

Socialization of Harmonization of Tax Regulations to Increase Tax-Compliant MSMEs in Pematang Serai Village

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Abstract. *The government has formulated the latest policy in taxation which is contained in Law Number 7 of 2021 concerning Harmonization of Tax Regulations or what we often hear about as the HPP Law. Based on the situation analysis, there are still many MSMEs who have not heard, understood, and understood the changes to these regulations. Therefore, this service activity involves MSMEs actors in Pematang Serai Village as participants in this Community Service activity. The stages in this activity start from analyzing the participant's situation, reviewing and formulating activities, socializing activities, and implementing community service. Based on the results of the service that has been carried out, it can be concluded that changes related to tax regulations make this socialization and training activity important. This aims to increase the knowledge of MSMEs actors as taxpayers regarding changes to existing tax regulations.*

Keywords: *Socialization, Tax Regulations, Tax Compliant MSMEs*

INTRODUCTION

Tax is one source of state revenue therefore policies are needed to regulate it so that tax regulations can be implemented more optimally. As times change, the world of taxation is trying to keep up with the flow of change so as not to be left behind by existing technological advances. Taxation often experiences changes in terms of applicable regulations and legislation (Suryadi et al., 2022).

The role of universities in supporting tax reform in Indonesia can be implemented through the tridharma of higher education and as a bridge, it is necessary to involve the university community to empower society, especially in the field of taxation, because universities are a very strategic part of synergizing with the government in efforts to create inclusion in all communities. feel included and involved so that they have awareness in carrying out their tax rights and obligations correctly.

The increase or decrease in economic growth in Indonesia is influenced by various factors, one of which is the involvement of Micro, Small and Medium Enterprises

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(MSMEs). This is because MSMEs as contributors to national gross domestic product (GDP) have an important role in Indonesia's economic recovery (Firmansyah et al., 2019). Considering that the taxation system in force in Indonesia is a self-assessment system, every taxpayer must update their knowledge in order to carry out their tax obligations correctly in accordance with applicable regulations. This also applies to MSMEs taxpayers. Thus, MSMEs taxpayers can register, calculate, calculate, deposit and report taxes correctly. If MSMEs taxpayers carry out their tax obligations correctly, government revenues from the tax sector can be optimized.

The high number of MSMEs in Indonesia cannot be separated from various challenges and obstacles, one of which is the Covid-19 pandemic. The Covid-19 pandemic has had many negative impacts on MSMEs, therefore, the government is committed to continuing to support MSMEs so that they are able to survive, develop and grow amidst the challenges of the current pandemic and digital transformation. Through various policies, the government is trying to ease the economic burden on MSMEs, one of which is by reducing the tax burden on MSMEs.

One of the policies issued by the government was the passing of the latest tax law on October 29 2021. The law in question is (Undang-Undang Nomor 7, 2021) concerning Harmonization of Tax Regulations (UU HPP). The new law has integrated several previous tax laws, namely the Law on General Provisions and Tax Procedures (UU KUP), the Income Tax Law (UU PPh), and the Law on Value Added Tax on Goods and Services and Sales Tax on Luxury Goods (VAT Law). Apart from that, there are a number of changes and additional tax regulations that will be implemented in the 2022 tax year.

One of these regulations is to provide support and ease of tax administration for MSMEs. The article uploaded by the Ministry of Finance states that the support and convenience that MSMEs receive from the HPP Law includes, among other things, providing facilities for imposing a Final Income Tax rate of only 0.5% (zero point five percent) of business circulation or turnover; non-taxable gross income limit facility for individual MSMEs up to IDR 500,000,000 (five hundred million rupiah) a year as well as the application of the final Value Added Tax (VAT) rate of 1% (one percent) 2% (two percent) 3% (three percent) for MSMEs with Taxable Entrepreneur (PKP) status. Regarding regulations for MSMEs, a Voluntary Disclosure Program (PPS) is also being

held which is part of the HPP Law (Safitri et al., 2022). From the situation analysis, there are still many MSMEs who do not understand the changes to this regulation. The outreach delivered by the Directorate General of Taxes via websites or mass media does not always reach taxpayers, especially MSMEs. In addition, information related to changes in tax regulations is often not easily understood by MSMEs.

Based on the background above, this service needs to be carried out so that partners understand and understand changes to tax regulations, especially the Tax Harmonization Law for MSMEs, so that tax compliant MSMEs can be realized.

LITERATURE REVIEW

Tax

Taxes are contributions paid by the people to the state which are included in the state treasury which implements the law and its implementation can be forced without any remuneration. These contributions are used by the state to make payments for public interests. to make payments for public purposes (Mardiasmo, 2016).

Harmonization Of Tax Regulations

The HPP Law or Law on Harmonization of Tax Regulations was passed by the Government together with the House of Representatives (DPR) on October 7 2021. Then, President Joko Widodo officially promulgated the Draft Law on Harmonization of Tax Regulations (Undang-Undang Nomor 7, 2021) on October 29, 2021. This law will take effect in the 2022 tax year.

The HPP Law is implemented based on the principles of justice, simplicity, efficiency, legal certainty, usefulness and national interests. Meanwhile, the aim of drafting this law is to increase sustainable economic growth and support the acceleration of economic recovery, optimizing state revenues to finance national development independently towards a just, prosperous and prosperous Indonesian society, realizing a taxation system that is more just and with legal certainty, implementing administrative reform, consolidative tax policies, expanding taxes, and increasing voluntary taxpayer compliance.

