

Responses of Taxpayer Micro, Small and Medium Enterprises (MSMES) on The Tax Amnesty Policy

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Abstract-National development that continues continuously and continuously so far aims to improve people's welfare both materially and spiritually. One of the efforts to increase revenue for the development is to explore sources of funds originating from within the country, namely taxes. One of the tax reform agenda proclaimed by the Government of Indonesia is to extend and intensify taxation. This is related to efforts to increase state revenues from the tax sector, which is also an effort to increase the number of subjects and tax objects. The right policy to increase public participation in paying taxes is to implement the Tax Amnesty policy. The participation of MSMEs in the tax amnesty program is stagnant. This research was conducted to determine the response of MSMEs Kampung Batik Semarang to the implementation of the tax amnesty policy. The research method used to

achieve the goal is a descriptive analytical method. MSMEs have not realized the importance of making sales records, both daily, monthly and year-end sales. It is recommended that MSMEs conduct a record of sales result, both daily sales, monthly recapitulation, and year-end sales. Sales records as a tool to control the business performance of batik, and to find out the amount of sales turnover. It is necessary to carry out socialization continuously to increase the awareness of taxpayers to pay taxes regularly. These findings are a correction for the government to evaluate the effectiveness of the socialization method that has been carried out so far to invite orderly paying taxes.

Keywords : *responses, MSMEs, tax amnesty, policy*

In addition, there is also a 2% rate for taxpayers who report assets worth more than Rp10 billion[1].

Collaboration between Ministry of finance and regional governments from the provincial level to the regency or city level to participate in socializing and encouraging the participation of SME actors. The third tax amnesty period is almost complete (March 31, 2017). In this period, the tax amnesty has not contributed much in the tax revenue sector. The 2016 APBNP is set at Rp. 1,355 trillion, of which only Rp. 860 trillion has been collected. Therefore, if the government wants to collect revenue according to the APBNP, the government must collect around 46% or Rp. 495 trillion. As is well known, in the first period of the tax amnesty, the government targeted entrepreneurs and wealthy people, and then the government succeeded in the first period. In the second and third period, the government targeted MSME actors. The MSME players still lack sufficient information about the tax amnesty policy.

Literature Review

a. Tax Aspect as Source of State Revenue

Taxes are used to finance development that is useful for mutual interests. According to PJA Andriani in[2], mentioning that Taxes are contributions to the state (which can be imposed) which are owed by those who are obliged to pay according to regulations, with no immediate achievement, and the point is to finance general expenses in connection with the duties of the state that administers the government. Whereas according to Edwin R.A Slegman in his book *Essay in Taxation*, mentioning that tax is compulsory contribution from the person, to the government to defray the expenses incurred in the common interest of all, without reference to special benefit comped.

Introduction

National development continuously to improve people's welfare both materially and spiritually. One of the efforts to increase revenue for the development is to explore sources of funds originating from within the country, namely taxes. Economically, tax collection is state revenue that is used to improve the standard of living of the people (Mulyo Agung, 2007). On 1 July 2016 the Government of the Republic of Indonesia issued Law Number 11 of 2016 concerning "Tax Amnesty". Tax amnesty is the elimination of taxes that should be owed, not subject to tax administration sanctions and criminal sanctions in the field of taxation. Tax obligations that get tax amnesty consist of income tax, value added tax, and sales tax on luxury goods. State revenues from the tax sector as a whole as at 31 December 2016 reached Rp1,105 trillion or 81.54 percent of the 2016 Revised State Budget tax revenue target of Rp1,533 trillion. The amount of state revenues includes the first and second period tax amnesty until December 31, 2016. For incoming foreign repatriation funds of Rp141 trillion.

In its implementation, the implementation of taxation in Indonesia still has several problems. First, tax compliance is still low. Secondly, the authority of the Directorate General of Taxes is still too large because it covers executive, legislative and judicial functions as well as causing a decrease in the level of tax compliance. Third, the low level of trust in the tax authorities and the complicated tax rules. MSMEs taxpayers who have business turnover or turnover below Rp. 4.8 billion can join the tax amnesty program with a 0.5% ransom rate which reports the value of assets up to a value of Rp. 10 billion.

Tax Amnesty

Tax amnesty is a limited time opportunity groups of taxpayers to pay a certain amount and within a certain time in the form of amnesty tax obligations (including interest and penalties) relating to the previous tax period or a certain period without fear of criminal penalties. In some cases, the extended amnesty law also imposes more severe penalties on those who qualify for amnesty but do not take it. The policy in the form of Sunset Policy was carried out in 2008. Since the Sunset Policy Program was implemented throughout 2008, it has succeeded in increasing the number of new NPWPs to 5,653,128 NPWPs, increasing annual SPTs of 804,814 SPTs and increasing PPh revenues of Rp7.46 trillion. The number of personal NPWP is 15.07 million, treasurer NPWP is 447,000, and legal entity NPWP is 1.63 million[3]

Definition and Criteria of MSMEs

On July 4, 2008, Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises.

