**CORPORATE INCOME TAX OF SMALL MEDIUM ENTERPRICE (SME) :**

**SIMULATION, REGRESSION ANALISYS AND EVALUATION OF GOVERNMENT REGULATION (PP) 46 YEAR 2013**

BY :

NURDAYADI, MSc

Swiss German University, Tangerang, Indonesia

nurdayadi@sgu.ac.id

NICO ADRYANUS WIJAYA, SE

Swiss German University, Tangerang, Indonesia

nicoadryanuswijaya@yahoo.co.id

*PROGRAM STUDI AKUNTANSI*

*FAKULTAS BISNIS ADMINISTRASI DAN HUMANIORA*

*SWISS GERMAN UNIVERSITY*

**ABSTRACT**

*Tax is recently getting the most important income source for the country. In the case of Indonesia, every year the government has increased the annual target of tax income, but it has not been easily and successfully to achieve. In 2013 the government wishes to target the sources of income tax deriving from that small and medium business scale. The research which focuses on the medium scale of corporate tax payer business, would like to see and evaluate implementation of Government Regulation number 46, year 2013 (PP 46/2013), by doing simulation and regression analysis. Those corporate tax payers with the annual sales of around Rp. 7,000,000,000,- seems to be facing a dilemma situation to whether or not to comply with. Particularly since this government regulation does not take into consideration the impact to the tax payers cash flow when financial trouble is being faced and even at the time the companies run in loss situation. It seems it has been the time for the government to review the effectiveness of this regulation, how is being implemented across the country, especially by those corporate tax payers who are preparing book keeping and submitting tax report. The issue of accuracy, accountability and financial engineering follows the implementation of creativity accounting and tax accounting treatment, should have been the concern of the tax office. The idea and advices of mandatory audited financial report is prominent in this research, in order to reach the more targeted collecting tax fund from this class of enterprises in Indonesia.*

*Key words: PP 46/2013, tax payable, tax payer*

 **I. INTRODUCTION**

* 1. **Research Background**

Over the last 5 (five) years, it is noticed that there has been significant increase in the Indonesian Central Government Budget (APBN). In the year 2011 total realization of government budget reached to the amount of Rp. 1,295 trillion, and this had been continuously growing to the tune of Rp. 1,806 trillion in the year of 2015, or growth at around 10% per annum (LKPP 2011; 2015). This tendency is predicted to increase in line with the government target to collect more money for financing infrastructure projects, transportation and public utilities which need huge amount of budget.

Furthermore it comes into notice that the government budget spending has been basically supported by mostly government income deriving from tax sources and non tax sources (PNBP). The difference between government spending over income, known as budget deficit is covered by the financing account which mainly represents domestic borrowings and overseas loans. In this regards, the issuance of financial instruments, known as SBN (government marketable securities) has been frequently carried out by the Ministry of Finance to collect and mobilize more public money, such as ORI-(Indonesian Retail Bond) and SUKUK (Indonesian Sharia-base Bond) which have been well accepted in high demand by the local and international investors through Indonesian Capital Market (LKPP 2011; 2015).

From the government budget revenue point of view, taxation had been contributing significantly and tended to raise year by year. In 2011 its contribution still reached Rp. 874 trillion, or around 72% of the total APBN, while in 2015 had already achieved Rp. 1,240 trillion, or at the level of 82% of the total government revenue. It can be said that over those years the share of tax sources had grown fantastically almost 11% annually.

On the other hand, the revenue contribution from non-tax sources (PNBP), seemed gradually to decline during those years. In 2011 the total PNBP was still collected at the level of Rp. 331 trillion, or around 28% of the total APBN, but in the next following 4 (four) years, the amount dropped to become Rp. 256 trillion, which was about 18% of the government revenue (LKPP 2011; 2015).

However, if we have a look at more detail the tax revenue in 2015 (Rp. 1,240 trillion), the biggest share in fact derived from Income Tax *(PPh*), around Rp. 600 trillion (49%), and then was followed by Value Added Tax (*PPN*) of Rp. 424 trillion (34%). Within the Income Tax, the Corporate Income Tax *(PPh Badan*) give higher contribution, about 30%, or up to the amount of Rp. 185 trillion (out of the total Income Tax Rp. 600 trillion) and Final Income Tax at the level of 20%. It is interesting to notice that in particular, Corporate Income Tax, has been steadily increased over the 3 year time of 2012 - 2015. From the data in 2012, *PPh Badan* shared around Rp. 152 trillion in the government budget, around 33% of the total Income Tax *(PPh),* meaning that it had raised only around 7% annually during the year of 2012 – 2015.

