

The Influence of Perceptions on Presentation of Financial Statements, Accounting Knowledge and Tax Compliance of MSME Actors on the Preparation of Financial Statements with Micro, Small and Medium Entity Financial Accounting Standards (SAK EMKM)

(Case Study on MSME trade clusters in Surakarta City)

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Abstract: MSMEs (Micro, Small and Medium Enterprises) are the drivers of Indonesia's economy because most of these business actors come from family industries or *home industries*. The customers come from all walks of life, especially the lower middle class. This study aims to determine and analyze the influence of perceptions on the presentation of financial statements, accounting knowledge, and tax compliance of MSME actors on the preparation of financial reports according to SAK EMKM. This type of research is quantitative research using primary data. The population in this study were micro, small and medium enterprises (UMKM) trading clusters in Surakarta City. Determination of the number of samples using the slovin formula in order to obtain a total sample of 100 people. Data collection was carried out through the simple random sampling method by distributing questionnaires. The data analysis technique used is multiple regression analysis technique. The results of this study indicate that the variable perception of the presentation of financial statements has an effect on the preparation of financial reports according to SAK EMKM for MSME trade clusters in Surakarta City, while the accounting knowledge and tax compliance variables for MSME actors influence the preparation of financial reports according to SAK EMKM for MSME trading clusters in the City. Surakarta.

Keywords: Perceptions of preparing financial statements, knowledge of accounting, tax compliance, preparation of financial reports, MSMEs

1. Introduction

Micro, small and medium enterprises or commonly abbreviated as UMKM are the types of business activities that dominate in Indonesia. Based on data from the Ministry of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia (Kemenkop UKM RI), MSMEs have a proportion of 99.99% or 64.2 million of the total business actors in Indonesia. When the monetary crisis occurred in 1997-1998, small and medium scale businesses were more able to survive than large companies. The ability of MSMEs to survive the brunt of the monetary crisis is caused by several factors, including the output produced is a community need, optimizing the use of makeshift resources starting from workers, raw materials and tools used, as well as relatively low use of capital. With these factors, MSMEs do not have the potential to experience the impact of the monetary crisis due to fluctuations in the rupiah exchange rate.

The main obstacle in preparing financial reports for business actors is the limited accounting knowledge possessed by business actors. In compiling financial reports, sufficient accounting knowledge is required in order to be able to describe the actual economic activity and financial condition of the business. This accounting knowledge includes the process of recording transactions, classifying accounts, differences in debits and credits for each account, and knowing the procedures for preparing financial reports. Report preparation can provide benefits in evaluating business development and used as a basis for decision making. This shows that when business actors have good accounting knowledge, this will encourage them to prepare financial reports correctly and in accordance with applicable accounting standards, namely SAK EMKM.

The lack of good financial management and the preparation of financial reports is one of the problems that are often faced by MSME actors. As research conducted by Negina Kencono Putri, et al (2015) states that there are four problems that are often faced by MSME actors in Indonesia. These problems include financial management and preparation of financial reports, capital, mastery of technology, and marketing. According to research conducted by Risal (2020) the increase in MSMEs in West Kalimantan was not accompanied by an

increase in the number of business actors preparing financial reports for their businesses. These MSME actors only focus on strategies to increase sales turnover as much as possible. They assume that their business does not really need a systematic preparation of financial reports. MSME actors assume that the process of preparing financial reports is very troublesome, requires a lot of time, adds to the complexity of work and costs, so that many MSME actors do not prepare financial reports and there are also those who prepare financial reports in moderation without regard to applicable accounting standards.

According to Januaristie et al (2020), the difficulty for MSMEs in compiling financial reports is to keep a systematic record of their business operations. There are still many MSMEs that only keep records of income and expenses, regardless of these expenditures for the allocation of business or non-business activities. MSME actors often think that their business is in good condition and successful if the current income is higher than the previous income.

In order to make it easier for MSMEs to prepare financial reports, the Indonesian Accounting Association (IAI) issued SAK EMKM, namely financial accounting standards for Micro, Small and Medium Entities on October 24 2016 and became effective as of January 1 2018. The issuance of SAK EMKM aims as a standard or MSME guidelines in preparing financial reports to make it easier for MSME actors to apply for access to funding from various financial institutions. SAK EMKM uses records with historical cost reference and presents 3 financial statements, including financial position statements, profit and loss statements, and notes to financial statements which contain additional information on the entity's finances. It is hoped that SAK EMKM can help the development of MSMEs in Indonesia, and can be implemented optimally so that they can produce quality financial reports and comply with applicable standards.

