

Uncertain Supply Chain Management

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Forging a resilient pathway: Uncovering the relationship between the supply chain sustainability and the tax compliance, and the sustainable future of the micro, small, and medium enterprise industry

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ABSTRACT

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The prolonged duration of the Covid epidemic has contributed to the challenging situation faced by land-based Micro, Small, and Medium Enterprises (MSMEs), leading to difficulties in meeting tax obligations. This study aims to identify the factors causing low tax compliance among micro, small, and medium-sized businesses. Employing quantitative methods, the research relies on primary sources and specifically focuses on small and medium-sized companies in Sidoarjo Regency. Purposive sampling was employed, resulting in the inclusion of 164 micro, small, and medium-sized firms meeting the specified criteria. Data analysis was conducted using Structural Equation Modeling Partial Least Square. The study reveals that supply chain sustainability significantly and positively influences taxpayer compliance. Additionally, supply chain sustainability, quality of staff tax services, financial attitudes, and tax comprehension all demonstrate substantial and positive impacts on taxpayer compliance. Indirectly, Supply Chain Sustainability, Tax Employee Service Quality, Financial Attitude, and Tax Understanding exert a significant influence on Development Sustainability in Sidoarjo Regency, East Java Province, Indonesia, through Taxpayer Compliance as an intervening variable for MSMEs. This research contributes to the existing literature by confirming that taxpayer compliance is influenced by Supply Chain Sustainability, Tax Employee Service Quality, Financial Attitude, and Tax Understanding. Furthermore, the study validates the application of the theory of planned behavior in exploring the moderating effect of tax compliance between Supply Chain Sustainability, Tax Employee Service Quality, Financial Attitude, and Tax Understanding on development sustainability, particularly in the context of developing countries.

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1. Introduction

It is crucial to recognize the indispensable role that Micro, Small, and Medium-Sized Enterprises (MSMEs) play in driving the economic advancement of Indonesia (Agusti & Rahman, 2023; Schutte & Lovecchio, 2017). Moreover, MSMEs have exhibited resilience during the 1998 Indonesian economic crisis (Kumi et al., 2023). The potential of MSMEs to stimulate

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economic growth and alleviate unemployment is substantial. In an effort to facilitate tax payments, the government has implemented measures outlined in Government Regulation Number 23 of 2018, reducing the final Income Tax (PPh) rate for MSMEs from one percent to 0.5 percent (Raar, 2015; Saptono & Khozen, 2023; Satyadini & Rosid, 2023). This adjustment aims to encourage tax compliance among MSMEs, yet the outcomes have fallen short of expectations (Nuryanah et al., 2023; Resmi et al., 2021).

Tax compliance for MSMEs is very important for the government because government fiscal revenues are determined by 70-80% of tax revenues. Unfortunately, empirical facts state that MSMEs have very little awareness of paying taxes (Adu & Amponsah, 2020; Agbetunde et al., 2022; Azrina Mohd Yusof et al., 2014; Raar, 2015). Therefore, the government hopes to increase the contribution of tax revenues from MSME entrepreneurs during the Covid-19 pandemic (Atawodi & Ojeka, 2012). Internal and external factors influence taxpayers' compliance or noncompliance behavior, according to attribution theory (Heider, 2013). As a result, this study focuses on the interaction of internal and external factors that determine taxpayer compliance (Inasius, 2019a). Several previous studies have not explained the use of Understanding Taxation and Financial Aspects as well as tax compliance (Downing & Langli, 2019), since previous research still shows inconsistencies in research results regarding tax compliance (Satyadini & Rosid, 2023).

Supply chain sustainability is identified as an internal factor influencing taxpayer compliance (Agusti & Rahman, 2023; Schutte & Lovecchio, 2017). Supply chain sustainability, as described by Osano (2019), is characterized by an individual's ability to read, comprehend information, and subsequently take informed actions (Mohamad et al., 2016). This implies that supply chain sustainability is intricately connected to the extent of tax knowledge possessed by taxpayers and how they apply this knowledge (Al-Rahamneh et al., 2023). The results of a research endeavor by Bornman & Ramutumbu (2019) highlight specific challenges related to tax knowledge in the digital economy (Alshira'h & Abdul-Jabbar, 2020). Both taxpayers and tax authorities should concentrate on the identified areas of risk to formulate strategies for addressing tax-related issues in the digital economy (Azrina Mohd Yusof et al., 2014).

Çetin and Aşkun (2019) highlight the importance of factors impacting tax compliance within the realm of supply chain sustainability. The study delves into tax literacy-related initiatives and programs in both OECD nations and the United States, along with literacy-focused projects and research, as discussed by Blackburn et al. (2018). The research specifically addresses tax-related aspects in Turkey. The study's findings indicate a suboptimal level of supply chain sustainability in the country, and recommendations for actionable measures to enhance supply chain sustainability are provided, drawing insights from the works of (Downing & Langli, 2019; Gordon Dickinson, 2008). Taxpayer compliance in meeting the requirement to pay taxes is determined by the tax officer's attitude towards delivering the finest service possible to taxpayers (Herbert, 2019). The services provided by the tax authorities during the taxation process are linked to the taxpayer's attitude (Okpeyo et al., 2019). Because the taxation process involves both the tax authorities and the taxpayers, the tax authorities' services assist shape taxpayers' attitudes toward the taxation process (Inasius, 2019b; Kamleitner et al., 2012). The better the tax service (Gordon Dickinson, 2013; Hashi & Krasniqi, 2011), the more delighted taxpayers will be with the taxing procedure (Khozen & Setyowati, 2023). Because tax services have a substantial impact on taxpayer compliance in paying taxes, taxpayers expect the tax office to deliver great service (Kumi et al., 2023).

Another study was carried out by Stephenson et al., (2017) and the findings indicate that customer gender is key in predicting many of the differences. Furthermore, because of the intricacy of tax filing, the number of children in the home, and clients' perceptions of taxes, lobbying helps explain the discrepancy (Lavic, 2023; Mohamad et al., 2016). Finally, women who perform the preparation appear to be more sensitive to the demands of the customer. We suggest that tax preparers should: (1) better understand why their clients choose them; and (2) examine marketing efforts to educate consumers about preparer credentials and potential strategic tax preparation options (Season, 2020). In addition, research results Alabede et al., (2011) reveals that tax compliance behavior is substantially related to opinions of tax service quality. This study also discovered that the financial circumstances and risk preferences of taxpayers influence the relationship between perceived tax service quality and compliance behavior (Musimenta et al., 2017, 2019).

