

CHAPTER I

INTRODUCTION

1.1 Background of Study

A country needs a lot of funds to carry out their government and country development. Tax collection is the most significant part of funds that been received by the country, whether from the domestic transaction or foreign transaction. Tax is the safest and reliable source of the fund because it is easily influenced by the policies of the country concerned.

According to Hakim et al. (2015), the Micro, Small, and Medium Enterprises (MSME) sector is the target of the Indonesian government that has the most significant potential to increase the tax revenue. Even though the sales turnover and profit are smaller than the big company, 99.99% of the business units in Indonesia are from the MSME sector. It can be seen from the table below.

Table 1.1 MSME and Big Enterprises Growth 2016-2017

Indicator	2016		2017	
	Unit	Percent (%)	Unit	Percent (%)
Total Business Unit	61,656,547		62,928,077	
Micro Enterprises	60,863,578	98.71	62,106,900	98.70
Small Enterprises	731,047	1.19	757,090	1.20
Medium Enterprises	56,551	0.09	58,627	0.09
MSME Enterprises	61,651,176	99.99	62,922,617	99.99
Big enterprises	5,371	0.01	5,460	0.01

Source: *Kementerian Koperasi dan Usaha Kecil dan Menengah Republik Indonesia* (2017)
Prepared by writer (2019)

MSME is one of the economic sectors that have a dominant role in the Indonesia economy. Based on the data of Indonesia Gross Domestic Product (GDP) and employment absorption, MSME contributes 60% towards Indonesia's GDP and

around 97% towards employment absorption in Indonesia. However, the realization of the tax revenue is still low. From the total tax revenue received around Rp. 1.300 Trillion, MSME only contributed Rp. 5.7 Trillion or around 0.5% of the total tax revenue. (MUC Consulting, 2019)

To increase the tax revenue, the Indonesia government and the *Direktorat Jenderal Pajak* have set several policies related to the tax rate of the income tax and the general provision of taxes. One of the policies related to the income tax rate is Government Regulation Number 23 Year 2018. This regulation is the substitution from the Government Regulation Number 46 Year 2013 with the changes in the income tax rate from 1% to 0.5%. The aims of the Government Regulation Number 23 Year 2018 are providing convenience and tax simplification, also give opportunities to the taxpayer on contributing to country economic growth.

Based on the previous research by Rahim et al. (2019), the implementation of Government Regulation Number 23 Year 2019 in Kantor Pelayanan Pajak Pratama south Makassar is successful in increasing the growth rate of taxpayer from MSME Sector, but for the acceptance of Income Tax Article 4 Paragraph (2) are fluctuate and on average, it is in the category less. Meanwhile, in Kantor Pelayanan Pajak Pratama North Makassar, the implementation of Government Regulation Number 23 Year 2018 is unsuccessful in increasing the growth rate of the taxpayer from MSME sector, and the acceptance of Income Tax Article 4 Paragraph (2) fluctuate, and on the average, it is in on the category less.

Because there are the changes of the regulation for final income tax rate from Government Regulation No. 46 Year 2018 to Government Regulation No. 23

Year 2018, writer are interest to conduct a research with the title “**The Implementation of Government Regulation Number 23 Year 2018 Related to the Tax Revenue From Income Tax Article 4 Paragraph (2) and Growth Rate of Micro, Small, and Medium Enterprises Taxpayer at Kantor Pelayanan Pajak Pratama Lubuk Pakam**”

1.2 Problem Formulation

Based on the background of study, problem formulation of this research is:

1. How does the implementation of Government Regulation Number 23 Year 2018 related to the tax revenue from Income Tax Article 4 Paragraph (2) at Kantor Pelayanan Pajak Pratama Lubuk Pakam from 2017 until 2019?
2. How does the implementation of Government Regulation Number 23 Year 2018 related to the growth rate of MSME taxpayer at Kantor Pelayanan Pajak Pratama Lubuk Pakam from 2017 until 2019?

1.3 Research Focus

The research focus of this research is as follow:

1. The tax rate of final income tax previously has been regulated in Government Regulation Number 46 Year 2013, with the tax rate 1%. In this research, the writer is more focused on the implementation of Government Regulation Number 23 Year 2018, tax on the income derived from the business form for individual or entity taxpayer obtain from sales turnover below Rp. 4.8 billion in one tax year with a tax rate of 0.5%.

2. The targets of this research are individual and entity taxpayers, which classified as Micro, Small, and Medium Enterprises.
3. Data for this research is taken from January 2017 until December 2019 with the division of before the implementation of Government Regulation Number 23 Year 2018 (January 2017 until June 2018) and the continued period of after implementation of Government Regulation Number 23 2018 (July 2018 until December 2019)

1.4 Research Objective

Based on the problem formulation, the objectives of this research are:

1. To know and analyze the implementation of Government Regulation Number 23 Year 2018 related to tax revenue from Income Tax Article 4 Paragraph (2) in Kantor Pelayanan Pajak Pratama Lubuk Pakam.
2. To know and analyze the implementation of Government Regulation Number 23 Year 2018 related to growth rate of MSME taxpayer in Kantor Pelayanan Pajak Pratama Lubuk Pakam.

1.5 Benefit of the Research

Therefore, the benefit of this research can be separated into 2 (two) kinds of benefits, such as:

1.5.1 Theoretical Benefit

This research can be used as the development of knowledge, references, and contributed to the development of economic/accounting, especially those that

related to MSME tax. Moreover, as the application of knowledge and theories that have been obtained during the lecture period.

1.5.2 Practical Benefit

The Practical Benefit of this research are as follow:

1. For writer

This research extends the knowledge of the writer regarding one of the factors that affect the tax revenue from income tax article 4 (2) and the growth rate of the MSME taxpayer. And this research is one of the requirements of a bachelor's degree in accounting.

2. For another researcher

The result of this research is expected to be used as a source of knowledge or information, and as references as the development for further research especially related to the tax of MSME.

3. For Taxpayer

The result of this result is expected to encourage the taxpayer to have a better understanding of the importance of tax and to know the tax system in Indonesia.

4. For Government

The result of this research is expected to give the government a reference about the factor that affected tax revenue from income tax article 4(2) and the growth rate of the taxpayer of MSME in Kantor Pelayanan Pajak Pratama Lubuk Pakam.