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RESEARCH ARTICLE

ANALYSIS OF DIFFERENCES THE INTEREST IN PAYING INCOME TAX AFTER TAX REDUCTION (CASE STUDY IN THE SME OF THE FOOD INDUSTRY AND THE TEXTILE INDUSTRY).

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Abstract

The reduction of SME income tax has caused controversy. This study aims to determine and analyze differences the interest in paying taxes after the reduction of income tax, especially in the food industry and textile industry. The population in this study is all SME engaged in the food industry and textile industry in Surabaya and Sidoarjo. Based on the test results, it can be concluded that the policy of reducing the income tax rate shows a positive response from SMEs. The results of this study also show that there is no difference in responses from both the food and textile industries.

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Introduction:-

In Indonesia, taxes are a significant source of revenue for the government. Taxes are also has contribution to the development of this country. One of the taxes that have large contribution is the SME income tax. In Government Regulation (PP) Number 46 of 2013 the final income tax rate is 1%. The government reduce the SME income tax rate from 1% to 0.5%. The policy regulated in PP Number 23 of 2018.

However, the reduction of SME income tax has caused controversy. Some people agree with lowering the income tax rate for SMEs. Meanwhile, some people still view that the imposition of tax rates for SMEs is still high. This study will explore whether there are differences the interest in paying taxes after the reduction of income tax, especially in the SME of the food industry and textile industry. This study aims to determine and analyze differences the interest in paying taxes after the reduction of income tax, especially in the food industry and textile industry. This research is expected to contribute in provide an overview for further research related to interest in paying taxes after the reduction of income tax, and also provide an overview for the Government, especially the Directorate General of Taxes regarding the interest in paying taxes after the implementation of tax reduction.

Conceptual Review

Micro, Small and Medium Enterprises

According to Act Number 20 of 2008 concerning Micro, Small, and Medium Enterprises:

1. Micro Enterprises are productive economic enterprises owned by individuals or business entities in accordance with the criteria for micro enterprises. The criteria for micro-enterprises are the net worth of Rp 50,000,000 and excluding buildings and land where the business is located. Have sales of micro businesses every year a maximum of Rp. 300,000,000,-
2. Small Business is a productive economic business that is independent or independent, whether owned by individuals or groups and not as a branch business entity of the main company. The criteria for a small business is a

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net worth of Rp 50,000,000 with a maximum required amount of Rp 500,000,000. Have annual business sales between Rp 300,000,000 to a maximum of Rp25,000,000,000.

3. Medium Enterprises are businesses in a productive economy and are not branches or subsidiaries of the central company and are part of it directly or indirectly. The criteria for a medium-sized business are that the net worth of the business owner reaches more than Rp. 500,000,000 to Rp. 10,000,000,000,- and does not include buildings and land where the business is located. And the annual sales results reach Rp 25,000,000,000 to Rp 50,000,000,000.

So it can be concluded that SME are a business established by individuals or entities to create jobs and help the country's economy through business taxes and paid income taxes.

Income Tax

Income tax according to Judisseno (2004) is an official levy aimed at people who earn or on income received or earned in the tax year for the benefit of the state and society in the life of the nation and state as an obligation that must be implemented. In accordance with the provisions of the tax law, namely Act Number 17 of 2000, it is explained that every taxpayer who earns income from his business activities is obliged to pay taxes to the state treasury. The regulation regarding SME income tax is regulated in PP Number 23 of 2018. Income Tax is divided into 2, namely:

1. Final Income Tax, this tax is calculated directly from how much income.
2. Non-final Income Tax, this tax is calculated from gross income plus other costs such as acquisition, maintenance, and collection costs.

Final Income Tax is a tax imposed at certain rates and tax bases on income received or earned during the current year. Based on Act Number 36 of 2008 concerning Income Tax, the final taxes include:

1. Income from interest on deposits and savings.
2. Income from bond interest.
3. Income from lottery prizes.
4. Income from the sale of shares on the stock exchange.
5. Income from construction services business.
6. Income from rental of land and buildings.
7. Income from Indonesian shipping companies
8. Income from foreign taxpayers who have a representative office in Indonesia
9. Fiscal Net Income

Tax Reduction (Government Regulation Number 23 of 2018)

Government Regulation Number 23 of 2018 is the legal basis governing SME taxation to replace Government Regulation Number 46 of 2013. The objectives of this new regulation are:

1. Encouraging the community to participate in formal economic activities.
2. Provide convenience to taxpayers.
3. Provide more fair regulations to taxpayers.