The definition according to RI Law number 20 of 2008 concerning Micro, Small and Medium Enterprises, stated that the criteria for MSMEs are:

(1) Criteria for Micro Enterprises are as follows:

- a. have a net worth of at most Rp. 50,000,000 (fifty million rupiahs) excluding land and buildings of business premises; or
- b. have annual sales of a maximum of Rp. 300,000,000 (three hundred million rupiah).

(2) Criteria for Small Businesses are as follows:

- a. have a net worth of more than Rp 50,000,000 (fifty million rupiahs) up to a maximum of Rp 500,000,000.00 (five hundred million rupiahs) excluding land and building of business premises; or
- b. has annual sales of more than Rp. 300,000,000.00 (three hundred million rupiahs) up to a maximum of Rp. 2,500,000,000.00 (two billion five hundred million rupiahs).

(3) Criteria for Medium Business are as follows:

- a. have a net worth of more than Rp. 500,000,000.00 (five hundred million rupiahs) up to a maximum of Rp. 10,000,000,000.00 (ten billion rupiahs) excluding land and buildings of business premises; or
- b. has annual sales of more than Rp 2,500,000,000.00 (two billion five hundred million rupiahs) up to a maximum of Rp 50,000,000,000 (fifty billion rupiah).

(4) Criteria as referred to in paragraph (1) letter a, letter b, and paragraph (2) letter a, letter b, and paragraph (3) letter a, letter b, the nominal value can be changed in accordance with economic developments regulated by Regulation President[4]

MSMEs Tariffs in Tax Amnesty

In article 4 paragraph (3) the tax amnesty law states that ransom rates for taxpayers whose business circulation is up to Rp. 4,800,000,000 in the last tax year, the basis for the imposition of ransom is:

- 0.5% for taxpayers who disclose the value of assets up to Rp. 10 Billion in the Statement.
- 2% for taxpayers who disclose the value of assets of more than Rp. 10 Billion in the Statement[5].

Methodology

This research is descriptive analytical type which aims to determine the response of Semarang City MSMEs based on the policies of the Indonesian government in the tax amnesty program. The MSMEs practitioners who will be the main speakers in this study are batik entrepreneurs who take part in the tax amnesty program and batik entrepreneurs who do not participate in the tax amnesty program. Primary data, in this study the primary data was obtained from the results of in-depth interviews with key people selected for the response to the tax amnesty program. Secondary data, obtained from documents, regulations and other forms that can provide information relating to this research[6].

The models used in this study are:

1. Fixed Comparative Method

This method was presented by Glaser & Strauss in their book *The Discovery Of Grounded Research* is data analysis, constantly comparing one data with other data, namely among UKMK actors participating in the tax amnesty program with those not participating in the program.

2. Analysis of Qualitative Data Miles and Huberman's Model

In this data analysis model, it is based on the viewpoint of the positivism paradigm. This data analysis is conducted based on field research on MSME actors who participate in the tax amnesty program and also for MSME players who do not participate in the tax amnesty program[7].

Discussion

Kampung Batik is a village in the middle of the crowded city of Semarang. The village itself is located in the East Semarang District which is the number 5 most populous sub-district in the city of Semarang (Semarang in Figures, 2017). More precisely, this village is in the village of Rejomulyo. There are two RWs included in this Batik Village, namely RW 01 and RW 02.

Kampung Batik as the Center of Batik Industry

In 2006, when the mayor of Semarang took the initiative to reactivate the dead batik industry in Semarang, at that time Kampung Batik began to play its role for the city of Semarang. Mr. Eko Punto, who is an expert on toponyms in urban villages in Semarang, said that Kampung Batik must have activities related to batik cloth. Although the possibility of a batik entrepreneur in the village is small. Until 2014, there were already around 9 batik showrooms in the Kampung Batik of Semarang. The following is a list of batik showrooms in Kampung Batik in 2017.

Physical Condition of Kampung Batik

Kampung Batik is a cultural heritage village, declared by the city government in 2006 (Semarang City Regional Regulation Number 6 Year 2004 Regarding RDTRK Semarang City Part I City). In Kampung Batik, a number of houses have experienced changes in land use that were originally only for houses to have additional functions as showrooms, and some as workshops

Non-Physical Conditions of Kampung Batik

Most of the residents who live in the Kampung Batik area are ethnic Javanese. Most of the livelihoods of the people of Batik Village are private employees. Economic activities that affect the region are trade and banking around the Batik Village. This Batik Village is classified as a village which has a high level of kinship and brotherhood.

