

THE ROLE OF TAX ACCOUNTING ON TAX COMPLIANCE OF MICRO, SMALL, AND MEDIUM ENTERPRISES IN INDONESIA: A SYSTEMATIC LITERATURE REVIEW

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Abstract

This study aims to determine, assess, and combine the results of previous studies on how tax accounting influences tax compliance among MSMEs in Indonesia. Furthermore, this review aims to compare the influence of accounting understanding on compliance levels, the role of Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), and identify the most popular research methods and research gaps in current research.

This study employed the systematic literature review (SLR) method, which employs a structured, transparent, and comprehensive article review process. Using keywords related to tax accounting, tax compliance, and MSMEs in Indonesia from 2015 to 2025, the search was conducted using the SINTA database and Google Scholar. Of the 25 articles selected in the initial screening, the final 10 were deemed suitable for data extraction and thematic analysis.

The results show that improving tax compliance and the quality of MSME financial reports are highly dependent on the level of business actors' understanding of accounting and tax regulations. MSME SAK, supported by an internal control system, helps reduce the likelihood of tax calculation errors and provides better information. Methodologically, a quantitative approach with a cross-sectional survey design has been the basis of research over the past ten years. Despite the fact that consistent accounting understanding has a positive impact, there are differences in external factors, such as trust in tax officials. This suggests that the size of the tax rate is not the primary cause of low compliance.

Keywords: Tax Accounting, Tax Compliance, MSMEs, SAK EMKM, Systematic Literature Review.

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in maintaining the balance of the Indonesian economy. The importance of taxpayer compliance is evident in the role of taxes as the national backbone, maintaining the unity of the Indonesian nation and contributing the largest share of state revenue (Rakhmawati & Hariyanti, 2022). Data from the Ministry of Cooperatives and SMEs shows that the MSME sector contributes more than 60% to the national Gross

Domestic Product (GDP) and employs over 97% of the workforce. Given this role, tax compliance by MSME entrepreneurs is now fundamental, as taxes are a key instrument for state revenue, significantly supporting the sustainability of national development (Aliah et al., 2022).

However, the reality on the ground shows that tax compliance among MSMEs remains relatively low, a serious issue requiring attention. This phenomenon not only hinders the optimization of state revenues but also reflects obstacles in macroeconomic management. One of the dominant factors driving this low compliance is the limited capacity of business actors in accounting and taxation. Many MSMEs lack a grasp of the basic principles of financial record-keeping, thus challenging them to prepare valid and accurate financial reports in accordance with applicable tax regulations.

This problem is further exacerbated by MSMEs' limited access to adequate accounting education and training (Fachruddin & Aliah, 2023). Consequently, tax accounting is a crucial solution to help taxpayers perform regular calculations, recording, and reporting in accordance with regulations (Kurniawan et al., 2024). However, several studies have also shown that tax knowledge alone is insufficient to improve tax compliance without the support of an adequate system, such as the implementation of e-Filing and the use of a connected digital bookkeeping system. The effectiveness of using the e-Filing system itself is greatly influenced by taxpayers' perceptions of the usefulness of the system as well as the social influence of the surrounding environment which encourages the intention to comply (Rakhmawati & Rusydi, 2020).

Research on the role of tax accounting in MSME tax compliance is important for several reasons. First, MSMEs are a key sector in the national economy, so improving tax compliance in this sector has the potential to significantly contribute to state revenue. Second, there is still a gap between government-established tax policies and the ability of MSMEs to understand and implement them, particularly regarding tax accounting and reporting. Third, a structured scientific synthesis is needed through a Systematic Literature Review (SLR) approach to obtain a clear and comprehensive picture of the success of tax accounting in improving MSME tax compliance. Fourth, the SLR results are expected to serve as the basis for recommendations for the government, scientists, and experts in formulating policies, educational programs, and developing accounting and taxation systems that are more appropriate to the characteristics of MSMEs.

Based on the background description and the urgency of the research that has been explained, the focus of the problem in this Systematic Literature Review is formulated into the following points:

1. How big is the influence of MSME actors' understanding of accounting on their compliance in paying taxes when viewed from various previous research results?

