

The Implementation Of Tax Imposition Rules Of The Year 2018 And Implementation Of The Socialization Of Taxation Rules For Medium Small Micro Enterprises (MSMEs).

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ABSTRACT

Amid economic uncertainty due to the Covid-19 pandemic, the Indonesian economy supports the Micro, Small, and Medium Enterprises (MSMEs). The Small and Medium Enterprises sector can move as the foundation of the national economy. The growing business sector creates tax obligations for these business actors. In mid-2013, the Government issued Government Regulation No. 46 of 2013 concerning Income Tax on Income from Businesses Received or Earned by Taxpayers with Certain Gross Turnover. This regulation is aimed at Micro, Small, and Medium Enterprises (MSMEs) in Indonesia because this regulation regulates the imposition of taxes for taxpayers who have a turnover of less than 4.8 billion in one year. The issuance of PP 46/2013 to provide regulatory certainty and convenience in tax matters for MSMEs, which at that time were developing. Regarding PP 46 of 2013, the aspect of justice is the pros and cons that are highlighted where the income tax of PP 46/2013 is included in the final tax, regardless of whether the net income of MSME business in one year is profit or loss, as long as it has a turnover, the Taxpayer must pay taxes.

Meanwhile, individual taxpayers, if their income is less than Non-Taxable Income (PTKP), do not pay taxes. UMKM taxpayers complained, and finally, President Jokowi submitted a proposal to lower the tax rate for MSMEs. Finally, the Government agreed to reduce the tax rate by 0.5 per cent. This provision is stated in Government Regulation 23/2018. However, with this reduction in tax rates, MSME actors do not immediately carry out their tax obligations. Many MSME actors still do not know and do not understand that MSMEs also should pay taxes. Besides that, some do not want to be honest in running MSMEs. This research focuses on PP 23 2018 Rules, UMKM Actors, UMKM Tax Socialization & Tax Compliance.

This study uses a qualitative approach. The steps in the analysis go through four processes, namely collecting data, selecting unnecessary data, presenting, analyzing data, and finally concluding the data. Given the importance of taxpayer compliance in paying taxes and the considerable potential of MSMEs in contributing to tax revenues, several MSME business actors do not yet have an NPWP or tax ID Number but have a business and tend to avoid their tax obligations. Some do not know the existing tax regulations, and some ask guided by tax issues, but some are willing to pay taxes at the new rate but hope to get more detailed information to take care of their tax obligations.

1. INTRODUCTION

Taxes paid to the State use finance state interests such as infrastructure development to benefit from the infrastructure development. Factors that can affect the compliance of MSME taxpayers are the tax imposed on income outside of formal employment. This PPh UMKM is also a final income tax because the imposition of UMKM taxes is final, so the tax The income that must pay is final, cannot be included in the calculation of the annual Income Tax Payable. This MSME tax is imposed on monthly gross income or circulation and must be paid or deposited into the state treasury every month. The explanation above shows that the MSME tax is a tax imposed on income from income or gross business turnover/turnover.

Based on the Government Regulation (PP) that regulates MSME taxes, there are two types of MSME taxes, but the latest regulations replace the status of regulations which long,

- PP No. UMKM Tax. 46 of 2013, this UMKM tax is regulated in PP 46 of 2018 concerning Income from Businesses Received or Obtained by Taxpayers with Certain Gross Circulation, the UMKM Final PPh rate according to PP 46 of 2013 is 1% of gross turnover or turnover, with the emergence of types of UMKM taxes that regulate in PP 23/2018, then revoke PP 46/2013.
- PP No. UMKM Tax. 23 of 2018, the emergence of PP 23 of 2018 concerning Income Tax on Income from businesses received or obtained by Taxpayers who have Certain Gross Circulation, then the matters that regulate the MSME tax, especially the amount of the tax rate, have changed, in this PP 23 of 2018, the rate The final PPh for MSMEs is lower, according to the PP 23/2018 scheme, which is 0.5% of gross turnover/circulation.