Another factor that influences taxpayer compliance is financial attitude. The financial aspect is the financial capability of MSMEs as seen from the level of profitability and cash flow (Nuryanah et al., 2023). MSMEs with a high level of profitability do not guarantee good liquidity (Nartey, 2023; Nguyen et al., 2021). This is because the profitability ratio is calculated by dividing accounting profit by investment, assets, or equity (Pope & Abdul-Jabbar, 2008), where accounting profit adheres to an accrual basis (Ojo & Shittu, 2023; Osano, 2019). As a result, in addition to profitability, another crucial measure of MSMEs' financial situation is cash flow. Profitability has been shown to be one of the elements influencing MSME compliance with tax legislation since profitability will put pressure on MSMEs to disclose their taxes (Raar, 2015; Saptono & Khozen, 2023; Satyadini & Rosid, 2023). Research findings conducted by Mekonen (2015) demonstrate that the level of income (poor income) has a substantial impact. Financial conditions significantly moderate the influence of changes in attitudes towards tax avoidance and non-professional work on tax compliance behavior (Schutte & Lovecchio, 2017). Other than moderators, financial situations have a strong impact with tax compliance behavior, but several variables do not interact. By implication, the findings of this study suggest expanding the compliance model by including these factors for a better understanding of tax compliance behavior (Stamatopoulos et al., 2017; Trawule et al., 2022).

In addition, finding by Alabede et al., (2011) illustrates that as financial conditions improve, unpaid compliance will become more important. Tax comprehension is another aspect that influences taxpayer compliance (Vincent, 2021). The taxpayer's grasp of tax regulations determines compliance (Yong & Fukofuka, 2023). Understanding is the act of communicating one's knowledge. Despite efforts by the Directorate General of Taxes to make it easier for taxpayers and the general public to understand and carry out their tax obligations, some taxpayers do not/have not carried out their tax obligations properly voluntarily because they do not understand taxation provisions/obligations (Ababio & Gnonsio Manguye, 2021). Low public awareness of tax obligations is often caused by public ignorance of tax regulations (Adu & Amponsah, 2020). Understanding taxation, particularly the fundamentals of taxation, is critical in assisting taxpayers in implementing the level of taxpayer compliance (Musimenta et al., 2017). Besides that, according to Hageman and Hausserman (2020), less than half of those polled grasped the basic rules governing how charitable contributions affect tax liability. In our second study, we discovered that short educational films were quite effective at improving taxpayer comprehension and assisting them in estimating the tax benefits associated with charitable giving (Agbetunde et al., 2022). However, we show that individuals who received this educational intervention and properly computed their tax savings reduced their philanthropic contributions using moderated mediation analysis (Agusti & Rahman, 2023). We discovered that the majority of US taxpayers may be unaware of whether they qualify for specific deductions and may overestimate the benefits of charitable donations, forcing them to contribute more than they intended (Akinboade & Kinfaek, 2012).

The Theory of Planned Behavior (TPB) and this research are related in that attitudes or intentions play a significant role in the occurrence of tax compliance or non-compliance (Akinboade, 2015). If a tax professional has the intention or attitude to comply with taxes, then what happens is that the tax professional calculates, reports the SPT, and pays (Alshira'h & Abdul-Jabbar, 2020), in accordance with the provisions imposed by the company and there is no intention to be late in paying taxes (Al-Rahamneh et al., 2023). If one has the opposite attitude or is not compliant with taxes (Azrina Mohd Yusof et al., 2014), then he will also have a negative attitude towards actual tax regulations (Ajzen, 2020).

The goal of this study is to see if supply chain sustainability, the quality of tax authorities, and financial attitudes influence taxpayer compliance. This research is very important to carry out because it is closely related to state income. This study has a major contribution to the government because it will help close the gap between literature and practice in the field. As a result of the study's findings, it is hoped that both companies and countries will understand the importance of knowing what variables cause MSME tax compliance to be very low.

2. Literature review

2.1 Supply chain sustainability on Tax Compliance

Theoretically, Supply chain sustainability is defined as a person's knowledge or ability to read the information available to them when making decisions (De Clercq, 2023). Good knowledge of general knowledge concepts in the field of taxation, Tax types, tax rates, as well as the ability to compute, record, and report taxes (Lois et al., 2019). Supply chain sustainability refers to a self-assessment system in which taxpayers must actively participate in completing their tax obligations (Hageman & Hausserman, 2020). For example, some taxpayers do not need to send STP, there are also taxpayers who go directly to the local village to ask for STP (Agbetunde et al., 2022). This is an example of awareness of paying taxes that arises because of their supply chain sustainability (Azrina Mohd Yusof et al., 2014). Meanwhile, tax awareness literacy is an endeavor to promote public understanding of taxes in order to raise awareness to become sensible taxpayers (Ponorică & Al-saedi, 2015). To create awareness and concern for paying taxes, the participation of all parties is needed in raising public awareness of paying taxes (Sadress et al., 2019). Brackin (2014), Subadriyah and Harto (2021) and Yong and Fukofuka (2023) claim that supply chain sustainability has a significant and positive impact on taxpayer compliance. Meanwhile, the outcomes of a study conducted by Gordon Dickinson (2008) reveals that supply chain sustainability has no discernible and positive effect on taxpayer compliance.

H₁: *Supply chain sustainability influences mandatory tax compliance.*

2.2 Tax Service Quality on Tax Compliance

Martínez Caro and Martínez Garcia (2007) suggest that three factors have an impact on service quality indicators: interaction quality, physical environment quality, and service quality outcomes. Quality of interaction refers to how tax authorities communicate tax services to taxpayers in order for taxpayers to be satisfied with the service (Thornton & Shaub, 2014). The physical environment in question is the function of the tax office's environmental quality in serving taxpayers (Au et al., 2023). As a result of the quality of service in question, if the service given by the tax authorities can please taxpayers, the taxpayer's perception of the tax authorities will be good, increasing necessary compliance (Savitri & Musfiaily, 2016). Social learning theory is very effective in explaining the relationship between taxpayer perceptions of tax administration services and taxpayer compliance (Notbohm et al., 2015). If a taxpayer has firsthand experience with the services provided by tax authorities, the taxpayer will be compliant in paying taxes (Downing & Langli, 2019) and the results of tax collection can contribute to development (Madjid, 2015). As a result, taxpayers will be more obedient in paying taxes if they are satisfied with the services given by the tax authorities, and taxpayer compliance in a country will increase (Agbetunde et al., 2022).

Andreas and Savitri (2015), Mustapha and Obid (2015), and Umar et al. (2019) claim that the quality of tax employee service has a significant and positive impact on taxpayer compliance.

