

POST-TAX CHANGE RATES: PERCEPTIONS OF MSME IN BREBES DISTRICT IN TAX RATES



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Abstract

The phenomenon in Indonesia regarding the level of taxpayer compliance is still relatively low when compared to the growth in the number of businesses. This research aims at determining the perception of taxpayers of micro, small and medium enterprises after changes in tax rates government regulation. This research method used was descriptive qualitative statistical analysis. The population used was MSMEs in Brebes District, and the sample taken is 5 MSMEs that could represent each business field with a simple random sampling technique. The respondents used in this research were MSMEs in Brebes District which experienced a decrease in income and get more comprehensive information on the latest tax regulations. The conclusion from this research was that MSME actors objected to the tax rate of 1% of turnover. MSME actors were represented by respondents who appreciated the new tax rate of 0.5% of the turnover contained in PP No. 23 of 2018.

INTRODUCTION

The contradiction between the world's interests and the government's interest in taxes is a debatable phenomenon, on the other hand, changes in tax rates and tax regulations, and an increase in the amount of taxes deposited with the government (Tee et al., 2016). Perdana et al (2017) stated that assert taxes had 2 (two) main functions that are used to regulate government policies in the economic and social fields and budget functions are used to finance government expenses. In Indonesia itself, implementing a self-assessment tax system in which the government gave a very large amount to taxpayers so that the Self-Assessment System ran effectively, it is necessary for strict efforts and law enforcement for taxpayer compliance with sector revenues or increasing income for mutual prosperity (Serim et al., 2014).

The government has begun to look at the private sector because it is considered to have great potential for tax revenue, namely from MSMEs, although their profits and turnover were relatively smaller than large companies (Diamendia & Setyowati, 2021). The existence of MSMEs during a situation full of uncertainty and difficulty has become a special concern for both regional and central governments. MSMEs played a role as a source of job creation, competition, economic dynamism, innovation, which ultimately lead to poverty alleviation, and played a role in national growth because they have played approximately 95% of the entire economy (Ocheni, 2015). The results of the survey from the Ministry of Industry and Trade and Small and

Medium Enterprises showed that 64.1% still survived, 31.0% reduced business activities, 4.0% succeeded in developing 225,000 MSMEs.

According to the latest data from the Ministry of Cooperatives and SMEs, in 2017 there were 62,922,617 business people in Indonesia (Purnawan et al., 2019). Around 99.99% were dominated by MSME people, which consisted of micro-businesses 98.70% or 62,106,900, small businesses by 1.20% or 757,090, medium businesses by 0.09% or 58,627. On the other hand, large businesses were only 0.01% or 5,460. According to Tatik (2018), tax revenues from MSMEs were not proportional to the number of MSME people. In Indonesia, large and medium-sized enterprises were still the largest tax contributors. Tatik (2018) stated that, among other things, the compliance of MSME taxpayers was also low and supervision of MSMEs had not been optimally carried out, the Directorate General of Taxes was more focused on large taxpayers. Simanjuntak and Mukhlis (2012) argued that taxpayer compliance with several people included tax rates, understanding of tax regulations, justice, and sanctions.

Taxpayer compliance can be fulfilled if the tax rate was fair in determining the principal and principal of the tax and if there was a clear determination of the rate (Wadesango, 2018). Efforts to encourage tax revenue had been made several times by the government. Starting with the tax provisions that regulated special income tax rates, but applied to SMEs in the form of business entities (Mungaya et al., 2012). The policy for domestic taxpayer companies with a gross turnover of up to Rp 50 billion to obtain subsidies in the form of a 50% rate reduction is also regulated in Law No. 36 of 2008 (UU PPh) Article 31 E. Currently, the company's tax rate was 25%, then for National Corporate Taxpayers who met the requirements, the effective rate was 12.5% on income up to Rp. 4.8 billion. Income tax collection, in this case, was carried out on taxable income which was done by calculating profit and loss after-tax adjustments because according to Article 28(1) of Law Number 28 of 2007 (KUP Law), Business Entity Taxpayers were required to keep an account.

According to PMK Number 192/PMK.03/2007, a Taxpayer who can be said to be a Taxpayer in good standing can obtain an early refund of excess tax if he fulfilled all the requirements on time when submitting the Tax Return; was not tax arrears for all types of taxes, except for tax arrears that had been authorized to delay or postpone tax payments; financial statements were audited for 3 consecutive years by a public accountant or government financial supervisory agency with an unqualified certificate, and has never been convicted of a tax crime based on a court decision that has permanent legal force in the last 5 years.

