

# Uncertain Supply Chain Management

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## Optimizing state revenue through government-driven supply chain efficiency and fair corporate taxation practices

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### ABSTRACT

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This research tries to analyze the explicit and implicit impact of the smooth supply chain and fairness of the tax system on corporate taxpayer compliance and its implications for state tax revenues. This research uses quantitative methods, using random sampling techniques, and obtained a sample of 100 respondents consisting of various MSMEs registered with the Ministry of Cooperatives and SMEs in 2023 who are taxpayers in South Jakarta City, DKI Jakarta Province, Indonesia. The data obtained from the surveys was utilized in Structural Equation Modelling with Partial Least Squares (SEM-PLS) for additional analysis. Research results and data analysis show that tax system equity has a direct and significant impact on corporate taxpayer compliance; tax system fairness directly has no and minimal impact on state tax revenues; and corporate taxpayer compliance directly and significantly impacts state tax revenues. A smooth supply chain has a direct and substantial impact on corporate taxpayer compliance. Furthermore, a smooth supply chain has a direct and substantial influence on state tax collections. A seamless supply chain and state tax revenues are largely mediated by corporate taxpayer compliance, which has a substantial impact on both. Furthermore, the relationship between the fairness of the tax system and state tax collections in MSMEs in South Jakarta City is totally mediated by corporate taxpayer compliance.

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### 1. Introduction

Efforts to optimize tax revenues are important considering the large untapped potential for tax revenues (Belhadi et al., 2022; Huang & Xu, 2023; Lundstøl, 2022). The government has taken various anticipatory steps to overcome the problem of low target realization, but realization has actually increased. For 2019 compared to 2018, the realization of tax revenues grew by 1.43%, so the only effort that can be made is reform in the tax sector. Indonesia's economic growth is projected to achieve a 5.4% expansion, fueled by heightened investment and improved export performance. The government encourages investment in infrastructure to increase competitiveness, production prices and strengthen national connectivity. Target data and realization of tax revenues up to 2019 can be seen in Fig. 1. Economic conditions in 2020 changed drastically due to Covid-19. Strategies and facilities for the tax authorities to increase tax revenues, namely: (1) Improving services to taxpayers in terms of the simplicity of reporting, payments, access to tax information and increasing the use of electronic reporting, (2) Effectiveness of outreach and socialization to the public. relationships that are becoming more routine every year, (3) Increasing intensification and extensification, for start-up business actors, (4) Increasing the effectiveness of electronic

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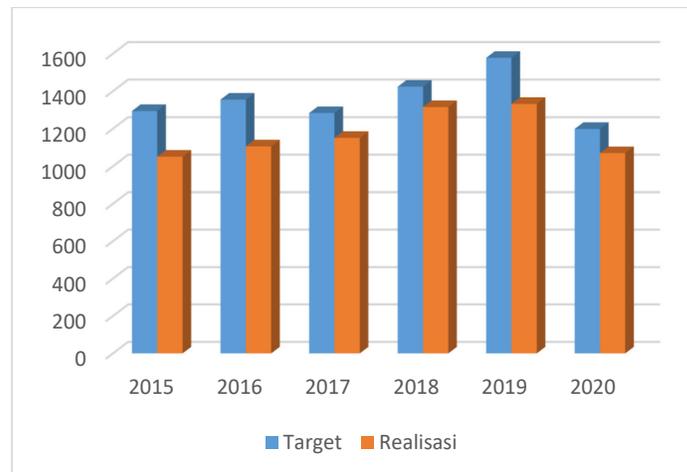
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inspections and billing even though they are still in the initial stages, (5) Increasing the effectiveness of law enforcement and (6) Increasing capacity and quality of the tax authorities (Sapiei et al., 2014; Siglé et al., 2022; Stone et al., 2023).



