

The Implementation Of Government Regulation Number 23 of 2018 Related To Income Earned By Taxpayers In The Msme Sector

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ABSTRACT

MSMEs relatively share in the pressure during the current pandemic. Based on a Bank Indonesia survey, there were around 72.6% of MSME players who experienced a decline in performance such as a decrease in turnover and delays in the distribution of capital. This, of course is impactful on tax revenues, especially income tax in the MSME sector.

This study aimed to find out how the implementation regarding government regulation number 23 of 2018 obtained by taxpayers in the MSME sector in Bantaeng Regency. The type of research used was descriptive qualitative method. The results of this study indicated the deep bottom of the implementation of PP No. 23 of 2018 the income earned by the taxpayers of the MSME sector KPP Pratama tried to maximize the application of the final PPh of 0.5% but did not been fully effective by looking at the MSME tax collection realization data, this was due to the conditions of this pandemic had caused MSMEs affected by the Covid-19 pandemic to experience turnover decrease and difficulties in terms of accessing raw materials for their capital. As for the limitations in this study, it was limited to the area that is the subject of this research, where this research was only for SMEs in the Bantaeng Regency, the characterizes/advantages of this research lies in the observation period related to the latest actual tax data, namely 2021

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1. INTRODUCTION

Tax is one of the biggest contributions to the State of Indonesia. Because taxes are one of the sources of income for the Government's funds to carry out development, both the Central Government and Regional Governments. Tax collection also provides an opportunity for the Government to be able to run the inflation rate and regulate Indonesia's revenue budget. According to (Official Siti 2014), the characteristics of taxes are:

- a. Taxes are collected based on or with the force of the law and its implementing regulations.
- b. In the payment of taxes, it cannot be shown that there is individual contradiction by the government.
- c. Taxes are collected by the state, both the central government and local governments
- d. Taxes are intended for government expenditures which, if there is still a surplus from the income, are used to finance *public investment*.

One of the roles of Indonesian Micro, Small and Medium Enterprises (MSMEs) is a large contribution to gross domestic product (PBD). According to Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises article 1, Micro Enterprises are productive businesses owned by individuals or individual business entities that meet the criteria for Micro Enterprises as stipulated in this Law. Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not a branch of a company that is owned, controlled or becomes part directly or indirectly of medium or large businesses that meet the criteria for small businesses as referred to in the Law. the law. Medium Business is a productive economic business that stands alone which is carried out by individuals or business entities that are not a branch of a company that is owned, controlled, or becomes a part either directly or indirectly with small businesses or large businesses with a total net worth or annual sales results as referred to regulated in the Act.

Indonesian MSMEs contributed up to Rp. 8,573.9 trillion to Indonesia's GDP (at current prices) in 2018. Meanwhile, the Indonesian economy in 2020 as measured by Gross Domestic Product (GDP) at current prices reached Rp. 15,434.2 trillion and GDP per capita reached IDR 56.9 Million or US\$ 3,911.7 (bps.go.id). In addition, MSMEs employ as many as 116,978,631 people or reach 97% of the total Indonesian workforce (UMKM and Large Units). Until 2021, there are 64,194,057 Indonesian MSMEs or 99.99% of the total business units in Indonesia (katadata.co.id/dwi hadya writer). In Law Number 20 of 2008 it is explained that Micro Enterprises are productive individual businesses or business entities. Micro, small and medium enterprises (MSMEs) themselves are small-scale and traditional people's economic activities, whose turnover and profits are indeed much smaller than large companies.

Research (Ponarica & Al-saedi, 2015) recommends that simple tax policies need to be made and minimize tax compliance costs in order to provide convenience for MSME actors in fulfilling their tax obligations.