From the above, it can be seen that the government effort to maximize the budget revenue, especially from income taxation *(PPh)* has been intensified recently. This research therefore, would like to observe and analyze the implication of the government policy toward mobilizing public fund through taxation, mainly from the small and medium enterprises (SME) in Indonesia. To be more specific, it is becoming the concern of the researcher, to know how is the impact of the current tax policy on the medium level scale of enterprise business, which were defined by SME Law, as those companies that have yearly gross sales between Rp. 2,500,000,000.- and Rp. 50,000,000,000.- (UU. UMKM, No. 20, 2008).

**1.2. The Role of UMKM in the National Economic**

According to the data of the Ministry of Cooperative & Small and Medium Scale Enterprise (2014), the contribution of of SME in the Gross Domestic Product (GDP) was about Rp. 9,014 trillion in year 2013, or about 60.4% of the total GDP, and this was much higher than the counterparty share of the Big Scale Enterprise at 39.6%. Further the data revealed that more than 97% of the national labor force get involved in the small and medium scale business sector, this indicates that potential economic and financial transaction of this sector is really very huge to absorb employment in this country in comparison to the counterparty.

Because of this, the launching of the Government Regulation number 46 year 2013, has shown the strong indication that the government is very serious and concerned to make every effort to mobilize and collect domestic funding through taxation, mainly from corporate income tax of the small and medium scale enterprices. Corporations tax payers which have been commercially in operation and having annual gross sales less than Rp. 4.8 billion will be liable to income tax *(PPh)* with the tax tarrif 1% final. The impose of this particular income tax is based on the previous tax year achievement prior to the prevailing current tax year.

**1.3 Research Problem**

As a matter of fact, it has been the reality of current business practice that taxation is an uneasy subject and frequently it has been creating some serious difficulties for the management of the corporations to understand, to study as well as to comply with the tax rules. Moreover for the small and medium scale enterprises which do not run the business transactions on the basis of a proper, accurate and accountable book keeping record, then the issue of taxation has led taxpayers to deliberately violate the tax calculation in order to minimize the tax payable.

The implementation of Government Regulation No. 46 / 2013 has primary objective to make it more simply for the SME tax payers to count their tax obligation, which in turn would hopefully make them to be more comply to the rules. The research also wish to see the impact of the Regulation from the point of view of the management or owner of the medium corporate tax payer through an interview and simple simulation calculation and regression analysis. Evaluation on the improvement and revision of this regulation by the government is undertaken for the better effectiveness to raise the government tax revenue sources.

* 1. **Research Objective**

The aim of research is to analyses, simulate, and predict the implementation of Government Regulation (PP) No. 46 / 2013, especially towards the tax subject of small and medium scale businesses corporations, whether or not would give advantages in their operational business activities. Data gathering and interview with the owner and management of PT. X is carried out, as a case study, in order to obtain their real perception following the implementation of the regulation.

**II. LITERATURE STUDY**

**2.1. Corporate Income Tax (Pajak Penghasilan-PPh Badan)**

Article 1 of Income Tax Law number 36 year 2008, stipulates that this type of tax is imposed on the tax subjects over their income (tax object), obtained during the tax year period. Tax Subject could be Personal or Corporation locally known as badan, or Business Establishment (BUT). If those parties have already received income (tax object) then, would be called as Tax Payers who must actively register to tax office in order to own Tax Registration Number (NPWP). These Tax Payers, including Corporate Income Tax Payer, will be liable to income tax rule over their income during the year.

**2.1.1. Income Tax Law (PPh) No. 36 / 2008, Article 17 and Article 31E**

**a). Corporate Income Tax (PPh Badan) Article 17**

Article 17 point 2a of Income Tax Law, stipulates that tax tariff imposed on the corporate tax payers, including medium-scale corporate enterprises, is 25%. This tariff level has been effective since 2010, beforehand was 28%. An example of calculating the tax payable (or tax obligation amount) is by multiplying the above tariff of 25% with the amount of taxable income (PKP) during the tax year.

Taxable income however, is defined as the company taxable revenue after fiscal corrections (recognition of deductible and non-deductible expenses ) and other adjustments due to deferred tax treatments, with references to the taxation regulations.

While fiscal correction constitutes part of the tax accounting treatment, in which the “commercial financial report” is corrected according to the tax rules in order to come up and prepare a “fiscal financial report”. For example, to do positive correction for non-deductible expense of promotion expenses because of the improper and unavailable relevant supported documents; and also to do negative correction for non- taxable income of bank interest income generated by a saving account.

.

