



Arrangements for the Collection of Income Tax on Underage Social Media Influencers in Indonesia

Muhammad Helfa Rechtavian^(✉), Budi Ispriyarso, and Kadek Cahya Susila Wibawa

Faculty of Law, Diponegoro University, Semarang, Indonesia
helfarechtavian@gmail.com, budiiispriyarso@gmail.com

Abstract. Technology that is increasingly developing has an impact on changes in society, social media is one of the platforms that are in demand, and many people use social media as a place to earn income or commonly called social media influencers. The type of this research is normative juridical how to collect income tax of minors social media influencers. Children who are not yet mature according to the law can be subject to income tax if they look at Law No. 36 of 2008 concerning income that children's income is combined with their parents' income as stated in Article 8 that minors who have their own income will be combined with parents income in the same tax year. Income tax explains that the object of the tax is income which means that every income earned by someone is a tax object.

Keywords: Income Tax · Minors · Social Media

1 Introduction

1.1 Background

Technology in the era of globalization is developing rapidly along with the times. The number of internet users in recent years, especially in Indonesia, has increased rapidly, especially in terms of the use of social media by almost all groups, from children to adults. The emergence of various kinds of social media makes it easy for humans to fulfill their needs where social media is an application for social interaction, entertainment, and obtaining information. In addition to social and entertainment needs, social media is also used by many people for financial needs by influencers to earn income through social media such as Youtube, Instagram, TikTok, and Facebook; not even a few people make it their main source of income [1–3].

In practice, more and more people are getting income through social media, not even a few who are under 18 years old who do not have a Taxpayer Identification Number (NPWP/*Nomor Pokok Wajib Pajak*) and are not legally competent, even though in the self-assessment system, taxpayers are required to pay and calculate their taxes independently. One example of a minor earning income is the owner of a Zara Cute youtube account named Zara Nugroho. This 9 year old girl has more than 3 million

subscribers and has an estimated income of around US\$ 57.4 thousand (IDR 816.2 million) to US\$ 917.7 thousand (IDR 13 billion) per year according to the Social Blade website. Seeing that the use of social media can impact revenue, the government should pay attention to and regulate tax revenues for these tax subjects [4].

The use of social media influencers for product marketing is now increasingly being used because today's society, especially the millennial generation, now uses social media more often than reading newspapers or watching television. Both children and adults are now spending more time playing on social media and watching interesting content from the influencers they follow [5]. It also impacts online stores, which currently use the services of social media influencers more often [6]. In previous research, social media influencers strongly influence consumer interest, where influencers can increase purchase interest by up to 89.7% through their promotions [7].

Given that Indonesia is a state of law, the law must be implemented in economic aspects, including business through social media. Therefore, the problem regarding the imposition of income tax, in this case, is how to apply income tax to influencer tax subjects who earn income through social media. Although the provisions governing the income of influencers as tax subjects already exist, the law regarding income tax specifically, such as setting tax subjects for minors, still tends to be difficult to measure and identify.

1.2 Theoretical Framework

Tax refers to the legislation in Indonesia contained in Law No.28 of 2007 concerning General Provisions and Tax Procedures which explains the meaning of tax in Article 1, which reads:

“Taxes are monies paid by individuals or organizations to the government, implemented in accordance with the law, not remunerated directly, and used for government purposes and for the good of the people”

One type of tax is income tax, a tax applied to taxpayers for income earned by taxpayers. The definition of income according to Law No.36 of 2008 (UU PPh/*Undang-undang Pajak Penghasilan*/ Income tax), which is explained in Article 4, namely, “any additional economic capacity for which is received or obtained by a Taxpayer, both originating from Indonesia and outside Indonesia which can be used for consumption or increase income the assets of the Taxpayer concerned, by name and in whatever form.” As for what is meant, taxpayers are individuals or entities that have fulfilled subjective and objective obligations [8, 9]. Therefore, the object of the tax is income, and it can be interpreted that any entity or individual who has income in any form obtained from Indonesia or outside Indonesia will be subject to income tax if it exceeds the Non-Taxable Income (PTKP), which is IDR 54,000,000 in one year.

