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Effectiveness of final income tax imposition on MSME performance

Djuminah[1*], Andreas Catur Restu Kurniadi[2]
[1,2]Postgraduate Faculty of Economics and Business, Universitas Negeri Sebelas Maret, Surakarta

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ABSTRACT
The research is intended to determine the effectiveness of various tax regulations that have been issued as incentives for Micro, Small and Micro Enterprises (MSME) taxpayers, measured from the increase in corporate value and tax payments. The research uses the Mann-Whitney U Test of IBM SPSS Statistics version 27, a non-parametric test that is used to compare two sample means that come from the same population, and used to test whether two sample means are equal or not. Differential tests are conducted on Taxpayers using a certain gross turnover and Taxpayers do not use gross turnover in the period 2015 – 2022 on taxpayers registered at the Regional Office of DJP Central Java II The results of the study show that in the short-term range policy implementation (2015-2017) have no significant difference between taxpayers who use a certain gross turnover and taxpayers who do not use gross turnover. Meanwhile, different results were shown in the long-term analysis (2015 – 2022), where the conclusions showed that there were significant differences, where non-MSME taxpayers experienced a higher increase in performance compared to MSME taxpayers. With these results, it can be concluded that providing PPh incentives for MSMEs through the implementation of PP no. 46 of 2013, PP no. 23 of 2018 and PP no. 55 of 2022 turns out to be ineffective in improving the performance of MSMEs. The research has limitations in access to the observed data, the data samples are only limited to taxpayers registered in the Regional Office of DJP Central Java II and the 2015 - 2022 tax year. Another limitation of the research is that it does not take into other external factors, namely the Covid-19 pandemic in the period 2020 – 2021. Researchers hope that the research results can be one of the considerations in evaluating the effectiveness of implementing various PPh incentives for MSME taxpayers. Meanwhile, for taxpayers, the results of the research can be used as material for consideration in planning related to company tax planning.

Corresponding Author:
Djuminah
Postgraduate Faculty of Economics and Business, Universitas Negeri Sebelas Maret, Surakarta
juminah80@gmail.com

INTRODUCTION

Tax revenues originating from the small and micro business (MSME) taxpayer sector in Indonesia are still not optimally explored. The huge potential of the MSME sector, which has a large contribution to National GDP, has not yet been reflected in tax revenues from this sector. In 2021 the number of MSMEs in Indonesia will reach 65.4 million, with a

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contribution to GDP of 60.3% or IDR 8,573.89 trillion and can raise up to 60% of total investment (ASEAN Secretariat, 2022). Meanwhile, in terms of tax revenues, the Directorate General of Taxes recorded income tax (PPh) for the MSME sector of IDR 7.5 trillion or only 1.1% of the total PPh revenues as a whole in 2021 (Directorate General of Taxes, 2021). When comparing the size of the portion of MSMEs in national GDP and sectoral tax revenues, it can be concluded that there is a *mismatch* between the contribution of the MSME sector to GDP compared to its tax revenues.

This inequality in MSME tax contributions is an indication that tax collection in the MSME sector has not been implemented optimally. As a comparison, the achievements of non-MSME taxpayers show much better figures. In 2021, the total income tax (PPh) revenue from non-MSME taxpayers will reach IDR. 208.44 trillion or 30.67% of the total PPh revenues, and reached 104.42% of the set target. The minimal contribution of MSME taxpayers can also be seen from the number of MSME taxpayers who make tax payments. Even though the number of MSME taxpayers paying taxes has increased, the number is still relatively small compared to the total number of taxpayers who pay, which is still below 10% of all taxpayers.

Table 1. Number of Taxpaying Taxpayers (National)

Type of Taxpayer *)	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
MSME Taxpayers	4,388,861	7.03 %	4,806,936	7.27 %	5,452,655	8.04 %
Non MSME Taxpayers	58,029,366	92.97 %	61,342,360	92.73 %	62,373,346	91.96 %
Total Taxpayers	62,418,227	100.00%	66,149,296	100.00%	67,826,001	100.00%

Sumber : Kanwil DJP Jawa Tengah II

The conditions for MSME tax collection at the Regional Office of DJP Central Java II are slightly different when compared to national achievements. The number of MSME taxpayers dominates the taxpayers who pay taxes. In 2022, 121,642 MSME taxpayers will pay Final Income Tax. This achievement is far compared to the number of non-MSME taxpayers who were only recorded as 1,802 paying in the same year. Even though the number of taxpayers paying is very large, the MSME tax contribution shows an achievement that is not much different from the national condition which only contributes around 1% of total tax revenue.