**b). Corporate Income Tax (PPh Badan) Article 31E**

However, with reference to the article 31E Income Tax Law No.36 / 2008, corporations with gross sales at the range of Rp. 4,800,000,000.- to Rp. 50,000,000,000.- enjoy tax facility in the form of tariff deduction up to 50% of the normal tariff as stipulated by Article 17, point 2a. The deduction will be given to the first gross sales of Rp. 4,800,000,000.-. An example of tax payable calculation is as follows :

A company, classified as medium scale business, with the yearly gross sales of Rp. 20,000,000,000,- and taxable income of (PKP) of Rp. 2,000,000,000,-, the tax payable amount would be :

1. Taxable Income portion which gets tax tariff discount =

(Rp 4.8 billion : Rp 20 billion) x Rp 2 billion = Rp. 0.48 billion

 Amount of PPh-tax payable = Rp. 0.48 billion x 25% x 50% = Rp. 0.06 billion

1. Taxable Income portion which does not get tariff discount =

(Rp. 2 billion – Rp 0.48 billion ) = Rp. 1.52 billion

 Amount of PPh-tax payable = Rp. 1.52 billion x 25% = Rp. 0.38 billion

1. Total corporate income tax payable =

 Rp. 0.06 billion + Rp. 0.38 billion = Rp. 0.44 billion (Rp. 440 million.-)

**2.1.2. Government Regulation No. 46 Year 2013**

As an effort of the Indonesian Government to mobilize and collect more revenue sources from domestic fund through taxation, particularly from micro, small and medium scale businesses (UMKM), on June 12, 2013, the Government launched new tax policy, called as Peraturan Pemerintah (PP) Number 46, 2013. This policy has been in effect officially since July 1, 2013, and basically stipulates that :

a). corporate tax payer and individual tax payer, who run business and reach the gross sales less than Rp. 4,800,000,000.- (four billion eight hundred million rupiah) is liable to the income tax tariff of 1% final

b). the company or tax payer generate income from business which already run

 commercially or self-employment, except from freelance work job activities.

c). the implementation of this PPh final is based on the level of previous year gross sales which shall have to be below Rp. 4,800,000,000.-, before the existing prevailing tax year.

d). yet for the medium scale enterprises with yearly gross sales over the amount of Rp. 4,800,000,000.-, then the following year taxable income will be subject to the stipulation of article 17 and article 31E of Income Tax Law 36/ 2008.

e). the gross sales is basically the taxable income, or commonly called as DPP, which is used as the basis to impose 1% tariff final to count the tax payable.

f). corporate tax payer that would be liable to final tax income of PP 46/2013 and prepare proper book keeping record, can take into account the carried over compensation loss on the taxable incomes which are not subject to final tax tariff. If the company running in loss, then the loss can not be compensated and carried over to the following year. Specific tax rules however, would be applied on this issue.

**2.2. Micro, Small and Medium Scale Businesses and UMKM Law No. 20/2008**

With reference to UMKM Law No. 20, year 2008, the micro, small and medium scale businesses is defined as a productive economic activities owned by individual or business entity which has fulfilled the criteria set by the law.

**Criteria of Micro and Small Business**

It is defined that the criteria of micro enterprise refers to the business with the maximum net asset of Rp. 50,000,000.- or owns yearly sales up to the tune of Rp. 300,000,000.-.

While for the small enterprises refer to the criteria either of net asset between Rp. 50,000,000.- up to Rp. 500,000,000.-, or yearly sales ranging from Rp. 300,000,000.- to Rp. 2,500,000,000.-

**Criteria of Medium Scale Business**

The medium scale business refers to business scale level in terms of net asset between Rp. 500,000,000.- until Rp. 10,000,000,000.- ; or business with the yearly sales level in the range of Rp. 2,500,000,000.- till Rp. 50,000,000,000.-.

**2.3. Tax Payer Behavior and The Tendency**

General public perception which is spreadly believed by the society including the tax payers, that the knowledge, calculation and understanding of the tax rules, is uneasy, complicated and in several cases could be multiple meaning. According to the research by Fatmawati (2015), the understanding by tax payers particularly about PP 46/2013, shows that there has been significant negative influence of the perception variable of the tax payer on the influence of understanding on PP No. 46 toward the tax payer compliance behavior. Meaning that the perception of the tax payers tend to be weakening the correlation between the tax payer understanding on PP 46 toward the tax payer compliance.

This may occur because of the fact that there has been negative information spreading in the public in connection to the management of government budget and fund which mainly derive from tax revenue sources, so that has been lowering down the public trust to comply with the prevailing tax regulation and rules.