As for the subject of income tax, according to Article 2 of Law No.36 of 2008 concerning Income Tax, namely:

1. Personal tax subject
2. The subject of inheritance tax has not been divided

3. Corporate tax subject
4. Permanent business entity

Social media influencer is a term that refers to someone who can widely disseminate information to their followers on social media [10]. A social media influencer generally has many followers or subscribers on his social media account and is a public figure [11]. Social media influencer is one of the new jobs that are different from conventional jobs. The social media platforms, such as YouTube, Instagram, Facebook, and TikTok, are also diverse. Many of the artists who previously only appeared on TV also use social media as a medium to earn additional income through endorsements. Influencers in Indonesia are divided into several types: nano influencers, micro influencers, macro influencers, and mega influencers.

Minors as part of social media users, when viewed from Law No. 1 of 1974, are as follows:

1. The age for marriage is 19 years, and for women, 16 years
2. The age of marriage permit where for those who will marry under the age of 21 years, there must be permission from their parents
3. Adult age is 18 years old or married

Another provision that explains minors is Law No. 13 of 2003 concerning Manpower in Article 1, which states that what is meant by children is all people under the age of 18 (eighteen) years.

1.3 Formulation of the Problem

1. How are income tax collection arrangements for underage social media influencers in Indonesia?
2. Can underage social media influencers be subject to income tax under the applicable Income Tax Law?

2 Research Methods

The type of research used in this paper is normative juridical. The statute approach is the approach used in this research. The research was conducted in an analytical descriptive manner, which provides an overview of the existing laws and regulations and the problems faced [12].

This research utilizes secondary data. Secondary data with primary legal materials used include the 1945 Constitution of the Republic of Indonesia, Law No. 36 of 2008 concerning the Fourth Amendment to Law No. 7 of 1983 concerning Income Tax, Law No. 28 of 2007, Third Amendment to Law No. 6 of 1983 concerning General Provisions and Tax Procedures, Law No. 19 of 2016 Amendment to Law No. 11 of 2008 concerning Information and Electronic Transactions, Law No. 7 of 2021 concerning Harmonization of Tax Regulations, Regulation of the Minister of Finance No. 101/PMK.010/2016 concerning Adjustment of the Amount of Non-Taxable Income, Regulation of the Director General of Taxes No. PER-17/PJ/2015 concerning Norms for Calculation of Net Income, Decree of the Minister Finance No. 235/KMK.03/2003 Amendment to the Decree of the Minister of Finance No. 544/KMK.04/2000 concerning Criteria for Taxpayers Who Can Be Given Preliminary Refunds for Overpayment of Taxes.

3 Results and Discussion

3.1 Income Tax Collection Arrangements for Underage Social Media Influencers

3.1.1 Social Media Influencers in Law and Taxation

Social media, which is currently favored by many people from various walks of life, has no provision that specifically mentions activities that can generate money, such as YouTube content creators and endorsements. Law No. 36 of 2008, which is an amendment to Law No. 7 of 1983 concerning income tax in Article 21 paragraph (1) letter (a), states that artists are income recipients categorized as non-employees and must withhold income tax on compensation. Provided by the employer as a general example, Law No. 36 of 2008 does not provide a detailed definition of the work of social media influencers.

