



Research Paper

Millennial Taxpayer Compliance in Small Medium Micro Enterprises (MSMEs)

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ABSTRACT: This study aims to examine the effect of tax literacy and perceptions of financial condition on millennial taxpayer compliance, micro small and medium enterprises (MSMEs) in Bogor City with millennial taxpayer awareness as a moderating variable. The research was conducted in Bogor City by distributing questionnaires to 100 respondents to millennial MSME taxpayers. The research variables were tested using SEM-PLS (Structural Equation Modeling – Partial Least Squares) through SmartPLS 3.0 software. The results of this study indicate that: (1) Tax literacy has a positive and significant effect on Millennial MSME Taxpayer Compliance (2) Financial condition perception does not have a positive effect on MSME millennial taxpayer compliance (3) Millennial taxpayer awareness does not can moderate the effect of tax literacy on millennial taxpayer compliance (4) Millennial taxpayer awareness can moderate the effect of perceived financial condition on millennial MSME taxpayer compliance.

KEYWORDS: Tax Literacy, Perception of Financial Condition, Millennial Taxpayer Awareness, Millennial MSME Taxpayer Compliance

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I. INTRODUCTION

Indonesia as a developing country that does not stop doing development in all fields aims to advance the welfare of the people. One of the efforts made is to explore and optimize sources of state income derived from community contributions through the obligation to pay taxes. In the posture of the 2020 State Revenue and Expenditure Budget (APBN), the realization of tax revenues was recorded as contributing 89% percent of the APBN target. As for the data, it is stated that tax revenues have not been able to realize the targets that have been set.

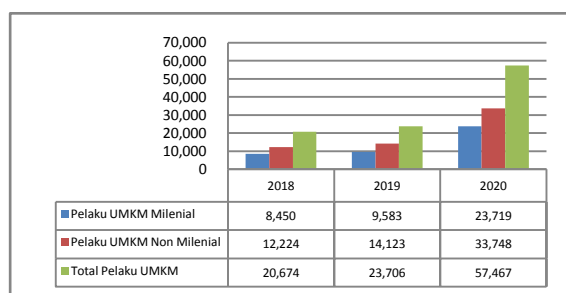
Table 1.1 Proportion of 2016-2020 Tax Revenue Reports (In Trillion Rupiah)

Year	Target	Realization	Percentage
2016	1,355.20	1,105.73	81.59%
2017	1,283.57	1,151.03	89.67%
2018	1,424.00	1,315.51	92.38%
2019	1,577.56	1,332.06	84.44%
2020	1,198.82	1,069.98	89.25%

Source: Tax Directorate General

In the table above, it can be concluded that the data on Realization of Tax Revenue in the APBN in the last five years has not been able to realize the targets that have been set. Tax revenues are still below the target, one of which is due to the lack of public participation in carrying out their tax obligations.

The development of micro, small and medium enterprises (MSMEs) has recently become interesting and much discussed considering the large number of people who have turned to the MSME sector, especially since the Covid-19 pandemic occurred.



Source: Office of Micro, Small and Medium Enterprises.

Figure 1.1 Growth of MSMEs in 2018 – 2020.

Figure 1.1 shows that the growth of MSMEs shows an increase every year, none other than as a result of the Covid-19 pandemic which resulted in most of them turning into MSME actors due to reduced job opportunities in the formal sector. The Covid-19 pandemic also brings opportunities for the emergence of entrepreneurs or young MSMEs who use digital technology, the number of millennials participating in developing their ideas in building small businesses, so that large businesses can become big potentials to build the economy. Of course, it can be a big potential to build the economy so it is hoped that millennials can raise the trend to be aware of taxes.

The number of MSME taxpayers continues to increase every year. However, the level of tax compliance of MSME taxpayers has not been maximized, the article continues to decline from 2018 to 2020 so that there are still many taxpayers who have not complied with their obligations as taxpayers. This indicates that the level of compliance of MSMEs in fulfilling their obligations still tends to be low.

