



WORLD CLASS ISLAMIC CYBER UNIVERSITY  
**UNISSULA**  
SULTAN AGUNG ISLAMIC UNIVERSITY

**Sept 5th 2019**

# **THE 5 th INTERNATIONAL AND CALL PAPER**

## **Legal Reconstruction in Indonesia Based on Human Rights**

**Imam As Syafei Building**

**Faculty of Law, Sultan Agung Islamic University**

**Jalan Raya Kaligawe, KM.4 Semarang, Indonesia**

**UNISSULA PRESS**

# The 5<sup>th</sup> PROCEEDING

## *“Legal Reconstruction in Indonesia Based on Human Right”*

**IMAM AS SYAFEI BUILDING**

Faculty of Law, Sultan Agung Islamic University  
Jalan Raya Kaligawe, KM. 4 Semarang, Indonesia

Diterbitkan oleh :  
UNISSULA PRESS

ISBN. 978-623-7097-23-5

The 5<sup>th</sup> PROCEEDING

*“Legal Reconstruction in Indonesia Based on Human Right”*

Reviewer:

Prof. Dr. H. Gunarto, S.H., S.E., Akt., M.Hum

Dr. Hj. Anis Mashdurohatun, S.H., M.Hum

Prof. Henning Glaser

Prof. Dr. I Gusti Ayu Ketut Rachmi Handayani, MM

Prof. Shimada Yuzuru

Prof. Associate Dr. Dr. Ahmad Zaharudin Sani

Editor:

Dr. Amin Purnawan., S.H., CN., M.Hum

Dr. Hj. Widayati., S.H., M.H

Dr. Hj. Sri Endah Wahyuningsih, S.H., M.Hum

Dr. H. Ahmad Khisni., S.H., M.H

M. Abdul Hadi., SE

Hak Cipta © 2019, pada penulis

Hak Publikasi pada penerbit PDIH UNISSULA

Dilarang memperbanyak, memperbanyak sebagian atau seluruh isi dari buku ini dalam bentuk

apapun, tanpa izin tertulis pada penerbit.

Hal I-X, 1-358

Cetakan Pertama Tahun 2019

Penerbit PDIH UNISSULA

Jl. Raya Kaligawe Km. 4 Semarang 50112

PO BOX 1054/SM,

Telp. (024) 6583584, Fax. (024) 6594366

**ISBN. 978-623-7097-23-5**

COMMITTEE OF THE 3rd INTERNATIONAL CONFERENCE  
AND CALL FOR PAPER  
“Legal Reconstruction in Indonesia Based on Human Right”

Responsible Person	: Prof. Dr. H. Gunarto.,S.H.,SE.,Akt.,M.Hum	(Dean)
Advisory	: Dr. Hj. Widayati.,S.H.,MH Arpangi.,S.H.,M.H	(Vice Dean I) (Vice Dean II)
	Dr. Hj. AnisMashdurohatun,S.H,M.Hum	(Head of PDIH)
	Dr. H. Ahmad Khisni.,S.H.,M.H	(Head of M.Kn)
	Dr.H. Umar Ma’ruf, SH.,Sp.N.,M.Hum	(Head of MIH)
	Kami Hartono.,S.H.,M.H	(Head of S1)
Chairwoman	: Dr. Hj. AnisMashdurohatun,S.H,M.Hum	(Head of PDIH)
Secretary	: Dr. Hj. Sri Endah Wahyuningsih,S.H,M.Hum	(Secretary of PDIH)
Treasurer	: Dr. Hj. Sri Kusriyah.,S.H.,M.Hum	(Secretary of MIH)
Drafting Team	: Dr. H. Amin Purnawan.,SH.,CN.,M.HumH Denny Suwondo.,S.H.,M Hj. AryaniWitasari.,S.H.,M.H	
Event Division	: Erna Sunarti.,S.S.,M.H	
Secretariat and Supplies Division		
Coordinator	: M. Abdul Hadi.,SE	
Member	: Slamet Ariyanto Dyan Teguh Aryanto, Amd M. Ngaziz.,S.H.,M.H Hendro Widodo.,S.H.,M.H NailulMokorobin.,S.Psi AgusPrayoga	
Publication and Documentation Division	: Ikrom.,S.H	
Member	Ahmad Mutohar.,S.H Achmad Arifullah.,S.H.,M.H	
Consumption Division	: Shinta Pratiwi	
Member	Latifah Rosdiyati.,S.E Siti Pardiyah Laili Rohmah.,S.E Laila Najihah.,S.H	
Receptionist	: Riftia Anggita W.S.,S.H M Auliana	
General Assistant	: Riswanto Nur Alamsyah Rofiq	
Security	: Rohmani Arif	
Driver	: Irwanto	

## PREFACE

First of all, let's say Thanks to Allah, who has been giving us guidance, happiness, healthy, and mercy, so we can finish this conference proceeding without any obstacles. Praise and salutation upon our prophet Muhammad saw the last messenger, the best figure of this universe; the person who was able to save us from Jahiliyah era.