2. Literature review and hypotheses

2.1 Entity Theory

Theory Entity theory focuses on management (*stewardship*) and accountability (*accountability*) for business. This theory views that the entity is a separate part of the owner. This is based on the idea that all economic activities that occur in a business will be accounted for separately from the activities of the owner while remaining under the control and responsibility of the owner. This responsibility concerns the existence of information related to business finances to meet legal needs and maintain good relations with third parties. Given the importance of this responsibility, it is necessary to separate the entity's finances from the owner's personal finances. With this understanding, it is argued that the purpose of the entity theory is that there must be record-keeping and accountability in the context of separating the company's operational finances from the owner's personal finances

2.2 Attribution Theory

Attribution theory is a theory that examines the behavior and attitude of an individual. This theory was developed in 1958 by Fritz Heider. Fritz Heider argues that a person's behavior is influenced by a combination of internal forces *and* external forces. Internal strength is power that comes from within an individual, for example ability or effort. While external forces are forces that come from outside the control of an individual, for example, difficulties at work or luck and social conditions that exist in society.

2.3 Micro, Small and Medium Enterprises (MSMEs)

1. Definition of Micro, Small and Medium Enterprises (MSMEs)

The Law of the Republic of Indonesia Number 20 of 2008 defines micro, small and medium enterprises as follows

- a. Micro Enterprises are independent productive economic enterprises owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as stipulated in this Law.
- b. Small Business is a productive economic business that stands alone, is under the control of an individual or business entity, and is not a subsidiary or branch of a company, and is part of either directly or indirectly a Medium or Large Business that meets the criteria for a Small Business as referred to in this Act.
- c. Medium Business is a productive economic enterprise that stands alone, under the control of an individual or business entity, and is not a subsidiary or branch of a company, and is part of either directly or indirectly with Small Businesses or Large Businesses with a total net worth or annual sales proceeds as regulated in this Law.

2. Classification of Micro, Small and Medium Enterprises

According to Tambunan, (2012.22) Micro, Small and Medium Enterprises (MSMEs) are productive business units that stand alone, carried out by individuals or business entities in all economic sector. In

principle, the difference between Micro Enterprises (UMi), Small Enterprises (UK) and Medium Enterprises (UM) is generally based on the initial asset value (excluding land and buildings), the average turnover per year or the number of permanent workers in Indonesia, the definition of UMKM is regulated based on Law of the Republic of Indonesia Number 20 of 2008 concerning Enterprises, Micro, Small and Medium Enterprises. Definition according to Law no. 20 of 2008 are as follows:

1. Micro business

Productive businesses owned by individuals and/or individual Business Entities that meet the criteria for Micro Enterprises as stipulated in this Law. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled or become part of either directly or indirectly from medium-sized businesses or large businesses that meet the criteria for small businesses. as referred to in the Law. Micro business is a business unit that has assets of a maximum of IDR 50,000,000.00 excluding land and buildings with a maximum annual sales revenue of IDR 300,000,000.00

2. Small business

Small businesses are expected to be able to provide new jobs. If the growth in employment by the large and medium business sector is consistent, then the target for unemployment even if the development of entrepreneurship and the growth of new business units is implemented optimally. Open unemployment will be suppressed by the existence of employment and increased income is expected to help realize a prosperous Indonesian society with a maximum of Rp. 500,000,000 in assets, excluding land and buildings where businesses have annual sales proceeds of Rp. 300,000,000.00 up to a maximum IDR 2,500,000,000.00

3. Medium Business

Medium Enterprises are productive economic enterprises that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled or become part of either directly or indirectly with Small Businesses or large businesses with a total net worth or proceeds annual sales as stipulated in the law. Medium business is a company with a net worth of more than IDR 500,000,000.00 up to a maximum of IDR 100,000,000,000.00 from annual sales of more than IDR 2,500,000,000 up to a maximum of IDR 50,000,000,000.00

4. Micro, Small and Medium Enterprises (MSMEs)

The definition of small business in Indonesia is still very diverse. According to the Ministry of Industry and Bank Indonesia (1990) defines a small business based on the value of its assets, namely a business whose assets (excluding land and buildings) are worth less than IDR 600,000,000.00. Meanwhile, the trade department defines a small business as a business with a working capital of less than IDR 25,000,000. According to the Central Bureau of Statistics (BPS), small industry is an industrial business that involves a workforce of between 5 and 19 people. Meanwhile, home industry is an industrial business that employs less than 5 people

