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## Analysis of the Impact of Government Regulation No. 55 of 2022 on The Compliance of MSME Taxpayers in The Regional Office of the Directorate General of Taxes in South Sumatra and Bangka Belitung in 2023

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### Abstract

This study aims to analyse the effect of the implementation of Government Regulation No. 55 of 2022 on Final Income Tax revenue from Individual Taxpayers (WP OP) and also on compliance of Individual Taxpayers (WP OP) MSMEs at the Regional Office of the Directorate General of Taxes of South Sumatra and Bangka Belitung Islands. This research approach was conducted using a quantitative approach with descriptive methods. The population of this research is MSME Individual Taxpayers (WP OP) in the working area of the Regional Office of the Directorate General of Taxes of South Sumatra and Bangka Belitung Islands. The data used is primary data, obtained from the database of the Regional Office of DGT of South Sumatra and Bangka Belitung Islands. The results of this study indicate that the implementation of PP No. 55 of 2022 has a positive effect on the compliance of MSME OP taxpayers in the working area of the Regional Office of DJP South Sumatra and Bangka Belitung Islands.

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### INTRODUCTION

The Micro, Small and Medium Enterprises sector, which is familiarly referred to as MSMEs, is one of the driving forces of the country's economy in Indonesia (Hartini & Suwandewi, 2022). MSMEs take a big role in the movement of the country's economy with a contribution of up to 61% to Indonesia's Gross Domestic Product (GDP) with at least 64.2 million recorded MSME players, able to provide jobs for around 119.6 million people for the workforce in Indonesia (Asepma Hygi Prihastuti, Saipul Al Sukri, Jusmarni, 2023). Meanwhile, the tax contribution from the MSME sector is still 2.2% of the total Income Tax (PPh) revenue paid by taxpayers themselves (self-assessment) so that special attention is needed from the Directorate General of Taxes. This shows that the awareness of taxpayers is still relatively low, even though the main factor to increase tax revenue is the awareness and compliance of the taxpayers themselves (Adeline & Karina, 2022).

In an effort to simplify tax calculations for MSME business taxpayers, in 2013 the government passed Government Regulation Number 46 of 2013. In this policy, entrepreneurial taxpayers with business turnover of up to 4.8 billion only use a rate of

1% of the final gross business turnover to calculate the income tax that must be deposited every month (Sianipar & Sitompul, n.d.). Over time, in July 2018, the government enacted Government Regulation No. 23/2018 related to the tax rate imposed on MSME entrepreneur taxpayers, which was originally subject to a rate of 1% to 0.5% with a time limit of 7 years for individual taxpayers, 4 years for business entity taxpayers, and 3 years for corporate taxpayers in the form of Limited Liability Companies (Ferry et al., 2018). The purpose of the regulation change is none other than to provide justice and ease of tax calculation for taxpayers of MSMEs (Case et al., n.d.).

Shortly after the implementation of the 0.5% Final Income Tax rate, since the end of 2019, the world has been hit by the COVID-19 pandemic which has claimed many lives. Indonesia has also been affected by the virus since March 2020. The world economy has also been hit by losses affected by changes in people's living habits, including Indonesia. This has resulted in the government needing to rack their brains so that how can business actors, especially MSMEs, survive. The government has finally provided many incentives, one of which is fiscal incentives related to taxation. These incentives are certainly a breath of fresh air for MSMEs (Malik, 2022).

After a long wait, the COVID-19 case finally subsided, and the economy slowly began to rise. The government is trying to make Indonesia recover faster and rise stronger (Indahsari & Fitriandi, 2021). One of the government's efforts is to issue the Harmonisation of Tax Regulations Law, which regulates points regarding the provision of limits for MSME Individual Taxpayers (WP OP), namely business turnover of up to IDR 500 million a year is not subject to 0.5% MSME Final Income Tax (Mohklas, 2022). This is further regulated by a derivative regulation, namely Government Regulation Number 55 of 2022, which confirms that the validity of this policy starts from the 2022 tax year.

The provision of a turnover limit of up to 500 million not subject to Final Income Tax will certainly affect tax revenue from the MSME sector. In simple terms, previously MSME OP taxpayers, namely all OP taxpayers who have a business turnover of 0 to 4.8 billion, contributed 0.5% Final Income Tax, now only OP taxpayers with turnover above 500 million to 4.8 billion are left. However, the government hopes that this policy can raise public awareness in paying their tax obligations. (Setiawan, n.d.). Therefore, the author takes this theme to conduct further research whether it is true that taxpayers become more compliant in carrying out their tax obligations by reporting their turnover in the Annual Tax Return.

