance.	1. Late reporting penalty 2. Interest on tax underpayment 3. Implementation of other administrative sanctions 4. The effectiveness of sanctions in increasing taxpayer compliance	Ordinal

Source: Author 2025

Data Analysis Techniques

The data analysis includes

- Validity Test: To determine the extent to which the questionnaire items are able to measure the indicators of the research variables. An instrument is considered valid if the item correlation value (r calculated) is greater than the table r value at a significance level of 5% ($\alpha = 0.05$). With adequate validity, the data collected truly represents the construct being studied (Lintong & Wokas, 2022).
- Reliability Test: To measure the consistency of respondents' answers to the research instrument. Reliability was tested using Cronbach's Alpha coefficient, where an instrument is considered reliable if the alpha value is > 0.70 . This figure indicates that the instrument can be used consistently in measuring research variables (Irman et al., 2020).
- Classical Assumption Tests:
 - Normality test: To ensure that the residual data is normally distributed. Normality tests can be performed using the Kolmogorov-Smirnov Test or the P-P Plot graph. Data is considered normal if the significance value is > 0.05 (Yuesti et al., 2022).
 - Multicollinearity test: To assess the presence of a strong correlation between independent variables. Multicollinearity can be seen with a Variance Inflation Factor (VIF) value < 10 and Tolerance > 0.1 . If these conditions are met, the model is free from multicollinearity (Utari & Sofya, 2023).
 - Heteroscedasticity test: Identifying any variations in the residual variance within the regression model. (Lestari, 2023) states that the testing was done using the scatterplot pattern method, which looks at how the residual points are spread out compared to the predicted values. The testing criteria are as follows: if the residual points are randomly scattered above and below the zero axis and form no specific pattern such as a funnel or wave, it can be concluded that heteroscedasticity is absent. Conversely, if the points form a specific pattern, there is an indication of heteroscedasticity in the regression model.
- Multiple Linear Regression Analysis: To test the influence of independent variables on dependent variables. In this study, multiple linear regression was used to test the influence of tax socialization (X_1) and tax literacy (X_2) on tax compliance (Y).
- Moderated Regression Analysis (MRA): To test the role of tax sanctions (Z) as a moderating variable. MRA is performed by adding the interaction between the independent and moderating variables into the regression model. The equation used is

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$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 (X_1 \times Z) + \beta_5 (X_2 \times Z) + e$. If the significance value of the interaction ($X_1 \times Z$ or $X_2 \times Z$) is < 0.05 , then tax sanctions are proven to moderate the relationship between independent variables and tax compliance. This analysis is used to test hypotheses H3 and H4 proposed in the study (Latuheru & Loupatty, 2023).

RESULTS AND DISCUSSION

Results

Before proceeding to the moderation stage of regression testing, the data was tested for validity and reliability as well as classical assumptions. The validity test conducted on all questions had an item correlation value greater than the r table value, so it was considered valid. Based on the reliability test conducted, Cronbach's Alpha value was above 0.7, so the research was considered reliable. Furthermore, the classical assumption test showed that the Asymp. The sig value was $0.200 > 0.05$, so the data was declared to be normally distributed. Then, the multicollinearity test indicated that the tolerance value was > 0.10 and $VIF < 10$, so it can be concluded that there was no multicollinearity, meaning that the independent variables were not highly correlated with each other and the regression model could be used properly. Finally, the heteroscedasticity test using a scatterplot graph shows that the data points are scattered randomly above and below the zero axis without forming a specific pattern. Thus, it can be concluded that there is no heteroscedasticity, which means that the regression model meets the homoscedasticity assumption.

Moderated Regression Analysis (MRA)

Table 2. Moderated Regression Analysis (MRA) Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-14.162	6.197		-2.285	.025
X1	.320	.341	.359	.938	.350
X2	1.387	.421	1.696	3.294	.001
Z	1.667	.442	1.761	3.767	<.001
X1Z	-.013	.023	-.366	-.594	.554
X2Z	-.079	.027	-2.123	-2.968	.004

Source: SPSS Statistics 31 output (Data processed, 2025).

Based on the results of the moderated regression analysis (MRA) in table 2, the following regression equation was obtained:

$$Y = -14,162 + 0.320X_1 + 1.387X_2 + 1.667Z - 0.013X_1Z - 0.079X_2Z + e$$

The MRA equation shows that the Tax Socialization variable (X_1) does not have a significant effect on Tax Compliance after being moderated by Tax Sanctions (Sig = 0.350 > 0.05). Conversely, Tax Literacy (X_2) and Tax Sanctions (Z) have a positive and significant effect on Tax Compliance. In addition, the interaction between $X_1 \times Z$ is insignificant, while the interaction between $X_2 \times Z$ is significant but negative, which means that tax sanctions weaken the relationship between tax literacy and tax compliance.

Determination Coefficient (R^2)

Table 3. Determination Coefficient Results (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.652	.425	.394	1.923

Source: SPSS Statistics 31 output (Data processed, 2025).

Based on Table 3, it can be interpreted that the contribution of the independent variables is reflected in the adjusted R-squared value of 0.394, which means that 39.4% of the variation in tax compliance can be explained by the combination of the variables of socialization, literacy, sanctions, and their interactions. Meanwhile, the remaining 60.6% is influenced by other factors not covered in this research model.

