

Analysis of the Application of Government Regulation No.23 of 2018, Understanding of Taxation and Tax Sanctions Against MSMEs Taxpayer Compliance

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Abstract

The purpose of this study was to determine the effect of Government Regulation No. 23 of 2018, Understanding of Taxation and Tax Sanctions on MSMEs Taxpayer Compliance in Plaza Harmoni, Tangerang City. The application of Government Regulation (PP) Number 46 of 2013 is one of the government's efforts to improve tax compliance for MSMEs. Besides, the government has also provided tax penalties for taxpayers who do not pay taxes. Data analysis techniques using multiple linear regression analysis methods, the sample in this study was 100 respondents. The results showed a T value of $X_1 = 4.723$, $X_2 = 3,975$, and $X_3 = -0.033$. It means that the application of PP 23 of 2018, understanding taxation, and Tax sanctions had a positive and significant effect on Msme's taxpayer compliance.

I. INTRODUCTION

The application of Government Regulation (PP) Number 46 of 2018 is one of the government's efforts to improve tax compliance for MSMEs. Besides, to improve Msme's compliance in paying taxes, the government has also provided tax penalties for taxpayers who do not pay taxes. The legal basis for tax sanctions regulated in the General Tax Provisions Act. Tax penalties can impose if the taxpayer violates mainly the obligations specified in the General Taxation Provisions Act. However, on July 1, 2018, the government changed PP 46 of 2013 to PP 23 of 2018 by changing the final PPh rate for particular gross circulation from 1% to 0.5% with the contents and new provisions that are expects to increase MSME taxpayer compliance in paying taxes. The government also hopes that more MSMEs will pay and fulfill their tax obligations.

II. RELATED WORKS/LITERATURE REVIEW (OPTIONAL)

Government Regulation Number 46 (PP 46) of 2013

Government Regulation No. 46 (PP 46) of 2013 issues with the primary objective of simplification and equity in carrying out tax obligations. PP 46 of 2013 is the policy of the Government of the Republic of Indonesia, which regulates the Income Tax on income from businesses obtained by taxpayers who have a particular gross circulation, both individuals and entities. This provision was issued and entered into force on July 1, 2013. Income from businesses included in this PP 46 category has a particular gross circulation of up to Rp 4,800,000,000 (Four Billion Eight Hundred Million Rupiahs) in one tax year, subject to final tax (Article 2 paragraph (1) and paragraph 2 letters a and b).

The tax object is income from business received or obtained by taxpayers with a gross circulation (turnover) that does not exceed Rp 4,800,000,000 (four billion eight hundred million rupiahs) in 1 (one) tax year. Based on Article 3 paragraph (1), the final income tax rate is 1% (one percent).

Government Regulation Number 23 (PP 23) 2018

The government has decided to reduce the final PPh rate to 0.5% for individual or corporate taxpayers (cooperatives, limited partnership, firms, or limited liability companies) who have income with gross circulation not exceeding Rp. 4,800,000,000 in 1 tax year in accordance with Article 3, paragraph 1 PP number 23 of 2018. (Direktorat Utama Pembinaan dan Pengembangan Hukum Pemeriksaan Keuangan Negara, 2018)

Taxpayers who cannot utilize 0.5% Final Income Tax include:

1. Taxpayers with income earned abroad whose taxes are owed or have paid abroad.
2. Taxpayers whose income has been subject to final income tax with the provisions of special tax laws.
3. Taxpayers with income excluded as tax objects.

The policy on the Final Income Tax of 0.5% has a time limit. One of the things that distinguish from previous regulations. The details are as follows:

- a. 7 years for personal taxpayers
- b. 4 tax years for corporate taxpayers in the form of cooperatives, limited partnership or firms.
- c. Three tax years for corporate taxpayers in the way of limited liability companies.

After the time limit has expired, the Taxpayer will return to using the standard tariff scheme as stipulated in Article 17 of Law Number 36 the Year 2008, to encourage Taxpayers to maintain bookkeeping and business development.

It can provides benefits for corporate taxpayers because they can choose based on the standard tariff scheme stipulated in Article 17 of Law Number 36. With this scheme, the calculation of PPh rates will refer to the layer of taxable income. Besides, taxpayers are also exempt from income tax if they suffer fiscal losses. (Mekari, 2018)

Understanding of Taxation

Comprehension is how a person maintains, distinguishes, estimates explains, expands, summarizes, generalizes, gives examples, rewrites, and calculations. (Arikunto, 2013) It means that people who have understanding can infer or explain back to an object that is understood.