The legal entities of Semarang MSMEs batik entrepreneurs are predominantly individual companies or as many as 5 businesses or 71.4% and 1 business is in the form of CV and 1 business has not been incorporated. This means that most businesses in the batik village of Semarang City are mostly not legal entities. Even though business entities are very important, their position is for legal certainty over the existence of MSMEs[8]

Based on the data in the table above, MSMEs batik entrepreneurs in Semarang City only 3 out of 7 business people who in an orderly manner recorded daily sales and no more than half or 57.1% did not record sales even mixing with personal money. Based on field studies conducted by business people, they feel complicated or just add work when recording sales. Thus, some MSME players consider recording business finance not important.

A number of MSMEs Kampung Batik entrepreneurs in Semarang City, only one entrepreneur made a Profit and Loss report, while the other entrepreneurs did not organize. This condition is very ironic considering the importance of the company's profit and loss report. The usefulness of the income statement is whether or not MSMEs make a profit. Other uses of the income statement are as attachment documents for bank credit applications. The following is information about whether MSMEs conduct company balance sheets[9].

Based on the data above, it can be seen that the business of MSMEs in the batik village of Semarang City is only 1 in 7 business actors or 14.3% have already made company balance sheets. The usefulness of the balance sheet to know the value of assets / liabilities, liabilities, and capital of the owner of the company, can also be used to estimate financial health, predict the state of cash flows in the future.

Based on the data above, it can be seen that the business of MSMEs in Semarang City batik 5 of the 7 business actors knew of the existence of Law No. 11 th 2016 concerning Tax Amnesty that has been socialized by the government since 2016. Although there are still 2 business actors who do not know it means that it still needs socialization from the tax officials to continue to socialize tax programs or rules made by the government. Based on the data above, it can be seen that only 3 out of 7 orderly MSMEs entrepreneurs in Semarang City make tax reports by filling in SPTs of only about 42.9%. This means that no more than half of taxpayers report taxes that they have to pay to the state. There is still a need for tax officials to continue to socialize taxes to taxpayers. The MSMEs tax rate of 0.5 percent is only valid for 7 (seven) years since the MSMEs was established, and after a period of seven years, MSMEs actors must make a financial statement of the company. The financial statements of MSMEs that must be made are the Profit and Loss Statement and company balance sheet[10].

There are several MSMEs in Semarang City's batik village who are not involved in the tax amnesty program, because they do not understand the tax amnesty program, do not know the procedure, do not know the procedure, but have not participated in the tax amnesty program because orderly report and pay taxes. The point is that MSMEs actors do not get enough information regarding the tax amnesty program.

Based on the data in the table above it can be seen that the response of Semarang MSMEs in the city of Semarang to the future prospects of batik in the city of Semarang is that all MSMEs batik entrepreneurs in the city of Semarang admitted that their prospects were very good and always experienced sales growth every year. One of the main reasons for the increase was the turnover of batik sales, because the Semarang City Government stipulated that Kampung Batik Jurnatan became an icon for tourist visits[11].

Conclusion

Most MSMEs have corporate legal entities, of which at most as individual companies, and one MSME is a legal entity CV. MSME players have not yet realized the importance of making sales records. Not all MSMEs in the batik village of Semarang City have a Tax Identification Number (NPWP). The awareness of SMEs to carry out tax obligations by filling out tax returns and making tax payments is relatively good, even though not all MSMEs have filled out SPTs and paid their business taxes.

Most MSMEs do not take part in the Tax Amnesty program, the reason for not participating in tax amnesty is that some employers say there is no socialization from fiscus / government, and some claim to have paid business tax regularly, so they do not need to take tax amnesty / tax programs amnesty. According to SMEs, the future prospects of batik in Semarang City are very promising and the prospects are good. because now the sales turnover is always increasing per period / month, and moreover the distention of tourists both domestic and foreign to the city of Semarang has increased, and one of the typical souvenirs of Semarang City is Batik.

It is recommended that MSMEs conduct a record of sales results, income statement, and sales balance. Sales records as a tool for controlling batik business performance, as well as to find out the amount of sales turnover per period. In order for MSME actors to understand more about taxation, because the taxation system used by the Indonesian Government now is a Full Self Assessment System. Because with this system the community or taxpayers must be proactive in knowing, understanding about the tax rules. With frequent and intensive socialization to the community, especially taxpayers, so that people understand all the rules related to tax issues. The limitation of this study is the relatively small number of MSMEs studied, and only 1 (one) type of business, namely batik. For further research, it is recommended that the number of samples be increased as the main resource person, and UMKM actors are taken from various types of businesses.

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