The government continues to strive so that state revenues through the tax sector can increase continuously. Various regulations have been issued, one of which is Government Regulation Number 23 of 2018 concerning income tax from businesses received or obtained by taxpayers who have a certain gross turnover which states that the Final Income Tax (PPh) rate is reduced to 0.5% for MSMEs with a turnover of 0.5% gross for a year not more than Rp 4.8 billion. The launch of the 0.5% Final Income Tax (PPh) rate, it is hoped that MSME actors can play a more active role in contributing to state revenues through tax payments and are expected to be able to encourage small businesses to develop into large businesses.

Tax literacy is thought to be a crucial factor affecting the level of tax compliance in a collection system that implements self-assessment. As well as making the Taxpayer Identification Number (NPWP), filling out the Annual Tax Return (SPT) correctly and honestly. This means that an understanding of taxes is needed in order to succeed in the potential for tax collection in the MSME sector.

Based on the results of research conducted by (Fitria, 2017) shows that the understanding of taxation owned by taxpayers will affect taxpayer compliance if their understanding of taxation is good. This is in line with research conducted by (Sari, 2019) which states that tax literacy has a positive and significant effect on MSME taxpayer compliance in Semarang City. However, it is inversely proportional to research conducted by (Yuliati & Fauzi, 2020) that tax literacy and service quality have no significant effect on MSME taxpayer compliance.

Another factor that influences the tax compliance of millennial taxpayers is the perception of financial condition. In terms of tax collection to a person, of course, one must look at the ability of the taxpayer, one of which is the ability of the taxpayer to see one's financial condition. The perception of financial condition is one of the relevant factors to see taxpayer compliance, because the financial condition they have will affect people's behavior to comply or not comply in paying tax obligations. Therefore, taxes must be collected at the right time, namely when the taxpayer has income in accordance with the stipulated provisions.

According to research conducted by (Adhimatra & Noviani, 2018) states that tax compliance can also be influenced by the financial condition of the taxpayer. The results of this study are in line with research conducted by (Prayatni & Jati, 2016) which proves that financial conditions have a positive effect on tax compliance. But it is different from the results of research conducted by (Antika et al., 2020) which states that financial conditions have no effect on MSME taxpayer compliance.

This study focuses on MSME millennial taxpayer compliance which is indicated to be still low. In this study, millennial taxpayer compliance is more focused on the effect of tax literacy, perception of financial condition and awareness of millennial taxpayers as moderating. It was chosen because previous studies showed

inconsistent effects, so further research is needed. Based on the problems in the research, the objectives to be achieved are: (1) To prove whether tax literacy can affect MSME millennial taxpayer compliance (2) To prove whether the perception of financial condition can affect MSME millennial taxpayer compliance (3) To test whether millennial taxpayer awareness can moderate the effect of tax literacy on millennial MSME taxpayer compliance (4) To test whether millennial taxpayer awareness can moderate the influence between perceptions of financial condition on millennial MSME taxpayer compliance.

II. LITERATURE STUDY AND HYPOTHESES DEVELOPMENT

Tax literacy can be interpreted as a person's knowledge or ability to read information about taxes, understand the information and follow up on the information he has through a decision. Good knowledge of general provisions in the field of taxation, types of applicable taxes, tax rates to the ability to calculate, record and report taxes. People as taxpayers should have a good level of tax literacy, because in carrying out their obligations as taxpayers, people are required to understand the tax itself.

In line with this, the existence of the millennial generation is very important to support this goal. Because the millennial generation grew up in the era of technological advancement, it is easier for millennial taxpayers to get information about taxes, functions and tax benefits with the technology they have. So that with a high level of tax literacy from millennial taxpayers, it will make it easier for millennial taxpayers to understand what the functions and benefits of taxes are for their lives, and with good knowledge and understanding, millennial taxpayers will find it easier to carry out their obligations as taxpayers. .

