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THE EFFECT OF TAX DIGITALIZATION, SOCIAL MEDIA, AND HEDONISM ON MSME COMPLIANCE

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ABSTRACT: MSME tax compliance in Indonesia remains low despite the sector contributing approximately 60.5% to the national GDP. This indicates that the substantial economic contribution of MSMEs has not been matched by proportional tax compliance. Therefore, this study aims to analyze the effects of tax system digitalization, social media, and hedonism culture on MSME tax compliance in Surabaya. A quantitative causal research design was employed, and primary data were collected through structured questionnaires administered to 100 MSME owners in Surabaya who possessed a Taxpayer Identification Number (NPWP) and actively used digital platforms. Respondents were selected using purposive sampling, and the data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The results show that tax system digitalization and social media have positive and significant effects on tax compliance, while hedonism culture has a negative and significant effect. This study contributes to the application of the Theory of Planned Behavior in the context of digital MSMEs and provides practical implications for the Directorate General of Taxes in designing more targeted tax education strategies.

Keywords: *Tax System Digitalization, Social Media, Hedonism Culture, Tax Compliance, MSMEs*

Code JEL : H26, O33, M13

INTRODUCTION

Tax compliance is one of the main pillars in maintaining a country's fiscal sustainability. The Directorate General of Taxes (DGT) plays a central role in managing tax administration while optimizing state revenue to support the implementation of the State Budget (APBN). Micro, Small, and Medium Enterprises (MSMEs) hold a strategic position in the national economic structure, contributing approximately 60.5% of Indonesia's Gross Domestic Product (GDP) and absorbing 96.9% of the national workforce [1]. However, the contribution of this sector to state tax revenue remains relatively low, accounting for only around 5% of total tax revenue [2]. Furthermore, only about 2 million out of 60 million MSMEs operating in Indonesia have been registered as active taxpayer [3]. The disparity between the significant contribution of MSMEs to the national economy and their low contribution to tax revenue indicates a tax compliance issue that requires serious attention.

This phenomenon is also evident in Surabaya City, one of the major trade and economic centers in East Java. The MSME sector accounts for approximately 58.17% of all businesses in the region [4]. The number of non-employee individual taxpayers submitting annual tax returns declined from 39,384 taxpayers in 2021 to 36,716 taxpayers in 2022 [2]. This decline indicates that tax compliance issues are not only a national concern but also occur at the regional level, particularly in areas with high economic activity.

The rapid growth of the digital economy has further increased the complexity of MSME tax compliance. Indonesia's digital economy was valued at USD 82 billion in 2023 and is projected to increase to USD 109 billion by 2025 [5]. Such growth has encouraged more MSMEs to utilize digital platforms in conducting their business activities. Tax regulations have also evolved to accommodate these developments through Minister of Finance Regulation (PMK) No. 37 of 2025, which governs tax collection for online merchants with certain turnover thresholds. Nevertheless, tax compliance among digital MSMEs continues to face various challenges related to tax literacy, access to tax services, and financial decision-making behavior.

The availability of digital technology provides opportunities for MSMEs to obtain information and conduct business activities more efficiently. However, the digital environment also encourages higher consumption patterns and greater orientation toward short-term gratification [6]. Financial literacy regarding the consequences of digital economic activities, including tax obligations, remains relatively limited among MSME actors [7]. These conditions indicate significant challenges in maintaining MSME tax compliance amid the rapid expansion of the digital economy. This issue is particularly important because low tax compliance may hinder the optimization of government revenue, while MSMEs remain one of the primary drivers of Indonesia's economic growth.

Previous studies have demonstrated that tax system digitalization, social media, and hedonism culture influence tax compliance. However, empirical evidence remains limited regarding how these technological, informational, and behavioral factors jointly affect tax compliance among digitally active MSMEs, particularly in the context of Surabaya. The novelty of this study lies in examining the combined influence of tax system digitalization, social media, and hedonism culture on MSME tax compliance among digitally active MSMEs in Surabaya using the Theory of Planned Behavior as the underlying theoretical framework. Accordingly, this study aims to analyze the effects of tax system digitalization, social media, and hedonism culture on MSME tax compliance in Surabaya in order to provide a more comprehensive understanding of the factors influencing tax compliance among digital MSMEs.

