

Revealing The Perception of The Justice of SMMEs Taxpayers on Government Regulation Number 23 of 2018

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Abstract—This study aims to examine the perception of fairness of micro, small and medium business entrepreneurs who become taxpayers on the implementation of Government Regulation Number 23 Year 2018 (Peraturan Pemerintah Nomor 23 Tahun 2018) concerning income tax received or obtained by taxpayers who have a certain gross circulation. This research is a qualitative research using interview techniques in data collection. Respondents in this study were small, micro, and medium enterprises (SMMEs) entrepreneurs in Buleleng Regency. Based on interviews obtained from the respondents, it was revealed that the entrepreneurs felt objected if they had to keep paying taxes calculated from turnover if they suffered losses. Another aspect is that they are also concerned about the obligation to carry out bookkeeping because they do not understand the accounting concept and the high cost of accounting services. The perception revealed in this study can be used as a suggestion for the government and tax authorities to consider aspects of justice in the implementation of the taxation process in Indonesia. In addition, the government is expected to hold simple bookkeeping training so that the application of tax law in Indonesia can run optimally.

Keywords—Peraturan Pemerintah Nomor 23 Tahun 2018, perception of justice, SMMEs.

I. INTRODUCTION

One indicator of a country's progress is an increase and reinforcement of the economic sector. Indonesia, as one of the developing countries, wants to increase the economic sector. Various methods are used by the government to achieve this improvement, one of which is by strengthening the Micro and

Small and Medium Enterprises (SMEs) (Anwar and Syafiqurrahman, 2016).

According to the Central Statistics Agency as followed by Anwar and Syafiqurrahman, (2016), in 2013 the number of SMMEs in Indonesia grew by 1.63% to 56.5 million businesses. This number tends to increase, even in 2019 the government is targeting the growth of SMMEs by 9%. An increase in the number of SMMEs has a positive impact on national economic growth. Based on 2011 Gross Domestic Product (GDP) data, SMMEs have contributed approximately 57% of total GDP (Hakim and Nangoi, 2015) so that SMMEs have a large role in economic growth in Indonesia (Supriyati and Wulanditya, 2012).

An increase in the number of SMMEs has made the government divert the potential of tax revenue which was previously largely obtained from large businesses, then transferred to the SMMEs sector. This is indicated by the issuance of Law No. 36 of 2008 concerning Income Taxes (PPH) which amended Law No. 7 of 1983, specifically article 31 E which regulates the specific tariffs for PPH for SMMEs businesses (Endrianto, 2015). In addition, realizing the potential of SMMEs to contribute to the administration of the state, the government issued PP No. 46 of 2013. This Government Regulation was set on July 1, 2013 which is a new regulation issued by the government to provide facilities for individual taxpayers and corporate taxpayers who have circulation gross (Corry, 2014).

However, the enactment of the regulation is considered as a form of government oppression toward the micro entrepreneurs. The government simplify the calculation of PPH

against small entrepreneurs as a stalking horse. Simplifying the calculation of income tax is only a sweetener word that actually makes small entrepreneurs who have been marginalized become victims (Aneswari, Darmayasa, Yusdita, 2015). This causes the reluctance of SMMEs to pay taxes due to the wrong perception that when they pay taxes they must obtain their rights to the taxes they pay (Sugiono, Ludigdo, and Baridwan, 2015). In addition, the resistance of SMEs to PP is seen from the tariffs imposed. According to Syahdan and Rani (2014) the 1% tariff is final and is still considered too high for SMMEs entrepreneurs, especially for micro and small entrepreneurs. Once again, the government argued that with the PP, SMEs would have a TIN so that it would be easier in accessing banking related to loan applications (Yusuf, 2013; Aneswari, Darmayasa, Yusdita, 2015).

To facilitate the complaints of SMEs, the government then replaced PP 46 of 2013 by issuing the latest regulation, namely Government Regulation No. 23 of 2018 concerning income tax on income from businesses that were received or obtained by taxpayers who have certain gross estimates. With the new regulation that came into force on July 1, 2018, it is expected that the problems that occur in PP No. 46 of 2013 can be corrected.

