The Effect of Final Sanctions to Increase MSME Taxpayer Compliance in The City of Jambi

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Abstract:
This study aims to determine the effect of fines on the level of compliance of MSME taxpayers with a case study for the city of Jambi. Data was obtained by distributing questionnaires containing questions related to the variables studied, only 90 respondents were sampled from all MSME actors in Jambi. The data is then analyzed using a simple regression method, from the results of the analysis it is known that the significance value of fines is 0.044 less than 0.05, which means that fines can affect the level of compliance of MSME taxpayers in the city of Jambi. This research is still limited by using only the variable of penalties for measuring the level of taxpayer compliance, so it is recommended for further research to examine other variables that can affect the level of taxpayer compliance.

Introduction

In the Indonesian economy, Micro, Small and Medium Enterprises or MSMEs are the business groups that have the largest number. In addition, this group has proven to be resistant to various kinds of shocks from the economic crisis, meaning that MSMEs have an important role. MSME business actors consider tax issues only for large businesses. Whereas the taxpayer also applies to MSME business actors. The MSME business actors actually cannot avoid the supervision of the Directorate General of Taxes.

In accordance with Government Regulation (PP) Number 23 of 2018, MSMEs with a gross turnover of under Rp. 4.8 billion a year can use a Final PPh rate of 0.5% of gross income. So that the provisions for submitting the Annual Income Tax Return for MSMEs with a certain gross income follow the general annual SPT submission procedure.

However, it is necessary to pay attention to the submission of information on gross income and income tax that has been paid on such income. This information must be filled in the Final PPh section contained in each Annual Income Tax Return. It is also equipped with a special attachment to the list of recapitulation of gross circulation calculations and payments for the 2018 PPh Final PP 23.

MSMEs with the status of a Taxable Entrepreneur (PKP) means that they already have a gross turnover of more than Rp. 4.8 billion a year and can only use normal PPh rates. The normal income tax rate is in accordance with Law Number 36 of 2008 concerning Income Tax, which is 25%. Through Government Regulation in Lieu of Law (Perppu) No. 1 of 2020, the corporate income tax rate will be reduced to 22% in 2020 and 2021.

From the data from the Ministry of Finance, it can be seen that the tax compliance ratio has increased slightly. Even though the number of people who become taxpayers continues to increase. In 2018 the tax ratio was 71% or only 12.55 million people were tax-compliant out of a total of 17.65 million taxpayers. In 2019, the tax ratio rose to 73%. The number of people who obey taxes is only 13.39 million out of 18.33 million taxpayers. Then in 2020, the tax compliance ratio increased again to 78%. However, the number of people who obey did not increase significantly from the previous year. In 2020, the number of compliant taxpayers is only 14.76 million out of a total of 19.01 million taxpayers. This means that there are still around 5 million taxpayers who do not comply.

Whereas MSME actors who do not comply with taxes can harm the state and their own businesses, because MSME actors who do not comply with taxes will be subject to sanctions in the form of threats of punishment, such as administrative sanctions. . Administrative sanctions are sanctions for payment of losses to the state. Administrative sanctions are divided into three, namely fines, interest sanctions, and increase sanctions.

In addition to administrative sanctions, there are also criminal sanctions. Criminal sanctions can be imposed on MSME business actors who intentionally do not submit the Annual Tax Return (SPT) or submit but the contents of the Annual Tax Return (SPT) are incorrect. Criminal sanctions that can be given are in the form of fines, imprisonment, and imprisonment.

No tax system can function effectively without the participation of the majority of taxpayers, therefore the factors that affect tax compliance are very important. Several factors affect taxpayer compliance in paying taxes, namely service quality, tax sanctions, and taxpayer awareness (James and Nobes, 1997).

According to Torgler (2005), one of the most serious problems for economic policy makers is encouraging the level of taxpayer compliance. This is supported by Simanjuntak (2009) who in his research explains that tax compliance as an indicator of the community's role in fulfilling tax obligations is still low. Tax compliance that does not increase will threaten the government's efforts to improve people's welfare (Chau, 2009).

The theoretical basis used in this research is compliance theory. Compliance theory can encourage someone to comply more with applicable regulations, as well as taxpayers who try to fulfill their obligations, namely paying taxes on time. Tax payments made on time will be beneficial for taxpayers themselves because they will not be subject to sanctions due to late paying taxes and will also be able to assist the state in fulfilling its obligations, namely increasing infrastructure development to support public services. According to Tyler (in Saleh and Susilowati, 2004) there are two basic perspectives on legal compliance, namely instrumental and normative.

Taxpayer compliance can be improved through service quality. According to Supadmi (2009), in his research, he stated that quality service is a service that provides satisfaction to customers and is within the limits of meeting service standards that can be accounted for and carried out continuously. Research on service quality was also conducted by Sanjaya (2013) in his research which concluded that service quality has a positive and significant effect on taxpayer compliance in paying hotel taxes at the Denpasar City Revenue Service.