Furthermore research by Setyaningsih, T. and Ridwan A. (2013) also revealed that majority of the respondents have a tendency to do the negotiation of their tax payable and obligation. The tax rule of PP 46 moreover, is not allowing the tax payers not to pay the tax obligation or nill-tax payable. In principal, the tax payer must fulfill the tax liability nevertheless the business activities is facing financial trouble and suffering loss as recorded in their financial book keeping record.

**2.4. Theoretical Framework**

The design of the theoretical framework is prepared with expectation that would find out the solution for the research problems. Theoretical assumptions and logic are used to contruct this framework, also to create research variables, how these variables are linked and connected to each others are going to be analyzed.

The theoretical framework is as follows :



**III. METHODOLOGY**

**3.1. Data Collection**

The research is done on PT. X, a trading & manufacturing company classified as medium scale enterprise with yearly gross sales less than Rp. 50,000,000,000.-. It has a license of the products in the field of door hardware such as door accessories, automatic sliding door and movable partition. It is located in South Tangerang region.

Data gathering and information collection was directly carried out through several visits to the corporate office. Deep and direct interview have been done with the owner and management of the company, who are responsible for the decision making process and financial statement preparation, mainly related to the taxation issues. The later is very key point and important aspect to grab the management’s perspective, comments and advices about the prevailing government rules and regulations, particularly in connection with taxation matters.

**3.2. Method of Data Analysis**

**Quantitative and Qualitative Analisis**

The methodology used in this research is quantitative method over the collected data and documents, which then was analyzed and reviewed on a comparison basis. This is then done with the references of Indonesian tax rules and regulations about corporate income tax, particularly the calculation of corporate income tax payable using the Article 31E of Income Tax Law No. 36/2008, in comparison to the implementation of newly government regulation of PP 46/2013. How the impact and its consequences toward the tax payer perception is deeply analyzed in this research.

Other than that, several direct meeting with the company owner and management were carried out through interview sessions, in order to get the clear understanding and their perception about the government policies on this taxation matters. This type of qualitative research hopefully will grab the key points to answer the research problems and research objectives set in the earlier first chapter of this paper.

**Regression Analysis**

A statistical tool using the regression analysis is undertaken in this research to do prediction of the tax payable amount and the factors influences. The predictions hopefully would result in the value which is not always fixed with the real value, the smaller the deviation between prediction value with the real value, the more accurate the equation of the regression is.

The regression analysis studies the relationship stated in the form of mathematical equation which reveals the functional connection between variables. The functional relationship between 1 (one) independent variable with another one dependent variable is called simple regression. Meanwhile the functional relationship between more than 1 (one) variable is known as multiple linier regression analysis (Darlington, 1968; Nathans, et al., 2012; Nimon, et al., 2010; Zientek, et al., 2008).

This research construct 2 (two) mathematical equations, the first one shows the tax payable as dependent variable using the formula calculation of Article 31E of Income Tax Law 36/2008, while the corporate sales and taxable income (PKP) are determined as the independent variables. In the second equation, the tax payable is counted on the basis of 1% final tax tariff stipulated in the PP 46/2013. Same as the first equation, sales and PKP are the independent variables.

**IV. RESULT AND DISCUSSION**

**4.1. Fiscal Report of Corporate Tax Payer**

 (Rp. 000.-)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 2014 | 2013 | 2012 |
|  | Sales (Penjualan) | 10,882,200 | 2,900,492 | 5,967,766 |
|  | Cost of Good Sold (HPP) | (8.656.516) | (2.219.542) | (5.327.921) |
|  | Gross Profit  | 2.225.684 | 680.950 | 639,844 |
|  | General & Admin Expense | (728.204) | (436.475) | (614,701) |
|  | Other Income (Expense) | (73.093) | (196.416) | - |
|  | Profit Before Tax (PKP)*(percentage of sales)* | 1,424,387*(13%)* | 48,059*(2%)* | 25,142*(0.4%)* |
|  | Tax Payable counted :1. by PPh Article 31E
2. by PP 46 / 2013
 | 277,560108,822 | 6,007-- | 3,757-- |

**4.1.1 Calculation of Corporate Income Tax (PPh) Tax Year 2012**

Tax payable is counted on the basis of using formula in article 31E of Income Tax Law No. 36 / 2008. The calculation result is as follows :

|  |
| --- |
| **a). PKP with Tax Facility (50% tariff discount)** 4,800 x Rp. 25,142,000.- = Rp. 20,224,836.-  5,967 Tax Payable **-----------** Rp. 20.224.836,- x 50% x 25% = Rp. 2,528,104.-**b) PKP without Tax Facility**  1,167 x Rp. 25,142,000.- = Rp. 4,917,164.-,-  5,967  Tax Payable  **-------------** Rp. 4,917,164 .- x 25% ……. = Rp. 1,229,291.-**c) Total Corporate Income Tax Payable :**  --- (Rp. . 2,528,104 .- + Rp. 1,229,291.- ) ….. = Rp. 3,757,395.-  |