Social media influencers in law and taxation have several juridical implications, namely:

1. Law No. 36 of 2008 in Article 21 paragraph (1) letter a has mentioned artists as one of the general examples of income recipients who are categorized as non-employees and must withhold income tax for the benefits provided by the employer. Employers who are required to make tax deductions are individuals or entities that are parent, branch, representative, or company units that pay or are owed salaries, wages, allowances, honoraria, and other payments under any name to management, employees, or non-employees as remuneration in connection with the work, services, or activities performed.
2. Regulation of the Director General of Taxes No. PER-16/PJ/2016 concerning Technical Guidelines for Withholding, Depositing and Reporting Income Tax Article 21 and/or Income Tax Article 26 in Relation to Work, Services, and Activities of Individuals. The definition of influencer tends to lead to the category of non-employees who receive or earn income in connection with work, services, or activities, including musicians, presenters, singers, comedians, movie stars, soap opera stars, advertisement stars, directors, film crews, photo models, model/model, playwright, dancer, sculptor, painter, and other artists. Based on this, it can be seen that there is no special treatment for social media influencers in Indonesian tax regulations. Therefore, it can be concluded that the provisions regarding the taxation aspect, namely income earned through social media, are applied like any other job.
3. Regulation of the Minister of Finance No. 210/PMK.010/2018 concerning Tax Treatment of Trade Transactions Through Electronic Systems (E-Commerce), which in Article 3 paragraph (1) states that trade through electronic systems (e-commerce) on goods and/or services within the Customs Area can be performed through: a). Marketplace Platforms; or b). Platforms other than Marketplace can be in the form of online retail, classified ads, daily deals, or social media.
4. Government Regulation No. 23 of 2018 concerning Income Tax Received or Obtained by Taxpayers Having a Certain Gross Turnover, in Article 3 letter (a), states that services in connection with independent work include:
 - a. Self-employed professionals include lawyers, accountants, architects, doctors, consultants, notaries, appraisers and actuaries;

- b. Music Performer, Presenter, Singer, Comedian, Film Actor, Television Star, Commerce, Director, Film Crew, Fashion Model, Model/Model, Playwright and Dancer;
- c. Sportsman;
- d. Advisors, teachers, trainers, lecturers, extension workers, and moderators;
- e. Writers/ authors, researchers and translator;
- f. Project supervisor or manager;
- g. Intermediary;
- h. Merchandise vendor;
- i. Insurance agent;
- j. Distributor of tiered marketing companies (multilevel marketing), direct selling, and other similar activities.

3.1.2 Legal Protection and Rules that Bind Social Media Influencers

Legal protection is given to the community so that they can enjoy all the rights granted by law. According to Satjipto Rahardjo [13], legal protection is to provide protection for human rights that others have harmed. Therefore, legal protection should be obtained by all people in Indonesia, including social media influencers [14, 15].

Social media influencers use the internet through social media platforms to carry out their work, namely by broadcasting in the form of writing, photos, or videos. Each country has its own laws and regulations where social media providers are not responsible for broadcasting content contrary to a country's existing laws and regulations. Influencers in broadcasting must comply with applicable laws [16]. The law in Indonesia regulating information and electronic transactions, or information technology in Indonesia in general, is the Electronic Information and Transaction Law No. 19 of 2016. As for the social media influencers under age, attention must be paid to the rights attached to the child. Legal protection must be provided by taking into account the rights of children, among others, contained in Law No. 35 of 2014 Amendments to Law No. 23 of 2002 concerning Child Protection.

3.1.3 Basic Income Tax Imposition on Underage Social Media Influencers

The basis of tax imposition in income tax is the taxpayer's taxable income (PKP). The general method of calculating the tax payable is multiplying the DPP with the applicable tax rate according to the types of taxes concerned [17, 19].

The latest provisions on individual taxpayer rates are regulated in Law No. 7 of 2021 concerning the Harmonization of Tax Regulations (UU HPP), namely:

1. Taxable income (hereinafter PKP/ *Penghasilan Kena Pajak*) up to IDR 60,000,000 is subject to a tax rate of 5%;
2. Taxable income (PKP) above IDR 60,000,000,- up to IDR 250,000,000, is subject to a tax rate of 15%;
3. Taxable income (PKP) above IDR 250,000,000,- up to IDR 500,000,000 is subject to a tax rate of 25%;