Discussion

The Effect of Social Tax Socialization on Tax Compliance

The results of multiple regression analysis show that tax socialization (X_1) has a positive and significant effect on tax compliance (Y). This means that the better the socialization activities carried out by the tax authorities, the higher the level of compliance among culinary MSME taxpayers in Palembang. These results are in line with the Theory of Planned Behavior (TPB), particularly in the component of attitude toward behavior. Through socialization activities, taxpayers gain an understanding and positive view of the importance of paying taxes. Clear information about the benefits of taxes, reporting procedures, and tax obligations can shape positive attitudes, which ultimately encourage compliant behavior. These findings are in line with research (Utari & Sofya, 2023) that explains that the intensity of socialization is closely related to increased compliance because it strengthens taxpayers' knowledge and attitudes towards tax obligations.

The Effect of Tax Literacy on Tax Compliance

The results of the study show that tax literacy (X_2) also has a positive and significant effect on tax compliance (Y). This means that the higher the level of knowledge and understanding of taxpayers regarding the tax system and regulations, the greater the tendency to comply with their tax obligations. This finding supports the perceived behavioral control component in TPB, which explains that individuals with adequate understanding and ability will be more confident in controlling their actions to behave compliantly. In this context, taxpayers with high literacy not only understand their tax obligations but also feel capable of fulfilling them correctly. These results are reinforced by research (Yulianti & Fauzi, 2020) showing that tax literacy significantly increases taxpayer compliance because it provides confidence and practical understanding in fulfilling tax obligations.

Tax sanctions moderate the effect of socialization on tax compliance.

The results of Moderated Regression Analysis (MRA) show that the interaction between Tax Socialization and Tax Sanctions ($X_1 \times Z$) has a significance value of 0.554 (>0.05), which means that tax sanctions do not moderate the relationship between tax socialization and tax compliance. This indicates that the effectiveness of socialization does not increase even though there are strict sanctions. These findings show that tax socialization is still informative in nature and has not been able to form strong subjective norms as described in TPB, namely social encouragement to act compliantly due to the influence of the surrounding environment. These results are consistent with research by (Utari & Sofya, 2023), which states that tax socialization directly influences the compliance of MSME taxpayers, but the role of tax sanctions does not always strengthen this influence. Similar findings were also presented by (Fairuz et al., 2025), who showed that tax socialization was not able to act as a moderating variable in the relationship between independent variables and MSME tax compliance.

Tax sanctions moderate the effect of tax literacy on tax compliance.

The results of Moderated Regression Analysis (MRA) show that the interaction between Tax Literacy and Tax Penalties ($X_2 \times Z$) has a significance value of 0.004 (<0.05) with a negative coefficient (-0.079), which means that tax penalties negatively moderate the relationship between tax literacy and tax compliance. This means that when the level of sanctions is high, literacy has less of an effect on compliance. The evidence shows that compliance arises not because of awareness and understanding, but because of fear of punishment. Thus, tax sanctions can encourage forced compliance rather than voluntary compliance as expected in the TPB. This result is supported by research (Latuheru & Loupatty, 2023) that states that tax sanctions are unable to strengthen the influence of tax literacy on MSME taxpayer compliance. In addition, (Listyaningsih & Hoyriyah, 2024) and

(Yuliati & Fauzi, 2020) also found that tax sanctions are not always effective in strengthening the relationship between tax literacy and compliance, because tax literacy plays a greater role in shaping compliance based on legal awareness rather than the pressure of sanctions.

CONCLUSIONS AND SUGGESTIONS

Conclusions

This study concludes that tax socialization and tax literacy have a positive and significant effect on tax compliance among culinary MSME actors in Palembang City. The better the delivery of tax information and the higher the understanding of taxpayer obligations, the greater the likelihood that taxpayers will comply with applicable tax regulations. These findings emphasize the importance of accessible and well-structured tax information to improve voluntary compliance.

The study also found that tax sanctions weaken the effect of tax literacy on tax compliance but do not change the effect of tax socialization. This indicates that sanctions may weaken the influence of literacy when taxpayers perceive them as punitive rather than corrective. However, they maintain the effect generated by socialization activities, suggesting that information delivery alone is unaffected by the presence of sanctions.

From a theoretical standpoint, the findings reinforce the Theory of Planned Behavior (TPB), which suggests that attitudes and perceived behavioral control can be shaped through education and tax understanding. Depending on how taxpayers perceive them, tax sanctions serve as external controls that either support or hinder the formation of compliant behavior. The study contributes to the development of tax compliance literature by highlighting the role of literacy in strengthening the effectiveness of sanction policies.

Suggestions

In practical terms, it is recommended that tax authorities enhance tax socialization models to be more interactive, participatory, and adapted to the characteristics of MSME actors. Strengthening tax literacy through digital platforms, structured training, and continuous assistance is essential to improve taxpayers' understanding and confidence in fulfilling their obligations. The implementation of sanctions should also be carried out transparently and consistently, accompanied by clear communication to ensure they function not only as legal enforcement but also as reminders of responsible tax behavior.

For future research, it is suggested to expand the scope of the study to include MSMEs in other sectors or regions to obtain broader generalizations. Researchers may also incorporate additional variables such as perceptions of tax fairness, service quality, and digital tax administration systems to provide a more comprehensive understanding of factors that influence tax compliance.

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