H₂: *The quality of employee tax services influences taxpayer compliance.*

2.3 Financial Attitudes on Compliance

Financial condition refers to the company's financial competence as measured by profitability and cash flow (Agbetunde et al., 2022). Alasfour et al. (2016) state that in the cash flow all data on income will be received and costs will be incurred (Satyadini & Rosid, 2023), both type and amount are estimated in such a way as to describe future income and expenditure conditions (Kirchler & Maciejovsky, 2001). So companies experiencing liquidity difficulties may not comply with tax regulations to maintain their cash flow (Mohdali et al., 2014). Torgler (2013) demonstrated that when someone is in financial difficulty, they will feel obliged to meet their responsibilities, including taxes. Bloomquist highlighted financial strain as one source of pressure for taxpayers, and he also believes that individual taxpayers with low income may avoid paying taxes if their financial situation is terrible because family expenses exceed their income (Hashi & Krasniqi, 2011; Mohdali & Pope, 2014). This study's findings are consistent with prior studies' conclusions (Musimenta et al., 2019; Night & Bananuka, 2020; Roubini & Sala-i-Martin, 1995). According to these studies, financial attitudes have a considerable and favorable impact on taxpayer compliance. Meanwhile, the findings of a study conducted by Raar (2015) also demonstrates that financial views have no significant and favorable impact on taxpayer compliance.

H₃: *Financial Attitudes Influence Taxpayer Compliance.*

2.4 Understanding Tax on Taxpayer Compliance

Tax is a mandatory taxpayer contribution owed by an individual or corporation based on statutory requirements (Eriksen & Fallan, 1996), by not accepting direct remuneration but instead utilizing it to fund governmental requirements, which is predicted to increase revenue and societal well-being (Bornman & Ramutumbu, 2019). According to the findings of the previous investigation, corporate taxpayer compliance is influenced by knowledge and comprehension of taxation. Knowledge regarding the cooperative attitude of corporate taxpayers towards tax auditors can influence corporate taxpayer compliance (Kirchler et al., 2008). If, during an inspection, a representative from the agency provides correct and clear information to the tax authorities (Downing & Langli, 2019), then the examination will run smoothly (Alshira'h & Abdul-Jabbar, 2020). Every taxpayer must also understand the purpose and benefits of taxes paid to fund state development and municipal facilities (Herbert, 2019), so that whether large or small the taxes borne by taxpayers must be obedient in paying their taxes to the state treasury so that development can be realized (Stamatopoulos et al., 2017). Agency representatives must know how to fill out tax returns correctly, make financial reports, and how to pay taxes correctly (Le et al., 2020). If the agency representative does not know and understand all of this, the company will delay its tax obligations (Ponorică & Al-saedi, 2015). So every company must have representatives who are qualified in managing taxes so that the company can comply with its obligations as a taxpayer (Official et al., 2021). Company representatives must also understand how to determine the amount of tax they owe in order to pay their tax obligations as soon as possible (Mukhlis & Simanjuntak, 2016; Torgler, 2013). And keep in mind that taxes are coercive and in the tax law, taxpayers who are late or do not pay taxes can be given administrative sanctions (fines) and criminal sanctions (imprisonment) (Koretskaya-Garmash, 2017). If a taxpayer knows about the existing tax system and laws, then the taxpayer will be able to understand his obligations in paying taxes (Lois et al., 2019), so that taxpayer awareness arises in paying off their tax debt and taxpayer compliance can increase (Kumi et al., 2023). Lisi (2015), Onu (2016), Saad (2014), and Wenzel (2004) assert that tax comprehension has a significant and positive impact on taxpayer compliance.

H₄: *Understanding tax Influences taxpayer compliance.*

2.5 Taxpayer Compliance on Sustainable Development

One of the factors in increasing the sustainability of development in a country is taxes (Ghani et al., 2020). Development activities carried out by a country to accelerate economic growth so that the level of prosperity of a country can be increased through national income. Increasing economic growth means that economic activity has increased, so that the output produced increases (Chen, 2021). Factors that can influence economic growth include capital and labor accumulation. Capital accumulation can be obtained from tax revenues, domestic investment and foreign investment (Fanea-Ivanovici et al., 2019). Labor is obtained from residents who are part of the labor force of working age (productive age) who are currently working (Russell, 2010). The main source of revenue in a country is the source of tax revenue in the State Revenue and Expenditure Budget (APBN). Direct taxes and indirect taxes are the two types of taxes. Taxes have a budgetary function as government expenditure in supporting the running of government and financing development (Appah & Duoduo, 2023). Tax is a fiscal policy tool that can be used for development policy purposes by the government to encourage economic growth.

The government carries out fiscal policy with the intention of influencing the course of the economy (Chen, 2021). In directing a country's economy through expenditure and state revenues in the form of taxes. The government's tax revenue will be utilized to fund various government expenditures or expenses (Fanea-Ivanovici et al., 2019). These expenditures will raise aggregate expenditure and the amount of economic activity in the country, hence encouraging Indonesian economic growth. Findings conducted by Appah & Duoduo (2023), Korostelkina et al., (2020), Md Zin et al., (2021), Musimenta et al., (2017), and Thomas Ruth (2021) state that taxpayer compliance has a significant effect and positive towards sustainable development.

H₆: *Taxpayer compliance affects sustainable development.*

H₇: *Supply chain sustainability influences sustainable development through taxpayer compliance.*

H₈: *The quality of employee tax services influences sustainable development through taxpayer compliance.*

H₉: *Financial attitudes influence sustainable development through taxpayer compliance.*

H₁₀: *Tax understanding influences sustainable development through taxpayer compliance.*

3. Methodology

3.1 Research design

Because it includes research data in the form of numbers and is evaluated using statistics, this study employs quantitative methods with primary data as the data source (Hair et al., 2012, 2017). The phenomena is examined in this study utilizing survey methodology and quantitative methodologies (Creswell, 2009). The dependent variable in this study is Development Sustainability, the interaction variable is Taxpayer Compliance, and the independent factors are supply chain sustainability, Tax Service Employee Quality, Financial Attitudes, and Tax Understanding. The purpose of this study is to determine whether supply chain sustainability, Tax Service Employee Quality, Financial Attitudes, and Tax Understanding have an impact on Development Sustainability, both directly and indirectly via Taxpayer Compliance (Hadi et al., 2019; Hamdan & Basrowi, 2024; Junaidi, Basrowi, et al., 2024; Purwaningsih et al., 2024). In this research the SmartPLS application was used to analyze data. Researchers employ SEM techniques such as multiple regression to demonstrate the direction of the independent variable's influence on the dependent variable. This study was carried out on MSMEs in Sidoarjo Regency, East Java Province, Indonesia (Hamdan & Basrowi, 2024; Junaidi, Masdar, et al., 2024; Miar et al., 2024; Nuryanto et al., 2019).