2. Is the use of SAK EMKM standards and internal supervision truly effective in improving financial reports and making them more tax compliant?
3. What research models or methods have experts most frequently used when studying the world of accounting and taxation of MSMEs in Indonesia over the past ten years?
4. Of the many articles that have been discussed, which parts are still lacking or have not been researched so that they can become new ideas for future research?

2. METHODOLOGY

This study was compiled using the Systematic Literature Review (SLR) technique. This method was chosen to determine, assess, and combine research findings related to the role of tax accounting in influencing tax compliance of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. The SLR approach was chosen to ensure a structured, transparent, and comprehensive review process of relevant empirical studies. Two high-quality electronic databases were used in the article search: SINTA (Science and Technology Index) and Google Scholar. SINTA was used to obtain articles from accredited national journals that provide in-depth local insights, while Google Scholar was used as a supporting database to expand the scope of the search for scientific publications.

The article search was structured to capture empirical studies relevant to the research focus. The search strategy was developed by combining key terms representing key concepts in tax accounting, tax compliance, and the MSME sector. Boolean operators (AND, OR) and truncation techniques were applied to narrow and optimize the search results. The keywords used included combinations of Indonesian terms such as (“Tax Accounting” OR “Financial Recording”) AND (“Tax Compliance” OR “Taxpayer Compliance”) AND (“MSMEs” OR “Micro, Small, and Medium Enterprises”) AND “Indonesia.” In addition, the term “Financial Recording” was intentionally included to adapt to the context of MSMEs in Indonesia, where tax accounting practices are often closely related to the technical capabilities of business actors in recording financial transactions independently.

To ensure the quality and relevance of the articles analyzed, this study established inclusion and exclusion criteria as the basis for study selection. Inclusion criteria included empirical research articles with clear data and analysis results, published in scientific journals between 2015 and 2025, and focused on the MSME sector in Indonesia. Conversely, exclusion criteria were applied to eliminate non journal publications such as undergraduate theses, dissertations, conference proceedings, and books, as well as articles that were literature reviews or available only in abstract form.

The selection process involved several stages. In the initial selection stage, 25 articles were selected. Subsequently, a screening process was conducted based on titles and abstracts to exclude irrelevant studies, leaving 15 articles for full-text review. In-depth consideration at this stage focused on the validity of the empirical research methods and their suitability to Indonesian conditions. Through this transparent and structured procedure, 10 final articles were selected, deemed suitable for data extraction and thematic analysis in the next research stage.

3. FINDINGS AND DISCUSSION

3.1 Article Extraction Table

From the numerous references sought, we finally identified ten most relevant scientific works that form the core of this study. All key points from these studies, from what was studied, how they were studied, to the results obtained, are summarized in the table below:

Table 1. Data Extraction Result

| Author(s) | Research Focus | Research Method | Main Findings |
|---------------------|--|--|--|
| (Nisa et al., 2024) | The findings confirm that the quality of MSME financial reports in the Ponorogo region is highly dependent on three key factors: mastery of accounting theory, adherence to MSME SAK standards, and the existence of a control system within the business. All three have a significant positive impact. | Adopting a quantitative approach with questionnaire data collection techniques, the study focused on statistically examining how accounting practices are applied to MSMEs in Ponorogo | In essence, MSMEs in Ponorogo can produce excellent financial reports if their owners understand accounting and adhere to the Indonesian MSME Accounting Standards (SAK). Furthermore, proper oversight of their businesses will result in more organized and accountable financial records. |
| (Tel & Vonna, 2024) | This research focuses more on how tax accounting practices are implemented and what impact they have on | Descriptive quantitative with multiple linear regression analysis | The results show that tax accounting is crucial for MSMEs, enabling them to calculate taxes correctly. If they |

