

Impact Analysis Of Implementation Of The Harmonization Law Of Tax Regulations On Taxpayers Who Worked In Rice Milling Business

Eka Prasetya Afandi, Ridwan Andretya Cunis

Institut STIAM

DOI: 10.29322/IJSRP.12.01.2022.p12145

<http://dx.doi.org/10.29322/IJSRP.12.01.2022.p12145>

Abstract- The draft Law on Harmonization of Tax Regulations was officially ratified on October 29, 2021, into Law Number 7 of 2021. This regulation impacts various business sectors, including the rice milling business, namely the rice sector. Rice, which was initially stipulated in the Job Creation Law as Non-Taxable Goods, has changed to Taxable Goods in this Tax Regulation Harmonization Act. For this reason, it is necessary to analyse whether the Law on the Harmonization of Tax Regulations impacts taxpayers who are engaged in the rice milling business. This research method focuses on a case study approach with a qualitative descriptive method. In this study, the data taken is literature data that explains the implementation of the Harmonization Act for taxpayers who are in the field of rice milling. Data collection techniques in this study used literature study, namely through reading sources such as journals, documentation books, articles related to the topic of the problems raised in this study. The results obtained in this study stated that rice, one of the commodity goods that the Indonesian people much need, comes from processing rice into Taxable Goods but is exempt from the imposition of Value Added Tax. It does not impact the selling price of rice in the community but has tax administration implications for the producers, namely rice milling companies.

Index Terms- Law on Harmonization of Tax, Rice Milling, the implication of tax administration.

I. INTRODUCTION

Indonesia is an archipelagic country with a tropical climate and is located in a ring of volcanoes. Indonesia gets sunshine all year round and has relatively high rainfall. This condition makes Indonesia have fertile and vast land so that the agricultural sector becomes one of the pillars of the economy. The agricultural sector in Indonesia has the second-largest contribution to the gross domestic product, which reaches 14.27%. The government is currently very focused on the agricultural sector from upstream to downstream to realize the ideals of being a country that is self-sufficient in food and even has a food surplus so that it can export to other countries. The government makes various programs that support agricultural programs, such as creating a national food security program, providing people's business credit to farmers and businesses related to processing agricultural products,

building dams and irrigation canals, and various other programs. In order to achieve food self-sufficiency, good integration from the upstream to downstream sectors is needed, so that the need for assistance from other parties such as entrepreneurs engaged in the processing of agricultural products.

Rice is a food product mainly produced from the agricultural sector in Indonesia and is a basic need for many people. The agricultural sector, especially rice production, absorbs many workers in the upstream and downstream sectors. Rice is one of the products of the rice processing process, which farmers in Indonesia widely cultivate. According to Prakoso (2005) in Iqbal et al. (2020), the finished rice being processed into rice will be sold to the surrounding community and other areas in Indonesia. There are several ways to process rice into rice, both traditional and modern. However, nowadays, with the rapid development of technology in rice processing, many companies engaged in rice milling utilize modern machines in the process. The rice mill itself is a party that plays an essential role in the national rice supply chain because it is the meeting point from the post-harvest process to marketing rice to distributors to final consumers. Several derivative products are produced in processing rice into rice, such as bran, husks, rice groats, and others.

Tax is one of the main sources of revenue for a country used to support the implementation of various government policies. Definition of tax based on Law of the Republic of Indonesia Number 7 of 2021 concerning the Harmonization of Tax Regulations is a mandatory contribution to the state-owned by an individual or entity that is coercive under the Law, without receiving direct compensation and being used for the state's purposes for as much as possible. The prosperity of the people. The importance of revenue from the tax sector also applies in Indonesia. Revenue from the tax sector occupies the largest percentage compared to revenues from other sources. According to data from the State Revenue and Expenditure Budget of the Indonesia Ministry of Finance in 2020, the state revenue of Rp. 2,233.2 trillion, 83.5% or Rp. 1,865.7 trillion came from tax revenues, while the rest came from grants and revenue. Non-Tax State.

