

Analysis of the Compliance Level of Micro, Small and Medium Enterprises Taxpayers after the implementation of Government Regulation Number 23 of 2018

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Tax has an important role in realizing government programs for the welfare of the people, for this reason the government tries to encourage potential compliance of taxpayers for Micro, Small and Medium Enterprises to increase the amount of regional income through various policies issued by the Directorate General of Taxes so that tax revenue targets can be achieved. This study aims to determine the level of taxpayer compliance of Micro, Small and Medium Enterprises with the independent variables used are knowledge of taxation, understanding of tax regulations and awareness of taxpayers. The research sample was using *purposive sampling technique* taken and obtained as many as 67 respondents who were used as samples. The data analysis technique used classical assumption test, hypothesis test and data analysis. The results of data processing showed variable tax knowledge has a value of $t_{count} 2,034 > 1,998 t_{table}$, variable understanding of tax laws has value $t 2,293 > 1,998 t_{table}$ and taxpayer awareness variable has a value of $t_{count} 2,084 > 1,998 t_{table}$ F test simultaneous test results on the significant value of $0.000 > 0.05$ with f value count $28.299 > 2.75 f_{table}$ so that we can conclude the independent variables jointly significant effect on tax compliance.

Keywords: Taxpayer Compliance, Micro Business, Tax Knowledge, Tax Understanding, Taxpayer Awareness

Introduction

Micro, Small and Medium Enterprises are business sectors that are very rapidly spreading in Indonesia, even their existence can be easily found in rural areas. The still minimal contribution of taxation from this sector (Bisnis Indonesia, 2019), encourages the government to consistently make various efforts to realize strong Micro, Small and Medium Enterprises and participate in the country's economic growth. One of them is by making it easy for Micro, Small and Medium Enterprises to carry out their tax obligations, through the launch of Government Regulation Number 23 of 2018, which provides convenience in the form of low rates, as well as easy repayment and reporting (Pajak, 2018). In 2020, the government provides an incentive policy in the form of tax exemption for Small Micro and Medium Enterprises by bearing the final Income Tax at a rate of 0.5% and is only required to report monthly income to the Tax Service Office (Kompas.com, 2020). As well as the provision of productive assistance for micro businesses affected by the Covid-19 pandemic (Ministry of Cooperatives and Small and Medium Enterprises, 2020).

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The development of Micro, Small and Medium Enterprises in Tangerang has increased during the period 2016 to April 2019 (Diskominfo Kota Tangerang, 2020). Meanwhile in Tangerang Regency, based on the statistical data of Banten Province, in 2018 there were 41,155 Micro, Small and Medium Enterprises recorded.



Figure 1. Graph of the Number of Micro, Small and Medium Enterprises in 2018

Source: (Statistik Provinsi Banten, 2019)

increase in the number of Micro, Small and Medium Enterprises units should be directly proportional to tax revenue originating from that sector. Final Income Tax Revenue has not fulfilled the real potential state revenue because for Micro, Small and Medium Enterprises actors, taxes are still considered something burdensome and a burden to their business (Khairiyah & Akhmadi, 2019).

Lack of knowledge, understanding of taxpayers of Micro, Small and Medium Enterprises of the applicable tax regulations and policies causes the level of awareness of tax obligations to remain low. Government socialization and counseling regarding the importance of taxes need to be continuously improved so that compliance norms in society can be created. Advances in information technology are expected to facilitate the dissemination of information to the community, especially actors in Micro, Small and Medium Enterprises units in various areas, especially rural areas.

Related Works

The Concept of Tax Compliance

Definition of taxpayer compliance in its simplest form is usually stated in the form of conditions where taxpayers comply with tax laws, relating to the taxpayer's decision to adjust to the broader goals of society as reflected in taxation policies (James & Alley, 2009). There is a question as to whether "compliance" refers to voluntary or obligatory behavior. If the taxpayer complies "only because of the threats or sanctions imposed, then this is not in line with the concept of compliance. In Indonesia, it adopts a system *self-assessment*, where the government gives full confidence to taxpayers in calculating, depositing, and paying taxes while still carrying out supervision of its implementation. Tax compliance refers to the extent to which the tax administration and procedural requirements are required and the calculation of the correct amount of tax burden (Darussalam et al., 2019).