**Fig. 1.** Objective and Achievement of Tax Revenue 2015-2020 (in trillion rupiah)

Source: 2020 DJP Performance Report

Taxpayer compliance refers to the state in which all taxpayers fulfil their tax duties and utilise their tax entitlements correctly (Casal et al., 2016; Jimenez & Iyer, 2016). Indeed, the level of taxpayer compliance in Indonesia remains insufficient. Given the aforementioned phenomena, it is imperative to examine the factors that impact taxpayer behaviour, beginning with the indicator of low taxpayer compliance. Multiple external and internal factors can impact taxpayer behaviour, such as the intricacy of the tax system, fairness and tax amnesty policies. Research on the compliant behavior of corporate taxpayers using tax management as a mediating variable. The equity of the tax system has minimal impact on taxpayer adherence. However, through motivation as mediation it has a positive influence on taxpayer compliance (Alm et al., 2017; Kubick et al., 2017; Zhang et al., 2022). In this case, the researcher believes that the equity of the tax system should impact tax compliance. Then Alexander and Balavac-Orlic (2022) states that the tax amnesty exerts a beneficial impact on Taxpayer adherence. However, the findings of this study diverge from previous research Sommer et al., (2022) which declares that the degree of Taxpayer adherence has decreased after the tax amnesty program was implemented in Indonesia but is also less effective (Wilkinson & Hageman, 2023). Knowledge of applicable taxation encourages companies to carry out tax planning. Carrying out good tax planning will increase company efficiency and encourage compliance in fulfilling tax responsibilities (Hartner et al., 2008; Wang & Rogge, 2023; Waqar et al., 2023; Zheng & Chen, 2023) Awareness of tax planning still needs to be increased due to a lack of comprehension among a significant number of individuals. Because good planning will increase compliance with tax obligations.

## 2. Literature review

### 2.1 Smooth Supply Chain for Corporate Taxpayer Compliance

Supply Chain (SC) is a network between a company and its suppliers only. Meanwhile, SCM is a series of management processes, suppliers and customers (Belhadi et al., 2022; Liao et al., 2024; Zheng & Chen, 2023). Increasing the smoothness of the supply chain, or in this case associated with increasing balance between exports and imports, will increase the country's economic growth. The export activity is a variable that injects into a country's economy and has the potential to enhance economic growth through the multiplier effect (Wang & Rogge, 2023). This shows that there are activities in the trade system from the customs area to be sent abroad, thereby increasing GDP value (Waqar et al., 2023). So as a consequence, exports can be shown as payments in foreign currency because of international trade activities which are related to state revenue receipts. The positive impact has implications for economic growth which of course has implications for tax revenues which all companies must comply with. If all elements can carry out their obligations in terms of tax compliance, it will certainly have an impact on the economic stability of a country. Research conducted by Gurtu & Johny (2019); Haleem et al., (2021); Meier (2020); Patra et al., (2023); and Uddin et al., (2023) which states that the smoothness of the supply chain has a positive and significant influence on compliance of corporate taxpayers. Given the information provided, the following hypothesis is formulated:

**H<sub>1</sub>:** *The smoothness of the Supply Chain influences Corporate Taxpayer Compliance.*

## 2.2 Fairness of the Tax System on Corporate Taxpayer Compliance

The perceived equity of the current tax system is a contributing element to the rise in taxpayer adherence to tax payment. (Hartner et al., 2008). This viewpoint is bolstered by the results of a research project carried out by Journey et al. (2017) The research findings indicate that taxpayer compliance is influenced by the variable impression of tax fairness. This indicates that a taxpayer's degree of compliance and their perception of tax justice are positively correlated. Conversely, if a taxpayer perceives unfairness in taxes, their compliance tends to decrease Pui Yee et al. (2017) explain that procedural justice influences tax compliance. The justice in this research is the fairness with which the tax authorities treat taxpayers, which will positively affect tax compliance. According to a study done by Chong and Arunachalam (2018), Khasawneh et al. (2008); Musimenta et al. (2017) conducted in Malaysia, procedural justice can influence taxpayer trust with a significant positive relationship. This means that when justice is applied by the Fiscus to taxpayers, taxpayers will comply with their tax obligations. This indicates that taxpayers possess trust in the tax authorities due to the services and jurisdiction they offer to taxpayers. The degree of taxpayer trust and compliance levels are positively correlated. Considering the available data, the following theory is put forth:

**H<sub>2</sub>:** *Fairness of the Tax System influences Corporate Taxpayer Compliance.*

## 2.3 Smooth Supply Chain on State Tax Revenue

The significance of tax issues is growing in organisations' endeavours to enhance the resilience and sustainability of global supply networks. The tax function will have a crucial role in enabling organisations to capitalise on government-provided green incentives while mitigating the risk of penalties (Belhadi et al., 2022). Many international corporations are now realising that most enterprises do not encounter supply chain interruptions, even though some are obvious and foreseeable (Zheng & Chen, 2023). Unexpected events including harsh weather, pandemics, trade disputes, shifting geopolitical trends, capacity constraints, and destabilising shortages of essential resources like gasoline and semiconductors pose a threat to the security of global operations (Wang & Rogge, 2023). In all areas, there is a genuine need to connect taxation with business (Liao et al., 2024; Waqar et al., 2023). To ensure that companies not only avoid tax issues, but also take advantage of the huge opportunities that building sustainable supply chains can result in. The smoothness of the supply chain is of course closely related to state tax revenues. The more the supply chain runs smoothly, the more state income through taxes will increase. Companies that disregard these supply chain, sustainability, and tax concerns run the danger of paying penalties and fines, as well as missed opportunities. Research conducted by Alshira'h and Abdul-Jabbar (2020); Hausserman et al. (2020); Ramsey (2002); Vlassenko (2001); and Zhang et al. (2020) claimed that the tax system's equity may have a positive and vast have an effect on country Tax sales. based totally on this description, the subsequent speculation is formulated:

**H<sub>3</sub>:** *The smoothness of the Supply Chain influences State Tax Revenue.*

## 2.4 Fairness of the Tax System on State Tax Revenue

Taxes serve as a primary source of governmental revenue and play a crucial function in providing financial support for development initiatives and demonstrating economic self-sufficiency (Belhadi et al., 2022). Within the State Revenue and Expenditure Budget (APBN), it is evident that taxation constitutes a significant portion of the State's income (Lutz et al., 2011). Lundstøl's (2022) tax revenue refers to the income acquired by the government via the collection of taxes from individuals. In addition, the cash deposited into the state treasury will be allocated towards government expenditures to promote the utmost welfare and well-being of the populace (Hartner et al., 2008). Tax fairness is based on managing tax imposition to meet public spending based on the proportion of wealth and income of the community (Wilkinson & Hageman, 2023). This principle is adhered to by all countries to fulfil the demands of justice in the law. Justice in the taxation system is of course closely related to state tax revenues because taxpayers are satisfied with the fairness of budget use. Taxpayers are more aware regarding their responsibilities in fulfilling tax payments, which of course will increase state tax revenues. Research conducted by Alshira'h and Abdul-Jabbar (2020); Hausserman et al. (2020); Ramsey (2002); Vlassenko (2001); and Zhang et al. (2020) stated that state tax revenue can be positively and significantly impacted by the fairness of the tax system. Given the information provided, the following hypothesis is proposed:

**H<sub>4</sub>:** *Fairness of the Tax System influences Corporate Taxpayer Compliance.*

## 2.5 Corporate Taxpayer Compliance with State Tax Revenue

The achievement of a country's tax revenues depends on the success or failure of the tax collection system implemented in a country. With efforts to implement a self-assessment system, it is hoped that taxpayer compliance will increase along with the achievement of the tax revenue plan (Suárez Serrato & Zidar, 2018). Voluntary compliance, or the act of completing tax duties willingness is the self-assessment system's cornerstone. Under this system, taxpayers are accountable for estimating their own tax responsibilities and promptly and accurately paying and reporting their taxes (Apeti & Edoh, 2023). Attribution Theory refers to the concept that humans analyze the causes of someone's behavior, distinguishing between internal factors