We would like to extend our thanks to the invited speakers: Prof. Henning Glaser from Thammasat University, Prof. Shimada Yuzuru from Nagoya University, Hilaire Tegnan, Ph.D from Sorbone University, Prof. Topo Santoso From Indonesian University, and Dr. Sri Endah Wahyuningsih, S.H., M.H from Sultan Agung Islamic University.

This was our fourth International conference and call for paper held by Faculty of Law, Sultan Agung Islamic University. This annual conference tries to gain any information and studies done by academician and practitioner in the concerned field to be discussed as guidelines to exchange and talk about views on the most important recent on Legal Construction and Development focusing on The Role of Indigenous and Global Community in Constructing National Law happens in both developed and developing countries and its role in shaping a good future, and to discuss the challenges and practical aspects in integrating competition law enforcement and guidelines to develop legal state in accordance with the diversity of all countries around the world. We hope this conference brings benefit for both participants and our faculty.

We are pleased to have your critique, suggestion and correction in order to make us better. Finally, we do thanks to all who helped this conference. May Allah guide us to always develop useful knowledge for human being.

## PROCEEDINGS

### The 5<sup>th</sup> International Conference and Call for Paper Faculty of Law 2019 Legal Reconstruction in Indonesia Based on Human Right

#### Table of Contents

<i>FRONT PAGE</i> .....	<i>I</i>
<i>Information of The International Seminar</i> .....	<i>III</i>
<i>Committee Composition</i> .....	<i>IV</i>
<i>PREFACE</i> .....	<i>V</i>
<b>Fulfillment Of Teacher Protection Rights</b>	
<i>Yenny AS, Rini Setiawati</i> .....	<i>1</i>
<b>Legal Reconstruction Of Laws Regarding Human Rights Through Judicial Review To The Constitutional Court</b>	
<i>Umar Ma'ruf</i> .....	<i>13</i>
<b>Legal Analysis Of Social Security Transformation And The Reality Of Its Implementation In The Community In Indonesia</b>	
<i>Siti Ummu Adillah, I Gusti Ayu Ketut Rachmi Handayani ,Adi Sulistiyono</i> .....	<i>29</i>
<b>Increasing Voluntary Compliance Of Tax Payments In Micro Small And Medium Enterprises (Msmes) Post-Issuance Of Government Regulation Number 23 Of 2018 (Case Study In Semarang City)</b>	
<i>Amin Purnawan, Akhmad Khisni, Aryani Witasari</i> .....	<i>40</i>
<b>Legal Analysis Of Racist Exams In Surabaya Papua Dormitory</b>	
<i>Ma'aruf Akib</i> .....	<i>49</i>
<b>Reconstruction Of Misdemeanor Settlement Based On Pancasila Value</b>	
<i>S. Andi Sutrasno</i> .....	<i>56</i>
<b>Urgency Of Legal Assistance For Poor People As A Request Of Human Rights</b>	
<i>Adhi Budi Susilo, Indra Yuliawan</i> .....	<i>62</i>
<b>Reconstruction Of Article 156 Paragraph (1) Of Law Number 13 Year 2003 Regarding Manpower As A Guideline For The Provision Of Workers' Rights Based On Justice</b>	
<i>Rahmatsyah</i> .....	<i>66</i>
<b>Problematic Presidential Electoral Threshold In The Operation Of Value-Based Simultaneous Justice</b>	
<i>Widayati , Winanto</i> .....	<i>72</i>

Reconstruction Of Learning Methods In Criminal Law Subjects Using Inquiry Methodsbased On Human Rights And Islamic Values <i>Ira Alia Maerani, Eko Soponyono, Nuridin.....</i>	81
Reconstruction Of Criminal Sanction And Rehabilitation Combating On Narcotic's Victims Based On Religious Justice <i>Carto Nuryanto, Gunarto, Anis Mashdurohatun.....</i>	91
Study of the theory of Legal Protection Against Online High Yield Investment Program Contracts in Indonesia (HYIP) <i>muhamad Iqbal al Hakiem,aryani witasari.....</i>	96
Reconstruction Completion Of The Crime Of Light On Value Pancasila <i>Andi S. Sutrasno.....</i>	102
Law Reconstruction Of Registration On Fiduciary Obligation Based On Justice Value <i>Wieke Dewi Suryandari ; Gunarto; Amin Purnawan.....</i>	108
Reconstruction Of Transport Regulatory On Marine Toll To Support Sea Connectivity Based On Pancasila Justice <i>Hartanto, Gunarto, Anis Mashdurohatun.....</i>	114
Reconstruction Of Scientific Investigation In Indonesia Based On Justice <i>Teguh Prihmono; Gunarto, Sri Endah Wahyuningsih.....</i>	120
Legal Construction On Training Ship Management Belongs To Human Resources Development Of Transportation (Bpsdmp) Based On Dignity Justice Value <i>Wahyu Wibisono, Gunarto, Anis Mashdurohatun.....</i>	126
Protection Of Law Refugees/Asylum Seekers In Indonesia (As A Transit State) No Ratify 1951 Convention Of And The 1967 Protocol <i>Muhammad Djamir.....</i>	133
Reconstruction Of Legal Policy On Decency Crime In Indonesia Based On Pancasila Value (Lgbt Rehabilitation Institute For Children) <i>Cucuk Kristiono, Gunarto, Anis Mashdurohatun; Suparji.....</i>	144
Legal Protection Against Indonesian Workers (Tki) In Abroad <i>Yaya Kareng (Sripatum UniversityOng Argo Victoria ,Sri Yulianingsih.....</i>	149
Recontruction Of Auction Execution Of Mortgage Object In Determine The Auction Price Based On Justice <i>Moh Djarkasih**.....</i>	158