**4.1.2 Calculation of Corporate Income Tax (PPh) Year 2013**

Eventhough PP 46/2013 was in effect since July 1, 2013, in the year 2012 the Company of PT. X had performed relatively good achievement with the gross sales of Rp. 5,967,766,000.- so that lead the Company was not subject to 1% final tax tariff. In the tax year 2013, the tax payable refers to Article 31E, Income Tax Law (UU PPh) No. 36/2008, with the amount of tax payable as follows :

|  |
| --- |
| - Gross Sales 2013 was - Rp 2,900,492,000.-- PKP – Tax Income - Rp. 48,059,000.-- Hence the Tax Payable = Rp. 48,059,000.- x 25% x 50% = Rp. 6,007,375.-   |

**4.1.3 Calculation of Corporate Income Tax (PPh) Year 2014**

Due to the fact that in year 2013, PT. X had suffered significant drop in their sales performance to be below Rp. 4,800,000,000.- , the calculation of tax payable then followed rules stipulated in the PP 46. The calculation is shown below :

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Month** | **Sales** **(gross revenue)****(Rp)** | **Tax Payable – refer to tax tariff of****PP 46 / 2013****(Rp)** |
| 1 | January | 558,129,658 | 5,581,297 |
| 2 | February | 367,133,106 | 3,671,331 |
| 3 | March | 617,733,765 | 6,177,337 |
| 4 | April | 621,810,654 | 6,218,106 |
| 5 | May | 361.511.532 | 3.615.115 |
| 6 | June | 395.491.068 | 3.954.910 |
| 7 | July | 1,765,957,475 | 17,659,575 |
| 8 | August | 641,017,245 | 6,410,173 |
| 9 | September | 822,349,330 | 8,223,493 |
| 10 | October | 1,209,206,777 | 12,092,068 |
| 11 | November | 1,885,922,063 | 18,859,221 |
| 12 | December | 1,635,937,675 | 16,359,377 |
| **Total** | **10,882,200,348** | **108,822,003** |

However as a simulation, if PT X uses the tax formula of Article 31E Income Tax Law 2008, the tax payable amount then would be more than double as follows :

|  |
| --- |
| **a) PKP with Tax Facility** 4,800 x Rp. 1,424,387,763- = Rp. 628,290,871.-  10,882 Tax Payable **----** Rp. 628,290,871.- x 50% x 25% ….. = Rp. 78,536,359.-**b) PKP without Tax Facility**  6,082 x Rp. 1,424,387,763.-…= Rp. 796,096,892.-  10,882  Tax Payable **------** Rp. 796,096,892.- x 25% ………..= Rp. 199,024,222.-**c) Total Tax Payable** (Rp. 78,536,359,- + Rp. 199,024,222).. **= Rp. 277,560,581.-**  |

From the above Table, it can be seen that the amount of tax payable of PT. X, would be much bigger by using the Article 31E Income Tax Law - UU PPh No. 36/2008 rather than tax payable counted by using PP 46/2013 with 1% final tariff on sales.

Considering to the fact that, the above significant differences of tax payable amount is obviously determined by the 2 (two) main variables, namely the level of gross sales and taxable income (PKP), then this research would like to observe by doing simulation and prediction about the magnitude of tax payable amount differences, and carry out the analysis on the tendency of behaviour of the medium scale tax payer businesses. The tax payer tendency behaviour, particularly of the medium scale businesses with yearly gross sales level below Rp. 10,000,000,000.-, including PT. X, is the object of this research study.

**4.2. Simulation and Statistical Test of Tax Payable Using Art 31E and PP46/2013**

**4.2.1. Simulation and Prediction of Tax Payable of Medium Scale Businesses**

The following Table below, shows the simulated calculation and prediction of tax payable amount of medium scale enterprises. The tax payers with the levels of gross sales below level of Rp. 7 billion and Taxable Income (PKP) less than 6.09% of the Sales level, if using Article 31E, then their tax payable amount would be smaller than using the final tariff 1% as stipulated in the PP46/2013.

Table 1 below, discloses the simulated calculation of tax payer Gross Sales and Taxable Income (PKP), result in their Tax Payable amount, using the taxation formula of article 31E and PP 46/2013.