This study aims to analyse the effect of the implementation of PP No. 55 of 2022 on the compliance of MSME OP taxpayers at the Regional Office of the DGT of South Sumatra and Bangka Belitung Islands.

## **METHODOLOGY**

This research uses a quantitative approach. This research method uses descriptive research methods. The research design used is a correlational research design, where

researchers want to analyse how the influence of policies implemented by the government, in this case PP No. 55 of 2022 concerning the application of turnover limits up to 500 million Rupiah a year not subject to 0.5% Final Income Tax on the level of MSME Final Income Tax revenue and taxpayer compliance.

The population of this research is MSME Individual Taxpayers (WP OP). The sample of this study is MSME OP taxpayers who submit Annual Tax Return reporting and/or who make MSME Final Income Tax payments at the Regional Office of DGT South Sumatra and Bangka Belitung Islands from 2018 to 2022.

## RESULTS AND DISCUSSION

Government Regulation No. 55 of 2022 provides the latest policy related to the limit of turnover of IDR 500 million a year not subject to MSME Final Income Tax for MSME OP Taxpayers which is valid since fiscal year 2022. Of course, this policy provides great benefits for MSME players. However, this policy will certainly have the effect of reducing the potential for tax revenue that has been there. However, WP OP MSMEs are still required to record turnover and submit their Annual Tax Return reporting every year, so that the enactment of policies that ease the burden on MSME taxpayers should make taxpayers more compliant with their tax obligations.

The following is attached data obtained from the Database of the Regional Office of the DGT of South Sumatra and Bangka Belitung Islands and also the Taxpayer Compliance dashboard of the Regional Office of the DGT of South Sumatra and Bangka Belitung Islands.

Table 1. Final Income Tax Revenue of MSMEs WP OP Regional Office of DGT South Sumatra and Bangka Belitung Islands 2018 to 2022

No	Month	2018	2019	2020	2021	2022
1	Januari	8,725,094,809	6,865,918,147	7,332,853,776	4,659,811,337	5,770,616,084
2	Februari	8,911,411,227	7,128,547,916	7,649,460,868	5,147,762,967	4,430,265,379
3	Maret	14,278,783,983	11,055,167,656	7,961,825,807	7,633,025,447	8,728,290,818
4	April	9,333,820,838	7,215,548,750	5,780,276,153	5,202,238,848	4,782,101,002
5	Mei	9,099,663,106	7,035,127,307	2,983,090,446	5,181,831,280	5,299,002,426
6	Juni	8,309,127,550	6,697,333,283	3,384,279,322	5,015,641,778	6,978,391,830
7	Juli	9,609,491,780	7,426,673,981	4,456,378,526	5,262,878,025	6,373,209,968
8	Agustus	7,186,060,176	7,437,512,325	4,375,410,592	5,604,310,581	6,899,577,326
9	September	7,126,094,615	7,763,468,008	4,718,685,321	6,649,148,763	6,969,120,724
10	Oktober	7,226,976,505	7,967,165,149	4,683,538,784	6,523,083,606	6,611,534,668
11	November	7,218,797,123	7,639,906,770	5,423,479,788	6,611,036,099	6,961,373,256
12	Desember	8,236,118,408	8,750,798,968	6,463,135,952	7,499,590,970	6,962,905,268
	<b>Total</b>	<b>105,261,440,120</b>	<b>92,983,168,260</b>	<b>65,212,415,335</b>	<b>70,990,359,701</b>	<b>76,766,388,749</b>
	<b>Growth</b>		<b>-11.66%</b>	<b>-29.87%</b>	<b>8.86%</b>	<b>8.14%</b>

Based on the data in Table 1, Final Income Tax revenue from MSME OP Taxpayers in 2018 to 2019 decreased from IDR105,261,440,120 to IDR92,983,168,260 due to the reduction in the Final Income Tax rate from 1% to 0.5% which began in July 2018. While in 2020 it decreased by 29.87% from 2019 to IDR 65,212,415,335 due to the COVID 19 pandemic. Although in 2021 COVID 19 has not subsided, Final Income Tax from MSME OP taxpayers showed an increase of 8.86% from the previous year to IDR 70,990,359,701.