The obstacles to develop MSMEs is the lack of understanding of information technology and a low level of education, as well as obstacles in preparing financial reports (Sulastyawati et al., 2019). The government has also made a policy, namely Government Regulation No. 46 of 2013 which was enforced from July 1, 2013, which contained a tax rate of 1% of taxpayers' income of less than 4.8 billion in 1 tax year. This PP was carried out so that taxpayers are more obedient and encouraged to fulfil their taxpayers so that the tax revenue target can be met. However, the realization has not yet reached the goal, as stated in the research conducted by Mustofa (2016).

The government again launched the latest policy in June 2018 regarding MSME taxation as stated in Government Regulation No. 23 of 2018, with a tax rate of 0.5% and effective as of 1 July 2018. This policy aims at encouraging the role of the community and tax knowledge, as well as stimulating MSME business. The problem of the level of taxpayer compliance is unresolved and continued to occur in the field of taxation. The phenomenon in Indonesia regarding the level of taxpayer compliance is still relatively low when compared to the growth in the number of businesses.

In this research, there was a roadmap that previous researchers had examined the income and livelihoods of MSMEs in Brebes District. The phenomenon in the research stated that there was a decrease in income, one of which was caused by the tax burden (Sedya Utami et al., 2018). Based on the background described above, the purpose of the research was focused on determining the perception of MSME taxpayers after the change in PP no. 23 of 2018.

Taxpayer compliance was the extent to which taxpayers can carry out their taxpayers correctly and properly according to applicable regulations (Mustofa, 2016). Government Regulation Number 23 of 2018 was a regulation regarding income or income from business obtained by taxpayers who have a certain gross turnover in one tax year. This PP takes effect from July 1, 2018. The new income tax rate for MSMEs is 0.5% of turnover. This regulation replaced the previous regulation, namely PP No. 46 of 2013 with an MSME final PPh rate of 1 per cent which was calculated based on gross income (turnover) for MSMEs with a turnover of less than Rp. 4.8 billion in a year.

METHOD

In this research, the approach used was descriptive qualitative statistical analysis. The time in this research started from March to August 2020, and the location used for this research is in Brebes District because this research was a follow-up to previous research. Regarding the development of MSMEs in Brebes District previously, there was an incorrect decrease in income due to the tax burden.

The population determined in this research was MSMEs in Brebes District. Data from the Department of Micro Business Cooperatives and Trade in Brebes District resulted in the number of MSMEs was 103,333, but because this research uses a qualitative descriptive statistical approach, the sample area is determined to be MSMEs in Brebes District which had different business fields, including MSMEs engaged in the business sector. souvenir, fashion, digital service restaurants, and convection centres whose samples were selected using convenience sampling based on the ease of obtaining them and the availability of elements. Based on reference research conducted by Tatik (2018) the sample used was five MSMEs with a simple random sampling technique. The procedures or steps carried out in this research, in general, go through the pre-field stage, the fieldwork stage, and the data analysis stage.

The data used in this research was the result of direct interviews with respondents. In this research, data collection was obtained through observation, interviews, and questionnaires. This research used descriptive statistical analysis. Descriptive statistics based on Sugiyono (2014) are statistics used to analyze data by describing the data that has been collected as it was without the intention of making conclusions that applied to both general and generalizations. The data came from qualitative data, the data that has been obtained was then analyzed to answer the formulation of the problem which was compared to the perceptions of MSME taxpayers before and after changes in tax rates. Government Regulation no. 28 of 2018 refers to research conducted by Tatik (2018).

RESULTS

The author's findings on primary data from in-depth interviews with respondents include the business profile of each MSME, payment of user fees for MSME people before the PP No. 23 of 2018 issued, and the potential for tax compliance of MSME people as well. SMEs after the issuance of PP No. 23 of 2018. Respondents consisted of MSMEs engaged in souvenirs, cooking, fashion, convection and digital services.

Two respondents who were aware of their taxpayers admitted that they had experienced obstacles so that they were unable to fulfil their taxpayers. The obstacles they went through were related to the limited human resources in managing the company so there were no human resources capable of handling accounting and taxes. Moreover, respondents were as small and medium business owners found it difficult to run their businesses. The respondents also acknowledged that there were no sanctions imposed by the Director-General of Taxes on Taxpayers who did not pay 1% tax for MSMEs.