Tax regulations in Indonesia, which are always dynamic following the times and adapted to Indonesia's economic conditions, have led to many regulations relating to the agricultural sector. Through the Directorate General of Taxes as the executor of government policies, the government provides several tax regulations that support the agricultural business world

in Indonesia. As is known in Article 4A paragraph 2, the Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation for the Value Added Tax section states that agricultural products, especially rice, are types of goods that are not subject to Value Added Tax. They are certain goods included in the group of necessities, which the people very much need. Because rice is classified as non-taxable goods, the rice mill as a party in the production chain is not required to register as a Taxable Entrepreneur. Following Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation in the section on General Provisions and Tax Procedures which states Taxable Entrepreneur is an entrepreneur who delivers taxable goods and delivers taxable services subject to tax based on The 1984 Value Added Law and its amendments.

In November 2021, the government re-enacted changes to tax regulations in Indonesia through Law Number 7 of 2021 concerning Harmonization of Tax Regulations. This change in tax regulations aims to encourage a fair, healthy, effective, and accountable taxation system and increase state revenues. However, in this latest regulation, some changes impact businesses engaged in agriculture, especially rice. In Article 4A paragraph 2, Law Number 7 of 2021 concerning Harmonization of Tax Regulations for the Value Added Tax section, it is stated that the sentence that rice is a type of goods that is not subject to Value Added Tax is abolished. So that rice which was initially a Non-Taxable Goods became a Taxable Good. However, in Article 16B paragraph 1a point j, the same Law states that necessities that the people urgently need are exempted from taxation either temporarily or permanently. So that even though rice is a taxable good later, the collection of Value Added Tax is exempted so that there will be no price increase due to the latest regulation. It is another thing for rice producers, namely rice mills, where the previous tax regulations did not require becoming a Taxable User. However, the implementation of this latest tax regulation has made rice mills confirmed as Taxable Users. Therefore, with tax regulations that are always dynamic and additions to tax administration, rice mills as taxpayers in Indonesia must carry out tax management to achieve effective and efficient taxation and have good compliance.

II. LITERATURE REVIEW

The agricultural sector in Indonesia is the leading business sector related to the needs of many people's lives. This sector dramatically influences Indonesia's economic, social, and cultural conditions. According to Hadiutomo (2019:1), agriculture is all activities that include activities from upstream to downstream. Activities in the upstream sector are establishing farmer institutions, providing facilities and infrastructure, and farming/agricultural cultivation. Meanwhile, activities in the downstream sector are post-harvest activities, processing of agricultural products, marketing, and other supporting services. The supportive services can be in the form of managing biological natural resources in sustainable agroecosystems. It works with the help of agricultural mechanization, capital, labour, and management to obtain the maximum benefit for the community's welfare. According to the group, the agricultural sector can be classified into two parts: plant cultivation with plant objects cultivated on intensively cultivated land and animal husbandry

cultivation with dry land animals (especially all vertebrates except fish and amphibians). In the topic of discussion this time, rice, as one of the end products of rice processing which is one of Indonesia's leading agricultural commodities, requires assistance from other parties to process it.

The Rice milling business as processing rice into rice has a vital role in the rice production chain in Indonesia. This role is reflected in many rice mills in Indonesia, especially rice centre areas. According to Mulyadi (2021:7), rice milling is the meeting centre between production, post-harvest, processing, and marketing. Currently, most rice mills in Indonesia are already using modern machines. It is due to technological advances and the increasing demand for rice so that it requires efficiency and effectiveness in its production. Thus, rice milling is an essential link in the national rice supply to support national food security. The number of rice mills in Indonesia based on data from the Central Statistics Agency in 2019 reached 108,512 units from both large and small rice mills. In addition, many rice mills are currently in the form of business entities, both individuals and legal entities. It shows good prospects for the development of the rice milling business and prospects and the existence of better governance to achieve production efficiency and effectiveness.

Tax is one component of state revenue that cannot be replaced. One of the functions of a state is to make people prosperous physically and mentally through various physical and non-physical developments (Setyawan, 2009). The definition of the tax itself has various meanings by experts. Taxes, according to Prof. Dr. Rachmat Soemitro in Setyawan (2009: 2) is the people's contribution to the state treasury (transfer of wealth from the private sector to the government sector) without receiving reciprocal services (tegen prestate), which can be directly appointed and used to finance public expenditures. According to Andriani in Mustaqiem (2014: 31), taxes are contributions to the state (which can be imposed) owned by those who pay them according to regulations. Without getting performance back which can be directly appointed and whose use is to finance general expenses related to the state's duty to administer the government.