Based on research from (Yuliati & Fauzi, 2020) in their research, it is concluded that Tax Literacy has no significant effect on MSME taxpayer compliance. Meanwhile, research conducted by (Sari, 2019) concluded that tax literacy has a positive and significant effect on MSME taxpayer compliance in Semarang City.

H₁ : Tax literacy has a positive effect on MSME millennial taxpayer compliance

Financial condition is one of the important factors in determining whether or not to comply with tax payments, because in complying with tax regulations, the taxpayer's financial condition will pressure companies to report their taxes. If a taxpayer is in a low financial condition, he has a more tendency to be disobedient in paying his tax obligations than if the taxpayer is in good financial condition. This shows that the taxpayer's compliance behavior to fulfill his tax obligations depends on the good and bad financial condition of the taxpayer. Therefore, the perception of financial condition is one of the relevant factors to see taxpayer compliance, because the financial condition they have will affect the behavior of people to comply or not comply in paying tax obligations.

Based on research from (Inayati & Fitria, 2019) in his research resulted in the conclusion that the financial condition variable has a positive effect on taxpayer compliance. This is because the ups and downs of financial conditions can affect whether or not taxpayers comply with their obligations.

H₂ : Perception of financial condition has a positive effect on MSME millennial taxpayer compliance

Tax awareness of a taxpayer can be seen from the seriousness and desire of a taxpayer to fulfill his tax obligations which is shown in the understanding of the taxpayer. The lack of awareness of taxpayers in paying taxes, cannot be separated from the tax literacy factor itself. Because even though the taxpayer has a high level of tax literacy, if this is not supported by the awareness to fulfill the obligation to pay taxes within the taxpayer, the level of compliance of the taxpayer tends to be low, and vice versa.

Based on research conducted by (Jaya, 2019) The higher the awareness level of taxpayers, the better understanding or tax literacy and implementation of tax obligations, so as to increase taxpayer compliance.

H₃ : Millennial taxpayer awareness strengthens the positive relationship between tax literacy and MSME millennial taxpayer compliance

The perception of a person's financial condition may positively or negatively affect his willingness to comply with his tax provisions regardless of the relationship between taxpayer compliance with tax awareness. Because taxpayers who have low or high financial conditions will tend to escape. So a person's financial condition may positively or negatively affect his willingness to consciously or consciously pay taxes and comply with taxes. Because even though the taxpayer has a good level of financial condition, but if this is not supported by the awareness to fulfill the obligation to pay taxes within the taxpayer, the level of compliance of the taxpayer tends to be low, and vice versa. The perception of the financial condition of a millennial taxpayer with a good level of financial condition is expected to be supported by high tax awareness within the taxpayer, so that it can motivate taxpayers to carry out their tax obligations.

Based on research conducted by (Sulastri et al., 2016) which states that the perception of personal financial condition affects the willingness to pay taxes on private taxpayers who do independent work. This means that, with good financial conditions or not, it can moderate the relationship between taxpayer awareness and taxpayer compliance.

H₄ : Awareness of millennial taxpayers strengthens the positive relationship between perceptions of financial condition and MSME millennial taxpayer compliance.

Based on the relationship between the variables above, it can be concluded that tax literacy and the financial condition of a millennial taxpayer are thought to have a considerable influence on millennial MSME tax compliance with millennial taxpayer awareness as the moderating variable. Therefore, having an awareness of the importance of taxes and balanced with tax literacy and having a good perception of financial condition is expected to increase compliance in carrying out tax obligations.