Factors Affecting Taxpayer Compliance

5 factors that can lead to tax non-compliance (Webley et al., 2002):

1. Inequity
The taxation system and government treatment that is considered unfair by taxpayers can increase non-compliance.
2. Opportunity for Non-compliance for non-compliance
The existence of weaknesses in tax regulations can create opportunities that make Taxpayers who were previously compliant, become non-compliant.
3. Individual differences
Gender, age, and education can affect taxpayer compliance.
4. Social Norms.
If non-compliance becomes a social norm in a country, it will be very difficult to increase the level of compliance.
5. Dissatisfaction with Revenue Authorities
If taxpayers feel they are not being helped by tax authorities and assess the tax authorities' inefficient performance, this can encourage taxpayers to become disobedient.

Tax Knowledge and Compliance

The effect of understanding on compliance behavior has been demonstrated in diverse research. Harris (1989) divided tax understanding into aspects, namely, understanding thru not unusualplace or formal schooling obtained as a depend on direction and understanding especially directed at viable possibilities to steer clear of tax. In the primary case, the extent of schooling acquired with the aid of using taxpayers is a crucial issue that contributes to the overall knowledge approximately taxation mainly concerning the legal guidelines and policies of taxation. Previous research have proven proof that standard tax information has a completely near courting with taxpayers' capacity to recognize the legal guidelines and policies of taxation, and their capacity to conform with them(Palil & Mustapha, 2011).

(Eriksen & Fallan, 1996) claimed that 'understanding approximately tax regulation is thought to be of greater significance for alternatives and attitudes toward taxation. There are little studies that explicitly considers how mindset toward taxation is encouraged via way of means of unique understanding of tax regulations.

The Government Regulation Number 23 of 2018

Enactment of the amendments to Government Regulation Number 23 of 2018 as of 1 July 2018 is a positive response from the government to complaints from Micro, Small and Medium Enterprises actors.

There are several changes to the provisions that apply from the previous regulation, including (Pajak.go.id, 2018):

1. Decreasing the Final Income Tax rate of 1% to 0.5% of turnover, which must be paid every month,
2. Taxpayers can choose to follow the tariff with the scheme final 0.5% or use the normal scheme which refers to article 17 of law No. 36 year 2008 on Income tax,
3. Set time imposition of final income tax rate of 0.5% as follows:
 - a. for the individual taxpayer, namely for 7 years
 - b. for compulsory corporate tax in the form of a cooperative, limited partnership, or firm for 4 years.
 - c. For corporate taxpayers in the form of a limited liability company for 3 years.

Methods

Population and Sample

The population in this study were business taxpayers engaged in the Micro, Small and Medium Enterprises sector in Cicalengka Village, Tangerang Regency, which had a certain gross circulation of less than 4,800,000,000 per year. The total population is 80 business units. Determination of the sample using *purposive sampling* and calculated using (Raosoft, 2020) to obtain 67 respondents.

Measurement of Variable

Questionnaires are made in the form of choices with a Likert scale to measure respondents' opinions, where point 5 is the highest value, and point 1 is the lowest value, as follows 1 = Strongly Disagree (STS), 2 = Disagree (TS), 3 = Neutral (N), 4 = Agree (S) and 5 = Strongly Agree (SS).

Table 1. Measurement of Variable

Variable	Indicator	Scale
Tax Knowledge (Adi & Yushita, 2018)	1. Knowledge of general tax provisions and procedures. 2. Knowledge of the taxation system in Indonesia. 3. Knowledge of the functions of taxation	Interval Scale
understanding tax laws (Lestari & Yushita, 2017)	1. Knowledge of the general provisions of Government Regulation 2. Knowledge Government Regulation technically	Interval Scale
Awareness taxpayer (Wardani & Rumiayatun, 2017)	1. Their rights and obligations of the tax obligation to pay taxes. 2. Public confidence in paying taxes to finance state and local. 3. urge yourself to pay taxes voluntarily	interval Scale
Compliance taxpayer (Lestari & Yushita, 2017)	1. Having TIN 2. Registration of Finance 3. Charge, calculate and report the SPT. 4. paying taxes	interval Scale

Results

Village Cicalengka included in the Tangerang region which means being in the eastern part, focused as a residential center, and a business district. 67 taxpayers of Micro, Small and Medium Enterprises with the following business fields:

Table 2. Business Fields of Respondents

No.	Type of Business	Total	% Tase
1	Food and Beverage	20	29.85%
2	Staple Food	18	26.87%
3	Automotive	8	11.94%
4	Construction	6	8.96%
5	Services	6	8.96%
6	Creative Business	4	5.97%
7	Electronics	2	2.99%
8	Technology	1	1.49%
9	Animal Husbandry	1	1.49%
10	Fashion	1	1.49%
	Total	67	

(Source : (Cicalengka, 2020)

Based on table 2. Taxpayers are grouped into 10 types of business fields, most of which are in the food business sector and drinks, namely 29.85%.