Taxes in Indonesia are broadly divided into several sections, including Income Tax, Value Added Tax, Land and Building Tax, and Stamp Duty. Income Tax following Law Number 7 of 2021 concerning Harmonization of Tax Regulations recognizes tax subject and object. Tax subjects according to taxation in Indonesia are individuals and entities. Meanwhile, the tax object is income, namely any additional economic capacity received or obtained by the taxpayer, both from Indonesia and from the outside area of Indonesia, which can be used for consumption or to increase the taxpayer's wealth under any name in any form. Income Tax rates applicable in Indonesia are differentiated according to the tax subject. For Individual Taxpayers, progressive rates apply following the latest provisions in Law Number 7 of 2021 concerning Harmonization of Tax Regulations.

Table 1: Layer of taxable income and tax rates

Layer of Taxable Income	Tax Rates
0 up to Rp60.000.000	Five percent

Above Rp60.000.000 up to Rp250.000.000	Fifteen percent
Above Rp250.000.000 up to Rp500.000.000	Twenty five percent
Above Rp500.000.000 up to Rp5.000.000.000	Thirty percent
Above Rp5.000.000.000	Thirty five percent

Domestic Corporate Taxpayers apply an Income Tax rate of 22% and provide a 50% rate reduction facility on taxable income from the gross turnover of up to Rp. 4.8 billion for domestic Corporate Taxpayers with a maximum gross turnover of Rp. 50 billion. Individual and Entity Taxpayers who have a gross turnover of more than Rp. 4.8 billion are also required to do bookkeeping. Meanwhile, Individual and Corporate Taxpayers with gross turnover below Rp. 4.8 billion in one tax year can use a Final Income Tax rate of 0.5% following Government Regulation Number 23 of 2018 concerning Income Tax on Income from Business Received or Obtained by Taxpayers, which has an inevitable gross turnover.

In taxation in Indonesia, the terms bookkeeping and recording are known. Bookkeeping based on Law of the Republic of Indonesia Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times, most recently by the Law of the Republic of Indonesia Number 11 of 2020 Article 1 Paragraph 29 is a recording process that is carried out regularly to collect data and financial information which includes assets, liabilities, capital, income, and costs, as well as the total cost of acquisition and delivery of goods or services, which is closed by compiling financial statements in the form of balance sheets and profit and loss statements for the Fiscal Year. Meanwhile, recording consists of regularly collected data on gross circulation or revenue and gross income as a basis for calculating the amount of tax payable, including income that is not an object of tax or subject to final tax.

In addition to income tax, individual and corporate taxpayers deliver Taxable Goods and Services with a gross turnover of more than Rp. 4.8 billion are required to apply for confirmation to become a Taxable Entrepreneur. The taxpayer's obligation as a Taxable Entrepreneur is to collect Value Added Tax, deposit Value Added Tax, report Periodic VAT SPT, and make tax invoices. Value Added Tax is a tax on domestic consumption of goods or services. These goods or services can come from within the country or abroad (Ilyas, Suhartono, 2012:5). Value Added Tax is a consumption tax, and the party charged with it is the party that consumes the taxable goods and services. The existence of a Value Added Tax makes the price of taxable goods and services increase according to a predetermined rate. The current rate for domestic submissions is 10%. However, starting from April 2022, following Law Number 7 of 2021 concerning Harmonization of Tax Regulations, there will be an increase in the rate of Value Added Tax to 11% and 12% no later than January 1, 2025.

As mentioned above, the Value Added Tax recognizes the terms Taxable Goods, Taxable Services, Non-Taxable Goods, Non-Taxable Services, Taxable Entrepreneurs, Tax Invoices, and others. The definitions of this term can be seen in the Law of the Republic of Indonesia Number 8 of 1983 concerning Value Added

Tax of Goods and Services and Sales Tax on Luxury Goods as amended several times, most recently by Law of the Republic of Indonesia Number 7 of 2021. Goods are subject to Taxes are goods subject to tax under the Act. Taxable Services are services that are taxed under the Law. Taxable Entrepreneurs deliver Taxable Goods and Taxable Services subject to tax based on the Law. At the same time, the tax invoice is proof of collection of Value Added Tax (Output Tax) for Taxable Entrepreneurs who submit Taxable Goods and Taxable Services (Ilyas, Suhartono, 2012:6). One non-taxable goods mentioned above is certain goods that include necessities many people need, such as rice. However, this is changed in Law Number 7 of 2021 concerning Harmonization of Tax Regulations Article 4A Paragraph 2, which does not mention certain goods, including necessities urgently needed by the people, are Non-Taxable Goods.