Reconstruction Policy Of Sanctions Against Destruction Of Evidence Illegal Fishing Based Small Fishing Welfare Values <i>R. Juli Moertiyono</i> .....	165
Reconstruction Of Legal Policy Interfaith Marriage In Indonesia <i>Moh. Zeinudin, Dian Novita</i> .....	179
Reform Of Couple Sexual Rights Protection In Case Of Diseases Hiv / Aids In Indonesia <i>Nana Ruhyana</i> .....	186
Legal Protection Against Disability In Getting Work <i>Oktavianto Setyo Nugroho</i> .....	193
Reconstruction Of Authority To Arrest In Doing Judge Accused Of Value-Based Justice <i>Agus Sugiarto</i> .....	203
Enforcement Of Criminal Law In False News (Hoax) Management According To Law No. 11 In 2008 That Has Been Amended To Be Law No.19 Of 2016 Concerning Electronic Information And Transactions In Islamic Law And Positive Laws <i>Yanto Irianto</i> .....	208
Reconstruction Validity Legal Deeds Are Dealing With Children In The Process Of Law Criminal Justice System Based Child Justice <i>Asep Hermawan</i> .....	220
Reconstruction Of Performance Assessment Of Drinking Water Companies (Pdam) Based On Consumer Protection <i>Bustaman</i> .....	225
Reconstruction Legal Rights Associated With A Warranty Not A Bank Debt <i>Euislistianti</i> .....	229
Reconstruction Of Operational System As A Community Economic System Based On Welfare <i>Abbas Ibrahim Idris</i> .....	234
Reconstruction Of Criminal Responsibility For Actors Prostitutional Criminal Justice In The Criminal Justice Based On Value <i>Iwan Rasiwan</i> .....	242
Reconstruction Of Legal Drinking Water Management Company (Pdam) Based On Justice <i>Suharyadi</i> .....	248



**Reconstruction Of Private Criminal System Implementation In The Commitment Values In Indonesia Justice**

<i>Sumanto</i> .....	252
<b>Reconstruction Of Justice Law Protection Law Protection</b>	
<i>Wamyani</i> .....	260
<b>Criminal Code Draft Law And Development In Indonesia</b>	
<i>Nany Pujianti Suwigjo</i> .....	265
<b>Deconstruction of the Principle of Legal Thinking</b>	
<i>Sriyati</i> .....	270
<b>Development Of The Law Of Complete Systematic Land Registration (Ptl) And Effect Of Conduct Values of Land Based On Dignify Justice In The District Of Kendal, Central Java</b>	
<i>Desy Dwi Nurhayati Hartanti</i> .....	279
<b>Interpretation Teaching Of Human Rights Laws Against Material In Corruption Provisions</b>	
<i>Burham Pranawa, Hartiwiningsih, Hari Purwadi</i> .....	293
<b>Reconstruction Of Article 156 Paragraph (1) Of Law Number 13 Year 2003 Regarding Manpower As A Guideline For The Provision Of Workers' Rights Based On Justice</b>	
<i>Rahmatsyah</i> .....	301
<b>Law Due To Delay The Registration Under Fiduciary Guarantee Pmk No 130 / Pmk.010 / 2012</b>	
<i>Jaenudin Umar</i> .....	307
<b>The Effectiveness Of The Handling Of The Criminal Acts Of Light Tend To Be Settled Judicial Custom</b>	
<i>Supena Diansah</i> .....	313
<b>Urgency Of Legal Assistance For Poor People As A Request Of Human Rights</b>	
<i>Adhi Budi Susilo, Indra Yuliawan</i> .....	327
<b>Independence Institute Of Justice And Judge In Perspective Judicial Reform Blueprint 2010 - 2035</b>	
<i>Ahmad Agus Bahauddin</i> .....	331
<b>Policies Against Crime Criminal Law Made By Children</b>	
<i>Achmad Arifulloh</i> .....	340
<b>Law Enforcement Of Law Number 23 Of 2004 In Preventing Efforts Human Rights Violations In Indonesia</b>	
<i>Andri Winjaya Laksana , Lathifah Hanim</i> .....	350



# Increasing Voluntary Compliance Of Tax Payments In Micro Small And Medium Enterprises (Msmes) Post-Issuance Of Government Regulation Number 23 Of 2018 (Case Study In Semarang City)

