The Implementation of Government Regulation Number 23 of 2018 (PP 23) to The Tax of MSMEs

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ABSTRACT

PP No. 23 of 2018 is one of the tax reforms carried out by the Government for MSME actors as a form of development of PP No. 46 of 2013. Through this research, it is hoped that it will be known how the effect of the application of PP No. 23 of 2018 on the amount of tax that must be paid by the perpetrators. SMEs. In addition, this study also aims to find out whether the implementation of PP No. 23 of 2018 can provide advantages or disadvantages for MSMEs. This type of research is a qualitative research with a comparative descriptive analysis approach where the researcher conducts comparisons and comparative analysis related to the simulation of tax calculations when MSMEs apply PP No. 23 of 2018.

Keywords: MSMEs, PP 23 of 2018, PPh Law No. 36 Year 2008

Introduction

The source of state revenue in the 2020 State Budget of IDR 1,865.7 trillion comes from the taxation sector. Apart from the taxation sector, there are other sectors such as oil and gas, as well as foreign aid which is non-tax state revenue (PNBP), but the income from these other sectors is only Rp. 367 trillion and grant funds are Rp. 0.5 trillion. This shows that taxes are one of the largest sources of income for Indonesia (Kemenkeu RI, 2020).

Currently, the government is actively mobilizing the private sector which is certain to have great potential for tax revenue, namely from Micro, Small and Medium Enterprises (MSMEs). The turnover and profits of Micro, Small and Medium Enterprises are indeed much smaller when compared to large companies. Not to mention, because of the pandemic, this sector is also indirectly affected (Maksum et al., 2020). However, the existence of this business, which can be found in almost all sectors, is in fact able to make a significant contribution to economic growth. Empowerment of MSMEs in Indonesia is currently very intensively carried out by the government under the coordination of the State Minister for Small and Medium Enterprises. Micro, Small and Medium Enterprises (MSMEs) in developing countries are often associated with domestic economic and social problems such as high levels of poverty, the large number of unemployed, inequality of income distribution, uneven development process between urban and rural areas, as well as urbanization problems. So that the development of Micro, Small and Medium Enterprises (MSMEs) is expected to make a positive contribution to overcoming these economic problems (Tambunan, 2011).

In an effort to encourage the fulfillment of tax obligations voluntarily, as well as to encourage the contribution of state revenues from MSMEs, the Government carried out tax reforms or better known as tax reform. One of the tax reforms was carried out by the Government on July 1, 2013 through the issuance of PP. No. 46 of 2013 concerning income tax on income from business obtained by individual or corporate taxpayers who have a certain gross turnover. MSMEs with a...
turnover below Rp 4.8 billion will be charged a tariff of 1% of their gross turnover. Then, in 2018 the government again issued a new tax rule by providing a reduction in the MSME tax rate from 1% to 0.5% as regulated in PP 23 of 2018 (Purnawan et al., 2019).

Micro, Small and Medium Enterprises are business activities that can expand employment opportunities and provide broad economic services to the community and can play a role in the process of equity and increase people's income, encourage economic growth, and play a role in realizing national stability. In addition, micro-enterprises are one of the main pillars of the national economy that get the main opportunities, support, protection and development that are broadly a manifestation of a firm party to the people's economic business group, without having to ignore the role of large businesses and government-owned enterprises (Adrian, 2018).

For MSME actors, the government has carried out tax reforms in the form of Government Regulation Number 46 of 2013, which regulates the amount of tax payable on the income of taxpayers with a certain gross turnover in the tax year. This new regulation is final with a rate of 1% of gross turnover. Then in 2018 it became 0.5% of gross turnover. Both apply to taxpayers with a gross turnover of less than IDR 4,800,000,000.

Income tax on income from business for Taxpayers with a certain gross turnover is final, intended to make it easier for Taxpayers who receive or earn income from businesses with a certain gross turnover to calculate, deposit, and report income tax payable.