According to (Mardiasmo, 2016) so that tax collection does not cause obstacles, tax collection must meet the following requirements: 1. Tax collection must be fair (fairness requirements), 2. Tax collection must be based on laws (juridical provisions) in Indonesia, 3. Do not disturb the economy (Economic Terms)

Since 2013 the government has started depositing MSMEs in Indonesia which are starting to grow rapidly. The initial step taken by the government to increase MSME sector tax revenue by setting a final tax rate of 1% in Government Regulation No. 46 of 2013 with a 1% rate setting did not work as expected because some MSME taxpayers were still relatively low and had not yet reached the revenue target. State tax. Then trimmed only to 0.5%. This change was ratified by President Joko Widodo through Government Regulation No. 23 of 2018 concerning Income Tax on income from businesses received or earned by taxpayers who have a certain gross turnover so that taxpayer awareness and compliance is very much needed/payed attention to in the development of taxation in Indonesia in order to increase effectiveness and efficiency in the development of good taxation for taxpayers in order to increase state revenues. By implementing a reduction in the taxpayer from 1% to 0.5%, MSME actors can increase and have a positive effect on the compliance of the taxpayer concerned.

Referring to the background of this research, the researchers conducted research at the Primary Tax Office of Kab. Bantaeng with the title *"The Implementation of PP No. 23 of 2018 Regarding Income Earned by Taxpayers in the MSME Sector"*.

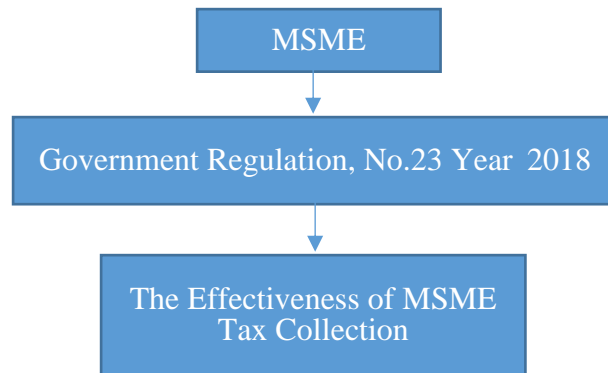
2. RESEARCH METHODS

This type of research was descriptive. Descriptive research is non-hypothetical research so that the research does not need to use hypotheses. (Arikunto, 2006: 78) The type of data used in this study was firstly primary data collected by the researchers themselves through direct open interviews with the research object, namely KPP Pratama Bantaeng and UMKM Actors. Several reasons were taken into consideration by researchers choosing unstructured interview techniques or open interviews are as follows:

- a. Open interviews allow respondents to use unique ways of defining the world.
- b. Open interviews assume that there is no fixed order of questions that fits all respondents

The two secondary data were in the form of individual taxpayer data for the MSME sector, target data and realization of MSME tax collection in Bantaeng Regency as well as data. Data collection techniques in this study used several techniques to obtain data regarding the object to be studied, including observation, open interviews, and documentation. In this study, data analysis methods were used in the form of quantitative descriptive methods from secondary data, which were carried out to measure the effectiveness of MSME tax collection which

became a measure of the effectiveness of the implementation of PP No. 23 of 2018 on MSMEs in Bantaeng Regency.



The amount of effectiveness of tax collection can be calculated by the formula:

$$\text{Effectiveness} = \frac{\text{MSME Tax Collection Target}}{\text{Realization of MSME Tax Collection}} \times 100\% \dots\dots\dots(1)$$

With the following criterias:

- a. Achievement rate $\geq 100\%$ means very effective
- b. Achievement rate between 90% - 100% means effective
- c. Achievement rate between 80%-90% means quite effective
- d. Achievement rate between 60%-80% means less effective
- e. Achievement rate between $< 60\%$ means ineffective

3. RESULTS & DISCUSSION

a. Research findings

1) The number of WPOP registered in the 2019-2021 Micro, Small and Medium Enterprises (MSMEs) sector at KPP Pratama Bantaeng Regency.

Table 1. List of individual taxpayers for the MSME sector

No	Year	Number of Individual Taxpayers registered in MSME activities	Growth (%)
1	2019	223.587	-
2	2020	358.227	60%
3	2021	380.579	6%

Source : Data Processing Staff (2022)

In table 1 above it can be seen that the number of individual taxpayers registered in MSME activities in 2019 were 223,587 taxpayers, an increase of 134,640 taxpayers or 60% in 2020 so that registered individual taxpayers became 358,227. And there another increase in 2021, with an increase of 22,352 taxpayers or 6% from 2020, so that the total registered individual

taxpayers in 2021 were 380,579. the increase in the number of taxpayers between 2020-2021 has decreased when compared to 2019-2020