This study seeks to examine the application of PP No. 23 of 2018. The purpose of writing this article is first, to examine this regulatory policy that requires SMMEs to keep books, whereas previously SMMEs may choose to compile records or books. This is based because not all business actors are able to prepare a financial report. In addition, the imposition of a 0.5% tariff given by the government has a time limit. Second, propose several points that can be considered as a win-win solution for the government and SMMEs entrepreneurs so that they are not burdened when preparing financial statements.

This research provides two contributions namely policy contribution and theory contribution. The policy contribution of this article is to give consideration to the government regarding the policies that need to be carried out in assisting SMEs in the process of making financial reports. The contribution of the theory of this article is to enrich the repertoire of knowledge about the theory relating to taxes, especially regarding tax which is final.

II. LITERATURE REVIEW

A. Tax-Payer Perception

Understanding taxpayer perceptions as mentioned by Supadmi and Suputra (2016) is a way of thinking of taxpayers toward a phenomenon. In this study, the intended perception is the perspective of SMMEs taxpayers towards the application of PP No. 23 of 2018. Indicators used in measuring the perception of taxpayers modify the factors that affect perceptions which include:

- 1) Taxpayer perception factors related to attitudes and interests of taxpayers in implementing PP No.23 of 2018.
- 2) Taxpayer situation factors related to the condition of taxpayers in the presence of PP No. 23 of 2018.

B. Peraturan Pemerintah Nomor 23 Tahun 2018

Government Regulation Number 23 Year 2018 is a new regulation issued by the government with the consideration that to encourage the public to participate in formal economic activities by providing convenience and being more equitable to taxpayers who have a certain gross circulation. This regulation is considered more equitable than the previous regulation, namely Government Regulation No. 46 of 2013. In this new PP the previous tariff of 1% (one percent) was changed to 0.5% (half a percent). As for some important points related to the existence of PP No. 23 of 2018 according to Siahaan cited through www.online-pajak.com dated October 20, 2018 are as follows :

- 1) With the PP 23 of 2018, the government has decided to reduce the final PPh rate to 0.5%. However, this tariff provision is optional because taxpayers can choose to follow the tariff with the final 0.5% scheme, or use the normal scheme that refers to article 17 of Law Number 36 Year 2008 concerning Income Taxes. The benefits of this optional are:
 - a) For taxpayers (WP) individuals and entities that have not been able to hold bookkeeping in an orderly manner, the application of Final Income Tax of 0.5% makes it easy for them to carry out tax obligations. Therefore, the tax calculation becomes simple, that is 0.5% of gross / turnover. However, the application of Final Income Tax has the consequence that WP still has to pay taxes despite being in a state of loss.
 - b) Meanwhile, taxpayers who have done well bookkeeping may choose to be the subject of income tax based on the normal rates stipulated in article 17 of Law No. 36 regarding Income Tax. Consequently, the calculation of PPh rates will refer to the layer of taxable income. In addition, WP is also free of income tax if it incurs a fiscal loss.
- 2) Tariff of 0.5% has a certain time limit. The tariff of 0.5% given to SMMEs in this PP has a time limit and is not like the previous PP. The time limit given by the government to taxpayers who want to use the 0.5% tariff is:
 - a) 7 years for individual taxpayers
 - b) 4 years for corporate taxpayers in the form of CV, Cooperative or Firm.
 - c) 3 years for corporate taxpayers in the form of PT.

If within the predetermined time period expires, the taxpayers will be charged tax rates referring to the laws and regulations, that is, in accordance with the tax rates stipulated in Law No. 36 of 2008.

- 3) Not all taxpayers can take advantage of the 0.5% tariff. Not all taxpayers can take advantage of a predetermined 0.5% tariff, namely:
 - a) Individual taxpayer with income derived from services in connection with free employment. This includes alliances or firms consisting of WP individuals with similar expertise such as law firms, accounting firms and so on.