Understanding Taxation is all matters related to taxation that is correctly understood and correctly by the Taxpayer and can translate and apply what he has understood. Scholes and Wolfson (1992) in (Mutia, 2014) stated that the level of understanding of taxpayers and tax authorities regarding tax laws influences taxpayer compliance in carrying out its tax obligations. If the understanding of taxation owned by taxpayers is low, then taxpayers' compliance with applicable regulations is also low (Yanti & Oktari, 2018b).

Tax Sanctions

The legal basis for tax sanctions regulates in each article of the General Tax Provisions Act. Tax penalties can impose if the taxpayer violates mainly the obligations specified in the General Taxation Provisions Act. According to (Mardiasmo, 2013) tax sanctions are guarantees that the provisions of tax legislation (tax norms) will obey can conclude that taxation sanctions are a preventive tool so that taxpayers do not violate taxation norms. The penalties provided expects to increase taxpayer awareness to meet tax obligations.

Taxpayer compliance

Taxpayer Compliance is the fulfillment of tax obligations carried out by taxpayers in the context of contributing to development, and it expects that the satisfaction of these will be given voluntarily (Rahayu, 2013). Taxpayer compliance is an important aspect considering the Indonesian taxation system adopts the Self Assessment System. Respect can increase if the Taxpayer has sufficient knowledge about the tax system by applicable tax laws, as well as awareness of the importance of taxes for the country's development (Yanti & Oktari, 2018a).

Micro, Small and Medium Enterprises (MSMEs)

According to Law Number 20 of 2008, MSMEs have the following criteria:

Table 1 MSME Criteria

| No | Criteria | Explanation | Net Asset | Sales |
|----|----------|--|---------------------------------------|---------------------------------------|
| 1 | Micro | Productive businesses owned by individuals or business entities owned by individuals | Max. Rp.50.000.000 | Max. Rp.300.000.000 |
| 2 | Small | An independent, productive economic business carried out by an individual or business entity that is not a subsidiary or not a branch of the company that own, controlled or becomes a good part of the direct or indirectly from medium or large businesses | >Rp.50.000.000 & Max. Rp. 500.000.000 | > Rp.300.000.000,00 & max 2,5 billion |
| 3 | Medium | A productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or | >Rp. 500.000.000 & max. 10 Milyar | > 2,5 Million & max. 50 billion |

| | | | | |
|--|--|---|--|--|
| | | branch of a company that own, controlled, or becomes a part either directly or indirectly with a small business or large business | | |
|--|--|---|--|--|

Source : (Otoritas Jasa Keuangan - OJK, 2017).

III. METHODS

This research uses quantitative research methods with a descriptive approach. It can interpret as research based on the philosophy of positivism, use to examine populations or specific samples, sampling techniques are generally carried out randomly, data collection using research instruments, quantitative or statistical data analysis to test hypotheses that are has been established (Sugiyono, Metode Penelitian Kuantitatif, Kualitatif dan R&D, 2016).

The population used in this study is the UMKM taxpayer found in Plaza Harmoni, Tangerang City, which has business activities with a gross turnover of not more than 4.8 billion per year. There are several sample criteria which are as follows:

- a. Already have a TIN
- b. MSMEs taxpayers who have business activities with gross turnover do not exceed 4.8 billion annually
- c. MSMEs taxpayers who pay the final income tax on particular total circulation

Table 2 Variable Indicator

| No | Variable | Indicator | Statement | Scale |
|----------|--|--|---|---------|
| 1 | Taxpayer Compliance (Y) | <ol style="list-style-type: none"> a. Registration of TIN b. Calculation of Tax Due c. Payment of taxes d. SPT Reporting | <ol style="list-style-type: none"> 1,2,3 4,5,6,7 8,9 10 | Ordinal |
| 2 | The Application of Government Regulation No.23 of 2018 (X1) | <ol style="list-style-type: none"> a. Taxpayer knowledge related to PP No. 23 of 2018. b. The attitude of taxpayers towards the purpose of implementing PP. 23 of 2018 c. The ability of taxpayers is technically related to PP No. 23 of 2018. | <ol style="list-style-type: none"> 1,2,3 4,5,7 8,9,10 | Ordinal |
| 3 | Understanding of Taxation (X2) | <ol style="list-style-type: none"> a. Knowledge Regarding General Provisions and Tax Procedures, b. Knowledge of the Taxation System in Indonesia, c. Knowledge Regarding the Function of Taxation | <ol style="list-style-type: none"> 1,2,3 4,5,6 8,,9,10 | Ordinal |
| 4 | Tax Sanctions (X3) | <ol style="list-style-type: none"> a. Taxpayer knowledge about tax sanctions b. The attitude of taxpayers towards tax sanctions | <ol style="list-style-type: none"> 1,2,3,4,5 6,7,8,9,10 | Ordinal |