**Table** 1 : Percentage of Taxable Income (PKP) over Sales



**4.2.2 Statistical Test of Calculating Tax Payable Using Art 31E and PP46/2013 –**

 **Medium Scale Business**

As it has been cited in Chapter-3 about the Research Methodology, this research also using regression analysis to test and make prediction about the relationship between variables which have been constructed.

The research developed 2 (two) equations, in which the first one, the “dependent variable” are the calculation of tax payable using the formula of Article 31E and “independent variable” are Sales and Taxable Income (PKP) which is calculated as percentage amount of the Sales.

Meanwhile for the second equation, the “dependent variable” derived from the calculation of tax payable using the PP 46/2013, and the “independent variables” are the Sales and the Taxable Income (PKP). The equation model of multiple liner regression is as follows :

**Linear Multiple Regression Model for Calculating Tax Payable Using Art 31E**

$PPhterutang=−150000000+0.01875Sales+1400000000PKP$ ……….(1)

**Tabel 2 *Model Summary* Pasal 31E**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| --- | --- | --- | --- | --- |
| dimension0 | 1 | .986a | .972 | .970 | 6.36469E6 |
| a. Predictors: (Constant), *Sales*, PKP |
| b. Dependent Variable: P31E |

**Linear Multiple Regression Model for Calculating Tax Payable Using PP46**

$PPhterutang=0.01Sales$ ………………..(2)

**Tabel 3 *Model Summary* PP46**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| --- | --- | --- | --- | --- |
| dimension0 | 1 | 1.000a | 1.000 | 1.000 | .00000 |
| a. Predictors: (Constant), *Sales*, PKP |
| b. Dependent Variable: PP46 |

The above Table 2 indicates that the first equation, “independent variablses”, namely Sales and Taxable Income (PKP), can explain the “dependent variable”, namely tax payable using formula of Article 31E, amounting 97.2%, while the remaining portion of 3.8% is explained by factors other than Sales and Taxable Income (PKP). From this illustration, it can be figured out that when we predict the amount of tax payable using Article 31E (the first equation), can not be thoroughly calculated using the independent variables of Sales and Taxable Income (PKP). This is different with the second equation (Table 3), where 100% of tax payable amount can be counted by independent variable of Sales, as stipulated in the PP 46/2013

On the basis of the above regression model (1) Article 31E and regression model (2) PP 46/2013, it can be found out that the simulation data of tax payable amount by using Article 31E, will be bigger than the amount using PP46 /2013 when the level of Sales has been over the amount of Rp. 7,000,000,000.- and the Taxable Income (PKP) at the level of beyond 6.34% of the Sales amount. This phenomenon is interesting to be noticed and analyzed how the impact of PP 46 / 2013 toward the tax payer behavior, related to the literature studies and previous researches.

**4.3. The Perception and Analysis of Tendency of Tax Payer, and Impact of Tax Revenue**

 **from PP No. 46/2013.**

The above statistical test (Table 2), where the Sales amount beyond Rp. 7,000,000,000.- and the Taxable Income (PKP) has been already over Rp. 6.34% of the Sales, give the phenomenon that tax payable using Article 31E is bigger than tax payable using the formula as stated in the PP 45/2013.

Similar result is presented by the above Table 1, which the simulation has resulted in the calculation of tax payable are dependent upon the level of company Sales and Taxable Income (PKP). When PKP reached at around 6.1% of the Sales and company Sales at Rp. 7,000,000,000.- the tax payable using the Article 31E starting to be higher than the amount using PP 46/2013. These may would lead to the public perception and behavior of the tax payers toward their decision making and compliance on the tax obligation.

Interview with the management and owner of PT X revealed that, it is true that the introduction of PP 46 /2013 has given the micro, small and medium scale businesses to be easier to count and pay the tax payable. Nevertheless it may would lead to the tendency that those tax payers would try to optimize their tax payable amount, in line with the increase in the level of their Sales and Taxable Income (PKP). Further he made confirmation that the issuance of the company fiscal financial report of UMKM businesses does not impose strong law enforcement related to the accuracy and accountability of the financial statement. Adjustment of the company’s level of sales may would be done to ensure that the tax payable amount obligation would be optimized at reasonable low level.

Moreover, it is fortunate that the Article 68 of Limited Company Law (UU Perseroan Terbatas) No. 40 year 2017, stated that the obligation of limited company to prepare book keeping is not followed by the requirement that the company’s financial statement should have to be audited. The latter is applicable to the company with the total asset less than Rp. 50,000,000,000.- including micro, small and medium scale enterprises (UMKM).

This phenomenon is interesting to note if it is connected to the research by Fatmawati (2015) who revealed that there is negative and significant influence of the perception variable of the tax payers towards the understanding of tax payers on PP 46/2013, and its impact to the compliance of UMKM Tax Payers.