- b) Taxpayers with income earned abroad whose taxes were owed or paid abroad.
- c) Taxpayers whose income has been subject to final income tax with the provisions of separate taxation laws.
- d) Taxpayers with income excluded as tax objects.

III. RESEARCH METHOD

This study uses a qualitative research approach with the interview method as an instrument for data collection. The interview method applied is an unstructured interview method. Interviews were conducted with three respondents, in this case SMEs who were subjected to PP No. tax. 23 of 2018, and has obtained information related to the application of PP No. 23 of 2013 in the area of the Regency of Buleleng. To ensure the availability of respondents in the data collection process, the researchers agreed to keep the respondents' identities confidential.

Before the data collection process through interviews began, the researcher gave a brief explanation of PP No. 23 of 2013 and a comparison of PP No. 23 of 2013 with previous tax regulations so that respondents better understand the topic in the interview to be conducted. There are three main research questions in the interview session for each respondent. First, questions about respondents' views on reducing the tax rate from 1% to 0.5%. Secondly, questions regarding the respondents' views on the method of imposing tax rates on PP No. 23 of 2013. Third, the question of the respondents' views on the encouragement of taxpayers to do bookkeeping regarding to the application of PP No. 23 of 2013. When the interview process was conducted, researchers sought to explore the opinions of the respondents so that the perception of respondents' fairness towards PP No. 23 of 2013 can be revealed.

IV. RESULTS AND DISCUSSION

As explained earlier, Government Regulation (PP) No. 23 of 2018 was issued by the government to assist and simplify the taxation process for SMMEs. The SMEs who were interviewed in this study were generally very appreciative of government policy through the issuance of PP No. 23 of this 2018. This overall appreciation is aimed at reducing the tax rate which was initially 1% (previously stipulated in PP) to 0.5% for a certain period of time. This is considered to be able to ease the burden of SMMEs in connection with the imposition of SMMEs income tax. However, there are some important things that are in the spotlight for SMMEs businesses.

Mr. S is one of the culinary businesses in the City of Singaraja which is the subject to a tax at a rate of 0.5%, because the business turnover of Mr. S is below the set limit, which is Rp 4,800,000,000.00. In connection with the change in tax rate, which was originally from 1% to 0.5%, Mr. S

found it very helpful and appreciated the issuance of this new regulation. A decrease of 0.5% is considered to greatly ease the tax burden that must be borne by Mr. S.'s business. If traced back, the purpose of issuing PP No. 23 of 2018 is to ease the tax burden of SMEs so that they can help SMMEs to develop their businesses, so it is expected that SMMEs in Indonesia can develop well.

However, one of the things that was highlighted by Mr. S was regarding the imposition of a tax rate of 0.5% which was then calculated based on the number of SMMEs sales. As stated in PP No. 23 of 2018, the final income tax rate of 0.5% of the gross circulation of SMMEs each month. This means that SMMEs entrepreneurs are taxed based on the number of sales, not based on the amount of profit obtained. In other words, SMMEs entrepreneurs must still pay taxes, both in a profit and loss situation. According to Mr. S, it is burdensome for taxpayers if the business they run is in a loss. Mr. S believes that PP No. 23 of 2018 greatly eases the burden of taxpayers as long as the business they run is in a profit (profit) state, but it is very burdensome if the business is in a state of loss. According to Mr. S, PP No. 23 of 2018 is considered fair if it is not too burdensome for either party, in this case the party experiencing loss.

Regarding the tax rate of 0.5%, Mrs. R has a similar view to Mr. S. Mrs. R is one of the entrepreneurs in the field of selling and renting Balinese traditional clothing in Singaraja. According to Mrs. R, cutting the 0.5% tax rate greatly helped her business in reducing the tax burden. Reducing the tax burden by 0.5% by the government is considered to be able to save expenses incurred in the businesses they are engaged in, so that the savings are expected to be able to expand their businesses to be even more advanced. However, Mrs. R was disappointed with the government's policy of still collecting taxes even though the business carried out by SMMEs suffered losses. The tax collection policy at SMMEs that suffered losses was considered unfair by Mrs. R. Ibu R believes that reducing the tax rate by 0.5% can reduce government tax revenue, but the government can cover the reduction by still collecting taxes on SMMEs that suffer losses, so that it is considered as injustice committed by the government.