Three out of five respondents have already had Taxpayer Identification Number for individual taxpayers because they were employees of an agency. Of the three people who had a TIN, only one person was still registered as an active employee and regularly paid income tax from the employment agency where they worked. Respondents also assessed that the sales tax rate of 1% was quite burdensome for them as MSME people. The author's analysis of the respondents indicated that the objection was partly due to their concerns about low operating profit and should be reduced by a 1% sales tax.

All respondents have stated that they were ready to pay taxes at the new rate. However, respondents hoped to receive more detailed information and guidance to manage their taxpayers. In addition, they expected friendly and direct services from the tax authorities. Several respondents admitted that they had never received tax socialization from the local tax authorities. They hoped that the socialization of taxation to MSMEs can be achieved quickly so that they can fulfil their taxpayers.

MSMEs Engaged in the Souvenir Center Sector

The MSMEs Souvenir Center in Limbangan at Brebes area has been established since 2001. This business is located in the north coast, directly to the east of the Brexit toll road. These MSMEs provided Brebes with souvenirs such as salted eggs, fried onions, sweets, teapots, etc. The business turnover of this vocational high school graduate was uncertain, around Rp. 5,000,000.00 to Rp. 30,000,000.00 per month. Currently, the business of a souvenir centre owned by a young man from Brebes was experiencing a decline due to the Trans Java toll road. The marketing strategy began to be expanded by selling online through online promotion platforms and social media.

MSMEs Engaged in the Culinary Sector

MSMEs in the culinary field was located in Brebes District. The restaurant business turnover which is owned by a housewife with a high school education background reached Rp. 50,000,000.00 per month. The food menu served was chicken noodles. This product was sold to people who liked to walk around the Brebes area. Almost every day this food stall was full of customers because her chicken noodle was famous and tasteful to residents around Brebes.

MSMEs Engaged in Fashion

The fashion business was owned by a student with its address at Pasar Batang Brebes Village who started it as a hobby. The turnover earned per month reaches Rp. 25,000,000.00. Initially, they only sold online and became resellers, but in 2016, business people ventured to produce youth fashion, even though the production process was still carried out by third parties. This business marketing was also done online and offline.

MSMEs Engaged in Convection

This convection business is located at Jalan Raya Dumeling RT 02 RW 02 Brebes, which has been established in 2014. The convection business is owned by a husband and wife who worked as bank employees and lecturers with undergraduate and postgraduate educational backgrounds. The products produced are t-shirts and uniforms production services. 2 permanent employees assisted business operations. The average business turnover was Rp. 10,000,000.00 to Rp. 50,000,000.00 per month.

MSMEs Engaged in Digital Services

This digital service provider is located in Brebes district. The owner is a young man who was a graphic and website design graduate. The owner was interested in opening a photocopying service because it was close to government offices and elementary, middle and high schools. This MSME business turnover reached Rp. 35,000,000.00 every month, assisted by 3 employees. In addition, to a photocopying business, the owner also opened a graphic design and website creation service. Many government agencies were interested in using the services offered.

DISCUSSION

Analysis of MSME Tax Payments Before PP No. 23 the Year 2018

Following the fiscal policy set by the government in Government Regulation (PP) Number 46 of 2013 concerning Corporate Income Tax Collected by Taxpayers with a certain Gross Income, which was enforced from July 1, 2013, MSMEs with circulation not exceeding 4.8 billion in one year tax year was subject to a 1% rate. The results of in-depth interviews with the five MSMEs interviewed showed that none of the MSMEs complied with these taxpayers. Two respondents already knew the taxpayers for MSMEs and the other three respondents did not know the taxpayers for MSMEs.

Two respondents who were aware of their taxpayers admitted that they had experienced obstacles so that they were unable to fulfil their taxpayers. The obstacles they went through were related to the limited human resources in managing the company so there were no capable human resources for accounting and taxation. Respondents were business owners who had small and medium businesses found it difficult to manage their taxes. The Respondents also acknowledged that there were no sanctions imposed by the Director-General of Taxes on Taxpayers who did not pay 1% tax for MSMEs.

Three out of five respondents have already had (Taxpayer Identification Number) for individual taxpayers because they are employed by an agency. Of the three people who had a TIN, only one person was still registered as an active employee and regularly paid income tax from the employment agency where they worked. Respondents also assessed that the sales tax rate of 1% was quite burdensome for them as MSME people. The author's analysis of the respondents indicated that the objection was partly due to their concerns about low operating profit and should be reduced by a 1% sales tax.