In general, the HPP Law consists of nine chapters which have 6 regulatory scopes, including:

1. General Provisions and Tax Procedures (KUP)
2. Income Tax (PPh)
3. Value Added Tax (PPN)
4. Voluntary Disclosure Program (PPS)
5. Carbon Tax
6. Excise

General Provisions and Tax Procedures (KUP)

In the scope of KUP and tax procedures, there is a new article that regulates NIK as NPWP (Article 2). The government has decided to add the function of the population identification number (NIK) to an individual taxpayer identification number (NPWP). With this new system, it can make it easier for the government to monitor the administration of individual taxpayers. However, with this integration, it does not mean that every individual pay tax. Tax payments are made if the annual income is above the applicable PTKP limit, or gross turnover is above IDR 500 million/year for entrepreneurs who pay Final Income Tax PP 23/2018.

Income Tax (PPh)

1. Personal income tax rates

Article 7 paragraph (1) and paragraph (3), as well as article 17 paragraph (1) and paragraph (3) have undergone changes in the HPP Law. Both contain discussions regarding individual income tax rates and brackets. See the following table for the latest personal income tax rates:

| Tariff Layers | Income Range | Tariff |
|----------------------|-------------------------------|---------------|
| I | Rp 0 – Rp 60 million | 5 % |
| II | >Rp60 million – Rp250 million | 15 % |
| III | >250 million – Rp500 million | 25 % |
| IV | >Rp500 million – Rp5 billion | 30 % |
| V | >Rp 5 billion | 35 % |

Personal income tax calculation is applied to income that exceeds the PTKP limit. The amount of PTKP is still the same as in the HPP Law, namely IDR 54 million for unmarried individuals, an additional IDR 4.5 million for married taxpayers, and an additional IDR 4.5 million for each dependent of a maximum of 3 people.

2. Corporate Income Tax Rates

The Corporate Income Tax rate is set at 22% which applies to the 2022 tax year and beyond. However, for MSME actors in the form of domestic entities, they are still given incentives to reduce tariffs by 50% as regulated in article 31E. Meanwhile, for individual taxpayers with certain gross turnover, an exemption from taxation on gross turnover of up to IDR 500 million is given. The article affected by this change is Article 17 paragraph (1) letter b.

RESEARCH METHOD(S)

The method used in Community Service (PKM) is a training method with tax material, the Tax Harmonization Law, as well as the HPP Law's treatment of MSMEs. This is used to support the socialization of the Tax Harmonization Law. The importance of this socialization aims to provide the latest information regarding changes to tax regulations, which in these changes also really help MSMEs in their activities, especially in taxation.

FINDINGS AND DUSCUSSION

In this community service activity, first the community and MSMEs were given socialization on the introduction of taxes, especially regarding the issuance of the Tax Harmonization Law. Tax outreach is carried out to provide an understanding of taxation regarding the needs of taxpayers. This outreach is aimed at MSME sector taxpayers with a turnover of no more than IDR 4,800,000,000 in one tax year.

Entrepreneurs need to know changes and updates to regulations related to their business, especially for entrepreneurs who already have a Taxpayer Identification Number (NPWP). The government has passed the latest regulations related to taxation, namely Law Number 7 of 2021 concerning Harmonization of Tax Regulations (UU HPP). One of these regulations is to provide support and ease of tax administration for MSMEs. The article uploaded by the Ministry of Finance states that the support and convenience that MSMEs receive from the HPP Law includes, among other things, the provision of facilities for imposing Final Income Tax rates which are only 0.5% (zero point five percent) of business circulation or turnover, facilities for limiting non-taxable gross income. for Individual MSMEs up to IDR 500,000,000 (five hundred million rupiah) a year as well as the application of the final Value Added Tax (VAT) rate of 1% (one percent) 2% (two percent) 3% (three percent) for MSMEs with Taxable Entrepreneur

status (PKP). Regarding regulations for MSMEs, a Voluntary Disclosure Program (PPS) is also being held which is part of the HPP Law.

Final Income Tax (PPh) Article 4 Paragraph 2 for MSME Individual Taxpayers (WP) and Corporate Taxpayers at a rate of 0.5% (zero point five percent) of gross turnover not exceeding IDR 4,800,000,000 (four billion eight hundred million rupiah) in one tax year has been previously regulated in Government Regulation (PP) of the Republic of Indonesia Number 23 of 2018, the HPP Law provides updates for OP taxpayers not to be subject to PPh on the gross turnover portion up to a limit of IDR 500,000,000 (five hundred million rupiah) in one tax year and will take effect in the 2022 tax year.

Business operations with the MSMEs criteria of course have a gross turnover of no more than IDR 4,800,000,000, so MSMEs are not required to become PKP, but MSMEs can apply to become PKP so they have the obligation to collect Value Added Tax (VAT) on sales transactions of goods/services. taxable, the HPP Law provides a simplification to Final VAT, the regulatory mechanism for this regulation is still awaiting implementation.

The government is still continuing to disseminate the HPP Law to the public. This situation of frequent changes and updates to tax regulations provides ideas for implementing PkM, especially for retail business taxpayers with micro criteria. Our team will hold socialization on the HPP Law, apart from helping Government programs, this socialization will provide benefits for Partners, especially in the field of tax knowledge for MSMEs, and is expected to increase tax compliance.



Figure 1. Community Service in Pematang Serai Village

CONCLUSION AND RECOMMENDATION

This socialization is important for entrepreneurs to find out changes and updates to regulations related to their business, especially for entrepreneurs who already have a Taxpayer Identification Number (NPWP). The government has passed the latest regulation related to taxation, namely Law Number 7 of 2021 concerning Harmonization of Tax Regulations (HPP Law). One of these regulations is to provide support and ease of tax administration for MSMEs. The government continues to socialize the HPP Law to the public. The situation of frequent changes and updates to tax regulations provides an idea to implement PkM, especially for retail business taxpayers with micro criteria.

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