MICEB 2023

E-ISSN 2985-7910

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

Understanding of MSME Taxpayers to Government Regulation No. 23 The Year 2018

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ABSTRACT

The purpose of this study is to explain the level of understanding of MSMEs in Padang Lawas Utara towards tax regulations, to explore the low level of tax compliance and the causes of the low level of compliance of MSME taxpayers, qualitative research with a phenomenological approach. The results of this study show that MSMEs in Padang Lawas Utara Regency are still low in understanding tax regulations regarding regulation No. 23 of 2018. The potential compliance of MSMEs in Padang Lawas Utara Regency in paying taxes is still low. Effectiveness of PP No. 23 of 2018 in Kab. Padang Lawas Utara cannot be said to be effective because there has not been a significant increase in MSME taxpayers. The efforts made by the government in improving taxpayer compliance are to provide good service to compulsory mansuance.

Keywords: Understanding; Government Regulation Number 23 of 2018

INTRODUCTION

The taxation sector is the largest source of state revenue compared to other sources of revenue, namely Non-Tax State Revenue (PNBP) and grants. The government evaluates and develops tax regulations as an effort to provide convenience to taxpayers and as an effort to increase state revenue from taxes. Recently, the government issued a regulation related to taxes for Micro, Small and Medium Enterprises (MSMEs), namely PP 23 of 2018 which replaced the previous regulation, namely PP 46 of 2013.

The government has made various efforts to increase tax sector revenues. One of them is to carry out tax reform. Through tax reform, a new tax system was also introduced, namely a self-assessment system where taxpayers can calculate, pay and report their own taxes owed. The Self-Assessment System demands an active role from taxpayers in fulfilling their tax obligations, therefore the collection system can encourage taxpayers to always be obedient in paying taxes (Ningtyas, 2020).

The most important change in this Government Regulation is the reduction of tariffs from 1% to 0.5%. However, the changes made with the issuance of PP 23 are not only limited to tariff changes. There are a number of other important things that should not escape the understanding of taxpayers, namely the existence of time limits and bookkeeping obligations for taxpayers. (Leplingard et al., 2003) stated that taxpayers still do not understand the content of PP 23 of 2018 which contains several new provisions. This problem arises because of the newly implemented regulations and the lack of socialization carried out by the government to taxpayers. So it will cause problems in the long-term implementation. And Micro, Small and Medium Enterprises (MSMEs) are increasingly showing their existence. In the structure of the Indonesian economy, MSMEs are productive people's economic activities, whose existence dominates more than 99% in the national economic structure (Rahmadini & Cheisviyanny, 2019).

Research related to the application of PP 23 of 2018 has been carried out previously by (Tatik, 2018) regarding the potential for tax payment compliance for MSME actors (Micro, Small and Medium Enterprises) in the Sleman Yogyakarta area after the issuance of Government Regulation Number 23 of 2018. This research shows that the existence of a new rule with a tax rate of 0.5% is appreciated by taxpayers by expressing their willingness to pay taxes. This is because the previous tax rate of 1% was considered burdensome by taxpayers. This reason is strengthened by the taxpayer's incomprehension of their tax obligations and the limited human resources they have to deal with tax administration. However, the study is still limited to see the potential for tax payment compliance with informants as many as 5 (five) MSMEs only caused by researchers constrained by problems, so the researcher suggested that for further research, additional informants can be added to obtain new findings that are more representative and can evaluate the compliance of MSME tax payments and the readiness of MSMEs in facing the time limit of tax incentive policies.

Seeing the large tax potential of the MSME sector, the government issued Government Regulation No. 46 of 2013. But in practice, the existence of Government Regulation No. 46 of 2013 raises pros and cons. The government finally made changes by replacing Government Regulation No. 46 of 2013 to Government Regulation No. 23 of 2018 which came into effect on July 1, 2018. Government Regulation No. 23 of 2018 regulates tax treatment for Individual and/or Corporate Taxpayers who have a certain gross circulation, which does not exceed Rp. 4.8 billion in one year. The tariff imposed was also lowered, from the original 1% to 0.5%. Reducing the rate to 0.5% can be a motivation so that MSME taxpayers can develop their business and can actively participate in carrying out their tax obligations so that tax revenues can increase. The existence of this regulation is expected to provide fairness and convenience for MSME taxpayers in carrying out their tax obligations.

This research contributes to providing an overview of how taxpayers understand the new MSME tax rules PP 23 of 2018 and provide an overview of how taxpayers perceive reducing rates, self-assessment systems that demand honesty from taxpayers and how the government socializes regarding this new rule. The number of informants was increased to 10 people in order to obtain more diverse findings in the hope of obtaining new information. The readiness of taxpayers to face the new rules in this Government Regulation will be the main focus of research. The results of this study can later contribute to the views and considerations of the taxpayers themselves so that this rule can be effectively implemented.