Amin Purnawan, Akhmad Khisni, Aryani Witasari

Sultan Agung Islamic University, Jl. Raya Kaligawe, Semarang, Jawa Tengah 50112

e-mail: [amin.p@unissula.ac.id](mailto:amin.p@unissula.ac.id), [khisni@unissula.ac.id](mailto:khisni@unissula.ac.id), [aryani@unissula.ac.id](mailto:aryani@unissula.ac.id)

## Abstract

*Increasing the voluntary compliance of Micro, Small and Medium Enterprises (MSMEs) actors needs to be improved. Based on data from the Central Statistics Agency (BPS) in 2017, the contribution of MSMEs reached 61.4% of the total Gross Domestic Product (GDP). MSMEs also absorb employment of almost 97% of the total national workforce, with the number of MSMEs reaching 60 million units. However, when compared with the contribution of MSMEs to tax revenues, there is a miss-match where the contribution of MSMEs to tax revenues is very small, which is approximately 1% of total tax revenues. The imbalance in the contribution of MSMEs is an indication that the level of compliance of MSMEs in fulfilling their tax obligations is very low. Data in this research will be obtained by field observation, interview and questionnaire. Resource persons and respondents in this study include the parties involved in the making of regulations and management of SMEs. Increased voluntary compliance through the legal policy of imposing MSME's Income Tax is expected to justify taxation policies, while considering the applicable variables in making a good tax policy, through harmonizing aspects of tax collection justice with efforts to encourage voluntary compliance and MSME growth. The results of this study indicate that (1) the tax rate for MSMEs of 1% of turnover is quite burden some for MSME players. In addition to the large tax rate, their lack of understanding of tax obligations and the limitations of their human resources to take care of taxation are also obstacles for them to comply with tax payment obligations. (2) MSMEs actors appreciate the new tax rate for MSMEs as much as 0.5% of turnover contained in PP No. 23 of 2018. They hope that the socialization of MSME taxation can be obtained immediately so as to support them to comply with tax obligations. (3) in order to encourage compliance, it is necessary to increase the benefits of tax payments for the growth of MSMEs.*

**Keywords:** Voluntary, Compliance, Income Tax, MSMEs

## A. PRELIMINARY

The development of the political concept of tax policy needs to be done because the implications of a general tax policy in macro terms will encourage economic growth and increase tax revenues and benefit the community (especially taxpayers). Tax collection for micro, small and medium enterprises (MSMEs) ac-

tors needs to be done wisely by considering aspects of justice and can encourage compliance and progress of their business, rather than being a burden that hinders the growth of MSMEs.

Increasing the voluntary compliance of Micro, Small and Medium Enterprises (MSMEs) actors needs to be improved. Based on data from the Central Statistics

Agency (BPS) in 2017, the contribution of MSMEs reached 61.4% of the total Gross Domestic Product (GDP). MSMEs also absorb employment of almost 97% of the total national workforce, with the number of MSMEs reaching 60 million units. However, when compared with the contribution of MSMEs to tax revenues, there is a miss-match where the contribution of MSMEs to tax revenues is very small, which is approximately 1% of total tax revenues. The imbalance in the contribution of MSMEs is an indication that the level of compliance of MSMEs in fulfilling their tax obligations is very low.

In this era of industrial revolution 4.0 MSMEs faced increasingly difficult challenges. Therefore, it is necessary to have a justice-based law on imposing income tax law to increase voluntary tax compliance. In its efforts to encourage the fulfillment of voluntary tax compliance and encourage the contribution of state revenues from MSMEs, the Government has issued Government Regulation Number 23 of 2018 in lieu of PP No. 46 of 2013 concerning Income Tax on Income from Businesses Received or Obligated Taxes that have certain gross circulation. In this Government Regulation the official UMKM PPh rates are reduced from 1% to 0.5%. The imposition of these MSME PPh needs to be analyzed for their impact on MSME performance and compliance.

Reconstruction of value-based SME-based MSME income tax to encourage voluntary compliance of MSMEs is important because it will analyze the impact of PPh imposition on UMKM compliance and competitiveness. Efforts to increase tax revenues by extending (extensifying) tax bases including MSMEs have created their own dilemmas. The business world that is overburdened with tax collection can hinder growth and competitiveness, so it is necessary to reconstruct the imposition of MSME income tax that can accommodate the interests of business growth and increase taxpayer compliance.

Until now there has not been a clear

picture of a study of the design development of MSME PPh tax policies that are both short and long term. Even though the UMKM contributes very much in sustaining the national economy but not necessarily followed by an increase in income. The lack of improvement in the business climate and the existence of policies on them are interesting things to be researched and studied so that solutions can be found academically and implementably.

The formulation of the problem in this study is: How do to increase voluntary tax compliance of justice-based to pay income tax for MSMEs?

## **B. RESEARCH METHODS**

This research on law, the researcher used research method that has been determined, i.e. empirical juridical research. Juridical empirical is research on law that is developed and has a concept that is based on a doctrine used by the researcher of this study (Idrus, 2007). The approach method is conceptual and statute approach (Sunggono, 2006). The method of data collecting is literature study and questionnaire. Data analysis method is qualitative analysis.