Fuadi and Yeni (2013) examined the effect of tax officer service quality, tax sanctions and tax compliance costs on MSME taxpayer compliance with the results showing that service quality and tax sanctions had a positive effect on MSME taxpayer compliance. However, the results are different from the research conducted by Mahdi and Windi (2017) that tax sanctions have no partial effect, partially do not affect individual taxpayer compliance at the Banda Aceh Primary Tax Service Office.

Taxpayers' awareness of the tax function as state financing is very much needed to improve taxpayer compliance (Jatmiko, 2006). According to Suardika (quoted from Muliari and Setiawan, 2010), the public must be aware of their existence as citizens and must always uphold the 1945 Constitution as the legal basis for administering the state. Research conducted by Jatmiko (2006) found that tax awareness has a significant positive effect on taxpayer compliance. Research conducted by Muliari and Setiawan (2010) also found that taxpayer awareness has a positive and significant effect on individual taxpayer reporting compliance at the East Denpasar Tax Office.

The Indonesian economy is dominated by business activities based on micro, small and medium enterprises (MSMEs). The large number of MSME units in Indonesia should also be reflected in tax revenues. However, tax revenue is dominated by large taxpayers whose number is less than 1%, of which the rest are taxpayers engaged in MSMEs (Rakhmad, 2012). For SMEs, taxes are still seen as a burden, which should be avoided as much as possible.

The Indonesian government needs to take the MSME sector seriously. The role of MSMEs in the economy must be taken into account in the process of planning a policy in the field of taxation. The large number of MSME business actors if considered carefully is a

potential that will have an impact on increasing tax compliance behavior. The following is data on the development of MSMEs in Jambi City from year to year which is increasing:

Tabel 1. Msme Development in Jambi City

Description	2016	2017	2018
number of SMEs	10.868	11.221	11.641
		(353)	(420)

Source: Disperindagkop

Adiputra and Wirama (2017) examined the effect of service quality, fines, and taxpayer awareness on taxpayer compliance with the results showing that service quality has a positive effect on groundwater taxpayer compliance, tax sanctions have a positive effect on groundwater taxpayer compliance, and taxpayer awareness has a positive effect on groundwater taxpayer compliance.

Based on this background and phenomena, the researcher is interested in conducting research with the title: "The Effect of Final Sanctions to Increase Msme Taxpayer Compliance in The City Of Jambi".

Research Method

The type of sample used in this study is random sampling, which means the researcher will take a random sample from the total population. The method of data collection in this study was done by distributing questionnaires or questionnaires. The questionnaire is a series of list of questions relevant to the research variables addressed to the research subject or respondents in this study, there were 90 respondents from MSME actors.

This study measures two variables, namely the independent variable (independent) and the dependent variable (dependent). Sanski Fines (X) While the dependent variable in this study is the level of taxpayer compliance (Y). The data analysis tool used is a simple regression analysis which is processed using the SPSS program.

Statistical analysis is concerned with modeling data and making decisions based on data analysis. In this study using a data analysis tool in the form of simple regression.

The regression equation is as follows:

$$Y = a + bX + e$$

Note :   Y = Taxpayer Compliance
a = constant
b = Regression Coefficient
X = Penalty Sanction
e = Error

A simple regression model can be used to forecast or predict the value of Y. But before doing forecasting, a linear regression model or equation must first be made. When a fit model has been formed, the model has the ability to predict the value of Y based on the known Y variable. Let's say a regression model is used to make an equation between the penalty penalty (X) and the level of taxpayer compliance (Y). When we have obtained a model that

413

fits the fines with the level of taxpayer compliance, then we can predict how much effect the fine sanctions have on the level of taxpayer compliance.

Result and Discussion

Tabel 2. T-test Statistic

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,625	1,035		1,570	,120
	Sanksi	,206	,101	,200	2,045	,044

a. Dependent Variable: compliance level

Sumber: processed data

From table 3, the significance value of sanctions is 0.044 < 0.05, which indicates that sanctions have an influence on taxpayer compliance. So from the results of the study concluded that sanctions have a positive influence in increasing MSME taxpayer compliance. This is in accordance with the results of previous research conducted by Fuadi and Yeni (2013), the effect of service quality of tax officers, tax sanctions and tax compliance costs on MSME taxpayer compliance with research results showing that service quality and tax sanctions have a positive effect on MSME taxpayer compliance. , and research by Adiputra and Wirama (2017) with research results showing that service quality has a positive effect on groundwater taxpayer compliance, tax sanctions have a positive effect on groundwater taxpayer compliance, and taxpayer awareness has a positive effect on groundwater taxpayer compliance.

Conclusion

Based on the research and the results of the research discussion, the level of compliance of MSME taxpayers in the city of Jambi can be influenced by the existence of sanctions seen from the significance value of Sanctions is 0.044 <0.05. From this study it was found that fines can encourage the level of compliance of MSME taxpayers in fulfilling their obligations in paying taxes.

Acknowledgments

Thank you to the SMEs involved in this research. The contribution of fine sanctions in increasing taxpayer compliance at MSMEs in Jambi City is only a small part of the variables, so it is recommended that in conducting further research, researchers can add other variables that can affect the increase in taxpayer compliance.

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