Table 2. Contribution of UMKM PPh at the Regional Office of DJP Central Java II

Tax year	Total Tax Revenue	Final Income Tax on UMKM Taxpayers			PPh for non-UMKM taxpayers		
		Number of Paying Taxpayers	Total Tax	% Tax revenue	Number of Paying Taxpayers	Total Tax	% Tax revenue
2020	10,578	126,365	142	1.34%	15,412	1,193	11.28%
2021	11,599	118,232	137	1.18%	16,954	1,341	11.56%

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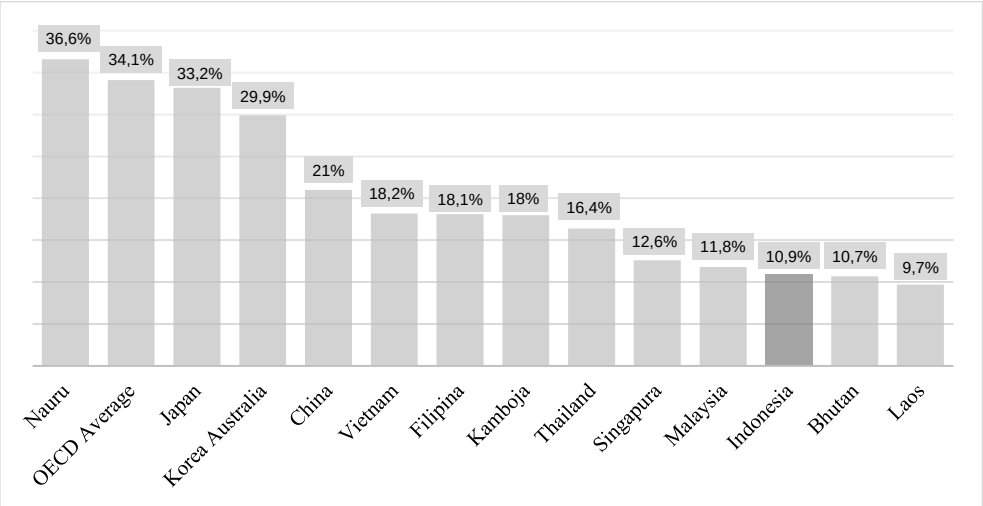
Tax year	Total Tax Revenue	Final Income Tax on UMKM Taxpayers			PPh for non-UMKM taxpayers		
2022	13,816	121,642	145	1.05%	20,100	1,802	13.04%

Sumber : Kanwil DJP Jawa Tengah II

The problem faced by some developing countries, including Indonesia, is related to the problem of low *tax ratios* . Low-income countries usually have *a tax ratio* ranging from 10% to 20% of their GDP, while the average *tax ratio* in high-income countries is around 40% (Besley & Persson, 2014). Indonesia's *tax ratio* in 2021 will only reach 10.9%. Even though it is higher compared to 2020 at 8.33% of GDP, this figure is still below the tax ratio of other countries. Based on data published by the (OECD, 2023)*Revenue Statistics in Asia and the Pacific 2023* report , Indonesia's tax ratio in 2021 was recorded as being in the third lowest position of 24 countries in Asia and the Pacific, lower than Vietnam, the Philippines and Malaysia. For this reason, it is emphasized that further tax administration and tax policy reforms are needed to meet new targets and increase the credibility of fiscal policy (Beck, 2017). The results of other research by (van der Wielen, 2020), also show that a country's fiscal policy has a big impact on increasing economic growth.

One effort to increase the tax ratio is to increase the role of taxpayers who have a certain gross turnover or better known as micro, small and medium enterprise (MSME) taxpayers. The results of research conducted by (Setyorini & Susilowati, 2018)show that MSME taxpayers have limited knowledge regarding tax accounting. The obligation to carry out bookkeeping for taxpayers with these criteria is burdensome. (Silvani & Baer, 1997)stated that one of the efforts to optimize tax collection is to carry out tax reform, one of which is through simplifying tax regulations

Table 3. Tax Ratio for Asia Pacific Countries in 2021



Source: Revenue Statistics in Asia and the Pacific 2023, OECD

In line with the research results above, the government since 2013 has formulated many regulations to encourage the role of taxpayers in this sector. In 2013, the government first provided convenience for MSME taxpayers through regulations on the imposition of

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final PPh on MSME taxpayers (up to IDR 4.8 billion) through Government Regulation (PP) number 46 of 2013 where taxpayers were only subject to final PPh of 1 %. The next incentive is given by reducing the tax rate through PP number 23 of 2018 where the final PPh rate is reduced to 0.5%. The government's support for MSME taxpayers continues with the issuance of PP number 55 of 2022 where taxpayers with business turnover below Rp. 500 million is exempt from the imposition of PPh.