Research conducted by Sulastyawati et al (2019), it was found that tax rates had a significant effect on taxpayer compliance. Thus, taxpayers can also be achieved if there is a clear tariff setting, besides that the tax rate must also be fair in determining the subject and object of the tax. Tatik (2018) stated that the obstacles to develop MSMEs was low education and lack of understanding of information technology, as well as obstacles in preparing financial reports. This policy aims at stimulating MSME businesses, encouraging community participation and knowledge of taxation. Taxpayer compliance was the extent to which taxpayers can carry out their taxpayers properly and follow applicable tax regulations (Mustofa, 2016).

Analysis of MSME Tax Payments After PP No. 23 the Year 2018

The government has issued a new policy on MSME taxation, as stated in PP n. 23 of 2018. The applicable tax rate for MSMEs in the PP was 0.5% and was affected on July 1 2018. This policy aims at stimulating MSME entrepreneurship, encouraging social participation and knowledge of taxation. Based on the results of conversations with five respondents, three respondents only knew the tariff and two respondents did not. The five respondents appreciated the new tariff reduction policy for MSMEs.

From the results of interviews, respondents said that when there was a change in the tax rate of 0.5%, it certainly eased the MSME people a little. As a result, MSME people were more obedient in paying taxes because they pay less. Unfortunately, the reduction in final income tax at a rate of 0.5% was only temporary during 3-7 years. Taxpayers who experienced losses had the right not to deposit the last 0.5% of income tax as long as they communicated the balance sheet position to the Directorate General of Taxes.

All respondents stated that they were ready to pay taxes at the new rate. However, respondents hope to receive more detailed information and guidance to manage their taxpayers. In addition, they expected friendly and direct service from the tax authorities. Several respondents admitted that they had never received tax socialization from the local tax authorities. They hope that the socialization of taxation to MSMEs can be achieved quickly so that they can fulfil their taxpayers.

Sulastyawati et al (2019) stated that with PP No 46 of 2013 the tax payable that must be paid by MSME people in Sleman tended to decrease compared to the corporate income tax rate according to Article 17 of the PPh Law. This meant that tax revenue had increased. Sleman District was an area in Yogyakarta with the highest number of MSMEs at 27,381 or 29.09% of the total MSMEs in Yogyakarta. This number consisted of 23,275 micro-businesses, 3,681 small businesses and the rest are medium-sized businesses. Based on the research conducted by Tatik (2018) stated that the potential for MSMEs taxpayer's compliance after the issuance of government regulation no. 23 (case research on MSMEs in Sleman-Yogyakarta District) with the issuance of PP No. 23 of 2018 MSME tax revenues in Sleman had increased again.

CONCLUSION

This research has resulted that the tax rate for MSMEs of 1% of turnover was quite burdensome for MSME people. In addition, to increase tax rates, misunderstandings about taxpayers and limited human resources to manage taxes also created barriers to tax compliance. MSME people assessed the new tax rate for MSMEs at 0.5% of turnover, as stated in PP no. 23 of 2018. Their willingness to pay taxes strengthened perceptions of tax payment compliance for MSME people in Brebes District. Respondents who were MSME people in Brebes District expected socialization and assistance to obtain more detailed information about the latest tax rules for MSMEs.

This research has several limitations, including the author did not conduct further observations to evaluate the implementation of tax payment compliance of the respondents. This research only analyzed the perception of tax payment compliance due to the limited time given. The data from this research came from in-depth interviews with 5 (five) respondents. If the number of respondents was increased, it would be possible that there would be new findings that are more representative of perceptions of tax compliance for MSME people. Further research is expected to evaluate the compliance of MSME tax payments and the readiness of MSMEs in facing the time limit of the tax incentive policy.

The author proposed that the local Tax Office provided socialization and assistance to MSMEs to increase awareness and tax compliance. Socialization can be combined with increasing the capacity of MSMEs in general, so that MSMEs do not have to worry about being pressured to pay their taxpayers (Musyaffi & Muna, 2021). Policymakers must anticipate a time limit for the MSME tax incentive policy because after this limit the general income tax provisions will require MSMEs to understand and apply standard accounting. Accounting is a separate obstacle for MSMEs, especially MSMEs which are dominated by micro-enterprises. MSME people must be more active in following tax rules that change frequently and start learning simple accounting for MSMEs to support business development and tax compliance.

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