| Author(s) | Research Focus | Research Method | Main Findings |
|------------------------------|--|---|---|
| | MSMEs so that they are more disciplined in paying taxes. | on 96 MSME respondents. | understand how to record their finances, they will no longer be afraid to pay taxes and will be more compliant with government regulations. |
| (Sumianto & Kurniawan, 2015) | Finding out whether small business owners truly understand how to record their finances in accordance with applicable accounting standards (SAK EMKM). | Quantitative survey with purposive sampling technique (100 respondents) and multiple regression analysis. | Accounting knowledge and understanding of tax regulations have been shown to increase compliance, but transparency in financial governance has not been shown to have an impact on entrepreneurs in Yogyakarta. |
| (Pangkey et al., 2024) | Studying the influence of tax knowledge, ease of paying taxes, and the existence of sanctions on the desire of MSMEs to comply with paying taxes. | Quantitative through a questionnaire survey to 46 culinary MSME owners in Tondano City. | Mastery of accounting principles and the use of technology together will strengthen tax compliance of business actors in Tondano City. |
| (Sidabutar et al., 2023) | Assessing how understanding of tax regulations and the existence of a digital tax application system influences the desire of small business owners to | Quantitative with a questionnaire approach on 103 respondents through the convenience sampling method. | Proficient accounting knowledge and expert use of financial information have a positive relationship to tax compliance in Deli Serdang Regency. |

| Author(s) | Research Focus | Research Method | Main Findings |
|----------------------------|---|--|---|
| | be more honest and orderly in paying taxes. | | |
| (Ramadani et al., 2025) | Assessment of tax accounting treatment and synchronization of financial reports based on SAK EMKM and PP No. 55 of 2022 at UD Kembar Jaya. | Descriptive quantitative through documentation studies, transaction observations, and in-depth interview techniques. | Implementation of accounting standards is important to minimize the risk of tax calculation errors and ensure compliance with the latest regulations at UD Kembar Jaya. |
| (Sintiawati et al., 2025) | To see whether mastery of accounting knowledge and the use of accounting information systems can truly improve the quality of MSME financial reports. | Quantitative with simple linear regression analysis on a sample of 134 respondents. | Understanding of tax accounting provides an application of 71.9% towards taxpayer compliance at the research location in the Telanaipura region. |
| (Putri & Feriansyah, 2025) | Analysis of the relationship between understanding of tax accounting and tax compliance based on the Theory of Planned Behavior in Mataram. | Associative quantitative using simple linear regression with a sample of 100 MSME actors in Mataram. | Understanding tax accounting plays an important role in encouraging sustainable tax compliance behavior in Mataram. |
| (Firmansyah et al., 2022) | The success of tax accounting in overcoming obstacles to financial reporting of MSMEs in Malinau Regency. | Online understanding based community service (interactive lectures and discussions). | Structured understanding can reduce public doubts regarding bookkeeping and tax reporting |

| Author(s) | Research Focus | Research Method | Main Findings |
|-----------------------|--|--|--|
| | | | obligations in Malinau Regency. |
| (Trida & Jenni, 2020) | Analysis of the implementation of NPWP compliance: A study of aspects of accounting understanding, system trust, and economic factors in Tangerang City. | This research uses a quantitative approach, namely by collecting answers from MSME owners through questionnaires and then processing the data. | The results show that the more knowledgeable a person is in accounting and the more familiar they are with tax regulations, the more likely they are to comply. In conclusion, education on financial record keeping and tax regulations is paramount for business owners. |

Source: Secondary Data (2025)

3.2 ANALYSIS OF FINDING PATTERNS

Overall, research trends confirm that the key to improving tax compliance and the quality of financial reports for MSMEs in Indonesia lies in their understanding of accounting and tax regulations. When business owners possess specialized skills for regular bookkeeping, information gaps can be avoided, significantly reducing the risk of miscalculations in tax payments.

The creation of transparent financial management is rooted in a combination of the use of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) and effective internal oversight. This situation demonstrates that the real problem in maximizing MSME tax revenues is not high rates, but rather the difficulty of presenting accurate and administratively valid financial data. On the other hand, the presence of information technology helps business owners more quickly follow the latest tax regulations, ultimately creating a more modern and legally compliant work environment.

3.3 COMPARISON OF RESEARCH FINDINGS

Based on a comparison of various studies, it appears that an understanding of accounting and tax regulations is a key factor consistently driving business owners' compliance and improving the quality of their financial reports (Nisa et al., 2024);(Tel & Vonna, 2024);(Putri & Feriansyah, 2025). This demonstrates that the success of tax

administration at the national level depends heavily on the skill of business owners in managing their own bookkeeping.