1. THE LITERATURE REVIEW

Tax compliance among Micro, Small, and Medium Enterprises (MSMEs) has become an increasingly important issue due to the significant contribution of MSMEs to economic growth and government revenue. Tax compliance refers to the willingness of taxpayers to fulfill their tax obligations accurately, honestly, and in accordance with applicable tax regulations. In the context of MSMEs, tax compliance reflects not only the fulfillment of administrative requirements but also the level of awareness, understanding, and responsibility of business owners toward their role in supporting national development [8]. The importance of tax compliance has increased alongside the rapid growth of digital business activities, which require MSME owners to adapt to changes in tax administration systems and regulatory frameworks.

The Theory of Planned Behavior (TPB) provides a relevant framework for explaining tax compliance behavior. According to TPB, behavioral intention is influenced by three main determinants: attitude toward behavior, subjective norms, and perceived behavioral control [9] Attitude toward behavior refers to an individual's evaluation of a particular action, subjective norms represent perceived social pressure from significant others, and perceived behavioral control reflects an individual's perception of their ability to perform a behavior [10]. In the taxation context, these components influence the intention of MSME owners to comply with tax obligations based on their perceptions of the tax system, social influences, and confidence in their ability to fulfill tax requirements [11].

Digitalization of the tax system refers to the integration of information technology into tax administration processes to improve efficiency, transparency, and accessibility [12]. Various digital services, including *e-Filing*, *e-Billing*, and electronic tax reporting systems, have been developed to facilitate tax compliance and simplify administrative procedures for taxpayers. The implementation of digital tax services aims to create a more efficient, transparent, and user-friendly taxation system that can be accessed anytime and anywhere [8].

Greater accessibility to digital tax services enables MSME owners to obtain tax information, submit tax reports, and make tax payments more efficiently [13]. The simplification of tax procedures reduces administrative burdens and minimizes obstacles commonly encountered by taxpayers when fulfilling their obligations [14]. Within the TPB framework, tax system digitalization strengthens perceived behavioral control because taxpayers perceive tax-related procedures as easier to understand and perform through technology-based platforms [9]

Previous studies consistently indicate that tax system digitalization positively contributes to tax compliance. Improved service quality, enhanced transparency, administrative efficiency, and easier access to tax services have been associated with higher levels of compliance among taxpayers [13],[11],[8],[12],[14]. Digital tax services enable MSME owners to manage their tax obligations more effectively, thereby encouraging voluntary compliance. However, the effectiveness of digitalization remains dependent on taxpayers' ability to utilize technology and understand applicable tax regulations.

Social media has evolved into an important communication channel for disseminating information and providing tax education [15]. Digital platforms such as *Instagram*, *Facebook*, *TikTok*, *YouTube,* and other social networking services facilitate the rapid and widespread distribution of tax-related information. The utilization of social media enables tax authorities to conduct educational campaigns and socialization programs more effectively, particularly among digitally active MSME owners [16].

Social media facilitates taxpayers' access to information regarding tax regulations and obligations, thereby enhancing MSME owners' understanding of taxation[17]. From the perspective of the *Theory of Planned Behavior*, social media contributes to the formation of subjective norms, as repeated exposure to tax-related information can encourage the perception that tax compliance is a behavior expected and supported by the social environment [9]

Empirical evidence generally demonstrates that social media plays an important role in increasing tax awareness, tax knowledge, and tax compliance. Educational content, digital campaigns, and online tax socialization programs have been found to enhance taxpayers' understanding of taxation and encourage compliance behavior [16],[18],[15][17]. Nevertheless, compliance behavior is not solely determined by information exposure, as taxpayers' internal awareness and understanding of the importance of taxation also influence their willingness to comply with tax obligations [11].

Hedonistic culture refers to a lifestyle that prioritizes pleasure and personal satisfaction in daily life. The rapid development of digital technology and social media has accelerated the spread of this lifestyle through content that emphasizes consumption, luxury, and social status. As a result, individuals tend to prioritize spending to satisfy personal desires rather than allocating resources to more beneficial long-term needs [19]

Hedonistic culture is characterized by a tendency to prioritize personal pleasure, follow social trends, and focus more on fulfilling desires than actual needs [17]. Among MSME owners, such behavior may influence financial management, as business income is often allocated to personal consumption rather than business development or tax obligations [20]. From the perspective of the *Theory of Planned Behavior*, hedonistic culture is associated with *attitude toward behavior*, as consumption-oriented individuals may perceive tax payments as reducing their personal satisfaction [9].

