

IMPLEMENTATION TAX DIGITAL OF CONTENT CREATOR ON TIKTOK SOCIAL MEDIA

Christian Gunawan, Dian Purnama Sari
Universitas Katolik Widya Mandala Surabaya

Abstract: This study aims to determine the application of digital tax on the TikTok platform. This research is qualitative research involving several informants, such as TikTok content creators, TikTok agencies, and tax consultants. This study uses data analysis techniques. The results of this study indicate that content creators are subject to income tax by being treated as freelancers. TikTok content creators can use a calculation norm of 50% to calculate their net income. Their income has been deducted by TikTok, but does not include taxes. The agency also does not collect income tax on TikTok content creators, so there has been no implementation of digital taxes on the TikTok platform. Therefore, content creators on the TikTok platform must carry out their own tax. While carrying out their own tax, content creators experience several difficulties, such as difficulty in understanding complex tax regulations.

Keywords: content creator; TikTok; digital tax; income tax

INTRODUCTION

The increasing digital development in the world has resulted in people no longer can be separated from digital facilities and services, such as film streaming services, songs, marketplaces, and social media. At the same time, the digital sector has opened an opportunity for a country's tax income. Income from the digital sector can be utilized by the government through digital taxes, namely taxes imposed on companies whose products are engaged in the Information Technology sector (Wijayanti, 2020).

Based on the track record, tax revenue from the last few years has always been below the target from the estimated revenue by the government. Tax

*Corresponding Author.
e-mail: dian-ps@ukwms.ac.id

revenue during the range of 2009 to 2020 has never reached the set target. Tax revenue that is below the target is caused by several causative factors. These factors includes the behavior of taxpayers who are lacking or even non obedient to taxes and utilization of tax regulations to minimize tax burden (Pajakku, 2020).

In the last few years, the Indonesian government began to be interested in other sources of tax revenue, one of which was digital tax. The government began to look at digital taxes, such as trade value added tax through the electronic system contained in Regulation of the Minister of Finance number 48 of 2020. In 2022, the continued regulation was launched namely Regulation of the Minister of Finance number 60 of 2022. PMSE is subject to VAT for the purchase of digital products and services, including subscription to movie streaming, music streaming, digital applications and games, and other online services.

In addition to PMSE, there is another tax potential in digital era, namely from content creator. Income from a content creator can reach millions to hundreds of millions; some famous content creators can reach billions of rupiah in one month (Eka, 2022). Several famous content creators in Indonesia, for example, Rans Entertainment are estimated to earn an income of Rp 324 million to Rp 5.2 billion in a month, Atta Halilintar earned Rp 128 million to Rp 2 billion in a month, and Deddy Corbuzier earned Rp 300 million to Rp 6 billion in a month (Eka, 2022). The potential of this large income needs to be considered by the government, especially by the Directorate General of Taxes, so that content creators can participate in state tax income.

Many social media application platforms have the potential to generate income for their creators, and currently, TikTok application is on the rise. TikTok application is the most popular application in Indonesia under some of its predecessor social media, such as YouTube, Facebook, and Instagram (Jemadu & Prastya, 2022). In the past few years, especially during the Covid-19 pandemic period, new content creators have emerged on this platform.

A person might be reluctance to pay taxes they are considering the tax burden, and a lack of knowledge about tax and how to calculate it (Merliyana & Saefurahman, 2017). There is still a number of taxpayers who do not are not aware of paying taxes, so they do not pay the tax, or pay taxes not in accordance

with the actual portion (Sembiring, 2021). Even though the Directorate General of Taxes (DGT) can easily check the actual conditions on taxpayers with conventional work in general.

Taxpayers who get income from digital platforms, such as content creators, are more difficult to reach by the tax office, especially small content creators who have earned income beyond the non-taxable income (PTKP). Income from the content creators can be obtained through several sources, such as AdSense on Youtube, membership from followers on YouTube, gift obtained from the audience (*saweran*), endorse obtained by promoting a product, merchandise sales, and being a guest star in an event and seminar (Nayla, 2021). The conditions are more difficult to be detected by taxes, as well as the use of username on social media accounts that also do not have to use real names, which create bigger gaps that can be utilized to avoid paying taxes.

TikTok content creator phenomenon is still relatively new compared to YouTube. Taxation on YouTube Content Creator has been more mature in its supervision by DGT. Based on Article 35A of the General Provisions Law and Taxation Procedures, every party that provides income to others is required to provide data information to DGT (Wibowo, 2021). Google, in this case as YouTube service provider, must provide this information. An awareness from the taxpayer to carry out good records is also needed to avoid sanctions from the DGT, especially if income data is found to not be in accordance with what is reported in the annual notification letter or SPT (Wibowo, 2021). The focus on this research is the application of social media digital tax on TikTok content creator. It is hoped that the results of this study can be useful to determine the application and become material for future development.

METHOD

The approach in this study is a qualitative research. According to Sugiyono (2014), qualitative research method is a method used to examine the condition of natural objects with researchers as the key instruments. This type of research approach is a descriptive approach. The descriptive approach aims to explain and describe the focus or situation to be examined in a study. Researchers use

qualitative methods because this study will describe the application of digital taxes and regulations determined by TikTok social media.