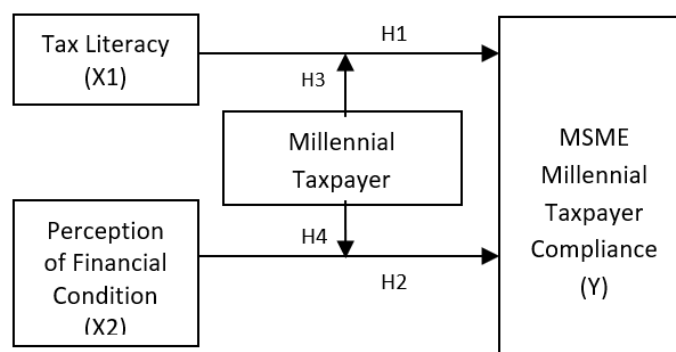


Figure 2. 1 Thinking Framework Diagram

III. RESEARCH METHODS

This research is a verification research with explanatory survey method regarding the effect of tax literacy and perception of financial condition on MSME millennial taxpayer compliance with millennial taxpayer awareness as a moderating variable. This research is also categorized as descriptive research. Descriptive method is a method that aims to systematically describe facts, population characteristics, or certain fields. The types of data in this research are primary data and secondary data. Primary data was obtained through distributing questionnaires to MSME millennial taxpayers who run their business and secondary data obtained through existing information sources, such as books, journals, previous research, internet media in terms of taxation, as well as official websites related to research problems. . Sampling using purposive sampling technique that is selected according to predetermined criteria. The criteria used are:

- 1) Millennial Generation MSME Taxpayers belonging to those born in the 1980s to 2000s who are in .
- 2) Millennial MSME Taxpayers or Millennial business owners with a gross turnover of less or equal to Rp. 4.8 billion per year.

The measurement scale used in this study is the Likert scale, with data measurement using a Likert scale from points 1 to 4, which measures strongly disagree, disagree, agree and strongly agree. The data analysis method used descriptive statistical analysis and partial least squares consisting of the outer model and inner model. The outer model is used to assess the validity and reliability of the model. Inner model is used to predict causality between latent variables. The outer model consists of two components, namely convergent validity and composite reliability. Meanwhile, to test the evaluation of the structural model (inner model), the r-square value was used, and to see the significance value to determine the effect between variables, the bootstrapping procedure was carried out in the SmartPLS program.

IV. RESULTS AND DISCUSSION

A year being less than Rp. 500,000,000 which is based on the latest regulation, namely the Law on Harmonization of Tax Regulations (UU HPP), one of the policies of the HPP Law states that the existence of Non-Taxable Income (PTKP) for WP OP MSMEs whose turnover is below 500 million rupiah per year. This is evidenced by the fact that 55% of respondents do not have a TIN, which shows the low awareness of MSME actors about their tax obligations.

Categorization of Respondents' Responses

The average category of respondents' response scores can be calculated as follows:

- a) 1.00 to 1.74 = Very Low
- b) 1.75 to 2.49 = Low
- c) 2.50 to 3.24 = High
- d) 3.25 to 4.00 = Very High

Table 4.2 Categorization of Respondents' Responses

No	Variabel	Mean	Criteria
1	Tax Literacy	2,54	High
2	Perception of Financial Condition	3,16	High
3	Millennial Taxpayer Awareness	3,12	High
4	MSME Millennial Taxpayer Compliance	2,94	High

Source: Primary Data Processed (2022)

From the results of descriptive statistical analysis based on the category of respondents' answers, it can be seen that the average value of each research variable has been categorized as high, the average value ranges from 2.50 to 3.24. However, if viewed from the table of respondent characteristics, it is still found that quite a lot of millennial MSME taxpayers do not yet have a TIN, so this illustrates that millennial business actors have not fully complied with their tax obligations.

Structural Equation Model (SEM) Testing

The main analytical method used in this research is the Structural Equation Model (SEM). Testing is done with the help of SmartPLS 3.0 software which includes Outer Model, Inner model and hypothesis testing.