Empirical evidence suggests that hedonistic culture tends to reduce tax compliance. A strong orientation toward personal pleasure may encourage individuals to prioritize consumption over fulfilling their tax obligations [20],[17]. However, tax compliance is influenced not only by lifestyle factors but also by taxpayers' awareness and understanding of the importance of taxation for economic development [11]

Previous studies suggest that tax system digitalization, social media, and hedonistic culture are important factors influencing MSME tax compliance. However, research examining these variables within the same context remains limited. Furthermore, studies focusing on MSMEs in the digital era, particularly in Surabaya, are still scarce. Given the growing influence of technology, social media usage, and lifestyle changes, these factors may play an important role in shaping tax compliance behavior among MSME owners.

Based on the literature reviewed above, tax system digitalization, social media, and hedonistic culture are theoretically associated with MSME tax compliance through the components of the Theory of Planned Behavior. Tax system digitalization enhances perceived behavioral control by simplifying tax procedures, social media strengthens subjective norms by facilitating the dissemination of tax-related information, and hedonistic culture shapes taxpayers' attitudes

toward tax obligations through consumption-oriented behavior. Previous empirical studies consistently support these relationships, providing a theoretical and empirical basis for proposing the following hypotheses.
H1: Tax system digitalization has a positive effect on MSME tax compliance.
H2: Social media has a positive effect on MSME tax compliance.
H3: Hedonistic culture has a negative effect on MSME tax compliance.

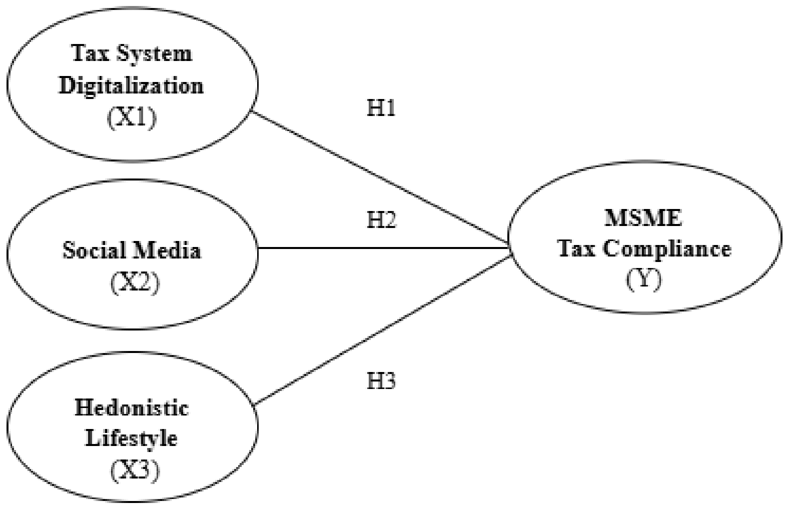

Figure 1. Framework design
Resource : Author's Processing (2026).

2. METHODS

This study employed a quantitative approach with a causal associative research design. The research was conducted among active MSME owners domiciled in Surabaya who operate their businesses through digital platforms, such as marketplaces (Shopee, Tokopedia, and TikTok Shop) and social media. The population consisted of all MSMEs in Surabaya. Based on data from the Department of Cooperatives, Small and Medium Enterprises, and Trade of Surabaya City (Dinkopumdag) in 2025, the total number of MSMEs reached 106,392 business units.