Changes in tax regulations that occurred in mid-2013 for taxpayers with a certain gross turnover caused tax calculations in 2013 to refer to the Income Tax Law No. 36 of 2008 (old regulations) for the period January to June, and PP. 46 of 2013 (new regulations) for the period July to December. Then the tax regulations were updated again in July 2018, so that for the January to June period, the 1% rate was based on PP No. 46 of 2013 (became the old regulation), while for the July to December period, the tariff was 0.5% (which became the latest regulation). Based on the description above, through this research, it is hoped that it will be known how the effect of the application of PP No. 23 of 2018 on the amount of taxes that must be paid by MSME actors.

Material and Methods

This research is a qualitative research with a comparative descriptive analysis approach. Comparative descriptive analysis is a data analysis that is carried out by describing the data obtained in accordance with the theory and then comparing them to find out the similarities or differences that will be analyzed further (Sugiyono, 2010:10). This study aims to compare the amount of tax that must be paid by PT XYZ before and after the implementation of PP No. 46 of 2013.

The steps of qualitative research that researchers use are as follows:

1. Calculating the simulation of PPh payable in a simple manner based on the general regulations of the Income Tax Law. The simulation of the calculation of the income tax payable based on the general regulations of the Income Tax Law is carried out with the following steps:
   a. Simulating the fiscal reconciliation process on the commercial income statement to adjust it with tax provisions, in order to obtain a taxable income statement
   b. Calculating the taxable profit from the taxable income statement, then calculating the taxable income (PKP) as the tax base
   c. Calculating income tax payable based on the result of multiplying the tax rate with taxable income.
   d. Calculate tax underpayment or overpayment by reducing the amount of income tax payable for the current year with a tax credit for the year concerned.
   e. Calculating the installments of PPh article 25, namely the reduction of income tax payable with a tax credit then divided by 12 months.

2. Using the same simulation of financial statements, the income tax payable is calculated based on PP No. 46 of 2013. The rate is 1% of turnover.
3. Using the same simulation of financial statements, the income tax payable is calculated based on PP Number 23 of 2018. The rate is 0.5% of turnover.

4. Comparing the results of PPh payable by PT XYZ based on the Income Tax Law with PP No. 46 of 2013 and PP No. 23 of 2018. The comparison is made by outlining the amount of PPh payable generated, the calculation process, and the convenience obtained from the application of the techniques carried out.

This research is a comparative research. The word "comparation" in English comparison is comparison. The meaning of the word indicates that in this study the researcher intends to make a comparison of the different conditions that exist in one place, whether the conditions in that place are the same or there are differences, and if there are differences, which condition is better.

Results and Discussion

**Simulation of calculation of the amount of taxes paid before PP No. 46 Year 2013**

The calculation of Income Tax (PPh) payable in 2012 based on the general scheme of the Income Tax Law (UU PPh) is presented in the following table 1.

| Table 1. Calculation of PPh Payable by PT XYZ in 2012 Based on the General Scheme of the Income Tax Law |
| --- |

| PT XYZ | FISCAL PROFIT LOSS | JANUARY - DECEMBER 2012 |
| --- | --- | --- |
| Score (in rupiah) |  |
| Income |  |
| Rental Income | 173,634,050 |
| Total | 173,634,050 |
| Operating Expenses |  |
| Electricity, water, telephone charges | 4,312,634 |
| Machine repair expense | 14,200,000 |
| Equipment load | 12,217,518 |
| Salary expense | 36,000,000 |
| Machine depreciation expense | 30,000,000 |
| Total Operating Expenses | 96,730,152 |
| Operating Profit/Loss | 76,903,898 |
| Revenue / (Expense) |  |
| Other Income / (Expenses) | 550,000 |
| Income / (Expense) interest | (10,000,000) |
| Total Income / (Expenses) | (9,450,000) |
| Profit / Loss Before Tax | 67,453,898 |
| Fiscal correction: |  |
| Positive fiscal correction | 2,076,153 |
| Negative fiscal correction | (0) |
| Total Positive/Negative Correction | 2,076,153 |