An initial study conducted by the State Revenue Policy Center, Fiscal Policy Agency (BKF) at the time of the implementation of PP number 46 of 2013 stated that the main objective of this policy was to create *voluntary compliance.* If *voluntary compliance* has been created, the next impact will be an increase in tax revenues from MSMEs. This increase in revenue is expected to arise from correct payments from registered MSMEs, and additional new MSMEs who are willing to enter the formal route, by registering as taxpayers and carrying out their tax obligations. With this *voluntary compliance* , MSMEs have entered the formal route, which has an impact on the ability of MSMEs to access *financial* banking and leads to the development of MSMEs themselves.

This research was conducted with the aim of answering BKF's initial analysis that the existence of tax incentives could have an impact on the development of MSMEs. As for the analysis related to this MSME development variable, researchers have not found similar research conducted on MSME taxpayers in Indonesia. To test the effectiveness of providing various incentives and conveniences to taxpayers with gross turnover, the performance of these taxpayers will be compared with non-MSME taxpayers during a certain observation period using difference test analysis. In this study, three research questions will be discussed: (1) Is there a difference in financial performance between MSME taxpayers and non-MSME taxpayers in terms of the percentage increase in sales? (2) Is there a difference in financial performance between MSME taxpayers and non-MSME taxpayers in terms of the percentage increase in business profits? (3) Is there a difference in the effect of the imposition of gross PPh rates on the increase in tax revenue for MSME taxpayers compared to non-MSME taxpayers? .

METHOD

In this research, a comparative test will be carried out on the conditions of MSME taxpayers and non-MSME taxpayers. The conditions compared are two periods, namely:

1. Tax year 2015 with 2017.
   This appeal test period is to find out how big the short-term impact of the implementation of PPh incentives will be on MSME taxpayers, after the implementation of PP number 46 of 2013.
2. Tax Year 2015 to 2022.
   This appeal test period is to find out how big the long-term impact of the implementation of PPh incentives will be on MSME taxpayers, after the implementation of PP number 46 of 2013, PP number 23 of 2018 and PP number 55 of 2022.

The starting point for this type of research is to carry out a comparative analysis of the conditions of two samples (non-free samples) using different statistical test tools, so

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the variables used in this research are to compare the performance conditions of taxpayers, which are measured using several parameters, namely:

b. Sales Increase Ratio

The increase in taxpayer sales is measured using the following formula:

$$\frac{\text{Penjualan}^{tahun\ N} - \text{Penjualan}^{tahun\ 2015}}{\text{Penjualan}^{tahun\ 2015}}$$

c. Operating Profit Increase Ratio

The increase in the turnover of the taxpayer's business is the ratio of the increase in the taxpayer's business profit which is measured using the following formula:

$$\frac{\text{Laba Usaha}^{tahun\ N} - \text{Laba Usaha}^{tahun\ 2015}}{\text{Laba Usaha}^{tahun\ 2015}}$$

d. Tax Deposit Increase Ratio

The increase in tax payments by taxpayers is measured using the following formula:

$$\frac{\text{Setoran Pajak}^{tahun\ N} - \text{Setoran Pajak}^{tahun\ 2015}}{\text{Setoran Pajak}^{tahun\ 2015}}$$

This research used a causal-comparative research strategy, where researchers compare two or more groups based on a cause (or independent variable) that has occurred. Causal-comparative research is a type of non-experimental quantitative research, in which researchers use correlational statistics to describe and measure the degree or relationship (or relationships) between two or more variables or sets of scores (Creswell & David Creswell, 2018). A comparative strategy is used because the aim of this research is to determine the difference in the effect of providing incentives on taxpayers with a certain gross turnover (MSMEs) compared to other taxpayers who do not receive incentives (non-MSMEs). It is said to be a quantitative approach because the research variables are measured using numbers *(numerics)* and statistical procedures will be analyzed using the SPSS application. The analysis that will be carried out in the research includes:

1. Descriptive statistics

Descriptive statistics is a method related to collecting and presenting a group of data so that it provides useful information. (Walpole et al., 2016).Descriptive statistics are usually used to reveal minimum values, maximum values, average values and standard deviations of variables used in research. In this research, descriptive analysis is used to reveal the level of increase in tax revenue, changes in company value and taxpayer compliance.

2. Normality test

In selecting a particular statistical test, it is very important to check the normality of the data. The normality test in this research was carried out with the aim of finding out whether the research variables had a normal or abnormal distribution. To carry out this normality test, you can use graphs and statistical tests, but many researchers prefer to use statistical tests to analyze the normality of data. (Rodriguez, 2020).One of the well-known statistical tests for normality is the Kolmogorov-Smirnov statistical test. The Kolmogorov-

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Smirnov statistical test was chosen to detect data normality because the number of samples in this study was more than 50 with a significance level set at 5% ($\alpha = 0.05$). Thus, assuming a confidence level of 95%, if $p < 0.05$ then the null hypothesis is rejected, and it is concluded that the distribution is not normal.(Rodriguez, 2020).