The sample size was determined using the Slovin formula with a 10% margin of error, resulting in a minimum sample of 100 respondents. The formula is presented as follows:

$$n = \frac{N}{1 + N(e^2)} \quad (1)$$

Where:
n = Sample size or number of samples
N = Population size or total population
e = Margin of error (allowable sampling error) or level of precision tolerated in sampling
Margin of error (10% or 0.1), representing the acceptable level of sampling error in the study:

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$$= \frac{106.392}{1+106392(0,1)^2} = \frac{106.392}{1+106392(0,01)} = \frac{106.392}{1064,92} = 99,90 \approx 100 \text{...(2)}$$

Based on the Slovin formula calculation, the minimum sample size required for this study was 99.90, which was rounded up to 100 respondents. This study employed a purposive sampling technique, in which respondents were selected based on specific criteria established by the researcher in accordance with the objectives of the study. According to Sugiyono (2023), purposive sampling is a sampling technique that involves selecting individuals who are considered capable of providing relevant information related to the research problem.

Surabaya was selected because it is one of the largest economic and commercial centers in East Java, with a substantial number of MSMEs that have increasingly adopted digital platforms in their business operations. These characteristics make Surabaya an appropriate setting for examining the influence of tax system digitalization, social media, and hedonistic culture on MSME tax compliance.

This sampling technique was considered appropriate because not all MSMEs possess characteristics relevant to the objectives of this study. Specifically, the research focused on MSME owners who actively use digital business platforms and have experience with tax-related activities. Therefore, selecting respondents based on predetermined criteria ensured that the collected data were relevant to the research variables and capable of addressing the research objectives more accurately.

To ensure the relevance and quality of the data collected, the sample consisted of MSME owners in Surabaya who met predetermined criteria related to tax system digitalization, social media utilization, and hedonistic lifestyle characteristics. The minimum monthly turnover criterion of IDR 1,000,000 was established to ensure that respondents were actively operating their businesses and generating regular business income.

This criterion was intended to select respondents who had sufficient experience related to digital business activities and tax obligations, thereby providing data relevant to the objectives of this study**.** The respondent criteria used in this study are presented in the following table:

Table 1. Respondent Criteria

Respondent Criteria
1. Active MSME owners who own and operate their businesses within the Surabaya City area.
2. Respondents are business owners or primary managers who have full authority over financial and operational decision-making within the business.
3. Operate a business based on the platform economy by utilizing e-commerce platforms (Shopee, Tokopedia, Tiktok Shop), social media (Instagram, WhatsApp), or other digital applications for sales activities.
4. Respondents are MSME owners with a minimum monthly business turnover of IDR 1,000,000 or regular income generated from digital business activities.
5. Must possess a Taxpayer Identification Number (NPWP) or have previously engaged in at least one tax-related activity, such as NPWP registration, tax return (SPT) filing, or MSME tax payment.
6. Willing to complete the research questionnaire thoroughly and provide honest responses based on their actual circumstances without any coercion.

Resource : Author's Processing (2026).

All indicators in this study were measured using a four-point Likert scale, where a score of 1 indicates *Strongly Disagree*, 2 indicates *Disagree*, 3 indicates *Agree*, and 4 indicates *Strongly Agree*. The use of a four-point Likert scale was intended to minimize respondents' tendency to select neutral responses (central tendency bias), thereby encouraging them to provide more definitive evaluations of each statement presented in the questionnaire:

Table 2. Operationalization of Research Variables and Indicators

Variables	Indicators
MSME Tax Compliance [8],[12]	Taxpayer Identification Number (NPWP) registration compliance, Tax calculation compliance, Tax payment and reporting compliance, Compliance with tax audits, Compliance with tax regulations, Tax administration compliance
Tax System Digitalization [21],[1]	Ease of system use, Ease of access to information, Efficiency of digital systems, Accuracy of digital systems, Administrative transparency
Social Media [22],[15]	Digital tax socialization, Ease of access to tax information, Clarity of tax information, Understanding of tax obligations, Enhancement of tax awareness, Ease of obtaining tax reporting information, Influence of digital media on tax compliance

Variables	Indicators
Hedonistic Lifestyle [17]	Personal pleasure orientation, Consumerist lifestyle, Social environmental influence, Perception of tax benefits, Lifestyle priorities over tax obligations

Resource : Compiled from Relevant Literature

Data analysis was conducted using *Partial Least Squares Structural Equation Modeling* (PLS-SEM) with the assistance of SmartPLS 4.0 software. The analysis included the evaluation of the outer model, consisting of convergent validity assessed through outer loading values greater than 0.50 and *Average Variance Extracted* (AVE) values greater than 0.50, as well as reliability assessed through *Composite Reliability* values greater than 0.70 and Cronbach's Alpha values greater than 0.70. The *inner model* evaluation included the assessment of *R-square, path coefficients,* and *F-square values*. Hypothesis testing was performed using the *bootstrapping* procedure with a significance level of 5%, indicated by *t-statistics* greater than 1.96 and *p-values* lower than 0.05.