Following Article 3 paragraph (1) PP 23 of 2018 Subjects / Final PPh MSMEs who can use the 0.5% Final PPh tax rate are:

- Individual Taxpayers; is a personal taxpayer who carries out business activities with a gross income of not more than Rp.4.8 billion in one tax year or one year.
- Corporate Taxpayers; is in the form of a Cooperative, Limited Partnership (CV / Commanditaire Vennootschap), Firm, or Limited Liability Company (PT), corporate taxpayers who obtain total gross revenue/turnover from all outlets/outlets, both central and branch offices not more than IDR 4.8 billion in a year.

However, the use of the Final PPh rate of 0.5% for MSMEs does not apply forever; that is, there is a period for taxpayers who can use this half per cent rate when the deadline for using the 0.5% rate of gross turnover has passed, the Taxpayer must use standard PPh rates for MSMEs or general PPh rates (Corporate PPh). Following Article 5 paragraph (1) of PP 23 of 2018, a certain period for imposition of final Income Tax with a rate of 0.5% of this gross circulation is no longer than:

- 7 years for Individual WP
- 4 years for Corporate Taxpayers in the form of a Cooperative, CV, or Firm
- 3 years for Corporate Taxpayers in the form of Limited Liability Companies (PT)

The DGT has also determined the deadline for reporting the Income Tax Return (SPT). Taxpayers who do not report or are late in reporting tax must be prepared to face sanctions or late fines. Previously, the imposition of late sanctions and underpayment of taxes of 2% per month in the Law on General Provisions and Tax Procedures (UU KUP) No. 6/1983 which was amended by Law 16/2009, but the provisions amended in Law Number 11 of 2020 concerning Job Creation, to adjust to the level or rate of the reference interest rate per month. The results of the calculation of late SPT reporting and underpayment of the latest tax, the imposition of sanctions related to SPT reporting, the amount can be lower than the previous sanctions.

Indonesia's economic growth recorded a positive number due to the contribution of the MSME sector during the global economic crisis, beating out developed countries that were experiencing a debilitating economic crisis. However, this is not yet comparable to the tax revenue from the MSME sector. *Compliance* is a condition in which taxpayers can carry out and implement all tax obligations. In terms of increasing taxpayer compliance awareness, the Government conducts outreach focusing on knowledge and awareness of taxes, which should direct to the public, whether they are taxpayers or non-taxpayers or the wider community. The more often the socialization regarding PP 23/2018 is carried out, the greater the level of taxpayer compliance. The existence of socialization can increase the understanding of taxpayers about these rules so that by understanding taxpayers about their obligations to pay taxes, it will be able to increase compliance and carry out obligations in paying taxes. Socialization and understanding of taxation are essential things for people who can still understand the tax itself. Taxpayers who have a high level of understanding of the applicable tax regulations will have greater compliance than the Taxpayer. According to the directorate general of tax, the level of compliance of taxpayers in submitting annual tax returns to the tax service office shows that out of 238 million Indonesians, around 44 million people are considered eligible to pay taxes. However, of this number, only 8.5 million people fulfil their obligations to pay taxes.

It can be seen that the level of taxpayer compliance in fulfilling their tax obligations is still low. The rapid increase in the number of MSME actors has created potential tax revenue for the Government. Transactions that arise from these MSMEs certainly create tax obligations for business actors. However, the large number of UMKM players is not yet comparable to the tax revenue from MSMEs. Medium and large businesses are still the most significant tax contributor in Indonesia. The Ministry of Cooperatives and Small and Medium Enterprises noted that the number of Indonesian Micro, Small and Medium Enterprises actors reached nearly 60 million business actors in 2017 spread throughout Indonesia.