If the results of the normality test show that the data is normally distributed, then the data will be immediately tested for differences using the *Independent Sample T-test* . If there is data that is not normally distributed, then the data will be tested using a non-parametric statistical test with *the Mann-Whitney U Test* in SPSS.

3. Hypothesis test

a. Independent Sample T-test

Independent Sample T-test is a test used to determine whether two unrelated samples have different means. This t-test is carried out by comparing the difference between two average values with the standard error of the difference in the average of two samples.

b. Mann-Whitney U Test

Many researchers tend to use T test or one-way ANOVA to compare means between different groups. However, this statistical test has several assumptions that must be met, one of which is that the variable must be normally distributed. If these assumptions are not met, the research can be continued using the Mann Whitney U test or the Kruskal–Wallis test, which does not assume a particular data distribution. (Rodriguez, 2020). This means that these variables can always be used, regardless of whether the variables studied are normally distributed or not. The *Mann-Whitney U Test* is used to determine whether there is a difference in the averages of two unpaired data samples using $\alpha = 0.05$.

In determining the sample in the research, the *purposive sampling method will be used* , namely a sample selection method that is chosen based on certain considerations or adjusted to various certain criteria. (Maxwell, 2012)defines the *purposive sampling method* as a strategy where certain people or events are chosen deliberately to provide important information that cannot be obtained from other choices. This is where researchers include cases or participants in the sample because they believe that it warrants inclusion.

In determining the sample in research, it will be determined through several *sampling frames* carried out in stages so that the conclusions from the sample can represent the entire population. The criteria for determining the sample used in research analysis are as follows:

Table 4. Determination of Research Sample

No.	Criteria	Sampling Frames	UMKM taxpayers	Non MSME Taxpayers
1	Taxpayers who paid in 2015	Sampling Frame 1	56,555	15,944
2	WP for 2022 is still registered	Sampling Frame 2	53,129	15,738
3	Agency and Central Taxpayers	Sampling Frame 3	6,120	4,307
4	WP KLU Retail Trader	Sampling Frame 4	1,146	955
5	Taxpayers for the period 2015 – 2022 make payments	Sampling Frame 5	285	437

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https://ejournal.seaninstitute.or.id/index.php/Ekonomi

No.	Criteria	Sampling Frames	UMKM taxpayers	Non MSME Taxpayers
6	Sales under 10 M	Sampling Frame 6	285	145
7	Availability of Financial Reports		213	121
	Total sample		213	121

Criteria Determining the research sample in each *sampling frame* is explained as follows:

1. *Sampling frame* 1
   Determination sampling frame The first for MSME taxpayers is the group of taxpayers who were registered in 2015 and used the MSME PPh rate (deposit type code 411128-420) during 2015. Meanwhile, non-MSME taxpayers are taxpayers who were registered in 2015 and made payments other than MSME PPh (deposit type codes 411125-100, 411125-200, 411126-100, 411126-200)
2. *Sampling frame* 2
   sampling frame is taxpayers in the *sampling frame* 1 group who are still registered in 2022. This sample criteria was taken with the aim that taxpayers can be observed until the observation year 2022.
3. *Sampling frame* 3
   Sampling *frame* 3 determined that the research sample only consisted of taxpayers with corporate status and central taxpayers. This sample limitation was determined due to the availability of financial reports as a source of research data. Taxpayers who have the obligation to prepare financial reports are corporate taxpayers and have the status of central taxpayers, while other taxpayers, namely individual taxpayers and treasurer taxpayers, are not required to do so. Apart from that, the research sample was limited to corporate taxpayers with the aim of more equalizing characteristics based on business processes.
4. *Sampling frame* 4
   Determination The sample in *sampling frame* S 4 is limited to MSME taxpayers who are registered as having a Business Field Code (KLU) registered as Retail Traders registered with the DJP. The selection of *sampling frames* for KLU taxpayers is because the majority of MSME taxpayers are registered with that KLU and many of the taxpayers who are directly affected by the implementation of tax incentives are taxpayers with that KLU. Data on taxpayers who paid Final Income Tax on certain gross turnover at the Regional Office of DJP Central Java II in the period 2014 to 2014. 2022 shows that 48.56% are taxpayers in the Wholesale and Retail Trade Category; Car and Motorbike Repair and Maintenance (Category G), and of this category the largest group is retail traders (Appendix 1).
5. *Sampling frame* 5
   For the purpose of analysis so that it can be carried out more objectively, in the next *sampling frame* , taxpayers who run businesses consistently in the period 2015 to

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https://ejournal.seaninstitute.or.id/index.php/Ekonomi

2022 are selected. The research sample is selected only from taxpayers who have sales in their financial statements (not nil) in the range that year .