3. RESULT AND DISCUSSION

Table 3. Distribution of Respondents by Gender

Criteria	Description	Number of People	Presentase
Gender	Male	35	34,5%
	Female	65	65,5%
TOTAL		**100**	**100%**
Years	20 Tahun	2	1,7%
	21-30	68	67,9%
	31-40	18	17,9%
	>40	12	12,3%
TOTAL		**100**	**100%**
Type of Business	Fashion and Beauty Business	19	18,9%
	Service Business	17	17,0%
	Creative Industry and Crafts	11	11,3%
	Trade and E-Commerce	12	8,5%
TOTAL		**100**	**100%**
Length of Business Operation	1-2 Years	19	18,9%
	2-4 Years	43	43,4%
	4-5 Years	35	34,9%
	6-10 Years	3	0,9%
TOTAL		**100**	**100%**
Average Monthly Turnover	Rp.1.000.000	18	17,9%
	Rp.5.000.000-Rp.10.000.000	50	50,0%
	Rp.10.000.000-Rp.20.000.000	27	27,4%

	Rp.27.000.000	2	1,9%
	Rp.32.000.000	2	1,9%
	Rp.35.000.000	1	0,9%
TOTAL		**100**	**100%**
Digital Platforms Used for Business Activities	Shopiee	39	38,7%
	Tokopedia	26	26,4%
	Tiktok Shop	21	20,8%
	Instagram	9	9,4%
	WhatsApp	5	4,7%
TOTAL		**100**	**100%**
Business Status	MSME Owner	77	77,4%
	Primary Manager	23	22,6%
TOTAL		**100**	**100%**
NPWP Ownership	Owns an NPWP	100	100%
	Does Not Own an NPWP	0	0%
TOTAL		**100**	**100%**
Tax Compliance History	NPWP Registration	38	38%
	Tax Return (SPT)	18	18%
	FilingMSME Tax Payment	44	44%
TOTAL		**100**	**100%**

Resource : Processed Primary Data (2026)

Based on the Likert scale used in this study, the highest score was 4 and the lowest score was 1. Therefore, the interval range for each variable can be determined using the following formula:

Table 2 Likert scale

Variabel	Interval	Kategori	Nilai
Y, X1, X2,X3	$1{,}00 < a \leq 1{,}75$	Strongly Disagree	1
	$1{,}75 < a \leq 2{,}5$	Disagree	2
	$2{,}5 < a \leq 3{,}25$	Agree	3
	$3{,}25 < a \leq 4$	Strongly Agree	4

Resource : Author's processing (2026).