In the treatment of Value Added Tax, there is also a crediting system for output tax and input tax. This output tax and the input tax credit are only given to Taxpayers who have been confirmed as Taxable Persons. In the process of crediting input tax, there are formal and material provisions that must be met, such as making tax invoices following tax regulations, Value Added Tax paid based on actual transactions and related to business activities. There are several provisions whereby the input tax obtained by the Taxable Entrepreneur cannot be credited in its implementation. It is regulated in the Law of the Republic of Indonesia Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods as has been amended several times, most recently by Law - Law of the Republic of Indonesia Number 7 of 2021 Article 9 Paragraph 8.

With the increasing complexity of dynamic tax regulations and the existence of tax administration that must be fulfilled, taxpayers should carry out tax management in corporate governance to realize efficient and effective taxes and create tax compliance. Tax management, according to Griffin in Prianto (2016: 86), is a process of planning, organizing, directing, and controlling resources to pay taxes owed effectively and efficiently. Effective means that the purpose of making tax savings can be achieved following the tax planning that has been made and determined, while efficient means that the existing tasks are carried out correctly organized and following predetermined plans. Tax management also aims to manage tax money and costs to avoid unnecessary, excessive, and inappropriate tax payments (Ilyas, Priantara, 2016: 4).

The process of the tax management function adapted from the management function by Robbins and Coulter (2012:9) in Prianto (2016:88) consists of tax planning, tax organizing, tax leading, and tax controlling. Tax planning is setting goals to achieve effective and efficient tax obligations, establishing strategies, and making plans. Tax organizing is the process of determining the steps to be taken by whom and how. Tax Leading is the process of realizing a predetermined plan, motivating and directing everyone involved in the process. Meanwhile, tax controlling is an activity to supervise tax management activities carried out to run according to the specified plan. In every tax management activity, taxpayers must understand every aspect of taxes, including the regulations that govern and the grey area in taxation itself. With the implementation of tax management, taxpayers can make their tax payments efficient and avoid tax evasion practices.

Good tax management must also consider risk management. So there is a term for this is risk-based tax management. According to Hidayat (2015:10), risk management aims to discover, analyse, and control these risks in every company activity to obtain higher effectiveness and efficiency. In terms of taxation, sound risk management will increase taxpayer compliance and reduce risks in taxation, such as the risk of disputes with tax officials, risks for inspection, and various others. The existence of risk management also includes preventing and transferring the risk itself. Many taxpayers in Indonesia have not implemented risk-based tax management in their tax governance. Many taxpayers still do not comply with and understand tax regulations. Hiring employees who are familiar with tax regulations or hiring the services of a tax consultant will assist taxpayers in carrying out overall tax management. It is one of the processes of prevention and risk transfer that makes the taxation management of the taxpayer more effective and efficient.

III. RESEARCH METHODOLOGY

This type of research is qualitative (Raco, 2013), stating that qualitative research is a theoretical idea with techniques and procedures that reveal facts in depth to obtain complete information. (Bachri et al., 1986) added that qualitative research is a type of research that describes and analyses a phenomenon or event to find principles and explanations. These principles and explanations will lead to conclusions made by researchers. This study uses a qualitative descriptive design method with a case study approach. A case study, namely research conducted, focused only on a particular case observed and analysed carefully and thoroughly. This research focuses on one particular object that he studies as a case; in this study, the researcher examines a case related to the implications of the Law of the Republic of Indonesia Number 7 of 2021 concerning Harmonization on Taxpayers engaged in the rice milling business.

The source of the data taken by the researcher is secondary data. Secondary data is not obtained directly from data sources (Sugiyono, 2018). The secondary data can be from other people's research, reviews, and summaries. In this study, the data taken is literature data that explains the implementation of the Harmonization Act for taxpayers in rice milling. The data collection technique in this study used a literature study. A literature study is a technique/method/method that researchers use in collecting data, collecting data using the literature study method through reading sources such as journals, documentation books, articles related to the topic of the problems raised in this study. Melfianora (2019:2) states that data collection using the literature study method does not require researchers to go into the field and conduct research with the help of respondents.