IV. RESULTS

Based on the respondent's questionnaire, it can explain the characteristics of SME respondents based on the type of business it can see in the table below:

Table 3 Respondent Characteristic

| No. | Explanation | Respondent | % | |
|-----|------------------|----------------------|-----|------|
| 1 | Gender | Male | 35 | 35% |
| | | Female | 65 | 65% |
| 2 | Type of Business | Commerce Services | 100 | 100% |
| 3 | Sales | < Rp.4,8 Billion | 100 | 100% |
| | | >Rp.4,8 Billion | | |
| 4 | NPWP ownership | | 100 | 100% |

Normality test

In this study, the Kolmogorov-Smirnov test uses to conduct a normality test. The criteria for decision making are base on the P-value in the Asymp column. Sig (2 tailed) as follows:

1. If the P-value is in the Asymp column. Sig (2 tailed) is more than 0.05 then Ho is accepted, and Ha rejected, meaning the data are usually distributes
2. If the P-value is in the Asymp column. Sig (2 tailed) is less than 0.05, then Ho is rejected, and Ha is accepted, meaning that the data does not distribute typically.

Tabel 4 Hasil Uji Normalitas
One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|-----------------------------|----------------|----------------------------|
| N | | 100 |
| Normal | Mean | 0E-7 |
| Parameters ^{a,b} | Std. Deviation | 2,70589182 |
| Most Extreme Differences | Absolute | ,110 |
| | Positive | ,082 |
| | Negative | -,110 |
| Kolmogorov-Smirnov Z | | ,110 |
| Asymp. Sig. (2-tailed) | | ,005 |

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Multicollinearity Test

The multicollinearity test aims to test whether there is a correlation between the independent variables by looking at the linear relationship between the independent variables in the regression model. The presence or absence of multicollinearity can that see from the magnitude of the Tolerance Value and Variance Inflation Factor (VIF). If the Tolerance Value ≥ 0.10 or equal to VIF value ≤ 10 . The multicollinearity test results that see in the following table:

Table 4 Multicollinearity Test Results
Coefficients a

| Model | Collinearity Statistics | |
|----------------------------|-------------------------|-------|
| | Tolerance | VIF |
| 1 (Constant) | | |
| PENERAPAN PP 23 TAHUN 2018 | ,586 | 1,707 |
| PEMAHAMAN PERPAJAKAN | ,614 | 1,629 |
| SANKSI PERPAJAKAN | ,647 | 1,545 |

Heteroskedasticity Test

The heteroscedasticity test aims to test whether the regression variance occurs residuals from one observation to another observation. The calculation results can see in the following table:

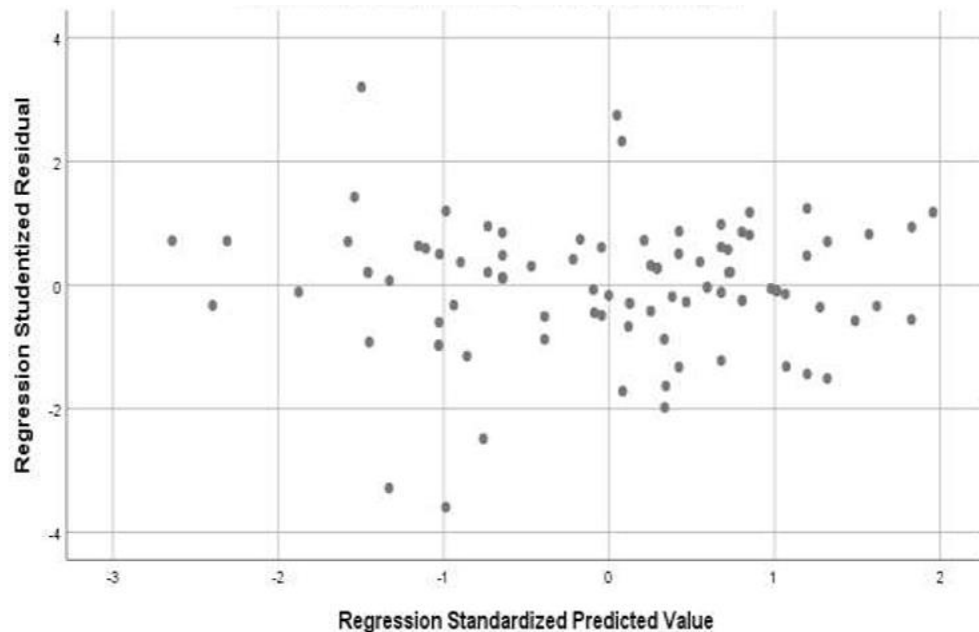


Fig 1. Result Heterokedastisitas Dependent Variable: Taxpayer Compliance

Based on Figure 1, it can see that between SRESID and ZPRED, the spread formed does not have a specific pattern or spreads above and below the zero on the Y-axis and the right and left on the X-axis. It indicates that the regression model does not have a relationship between variables free and residual value. Thus the assumption of no heteroscedasticity of the regression model is fulfilled.