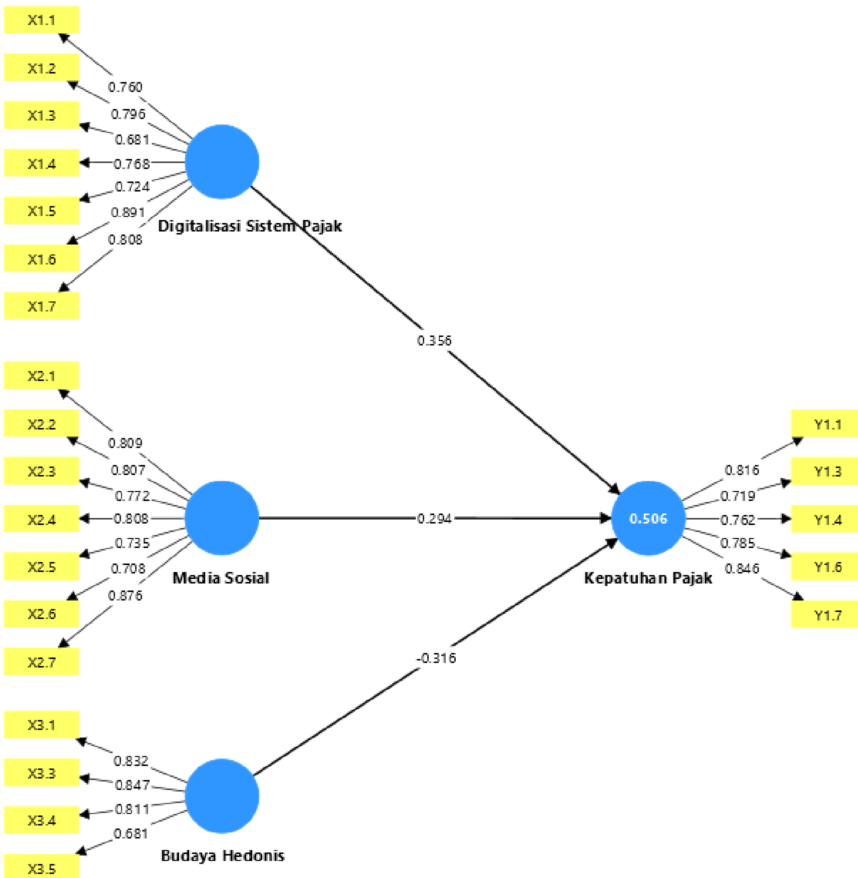

Figure 2. SmartPLS Algorithm Results

Figure 3 also shows that the R-square value of MSME tax compliance is 0.506, indicating that tax system digitalization, social media, and hedonistic culture jointly explain 50.6% of the variance in MSME tax compliance. The remaining 49.4% is influenced by other variables outside the proposed research model. This finding suggests that the structural model has moderate explanatory power in explaining MSME tax compliance behavior.

Table 4. Outer Loading Results

Code	Hedonistic Lifestyle	Tax System Digitalization	Tax Compliance	Social Media
X1.1		0.760		
X1.2		0.796		
X1.3		0.681		
X1.4		0.768		
X1.5		0.724		
X1.6		0.891		
X1.7		0.808		
X2.1				0.809
X2.2				0.807
X2.3				0.772
X2.4				0.808
X2.5				0.735

Code	Hedonistic Lifestyle	Tax System Digitalization	Tax Compliance	Social Media
X2.6				0.708
X2.7				0.876
X3.1	0.832			
X3.3	0.847			
X3.4	0.811			
X3.5	0.681			
Y1.1			0.816	
Y1.3			0.719	
Y1.4			0.762	
Y1.6			0.785	
Y1.7			0.846	

Resource : Author's processing (2026).

As presented in Table 4, most indicators exhibited outer loading values above the recommended threshold of 0.708, indicating satisfactory convergent validity. Outer loading values are used to assess the extent to which each indicator represents its respective latent construct. Although two indicators (X1.3 and X3.5) showed loading values of 0.681, these values remained within the acceptable range and were therefore retained in the measurement model because they still adequately represented their respective constructs.

Overall, the results presented in Figure 3 and Table 4 indicate that the measurement model demonstrates acceptable indicator quality, with most indicators showing strong relationships with their respective latent constructs. These findings suggest that the indicators are appropriate for measuring the proposed constructs and provide a sound basis for further evaluation of the model's validity and reliability.

The validity and reliability of the measurement model were further assessed using the Average Variance Extracted (AVE), Composite Reliability (CR), and Cronbach's Alpha values

Table 6. Validity and Reliability Assessment

Variable	Code	Validity test	Reliability test	
		Loading Factor	Composite Reliability	Cronbach's Alpha
MSME Tax Compliance	Y1.1	0.816 (Valid)	0,890 (Reliabel)	0,846 (Reliabel)
	Y1.3	0.719 (Valid)		
	Y1.4	0.762 (Valid)		
	Y1.6	0.785 (Valid)		
	Y1.7	0.846 (Valid)		
Tax System Digitalization	X1.1	0.760 (Valid)	0,914 (Reliabel)	0,891 (Reliabel)
	X1.2	0.796 (Valid)		
	X1.3	0.681 (Valid)		
	X1.4	0.768 (Valid)		
	X1.5	0.724 (Valid)		
	X1.6	0.891 (Valid)		
	X1.7	0.808 (Valid)		
Social Media	X2.1	0.809 (Valid)	0,920 (Reliabel)	0,899 (Reliabel)
	X2.2	0.807 (Valid)		
	X2.3	0.772 (Valid)		