2). Realization of Tax Collection on Micro, Small and Medium Enterprises for 2019-2021

Table 2. MSME Tax Collection in Bantaeng Regency

No	Pay Year	Collection Targets MSMEs (Rp)	from MSMEs (Rp)	Percentage Effectiveness (%)	Effectiveness
1	2019	9.880.051.672	8.233.763.941	83, 3%	Effective enough
2	2020	7.743.606.763	5.531.147.688	71,4%	Less effective
3	2021	7.975.914.965	5.072.707.999	63,6%	Less effective

Source: Data processed from KPP Pratama Bantaeng (2022)

Based on the presentation from table 2 above, the realization of MSME tax collection for the last three years, namely from 2019 to 2021, continues to decline every year. In 2019, it earned Rp. 8,233,763,941, in 2020 obtaining a realization of Rp. 5,531,147,688, and in 2021 it decreased from the previous year by Rp. 5,072,707,999.

Table 3. Compliant and Non-Compliant Taxpayers in Tax Payments

NO	Pay Year	Per-Payment Tax Status		Total
		On Time	Late	
1	2019	26.136	23.196	49.332
2	2020	17.071	12.426	29.497
3	2021	16.077	13.635	29.712

Source: KPP Pratama Bantaeng Office (2022)

Based on table 3, in 2019 the status of per-timely tax payment were 26,136 people and 23,196 people were late-payers and for 2020 the status of per-timely tax payment was 17,071 people, 12,426 people were late-payers. Meanwhile, for 2021, 16,077 people per tax payment status are on time and 13,635 people were late-payers. As a result of non-compliance by MSME taxpayers, they were the subject to sanctions in the form of administrative fines from the due date. The imposition of a sanction of 0.5% of turnover for one year.

Based on the description above, the factors that cause taxpayers not to pay MSME taxes were as follows from the results of interviews conducted by researchers with the resource person, Mr. Muh. Aslam Sumba as the executor of the general sub-section stated that:

“The factor that causes MSMEs to not comply with paying their taxes is the income factor due to this pandemic condition which has caused MSMEs affected by the co-19 pandemic to experience a decrease in turnover. Another obstacle experienced by MSMEs is the difficulty in obtaining capital raw materials, decreased customers, distribution and production are hampered. The other cause is due to restrictions on consumer activities to do more activities at home and carry out independent isolation. Because it also has an impact on the economy in

Indonesia, for example, traders and transportation services and others must be closed. So people, especially MSME actors, can not sell, can not do business. So the bottom line is that the income is definitely not there and some even go bankrupt, and even then it cannot be prevented because it really has an impact on their income so focus more on their income”.

This is also supported by a statement from Ms. Waode as an MSME actor with the question of what was the reason for not paying her Final Income Tax:

“There was no information, besides, there were still few visitors, not too much income,”

Based on the factors described above, the government of Bantaeng Regency did not remain stuck, they made several efforts to overcome the economy of MSME actors during the Covid-19 period, namely as the results of interviews by researchers with resource persons Mr. Muh.Aslam Sumba as the executor of the general sub-section stated that:

“The efforts made by the Bantaeng regency government to overcome the economic problems of MSME actors during the pandemic, namely providing assistance to poor and vulnerable MSME actors, tax incentives for MSMEs, providing licensing fee relief for small business formation and licensing fee exemption for micro businesses and affordable financing support for MSMEs.”

Tax payments by MSMEs were inseparable from economic problems and the existence of these problems cannot be separated from the name of the solution to overcome these economic problems.

b. Discussion

From table 3.2 above, the realization of MSME tax collection for the last three years, namely from 2019 to 2021 continued to decline every year. In 2019, there were 8,233,763,941 results, from the target number of one-year MSME collection of Rp. 9,880,051,672. Whereas in 2020 the realization of MSME collection decreased by Rp. 5,531,147,688, from the one-year target of Rp. 7,743,606,763 and in 2021 it decreased from the previous year by obtaining the realization of MSME collection of Rp. 5,072,707,999, of the one-year target of Rp.7,975,914,965.