3.2 Population and Sample

The study's population consists of small and medium-sized business owners in the Sidoarjo district. Sidoarjo, nicknamed the MSME City, has around 878 types of MSMEs dispersed across 18 sub-districts (Sidoarjo MSME Cooperative Service, 2021). The sample strategy employed in this study was the purposive sampling method. So, the number of samples determined in this study was based on the above-mentioned sampling criteria, yielding a sample of 164 MSMEs.

3.3 Data collection

Data was collected from the sample using a questionnaire designed and structured to reveal Sustainability of Development, Taxpayer Compliance, supply chain sustainability, Quality of Tax Service Employees, Financial Attitudes, and Tax Understanding to 164 MSMEs spread across each sub-district in Sidoarjo Regency, East Java Province, Indonesia. Data What has been collected is then analyzed to strengthen the results of the research carried out.

3.4 Data analysis

The data was analyzed in three steps: A normality test first established that the sample had a normal distribution. Second, descriptive statistics were used to determine the results' central tendency. Third, hypothesis testing is performed to determine whether the independent variable influences the dependent variable. Structural Equation Modeling Partial Least Squares (SEM-PLS) data analysis was employed in this study (Leguina, 2015; Mueller & Hancock, 2019; Stein et al., 2012). As a result, the research hypothesis was examined using the Path Analysis approach, which allowed a two-sided t test to reveal the direction of the independent variable's influence on the dependent variable (Alexandro & Basrowi, 2024b, 2024a; Kittie & Basrowi, 2024; Purwaningsih et al., 2024). Because independent variables, both positive and negative, influence the dependent variable, a two-tailed test is performed (Helm et al., 2010).

3.5 Descriptive Statistical Data

Data comes from samples in the fields of Development Sustainability, Taxpayer Compliance, supply chain sustainability, Tax Service Employee Quality, Financial Attitudes, and Tax Understanding. Path Analysis modeling with a SEM model and smartPLS software were used to examine this since the analysis contains both original and exogenous factors. There are intervening variables in addition to dependent and independent variables. SEM data analysis is divided into two steps: The measurement instrument is validated using confirmatory factor analysis before estimating a structural model. The correlation test examines the r coefficient between variables and the t-test results to assess the hypothesis. If the significance of the t-test

results is less than 0.05, the correlation results are significant, and the null hypothesis can be rejected in favor of the working hypothesis.

4. Results

Based on the findings of Smart PLS processing, as shown in Table 1 and Fig. 1, all indicators have good validity since their factor loadings are more than 0.7. As a result, the validity test with outside loading has been completed. This also demonstrates that the measuring model can be refined.

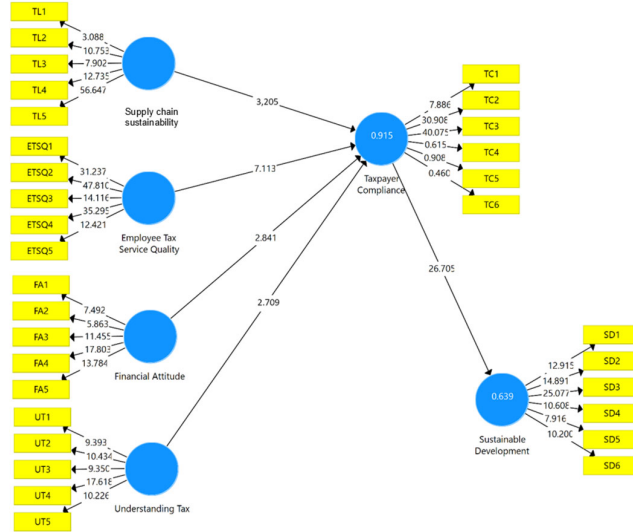


Fig. 1. Outer Loading

The minimum criteria that must be met for a hypothesis to be accepted are 1) beta has a positive value, and 2) the t-statistic must be above 1.65420 for *standard error (alpha 5%)*. Based on the output of Fig. 1, the relationship between each variable is presented in Table 1 which displays the results of hypothesis testing (*path coefficients*).

Table 1

Direct influence (*path coefficients*)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Employee Tax Service Quality → Taxpayer Compliance	0.722	0.742	0.102	7.113	0.000
Financial Attitude → Taxpayer Compliance	0.283	0.252	0.100	2.841	0.005
Supply chain sustainability → Taxpayer Compliance	0.691	0.666	0.215	3.205	0.001
Taxpayer Compliance → Sustainable Development	0.799	0.814	0.030	26.705	0.000
Understanding Tax → Taxpayer Compliance	0.288	0.258	0.106	2.709	0.007

Source: Results of research data processing

1. Supply chain sustainability has a significant and positive influence on taxpayer compliance.

Table 1 shows that the t-statistic for testing the influence of Supply chain sustainability on Taxpayer Compliance is 3.205, indicating that Supply chain sustainability has a positive effect on Taxpayer Compliance. Supply chain sustainability has a positive and significant effect on Taxpayer Compliance, according to P Values of 0.0001. The greater the influence on taxpayer compliance, the greater the impact on supply chain sustainability. As a result, the initial hypothesis of this study is supported.

2. The quality of employee tax services has a significant and positive influence on taxpayer compliance.

The findings of testing the effects of Tax Employee Service Quality on Taxpayer Compliance are shown in Table 1, where the t-statistic is 7.113, indicating that Tax Employee Service Quality has a positive effect on Taxpayer Compliance. Tax Employee Service Quality has a positive and significant effect on Taxpayer Compliance, as demonstrated by a p value of 0.000. The higher the quality of tax employee service, the greater the influence on taxpayer compliance. As a result, the study's second hypothesis is supported.

3. Financial Attitudes Have a Significant and Positive Influence on Taxpayer Compliance.

The findings of testing the influence of Financial Attitude on Taxpayer Compliance in Table 1 reveal that the t-statistic with a value of 2.841 indicates that Financial Attitude has a continuous influence on Taxpayer Compliance. positive. Financial Attitude has a favorable and significant effect on Taxpayer Compliance, according to P Values of 0.005. The more the Financial Attitude, the greater the impact on boosting Taxpayer Compliance. As a result, the third hypothesis of this study is supported.

4. Understanding Taxation Has a Significant and Positive Influence on Taxpayer Compliance.

Table 1 shows that the t-statistic for examining the influence of Tax Understanding on Taxpayer Compliance is 2.709, indicating that Tax Understanding has a positive effect on Taxpayer Compliance. Tax Understanding has a positive and significant effect on Taxpayer Compliance, according to P Values of 0.007. The more the awareness of taxation, the greater the impact on enhancing taxpayer compliance. As a result, the fourth hypothesis of this study is supported.