Uji Outer Model

The measurement model for validity and reliability tests can be seen in the following figure:

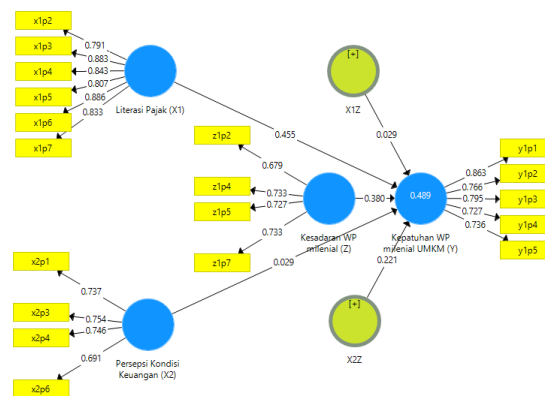


Figure 4.1 PLS Algorithm . Output Results Display

Validity testing is used to validate whether each indicator used to measure the latent variable has a good level of validity. Validity test is done by looking at the loading factor value which is the output of SmartPLS. Individual reflexive measure is said to be high if it is correlated 0.70 with the construct being measured. However, for research in the early stages of developing a measurement scale, the loading value of 0.5 to 0.6 is considered sufficient. In this study, a loading factor limit of 0.60 will be used and not all indicators contained in this questionnaire are valid. So, the invalid indicator must be dropped out of the measurement.

Convergent Validity

The table below is the result of the convergent validity test used in the research:

Table 4.3 Convergent Validity Test Results

Variabel	Indikator	Loading Factor	Ket.
Tax Literacy	X1P2	0.791	Valid
	X1P3	0.883	Valid
	X1P4	0.843	Valid
	X1P5	0.807	Valid
	X1P6	0.886	Valid
	X1P7	0.833	Valid
Perception of Financial Condition	X2P1	0.737	Valid

	X2P3	0.754	Valid
	X2P4	0.746	Valid
	X2P6	0.691	Valid
Millennial Taxpayer Awareness	Z1P2	0.679	Valid
	Z1P4	0.733	Valid
	Z1P5	0.727	Valid
	Z1P7	0.733	Valid
MSME Millennial Taxpayer Compliance	Y1P1	0.863	Valid
	Y1P2	0.766	Valid
	Y1P3	0.795	Valid
	Y1P4	0.727	Valid
	Y1P5	0.736	Valid

Source: Data processing with Smart PLS, 2022

The table above shows the value of the outer model or the correlation between constructs and variables that have met convergent validity because it has a loading factor value of 0.60, where several indicators have been eliminated because they do not meet convergent validity with a loading factor value > 0.60 after elimination of several variables, the conclusion is that the construct for all variables can be used to test the hypothesis.

Composite Reliability

The validity and reliability criteria can also be seen from the reliability value of a construct and the Average Variance Extracted (AVE) value of each construct. The construct is said to have high reliability if the value is 0.70 and the AVE is 0.50.

Table 4.4 Composite Reliability Test Results

Variabel	Composite Reliability	Average Variance Extracted	Ket.
Tax Literacy	0.935	0.708	Realibel
Perception of Financial Condition	0.822	0.536	Realibel
Millennial Taxpayer Awareness	0.810	0.516	Realibel
MSME Millennial Taxpayer Compliance	0.885	0,607	Realibel

Source: Data processing with Smart PLS, 2022

Based on the table above, it can be concluded that all constructs meet the reliable criteria, this is indicated by the composite reliability value 0.70 and AVE 0.50 as recommended criteria.