(inside the person) and external factors (outside influences). An individual's response to an incident is contingent upon their interpretation of said occurrence (Liao et al., 2024). Taxpayers evaluate the tax to determine if it meets the requirements for paying their tax responsibilities. Enhancing the accuracy of tax assessments will increase taxpayers' awareness and compliance with tax obligations as per relevant regulations. Research conducted by Alshira'h (2023); Night & Bananuka (2020); Nkundabanyanga et al. (2017); and Sadress et al. (2019) the study suggests that Corporate Taxpayer Compliance has a favorable and substantial impact on State Tax Revenue. Based on this description, the following hypothesis is formulated:

**H<sub>5</sub>:** *Corporate Taxpayer Compliance influences State Tax Revenue.*

**H<sub>6</sub>:** *The smoothness of the Supply Chain influences State Tax Revenue with Taxpayer compliance as an intervening element.*

**H<sub>7</sub>:** *The equity of the Tax System impacts the level of compliance exhibited by corporate taxpayers, with taxpayer compliance serving as an intervening variable.*

### 3. Research Methodology

The research method uses associative quantitative research methods by looking for relationships between variables, data collection is conducted utilizing survey techniques using surveys given to participants. The location of the research was South Jakarta City, DKI Jakarta Province, Indonesia. The research theory study was also taken from several references from relevant previous research, from electronic data references and from library references. Meanwhile, the primary research data uses data obtained from questionnaire data (Hadi et al., 2019; Hamdan & Basrowi, 2024; Purwaningsih et al., 2024). Once the researcher has established the extent of the investigation, they proceed to identify the specific population and samples that will be examined. The research focuses on Individual Taxpayers (MSMEs) residing in the South Jakarta region. The South Jakarta City region is home to 210,022 micro, small, and medium-sized enterprises (MSMEs), according to statistics gathered from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (Hadi et al., 2019; Hamdan & Basrowi, 2024; Miar et al., 2024; Nuryanto et al., 2019). This information was retrieved in December 2023. The sample size for this research was obtained using the Slovin formula, which calculates the minimal number of samples required for the study. The sample size for this research was 99.9 respondents, which was rounded up to 100. According to the calculations mentioned before, the determined sample size is 100 individuals. The sample size of respondents is deemed to be representative in order to acquire writing data that accurately reflects the population's situation Purwaningsih et al., 2024).

The data collection method involves employing accidental sampling strategies (Ghozali, 2018). The research employs quantitative analysis for data analysis. Partial Least Square (PLS) analysis is employed in quantitative analysis to address difficulties (Basrowi & Maunah, 2019; Basrowi & Utami, 2020; Soenyono & Basrowi, 2020). Partial Least Squares (PLS) can be utilized as a means of theory confirmation, serving as an alternative to Structural Equation Modelling (SEM) which is known for its limited theoretical foundation (Hair et al., 2017). A statistical technique called partial least squares (PLS) makes use of the structural equation modelling (SEM) model to solve the problem of interactions between complex variables, especially in cases where the sample size of data is small. One hundred data points is the minimum sample size required by the SEM method (Ghozali & Latan, 2017).

### 4. Results and Discussion

#### 4.1 Results

##### 4.1.1 Structural Model Testing (Inner Model)

An inner model describes how latent variables are related to one another, which is established according to the underlying theory. When evaluating the model using Partial Least Squares (PLS), start by looking at each dependent latent variable's R-squares. Examining the relationship between constructs is made possible through inner model testing, which analyses the significance and R-square values of the research model (Ghozali & Latan, 2017).

**Table 1**

R-Squares Value

Endogenous Variables	R-Square
Corporate Taxpayer Compliance	0.912
State Tax Revenue	0.893

Source: Processed data, 2023.