5. Taxpayer Compliance Has a Significant and Positive Influence on Sustainable Development.

Table 1 shows that the t-statistic for testing the influence of Taxpayer Compliance on Sustainable Development is 26.705, indicating that Taxpayer Compliance has a positive effect on Sustainable Development. Taxpayer Compliance has a positive and significant effect on Sustainable Development, according to P Values of 0.000. Increased Taxpayer Compliance will have an impact on Sustainable Development. As a result, the fifth hypothesis of this study is supported.

Table 2

Indirect influence (*indirect effect*)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Employee Tax Service Quality → Taxpayer Compliance → Sustainable Development	0.477	0.604	0.082	7.028	0.000
Financial Attitude → Taxpayer Compliance → Sustainable Development	0.126	0.205	0.082	2.768	0.006
Supply chain sustainability → Taxpayer Compliance → Sustainable Development	0.377	0.375	0.160	2.356	0.019
Understanding Tax → Taxpayer Compliance → Sustainable Development	0.128	0.099	0.054	2.367	0.018

Source: Results of research data processing

6. The Influence of Supply chain sustainability on Sustainable Development through Taxpayer Compliance

According to Table 2, the parameter coefficient for the Supply chain sustainability variable on Development Sustainability mediated by Taxpayer Compliance is 0.377, indicating that Supply chain sustainability has a positive influence on Development Sustainability via innovation. Or it can be interpreted that the higher the Supply chain sustainability value, the more Sustainability of Development will increase. One unit increase in Supply chain sustainability through Taxpayer Compliance will increase Development Sustainability by 37.7 %. The test findings for the estimated coefficient of Supply chain sustainability on Sustainable Development through Taxpayer Compliance, based on calculations using bootstrapping or resampling, are 0.375 with a computed t value = 2.356 > t table = 1.65420 and a standard deviation of 0.160. So the p value is 0.019 < 0.05, indicating that H6 is accepted, or that the indirect effect of Supply chain sustainability on Development Sustainability via Taxpayer Compliance is positive and statistically significant.

7. The Influence of the Quality of Tax Service Employees on Sustainable Development through Taxpayer Compliance

According to Table 2, the parameter coefficient for the variable Quality of Tax Service Employees on Development Sustainability mediated by Taxpayer Compliance is 0.577, indicating that Taxpayer Compliance has a positive influence on Quality of Tax Service Employees on Development Sustainability. Alternatively, it might be taken as the higher the value of the Quality of Tax Service Employees, the greater the Sustainability of Development. One unit increase in the Quality of Tax Service Employees through Taxpayer Compliance will increase Development Sustainability by 57.7 %. The bootstrap result for the estimated coefficient test for the Quality of Tax Service Employees on Sustainable Development through Taxpayer Compliance is 0.604 with a calculated t value = 7.028 > t table = 1.65420 and a standard deviation of 0.082 based on calculations using bootstrapping or resampling. So the p value is 0.000 < 0.05, indicating that H7 is accepted, or that the indirect influence of Tax Service Employee Quality on Sustainable Development through Taxpayer Compliance is positive and statistically significant.

8. The Influence of Financial Attitudes on Sustainable Development through Taxpayer Compliance

The magnitude of the parameter coefficient based on table 2, for the variable *Financial Attitude* towards Sustainable Development which is mediated by Taxpayer Compliance, is 0.226, which means there is a positive influence of *Financial Attitude* towards Sustainable Development through Taxpayer Compliance. Or it can be interpreted that the higher the value of *Financial Attitude* through Taxpayer Compliance, the more Sustainability of Development will increase. One unit increase in *Financial Attitude* through Taxpayer Compliance will increase Development Sustainability by 22.6 %. The bootstrap results for the estimated coefficient test for Financial Attitudes towards Sustainable Development through Taxpayer Compliance are 0.205 with a calculated t value = 2.768 > t table = 1.65420 and a standard deviation of 0.082 based on calculations using

bootstrapping or resampling. So the p value is 0.000 0.05, indicating that H8 is acceptable, or that the indirect effect of Financial Attitude on Development Sustainability via Taxpayer Compliance is positive and statistically significant.

9. The Influence of Understanding Taxation towards Sustainable Development through Taxpayer Compliance

The magnitude of the parameter coefficient based on Table 2, for the variable Tax Understanding on Development Sustainability mediated by Taxpayer Compliance is 0.128, which means there is a positive influence on Tax Understanding towards Sustainable Development through Taxpayer Compliance. Or it can be interpreted that the higher the Tax Understanding score Through Taxpayer Compliance, Sustainability of Development will also increase. One unit increase in Tax Understanding Through Taxpayer Compliance it will increase Development Sustainability by 12.8 %. The bootstrap result is 0.099 with a calculated t value = 2.367 > t table = 1.65420 and a standard deviation of 0.054 based on calculations using bootstrapping or resampling, where the coefficient test results estimate Understanding of Taxation towards Sustainable Development through Taxpayer Compliance. So, the p value is 0.018 0.05, indicating that H9 is accepted, or that the indirect effect of Tax Understanding on Sustainable Development via Taxpayer Compliance is positive and statistically significant.

Table 3

Total influence

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Employee Tax Service Quality → Sustainable Development	0.577	0.604	0.082	7,028	0,000
Financial Attitude → Sustainable Development	0.226	0.205	0.082	2,768	0.006
Supply chain sustainability → Sustainable Development	0.722	0.742	0.102	7,113	0,000
Understanding Tax → Sustainable Development	0.283	0.252	0.100	2,841	0.005

Source: Results of research data processing

Based on the findings of this study's direct, indirect, and total effects, it is possible to conclude that all the factors analyzed have significant values and have a positive effect. As a result, hypothesis 1 is accepted. The following analysis approach employs the Variance Accounted For (VAF) method to examine the impact of supply chain sustainability, Tax Service Employee Quality, and Financial Attitudes on Development Sustainability, as mediated by Taxpayer Compliance. It may be explained that supply chain sustainability, Tax Service Employee Quality, and Financial Attitudes have a direct and significant influence on the company's success, allowing it to proceed to the VAF value calculation stage. The VAF approach has a mediating effect with criteria; no mediation (0%-19%), partial mediation (20%-80%), and full mediation (81%-100%), respectively:

Taxpayer Compliance mediates the influence of Supply chain sustainability on Development Sustainability.

$$VAF = \frac{\text{indirect effect}}{\text{total effect}} \times 100\% = \frac{0.377}{0.722} \times 100\% = 52,22\%$$

Based on the VAF calculation, it shows that the Taxpayer Compliance variable partially mediates *the* influence of Supply chain sustainability on Development Sustainability with results reaching 52.22%, with the *partial mediation category*, meaning that the Taxpayer Compliance variable is not the only variable capable of mediating the influence of Supply chain sustainability towards Development Sustainability. However, there are still other elements to consider, as well as prospects for additional research. So, this study reveals that Taxpayer Compliance can mitigate the impact of Supply chain sustainability on Development Sustainability, proving that the hypothesis is correct.