Based on the effectiveness measurement classification above, in 2019 it obtained a percentage of 83.3% so that it can be said that the collection of MSMEs was quite effective. In 2020, it obtained a percentage of 71.4% so that it can be said that the collection of MSMEs was not effective. And in 2021 obtaining a result of 63.6%, it can be said that the collection of MSMEs was not effective.

As for the results of collecting the acquisition for three years, namely from 2019-2021 every year decreased in the results of tax collection for micro, small and medium enterprises (MSMEs) in Bantaeng Regency, due to the conditions of this pandemic have caused MSMEs affected by the Covid-19 pandemic to experience a decrease in turnover. Another obstacle experienced by MSMEs is the difficulty in obtaining capital raw materials, decreased customers, distribution and production were hampered. As for other causes, namely due to

restrictions on consumer activities, they carry out more activities at home and carry out independent isolation. Because it was impactful on the economy in Indonesia, for example traders and transportation services and others must be closed. so, people, especially MSME actors, cannot sell, and cannot do their business. So, the bottom line is that there was definitely no income, some even go bankrupt, and even then, it cannot be prevented because it brought a huge impact on their income, so they focused more on their income. The efforts made by the Government of Bantaeng Regency to overcome the economic problems of MSMEs during the pandemic, namely providing assistance to poor and vulnerable MSME actors, tax incentives for MSMEs, providing licensing fee relief for the formation of small businesses and waiver of licensing fees for micro businesses and financing support affordable for MSMEs, so that MSMEs were assisted in providing convenience, protection and empowerment for MSMEs.

The following were several factors that influence taxpayers not paying MSME taxes, as follows:

- 1) The pandemic condition caused MSMEs affected by the Covid-19 pandemic to experience a decrease in turnover
- 2) The difficulty of obtaining capital raw materials, decreased customers, distribution and production hampered.
- 3) There were restrictions on consumers' activities to do more activities at home and carry out independent isolation, so that it was impactful on the Indonesian economy.

Based on table 3.3, in 2019 the status of on-time tax payments were 26,136 and 23,196 late-payers and for 2020 the timely per-payment status were 17,071, 12,426 late-payers , while for 2021 the status of per-time tax payments were 16,077 and 13,635 late-payers. so in 2019-2021 taxpayers as the compliant and non-compliant in paying taxes with total of 108,541 taxpayers. This proves that the KPP Pratama Bantaeng did collected tax of MSMEs were running well, although there were still many late-payers that due to the lack of awareness of these taxpayers.

4. CONCLUSION & SUGGESTION

Based on the results of the research and discussion above, it can be concluded that regarding the implementation of government regulation number 23 of 2018 on income earned by taxpayers in the MSME sector, it can be seen from the level of effectiveness of its collection. From the results of this study it is found that the effectiveness of collecting taxes for micro, small and medium enterprises (MSMEs) in the Bantaeng district is found to be less effective where the realization of tax collection originating from MSME taxpayers decreased every year, in 2019 the realization of collection was 8,233,763,941. in 2020 the realization of collection was 5,531,147,688, and in 2021 the realization of collection was 5,072,707,999. From the explanation above, a tax collection system is needed in completing the realization of tax collection originating from taxpayers in MSMEs.

The obstacles faced are due to the pandemic conditions which caused MSME players who affected by the co-19 pandemic to experience a decrease in turnover. Another obstacle experienced by MSMEs is the difficulty of obtaining capital raw materials, declining customers, hampered distribution and production. Another cause is the existence of activity restrictions so that consumers carry out more activities at home and carry out independent isolation. Because it also has an impact on the economy in Indonesia, for example traders and transportation services must be closed. So people, especially MSME actors, can no longer sell or run their businesses. So the bottom line is that there is definitely no income and some may even go bankrupt. Even then, it cannot be prevented because it greatly affects their income.

Based on the conclusions that have been obtained from the research, there are several suggestions that the author conveys, namely as follows: Taxpayers are expected to pay attention to when to pay taxes so that taxpayers are no longer late in paying the tax. It is expected that the KPP Pratama Bantaeng Office will provide information to make it easier regarding MSME obligations as an effort to increase awareness for taxpayers. Improving and increasing human resources (HR) such as prioritizing quality and quantity to be applied specifically for tax collection by providing one with adequate compensation with the aim of optimal performance.

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