In Table 1, the value of the R-square for the Corporate Taxpayer Compliance variable is 0.912. This indicates that 91.2 percent of the variation in the Corporate Taxpayer Compliance variable can be accounted for by the variables Smooth Supply Chain and Fairness of the Tax System, while 9.8 percent of the variation is attributed to variables not included in the model. The State Tax Revenue variable possesses an R-Square of 0.893, indicating that 89.3 percent of the variables account for a portion

of its variability Smooth Supply Chain, Tax System Fairness, and Corporate Taxpayer Compliance. The remaining 10.7 percent of variability is attributed to factors not included in the model. The R-square values displayed in Table 1 are 0.912 and 0.893, indicating a reasonable level of correlation. The Q<sup>2</sup> predictive relevance of structural model testing is evaluated to determine its utility. The following formula can be used to determine Q<sup>2</sup>:

$$Q^2 = 1 - (1-R1) (1-R2)$$

$$Q^2 = 1 - (1-0.912) (1-0.893)$$

$$Q^2 = 0.990$$

The Q<sup>2</sup> computation yields a Q<sup>2</sup> value of 0.990. As stated by Hair et al. (2012), The model's parameter guesses and the observation data they provide are measured for accuracy using the Q<sup>2</sup> value. Q<sup>2</sup> value less than zero implies that the model lacks predictive relevance, but a Q<sup>2</sup> number larger than zero indicates that the model is deemed satisfactory. The construct or endogenous latent variable in this research model has a Q<sup>2</sup> value larger than zero, meaning that the model's predictions are considered relevant.

4.2.2 Direct Effect Testing

Hypothesis testing regarding the influence of the variables Smooth Supply Chain, Tax System Fairness, State Tax Revenue, Corporate Taxpayer Compliance is presented in Fig. 1.

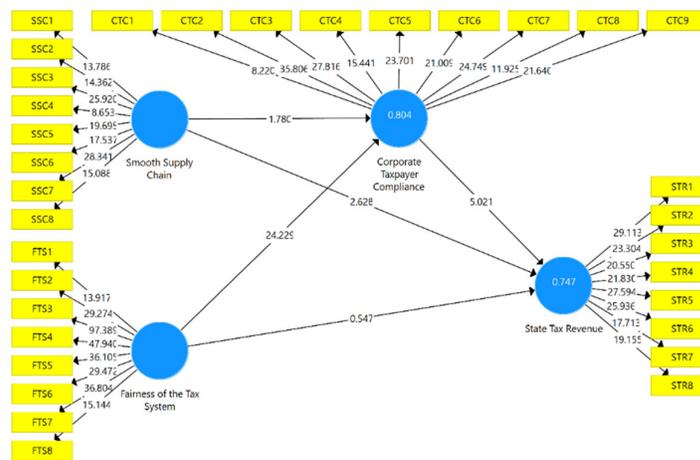


Fig. 1. Statistical t value of the Path Analysis Model

Source: Processed data, 2023

The PLS approach employs simulations to test hypotheses for each hypothesized association. In this scenario, the sample is subjected to the bootstrap method. The non-normality in the study data used is also lessened by the bootstrap procedure. The value of the T-table at the 5% significance level was previously established as 1.660 in this investigation. All path coefficients exhibit statistical t values greater than 1.660.