Based on data from the Directorate General of Taxes (DGT, 2018), until December 7, 2018, the number of MSME Final PPh payers reached 1.69 million taxpayers with a nominal value of IDR 5.37 trillion. This figure shows that the compliance of MSME taxpayers is still deficient compared to the total number of MSME players in Indonesia, 59.2 million. MSMEs dominate the business structure in Indonesia around 99.99%, consisting of 98.79% micro-enterprises, 1.11% small businesses, and 0.09% medium enterprises. Meanwhile, large enterprises only contribute 0.01% to the business structure in Indonesia. One of the causes is the fact that the DGT is over. Some of the reasons are that DGT is more focused on large taxpayers, while the supervision of MSME actors has not optimally carried out, and the tax compliance of MSME actors is still low (Wendy Endrianto, 2015). With the increase in the number of MSMEs, of course, they must follow the rules that the Central Government has implemented in taxation as an effort to contribute to the life of the nation and State.

2. RESULTS AND DISCUSSION

MSMEs currently support the Indonesian economy. The Ministry of Cooperatives and Small and Medium Enterprises (UKM) noted that the contribution of the MSME sector to GDP increased from 57.8 per cent to 60.34 per cent. The fiscal incentive in the form of lowering the MSME tax rate is certainly a breath of fresh air for them. Because, automatically, the taxes they pay are lower than what they previously paid. Entrepreneurs will get additional capital savings to develop their business, especially for entrepreneurs who are just starting. In addition, this will also make entrepreneurs more competitive. The convenience received by MSMEs from the release of PP 23/2013 is not only related to tariff reduction. In the latest regulations, MSME taxpayers can take advantage of PP 23/2013 or directly use the regular rates article 17. This exemption is beneficial for taxpayers who have a margin low profit because it can directly use the average rate of article 17, PP 23/2013 also states a time limit (sunset clause) for taxpayers who choose to use the final rate.

The Directorate General of Taxes is optimistic that the PP 23/2013 fiscal incentive will be a unique attraction for MSMEs to enter into tax administration to add to the Indonesian tax database. After the UMKM taxpayers enter the tax administration system, the next duty of the tax apparatus is to provide guidance and supervision. The sunset clause given by the Government is used as a period to make taxpayers more aware of their tax obligations, especially the time limit in PP 23/2018 can be used to solve the "Abadi" MSME taxpayer scenario. When taxpayers use the PP 46/2013 rate, they will forever use the 1 per cent rate as long as their income turnover is less than 4.8M in one year. This tends to be used as a way of tax avoidance by naughty taxpayers by reducing their turnover to below 4.8M. In addition, another impact is that they tend not to have the desire to expand their business, so that they are not subject to higher tax rates. The way the Government maximizes tax revenue by implementing the Self-Assessment System replacing the previous system, namely the official assessment system, which is a tax collection system that gives authority, trust and responsibility to taxpayers to calculate, pay and report the taxes themselves, the implementation of this system is expected to exist. The active role of the community to fulfil obligations in paying taxes and compliance or obedience is required by taxpayers in fulfilling their tax obligations. The Taxpayer's understanding of taxation will make the self-assessment system work according to the objectives of the Directorate General of Taxes. With the low level of public education, there are many Indonesians who do not know what tax is. The higher the level of public education will make it easier for the public to understand the applicable tax laws and regulations. The low level of education will also be reflected in a large number of taxpayers, especially individuals who do not do bookkeeping or who still do double bookkeeping for tax purposes. A low level of education will also have the opportunity for taxpayers to be reluctant to carry out tax obligations due to their lack of understanding of the taxation system being applied (Rustiyansih: 2011).

SOCIALIZATION STEPS COMPLETED AFTER THE RELEASE OF PP 23/2018

After tapping the hammer, which marks the release of PP 23/2018, with this new policy, the Government has carried out massive socialization of the implementation of PP 23/2018, and the Government needs to conduct comprehensive outreach to disseminate related information to all UMKM taxpayers in Indonesia. Socialization of PP No. 23 of 2018 is tax dissemination carried out by the Directorate General of Taxes (DGT) either through direct counselling or through social media, mass media and circulars to the broader community, especially to people net owning small home businesses. Taxes to be obedient and willing to pay taxes. According to Ananda et al. (2015: 6), taxation socialization partially has a significant effect on taxpayer compliance. Hidayat (2015) also states that tax socialization has a positive effect on taxpayer compliance.