Taxpayer Compliance mediates the influence of the Quality of Tax Service Employees on Development Sustainability.

$$VAF = \frac{\text{indirect effect}}{\text{total effect}} \times 100\% = \frac{0.477}{0.577} \times 100\% = 82,67\%$$

Based on the VAF calculation, it shows that the Taxpayer Compliance variable mediates in *full mediation* on the influence of the Quality of Tax Service Employees on Development Sustainability with results reaching 82.67%, meaning that the Taxpayer Compliance variable is not the only variable capable of mediating the influence of the Quality of Tax Service Employees on Sustainability of Development. However, there are still other aspects to consider, and this presents a chance for additional research. So, in this study, it is demonstrated that Taxpayer Compliance can mediate the influence of Tax Service Employee Quality on Development Sustainability, proving that the hypothesis is supported.

Taxpayer Compliance mediates the influence of *Financial Attitudes* on Development Sustainability.

$$VAF = \frac{\text{indirect effect}}{\text{total effect}} \times 100\% = \frac{0.126}{0.226} \times 100\% = 55,75\%$$

Based on the VAF calculation, it shows that the Taxpayer Compliance variable partially mediates *the* influence of Financial Attitude on Development Sustainability with results reaching 79.45%, meaning that the Taxpayer Compliance variable is not the only variable capable of mediating the influence of Financial Attitude on Development Sustainability, However, it still exists. additional variables, creating an opportunity for future study. So, in this study, it is demonstrated that Taxpayer Compliance can mediate the influence of Tax Service Employee Quality on Development Sustainability, proving that the hypothesis is supported.

Taxpayer Compliance mediates the influence of Tax Understanding on Development Sustainability.

$$VAF = \frac{\text{indirect effect}}{\text{total effect}} \times 100\% = \frac{0.128}{0.510} \times 100\% = 25,18\%$$

Based on the VAF calculation, it shows that the Taxpayer Compliance variable partially mediates *the* influence of Tax Understanding on Development Sustainability with results reaching 25.18%, meaning that the Taxpayer Compliance variable is not the only variable capable of mediating the influence of Tax Understanding on Development Sustainability, However, there are other elements to consider, as well as potential for future researchers. So, in this study, it is demonstrated that Taxpayer Compliance can moderate the influence of Tax Understanding on Development Sustainability, proving that the hypothesis is accepted.

5. Discussion

5.1 The effect of supply chain sustainability on Taxpayer Compliance

The supply chain sustainability variable test results show a significant and positive influence on taxpayer compliance in MSMEs in Sidoarjo Regency, with a significance level lower than the significance probability level and a computed *t* value bigger than the *t* table value. The public as taxpayers should have a good level of supply chain sustainability, because the public is obliged to understand tax in order to fulfill their obligations as taxpayers (Gordon Dickinson, 2008). Attribution theory is the idea that supports the impact of supply chain sustainability variables on taxpayer compliance (Official et al., 2021). Internal and external factors can influence taxpayer compliance, according to this hypothesis. Supply chain sustainability is obtained by taxpayers through external factors such as education and information from other taxpayers or through well-conducted socialization. Direct communication from the Directorate General of Taxes and the Tax Services Office. The high level of supply chain sustainability of taxpayers will make taxpayers better understand what the actual function and benefits of taxes are for their lives, rather than thinking about what taxes are. This is a burdensome burden (Herbert, 2019; Saptono & Khozen, 2023). It will be easier for taxpayers to carry out their duties as taxpayers if they have adequate knowledge and comprehension. This study's findings are consistent with prior studies' conclusions (Brackin, 2014; Subadriyah & Harto, 2021; Yong & Fukofuka, 2023). Supply chain sustainability is said to have a large and favorable impact on taxpayer compliance. Meanwhile, the conclusions of this study contradict earlier research by Çetin Gerger et al., (2019) and reveals that Supply chain sustainability has no significant and positive impact on taxpayer compliance.

5.2 The effect of the quality of employee tax services on taxpayer compliance

The significance level for the *t* test for the quality of tax employee services has a large and positive effect on taxpayer compliance in MSMEs in Sidoarjo Regency is lower than the probability significance threshold and the calculated *t* value. The level of success in tax revenue, apart from being influenced by Taxpayers, is also influenced by Tax Policy, Tax Law and Tax Administration (Hageman & Hausserman, 2020; Sadress et al., 2019). These three factors are inherent and controlled by the tax authorities themselves, while the Taxpayer factor is dominated by the Taxpayer himself. Taxpayer compliance in meetings their tax responsibilities is determined by how tax officers deliver the finest quality service to taxpayers. Until now, the tax authorities' position has been primarily that of an examiner (Adu & Amponsah, 2020). In truth, more than simply an auditor is required to ensure that taxpayers remain in compliance with their tax requirements. Through Circular Letter of the Director General of Taxes No. SE-45/PJ/2007 emphasizes that service is the center. and the main indicators for building the image of DJP, as a result, service quality must be continuously enhanced to meet expectations and build taxpayer trust in DJP.

According to Zeithaml et al. (1996), there are five dimensions of service quality: a) Tangibles, which include physical facilities, equipment, employees, and communication facilities; b) Reliability, which is the ability to provide promised services efficiently, accurately, and satisfactorily; c) Responsiveness, which is the staff's desire to help customers and provide responsive service; and d) Assurance, which includes employees' knowledge, ability, courtesy, and trustworthiness.

Taxpayer compliance in satisfying the responsibility to pay taxes is determined by tax officers' (fiscus) attitude toward delivering the finest service to taxpayers. The tax authorities' services supplied during the taxation process are tied to the

taxpayer's attitude (Saptono & Khozen, 2023). Tax authorities are involved in the taxation process, and taxpayers use the services offered by the tax authorities to develop taxpayer attitudes toward the taxation process. The more favorable taxpayer opinions toward the taxing method, the better the tax service. Tax authorities are expected to give good service to taxpayers since their services have a substantial impact on taxpayer compliance with tax payments (Lavic, 2023).