Hypothesis Testing

The regression model used in this study is as follows:

$$Y = \alpha + \beta X1 + \beta X2 + \beta X3 + e$$

Explanation :

Y: Taxpayer Compliance

α : Constanta

$\beta_1, \beta_2, \beta_3$: linear regression coefficient

X1: The Application of Government Regulation No.23 of 2018

X2: Understanding of Taxation

X3: Tax Sanctions

E: error

Table 5 Hypothesis Test Results

| Model | | Coefficients | | | | |
|-------|--|----------------|------------|--------------|--------|-------|
| | | Unstandardized | | Standardized | t | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 6,845 | 3.580 | | 1,912 | 0,059 |
| | The Application of Government Regulation No.23 of 2018 | 0,472 | 0,100 | 0,442 | 4.723 | .000 |
| | Understanding of Taxation | 0.352 | .087 | 0.363 | 3.975 | .000 |
| | Tax Sanctions | -0.003 | -0.081 | -0.003 | -0.033 | 0.974 |

a. Dependent Variable: Taxpayer Compliance

Based on table 5, the regression coefficient equation is as follows:

$$Y = 6,845 y + 0,472 X1 + 0.352 X2 - 0.003 + e$$

Partial Regression Coefficient Test (t-Test)

The T-test is useful to find out whether the independent variable partially has a significant effect on the dependent variable. Based on table 5, it can conclude that:

1. Variable X1 has a T value of 4,723 and sig 0,000, which is smaller than 0.05. Then H1 is accepted, meaning that the application of PP 23 of 2018 has a significant effect on tax compliance for MSMEs
2. Variable X2 has a value of t 3,975 and sig 0,000, which is smaller than 0.05. Then H2 is accepted, meaning that understanding of taxation also has a significant effect on tax compliance of UMKM taxpayers
3. Variable X3 has a value of t -0,033 and sig -0,974, which is smaller than 0.05. Then H3 is accepted, meaning that tax sanctions also have a significant effect on MSME taxpayer compliance.

Simultaneous Regression Coefficient Test (F / Anova test)

The F test uses to determine whether simultaneous independent variables significantly influence the dependent variable.

Table 6 F Test Results ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|--------------------|
| 1 | Regression | 749,977 | 3 | 249,992 | 33,109 | 0,000 ^b |
| | Residual | 724,863 | 96 | 7,551 | | |
| | Total | 1474,840 | 99 | | | |

a. Dependent Variable: Taxpayer Compliance

b. Predictors: (Constant) Tax Sanctions, Understanding of Taxation, The Application of Government Regulation No.23 of 2018

Based on table 6, a sig value of 0,000 obtain which is smaller than 0.05, then H4 is accepted. It means that the application of PP 23 of 2018 (X1), understanding of taxation (X2), and taxation sanctions (X3) simultaneously have a significant effect on MSME taxpayer compliance (Y).

Multiple Correlation Analysis (R2)

Determination analysis is to find out the percentage of the variation of the independent variables on the dependent variable. the coefficient of determination is zero (0) and one (1) with the following conditions:

- The ratio of decision is equal to one (1), then the percentage of influence between the independent variables on the dependent variable is perfect.
- The coefficient of determination is equal to zero (0), so there is no percentage effect between the independent variables on the dependent variable

Table 7 Determination Analysis Test (R 2)

| Model | R | R square | Adjusted R Square | Std. Error of the Estimate |
|-------|--------|----------|-------------------|----------------------------|
| 1 | 0.713a | 0.509 | 0.493 | 2.74785 |

a. Predictors: (constant), Tax Sanctions, Understanding of Taxation, The Application of Government Regulation No.23 of 2018

b. Dependent Variable: Taxpayer Compliance

Based on table 7, it shows that the percentage of influence of independent variables (application of PP 23 of 2018, understanding of taxation, taxation sanctions) on MSME taxpayer compliance by 50.9% while the remaining 49.1% influences by other variables not used in this study

V. CONCLUSION

- The application of PP 23 of 2018 (X1) has a significant effect on the tax compliance of UMKM (Y).
- Understanding Taxation (X2) has a significant effect on tax compliance of UMKM (Y).
- Tax Sanction (X3) has a significant effect on tax compliance of UMKM (Y).
- Application of PP 23 of 2018 (X1), Understanding of Taxation (X2), and Taxation Sanctions (X3) simultaneously have a positive and significant impact on the compliance of UMKM taxpayers (Y)

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