Table 2  
Direct Effect

	T Statistics ((O/STDEV))	P Values
Tax System Fairness → Corporate Taxpayer Compliance	24,229 > 1,660	0.026 < 0.05
Fairness of the Tax System → State Tax Revenue	0.547 < 1.660	0.437 > 0.05
Corporate Taxpayer Compliance → State Tax Revenue	5,021 > 1,660	0.000 < 0.05
Smooth Supply Chain → Corporate Taxpayer Compliance	1,780 > 1,660	0.037 < 0.05
Smooth Supply Chain → State Tax Revenue	2,628 > 1,662	0.010 < 0.05

According to the findings in Table 2, it can be inferred that the variables Supply Chain Smoothness and Tax System Fairness have a partially positive and considerable impact on Corporate Taxpayer Compliance. This conclusion is based on the fact that the t-statistic value is above the critical t-table value (1.660). The variables Smooth Supply Chain and Corporate Taxpayer Compliance have a partially positive and considerable impact on State Tax Revenue, as indicated by the t-statistic value exceeding the t-table value (1.660). However, the impact of the Fairness of the Tax System on State Tax Revenue is limited, as indicated by the t-statistic value being lower than the critical t-table value (1.660).

**Table 3**  
Indirect Influence

	T Statistics ( O/STDEV )	P Values
Tax System Fairness → Corporate Taxpayer Compliance → State Tax Revenue	5,282 > 1,660	0.000 < 0.05
Smooth Supply Chain → Corporate Taxpayer Compliance → State Tax Revenue	1,725 > 1,660	0.047 < 0.05

Table 3 indicates that the variables Smooth Supply Chain and Fairness of the Tax System have an indirect and significant positive impact on State Tax Revenue through Corporate Taxpayer Compliance. This is evident from the t-statistic value, which exceeds the critical t-table value of 1.660.

### 4.3 Discussion

#### 4.3.1 The Influence of a Smooth Supply Chain on Corporate Taxpayer Compliance

According to the research findings, corporate taxpayer compliance is positively and significantly impacted by the efficiency of the supply chain, as predicted. This indicates that corporate taxpayer compliance levels and the degree of supply chain smoothness are positively correlated. Therefore, improving the effective Supply Chain of Micro, Small, and Medium-Sized Enterprises (MSMEs) in South Jakarta is essential to improving Corporate Taxpayer Compliance. Supply Chain is a network between companies and suppliers only. Meanwhile, SCM is a series of management processes, suppliers and customers (Belhadi et al., 2022; Liao et al., 2024; Zheng & Chen, 2023). Increasing the smoothness of the supply chain, or in this case associated with increasing the balance between exports and imports, will increase the country's economic growth. Export activity is a variable that injects value into a country's economy, leading to economic improvement through the multiplier effect (Wang & Rogge, 2023). This shows that there are activities in the trade system from the customs area to be sent abroad, thereby increasing GDP value (Waqar et al., 2023). So therefore, exports can be shown as payments in foreign currency because of international trade activities which are related to state revenue receipts, the positive impact has implications for economic growth which of course has implications for tax revenues which of course must be complied with by all companies. If all elements can carry out their obligations in terms of tax compliance, it will certainly have an impact on the economic stability of a country. This research supports research conducted by Gurtu and Johny (2019); Haleem et al. (2021); Meier (2020); Patra et al. (2023); and Uddin et al. (2023) the research demonstrates that an efficient supply chain can exert a favorable and substantial impact on the compliance of business taxpayers.

#### 4.3.2 The Effect of Tax System Fairness on Corporate Taxpayer Compliance

According to the research findings, the second hypothesis—that the fairness of the tax system has a favorable and significant impact on corporate taxpayer compliance—is supported. It can be concluded that corporate taxpayer compliance and the degree of fairness in the tax system are positively correlated. Therefore, improving the equity of the tax system for micro, small, and medium-sized enterprises (MSMEs) in South Jakarta is essential to improving corporate taxpayer compliance. The level of justice seen in the current tax system is a contributing element to the increase in taxpayer compliance with tax payments (Hartner et al., 2008). The findings of a study performed by Journey et al. (2017) further support this viewpoint. The research findings indicate that taxpayer compliance is influenced by the variable impression of tax fairness. This demonstrates a positive correlation between a taxpayer's impression of tax justice and their level of compliance. Conversely, when a taxpayer perceives unfairness in taxes, their compliance tends to decrease, Pui Yee et al. (2017) explains that procedural justice influences tax compliance. The justice in this research is the fairness with which tax authorities treated taxpayers, which will have a good impact on tax compliance. This research supports research conducted by Chong and Arunachalam (2018); Journey et al. (2017); Khasawneh et al. (2008); Musimenta et al. (2017); and Pui Yee et al. (2017). The study shows that corporate taxpayer compliance is significantly and favorably impacted by the fairness of the tax system.