However, the influence of external factors on the organization has yielded inconsistent results. For example, some studies suggest that transparency in financial management has little impact (Sumianto & Kurniawan, 2015). Conversely, other findings confirm that regulations regarding tax rates and the reliability of the tax system significantly influence compliance levels (Trida & Jenni, 2020). These disparities in results demonstrate that motivation for tax compliance in the field is strongly influenced by regulatory dynamics and how business actors perceive risk within each tax office. Furthermore, accounting standards are often applied solely to meet tax reporting requirements, rather than as a basis for key corporate decisions (Ramadani et al., 2025).

3.4 DOMINANT METHODS USED

In terms of the methods used, research over the past ten years has been dominated by quantitative approaches, using cross-sectional survey designs. This approach was taken to concretely demonstrate how the factors studied are interrelated. In the primary data collection process, a questionnaire with a Likert scale is often the preferred tool. This aims to convert business owners' personal perspectives on accounting understanding and tax compliance into precise figures that can be analyzed measurably.

When selecting research participants, experts generally employ non-random sampling techniques, but rather based on specific criteria. For example, only businesses with official taxpayer permits are selected as respondents. Some studies also divide participant groups so that every business level, from the smallest to the medium-sized, receives equal representation. To test the validity of the proposed model, data processing software such as SPSS or SmartPLS remains the primary choice. The analysis typically focuses on testing basic statistical requirements and analyzing causal relationships. The goal is to measure the impact of bookkeeping skills on various real-world tax compliance measures.

3.5 INCONSISTENCIES / RESEARCH GAPS

The numerous studies that have been conducted have shown inconsistent results, particularly regarding the influence of external factors on MSME tax compliance. Trust in tax officials and system clarity often yield different results from one study to another. This contrasts with accounting skills, whose influence is always clearly and consistently evident. This reality suggests that tax compliance is not simply a matter of understanding the rules, but also depends heavily on how business owners perceive the honesty of officials in the public sphere. Given these discrepancies, future research opportunities remain wide open. Future research could focus on exploring other factors, such as workplace culture or the social aspects of taxation, to better understand the dynamics of compliance.

3.6 RESEARCH GAP AND IMPLICATIONS

Observations of various existing studies reveal significant inconsistencies, particularly in how environmental and social factors influence MSME tax compliance. While it's true that understanding accounting consistently has a positive impact, other factors, such as trust in tax officials, yield varying results across regions. This is because the research model used to date has been too rigidly administrative, failing to capture the social and behavioral aspects of business actors, which are actually quite dynamic and adapt to regional policies.

Theoretically, the findings of this research support the idea that a person's behavior is influenced by intentions and the presence of certain pressures (Theory of Planned Behavior and Theory of Deterrence). In the real world of Indonesia, mastering basic accounting and tax regulations serves as a key asset, making business owners feel more prepared to file taxes. Furthermore, the threat of fines or sanctions not only serves as a coercive tool but also serves as a catalyst for them to learn to organize their bookkeeping independently.

For further development, it would be beneficial for future researchers to focus not solely on numbers but instead use in-depth (qualitative) interviews to understand the psychological reasons behind the effectiveness of tax transparency. Furthermore, research areas need to be expanded beyond Java to provide a more equitable picture of MSME challenges. Research should also shift its focus to the role of digital technology and work culture in alleviating anxiety or reluctance to file taxes. Finally, an evaluation of whether government assistance programs are truly effective in maintaining long-term tax compliance is also urgently needed

4. CONCLUSION

This Systematic Literature Review (SLR) study revealed that the primary foundation for improving the quality of financial reports and tax compliance of MSMEs in Indonesia rests on mastery of accounting and an understanding of tax regulations. The review findings illustrate that the implementation of MSME Financial Accounting Standards (SAK) standards, coupled with strict external oversight, serves not only as a governance tool but also as a means of transparency, narrowing the information gap between entrepreneurs and tax officials. Overall, these findings emphasize that poor tax compliance is primarily driven by a lack of expertise in preparing valid bookkeeping, rather than by high tax rates.

From a scientific perspective, this review provides valuable insights into the development of public sector tax and accounting behavioral research by presenting concrete evidence on the application of the Theory of Planned Behavior (TPB) to small businesses. In addition to examining the relationship between accounting technology utilization and tax discipline, it also reveals a gap between management theory and the reality of its implementation, which is currently still incompletely connected. This

overview is expected to enable future research to develop a more comprehensive compliance model by integrating aspects of bookkeeping implementation, social aspects, and public policy within a growing economic context

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