To be continued
Net Profit After Fiscal Correction 69,530,051

Income Tax Payable Year 2012: 
25% x 50% x Rp 69,530,051 8,691,256

Source: processed data, income statement

Based on the table above, it can be seen that the income tax payable by PT XYZ for the 2012 tax year is Rp. 8,691,256. This value is obtained with a fairly long process, the process that must be passed for the calculation of Income Tax (PPh) payable based on the general scheme, requires taxpayers to fully understand the preparation of books and fiscal corrections in order to obtain the basic value of taxation.

For the 2013 fiscal year, the general calculation scheme still uses the old regulations for January - June 2013, while for July - December 2013 new regulations have been applied, namely Government Regulation no. 46 of 2013. The following is the calculation of Income Tax (PPh) payable by PT. XYZ month January - June 2013 based on the general scheme of the Income Tax Law (UU PPh) which is presented in the table 2.

Table 2. Calculation of PPh Payable by PT XYZ January - June 2013 Based on the General Scheme of the Income Tax Law

| PT XYZ                                      |
|---------------------------------------------|
| **FISCAL PROFIT LOSS**                      |
| **JANUARY - JUNE 2013**                     |
| **Score** (in rupiah)                       |

| Income                                      | Score (in rupiah) |
|---------------------------------------------|-------------------|
| Rental Income                               | 75,904,200        |
| **Total**                                   | 75,904,200        |

| Operating Expenses                          | Score (in rupiah) |
|---------------------------------------------|-------------------|
| Electricity, water, telephone charges       | 2,392,621         |
| Machine repair expense                      | 6,000,000         |
| Equipment load                              | 6,270,000         |
| Salary expense                              | 18,000,000        |
| Machine depreciation expense                | 15,000,000        |
| **Total Operating Expenses**                | 47,662,621        |

| Operating Profit/Loss                      | Score (in rupiah) |
|--------------------------------------------|-------------------|
|                                            | 28,241,579        |

| Revenue / (Expense)                        | Score (in rupiah) |
|--------------------------------------------|-------------------|
| Other Income / (Expenses)                  | 1,000,000         |
| Income / (Expense) interest                | (5,000,000)       |
| **Total Income / (Expenses)**              | (4,000,000)       |

To be continued
Profit / Loss Before Tax  24,241,579

Fiscal correction:
Positive fiscal correction  1,763,076
Negative fiscal correction (0)
Total Positive/Negative Correction  1,763,076

Net Profit After Fiscal Correction  26,004,655

Income Tax Payable January - June 2013:
25% x 50% x IDR 26,004,655  3,250,582

Source: processed data, profit and loss statement of PT. XYZ January - June 2013

Based on table 2 above, it can be seen that the income tax payable by PT XYZ for the month of January – June of the 2013 fiscal year is Rp. 3,250,582, while for the month of July – December of 2013 PT XYZ is no longer using the general scheme of the Act. The old Income Tax (UU PPh).

The amount of taxes paid by PT XYZ After PP No. 46 Year 2013

Since July 1, 2013 the government has started to apply PP No. 46 of 2013 for certain gross turnovers. Gross circulation referred to by the government is MSMEs that have a turnover of less than IDR 4,800,000,000 in one year. The implementation of this regulation in the middle of the year resulted in 2013 being subject to two tax rates. The first tax rate uses the old Income Tax Law (UU PPh) scheme by determining the tax base and then multiplies the rate of 12.5% for the months of January - June, while the second tax rate uses a new regulation with a rate of 1% of turnover for July – December 2013. The following is the tax calculation after the implementation of PP No. 46 of 2013 by PT XYZ for July - December 2013 as table 3.