2.4 Presentation of SAK EMKM Standard Financial Statements

According to IAI (Indonesian Institute of Accountants) in PSAK paragraph 10, financial reports are a structured presentation of the financial position and financial performance of an entity. Presentation of financial statements contains information about the financial position of an entity including assets, liabilities, equity, income and expenses, as well as providing information regarding profits and losses, contributions, and cash flows. Complete financial reports include statements of changes in equity, income statements, balance sheets, cash flow statements, and notes to financial statements. Notes to the financial statements can be in the form of schedules and additional information related to the financial statements presented, for example information related to financial industry and geographical segments and disclosure of the effect of price changes. Micro, Small and Medium Entity Financial Accounting Standards (SAK EMKM) were passed in 2016 which were intended for entities without public accountability

2.5 Perceptions of presentation of financial statements

Perception of the presentation of financial statements is the process of interpreting, giving meaning, and interpreting financial statements in a business by using the five senses, and considering the benefits that will be obtained from the presentation process. The results of the research by Dede Sunaryo, Dadang and Lena Erdawati (2021) show that the perceptions of MSME actors about accounting have an influence on the use of financial reports.

H₁: Perceptions of the presentation of financial statements influence the preparation of SAK EMKM standard

financial statements

2.6 Accounting Knowledge

Accounting knowledge is very important for business actors. Accounting knowledge is needed in recording the accounting cycle of a business, especially in presenting financial reports in accordance with the Micro, Small and Medium Entity Financial Accounting Standards (SAK EMKM). As'adi and Achmad Nur Fuad Chalimi (2020) in their research stated that accounting knowledge made a positive contribution to the preparation of SAK EMKM standard financial reports. Based on this description, the alternative hypothesis is as follows:

H₂: Knowledge of accounting influences the preparation of SAK EMKM standard financial reports

2.7 Tax Compliance

Tax compliance is the awareness of taxpayers to carry out their tax obligations, starting from calculating, paying and reporting their taxes. To find out the amount of tax that must be paid and reported, business actors can find out through financial reports. Preparation of financial reports in accordance with SAK EMKM will provide accurate and real information on the company's financial condition, so that tax obligations that must be paid and reported can be known. Research by Dartini and Jati (2016) and Sumianto and Kurniawan (2015) shows that business actors who have good tax compliance will try to produce financial reports that will be used as a basis for preparing tax fiscal reports.

H₃: Tax compliance affects the preparation of SAK EMKM standard financial reports

3. Research methods

3.1 Population and Sample

This study uses a quantitative approach. The population in this study were all micro, small and medium enterprises (MSMEs) in the city of Surakarta trading cluster. Determination of the number of samples using the slovin formula to obtain 100 samples

3.2 Engineering data analysis techniques

Data analysis used in this research is using multiple linear regression analysis which is used to determine the effect between variables. There are three hypothesis testing techniques used in this study, namely the simultaneous regression test (F test), the coefficient of determination and the partial regression test (t test).

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information :

- Y = Preparation of Financial Statements
- α = Constant
- β_1 = Regression Coefficient of Perceptions of the presentation of financial statements
- X_1 = Perceptions of the presentation of financial statements
- β_2 = Regression Coefficient of Accounting Knowledge
- X_2 = Accounting knowledge
- β_3 = Regression Coefficient of tax compliance
- X_3 = tax compliance

4. Results and Discussion

4.1 Descriptive statistics.

Descriptive statistics are tests to see the quality of research data which is interpreted by looking at the minimum value, maximum value, average, and standard deviation of the sample. The results of the calculation of descriptive statistics are as follows:.

Table 2 : Statistical Descriptive Analysis

Variable	N	Minimum	Maximum	Means	St. Deviation
Perceptions of the presentation of financial statements	100	12	36	31,36	3.158
Accounting knowledge	100	16	48	38,43	6,330
MSME tax compliance	100	14	52	41.01	9,240
Preparation of SAK EMKM standard Financial Reports	100	15	44	35,25	4,502

Source: SPSS data processing results

The following is the result of calculating descriptive statistics from the table above:

1. The variable perception of financial statement review (X1) has a minimum value of 12 and a maximum value of 36 while the average value is 31.36 with a standard deviation of 3.158.
2. The accounting knowledge variable (X2) has a minimum value of 16 and a maximum value of 48. while the average value is 38.43 with a standard deviation of 6.330
3. The MSME tax compliance variable (X3) has a minimum value of 14 and a maximum value of 54. Meanwhile, the average value is 41.01 with a standard deviation of 19.240.
4. The variable of preparation of financial statements according to SAK EMKM standard has a minimum value of 15 and a maximum value of 44. Meanwhile, the average value is 35.25 with a standard deviation of 4.502.