RESULT AND DISCUSSION

In Indonesia, a country where many people work in the agricultural sector, it is one of the concerns of the Directorate General of Taxes to optimize tax revenues. Especially in implementing the latest tax regulations, namely the Law of the Republic of Indonesia Number 7 of 2021 concerning Harmonization of Tax Regulations, there is a change in Article 4A Paragraph 2 of the Value Added Tax section. This change is where necessities previously Non-Taxable Goods become Taxable

Goods in the latest tax regulations. However, Article 16B Paragraph 1a point j states that most of the necessities needed by the people are exempt from taxation either temporarily or permanently. So it can be concluded that rice is one of the commodities much needed by the people of Indonesia, which comes from processing rice into Taxable Goods but is exempt from the imposition of Value Added Tax. It does not impact the selling price of rice in the community but has tax administration implications for the producers, namely rice milling companies.

Currently, many rice milling companies in Indonesia are individual and corporate taxpayers. This change in tax regulations will impact the tax administration that is carried out and the adaptation of the implementation of tax management. As is known, if following the previous tax regulations, a Taxpayer who has a business in rice milling is not required to establish himself as a Taxable Entrepreneur because the definition of a Taxable Entrepreneur himself is an entrepreneur who delivers Taxable Goods and Taxable Services subject to tax. Under the Law. However, with the change in tax regulations, the taxpayer must apply for the confirmation of a Taxable Entrepreneur because the rice product, previously Non-Taxable Goods, becomes Taxable Goods even though the Value Added Tax is exempt. The inauguration of the Taxable Entrepreneur itself also refers to the business circulation of the taxpayer for a year. If the business turnover of the taxpayer exceeds Rp. 4.8 billion in one tax year, it is obligatory to register as a Taxable Entrepreneur. It is regulated in the Regulation of the Minister of Finance of the Republic of Indonesia number 197 of 2013 concerning Amendments to the Regulation of the Minister of Finance Number 68 of 2019 concerning Limits for Small Entrepreneurs for Value Added Tax.

With this change, taxpayers have to re-adjust their tax management because tax administration and taxation risks increase with complexity. As a Taxable Entrepreneur, the taxpayer is obliged to collect Value Added Tax in every transaction. However, because rice is a Taxable Goods whose Value Added Tax is exempt, the taxpayer does not collect. Another obligation is to issue a tax invoice in every delivery of taxable goods, which is carried out with tax invoice code 08. Currently, the creation and reporting of tax invoices are done electronically. It is new for taxpayers engaged in this business and is regulated in the Director-General of Taxes Regulation number 16 of 2016 concerning Procedures for Making and Reporting Electronic Tax Invoices. They make and report tax invoices using software named E-Tax Invoice.

In addition to making tax invoices, taxpayers also must report the Periodic VAT SPT, which is regulated in the Regulation of the Minister of Finance of the Republic of Indonesia Number 9 of 2018 concerning Amendments to the Regulation of the Minister of Finance Number 243 of 2014 concerning Notification Letters (SPT). The reporting period for the Periodic VAT SPT is at the end of the following month after the tax period ends using a web-based electronic method. The fine for late reporting of the Periodic VAT SPT is Rp500,000. It is regulated in the Law of the Republic of Indonesia Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times, most recently by the Law of the Republic of Indonesia Number 7 of 2021 Article 7 Paragraph 1.

In addition to Value Added Tax, Taxpayers engaged in the rice milling business also must pay Income Tax and report