6. *Sampling frame* 6
   The sampling criteria in *sampling frame* 6 are non-MSME taxpayers who have sales under 10 billion. The selection of these criteria is intended so that the two different test groups, namely the MSME taxpayer group and the non-MSME taxpayer group, do not differ too much in their economic capabilities due to differences in business size.

Table 5. Taxpayers with KLU Category G who make Final Income Tax payments on Certain Gross Income

KLU name	Number of WPs	Percentage
Car Wash And Salon	333	0.23%
Large trade	9,704	6.80%
Retail Trade	127,462	89.31%
Motorcycle Repair and Maintenance	3,544	2.48%
Car Repair	1,676	1.17%
Total	142,719	100.00%

Source: Central Java II Regional Office of Taxpayers' Master File for 2022

RESULTS AND DISCUSSION

Normality test

Hypothesis testing in this research was first carried out by testing the normality of the data using the *Kolmogorov-Smirnov test* with a significance level of 5%. Data is said to be normally distributed if Z-KS has *a p-value (asymptotic significance)* > 0.05.

Table 6. Kolmogorov-Smirnov Normality Test Results

No.	Variable	Non MSME taxpayers		UMKM taxpayers	
		KS Statistics	Sig. K.S	KS Statistics	Sig. K.S
1	Percentage increase in Business Circulation 2015 – 2017	0.183	0.00	0.226	0.00
2	Percentage increase in Business Circulation 2015 – 2022	0.193	0.00	0.24	0.00
3	Percentage increase in Operating Profit 2015 – 2017	0.239	0.00	0.22	0.00
4	Percentage increase in Operating Profit 2015 – 2022	0.175	0.00	0.192	0.00
5	Percentage increase in tax payments 2015 – 2017	0.165	0.00	0.816	0.00
6	Percentage increase in tax payments 2015 – 2022	0.201	0.00	0.279	0.00

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The results of the normality test using Kolmogorov Smirnov for the 6 variables above have a *p-value* < 0.05 (α), which means that all variables are not normally distributed. According (Ramachandran & Tsokos, 2021)to data that has a non-normal data distribution, data analysis can use the *Wilcoxon Rank Sum Test* to compare the medians of two independent populations, such as in the two-sample t-test for data that has a normal/parametric distribution. The test using the *Wilcoxon Rank Sum Test* is almost as strong as the parametric version when the population distribution is close to normal. Some statistical analysis applications do not provide *the Wilcoxon Rank Sum Test* , instead there is only *the Mann Whitney Rank Test* , such as in IBM SPSS Statistics version 27 which is used by researchers. According to (Ramachandran & Tsokos, 2021)the test results using *the Wilcoxon Rank Sum Test* and *the Mann Whitney Rank Test,* the results were equivalent, therefore data analysis in this study will be continued with a non-parametric test, namely the *Mann Whitney Rank Test.*

Mann Whitney Rank Test analysis

Mann Whitney Rank Test analysis is used to test the comparison of the performance of taxpayers with certain gross circulation and taxpayers with certain non-gross circulation. *Mann Whitney Rank Test* analysis of the variables above can be seen in the following table.

Table 7. Mann Whitney Rank Test Results

No.	Variable	Z-Count	Asymp. Sig. (2-tailed)	Information
1	Percentage increase in Business Circulation 2015 - 2017	-1.102	0.271	Not significant
2	Percentage increase in Business Circulation 2015 - 2022	-2.121	0.034	Significant
3	Percentage increase in Operating Profit 2015 - 2017	-1.74	0.082	Not significant
4	Percentage increase in Operating Profit 2015 - 2022	-5,816	0,000	Significant
5	Percentage increase in tax payments 2015 - 2017	-0.159	0.874	Not significant
6	Percentage increase in tax payments 2015 - 2022	-6,797	0,000	Significant

The table above shows that the percentage increase in business turnover in 2015 - 2017 has a Z-calculated value of -1.102 and a *2-tailed asymptotic significance of* 0.271, which means there is no significant difference in the percentage increase in business turnover in 2015 - 2017 between MSME taxpayers and taxpayers. non-UMKM. On the other hand, the results of *the Mann Whitney Rank Test* for the same variable in the period 2015 – 2022 show different results, where the test results show that there are significant differences between the two sample groups studied, with a calculated Z-value of -2.121 and a *2-tailed asymptotic significance* 0.034. The results of the different test on the variable percentage increase in profits show the same results as the different test on the variable percentage increase in business turnover, where in the 2015 - 2017 period the