4.2 Classic assumption test

1. Normality Test.

Table 3: One Sample Kolmogorov-Smirnov Test

Statistical test	asyp. Sig (2-tailed)	Information
0.062	0.200	Data is normally distributed

Source: SPSS data processing results

The results of the normality test show the value of Asymp Sig. (2-tailed) of $0.200 > 0.05$. This shows that the data in this study are normally distributed.

2. Multicollinearity Test

Table 4: Multicollinearity Test

Variable	Tolerance	VIF	Information
Debt Agreement	0.716	1,396	Multicollinearity Does Not Happen
Growth Opportunities	0.435	2,296	Multicollinearity Does Not Happen
Political Costs	0.539	1.855	Multicollinearity Does Not Happen

Source: SPSS data processing results

The results of the multicollinearity test above show that the independent variables have a tolerance > 0.10 and VIF < 10 . So it can be concluded that the data in the study are free from multicollinearity.

3. Autocorrelation Test.

Table 5: Autocorrelation Test

Asymp. Sig (2 tailed)	test values	Information
0.841	0.8915	There is no autocorrelation

Source: SPSS data processing results

The results of the autocorrelation test show the Asymp value. Sig (2 tailed) is greater than $0.841 > 0.05$ which means there is no autocorrelation in the regression equation.

4. Heteroscedasticity Test

Table 6: Heteroscedasticity Test

Variable	Sig.	Information
Perceptions of the presentation of financial statements	0.402	There is no Heteroscedasticity
Growth Opportunities	0.185	There is no Heteroscedasticity
Political Costs	0.290	There is no Heteroscedasticity

Source: SPSS data processing results

The heteroscedasticity test above shows that all independent variables in the study have sig values. which is more than 0.05 or 5%. So it can be concluded that the research data does not have heteroscedasticity

problems.

4.3 Multiple Linear Regression Test Results.

Table 7: Multiple Linear Regression Test Results.

Variable	Regression Coefficient (B)	St. Error	Q	Sig.
(Constant)	8,242	2,861	2,880	0.005
Debt Agreement	0.378	0.106	3,549	0.001
Growth Opportunities	0.145	0.68	2,134	0.035
Political Costs	0.233	0.42	5,563	0.000

Source: SPSS data processing results

The results of testing the linear regression model above show the regression equation as follows:

$$Y = 8.242 + 0.378 X_1 + 0.145 X_2 + 0.233 X_3 + e$$

- The constant value in this regression is 8.242 and is positive. The positive sign means that there is a direct influence between the independent and dependent variables. This shows that if all independent variables consisting of perceptions of financial statement presentation, accounting knowledge, and tax compliance of MSME actors do not change (X_1 , X_2 , and X_3 have a value of 0), then the variable value in the preparation of SAK EMKM standard financial reports is 8,242.
- The regression coefficient value for the perception variable on the presentation of financial statements is 0.378 or 37.8%. This means that if the perception variable on financial statements increases by 1%, the variable for preparing SAK EMKM standard financial statements will increase by 0.378 or 37.8% with the assumption that the other independent variables are considered fixed and constant.
- The regression coefficient value for the accounting knowledge variable is 0.145 or 14.5%. This indicates that if the accounting knowledge variable increases by 1%, the variable for preparing SAK EMKM standard financial statements will increase by 0.145 or 14.5% assuming that the variable the other independent is considered fixed and constant
- The regression coefficient value for the MSME tax compliance variable is 0.233 or 23.3%. This means that if the tax compliance variable for MSME actors increases by 1%, the variable for preparing SAK EMKM standard financial reports will increase by 0.233 or 23.3% with the assumption that the other independent variables are considered fixed and constant.