This means that that the perception of tax payers would be weakening the relationship between the understanding of tax payers toward their compliance of tax regulations. This problem may occur because of negative issues and rumors spreading in the public and society towards the management of the government budget and funds which mostly derives from tax revenue sources. This in turn would bring into the impact on the lowering public trust.

Eventhough tax payers truly understand the tax rules and regulations, including PP 46/2013, the tendency of incompliance to pay the tax payable properly, is effected by tax payers perception about tax policy and government budget utilization.

Similar to the above mentioned researches, another research by Setyaningsih, T and Ridwan A (2013) also indicated that majority of respondents, about 60%, admit to have tendency to carry out tax negotiation on their tax payable amount. Moreover the PP 46/2013 is not permitting the corporate tax payers to nil-tax payable, or not paying their tax liability. The tax payers have to fulfill and pay the tax obligation eventhough their businesses are suffering financial trouble and running in loss in their book keeping of fiscal report.

With reference to the above evaluation, testing and analysis, several implications and items could be pointed it out as follows :

1). If the Sales value of the businesses, primarily those of micro, small and medium scale enterprises, already reached the level of Rp. 7,000,000,000.- and above, some effort of financial adjustment may would be done by corporate tax payers to minimize the taxable income (PKP) at the below 6% of sales, so that the calculation of tax payable level will use the Article 31E rather than PP 46, in which would lead to the lower payable amount.

The above efforts could be done through some tax accounting treatments such as fiscal corrections, or accrual discretion policies by the management in order to realize the objectives of lowering tax liability.

2). It is due to the fact that PP 46 / 2013 with final tariff of 1% is only applicable for enterprises with the gross sales less than Rp. 4,800,000,000.-, then the tendency of tax payer to reduce their sales amount may could occur, in order to be liable to smaller tax liability. The tendency of negotiation efforts and tax incompliance because of negative perception, most likely would happen as disclosed by the previous cited research.

3). The implications as mentioned in the above point 1 and 2, could be most likely occurred, moreover if we remember and obviously refer to the General and Administration Tax Law No.16 year 2009 (UU KUP) and Limited Company Law No. 40 year 2007 (UU Perseroan Terbatas) article 68, in which the enterprise should have to prepare book keeping record properly, but the financial statement does not necessarily have to be audited.

4). For the tax office, the above phenomenon needs careful attention and serious actions to follow up, particularly how to change the public perception about the important of tax revenue sources, by improving the internal issues within the tax office including the government, and enforcing the understanding of the tax rules and regulations properly, which in turn hopefully this will lead tax payers to fully comply with by paying the correct tax obligation.

5). The determination of maximum gross sales of Rp. 4,800,000,000.- as stipulated in the PP 46/2013 may need to be evaluated and reviewed. This maximum threshold may be due to the reference of Article 31E Income Tax Law No. 36/2008, for tax facility of 50% tariff discount will be given to tax payer’s sales up to Rp. 4,800,000,000.- and full 100% tax tariff applicable for the remaining sales up to maximum of Rp. 50,000,000,000.-

 Meanwhile the UMKM Law No. 20 / 2008, defines that the medium scale businesses is an enterprices with the gross sales starting from Rp. 2,500,000,000.- up to Rp. 50,000,000,000.-, so that the idea of expanding the range of company sales, as well as imposing the mandatory order of preparing audited financial report, should be taken into account for immediate implementation and put it into practice. These hopefully will encourage tax payers to understand the tax rules and start to comply their tax payable obligation.

**V. CONCLUSION**

The research has tried to answered the research problem and objectives which have been defined in the early Chapter 1, and determined the conclusion as follows :

1). Companies or tax payers which are classified as medium scale enterprises with the gross sales beyond of Rp. 4,800,000,000.-, including PT. X, would be facing the obligation to understand deeply the tax rules of PP 46/2013 and Article 31E of Income Tax Law No. 36 / 2008. However, refer to the interview and literature survey, the tendency of tax payers with the yearly gross sales of Rp. 7,000,000,000.-, would do simulation and evaluation over the magnitude of their tax payable amount, in order to obtain tax saving. The obligation to do book keeping record of their financial statement, but without mandatory order of their financial statement to be audited by external auditor, would encourage the tendency of those micro, small and medium scale enterprises to optimize and clearly minimize their tax payables amount.

2). Taking this opportunity, it is possibly time to come that the tax office may have to evaluate and review the effectiveness of PP 46 / 2013. Especially in connection with the magnitude of gross sales of those medium scale enterprises as the tax payers.