4. Taxable income (PKP) from IDR 500,000,000 up to IDR 5,000,000,000 is subject to a tax rate of 30%;
5. Taxable income (PKP) above IDR 5,000,000,000 is subject to a rate of 35%

Social media influencers are not employees who have a working time limit and can set their working hours freely. This means that in one day, social media influencers can receive any income from endorsed online stores that use their services or from Google AdSense, and on another day, they can not get income. Sources of income from social media influencers in general are:

1. Endorse

Endorse is interpreted narrowly as support or advice [20, 21]. Endorsement is a strategy for promoting a product by using other people through social media. People who are used to endorsing usually have a lot of followers to reach a wider audience.

2. Google AdSense

Google AdSense is an advertising cooperation program organized by Google through internet media. Publishers can place ads in a form that Google has determined.

Income tax collection for social media influencers is the same as calculating other taxpayers' taxes, which can be charged according to Article 21 of the Income Tax Law. Social media influencers are freelancers whose income comes from social media, either from Google AdSense or advertising a product. Free workers in the imposition of income tax on individuals seen from the revenue turnover. Independent work with a total turnover within one year of less than IDR 4,800,000,000 or equal to IDR 4,800,000,000, the tax can be imposed by calculating taxes using recording or the Net Tax Calculation Norm. At the same time, free workers with a turnover within one year more than IDR 4,800,000,000 is required to do the bookkeeping. The calculation of income tax for social media influencers can use norms or books where influencers are independent jobs that are not included in the Final Income Tax category as regulated in Article 2 paragraph (4) Government Regulation No. 23 of 2018, which provides a scope of independent work including singers, commercials, performers, music, presenters, comedians, film stars, soap opera stars, directors, film crews, photo models, models/models, playwrights, and dancers.

1. Norms for Calculation of Net Income (NPPN)

Regulation of the Director General of Taxes No. PER-17/PJ/2015 concerning Norms for Calculation of Net Income can be used to collect income taxes for Social Media Influencers. The income of these Social Media Influencers can be included in the classification of the activities of art workers because influencers earn income by creating content, either in the form of photos or videos, with the norm being charged at 50%. The tax rate with the Net Income Calculation Norm is to use the general rate in Article 17 of Law no. 36 of 2008, which has been updated in Law No. 7 of 2021 (UU HPP), namely 5%, 15%, 25%, 30% to 35%. The method of calculating income tax using the net calculation norm is net income x Article 17 Income Tax Rate.

2. General tax calculation (bookkeeping)

Tax collection for Social Media Influencers can also be done using bookkeeping. Calculating taxes using this method means that influencers must calculate every cost incurred in their work. Using the bookkeeping tax calculation, income collection is

gross income minus all operational costs such as management fees, transportation, talent, and other operational costs, which are then multiplied by the HPP (*Harga Pokok Penjualan* or Cost of Goods Sold/COGS) Law rate.

3.2 Imposition of Income Tax on Underage Social Media Influencers According to the Laws Applicable in Indonesia

3.2.1 Income Tax Laws Applicable in Indonesia

Law No. 36 of 2008 is a law that regulates income tax in Indonesia. Law No. 36 of 2008 is an amendment to the Income Tax Law that was once applicable in Indonesia.

General changes to Law no. 36 of 2008 against the previous provisions, among others:

1. Expansion of tax subjects and objects as well as tax restrictions and exemptions to improve tax imposition justice
2. Prioritizing the principles of fairness and neutrality in setting tariffs and providing incentives for small businesses to develop. Simplification of the applicable tax rate structure, including a planned and gradual reduction in tariffs to increase competitiveness with other countries
3. There is a change in the self-assessment collection system related to the reporting system and tax payment procedures, as well as an increase in the gross turnover limit to be able to use the norm for calculating net income