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	X2.4	0.808 (Valid)		
	X2.5	0.735 (Valid)		
	X2.6	0.708 (Valid)		
	X2.7	0.876 (Valid)		
Hedonistic Lifestyle	X3.1	0.832 (Valid)	0,873 (Reliabel)	0,806 (Reliabel)
	X3.3	0.847 (Valid)		
	X3.4	0.811 (Valid)		
	X3.5	0.681 (Valid)		

Resource : Author's Processing (2026).

Based on Table, all research constructs, namely MSME Tax Compliance, Tax System Digitalization, Social Media, and Hedonistic Lifestyle, demonstrated adequate levels of validity and reliability. This is reflected in the outer loading values that met the minimum threshold, as well as the Cronbach's Alpha and Composite Reliability values that exceeded the recommended criteria. Several indicators that did not satisfy the measurement requirements were removed to improve the quality of the measurement model. Meanwhile, indicators X1.3 and X3.5 were retained because their loading values remained within the acceptable range. In addition, all constructs achieved Average Variance Extracted (AVE) values above 0.50, indicating that the measurement model possesses sufficient convergent validity and that the indicators adequately represent their respective latent constructs. Therefore, all constructs used in this study can be considered both valid and reliable for further analysis.

Table 7. Nilai AVE

Variabel	***Average variance extracted* (AVE)**
MSME Tax Compliance (Y)	0,619
Tax System Digitalization (X1)	0,605
Social Media (X2)	0,623
Hedonistic Lifestyle (X3)	0,633

Resource : Author's Processing (2026).

All constructs achieved Average Variance Extracted (AVE) values above the recommended threshold of 0.50, indicating adequate convergent validity. These results demonstrate that each construct explains more than 50% of the variance of its indicators, confirming that the measurement model possesses satisfactory convergent validity.

Table 8. Nilai R-Square

Variabel	***R-square***
MSME Tax Compliance (Y)	0,506

Resource : Author's Processing (2026).

The R-square value of 0.506 indicates that Tax System Digitalization, Social Media, and Hedonistic Lifestyle jointly explain 50.6% of the variance in MSME Tax Compliance. The remaining 49.4% is explained by other factors not included in the research model. This value falls

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within the moderate explanatory power category, suggesting that the proposed model has a reasonably strong ability to explain variations in the dependent variable.

Table 9. Hypothesis Testing

Hipotesis	F-Square	Path Coeficients	Original Sample	P-Values	Kesimpulan
X1 -> Y	0,223	0,356	0,356	0,000	Hypothesis Accepted
X2 -> Y	0,172	0,294	0,294	0,000	Hypothesis Accepted
X3 -> Y	0,139	-0,316	-0,316	0,000	Hypothesis Accepted

Resource : Author's Processing (2026).

The results indicate that tax system digitalization has a positive and significant effect on MSME tax compliance (path coefficient = 0.356; p-value = 0.000), thereby supporting the first hypothesis. This finding suggests that increased utilization of digital tax services, such as e-Filing, e-Billing, and DJP Online, contributes to higher levels of tax compliance among MSME taxpayers. From the perspective of the *Theory of Planned Behavior* (TPB), tax system digitalization enhances taxpayers' perceived ease of use and perceived behavioral control in fulfilling their tax obligations. The F-square value of 0.223 indicates a moderate effect size, suggesting that tax system digitalization exerts a meaningful influence on tax compliance. This finding is consistent with previous studies conducted by [23], [11],[21] , which reported that the adoption of digital tax systems positively contributes to improving taxpayer compliance.

For MSMEs, the availability of integrated digital tax services reduces administrative complexity and enables tax obligations to be fulfilled more efficiently. This condition is particularly relevant as MSMEs increasingly conduct business activities through digital platforms, making accessible and user-friendly tax services essential for maintaining voluntary tax compliance. Therefore, continuous improvements in digital tax infrastructure and taxpayer assistance programs are necessary to maximize the effectiveness of tax system digitalization.