## **C. Theoretical Framework**

In general, the taxation model of MSMEs can be divided into two major groups, the first group is the standard regime system and the two presumptive regime systems (Loeprick, J., 2009). In the standard regime, MSMEs are not differentiated in tax treatment. However, there are some countries that apply standard regimes with simplification of tax forms, payment procedures, or tariff reduction. Countries that apply the standard regime for MSMEs in general are developed countries, whose MSME communities have high administrative efficiency and have adequate book-keeping capability.

Meanwhile, in the presumptive regime model, PPh is imposed based on the presumption of certain conditions of the tax-

payer. Presumptive regimes are commonly used especially in countries where the majority of taxpayers are hard to tax groups, and inadequate administrative resources. In that country, most taxpayers do not have financial transparency that allows for effective taxation by the government. Therefore, the government needs to make estimates or presumptions on the appropriate income limits to be taxed. Presumptive regimes are more widely applied in non-OECD countries. This regime is generally used with the aim of increasing compliance and encouraging taxpayer keeping records. The application of presumptive regimes generally uses turnover based systems, indicator based systems, or a combination of both. However, in transition countries, system turnover is a commonly used model (Engelschak, M. & Loeprick, J., 2009).

The provisions in Government Regulation Number 23 of 2018 as a substitute for Government Regulation Number 46 of 2013 concerning Income Tax on Income from Businesses Received or Obtained by Taxpayers Having Certain Gross Circulation are applications of the presumptive regime model in taxation. Presumptive regime itself is a form of tax imposition approach applied in the economy whose perpetrators still have limited administrative and bookkeeping capabilities. For this reason, a special taxation design is needed, with the aim of minimizing the cost of compliance (Ibrahim, 2012).

The government is currently in a dilemma position, on the one hand we want to reduce dependence on foreign debt in closing the deficit, and therefore increasing taxes is one solution. But on the other hand, businesses that are too depressed will cause investment sluggishness, the end of which is rising unemployment.

Research by Rahmi et al. (2016) shows that the enactment of Government Regulation Number 46 of 2013 which began in July 2013 had a positive and negative impact. The positive impact of the enactment of Government Regulation Number

46 of 2013 is that state revenues from tax revenues increase. The negative impact of the enactment of Government Regulation No. 46 of 2013 is that the aspect of justice for taxpayers (MSMEs) is not fulfilled.

Tax collection by tax officials has several implications. First, payment of taxes in real terms will reduce disposable income. Therefore the WP will always look for ways to reduce the burden of paying taxes, even if necessary to avoid this obligation (Wilard, 1968).

Second, relating to the provisions on tax rates or quantities in general are very attractive to WP, because tariffs are variables that have an influence on the welfare of the WP in the form of a reduction in the income stream used to form assets in the economic activities carried out by the taxpayers.

Third, the tax apparatus in the setting of Indonesian tax legislation is given a very large authority (authority) which gives rise to sub-ordinative connectedness constructs (Budiono, 2003). In terms of more extreme relations between the tax authorities and the WP without the mechanism of checks and balances. Reducing the position of the state through the representation of tax apparatus is potentially negative and counter-productive. The personal error of the tax apparatus can potentially be justified because it is raised to the level of State action (Fidel, 2010).

In reviewing the economy there are two principles for measuring the fairness of the distribution of the tax burden associated with income levels (Slemrod-Bakija, 2008). These two principles can be used to answer how the tax burden is distributed fairly. First, the benefit principle relates to how much benefits someone gets from the country. The ability to pay principle, where the tax burden is associated with the economic ability of taxpayers.

Preliminary research was carried out in 2009 with results, including that: the role of the community in participating in running the wheels of government was enormous. Com-

munity contributions through tax payments are used by the government to carry out work in the form of public services, finance education, improve health facilities, housing, drinking water, electricity, transportation, salaries to civil servants, security facilities and many other things intended for the welfare of the community and the state (Purnawan, 2009).

#### **D. Results and Discussion**

In this study data were collected from 50 respondents, namely MSMEs spread across Semarang City, namely respondents who filled out questionnaires correctly and provided information that could be accounted for, with details as follows:

Most respondents did not know about the existence of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, which amounted to 42 respondents with a percentage of 84%. Likewise, those who do not know of the existence of Government Regulation Number 23 of 2018 as a substitute for Government Regulation Number 46 of 2013 concerning Income Tax on Income from Businesses Received or Obtained by Taxpayers who have Certain Gross Circular amounts to 42 respondents with a percentage of 84%. Ignorance of the respondents turned out to be directly proportional to the lack of socialization and education from the government. The MSME actors who have received socialization and education about Income Tax (PPh) amounted to 13 respondents with a percentage of 26%, and which never amounted to 36 respondents with a percentage of 72%.

Most MSME practitioners have not registered MSMEs at the tax service office (KPP) to obtain Registered Certificate (SKT), which amounts to 35 with a percentage of 70%, but apparently there are 23 MSMEs (46%) who already have a Tax Registration Number (NPWP) the rest answered that they did not have 25 respondents (50%).