According to the Government, taxpayers should not still use the one per cent rate for payments for the July 2018 period; then, after the deadline for the use of PP 23/2018 is up, they are suddenly asked to use the normal rate of article 17. The Government, especially tax officials and related parties, needs to provide taxpayers' guidance to increase their tax awareness. If tax socialization is delivered in a precise, clear, correct, and comfortable way by tax officials, taxpayers will have knowledge of the importance of paying taxes which can automatically increase taxpayer compliance (Wardani & Wati, 2018). High tax awareness leads to voluntary tax compliance (self-assessed tax compliance), especially when the concept of tax collection is presumptive tax. This concept leads to a taxation procedure where the tax collected is based on assumptions so that the Taxpayer's honesty is the main source. In addition to increasing tax awareness, tax officials need to provide guidance for bookkeeping procedures. One of the coachings that can be given is guidance related to the application of Micro Business Financial Reports (Lamikro) with the support of the State Budget. This application is a simple online accounting report specifically for micro-businesses.

The last task of the Government is to make efforts to implement PP 23/2018, including increasing the capacity of the tax apparatus and enforcing tax law. Law enforcement will be increasingly needed when the deadline for using PP 23/2013 is over; it is hoped that there will be no more taxpayers who do tax evasion. In a study conducted by James Alm, Gary H. McClelland and William D. Schulze in *Why Do People Pay Taxes?*, Taxpayer compliance is achieved if the probability of tax inspection against them is high and there are strict sanctions for those who violate it. In accordance with this research, if in the future there are still taxpayers who do not comply with the tax, it is necessary to carry out an audit and law enforcement process. The fact is that where there are strict sanctions, the level of compliance is achieved. The Government, through the DGT, has carried out quite intensive socialization to MSME players. For this reason, the Government also does not expect that everything that is done is non-reciprocal; it is hoped that the socialization of PP 23 will be the main concern to do because any non-compliance will end in a follow-up process that can be detrimental to the mandatory tax. However, according to James Alm et al., tax compliance of taxpayers will increase without any inspection or sanctions if the public is satisfied with the public services provided by the Government. Therefore, the Government must be precise in allocating state revenue and be transparent.

3. CONCLUSIONS AND SUGGESTIONS

Based on the research, it can be concluded, the socialization of PP. 23 of 2018 has a positive and significant effect on the willingness to pay taxes on UMKM taxpayers. Tax dissemination and understanding of taxation have a very positive effect on the level of taxpayer compliance, and the discussion described regarding the implementation of Government Regulation Number 23 of 2018 concerning Final Income Tax by the Government has been very massive by making socialization or notification via advertisements, direct visits to taxpayers with conveying directly about the rules in PP 23/2018 and submission of appeal letters, socialization in the office to tax officials so that in the future if there is a statement from the Taxpayer regarding these rules, tax employees who are not directly placed in the field of taxpayer supervision can also notify to taxpayers or appeal directly to PP 23/2018 regulations, and socialization in the office to potential taxpayers PP 23/2018 by inviting netted taxpayers. However, it is

even more influential with the socialization of sanctions that will be imposed for non-compliance with MSME taxpayers, in fact, strict sanctions through the legal process are very influential on taxpayer compliance, and the Government has also very firmly stated that any violations or non-compliance would be dealt with firmly with tax sanctions. And the legal process in force in the State. And this is very effective in forcing all to obey the tax rules that have been determined in accordance with the meaning of tax, which is actually compelling.

The author provides suggestions that may be useful for related parties or DGT because it is his duty to increase tax socialization because this method conveys knowledge of new tax regulations and can improve tax understanding for MSME taxpayers. In addition to socialization, the Tax Office can assist MSMEs to raise awareness and tax compliance. As well as UMKM players should be more active in following tax regulations which often change, and must study simple bookkeeping for MSMEs for business progress and compliance with tax obligations.

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