Inner Model

The structural model in PLS is evaluated using 2 for the dependent variable and the path coefficient value for the independent variable which is then assessed for significance based on the t-statistic value of each path. The structural model of this research can be seen in the following figure:

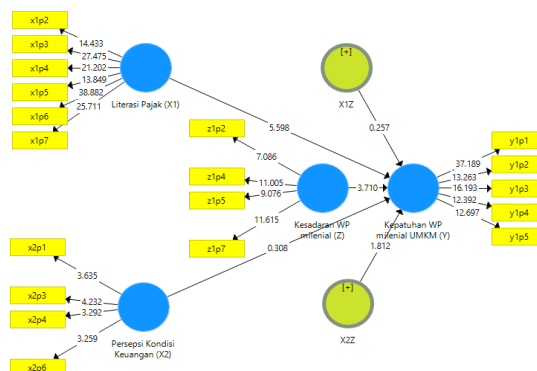


Figure 4.2 Structural Output Display, 2022

Determination Test (R2)

Table 4.5 Determination Test Results 2

Variabel	R-Square	Adjusted R-Square
MSME Millennial Taxpayer Compliance	0.489	0.462

Source: Data processing with Smart PLS, 2022

From the table above, it can be seen that the adjusted R-Square value for the MSME Taxpayer Compliance variable is 0.462, which means this variable can be explained by the independent variable, namely tax literacy, perception of financial condition and by the moderating variable, namely millennial taxpayer awareness of 0.462 or 46%. and the remaining 54% is influenced by other variables not included in this study.

Hypothesis testing

Hypothesis testing is done by bootstrapping technique. The data used for bootstrapping is data that has been carried out in the Measurement stage. Hypothesis testing is included in the Structural Model and shows the relationship that has been hypothesized with simulation practice. This bootstrapping test also aims to determine the direction of the relationship and the significance of the relationship of each latent variable. Hypothesis testing is done by comparing the t-statistic or t-count that has been determined. The t-count generated in the bootstrapping test must be greater than the one-tailed t-table, namely 1.65 with a significance level of 5% or p value of 0.05 (Hair et al. 2017: 320).

Table 4.6 Path Coefficients Test Results

Konstruk	Original Sample	T - Statistic	P -Value
Tax Literacy (X1) > MSME Millennial Taxpayer Compliance (Y)	0.455	5.598	0.000
Perception of Financial Condition (X2) > MSME Millennial Taxpayer Compliance (Y)	0.029	0.308	0.379
Millennial WP Awareness (Z) > MSME Millennial WP Compliance (Y)	0.380	3.710	0.000
X1*Z > MSME Millennial WP Compliance	0.029	0.257	0.399
X2*Z > MSME Millennial WP Compliance	0.221	1.812	0.035

Source: Data processed using SmartPLS 3.0 (2022)

1. The results of hypothesis testing using SmartPLS show that the original sample value on tax literacy on MSME millennial taxpayer compliance is 0.455. The significance level is 5%, this is indicated by the p-value less than 0.05, which is 0.000 and the t-statistic value of 5.598 > 1.65, so it can be concluded that the tax literacy variable has a positive effect on MSME millennial taxpayer compliance. . The high level of tax literacy owned by millennial taxpayers will also have an impact on the high compliance of millennial MSME taxpayers. Thus Hypothesis 1 is accepted.
2. The results of hypothesis testing using SmartPLS show that the original sample value on the perception of the taxpayer's financial condition on millennial taxpayer compliance is 0.029. The significance level is more than 5%, this is indicated by the p-value exceeding 0.05, which is 0.379 and the t-statistic value is only 0.308 < 1.65, so it can be concluded that the variable perception of financial condition has no effect on taxpayer compliance. Millennial SMEs. This means that a good financial condition does not guarantee that taxpayers will obey and obey their obligations in paying taxes. This means that Hypothesis 2 is rejected.
3. The results of hypothesis testing using SmartPLS show that the original sample value of tax literacy on millennial MSME taxpayer compliance moderated by millennial taxpayer awareness is 0.029. With a significance level of more than 5%, this is indicated by the p-value exceeding 0.05, which is 0.399 and the

t-statistic value is only $0.257 < 1.65$, which means that it can be concluded that the awareness of millennial taxpayers cannot strengthen the relationship between tax literacy. towards millennial MSME taxpayer compliance. Then Hypothesis 3 is rejected.