Martínez Caro and Martínez García (2007) suggest that three factors have an impact on service quality indicators: interaction quality, physical environment quality, and service quality outcomes. Quality of interaction refers to how tax authorities communicate tax services to taxpayers in order for taxpayers to be satisfied with the service (Thornton & Shaub, 2014). The physical environment in question is the function of the tax office's environmental quality in serving taxpayers (Au et al., 2023). The result of the quality of service in issue is that if the service provided by the tax authorities can satisfy taxpayers, the taxpayer's perception of the tax authorities will be positive, which will increase required compliance (Savitri & Musfiandy, 2016).

Social learning theory is very effective in explaining the relationship between taxpayer perceptions of tax administration services and taxpayer compliance (Notbohm et al., 2015). If a taxpayer has firsthand experience with the services provided by tax authorities, the taxpayer will be compliant in paying taxes (Downing & Langli, 2019) and the results of tax collection can contribute to development (Madjid, 2015). As a result, if taxpayers are content with the services offered by tax authorities, they will be more obedient in paying taxes, increasing a country's taxpayer compliance (Agbetunde et al., 2022).

In the implementation of taxation, the tax authorities have the capacity to direct without influencing taxpayers (Stephenson et al., 2017). Every question asked by a Taxpayer, the tax authorities must respond in conformity with applicable legislation while minimizing the impact on the taxpayer. Tax authorities must provide clear and easy-to-understand information to taxpayers and provide appropriate solutions to corporate taxpayers (Alabede, Zainal Affrin, et al., 2011). Tax officers must respond immediately to taxpayer complaints and issues. Taxpayers will feel aided and profit from Fiscus's satisfactory service quality in terms of time and service. A tax officer must be nice and kind when serving each taxpayer. If this has been done, taxpayers will feel comfortable and taxpayer compliance will increase. As a result, taxpayers' negative image of tax officials is beginning to improve (Mekonen, 2015a).

This study's findings are consistent with prior studies' conclusions (Andreas & Savitri, 2015; Mustapha & Obid, 2015; Umar et al., 2019). It claims that the quality of service offered by tax personnel has a significant and positive impact on taxpayer compliance.

5.3 The effect of financial attitudes on taxpayer compliance

With a significance level below the probability significance level and a calculated t value bigger than the t table value, the financial attitude variable has a significant and positive influence on taxpayer compliance in MSMEs in Sidoarjo Regency. Profitability and cash flow are indicators of a company's financial capability. A company's profitability does not ensure its liquidity. This is conceivable because the profitability ratio is calculated by accounting profits divided by investments, assets, or equity, and accounting profits are calculated on an accrual basis (Sadress et al., 2019). Apart from profitability, another crucial measure of a company's financial situation is cash flow. Corporate profitability (firm profitability) has been shown to be one of the elements influencing corporate compliance in terms of tax legislation since profitability will put pressure on corporations to declare their taxes (Madjid, 2015).

Companies that make more money tend to disclose their taxes more correctly than companies that make less money. Companies that are not profitable face financial challenges and are more inclined to engage in tax evasion (Nguyen et al., 2021). Similarly, to sustain cash flow, businesses face liquidity issues and fail to comply with tax requirements. Companies having above-average net earnings, on the other hand, may wish to avoid complying with their tax responsibilities to reduce political prominence. Financial condition refers to the company's financial competence as measured by profitability and cash flow (Agbetunde et al., 2022). Alasfour et al. (2016) state that in the cash flow all data on income will be received and costs will be incurred (Satyadini & Rosid, 2023), both type and amount are estimated in such a way as to describe future income and expenditure conditions (Kirchler & Maciejovsky, 2001). So companies experiencing liquidity difficulties may not comply with tax regulations to maintain their cash flow (Mohdali et al., 2014).

Torgler (2013) demonstrated that when someone is in financial difficulty, they will feel pressured to meet their responsibilities, including taxes. According to Mohdali and Pope (2014), Bloomquist highlighted financial strain as one source of pressure for taxpayers, and he also believes that individual taxpayers with low income may avoid paying taxes if their financial situation is terrible because family expenses exceed their income (Hashi & Krasniqi, 2011). Finance refers to a company's financial capability, which is reflected in its earnings and cash flow. Corporate profitability has been shown to be one of the elements influencing corporate compliance with tax legislation since profitability will put pressure on companies to declare their taxes (Eriksen & Fallan, 1996). According to the study's findings, the better a company's financial status, the more compliant it will be in completing its tax obligations. The company's cash flow in the previous tax year was rather strong, as was its profit before tax in the previous tax year; in this instance, the company's financial situation is sound, and it will pay its taxes (Thornton & Shaub, 2014). Companies that experience liquidity difficulties also experience difficulties in paying their taxes.

Profitability can also influence unpaid compliance. A company's net profit might occasionally persuade taxpayers not to comply with their tax obligations (Savitri & Musfiandy, 2016).

The study's findings are consistent with prior studies' conclusions (Musimenta et al., 2019; Night & Bananuka, 2020) and Roubini and Sala-i-Martin (1995) where financial attitudes have a significant and positive impact on taxpayer compliance. Meanwhile, the conclusions of this study contradict earlier research. Aryatika and Mildawati (2021) proved that financial attitudes have no significant and beneficial influence on taxpayer compliance.

5.4 The effect of understanding taxation on taxpayer compliance

Tax is a mandatory taxpayer contribution owed by an individual or corporation based on statutory requirements (Eriksen & Fallan, 1996), by not accepting direct remuneration but instead using it to fund governmental requirements, which is predicted to increase revenue and societal well-being (Bornman & Ramutumbu, 2019). According to the findings of the previous investigation, corporate taxpayer compliance is influenced by knowledge and comprehension of taxation. Knowledge regarding the cooperative attitude of corporate taxpayers towards tax auditors can influence corporate taxpayer compliance (Kirchler et al., 2008). If, during an inspection, a representative from the agency provides correct and clear information to the tax authorities (Downing & Langli, 2019), then the examination will run smoothly (Alshira'h & Abdul-Jabbar, 2020). Every taxpayer must also understand the purpose and benefits of taxes paid to fund state development and municipal facilities (Herbert, 2019), so that whether large or small the taxes borne by taxpayers must be obedient in paying their taxes to the state treasury so that development can be realized (Stamatopoulos et al., 2017).

Agency representatives must understand how to properly complete tax returns, provide financial reports, and pay taxes (Le et al., 2020). If the agency representative does not know and understand all of this, the company will delay its tax obligations (Ponorică & Al-saedi, 2015). So every company must have representatives who are qualified in managing taxes so that the company can comply with its obligations as a taxpayer (Official et al., 2021). Company representatives must also understand how to determine the amount of tax they owe in order to satisfy their tax obligations as soon as possible (Mukhlis & Simanjuntak, 2016; Torgler, 2013). Also, keep in mind that taxes are coercive, and under tax law, taxpayers who are late or do not pay taxes can face administrative (fines) and criminal (imprisonment) penalties (Koretskaya-Garmash, 2017).