3.2.2 Implementation of the Income Tax Law on Underage Tax Subjects

The Marriage Law explains that children who have not reached the age of 18 years or have never married are under the control of their parents as long as their authority is not revoked [22]. According to the Indonesian General Dictionary, underage children can be defined etymologically as humans who are still small or humans who are not yet mature [23]. The 1945 Constitution of the Republic of Indonesia has explained that everyone has the same rights and obligations in carrying out legal actions, but in practice, not all legal subjects can act alone to carry out these rights and obligations. Legal subjects are everything that has rights and obligations, consisting of human legal subjects and corporate legal subjects. One of the human legal subjects who cannot act alone to carry out legal actions are minors or who are not yet mature where other people must represent them, and minors can be considered legal subjects who are not yet capable of carrying out legal actions themselves so they must be assisted by people who have skills such as parents or guardians, which means that minors have not been able to pay taxes independently and have not been able to have a Taxpayer Identification Number (NPWP) [24].

Law No. 36 of 2008 itself has explained in Article 8 that minors who already have their own income from whatever source of income and the nature of their work will be combined with their parents' income in the same tax year. The imposition of income tax based on these provisions explains that the Income Tax Law places the family in an economic unit, which means that the head of the family has an obligation to fulfill taxes covering the income or losses of all family members who become one unit.

3.2.3 Underage Social Media Influencers Are Subject to Income Tax

Tax subjects, both individuals and entities, cannot be said to be taxpayers if they only meet subjective requirements. Tax Subjects, in addition to fulfilling subjective requirements must also meet objective requirements, namely obtaining or receiving taxable income [25].

An individual is a tax subject, i.e., a person who resides permanently in the country of Indonesia, for a minimum period of 183 (one hundred and eighty-three) days during 12 (twelve) months. The objective requirements are stated in Law No. 36 of 2008 (UU PPh) Article 4 paragraph (1), namely the object of income tax. Income is the object of income tax. The object of the tax is income, which means that if the underage social media influencer earns income from their activities on social media and the income exceeds the Non-Taxable Income (PTKP), then the influencer has met the objective requirements. Tax subjects who have met the subjective and objective requirements may be subject to income tax. Looking at Article 2 paragraph (1) of Law No. 36 of 2008 concerning Income Tax which explains the tax subject, it can be understood that a social media influencer who earns income and resides permanently in Indonesia who within one tax year is in Indonesia and intending to live in Indonesia, it can be categorized as an Individual Taxpayer.

Social media influencers promoting products from an online store that uses their services will generally receive money in the form of money; the money from the endorsement can be said to be income because there is an increase in the economic capabilities obtained by the social media influencers, both from within the country or abroad.

The Income Tax Law in Indonesia makes the family an economic entity, which means the tax payable from the income of a minor such as an underage influencer is combined with his parents' income to calculate the amount of tax owed. Every individual who has met the subjective and objective requirements is obliged to pay taxes and have an NPWP, but understands that the individual is a minor. It becomes an obligation for the father of the underage influencer to be delegated to his father as the head of the family, unless the child has a father who is a Foreign Taxpayer (WPLN). The tax obligations are delegated to the mother as regulated in Law No. 36 of 2008, which has explained in Article 8 paragraph (4) that the child is not yet an adult who already has his own income. Regardless of the source of income and the nature of the work, it will be combined with his parents' income in the same tax year.

4 Conclusion

Social media influencers are in great demand. So far, there are no special provisions governing law and taxation in Indonesia. Income tax collection on underage social media influencers can be imposed using the norms for calculating net income and bookkeeping.

Social media underage influencers as individual tax subjects who already have their own income can be subject to income tax by Article 4 of Law No. 36 of 2008 concerning Income Tax which explains that the object of the tax is income; if the income earned exceeds the PTKP (*Penghasilan tidak kena pajak*/Non-taxable income) then it has an obligation to pay taxes. The imposition of income tax on minors is combined with their

parents as stated in Article 8 of the Income Tax Law states that minors who already have their own income will be combined with their parents' income in the same tax year.