Mrs. A, as a businessman engaged in trading business also has an opinion that is not much different from Mr. S and Mrs. R. On one hand, Mrs. A appreciates the government's efforts to ease the tax burden of SMMEs by lowering the tax rate to 0.5%. According to Mrs. A, the reduction was something that could ease the tax burden that she had to wait for. But on the other hand, Mrs. A feels that tax collection on SMMEs even though SMMEs suffer losses is likely to kill SMMEs themselves. Mrs. A likens it to "having fallen down on a ladder too", which means that SMMEs are very burdened if they suffer losses, and the burden is increased by paying taxes in a loss condition.

From the results of interviews conducted with the three SMMEs entrepreneurs, related to a 0.5% tax reduction, overall they greatly appreciated the reduction in tax burden. In line with the purpose of the issuance of PP No. 23 of 2018,

SMMEs entrepreneurs are greatly helped by the reduction in tariffs so there is hope that the reduction in tax burden can help SMMEs entrepreneurs in developing their businesses. The funds previously set aside to pay taxes, with the enactment of PP No. 23 of 2018, these funds can be allocated to develop SMMEs businesses. However, PP No. 23 of 2018 states that the calculation of tax rates is based on income or turnover from SMMEs that are subject to tax. In other words, SMMEs still have to pay taxes even though they are at a disadvantage, because the tax rate calculation on PP No. 23 of 2018 is not based on SMMEs operating profits. In contrast to the previous regulation which states that SMMEs that suffer losses can not pay taxes, PP No. 23 of 2018 implicitly states that SMMEs must pay taxes in a state of profit or loss. This has become the spotlight for SMMEs entrepreneurs because they are considered to add to the burden of SMMEs in conditions of loss.

In addition to regulating changes in the previous tax rate from 1% to 0.5%, PP No. 23 of 2018 also regulates the validity period of the tariff imposition. In PP No. 23 of 2018, it is stated that a certain period of imposing income tax of 0.5% is a maximum of 7 tax years for individual taxpayers, 4 tax years for corporate taxpayers in the form of cooperatives, limited partnership, or firms, and 3 tax years for corporate taxpayers in the form of limited liability companies. After the time period expires, the taxpayer will be subject to tax rates in accordance with article 17 of Law no. 36 of 2008. Tax rates in article 17 of Law No. 36 of 2008 is calculated based on net income, so SMMEs are encouraged to do bookkeeping to be able to calculate net income easily. In other words, PP No. 23 of 2018 was issued to encourage SMEs to do bookkeeping in the areas of their occupied businesses.

In connection with these rules, Mr. S believes that this is a good step taken by the government to bring order in the financial statements to SMMEs. Mrs. A also has an opinion that is in line with Mr. S, that this bookkeeping can help SMEs in assessing the financial condition of the businesses they are engaged in, although there are fears that bookkeeping activities will add to the tasks and burden of Ms. A's business as entrepreneurs who do not understand the concept of bookkeeping. A period of 7 years for personal WP is considered to be a long enough time to study bookkeeping for SMMEs, so Mr. S and Mrs. A feel less objected to studying bookkeeping for a long period of time. However, Mr. S suggested that the government conduct training on bookkeeping so that it could help Mr. S and other SMMEs practitioners who did not really understand bookkeeping concepts.