3). Socialization and law enforcement particularly of the tax rules and regulations, shall have to be carried out, so that the unexpected implications mainly related to the negative public perception which is spreading out in the society, would be minimized or even fully eliminated.

4). As a constraint faced during the research that have to be disclosed, a study or research in connection with the topic of taxation, is about the primary data gathering. It is relatively uneasy and needing extra effort to approach. Moreover data of those micro, small and medium scale businesses are relatively not well prepared and recorded, as well as not supported by proper related documentations. In some cases they tend to be very anxious and less willing to disclose. As an advice, therefore it may be better and helpful that tax office could create somehow good atmosphere and condition, so that research activities on taxation would significantly develop and could give feedback to the tax authority to improve and in turn increase the government tax revenue sources.

**REFERENCES**

 1). Darlington, R.B (1968). Multiple Regression Psychological Research & Practice

 2). Hakim, F. dan Nangoi, G.B. (2015). Analisis Penerapan PP Nomor 46 Tahun

 2013, Tentang Pajak Penghasilan UMKM Terhadap Tingkat Pertumbuhan Wajib

 Pajak dan Penerimaan Pajak Penghasilan Pasal 4 Ayat (2) pada KPP Pratama

 Manado. ISSN 2303-1174. Fakultas Ekonomi Bisnis. Universitas Sam Ratulangi.

 3). Fatmawati, 2015, Pengaruh Pemahaman Wajib Pajak Atas PP No. 46 tahun 2013

 dan Implementasi Self Assessment System Terhadap Kepatuhan Wajib Pajak

 dengan Persepsi Wajib Pajak Sebagai Variabel Moderasi (studi empiris pada

 pelaku UMKM kerajinan gerabah kasongan). Fakultas Ekonomi, Universitas

 Negeri Yogyakarta.

 4). Laporan Keuangan Pemerintah Pusat, (2011, 2013, 2015) Republik Indonesia

 5). Nathans, L.L.; Oswald, F.L. dan Nimon, K. (2012). Interpreting Multiple Linear

 Regression. A Guidebook of Variable Importance.

 6). Peraturan Pemerintah Nomor 46 (2013). Pajak Penghasilan Atas Penghasilan dari

 Usaha Yang Diterima Wajib Pajak Yang Memiliki Peredaran Bruto Tertentu

 7). Sekaran, U. dan Bougie, R. (2009). Research Methods for Business. A Skill

 Building Approach

 8). Setyaningsih, T., dan Ridwan A., (2013), Persepsi Wajib Pajak UMKM Terhadap

 Kecenderungan Negosiasi Kewajiban Membayar Pajak Terkait Peraturan

 Pemerintah No.46/2013. Universitas Sebelas Maret. Prosiding Simposium

 Nasional Perpajakan 4.

 9). Syahdan, S. A. dan Rani, A. P. (2014). Dimensi Keadilan Atas Pemberlakuan PP

 No 46/2013Dan Peningkatan Kepatuhan Wajib Pajak. Jurnal InFestasi,Juni 2014.

10). Undang-undang Nomor 16 (2009), Ketentuan Umum dan Tatacara Perpajakan

11). Undang-undang Nomor 36 (2008). Pajak Penghasilan

12). Undang-undang Nomor 40 (2007). Perseroan Terbatas

13). Undang-undang Nomor 20 (2008). Usaha Mikro Kecil dan Menengah

**GLOSSARY**

 1). APBN : Anggaran Pendapatan dan Belanja Negara (Indonesian

 Government budget)

 2). BUT : Bentuk Usahan Tetap (Busienss Establishment)

 3). DPP : Dasar Pengenaan Pajak (taxable base object or income)

 4). LKPP : Laporan Keuangan Pemerintah Pusat (Indonesian Central

 Government Financial Report)

 5). ORI : Obligasi Retail Indonesia (Bond; Marketable Securities)

 6). PNBP : Peneriman Negara Bukan Pajak (non-tax government revenue)

 7). PPh Badan : Pajak Penghasilan Badan (Corporate Tax Payer)

 8). PPh Terutang : Income Tax Payable

 9). PP 46 / 2013 : Peraturan Pemerintah No. 46 / 2013 (Government Regulation)

10). PKP : Penghasilan Kena Pajak (Taxable Income)

11). SBN : Surat Berharga Negara (Government Marketable Securities)

12). SUKUK : Obligasi Berbasis Syariah (Islamic Sharia Bond)

13). UMKM : Usaha Mikro Kecil dan Menengah (Small and Medium Scale

 Enterprices)

14). UU KUP : Undang-undang Ketentuan Umum & Tatacara Perpajakan

 (General Rule and Administration Tax Law)