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https://ejournal.seaninstitute.or.id/index.php/Ekonomi

results of the different test are not significant and the 2015 - 2022 period shows differences between the sample groups of MSME and mandatory taxpayers. non-UMKM tax. In the period 2015 – 2017 the Z-count value was 0.082 and in 2015 – 2022 it was 0.00. Meanwhile, the difference test on the taxpayer's tax revenue variable is also directly proportional to the two other variable tests. The percentage increase in tax revenue for MSME taxpayers and non-MSME taxpayers did not show a significant difference in the 2015 – 2017 observation period, where the calculated Z-value was -0.159 and the *2-tailed asymptotic significance* was 0.874. Meanwhile, in the 2015 - 2022 period, the percentage increase in tax revenue for MSME taxpayers and non-MSME taxpayers shows a significant difference, because the test results show a Z - calculated value of -6.797 and a *2-tailed asymptotic significance* of 0.000.

Descriptive Statistics of Research Data

Contribution of MSME Taxpayers to Tax Revenue

If you look at the payment trends in Table 7 and Table 8, in general tax revenues from MSME taxpayers in the Central Java II DJP Regional Office area experience a positive increase every year, both in terms of increasing the number of taxpayers paying, tax revenues and the contribution of MSME PPh to tax revenues. in the Central Java II Regional Office of DJP.

The number of taxpayers paying Final Income Tax on Certain Gross Income has increased quite significantly, in 2014 there were only 33,260 taxpayers who fulfilled their obligations as MSME taxpayers, then continued to increase to 146,171 taxpayers in 2019. MSME taxpayers experienced a decline in 2020 to 126,365 and fell again in 2021 to 118,232. The decline during this period was due to the impact of the Covid-19 pandemic in 2020 - 2021, where the Government issued incentives for MSME taxpayers with final MSME Income Tax borne by the government (DTP). In 2022, along with the post-pandemic economic recovery, Final Income Tax payers on Certain Gross Income will increase to 121,642 Taxpayers

Table 8. Tax Revenue Data in the Regional Office of DJP Central Java II

Tax year	Total Tax Revenue	MSME Income Tax			Income Tax 25/26		
		Number of WPs	Total	% Tax revenue	Number of WPs	Total	% Tax revenue
2014	6,862	33,260	86	1.26%	29,312	558	8.13%
2015	8,797	46,237	146	1.66%	15,944	814	9.25%
2016	9,735	59,654	171	1.76%	12,161	605	6.21%
2017	9,997	91,561	231	2.31%	10,492	829	8.30%
2018	11,424	132,777	230	2.01%	12,571	1,107	9.69%
2019	12,659	146,171	205	1.62%	14,283	1,435	11.34%
2020	10,578	126,365	142	1.34%	15,412	1,193	11.28%
2021	11,599	118,232	137	1.18%	16,954	1,341	11.56%
2022	13,816	121,642	145	1.05%	20,100	1,802	13.04%

*) Tax revenue value in billions

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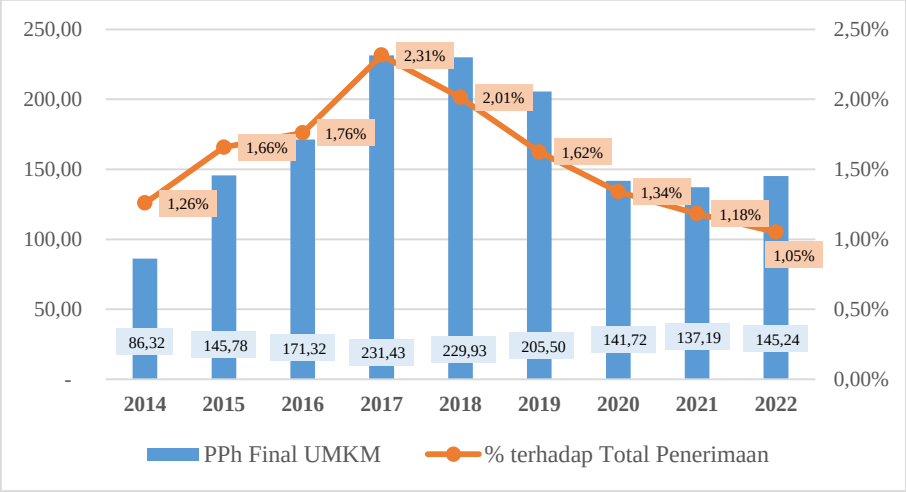
Overall, the revenue and contribution of MSME taxpayers in the Central Java II DJP Regional Office experienced a significant increase from 2014 to 2017, where the increase was up to 167.44% in that period. In the initial year of implementation of the Final PPh rate, namely 2014, the final PPh revenue for MSMEs was IDR. 86 billion, or 1.26% of total tax revenue. Along with the addition of MSME taxpayers paying Final PPh, in 2017 MSME Final PPh revenues reached the highest value, namely IDR. 231 billion. In 2017, the percentage of final income tax revenue for MSMEs also reached the highest level with 2.31% of total tax revenue. Meanwhile, for the 2018 and 2019 tax years, there was a decrease in total tax revenue and the percentage of total tax revenue due to the implementation of PP no. 23 of 2018 where the final PPh rate for MSMEs was reduced to 0.5%. In contrast to the decline in revenues, after the implementation of PP no. 23 of 2018, the number of MSME taxpayers paying experienced a fairly high jump, namely 45.01% in 2018 from 2017.