Results of the Classical Assumption Test The

normality test is a test that aims to determine whether the independent or dependent variables have a normal or near normal distribution (Ghozali, 2018).

**Table 3. Results
of the Kolmogorov-Smirnov One-Sample Normality Test**

of the Kolmogorov-Smirnov One-Sample Normality Test			
			Unstandardized Residual
N			67
Normal Parameters, b	Mean		.0000000
	Std. Deviation		4.72970588
Most Extreme Differences	Absolute		.099
	Positive		.099
	Negative		-.069
Test Statistic			.099
Asymp. Sig. (2-tailed)			.099c
Monte Carlo Sig. (2-tailed)	Sig.		.492d
	99% Confidence Interval	Lower Bound	.479
		Upper Bound	.505
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Based on 10000 sampled tables with starting seeds 334431365.			

Based on table 3. the results of the normality test using the *One Sample Kolmogorov-Smirnov Test* show the value *Asymp. Sig* is $0.099 > 0.05$, this means that the data in this study were normally distributed.

Hypothesis Test

Results of the T Test

test was carried out to determine the relationship of independent variables to the dependent variable individually or partially, with a significance level of 5% or 0.05 (Ghozali, 2018).

Table 4. T Test Results

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	.015	8,877	3,553		2,499	(Constant)
	Taxation Knowledge	.325.046	.183		2,034	.372
	Understanding Tax Regulation	.167 .328.025			2,293	.384
	Taxpayer Awareness	.197 .213.041			2,084	.411
a. Dependent Variable: Taxpayer Compliance						

Based on table 4. partially the influence of the tax knowledge variable shows the sig. <0.05 and t value 2.034> t table 1.998, understanding of taxation regulations shows the t value of 2.293> t table 1.998 and taxpayer awareness results in t value 2.084> t table 1.998 then Ha 1 is accepted, which means tax knowledge influences taxpayer compliance.

Results of the F test

test the f test was carried out to determine the effect of the independent variables together on the variable with a significance of 0.05. If f count <f table and sig> 0.05 then the hypothesis is rejected, and vice versa (Ghozali, 2018).

Table 5. Results of F

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1989,572	3	663,191	28,299	.000b
	Residual	1476,428	63	23,435		
	Total	3466,000	66			
a. Dependent Variable: Taxpayer Compliance						
b. Predictors: (Constant), Taxpayer Awareness, Understanding of Taxation Regulations, Tax Knowledge						

Based on table 5. the results of the F test analysis show that the value of F count> F table is 28.299> 2.75 with a significant level of 0.000 <0.05 then Ha is accepted, this means that knowledge taxation, understanding tax regulations and taxpayer awareness jointly or simultaneously influence taxpayer compliance.

Conclusion

This study examines the effect of tax knowledge, understanding of tax regulations and taxpayer awareness on taxpayer compliance in Cicalengka village, Pagedangan sub-district, Tangerang district. From the results of data processing, it can be concluded that Tax knowledge, understanding taxation has a significant effect on taxpayer compliance.

Tax expertise has a totally near dating with taxpayers' capacity to recognize the legal guidelines and policies of taxation, and their capacity to comply.

From the above conclusions, the knowledge, understanding and awareness of taxpayers affects the level of taxpayer compliance after the issuance of Government Regulation Number 23 of 2018, this shows concrete actions by the government through providing facilities for Micro, Small and Medium Enterprises in carrying out its tax obligations has shown a positive reaction. The implementation of the new 0.5% tariff provides relief and benefits to MSME players so that the tax burden should be payable is now much lower from the previous. To explore the potential for MSME tax revenue, the government must continue to strive to increase the level of UMKM tax participation by creating a friendly taxation ecosystem.

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