As much 35 respondents (70%) felt that UMKM income tax payments

were burdensome to MSMEs. Based on questions about the reasons MSMEs objected to paying PPh, some answers were obtained, including 19 MSMEs, and 11 respondents to reduce MSME income.

Based on questions about the reason MSMEs have made PPh payments, some answers were obtained, namely for fear of sanctions for the Law as many as 10 people, paying taxes voluntarily because the benefits of very large taxes for development were 12 people (24%),

Based on the question of whether MSMEs benefited from the payment of income tax, only 13 respondents answered yes, while most respondents 34 people (68%) answered that they did not feel the benefits.

Based on questions about the reason MSMEs have not paid PPh, some answers were obtained, including the financial condition / ability of MSMEs as many as 15 people, did not know how to pay taxes as many as 6 people, felt that the business was still small / turnover was still as little as 15 respondents, and would reduce income / profit of 5 people.

Should the government levy income tax (PPh) on MSMEs? Respondents who answered yes, need to total 17 with a percentage of 34%, and those who answered No Need to number 31 respondents with a percentage of 62%, while respondents who did not answer (Missing System) there are 2 respondents, with a percentage of 4%.

As many as 35 respondents felt the payment of MSME income tax was burdensome for MSMEs, while only 14 respondents gave no objection answers, and 1 person did not give answers.

Based on questions about the reasons MSMEs objected to paying PPh, several answers were obtained, including the result of not knowing how to pay taxes by 6 people, would increase the burden of MSME costs by 19 people, would reduce MSME income by 11 respondents, due to the many

illegal levies (PUNGLI) to UMKM as many as 4 people, and there have been VAT as many as 2 people. While other respondents gave answers in the form of a combination of the answers above. And obtained 5 respondents did not provide answers.

Based on the question about whether MSMEs feel the benefits of income tax payments, as many as 13 respondents answered yes, felt the benefits and 34 respondents said they did not feel the benefits. Also obtained by 3 respondents did not provide an answer.

Based on questions regarding improvements that must be made by the government in relation to Income Tax (PPh), several answers were obtained, including the need to improve management institutions and management responsibilities (transparent) of 5 people, simplification of procedures or procedures for paying taxes as much as 4 people, increasing tax benefits for progress / UMKM growth of 16 respondents, curbing various illegal levies of 4 people. While other respondents gave answers in the form of coaching, training and assistance from the government as much as 1 person and other respondents gave more than one answer, with a combination of the answers above. And obtained by 2 respondents did not provide answers.

Based on questions about the reasons for MSMEs not yet paying income tax, several answers were obtained, including due to the financial condition / ability of MSMEs by 15 people, did not know the procedures for paying tax as many as 6 people, felt the business was still small / turnover was still as small as 15 respondents, and would reduce income / profit of 5 people. While other respondents gave answers in the form of a combination of the answers above. And obtained 3 respondents did not provide answers.

Based on questions regarding the expectations of MSME actors towards the government from income tax payments, obtained several answers, including the government expected to provide business assis-

tance for MSMEs as many as 11 respondents, provide capital assistance with soft loans for MSMEs as many as 18 people, and the government's expectations help marketing and promoting MSME products by 5 person. While other respondents gave answers in the form of a combination of the answers above. And obtained 6 respondents did not provide answers.

Compliance taxpayers arise by several factors that can influence it. Simanjuntak and Mukhlis (2012) argued that several factors included understanding taxation regulations, tax rates, sanctions and justice.

Research conducted by Ningtyas (2012) shows that tax rates have a significant effect on taxpayer compliance. Thus the taxpayer compliance can also be achieved if there is a clear tariff determination, besides the tax rate must also be fair in determining the subject and object of the tax.

Regarding the MSME tax rate, the Government has made several policies to encourage tax revenues. Initially there were tax provisions that regulated the special rate of income tax for MSMEs, but only applies to those in the form of business entities. In Law No. 36 Year 2008 (Income Tax Law) article 31 E, it is stated that domestic corporate taxpayers with gross circulation up to Rp50 billion receive facilities in the form of a tariff reduction of 50%. With the current corporate income tax rate of 25%, for corporate taxpayers in the imposition of income tax in this case it is carried out on taxable income calculated from the accounting profit and loss account after fiscal correction is carried out, because based on article 28 paragraph (1 ) Law Number 28 Year 2007 (UU KUP), Taxpayers are required to carry out bookkeeping.

The obligation to carry out bookkeeping is certainly an obstacle for most MSMEs. Muchid (2015) mentioned the constraints on the development of MSMEs in addition to low education and a lack of understanding of information technology, as well as obsta-

cles in the preparation of financial statements.

In 2013 the Government also made a tax policy, namely Government Regulation (PP) Number 46 of 2013 which was implemented starting July 1, 2013. This PP provides a tax rate of 1% of taxpayer turnover that does not exceed 4.8 billion in one tax year. This PP is made by the government so that taxpayers are more obedient, then are encouraged to carry out tax obligations so that the tax revenue target can be achieved. But the realization, tax revenue after the 1% tariff of turnover has been implemented has not yet reached the target, as stated by Fauzi Ahmad et al (2016).