Periodic Income Tax Returns and Annual Income Tax Returns. Income Tax is imposed on tax subjects on income received or earned in the tax year. The imposition of this income tax rate is adjusted to the classification of the tax subject, whether it is an individual taxpayer or a corporate taxpayer. For taxpayers who have business turnover below Rp. 4.8 billion, they can use the recording method, and the Final Income Tax rate of 0.5% of gross turnover following Government Regulation Number 23 of 2018 concerning Income Tax on Income from Business Received or Obtained by Taxpayers, which has a certain gross turnover. Meanwhile, Taxpayers who have a business turnover above Rp. 4.8 billion are required to use the bookkeeping method and are subject to generally accepted rates following the provisions of the Income Tax Law. It is regulated in the Regulation of the Minister of Finance of the Republic of Indonesia Number 54 of 2021 concerning Procedures for Recording and Certain Criteria and Procedures for Organizing Books for Tax Purposes. So that taxpayers can use the general rate of income tax following Law of the Republic of Indonesia Number 7 of 1983 as amended several times, most recently by Law of the Republic of Indonesia Number 7 of 2021 concerning Income Tax Article 17 or use the facility of Income Tax Article 31E for taxpayers. Corporate Tax. The fine for late reporting of Annual Income Tax Returns for Individuals is Rp. 100,000 and for Corporate Income Taxes of Rp. 1,000,000.

From the complexity of Value Added Tax and Income Tax rules, it is necessary to make tax planning efforts to achieve the best tax savings efficiency and create good tax compliance. The first effort that a rice mill entrepreneur must make early is to determine the form of business, whether it is a legal entity or in the form of a person. The entrepreneurs first determines the potential or projected gross turnover obtained during one tax year in making this choice. This choice is important considering the treatment of income tax rules between individuals and entities is different. The form of business determination between a Limited Liability Company (PT) or a Limited Liability Company (CV) must also be carefully chosen. Dividends originating from a Limited Liability Company (PT) profit-sharing are subject to a final income tax of 10% but can be exempted under certain conditions. At the same time, the private property profits from Limited Partnership (CV) are not subject to Income Tax.

From the explanation above, it can be seen that the potential gross business turnover is estimated to be below Rp. 4.8 billion, the following is a potential tax scheme that can occur:

Individual Taxpayer

- Not confirmed as a Taxable Entrepreneur so that it does not require the administration of Value Added Tax
- Implement note-taking
- Subject to final Income Tax following PP 23 of 2018 at 0.5% and valid for a maximum of 7 years and obtaining a Non-Taxable Limit of Rp. 500,000,000 following Law of the Republic of Indonesia Number 7 of 2021
- The 8th year onwards uses the Net Income Calculation Norm or bookkeeping to calculate taxable income and uses the rate of Article 17 of the Income Tax Law, which is progressive after deducting Non-Taxable Income
- Deducting, depositing, and reporting Income Tax Article 21

Corporate Taxpayer

- Not confirmed as a Taxable Entrepreneur so that it does not require the administration of Value Added Tax
 - Apply bookkeeping to calculate taxable profit
 - Subject to Final Income Tax according to PP 23 of 2018 at 0.5% and valid for a maximum of 3 years for Limited Liability Companies (PT) and a maximum of 4 years for Limited Partnerships (CV)
 - The 4th year or 5th year and so on using the corporate Income Tax rate of 22% of fiscal profit or can use the facilities following Article 31E of the Income Tax Law
 - Deducting, depositing, and reporting Income Tax Article 21, Article 22, Article 23, and Article 4 paragraph 2 following the transactions made
- Meanwhile, if the potential gross business turnover is estimated to be above IDR 4.8 billion, the following is a potential tax scheme that will occur.

Individual Taxpayer

- Confirmed as a Taxable Entrepreneur so that it requires additional administration in terms of Value Added Tax
- Apply bookkeeping to calculate taxable profit
- Using a progressive income tax rate on taxable income after deducting non-taxable income
- Deducting, depositing, and reporting Income Tax Article 21

Corporate Taxpayer

- Confirmed as a Taxable Entrepreneur so that it requires additional administration in terms of Value Added Tax
- Apply bookkeeping to calculate taxable profit
- Using the Income Tax rate of 22% of the taxable profit. If the gross turnover is below Rp 50 billion, then can get a 50% discount facility proportionally following Article 31E of the Income Tax Law.
- Deducting, depositing, and reporting Income Tax Article 21, Article 22, Article 23, and Article 4 paragraph 2 following the transactions made.

Fiscal profit or taxable income is calculated from the income received by the taxpayer and deducted by the cost of production and expenses. It can be charged following the applicable tax regulations, namely Law of the Republic of Indonesia Number 7 of 2021 concerning Harmonization of Tax Regulations section Income Tax Article 6. The costs that can be charged are only 3M, namely obtaining, collecting, and maintaining income. Meanwhile, costs that should not be charged following applicable regulations will be subject to positive fiscal correction or negative fiscal correction.