This study aims to analyze in depth the understanding and perception of MSME taxpayers in Padang Lawas Utara Regency towards Government Regulation No. 23 of 2018. Providing benefits in contributing to the development of theories regarding MSME tax compliance and being the material for evaluating the effectiveness of the implementation of PP 23 of 2018.

METHOD

This research is a qualitative research with a phenomenological approach. According to Sugiyono (2017: 9), qualitative research is a research method based on the philosophy of postpositivism, used to examine the condition of natural objects, where the researcher is a key instrument, data collection techniques with triangulation, data analysis is inductive or qualitative, and qualitative research results emphasize meaning rather than generalization. Furthermore, (Sugiono, 2021) stated that phenomenological research is a type of qualitative research, where researchers collect data with participant observation to find out the essential phenomenon of participants' experiences in their lives. This research uses a qualitative method with a phenomenological approach because this research wants to explore information about the understanding and perception of MSME taxpayers related to the establishment of Government Regulation Number 23 of 2018 concerning MSME tax in more depth.

This research was carried out in the MSME sector in Padang Lawas Utara Regency, namely, culinary, especially padang rice stalls which are found in Padang Lawas Utara Regency. The choice of this sector is because this sector is the type of MSME that is easiest to find in Padang Lawas Utara Regency. The object chosen in this study is MSMEs that are classified as MSMEs that have carried out their tax obligations. The selection of this informant aims to see how the perception of MSME taxpayers who have carried out their taxation when faced with tax rules that are not only limited to reducing the tax rate from 1% to 0.5% but also contain other rules that will affect their tax affairs in the long term, namely the existence of time limits and bookkeeping obligations.

Data analysis (Sugiyono, 2013), data analysis is an activity of grouping, and looking for relationships between the data that has been collected so that the data can be organized systematically and conclusions are obtained that answer research questions. The steps in conducting data analysis are; 1. The data collected is in the form of records of interview results from fifteen informants who have provided answers to questions, 2. The informant's answers are recorded into a neat collection of field notes. Also commonly referred to as the data codification stage, 3. The presentation of data is carried out in a narrative form that contains a description of the data – data that has been grouped and codified before, 4. The data that has been presented is further analyzed (discussed) in a way that is compared with other relevant documents, 5. Conclusions are drawn from the results of the researcher's interpretation of the findings from interviews or other documents.

RESULT AND DISCUSSION

Participant Profile

Interviews were conducted in a semistructured pattern to explore perceptions and tell the experiences of MSME actors who intersect with taxes. Interviews were conducted with participants who became business actors in the business field which included the culinary field of padang rice stalls in Padang Lawas Utara Regency. Preliminary interviews related to participant profiles with questions (a) Name / MSME Mr. Mother, (b) Since when did you set up this business?, (c) Does you have an NPWP? (d) Since when to become a taxpayer?. The answers to the questions that researchers ask participants so that they are easy to understand, the researchers summarize in Table 1.2 below:

Table 1. Participant profiles

No	(1) Participation Name n / UMKM / Companyan	(2) Year of Foundin g an Enterpri se	(3) Ownership of NPWP	(4) Running time in mandatory tax	(5) Kriter ia Kepat uhan
1	Participant I	2015	Have an NPWP because you want to apply for a loan to a bank	2016	Don't pay
2	Participant 2	2018	Have an NPWP because you want to apply for a loan to a bank	2019	Orderly
3	Participant 3	2018	Have an NPWP	2019	Don't pay
4	Participant 4	2017	Have an NPWP	2018	Lately
5	Participant 5	2016	Have an NPWP because you want to apply for a loan to a bank	2017	Don't pay
6	Participant 6	2010	Have an NPWP	2012	Don't pay
7	Participant 7	2017	Have an NPWP	2017	Don't pay
8	Participant 8	2019	Have an NPWP	2019	Don't pay
9	Participant 9	2013	Have an NPWP	2013	Orderly
10	10 participants	2019	Have an NPWP because you want to apply for a loan	2019	Orderly

			to a bank		
11	Participant 11	2018	Have an NPWP	2019	Orderly
12	Participant 12	2018	Have an NPWP because you want to apply for a loan to a bank		Not paying
13	Participant I3	2015	Does not have an NPWP		No tax charges
14	Participants 14	2018	Have an NPWP	2019	Don't pay
15	15 participants	2018	Have an NPWP because you want to apply for a loan to a bank	2019	Don't pay

Based on Table 1. It is known that participants who already have an NPWP Most do not pay their tax obligations, namely PP No. 23 of 2018.