#### 4.3.3 The Influence of a Smooth Supply Chain on State Tax Revenue

Based on the findings from the research results, in the third hypothesis, the seamless functioning of the supply chain can be inferred to have a favorable and substantial impact on state tax revenues. It can be concluded that the amount of state tax revenue and the degree of supply chain smoothness are positively correlated. Therefore, improving the effectiveness of the South Jakarta Micro, Small, and Medium Enterprises (MSMEs) supply chain is essential to raising State Tax Revenue. Organizations trying to strengthen and sustain global supply chains are finding that tax issues are becoming more crucial. According to Belhadi et al. (2022), the tax function is expected to have a significant impact on organizations' ability to benefit from government-provided green incentives while mitigating the risk of penalties. Even if some supply chain interruptions are obvious and predictable, a growing number of multinational corporations are realizing that most firms do not encounter them (Zheng & Chen, 2023). Unexpected events, such as harsh weather and pandemics, trade conflicts, and altering geopolitical trends, pose a threat to the security of global operations, constraints on the availability and capacity of resources, as well as unstable shortages of essential elements like gasoline and semiconductors (Wang & Rogge, 2023). In all areas, there is a genuine need to connect taxation with business (Liao et al., 2024; Waqar et al., 2023). To ensure that companies not only avoid tax issues, but also take advantage of the huge opportunities that building sustainable supply chains can result in.

The smoothness of the supply chain is of course closely related to state tax revenues. The more the supply chain runs smoothly, the more state income through taxes will increase. Companies that neglect to address these supply chain, sustainability, and tax issues run the danger of penalties and fines in addition to lost opportunities.

This research supports research conducted by Fernandes et al. (2015); Free and Hecimovic (2021); Gandhi et al. (2017); Sinha et al. (2016); and Song et al. (2021) which claims that state tax revenues can be positively and significantly impacted by a seamless supply chain.

#### *4.3.4 The Influence of Fairness of the Tax System on State Tax Revenue*

The fourth hypothesis, which states that the fairness of the tax code may be advantageous and a considerable influence on state tax revenue, can be interpreted considering the research findings. This suggests that state tax revenue will increase in proportion to the fairness of the tax system. Therefore, improving the Fairness of the Tax System for MSMEs in the City of South Jakarta is also required to enhance State Tax Revenue. State revenue from taxes is a vital component in financing development and demonstrating economic independence (Belhadi et al., 2022). Taxes are recognized as one of the components of state revenue in the State Revenue and Expenditure Budget (APBN) (Lutz et al., 2011). According to Lundstøl (2022), tax revenue is the money the government receives from taxation of citizens. Furthermore, the money deposited for public spending, the state treasury will be used to maximize the prosperity of the populace (Hartner et al., 2008). Tax fairness is based on managing tax imposition to meet public spending based on the proportion of wealth and income of the community (Wilkinson & Hageman, 2023). This principle is adhered to by all countries to fulfill the demands of justice in the law. Justice in the taxation system is of course closely related to state tax revenues because taxpayers are satisfied with the fairness of budget use. Taxpayers are more aware of their tax payment obligations, which of course will increase state tax revenues. This research supports research conducted by Alshira'h & Abdul-Jabbar (2020); Hausserman et al. (2020); Ramsey (2002); Vlassenko (2001); and Zhang et al. (2020) which states that State tax revenue can be favorably and strongly influenced by the equity of the tax system.