Table 2. Number of Final Income Tax Payers in the Regional Office of DGT South Sumatra and Bangka Belitung Islands 2018 to 2022

No	Month	2018	2019	2020	2021	2022
1	Januari	17,058	20,779	21,903	13,031	13,136
2	Februari	16,961	20,228	22,329	13,197	9,139
3	Maret	19,853	25,218	22,766	15,136	10,905
4	April	17,773	20,605	15,899	12,634	8,118
5	Mei	17,482	20,196	10,779	11,926	8,166
6	Juni	14,830	19,295	12,495	12,867	9,321
7	Juli	18,467	21,613	12,955	12,186	9,305
8	Agustus	18,012	21,972	13,531	12,325	9,888
9	September	19,666	20,890	12,950	12,643	10,114
10	Oktober	19,849	23,741	12,849	12,627	10,169
11	November	20,067	22,477	13,892	12,736	10,265
12	Desember	20,012	29,822	13,576	13,232	10,651
	<b>Total</b>	<b>220,030</b>	<b>266,836</b>	<b>185,924</b>	<b>154,540</b>	<b>119,177</b>
	<b>Growth</b>		<b>21.27%</b>	<b>-30.32%</b>	<b>-16.88%</b>	<b>-22.88%</b>

In 2022, when COVID 19 has begun to subside, the economy has returned to normal conditions so that Final Income Tax revenue has increased slightly by 8.14% to IDR 76,766,388,749. However, the implementation of a new policy related to turnover up to IDR 500 million a year not taxable as regulated by PP No. 55 of 2022 has affected the number of MSME OP taxpayers who pay taxes to only 119,177 payments for 12 months, which is a drastic decrease of 22.88% from the previous year in 2021 which was 154,540 payers as shown in Table 2. This shows that with the implementation of PP No. 55 of 2022, it does not make the Final Income Tax revenue from MSME OP Taxpayers in the Regional Office of the DGT of South Sumatra and Bangka Belitung Islands decrease but has a negative effect on the number of MSME OP Taxpayers who pay MSME Final Income Tax.

Table 3. Annual Tax Return Receipt of the Regional Office of the DGT of South Sumatra and Bangka Belitung Islands 2018 to 2022

No	Month	2018	2019	2020	2021	2022
1	Januari	1,460	2,313	3,133	2,279	2,561
2	Februari	3,506	6,040	6,623	4,415	5,249

No	Month	2018	2019	2020	2021	2022
3	Maret	14,378	18,186	7,411	11,511	12,504
4	April	1,163	1,745	3,671	999	1,341
5	Mei	491	892	2,211	558	921
6	Juni	756	638	503	842	1,744
7	Juli	593	1,106	1,206	441	783
8	Agustus	362	1,311	881	472	1,056
9	September	434	1,433	795	777	892
10	Oktober	496	948	427	1,153	610
11	November	456	616	796	920	630
12	Desember	818	752	811	855	473
<b>Total</b>		<b>24,913</b>	<b>35,980</b>	<b>28,468</b>	<b>25,222</b>	<b>28,764</b>
<b>Growth</b>			<b>44.42%</b>	<b>-20.88%</b>	<b>-11.40%</b>	<b>14.04%</b>

Based on Table 2, we can see that there is a decrease in the number of MSME OP taxpayers who make payments from 2019 even until 2022 as many as 119,177 MSME OP taxpayers only. However, based on Table 3, we can see that from 2020 to 2021 there has always been a decrease in the number of WP OP MSMEs reporting their Annual Tax Return, namely in 2020 by 20.88% and in 2021 by 11.40%, suddenly in 2022 there was an increase from 2021 by 25,222 to 28,764. Thus, the government's goal of enforcing this policy of providing non-taxable limits so that MSME OP taxpayers are expected to be more compliant regarding their annual tax return reporting is successful. Especially those whose annual income does not reach 500 million Rupiah, because they are no longer obliged to pay taxes, their obligations only need to make records and report them on the Annual Tax Return.

## CONCLUSIONS

Based on the results and discussion above, the application of PP No. 55 of 2022 related to the provision of turnover limits up to 500 million a year is not subject to 0.5% Final Income Tax is positive for compliance of MSME taxpayers related to Annual Tax Return reporting at the Regional Office of the DGT of South Sumatra and Bangka Belitung Islands. This shows that the existence of government incentive policies can provide relief for WP OP MSMEs in unstable economic conditions and can increase the level of WP awareness so that the hope is that in the future if the business increases, the awareness to report the Annual Tax Return is embedded.

The Directorate General of Taxes needs to intensify and optimise socialisation to MSME taxpayers so that the relief facilities provided by the government related to the provision of a turnover limit of 500 million Rupiah a year not subject to 0.5% Final Income Tax can be utilised and applied for those who have met the requirements. Not only related to the limit of non-taxable, the socialisation of education on the tax obligations of WP OP MSMEs also needs to be emphasised even though they are no

longer paying taxes, they are still obliged to record their monthly turnover and submit it in their Annual Tax Return reporting each year.

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