The data collection method used is the interview method and the documentation method. This study uses a semi-structured interview. Semi-structured interview is included in the in-depth interview category, where in its implementation is free from structured interviews (Sugiyono, 2014). The interview was conducted to explore information from the informant regarding an idea of being a TikTok Content Creator or called TikToker, the imposition of tax on the content, and obstacles for content creators to fulfill their tax obligations. While the documentation method is used to obtain tax regulatory documents and news articles on tax for content creators.

The research was conducted online to several informants who are known as TikTok content creators, tax consultants, and TikTok agencies. The study was conducted online because most informants are not domiciled in Surabaya and there were informants who had other job besides being a content creator in TikTok. The informants in this study are listed in the following table:

Table 1 List of Informants

No.	Informant (Pseudonym)	Informant Qualification
1	Harry	Content creator TikTok
2	Fred	Content creator TikTok
3	Ferry	Tax Consultant
4	Melisa	Content creator TikTok
5	Venus	Content creator TikTok
6	Ahmad	TikTok agency

Harry has been a TikTok content creator since early 2020. His TikTok account has approximately 1,100,000 followers and has been verified by TikTok. Harry's income for one product endorsement ranges from IDR 1,000,000.00 to IDR 4,000,000.00. Fred has been a TikTok content creator since early 2021. His TikTok account now has approximately 94,000 followers. Her earnings for each endorsement range from IDR 25,000.00 to IDR 300,000.00. Melisa has been a TikTok content creator since early 2022 and manages the same TikTok account as Fred with 94,000 followers. Venus has been active as a TikTok content creator since 2021. Her TikTok account has approximately 62,500 followers. His

income in one month excluding live streaming is IDR 1,000,000.00 to IDR 1,500,000.00. Ahmad is the admin of a TikTok agency that houses many TikTok talents or content creators. TikTok Agency is an external party to TikTok that has access to apply for access to the TikTok Live feature. Agency can be considered as an official party from TikTok as they assist content creators to earn higher income on TikTok

The period of data collection from the informants takes approximately 7 weeks – starting in mid-October 2022 until beginning of December 2022. The data analysis method consists of data reduction, data presentation, and drawing conclusions and verification (Sugiyono, 2014). The data analysis process is carried out as shown in Figure 1.

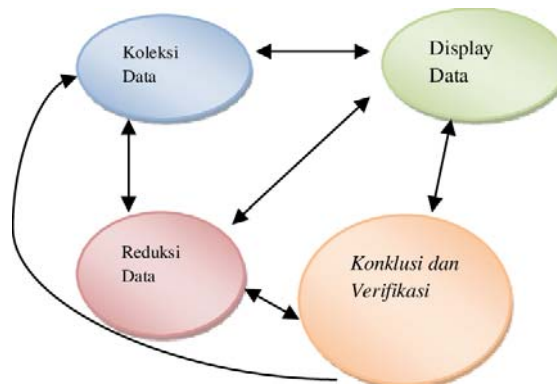


Figure 1 Components of Data Analysis
Source: Sugiyono (2014)

RESULTS

TikTok Content Creator’s Income

The income from TikTok content creator does not only come from endorsement. It also comes from shopping activities by selling goods, monetizing by selling products from other people’s TikTok shops so as to get a commission, and doing live streaming. Based on data obtained from interviews with informants, Tiktok content creators mostly earn income through endorsement, commissions from monetization, and go live in the Tiktok application.

Content Creator's Viewpoint

Based on data from the findings obtained from interviews with the informant, they claimed to be subject to income tax in Article 17 with progressive rates listed in Statute No. 7 of 2021 concerning harmonization of tax regulations. Most of them do not understand the tax rules in Indonesia, so their tax is calculated by others. Harry said, "Kalau aku biasanya mengurus sendiri pajakku." (I usually take care of my taxes myself.). Harry's statement was in line with Fred, but different with Melisa. Melisa said, "Biasanya dibantu orang lain. Aku gatau ya kan tadi aku bilang semua diurusin orang lain." (Usually assisted by others. I don't know, right? I said everything was taken care of by other people).

Furthermore, they are not aware whether TikTok deducts income taxes from its content creators. The informants acknowledge that their income received directly from the Tiktok platform partially went to TikTok, and for those who were incorporated into agencies also went into their agencies. All informants provided the same information. Fred said, "Yo lek iku aku gak tau pokok tiap aku dapet gift onok sg dipotong bek tiktok e" (I don't know, but when I get a gift, TikTok already deducted my gift). Likewise, Melisa said, "Aku gatau dia motong atau ngga, pokok penghasilanku dari live itu ada yg masuk ke tiktoknya" (I don't know if they deducted it or not, what's certain is that my income from live has been taken by TikTok). In line with the two statements, Venus said, "Aku ga tau tentang pajak tiktok btw. Yang ku tau, misal... dirimu ngegift aku 1,1\$ aku cmn nerima 0,5\$ 0,6\$nya masuk ke TikTok, sebagian masuk ke agency juga, cmn aku gatau pembagiannya brp." (I don't know about the tax of TikTok. What I know, for example... you gift me 1.1\$, I only receive 0.5\$ 0.6\$ goes to TikTok, some goes to the agency as well, but I don't know how much the share will be).