| Month          | Turnover (in rupiah) | PPh Final 1% (in rupiah) |
|----------------|----------------------|--------------------------|
| July           | 14,375,050           | 143,751                  |
| August         | 14,446,150           | 144,462                  |
| September      | 13,560,400           | 135,604                  |
| October        | 14,409,150           | 144,092                  |
| November       | 13,220,450           | 132,205                  |
| December       | 15,107,500           | 151,075                  |
| **TOTAL**      | **85,118,700**       | **851,187**              |

Source: processed data, recapitulation of PT XYZ’s gross receipts Jul - Dec 2013

Based on table 3 above, it can be seen that the income tax payable by PT XYZ for the month of July - December 2013 is Rp. 851,187. This value is obtained by a very easy process, you only need to multiply the turnover by a rate of 1%

For the 2014 fiscal year, Government Regulation No. 46 of 2013 has been fully implemented. The following is the calculation of Income Tax (PPh) payable by PT XYZ based on PP No. 46 of 2013 as table 4.
Table 4. Calculation of PPh Payable by PT XYZ in 2014 Based on PP No. 46 Year 2013

|       | Turnover (in rupiah) | PPh Final 1% (in rupiah) |
|-------|----------------------|--------------------------|
| January | 25,000,000          | 250,000                  |
| February | 25,000,000          | 250,000                  |
| March | 25,000,000          | 250,000                  |
| April | 15,818,600          | 158,186                  |
| May | 14,983,300          | 149,833                  |
| June | 14,804,350          | 148,043                  |
| July | 15,305,800          | 153,058                  |
| August | 13,843,350          | 138,433                  |
| September | 15,032,150      | 150,321                  |
| October | 16,287,300          | 162,873                  |
| November | 15,878,900         | 158,789                  |
| December | 15,352,450         | 153,524                  |
| TOTAL | 212,306,200        | 2,123,062                 |

Source: processed data, recapitulation of gross revenue of PT XYZ 2014

Based on table 4 above, it can be seen that the income tax payable by PT XYZ for the 2014 fiscal year is Rp. 2,132,062. In 2014, the Government Regulation No. 46 of 2013 has been fully implemented by PT XYZ.

The difference in the calculation of corporate income tax (PPh) will also affect the amount of tax that must be paid by PT XYZ. The following table shows the comparison of the amount of Income Tax (PPh) payable that must be paid by PT XYZ before and after the implementation of the Government Regulation.

Table 5. Comparison of the amount of taxes paid by PT XYZ Before and After PP No. 46 Year 2013

|       | Turnover | Income Tax Payable |
|-------|----------|--------------------|
| 2012 | IDR.173,634,050 | IDR.8.691256       |
| 2013 | IDR.161,022,900 | IDR.4.101.769      |
| 2014 | IDR.212,306,200 | IDR.2.123.062      |

Source: processed data, PT XYZ income statement 2012 - 2014

When PP 23 of 2018 has been implemented, the tax rate which was previously 1% has decreased to 0.5%. However, it is necessary to pay attention to the deadline for implementing PP 23 of 2018. The time limit given by the government for taxpayers who want to take advantage of the 0.5% Final PPh rate is: 7 tax years for individual taxpayers, 4 tax years for corporate taxpayers in the form of cooperatives, CV, or firm and 3 tax years for corporate taxpayers in the form of PT.

Conclusion

Based on the analysis and discussion that has been carried out by researchers regarding the amount of tax paid before and after the implementation of the MSME tax, it can be seen that the calculation of the tax payable at the MSME rate of 1% which then becomes 0.5% simpler. If the company has a high enough profit, of course, this will provide benefits for the company because the amount of tax paid is 1% of turnover, not 12.5% of net income, such as the calculation simulation that has been discussed in the discussion. However, on the other hand, if the company has a small profit, the tax rate of the percentage of turnover will be very detrimental to the taxpayer.
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