Meanwhile according to Mrs. R, the application of PP No. 23 of 2018 to encourage SMMEs in carrying out their business books is a positive thing. Mrs. R believes that bookkeeping activities can facilitate SMMEs in obtaining capital loans, because through bookkeeping, creditors can assess SMMEs financial condition so that it can be a material for evaluating credit worthiness. However, Ibu R considered that SMMEs entrepreneurs could experience difficulties in keeping books if the SMMEs managed had developed. This is based on the

experience of the sister of Mrs. R who has a business that has developed. Ibu R's sister found it difficult to keep records of the business she was engaged in, so R's sister was forced to hire the services of an accountant to do bookkeeping. This of course adds to the burden on businesses occupied by the younger brother of Mrs. R. Although Mrs. R agrees that bookkeeping has a positive impact on SMMEs, but R feels worried that one day she would have to pay expensive fees to hire the services of an accountant.

Overall, it can be seen that SMMEs entrepreneurs highly appreciate the reduction in tax rates that were previously 1% to 0.5%. As previously known, PP No. 23 of 2018 was issued with the aim of reducing and simplifying tax rates for SMEs. Based on interviews with resource persons, the reduction in tax rates is considered to be very helpful for SMMEs entrepreneurs in bearing the tax burden. However, criticism is aimed at the basis of charging a tax rate that is considered unfair, because SMMEs actors still have to pay taxes despite suffering losses. This is expected to be a material consideration for the government, because the taxation process must be carried out fairly and not further burden the taxpayers themselves.

In addition to reducing and simplifying tax rates for SMEs, PP No. 23 of 2018 aims to encourage SMEs to start practicing preparing simple financial statements. Taxpayers can enjoy a tariff discount of 0.5% for a certain period, based on the criteria set out in PP No. 23 of 2018. After the period of time is over, the imposition of tax rates is based on article 17 of Law No. 36 of 2008. In accordance with what has been previously explained, this encourages SMMEs to carry out accounting to help calculate tax rates in accordance with article 17 of Law No. 36 of 2008. It was also appreciated by the speakers, given the importance of bookkeeping activities for the continuity of SMMEs business. Although the workload of SMMEs actors appears to be increasing in connection with bookkeeping activities, but by carrying out orderly bookkeeping, it is expected that this can facilitate SMMEs actors in assessing their business continuity and in obtaining capital. However, the problem is the difficulty for SMEs who do not understand the concept of accounting for accounting. In addition, the high cost of accounting services can increasingly burden SMEs to carry out their business activities. Therefore, it is recommended that the government provide simple bookkeeping training for SMEs so that the program announced in PP No. 23 of 2018 can run optimally without burdening the business actors themselves.

V. CONCLUSION

The issuance of PP No. 23 of 2018 is one of the government's efforts in reducing the burden of taxpayers, in this case is a reduction in tax rates that were previously 1% to 0.5%. However, this cannot be completely free from criticism. The main highlight is the method of imposing tax rates. In PP No. 23 of 2018, it is stated that the calculation of tax rates is based on SMMEs income or turnover so that SMMEs entrepreneurs must still pay taxes regardless of the business

conditions in a state of profit or loss. This is considered to be very burdening to entrepreneurs who suffer losses, so the aspect of justice regarding the burden that must be borne by taxpayers needs to be reviewed in the application of PP No. 23 of 2018. Another thing that is in the spotlight is about encouragement for SMMEs entrepreneurs to keep books. Bookkeeping is very useful in the operational and financial aspects of SMMEs. However, there are some worries about the entrepreneurs who do not understand the concept of accounting, as well as the high cost of hiring accounting services.

This study reveals the perceptions of several SMMEs entrepreneurs who become taxpayers in PP No. 23 of 2018. The perception expressed in this study can be made a suggestion for the government and tax authorities to consider aspects of justice in the application of the taxation process in Indonesia. In addition, it is recommended that the government conduct simple bookkeeping training so that PP No. 23 of 2018 can be implemented optimally.

The limitation of this study is the limited number of respondents of SMMEs entrepreneurs. Future studies are expected to increase the number of respondents or broaden the scope of research in order to explore more broadly and deeply about the perceptions of justice for SMMEs taxpayers. In addition, further research is expected to conduct empirical research to test the effect of the application of PP No. 23 of 2018 on the financial condition of SMMEs, especially for SMMEs that suffer losses.

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