With the increasing and more complex tax administration system, of course, the tax risk will also increase. The tax risk arises in terms of Income Tax and Value Added Tax. There are five risks identified in the Income Tax: not withholding or depositing income tax on a transaction, being late in depositing Income Tax, reporting the Periodic SPT, and having paid taxes that are lower than similar industries also not keeping related files. With the transaction, such as a note or proof of deduction. Meanwhile, the risks in Value Added Tax include

- Crediting input taxes that should not be credited,
- Issuing tax invoices that are not following the provisions,
- Being late in issuing tax invoices or reporting VAT Period SPTs,

- Being late in making VAT deposits until inspection risk due to VAT refunds is higher pay.

IV. CONCLUSION

Implementing the Law of the Republic of Indonesia Number 7 of 2021 concerning Harmonization of Tax Regulations impacts tax administration and management for taxpayers engaged in rice milling. The taxpayer must now carry out tax administration that previously did not require several obligations. Of course, with this rule change, taxpayers must also implement better tax management and risk management to avoid tax risks that may occur in the future.

The initial step is to assume the potential gross turnover of rice mills per year is below IDR 4.8 billion; the best choice model is to use the form of an Individual Taxpayer first for the first seven years. In addition to not needing to implement the administration of Value Added Tax, Entrepreneurs also apply a low rate, which is 0.5% of gross business turnover, and get a Non-Taxable Limit of IDR 500,000,000. After the seven years have ended and entered the 8th year, the entrepreneur can establish a limited liability company (PT) or limited partnership (CV) and transfer from an individual business to a business entity or a legal entity. This implementation causes the company to obtain a final tax rate of 0.5% for the first three to four years from the year of establishment. Entering the 4th year or 5th year of company establishment, Taxpayers can implement an Income Tax rate from the fiscal profit of 22% or take advantage of the facilities of Article 31E of the Income Tax Law for Taxpayers with specific criteria. Choosing a business model like this leads to efficiency in implementing taxation.

Suppose the annual gross turnover of rice mill entrepreneurs is estimated to be above IDR 4.8 billion. In that case, the best choice model is to use a limited liability company (PT) or limited partnership (CV). Entrepreneurs can apply an Income Tax of 22% of financial profit and can take advantage of the facilities of Article 31E of the Income Tax Law for Taxpayers with specific criteria. They are choosing to become Corporate Taxpayer results in higher tax savings than an Individual Taxpayer whose income tax rate is progressive with the highest rate of 35%. The distribution of dividends by corporate taxpayers to individual shareholders may be exempt from taxation with certain conditions that the individual shareholders must meet.

In order to achieve good tax management and tax compliance and minimize tax risks that occur, taxpayers should use the services of people who have competence in the field of taxation. It is beneficial later in fulfilling obligations as a Taxpayer from the administrative side. Taxpayers can use the services of employees who understand taxation or use the services of a tax consultant. Because currently, the Directorate General of Taxes conducts supervision through Compliance Risk Management. It is a risk-based tax compliance system consisting of identification, assessment, analysis, prioritization, and determination of systematic and continuous treatment and evaluation. The existence of a Taxpayer's attorney or tax consultant also assists in correspondence with tax officials if later there are matters that need to be clarified regarding questions or requests for information from the Directorate General of Taxes.