The main provisions contained in Government Regulation Number 23 of 2018 are:

1. Tax Rate

The income tax rate in Government Regulation Number 23 of 2018 is 0.5% and is optional. Which means that taxpayers are free to choose to follow the 0.5% tax rate or use the normal tax rate which refers to Act Number 36 of 2008.

2. Deadline

- a. Seven years for individual taxpayers
- b. Four years for corporate taxpayers in the form of a cooperative, CV, or partnership
- c. Three years for corporate taxpayers in the form of PT

After the time limit expires, taxpayers will return to using the normal scheme as regulated by Act Number 36 of 2008.

3. Criteria for Taxpayers Subject to Final Income Tax

Taxpayers with income less than Rp 4.8 billion are SME. Taxpayers are subject to 0.5% Final income tax are:

- a. Individual Taxpayer

- b. Corporate taxpayers in the form of cooperatives, CV, partnership, or PT that receive or earn income with a gross sales less than Rp 4.8 billion.
4. Taxpayer Exception
- a. Individual Taxpayers with income derived from services in connection with independent work. This includes a partnership or firm that consisting of individual taxpayers with similar expertise such as law firms, accounting firms and so on.
- b. Taxpayers with income earned abroad whose taxes are payable or have been paid abroad.
- c. Taxpayers whose income has been subject to final income tax with the provisions of separate tax laws and regulations.
- d. Taxpayers with income that is excluded as a tax object.

Methodology:-

The population of this study is all individuals who will be subjected to generalization targets from samples taken in a study (SutrisnoHadi, 2015). The population in this study is all SME engaged in the food industry and textile industry in Surabaya and Sidoarjo. The research sample was 100 SMEs consisting of 50 SMEs engaged in the food industry and 50 SMEs engaged in the textile industry.

This study used a questionnaire with a Likert scale which was arranged with five alternative answers. The research data collection technique was carried out through the following stages:

1. Distribution of questionnaires to SMEs
2. Collection research questionnaires that have been filled out by respondents
3. Tabulation of research data
4. Analysis of research data
5. Prepare conclusions and research reports

Findings and Discussion:-

Descriptive Statistical Results

Descriptive statistics function to describe or provide an overview of the object under study through sample or population data as it is without analyzing and making generally accepted conclusions (Sugiyono, 2007). This descriptive statistical analysis uses class interval values as follows:

Table 1:- Interval Class.

Interval	Category
1,0 - 1,8	Very low
1,9 - 2,6	Low
2,7 - 3,4	Medium
3,5 - 4,2	High
4,3 - 5,0	Very high

Source: Sugiyono (2007)

Based on the results of descriptive statistics, the average of willingness to pay taxes in the textile industry and the food industry is in the high category. The average answer from the food industry was 4.16, while the average answer from the textile industry was 4.09. This shows that both the food industry and the textile industry have a high willingness to pay taxes. The following are the results of descriptive statistics from the variable of willingness to pay taxes:

Table 2:- Descriptive Statistic Result of Willingness to Pay Taxes.

No	Description	Food		Textile	
		Mean	Category	Mean	Category
1	Before making tax payments, taxpayers consult with parties who understand tax regulations	4,32	Very high	4,22	High
2	The taxpayer prepares the necessary documents to pay taxes	4,28	High	4,16	High
3	Taxpayers are trying to find information about the	4,21	High	4,08	High

	deadline for paying taxes				
4	I allocate funds to pay taxes	3,83	High	3,88	High
	Willingness to Pay Taxes	4,16	High	4,09	High

Based on the results of descriptive statistics, the average knowledge and understanding of tax regulations in the textile industry and food industry is in the high category. The average answer from the food industry was 3.94 while the average answer from the textile industry was 3.86. This shows that both the food industry and the textile industry have high knowledge and understanding of tax regulations. The following are the results of descriptive statistics from the knowledge and understanding variables of tax regulations:

Table 3:- Descriptive Statistic Result of Knowledge and Understanding of Tax Regulations.