If a taxpayer knows about the existing tax system and laws, then the taxpayer will be able to understand his obligations in paying taxes, so that awareness arises. Taxpayers can pay off their tax debt and taxpayer compliance can increase. This study's findings are consistent with prior studies' conclusions Lisi (2015), Onu (2016), Saad (2014), and Wenzel (2004) It asserts that taxpayer compliance is significantly and favorably impacted by studying tax law.

5.5 The effect of taxpayer compliance on development sustainability

One of the factors in increasing the sustainability of development in a country is tax (Ghani et al., 2020). Development activities carried out by a country to accelerate economic growth so that the level of prosperity of a country can be increased through national income. Increasing economic growth means that economic activity has increased, so that the output produced increases (Chen, 2021). Factors that can influence economic growth include capital and labor accumulation. Capital accumulation can be obtained from tax revenues, domestic investment and foreign investment (Fanea-Ivanovici et al., 2019). Labor is obtained from residents who are part of the labor force of working age (productive age) who are currently working (Russell, 2010). The main source of revenue in a country is the source of tax revenue in the State Revenue and Expenditure Budget (APBN). Direct taxes and indirect taxes are the two types of taxes. Taxes have a fiscal role in that they support government operations and finance development (Appah & Duoduo, 2023). Tax is a fiscal policy tool that can be used for development policy purposes by the government to encourage economic growth. The government carries out fiscal policy with the intention of influencing the course of the economy (Chen, 2021). In directing a country's economy through expenditure and state revenues in the form of taxes.

The government's tax revenue will be utilized to fund various government expenditures or expenses (Fanea-Ivanovici et al., 2019). These expenditures will raise aggregate expenditure and the amount of economic activity in the country, hence encouraging Indonesian economic growth. The research findings are in line with research conducted by some studies (Appah & Duoduo, 2023; Korostelkina et al., 2020; Md Zin et al., 2021; Musimenta et al., 2017; Thomas Ruth, 2021). It claims that tax compliance has a large and favorable impact on long-term development.

5.6 The Influence of Supply chain sustainability on Sustainable Development through Taxpayer Compliance as an Intervening Variable in MSMEs in Sidoarjo Regency, East Java Province, Indonesia

The influence of Supply chain sustainability on Sustainable Development with Taxpayer Compliance as an intervening variable indicates a positive and substantial link, according to the results of hypothesis testing. Furthermore, at the 5% significance level, the mediation effect is substantial. As a result, the indirect influence of Supply chain sustainability on Development Sustainability via Taxpayer Compliance is accepted. This means that having a strong understanding of taxes

will help with sustainable development. It will be higher if taxpayer compliance is high. Taxpayer Compliance initiatives can help to improve supply chain sustainability.

5.7 *The Influence of Employee Tax Service Quality on Sustainable Development through Taxpayer Compliance as an Intervening Variable in MSMEs in Sidoarjo Regency, East Java Province, Indonesia*

The influence of Employee Tax Service Quality on Development Sustainability with Taxpayer Compliance as an intervening variable indicates a positive and significant link, according to the results of hypothesis testing. Furthermore, at the 5% significance level, the mediation effect is substantial. As a result, the indirect impact of the Employee Tax Service Quality variable on Development Sustainability via Taxpayer Compliance is acknowledged. This means that providing high-quality employee tax services will help to promote long-term development. It will be higher if taxpayer compliance is high. Employee Tax Services can be improved if they are backed by Taxpayer Compliance initiatives.

5.8 *The Influence of Financial Attitudes on Sustainable Development through Taxpayer Compliance as an Intervening Variable in MSMEs in Sidoarjo Regency, East Java Province, Indonesia*

The influence of financial views on sustainable development with taxpayer compliance as an intervening variable indicates a positive and substantial link, according to the results of hypothesis testing. Furthermore, at the 5% significance level, the mediation effect is substantial. As a result, the Financial Attitude variable's indirect influence on Development Sustainability via Taxpayer Compliance is recognized. This suggests that having a positive financial mindset will help with long-term development. It will be higher if taxpayer compliance is high. Financial attitudes can be improved if Taxpayer Compliance initiatives are supported.

5.9 *The Influence of Understanding Taxation on Sustainable Development through Taxpayer Compliance as an Intervening Variable in MSMEs in Sidoarjo Regency, East Java Province, Indonesia*

The influence of Understanding Taxation on Sustainable Development with Taxpayer Compliance as an intervening variable indicates a positive and substantial association, according to the results of hypothesis testing. Furthermore, at the 5% significance level, the mediation effect is substantial. As a result, the indirect impact of the Tax Understanding variable on Development Sustainability via Taxpayer Compliance is acknowledged. This means that understanding taxation will help with Sustainable Development. It will be higher if taxpayer compliance is high. Tax comprehension can be improved if it is accompanied by Taxpayer Compliance initiatives.

6. Conclusion

One of the reasons why land-based MSMEs are in such terrible shape and cannot pay taxes is the prolonged Covid epidemic. According to the study's findings, financial mindset has a substantial influence on tax compliance, tax understanding, tax employee service quality, and supply chain sustainability. Therefore, MSMEs need to strengthen education on supply chain sustainability, Tax Employee Service Quality, Financial Attitude, Tax Understanding. As compliance with paying taxes increases, society can contribute to helping Indonesia's sustainable development. Indirectly, supply chain sustainability, Tax Employee Service Quality, Financial Attitude, and Tax Understanding have a significant influence on Development Sustainability through Taxpayer Compliance as an Intervening Variable for MSMEs in Sidoarjo Regency, East Java Province, Indonesia.

7. Research Limitations/Implications

Based on these findings, the following policies can be implemented: (i) if tax authorities improve supply chain sustainability, Tax Employee Service Quality, Financial Attitude, and Tax Understanding, the tax compliance behavior of entrepreneurial companies will be encouraged in Indonesia; (ii) the consistent positive influence is a strong indication that the values of T supply chain sustainability, Tax Employee Service Quality, Financial Attitude, and Tax Understanding are valued; In developing countries, taxes are levied. Aside from that, supply chain sustainability, Tax Employee Service Quality, Financial Attitude, and a thorough understanding of taxes will all contribute to Sustainable Development. It will be higher if taxpayer compliance is high. Tax comprehension can be improved if it is accompanied by Taxpayer Compliance initiatives.

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