REFERENCES

- [1] (1). Iqbal, et al., (2020). Analisis Pendapatan Pabrik Penggilingan Padi (Studi Kasus Penggilingan Padi di Kelurahan Pabundukang, Kecamatan Pangkajene, Kabupaten Pangkep), *Jurnal Agribis* Vol. 12 No. 2 September 2020.
- [2] (2). Sasmita & Apriyanti, (2019). Analisis Pendapatan Usaha Penggilingan Padi Sawah "Cahaya Ummul" (Studi Kasus) di Desa Lakatan Kecamatan Galang Kabupaten Tolitoli, *J. Agroland* 26 (1): 7-13, April 2019.
- [3] (3). Arikunto, (2007). *Prosedur Penelitian Suatu Pendekatan Praktik*. Jakarta: Rineka Aksara
- [4] (4). Bachri, B.S., Pendidikan, T., & Pendidikan, F. I. (1986). *Meyakinkan Validitas Data Melalui Triangulasi Pada Penelitian Kualitatif*
- [5] (5). Hadiutomo, (2019). *Membangun Kawasan Persawahan Padi Modern: Solusi Ketahanan Pangan ke Depan*. Bogor: PT. Penerbit IPB Press
- [6] (6). Hidayat, (2014). *Corporate Tax Risk Management*. Jakarta: PT. Elex Media Komputindo
- [7] (7). Hidayat, (2021). *Profesi Konsultan Pajak di Indonesia*. Yogyakarta: Percetakan Bintang
- [8] (8). Ilyas & Priantara, (2016). *Manajemen & Perencanaan Pajak Berbasis Risiko*. Jakarta: IN Media
- [9] (9). Ilyas & Suhartono, (2012). *Hukum Pajak Material 2*. Jakarta: Penerbit Salemba Humanika
- [10] (10). Mauleny, et al., (2020). *Optimalisasi dan Penguatan Perpajakan Indonesia*. Jakarta: Yayasan Pustaka Obor Indonesia
- [11] (11). Melfianora, Ir. (2019). *Penulisan Karya Tulis Ilmiah Dengan Studi Literatur*. Pekanbaru: UPT Balai Pelatihan dan Penyuluhan
- [12] (12). Mulyadi, (2021). *Faktor-Faktor Manajerial Dalam Pengelolaan Usaha Penggilingan Padi*. Bandung: Penerbit Media Sains Indonesia
- [13] (13). Mustaqiem, (2014). *Perpajakan Dalam Konteks Teori Dan Hukum Pajak Di Indonesia*. Yogyakarta: Buku Litera Yogyakarta
- [14] (14). Prianto, (2016). *Manajemen Pajak: Teori & Aplikasi*. Jakarta: PT. Pratama Indomitra Konsultan
- [15] (15). Santoso & Rahayu, (2019). *Corporate Tax Management. Jakarta: Observation & Research of Taxation*
- [16] (16). Setyawan, (2009). *Perpajakan Indonesia*. Malang: UMM Press
- [17] (17). Sugiyono, P. (2018). *Metodologi Penelitian Mix Method*. Alfabeta: Bandung
- [18] (18). Badan Pusat Statistik
- [19] (19). Undang-Undang Republik Indonesia Nomor 8 Tahun 1983 tentang Pajak Pertambahan Nilai Barang dan Jasa dan Pajak Penjualan Atas Barang Mewah
- [20] (20). Undang-Undang Republik Indonesia Nomor 11 Tahun 2020 tentang Cipta Kerja
- [21] (21). Undang-Undang Republik Indonesia Nomor 7 Tahun 2021 tentang Harmonisasi Peraturan Perpajakan
- [22] (22). Peraturan Pemerintah Nomor 23 Tahun 2018
- [23] (23). Peraturan Menteri Keuangan Republik Indonesia Nomor 197 Tahun 2013 tentang Perubahan Atas Peraturan Menteri Keuangan Nomor 68 Tahun 2019 tentang Batasan Pengusaha Kecil Pajak Pertambahan Nilai
- [24] (24). Peraturan Direktur Jenderal Pajak Nomor 16 Tahun 2016 tentang Tata Cara Pembuatan dan Pelaporan Faktur Pajak Berbentuk Elektronik
- [25] (25). Peraturan Menteri Keuangan Republik Indonesia Nomor 9 Tahun 2018 tentang Perubahan atas Peraturan Menteri Keuangan Republik Indonesia Nomor 243 Tahun 2014 tentang Surat Pemberitahuan
- [26] (26). Peraturan Menteri Keuangan Republik Indonesia Nomor 54 Tahun 2021 tentang Tata Cara Melakukan Pencatatan dan Kriteria Tertentu Serta Tata Cara Menyelenggarakan Pembukuan Untuk Tujuan Perpajakan

AUTHORS

First Author – Eka Prasetya Afandi, S.E., M.M., CFP®, BKP., Institut STIAM, eka.afandi@gmail.com
Second Author – Ridwan Andrietya Cunis, S.E., BKP., Institut STIAM, kkp.ridwan.ac@gmail.com