In June 2018, the Government re-launched a new policy on the taxation of MSMEs contained in PP No. 23 of 2018. The applicable tax rates for MSMEs in the PP are 0.5% and come into force as of July 1, 2018. This policy aims to stimulate business MSMEs, encourage community participation and knowledge of taxation (Tatik, 2018).

Government Regulation Number 23 of 2018 is a regulation concerning income or income from business obtained by taxpayers who have certain gross circulation in one year of tax period. This PP applies from 1 July 2018. The new income tax rate for MSMEs is 0.5% of turnover. The regulation replaces the previous regulation, namely PP No. 46 of 2013 with a final UMKM PPh rate of 1 percent which is calculated based on gross income (turnover) intended for MSMEs which have turnover of less than Rp. 4.8 billion in a year.

The time limit for this set of tax incentive policies is different for various tax subjects. First, for the subject of personal taxation, the incentive has a period of 7 years. Secondly, for the subject of tax, a business entity is in the form of a Limited Liability Company, with a term of 3 years. Lastly, for subjects in the form of CV business entities, firms, and cooperatives for 4 years. The time period calculated from the regulatory tax year applies to old taxpayers (WP), and since the tax year is registered for new taxpayers.

The income tax incentive policy for MSME players is one of the fiscal facilities provided by the government to MSME players to encourage the potential / activity of the MSME sector but it will also reduce the potential for tax revenue in the short term. The imposition of the old final tax rate for MSMEs of 1 percent is considered burdensome to MSME actors and often complained by MSME actors. The UMKM tax incentive policy provides tax breaks for MSME players with a tax deduction of 0.5%. In terms of business people, the reduction in new tariffs is expected to stimulate the emergence of new MSME players to develop and provide financial space (business opportunities) by reducing the cost burden of MSMEs to be used in business expansion (Sari, 2018).

Based on the description above, there are a number of things that need attention in order to improve voluntary compliance in paying taxes for justice-based MSMEs, including:

1. Increasing tax socialization and education for SMEs so that they can increase awareness and compliance in paying taxes.
2. Allocate the budget from the results of tax collection to encourage the growth of MSMEs for example by providing venture capital and assistance.
3. Uphold the tax rules by imposing sanctions on MSMEs who do not pay taxes.
4. Simplify the procedures and ways of paying taxes.

The imposition of Income Tax (PPh) for MSMEs needs to be done wisely by considering aspects of ability to pay and can encourage the progress of its business, rather than being a burden that inhibits the growth of MSMEs

## **E. Conclusions and Suggestions**

The conclusions from this



study indicate that (1) the tax rate for MSMEs of 1% of turnover is quite burdensome for MSME players. In addition to the large tax rate, their lack of understanding of tax obligations and the limitations of their human resources to take care of taxation are also obstacles for them to comply with tax payment obligations. (2) MSMEs practitioners appreciate the new tax rate for MSMEs of 0.5% of the turnover contained in PP No. 23 of 2018. They hope that the socialization of MSME tax can be obtained immediately so that they support compliance with tax obligations. (3) in order to encourage compliance, it is necessary to increase the benefits of tax payments for the growth of MSMEs.

It is not easy to tax the community. If too high, people will be reluctant to pay taxes. But if it is too low, then the development will not work because of the lack of funds. In order not to cause various problems, the tax collection must meet the requirements, namely: tax collection must be fair, tax regulation must be based on the law, tax collection does not disrupt the economy, tax collection must be efficient, and the tax collection system must be simple.

If managed properly, MSMEs can increase productivity, increase people's income and contribute to regional income. With globalization and structural change policies, MSMEs are increasingly needed. The role of the state is to provide an effective regulatory framework along with monitoring and enforcement mechanisms. The government must consider the fact that such tax support or incentives are needed for MSME players where workers are low income or are in it. The incentives applied can be determined with consideration of relevant standards, because the capacity of MSMEs is limited, both in terms of revenue and the technology used.

Policies that pay attention to the interests of the business world (business friendly) need to be a new paradigm of taxation. Through solidarity and the sharing of a fair tax burden, the growth of MSMEs is expect-

ed to contribute to the absorption of unemployment, expansion of business opportunities and social justice. It is also an important element in the empowerment and development of economic democracy and ensures that people are not economically excluded.

## **ACKNOWLEDGEMENTS**

Thank you to the Directorate of Research and Community Service of the Directorate General of Higher Education who funded this research.