References

1. Kasih, S.R., Ramdan, A.M., Samsudin, A.: Milenial Intention on Social Media. *Journal of Management and Bussines (JOMB)*. 2, 70–82 (2020).
2. Ologbenla, P.: The Effect of Corporate Tax on Government Expenditure in Nigeria. *Research Horizon*. 1, 157–171 (2021)
3. Cockfield, A.J.: Tax Wars: The Battle over Taxing Global Digital Commerce. *Tax Notes*. 161, 1331 (2018)
4. Goanta, C., Ranchordás, S.: *The Regulation of Social Media Influencers*. Edward Elgar Publishing (2020).
5. Robinson, N., Shan, J.: Taxing the Legitimate Business of Social Media Marketing in the Age of Influence. *Tex. Rev. Ent. & Sports L.* 22, 1 (2021)
6. Radvan, M.: Taxation of Instagram Influencers. *Studia Iuridica Lublinensia*. 30, 339–356 (2021)
7. Astuti, R.L.M.B., Santoso, H.P.: Pengaruh Promosi Online dan Celebrity Endorser terhadap Minat Beli Konsumen Tas Online Shop Fani House. *Interaksi Online*. 5, 1–10 (2016)
8. Diana, A., Setiawati, L.: Cara mudah menghitung pajak penghasilan anda. Andi, Yogyakarta (2010)
9. Usman, B., Subroto, K.: *Pajak-Pajak Indonesia*. Yayasan Bima Pajak, Jakarta (1980)
10. Diza, M.E.: The phenomenon and rise of Influencer Marketing and how it affects customer opinion and helps or damages brands, (2018)
11. Marsyahrul, T.: *Pengantar Perpajakan*. Grasindo, Jakarta (2005)
12. Marzuki, P.M.: *Penelitian Hukum Normatif*. Prenada Media Group, Jakarta (2010)
13. Rahardjo, S.: *Ilmu hukum*. Citra Aditya Bakti, Bandung (2000)
14. Soekanto, S.: *Pengantar penelitian hukum*. Penerbit Universitas Indonesia (UI-Press), Jakarta (2006)
15. Soekanto, S., Mamudji, S.: *Penelitian Hukum Normatif: Suatu Tinjauan Singkat*. Rajawali Pers, Jakarta (2001)
16. Sugiyono, P.: *Metodologi penelitian kuantitatif kualitatif dan R&D*. Alfabeta, Bandung (2011)
17. Brotodihardjo, R.S.: *Pengantar ilmu hukum pajak*. Refika Aditama, Bandung (2013)
18. Boediono: *Perpajakan Indonesia: teori perpajakan, kebijaksanaan perpajakan, pajak luar negeri*. Diadit Media, Jakarta (2000)
19. Farouq, M.: *Hukum Pajak di Indonesia*. Prenada Media, Jakarta (2018)
20. Shimp, T.A.: *Periklanan dan Promosi: Aspek Tambahan Komunikasi Pemasaran Terpadu*. Erlangga, Jakarta (2004)
21. Shimp, T.A., Andrews, J.C.: *Advertising Promotion and Other Aspects of Integrated Marketing Communications*. Cengage Learning (2012)
22. Subekti, R., Tjitrosudibio, R.: *Kitab Undang-Undang Hukum Perdata*. Pradnya Paramita, Jakarta (2001)
23. Poerwadarminta, W.J.S.: *Kamus Umum Bahasa Indonesia*. Balai Pustaka, Jakarta (1984)
24. Salim HS: *Pengantar Hukum Perdata Tertulis (BW)*. Sinar Grafika, Jakarta (2016)
25. Merliyana, M., Saefurrahman, A.: Pengetahuan dan Kesadaran Wajib Pajak orang pribadi terhadap Tingkat Kepatuhan Wajib Pajak orang pribadi dalam melaksanakan Kewajiban Perpajakan. *Jurnal Akuntansi dan Manajemen*. 14, 134–166 (2017). <https://doi.org/10.36406/jam.v14i01.189>

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