No	Description	Food		Textile	
		Mean	Category	Mean	Category
1	The decrease in the SME tax rate from 1% to 0.5% has an effect on interest in paying taxes	4,06	High	4,02	High
2	If you do not fulfill your tax obligations, you will be subject to tax sanctions	4,13	High	3,98	High
3	Knowledge and understanding of tax regulations obtained from the socialization of tax officer	3,64	High	3,59	High
	Knowledge and understanding of tax regulations	3,94	High	3,86	High

Based on the results of descriptive statistics, the average awareness of paying taxes in the textile industry and food industry is in the high category. The average answer from the food industry was 3.76, while the average answer from the textile industry was 4.09. This shows that both the food industry and the textile industry have high awareness of paying taxes. The following are descriptive statistical results of the awareness variable paying taxes:

Table 4:- Descriptive Statistic Result of Awareness of Paying Taxes.

No	Description	Food		Textile	
		Mean	Category	Mean	Mean
1	Tax is the largest source of state revenue	3,89	High	4,20	High
2	Tax can be used to support the country's development	4,02	High	4,33	High
3	Delay in paying taxes can harm the state	3,68	High	3,98	High
4	Paying taxes that are not in accordance with the amount that should be paid is very detrimental to the state	3,43	High	3,86	High
	Awareness of paying taxes	3,76	High	4,09	High

Based on the results of descriptive statistics, the average level of trust in the government system in the textile industry and food industry is in the high category. The average answer from the food industry is 3.58 while the average answer from the textile industry is 3.44. This shows that both the food industry and the textile industry have a high level of trust in the government system. The following are the results of descriptive statistics from the awareness variable to pay taxes:

Table 5:- Descriptive Statistic Result of Level of Trust in The Government System.

No	Description	Food		Textile	
		Mean	Category	Mean	Category
1	The government system is running well	3,49	High	3,31	High
2	Desire to pay taxes because the government has carried out its functions and authorities well	3,60	High	3,47	High
3	Trust in tax collection reallocated to the people	3,66	High	3,55	High
	Level of trust in the government system	3,58	High	3,44	High

Hypothesis Test Results:-

The hypothesis test is carried out to see the difference in interest in paying taxes between the textile industry and the food industry after the implementation of the reduction in income tax rates. Based on the test results, it was found

that the significance value obtained was 0.782. This shows that there is no difference in interest in paying taxes in the food industry and the textile industry.

Discussion:-

The results show that after the implementation of the reduction in the income tax rate from 1% to 0.5%, the willingness to pay taxes in the textile industry and food industry is categorized as high. There is no difference in the level of willingness to pay taxes for both the textile industry and the food industry. This condition shows a positive response from SME regarding the policy of reducing income tax rates. In addition, the results of the tests carried out show that knowledge and understanding of tax regulations, especially the policy of reducing income tax rates in the textile industry and food industry are categorized as high. This shows that neither the textile industry nor the food industry has any difference in the level of knowledge and understanding of tax regulations. The results of the tests carried out show that after the implementation of the reduction in the income tax rate from 1% to 0.5%, awareness of paying taxes in the textile industry and food industry is categorized as high. There is no difference in the level of awareness of paying taxes in both the textile industry and the food industry.

Based on the test results, it can be concluded that the policy of reducing the income tax rate from 1% to 0.5% shows a positive response from SMEs. In general, all SMEs have the same positive response and there is no difference in perception. This result is in line with research conducted by Setiawan (2019) which states that the perception of SME Taxpayers on Government Regulation Number 23 of 2018 in terms of tariffs, sanctions, convenience and tax socialization as a whole is good, and has provided understanding and offers convenience in paying taxes for SMEs.

Conclusion:-

Based on the results of this study, it can be concluded that the policy of reducing income tax rates for SMEs regulated in Government Regulation Number 23 of 2018 was responded positively by all SMEs. This is indicated by the level of willingness to pay taxes, awareness of paying taxes, knowledge and understanding of tax regulations is high. The results of this study also show that there is no difference in responses from both the food and textile industries.

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