The decline in revenue occurred in 2020 as a result of the Covid-19 pandemic, where MSME Final PPh revenue fell by 31.04% from the previous year and fell again in 2021 to IDR. 137 billion. MSME final PPh revenues in 2022 will then increase to IDR. 145 billion, but the proportion fell to 1.05%, the lowest percentage figure since the Final Income Tax regulations on MSMEs were introduced.

Table 9 Trends in Final Income Tax Receipts for MSMEs at the Regional Office of DJP Central Java II



Based on descriptive statistical figures, the achievement of tax revenues originating from MSME taxpayers has shown a significant increase since it was implemented in 2013, from the observation year 2014 to 2017, the increase occurred in the number of taxpayers paying, MSME final PPh receipts and the percentage of MSME final PPh. compared to total revenues each year. Even in 2018, where the final PPh tax rate was reduced to 0.5%, final PPh revenues did not decrease much, only experiencing a decrease of 0.65% or around Rp. 1 billion from the previous year, but experienced a surge in MSME PPh payers.

Effectiveness of Final Income Tax Imposition for MSMEs

Descriptive statistics in this study aim to find the mean, median and standard deviation of the research variables. Usually in research to compare variables, mean

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https://ejournal.seaninstitute.or.id/index.php/Ekonomi

comparisons are used in the analysis, but according to(Rodriguez, 2020) *The mean* cannot always reflect the best comparison results. If the variable in question does not have a normal distribution, *the median* is usually a better estimate as a measure of central tendency.

In descriptive statistics, the variable percentage increase in business turnover for MSME taxpayers in the period 2015 - 2017 has a median value of 0.118 (11.8%) lower than the median value for non-MSME taxpayers, namely 0.168 (16.8%). Meanwhile, in the 2015-2022 period the results show results that are not much different, the median percentage increase in business circulation of MSME taxpayers also shows lower results than non-MSME taxpayers, the median value of the percentage increase in business circulation of MSME taxpayers is 0.112 (11.2%), while certain non-MSME taxpayers amounted to 0.318 (31.8%).

On variables second , namely the variable percentage increase in operating profits showing the median value of the percentage increase in business profits of taxpayers with certain gross circulation is lower than the median value of the percentage increase in business profits of certain non-gross taxpayers in the observation period 2015 - 2017 and 2015-2022. In the short-term (2015 - 2017) and long-term (2015-2022) observation periods, respectively, the median value of the percentage increase in taxpayers' business profits with certain gross turnover showed a value of 0.08 (8%) and 0.177 (17.7%). Meanwhile, the median value of the percentage increase in operating profits for gross non-circulation taxpayers is 0.210 (21.0%) for the short-term observation period and 0.782 (78.2%) for the long-term observation period.

Table 10. Descriptive Statistics Results on Company Performance

No.	Variable/Sample	N	Median	Standard Deviation
1	Percentage increase in Business Circulation 2015 - 2017			
	a. Non MSME taxpayers	121	0.168	0.586
	b. UMKM taxpayers	213	0.118	0.996
2	Percentage increase in Business Circulation 2015 - 2022			
	a. Non MSME taxpayers	121	0.318	1,277
	b. UMKM taxpayers	213	0.112	1,965
3	Percentage increase in Operating Profit 2015 - 2017			
	a. Non MSME taxpayers	121	0.210	1,396
	b. UMKM taxpayers	213	0.080	1,902
4	Percentage increase in Operating Profit 2015 - 2022			
	a. Non MSME taxpayers	121	0.782	2,027
	b. UMKM taxpayers	213	-0.177	1,884
5	Percentage increase in tax payments 2015 - 2017			
	a. Non MSME taxpayers	121	0.281	1,265
	b. UMKM taxpayers	213	0.215	2,441
6	Percentage increase in tax payments 2015 - 2022			
	a. Non MSME taxpayers	121	0.775	2,545
	b. UMKM taxpayers	213	-0.282	2,532