#### *4.3.5 The Effect of Corporate Taxpayer Compliance on State Tax Revenue*

Based on the findings from the research results, in the fifth hypothesis, one interpretation is that State Tax Revenue may be positively and significantly impacted by Corporate Taxpayer Compliance. This implies that the higher the degree of adherence to corporation tax regulations, the higher the State Tax Revenue. Therefore, to increase State Tax Revenue, it is also necessary to increase Corporate Taxpayer Compliance with MSMEs in the City of South Jakarta. The achievement of a country's tax revenues depends on the success or failure of the tax collection system implemented in a country. With efforts to implement a self-assessment system, it is hoped that taxpayer compliance will increase along with the achievement of the tax revenue plan (Suárez Serrato & Zidar, 2018). The cornerstone of the self-assessment system, wherein taxpayers are responsible for determining their own tax obligations and then correctly and timely paying and reporting their taxes, is voluntary or voluntary compliance with satisfying tax duties (Apeti & Edoh, 2023). Relates to the theory of attribution, which holds that people attempt to ascertain whether an event was triggered inwardly or externally when they witness someone. The way someone reacts to something relies on how they understand it. (Liao et al., 2024). Assessing the tax itself in terms of its compliance with meeting its tax duties is something that taxpayers do. The more accurately taxes are assessed, the more alert taxpayers will be to fulfil their tax duties in compliance with current legislation. This research supports research conducted by Alshira'h (2023); Night & Bananuka (2020); Nkundabanyanga et al. (2017); and Sadress et al. (2019) which states that State Tax Revenue can be significantly and favorably impacted by Corporate Taxpayer Compliance.

#### *4.3.6 The Effect of a Smooth Supply Chain on State Tax Revenues through Corporate Taxpayer Compliance.*

Examining whether the supply chain's smoothness significantly increases state tax collections through corporate taxpayer compliance is the sixth hypothesis to be tested. The study's findings show that corporate taxpayer compliance significantly improves state tax revenues by acting as a mediator between supply chain efficiency. This shows that the smoothness of the supply chain can directly influence state tax revenues or indirectly through mediation of corporate taxpayer compliance and the type of mediation formed is Partial Mediation with Competitive Partial Mediation type. This indicates that the independent variable has a considerable ability to both directly and indirectly affect the dependent variable; if the coefficient is positive, competitive partial mediation takes place.

#### *4.3.7 The Effect of Tax System Fairness on State Tax Revenue through Corporate Taxpayer Compliance*

Examining whether the tax system's fairness significantly increases state tax revenues through business taxpayer compliance is the seventh hypothesis to test. The findings of this study suggest that corporate taxpayer compliance significantly improves state tax collections and the tax system's fairness. State tax receipts are not immediately impacted by the tax system's fairness, though. This demonstrates how corporate tax compliance mediation, a form of full mediation where the independent variable cannot significantly affect the dependent variable without passing through the mediator variable, can indirectly affect state tax revenues through the fairness of the tax system.

## 5. Conclusion

This study aims to investigate the effects of a fair tax system and an efficient supply chain on business taxpayers' compliance levels, both directly and indirectly, and the consequences for South Jakarta City's MSMEs (micro, small, and medium-sized enterprises) in terms of state tax collections. The research findings and data analysis indicate that corporate taxpayer compliance is directly and significantly impacted by the fairness of the tax system. However, it has no significant effect on state tax revenues. On the other hand, corporate taxpayer compliance has a direct and significant influence on state tax revenues. Additionally, Corporate taxpayer compliance is directly and favorably impacted by a seamless supply chain, while state tax collections are directly and significantly impacted by the supply chain's smoothness. Moreover, corporate taxpayer compliance partially mediates the relationship between a smooth supply chain and state tax revenues, as the independent variable significantly influences both the dependent variable directly and indirectly; The compliance of corporate taxpayers has the capacity to completely mediate the impact of mediation on the fairness of the taxation system on state tax collections in MSMEs in South Jakarta City. This is because the independent variable is unable to significantly influence the dependent variable without passing through the mediator variable.

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