The results of the second hypothesis test reveal that social media has a positive and significant effect on MSME tax compliance (path coefficient = 0.294; p-value = 0.000), supporting the second hypothesis. This finding indicates that the dissemination of tax-related information through social media platforms can enhance MSME taxpayers' understanding and awareness of their tax obligations. According to the *Theory of Planned Behavior* (TPB), social media contributes to the formation of subjective norms by providing information and educational content that encourage compliant tax behavior. The F-square value of 0.172 suggests a moderate effect size, indicating that social media plays a meaningful role in influencing tax compliance. This result supports the findings of [17],[15] who concluded that the use of social media as a medium for tax education and dissemination positively affects taxpayer compliance.

The increasing use of social media by MSME owners provides tax authorities with an effective channel to disseminate tax information and educational content. Delivering accurate and easily understood information through digital platforms may strengthen taxpayers' awareness and encourage voluntary compliance, particularly among digitally active business owners. This implies that optimizing social media-based tax education can serve as an effective strategy to improve tax compliance among MSMEs in the digital era.

Testing results demonstrate that hedonistic lifestyle has a negative and significant effect on MSME tax compliance (path coefficient = -0.316; p-value = 0.000), thereby supporting the third hypothesis. This finding indicates that the stronger the tendency toward hedonistic behavior, the lower the level of tax compliance among MSME taxpayers. From the perspective of the Theory of Planned Behavior (TPB), a hedonistic lifestyle may influence individuals' attitudes toward tax obligations. A greater orientation toward personal pleasure and consumption tends to reduce the priority given to tax payments. The F-square value of 0.139 indicates a moderate effect size, suggesting that a hedonistic lifestyle has a meaningful influence on tax compliance. These findings are consistent with the studies of [17],[20], which found that hedonistic behavior negatively affects both tax compliance and financial management. Furthermore, the increasing accessibility of various digital consumption services may further strengthen such tendencies among MSME taxpayers.

The rapid growth of digital consumption and online shopping has increased the tendency of some MSME owners to prioritize personal spending over long-term financial obligations, including taxes. Therefore, tax compliance strategies should not only emphasize administrative improvements but also strengthen financial literacy and promote responsible financial decision-making among MSME owners.

4. CONCLUSION

This study aimed to examine the effects of tax system digitalization, social media, and hedonistic lifestyle on MSME tax compliance in Surabaya City. The findings revealed that tax system digitalization and social media have positive and significant effects on MSME tax compliance, whereas a hedonistic lifestyle has a negative and significant effect. Furthermore, the proposed model was able to explain 50.6% of the variation in MSME tax compliance, indicating a moderate level of explanatory power.

These findings suggest that technological and informational factors play an important role in encouraging tax-compliant behavior among MSME taxpayers. The availability of accessible digital tax services and the effective use of social media as a channel for tax education can strengthen taxpayers' willingness and ability to fulfill their tax obligations. In contrast, a stronger tendency toward a hedonistic lifestyle may reduce tax compliance by shifting individuals' priorities toward personal consumption rather than tax responsibilities.

Therefore,improving digital tax infrastructure and strengthening tax-related communication through social media may contribute to higher levels of MSME tax compliance. At the same time, behavioral factors should be considered in the development of tax compliance strategies, as individual lifestyles may influence taxpayers' attitudes and decisions regarding their tax obligations.

This study has several limitations. First, the research was conducted only among MSMEs in Surabaya, which may limit the generalizability of the findings to other regions with different economic and business characteristics. Second, the study only examined tax system digitalization, social media, and hedonistic lifestyle as determinants of MSME tax compliance.

Second, the study only examined tax system digitalization, social media, and hedonistic lifestyle as determinants of MSME tax compliance. Consequently, the coefficient of determination (R^2) indicates that 49.4% of the variation in tax compliance is explained by other factors not included in this study.

Author contribution

All authors contributed equally to this study. The first author was responsible for conceptualization, data collection, and writing the original draft. The second author contributed to data analysis, interpretation of results, and manuscript review. The third author assisted in validation, supervision, and final editing of the manuscript.

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Conflicts of interest

The authors declare that there is no conflict of interest regarding the publication of this research.

Declaration of AI-Assisted Technology

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