Jurnal Ekonomi
Volume 13 , Number 01, 2024, DOI 10.54209/ekonomi.v13i01
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

In the variable percentage increase in tax payments for the short-term observation period, the median value of the percentage increase in payments for taxpayers with certain gross turnover is 0.215 (21.5%) lower than for taxpayers with certain non-gross circulation, namely 0.281 (28.1%) Meanwhile for the observation period long term, the same results show that taxpayers with certain non-gross circulation have a higher median percentage increase in tax payments, namely 0.775 (77.5%) compared to taxpayers with certain gross circulation, namely 0.282 (28.2%) .

CONCLUSION

Based on descriptive statistical figures, the achievement of tax revenues originating from MSME taxpayers has shown a significant increase since it was implemented in 2013, from the observation years 2014 to 2017, the increase occurred in the number of taxpayers paying, MSME final PPh receipts and the final PPh percentage. MSMEs compared to total revenues each year. Even in 2018, where the final PPh tax rate was reduced to 0.5%, final PPh revenues did not decrease much, only experiencing a decrease of 0.65% or around Rp. 1 billion from the previous year, but experienced a surge in MSME PPh payers. By looking at this figure it can be concluded that the implementation of PP no. 46 of 2013 was effective in influencing an increase in UMKM Final PPh revenues, an increase in UMKM Final PPh payers and an increase in the contribution of UMKM Final PPh to overall tax revenues in the observation years 2014 to 2017. The positive influence of the implementation of Final PPh rates on total tax revenues is in accordance with research conducted (Hermawan & Ramadhan, 2020). Implementation of PP no. 23 of 2018 was not effective in influencing the increase in UMKM Final PPh tax revenues and the contribution of UMKM Final PPh to overall tax revenues, but contributed positively to the increase in UMKM Final PPh payers in the observation year 2017 to 2018. Positive influence on the growth of UMKM Final PPh payers This is in accordance with research conducted by (Ferry et al., 2018) which was conducted in the KPP Pratama South Malang area. Implementation of PP no. 23 of 2018 was not effective in influencing an increase in UMKM Final PPh tax revenues, an increase in the contribution of UMKM Final PPh to overall tax revenues and an increase in UMKM Final PPh payers in the observation year 2018 to 2021. This was due to the Covid-19 pandemic which affected conditions MSME taxpayers and the existence of MSME Final Income Tax facilities borne by the Government (DTP). This conclusion is in line with research (Fahriyah et al., 2022) which stated that the Covid-19 pandemic caused tax revenues and the revenue ratio from the MSME sector to decrease compared to before the pandemic. Implementation of PP no. 55 of 2022 in the observation period 2021 to 2022 shows an increasing trend in MSME Final PPh payers and a related increase in MSME Final PPh tax revenues. However, with this increase it cannot be concluded that the implementation of PP No. 55 of 2022 is running effectively, because the increase in UMKM Final PPh payers and the related increase in UMKM Final PPh tax revenues are largely influenced by economic recovery factors after the Covid-19 pandemic and the short observation period, namely only one year. This was concluded because the increase in the number of taxpayers and tax revenues also occurred in the PPh 25/26 tax type, as well as the ratio of the contribution of Final PPh for MSMEs to overall tax revenues which decreased in 2022.

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According to OECD data, at the end of 2021 most OECD countries experienced improvements economy after the Covid-19 pandemic, seen from the increase in the tax ratio. (OECD, 2022). The results of research on different tests on the percentage increase in performance of MSME taxpayers and non-MSME taxpayers concluded that the implementation of tax incentives for MSME taxpayers in the short-term observation period for all variables yielded insignificant results. It was concluded that the increase in business turnover, business profits and tax payments for MSME taxpayers did not have a significant difference when compared to non-gross turnover taxpayers. In a longer research period, the results of the hypothesis conclusions in this study show that there are significant differences in company performance between MSME taxpayers and non-MSME taxpayers. However, the research results show that providing PPh incentives for MSMEs through the implementation of PP no. 46 of 2013, PP no. 23 of 2018 and PP no. 55 of 2022 turns out to be ineffective in improving the performance of MSMEs. Taxpayers with certain non-business turnover show better performance than taxpayers with certain gross turnover. This can be seen through the percentage increase in all variables studied, showing that taxpayers with certain non-business turnover have a higher median value than taxpayers with certain gross turnover.

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