4. The results of hypothesis testing using SmartPLS show that the original sample value on the perception of financial condition on millennial MSME taxpayer compliance moderated by millennial taxpayer awareness is 0.221. With a significance level of 5%, this is indicated by a p-value of less than 0.05, which is 0.035 and a t-statistic value of $1.812 > 1.65$, which means that millennial taxpayer awareness can strengthen the relationship between perceptions of financial condition and taxpayer compliance. MSME millennial tax. This means that Hypothesis 4 is accepted.

V. DISCUSSION

Tax Literacy on Taxpayer Compliance Millennial Micro, Small and Medium Enterprises (MSMEs)

Based on the results of hypothesis testing using SmartPLS, it shows that tax literacy has a positive effect on millennial MSME taxpayer compliance. The direction of the influence of the two variables is positive, which means the better the level of tax literacy, the higher the level of compliance of millennial MSME taxpayers.

With a high level of tax literacy will make someone better understand what the functions and benefits of taxes are for life. Because the tax literacy that a person has will affect that person's actions. Millennial taxpayers can learn by observing tax systems and regulations that continue to change from time to time by making direct observations and experiences so that they become the basis for millennial taxpayers to choose to behave obediently or not. With the existence of millennials who are growing in the era of technological progress, it is easier for millennial taxpayers to get information about taxes, so that the level of tax literacy owned by millennial taxpayers will make it easier for millennial taxpayers to carry out their obligations as taxpayers.

The results of this study are in line with the results of research conducted (Musfira, 2021) which shows that the level of tax literacy has a significant positive effect on taxpayer compliance. And the results of this study are also in line with research conducted by (Sari, 2019) which states that tax literacy has a positive and significant effect on MSME taxpayer compliance in the city of Semarang, as a taxpayer it is necessary to have a good level of tax literacy, because in carrying out obligations as taxpayers, the public is required to understand the tax itself because with good knowledge and understanding, taxpayers will find it easier to carry out their obligations as taxpayers.

Perception of Financial Condition on Millennial Micro, Small and Medium Enterprises (MSME) Taxpayer Compliance

Based on the results of hypothesis testing using SmartPLS, it shows that the perception of taxpayers' financial condition has no effect on millennial MSME taxpayer compliance. That is, whether or not the financial condition is stable does not make taxpayers comply with their tax obligations.

The results in this study are in line with the research results of Mudiarti et al (2020) which state that financial conditions have no effect on taxpayer compliance. Riskillah et al (2022) state that the high financial condition of taxpayers is not an internal factor that will shape aspects of individual behavior to carry out obligations in compliance with taxation. This is because taxpayers are still considering their financial situation or even trying to avoid paying taxes. This situation means that even though the financial condition of millennial taxpayers is improving and stable, it does not guarantee or make the millennial taxpayers act obediently and obediently in paying taxes, because whether or not the taxpayer complies is based on awareness that comes from within the taxpayer.

Millennial Taxpayer Awareness Moderates the Relationship between Tax Literacy and Millennial Taxpayer Compliance Micro, Small and Medium Enterprises (MSMEs)

Based on the results of hypothesis testing using SmartPLS, it shows that millennial taxpayer awareness is not able to moderate the effect of tax literacy on millennial MSME taxpayer compliance.

Tax awareness owned by millennial taxpayers can be said to be quite high, as seen from the results of the analysis of respondents' responses, the average value is 3.12. However, the high and low tax literacy of millennial taxpayers who are respondents in this study does not guarantee that these taxpayers behave

obediently and obey their tax obligations as long as they are reluctant to fulfill their tax obligations, because in reality paying taxes is not a very easy action, and simple for millennial entrepreneurs. In its implementation, it is full of emotional things because basically no one will enjoy paying taxes like shopping.