Understanding MSMEs of Padang Lawas Utara Regency towards Tax Regulations

Considering the importance of knowledge about PP No. 23 of 2018 for MSMEs, researchers interviewed 15 MSMEs in Padang Lawas Utara Regency regarding their knowledge of PP No. 23 of 2018. The following is an excerpt of the results of the interviews with the participants.

Table 2. Understanding PP No. 23 of 2018

Partp	Questions and answers
	Have you ever received an explanation related to PP No. 23 of 2018? What you understand is related to PP No. 23 2018?
1	Once we were invited to socialize sir once, there is a tax deduction sir
2	Once, sir, just told you, sir , when making the NPWP for the first time, he said there was a tax deduction so 0.5% sir
3	Just be informed, sir, when making the NPWP for the first time if there is a new regulation, there is a decrease in taxes
4	Once upon a time, sir, what I understand the PP regulates the reduction of taxes from 1% to 0.5% Sir
5	Never sir, I just pay it sir, to the office is over, anyway, accept it in order
6	Once, sir, about the reduction in taxes
7	Never sir
8	When the NPWP list is notified, he said later if you pay taxes, you can get a 0.5% discount
9	Once, sir, the PP stipulated tax cuts from 1% to 0.5% Pak

Partp	Questions and answers
10	Ever sir, collected in the office, I understand that I can get a tax rebate, sir.
11	Once, sir, it was explained that there are new rules on reducing taxes
12	Once, sir, my understanding is that the government issued a regulation on cutting the income tax rate from 1% to 0.5% sir
13	Once, sir, if you pay taxes, you will get a deduction from 1% to 0.5%
14	Once, sir, what I understand is that the government gives relief to pay a 0.5% income tax tax
15	Once, sir, he said he got a tax cut

Source: Table 1 to 4 data processed 2023

Based on Table 1.3, it is known that 80% of participants had obtained an explanation about PP No. 23 of 2018. Based on the excerpts from the interview above, participants understood that PP No. 23 of 2018 was only limited to the rules for cutting or withholding income tax from 1% to 0.5%. The interview results showed that participants understood PP No. 23 of 2018 not yet in detail. Participants receive an explanation of this PP when they apply for an NPWP.

DISCUSSION

Based on table 2 of the interview results above, it can be said that the behavior of MSME actors registering to obtain NPWP is driven by the coercive power of the government (power of authority). Compliance because there is power from the party who coerces or enforces compliance is not in the form of tax inspections or the imposition of sanctions as according to Kirchler (2007) in (Nurizzaman, 2020), but rather coercion involving third parties (withholding) in the form of business license requirements, credit applications and requirements for transactions with government treasurers. Participants are forced to register their NPWP so that the bank provides a business capital loan.

IMPLICATIONS

Based on the results of the discussion, conclusions can be reached in accordance with the formulation of the problem in this study, namely the understanding of MSME Taxpayers towards the application of PP 23 of 2018. This research shows that the level of understanding of taxpayers is not very good about the application of the MSME tax rule PP 23 of 2018 which has been running for more than a year from the beginning of its implementation. As evidenced by the large number of taxpayers who claim not to know about this rule change apart from the rate that dropped from 1% to 0.5%.

This research also shows that taxpayers consider the 0.5% rate to be quite easing but there is still hope from taxpayers so that MSMEs are not taxed first. Tax harvesting is considered by taxpayers as an obstacle for MSMEs to develop. The lack of taxpayer knowledge about tax procedures hinders its implementation. The term self-assessment system is still a foreign term for MSME taxpayers so that the self-assessment system will be useless if the taxpayer does not understand the system. In fact, there are still many informants who claim to carry out their tax obligations with help from friends and tax consultants because they do not understand.

LIMITATIONS

The limitations and obstacles that researchers experienced during this research are as follows: The informants selected are MSMEs who have carried out their tax obligations, so researchers have difficulty in finding the right informants. Researchers often receive rejection from informants when asking for a willingness to be interviewed because many still consider taxes to be quite sensitive. Researchers find it difficult to obtain observational data and documentation due to denials from informants.

CONCLUSION

MSMEs in Padang Lawas Utara Regency are quite low in understanding tax regulations, especially regarding regulation No. 23 of 2018. However, the understanding possessed by MSMEs is only limited to the PP, which greatly relieves MSMEs in paying taxes, because they are only subject to a final income tax rate of 0.5% which was previously.

The potential compliance of MSMEs in Padang Lawas Utara Regency in paying taxes is still low, even though they understand about tax regulations.The effectiveness of PP No. 23 of 2018 in Padang Lawas Utara Regency cannot be said to be effective because there has not been a significant increase in MSME taxpayers. The regulation, which was passed in mid-2018, was felt to lack socialization to taxpayers.Increase educational facilities and tax campaigns to show a positive image of the government in managing and using tax funds.

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