## REFERENCES

- Ahmad, Fauzi dkk. (2016). *Pengaruh Pemahaman Peraturan Perpajakan, Tarif Pajak dan Asas Keadilan terhadap Kepatuhan Wajib Pajak. (Studi pada Wajib Pajak Usaha Mikro Kecil dan Menengah yang Berada Di Wilayah Kerja Kantor Pelayanan Pajak Pratama Batu Setelah Diberlakukannya Peraturan Pemerintah Nomor 46 Tahun 2013)*. Malang: Jurnal Perpajakan Universitas Brawijaya, Vol. 8 No. 1 2016.
- Arijanto, A., (tanpa tahun). *Modul ke 11 Perekonomian Indonesia. Pembiayaan Sektor Usaha Kecil Menengah*. UMB: Pusat Pengembangan Bahan Ajar-UMB.
- Budiono, Tri. (2003). "Pemusatan Otoritas Aparatur Perpajakan dan Kejahatan Pajak", *Jurnal Hukum*, Vol. XV (3) Desember.
- Devereux, Michael P. (1996). *The Economics of Tax Policy*. London: Bantam Press
- Endrianto, Wendy. (2015). *Prinsip Keadilan dalam Pajak UMKM*. Jurnal: Binus Business Review Vol.6 No. 2 Agustus 2015.
- Engelschak, M. & Loeprick, J., *Designing/Reforming Presumptive Tax System*, International Finance Corporation- World Bank Group.
- Fidel. (2010). *Cara Mudah & Praktis Memahami Masalah-Masalah Perpajakan Mulai dari Konsep Dasar sampai Aplikasi*. Jakarta: RajaGrafindo Persada.
- Hunter, T. Wilard. (1968). *The Tax Climate for Philanthropy, USA: Garamond/Pridemark Press Inc*.
- Idrus, M. (2007). *Social Sciences Research Method*. Yogyakarta: UII Press.
- Loeprick, J., 2009, *Small Business Taxation. Reform to Encourage Formality and Firm Growth, Investment Climate Departemen-World Bank Group*.
- Muchid, Abdul. (2015). *Penyusunan Laporan Keuangan Berdasarkan Standar Akuntansi Keuangan –Entitas Tanpa Akuntabilitas Publik (SAK – ETAP) (Kasus pada UD. Mebel Novel'1 di Banyuwangi)*. Jember: Universitas Jember.
- Ningtyas, Risa PDC. (2012). *Pengaruh Pemahaman Perpajakan, Tarif Pajak, Sanksi serta Pelayanan Pembayaran terhadap Kepatuhan Wajib Pajak UMKM di Kota Malang*. Malang: Skripsi Universitas Brawijaya.
- Purnawan, Amin. (2011). "Rekonstruksi Sistem Pemungutan Pajak Penghasilan (PPH) Badan Berbasis Nilai Keadilan" dalam *Jurnal Dinamika Hukum Terakreditasi*, ISSN 1410-0797, Vol. 11 Edisi Khusus Februari.
- Rahmi, Anggun, Takdir, 2016, *Presumptive Tax Pajak Penghasilan Final 1 Persen: Memudahkan atau Memberatkan Unit Mikro Kecil Menengah*, *Jurnal Riset Akuntansi Aksioma*, Vol. 15 No. 2, Desember.
- Ruston Tambunan. (2013). "Pajak UMKM, Sederhana Tapi Tidak Adil" <http://economy.okezone.com/read/2013/12/16/317/912925/pajakumkm-sederhana-tapi-tidak-adil> diunduh 18

Agustus 2018

- Sari, Rafika. (2018). *Kebijakan Insentif Pajak Bagi Usaha Mikro Kecil dan Menengah*. Jakarta: Pusat Penelitian Badan Keahlian DPR RI.
- Simanjuntak, Timbul H & Imam, Mukhlis. (2012). *Dimensi Ekonomi Perpajakan dalam Pembangunan Ekonomi*. Jakarta: Raih Asa Sukses.
- Slemrod, Joel and Bakija, Jon. (2008). *Taxing Ourselves A Citizen's Guide to the Debate over Taxes*. The MIT Press: Cambridge, London, England.
- Sunggono, B. (2006). *Metodologi Penelitian Hukum*. Jakarta; PT RajaGrafindo Persada.
- Syarif, Ibrahim, “*Pengenaan PPh Final Untuk Wajib Pajak Dengan Peredaran Bruto Tertentu, Sebuah Konsep Kesederhanaan Pengenaan Pph Untuk Meningkatkan Voluntary Tax Compliance*“, Pusat Kebijakan Pendapatan Negara - Badan Kebijakan Fiskal [http://www.kemenkeu.go.id/sites/default/files/Kajian%20PPh%20Final%20UMKM\\_PKPN.pdf](http://www.kemenkeu.go.id/sites/default/files/Kajian%20PPh%20Final%20UMKM_PKPN.pdf) diunduh 18 Agustus 2018
- Tatik. (2018). *Potensi Kepatuhan Pembayaran Pajak Pada Pelaku UMKM (Usaha Mikro Kecil dan Menengah) Pasca Penerbitan Peraturan Pemerintah Nomor 23 Tahun 2018 (Studi Kasus Pada UMKM di Kabupaten Sleman-Yogyakarta)*, Makalah *Seminar Nasional dan Call for Paper Sustainable Competitive Advantage (SCA) 8*, Purwokerto, 19 September 2018