Another thing that can reduce awareness in paying taxes is that millennial MSME managers feel that they are still burdened with additional costs other than production costs and meeting high living needs and millennial taxpayers cannot see the effectiveness of tax allocation and distribution. Taxpayers can comply with their obligations in paying taxes to the State, if the government makes policies that can change people's thinking that paying taxes is not burdensome and does not make it a burden. This is in line with Sari's research (2019) which states that the effect of tax literacy on taxpayer compliance cannot be moderated by taxpayer awareness.

Millennial Taxpayer Awareness Moderates the Relationship between Perception of Financial Condition on Millennial Taxpayer Compliance, Micro, Small and Medium Enterprises (MSMEs)

Based on the results of hypothesis testing using SmartPLS, the results of this study indicate that the moderating variable of millennial taxpayer awareness strengthens the positive relationship between perceptions of financial condition and millennial MSME taxpayer compliance.

Perception Financial conditions greatly affect the payment of taxes. Obedience of taxpayers can be viewed from their financial condition, good financial condition is an internal factor that will shape aspects of individual behavior, namely taxpayer compliance. If there are internal factors, namely financial conditions, it will result in behavior arising from taxpayers. The higher the income of the taxpayer, the better the financial condition so that it will lead to the obedient attitude of the taxpayer in fulfilling their tax obligations. The most decisive thing in the success of tax collection is the willingness of taxpayers to carry out their obligations. The awareness of the taxpayer here is very important because with the awareness of the taxpayer himself, the tax obligation will be carried out. Therefore, taxpayer awareness is able to contribute and have a positive influence on financial condition on taxpayer compliance

The results of this study are in line with research conducted by (Yasa & Jati, 2017) which states that the variable of taxpayers' financial condition strengthens the relationship between taxpayer awareness and compliance with motorized vehicle taxpayers, with good or bad mandatory financial conditions can moderate the relationship between taxpayer awareness on motor vehicle tax compliance. And (Sulastri et al., 2016) also states that the perception of personal financial condition affects the willingness to pay taxes on private taxpayers who do independent work.

VI. CONCLUSION

The results of this research indicate that tax literacy has a positive effect on millennial MSME taxpayer compliance. This means that the high or low literacy level of millennial MSME taxpayers will have an impact on compliance in carrying out their tax obligations. The result of testing the second hypothesis is that the perception of financial condition does not have a positive effect on MSME millennial taxpayer compliance. This is because taxpayers will consider their financial condition when paying taxes, if the taxpayer is not satisfied with their financial condition, the taxpayer may not comply with their tax obligations. The result of testing the third hypothesis is that millennial taxpayer awareness cannot moderate the effect of tax literacy on millennial MSME taxpayer compliance. And the result of testing the fourth hypothesis is that millennial taxpayer awareness can moderate the effect of perceived financial condition on millennial MSME taxpayer compliance.

The implication of this research is that with many millennial business actors participating in building small businesses, big businesses can become big potentials to build the economy. And from the results of this study, it is hoped that it can be used as input or motivation for MSME actors, especially the millennial generation to better understand the important role of understanding taxation and its benefits so that millennial MSME actors participate more actively in paying taxes according to applicable regulations and can raise awareness and increase compliance. millennial SMEs.

It is hoped that in the future the Directorate General of Taxes can continue to provide counseling and understanding of tax regulations, especially for MSMEs so that the work system can continue to run well as has been stipulated in government policy, and can increase the motivation of MSMEs in running their business so as not to assume that paying taxes is a burden that is in fact for the benefit of the wider community. So that it can

increase millennial MSME taxpayer compliance, because this is in accordance with the researcher's question that the encouragement or motivation from the government or tax officials is very influential in increasing awareness and compliance of taxpayers in carrying out their tax obligations. And if the understanding of taxation is considered positive by millennial taxpayers, taxpayer compliance will also increase. So in the future, understanding and knowledge of taxation can be improved through the provision and dissemination of information that is packaged in an attractive manner so that it can be obtained optimally and generate awareness to become tax-abiding wise people, especially millennial actors who grow up in the era of technological progress.

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