4.4 Model Accuracy Test Results

1. Simultaneous Significant Test (F Test)

Table 8: Simultaneous Significance Test (F Test)

dependent variable	F	Sig.	Information
Preparation of SAK EMKM Standard Financial Reports	51,436	0.000	Important

Source: SPSS data processing results

Based on the table above, it is known that the calculated F value is $51.436 > F$ table is 2.70 with a significance value of $0.000 < 0.005$. This shows that the variable perception of the presentation of financial statements, accounting knowledge, tax compliance of MSME actors simultaneously has a significant effect on the preparation of SAK EMKM standard financial reports .

2. Partial Test (T Test)

Table 9: Partial Test (T Test)

Variable	Q	Sig.	Information
Perceptions of presentation of financial statements	3,549	0.001	Hypothesis accepted
Accounting knowledge	2,134	0.035	Hypothesis accepted
Tax compliance of MSME actors	5,563	0.000	Hypothesis accepted

Source: SPSS data processing results

3. Determination Coefficient Test (R²).

The coefficient of determination (R²) measures how far the ability of the research model to apply the regression model in explaining the effect of the independent variables on the dependent variable. The results of the determination can be seen in the table below:

Table 10: Test of the Coefficient of Determination (R²).

R	R square	Adjusted R Square
0.785	0.616	0.604

Source: SPSS data processing results

Based on the table of the results of the coefficient of determination test above, it can be seen that the value of the coefficient of determination or R Square is 0.616 or 61.1%. It can be concluded that the variable perception of the presentation of financial statements, accounting knowledge, tax compliance of MSME actors simultaneously influences the variable preparation of SAK EMKM standard financial reports by 61.1%. While the remaining 38.9% (100% - 61.1% = 38.9%) were influenced by other causes outside the variables in this study.

4.5 Discussion.

1. The influence of perceptions on the presentation of financial statements (X1) on the preparation of financial statements according to SAK EMKM (Y)

Based on the results of the first hypothesis in the study which states that perceptions of the presentation of financial statements have a positive and significant effect on the preparation of SAK EMKM standard financial statements so that H1 is accepted. This is evidenced by the partial t test which has t count > t table which is equal to 3.549 and the value of Sig. < 0.05, namely 0.001, which means that perceptions of the presentation of financial statements have a positive and significant effect on the preparation of SAK EMKM standard financial reports

2. Effect of accounting knowledge (X2) on the preparation of financial reports according to SAK EMKM (Y)

Based on the results of the first test, it shows that accounting knowledge has a significant effect on the preparation of SAK EMKM standard financial reports, so that H2 is accepted. This is evidenced by the results of the t test > t table, which is 2.134 and the Sig. 0.035. Which means that the perception of the presentation of financial statements has a positive and significant effect on the preparation of SAK EMKM standard financial reports.

3. The influence of MSME tax compliance (X3) on the preparation of SAK EMKM standard financial reports (Y).

Based on the test, it shows that the tax compliance of MSME actors has a significant effect on the preparation of SAK EMKM standard financial reports, so that H3 is accepted. This is evidenced by the results of the t test for the accounting knowledge variable obtained 5.563 and the value of Sig. 0.000. Because t count > t table and Sig. < 0.05, then H1 is accepted, which means that the tax compliance of MSME actors has a significant effect on the preparation of SAK EMKM standard financial reports.

5. Conclusion

Based on the results and discussion of the research that has been carried out regarding the influence of perceptions on the presentation of financial statements, accounting knowledge, and tax compliance of MSME actors on the preparation of SAK EMKM standard financial reports in micro, small and medium enterprises trading clusters in Surakarta City, it can be concluded as follows:

1. The perception variable on the presentation of financial statements has a t value of 3.549 and a Sig. 0.001. Because t count > t table and Sig. < 0.05, then H1 is accepted. It can be concluded that the perception of the presentation of financial statements has a significant effect on the preparation of SAK EMKM standard financial reports in the trade cluster in the city of Surakarta.
2. The accounting knowledge variable has a calculated value of 2.134 and a Sig. 0.035. Because t count > t table and Sig. < 0.05, then H1 is accepted. It can be concluded that the perception of the presentation of financial statements has a significant effect on the preparation of SAK EMKM standard financial reports in the trade cluster in the city of Surakarta.

3. The tax compliance variable has a calculated t value of 5.563 and a Sig. 0.000. Because t count > t table and Sig. < 0.05, then H1 is accepted. It can be concluded that the perception of the presentation of financial statements has a significant effect on the preparation of SAK EMKM standard financial statements for the MSME trading cluster in the city of Surakarta.

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