ACCOUNTING INTEGRITY AND TAX COMPLIANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES): A PHENOMENOLOGICAL CASE STUDY IN MAKASSAR

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Background: Many MSME actors still face difficulties in conducting systematic financial records, managing human resources professionally, and understanding and fulfilling tax obligations, especially related to MSME taxes. This disintegration has an impact on weak transparency, accountability, and the potential for fiscal risks that can hinder business growth and sustainability. Therefore, it is important to dig deeper into the real experience of MSME actors in facing and managing these problems in an integrated manner. The phenomenon that is often encountered in the field shows that most MSMEs in Makassar City still face challenges in integrating systematic accounting practices with professional human resource management. Many MSME actors have not done adequate financial recording, making it difficult for them to calculate their tax obligations correctly. In addition, labor management is often informal and poorly documented, which has an impact on disorderly tax reporting and potential administrative sanctions from tax authorities

The method used is a phenomenological case study because many MSMEs face challenges in accountable accounting practices, efficient logical management of human resources, and compliance with tax obligations

Results and Discussion: Several MSMEs who are informants, the results of the study show that accounting integrity is closely related to the level of MSME tax compliance in Makassar**,** where MSME **business** actors in financial recording vary, some apply recording and some do not apply recording so that it affects the fulfillment of tax obligations according to the rules. These findings confirm that low tax compliance is often influenced by the lack of awareness and ability of MSME actors in compiling accurate financial reports. In addition, environmental factors, such as the lack of assistance from the government and the complexity of tax regulations, are also obstacles. Thus, accounting integrity is not only a moral aspect, but also a practical instrument that encourages compliance, so it needs to be strengthened through training, education, and simplification of tax policies so that MSMEs can be more compliant and contribute optimally to state revenue.

The conclusion of this study is that accounting integrity has an important role in encouraging tax compliance in Micro, Small, and Medium Enterprises (MSMEs), especially in the city of Makassar**.** Through a phenomenological approach, it was found that MSME actors who maintain transparency in financial records, honesty in reporting, and consistency in business management are more likely to comply with tax obligations. Conversely, limited accounting knowledge and a tendency to ignore formal record-keeping are often factors that hinder compliance. Thus, improving accounting integrity, accompanied by education and assistance from relevant authorities, can be an effective strategy to strengthen MSME tax compliance in a sustainable manner.

Keywords: Accounting Integrity; Tax Compliance, Business Actors; MSMEs