Agency TikTok's Viewpoint

Based on the results of an interview with TikTok agency, the findings found that there was no distribution of income between the content creator and the agency, but they applied administration costs to the content creator when withdrawing their income from TikTok platform. According to the recognition of TikTok agency informant, agencies did not deduct any income tax, so the content creator had to report and pay their own income tax. In contrast to the content

creators, Ahmad from TikTok Agency said, “Ya soal pajak sama admin ya abang yang bayar lah ya soal pajak sama admin kan abang yang bayar sendiri administrasi kan tiap penarikan itu kan ada biaya administrasinya bang gitu jadi dari agency tidak ada eeehhh potongan sama sekali bang thank you.” (“Regarding the taxes and admin pay, yes, about taxes. You pay for the administration yourself, right? Each withdrawal has an administration fee. So, from the agency there is no deduction at all bro.”). From this statement, it indicated that TikTok agencies do not withhold income tax on content creators.

Consultant Tax’s Viewpoint

Based on the results of an interview with a tax consultant informant, the data found that the Content Creator Taxpayer was subject to income tax article 21. Digital tax was a tax world reform which was the imposition of VAT on digital products. According to the Tax Consultant informant, TikTok was only appointed by the DGT as a collector, depositor, and reporter of VAT, and did not withhold the income tax of Content Creator. Ferry said, “Content creator dikenakan terhadap Pajak PPh 21. Karena pajak penghasilan dikenakan terhadap semua masyarakat yang statusnya sebagai Wajib Pajak (WP).” (Content creators are subject to Income Tax 21. Because income tax is imposed on all people whose status is Taxpayers). From Ferry’s explanation, TikTok content creators should withhold income tax on its content, which is in accordance to income tax article 21.

DISCUSSION

Content Creator on TikTok social media: Aware About Tax but Difficult to Understand

Based on the findings obtained by the researchers through the interview method with several TikTok content creators, most of them are aware of the imposition of tax on their income as content creators. Most of the informants have carried out their obligations as taxpayers by reporting and paying taxes. Jusikusuma & Wijaya (2022), explained that tax regulations related to Tiktokers profession has not been specifically regulated so that the use of calculation methods is still in the “gray” area. However, the income tax from Tiktokers

profession should be the same as for individuals. There are 2 schemes, namely recording and accounting. When the WPOP chooses to record, if the gross turnover is below IDR 4,800,000,000.00 per year, the WPOP can use the net income calculation norm (NPPN).

The majority of these informants understood that they were subject to income tax at the rate as an individual taxpayer. Some of the informants understand that they can use the income norm calculation to determine the net income. Harry and Fred (as informants) admitted that they carried out their own tax obligations, but they also experienced difficulties in understanding the existing tax regulations in Indonesia. Understanding tax rules is indeed quite difficult for those who are involved in this matter. Other informants, namely Melisa and Venus, admitted that they do not even understand the tax regulations in Indonesia. However, Melisa stated that even though she doesn't understand the rules, she still carries out her tax obligations with the help of people.

Based on the results of the interview, the data found that the TikTok content creator informant mostly experienced difficulties in understanding tax rules in Indonesia. Taxation rules might be complicated for ordinary people who have never studied these rules. Based on the data obtained, it can be concluded that there are still a number of taxpayers who do not understand tax rules and some do not even understand at all.

Deducted by TikTok but Not Tax

Based on acknowledgments from content creators, they admit that the income they get directly from the TikTok platform, such as gifts received on their videos and gifts from live streaming, is deducted by TikTok. The deduction of this income was carried out by TikTok, and the informants did not know the exact rate or percentage of the deduction.

Harry's statement also stated that part of his income that he got directly from the TikTok platform was deducted by TikTok, but he also did not know whether the deduction is a tax deduction. The statement from Fred also has the same meaning as the statement from Harry where he did not know whether the direct deduction of his income from TikTok is a tax deduction made by TikTok.

The acknowledgment of the content creator is also in line with the acknowledgment of the TikTok agency where TikTok and the agency do not withhold income tax on income received by TikTok content creators. According to the TikTok agency, TikTok content creators must carry out their own tax obligations, both in reporting and paying their taxes. Based on Ahmad's statement, content creators will only be charged an administrative fee by their agencies when they assist to withdraw the income from TikTok. Although Ferry, as a tax consultant, stated that TikTok content creators should be collected with PPh 21. Currently, Ferry explained that the TikTok platform only collects PMSE VAT and does not collect income tax article 21 for its content creators.

Implementation of Digital Tax on TikTok Content Creators: Has It Been Done Yet?

The application of digital tax should collected by the digital platforms to their content creators. Tax collection made must be based on the rules set by the government as what has been done by the United States on YouTube. However, the digital tax for PPh has only been applied by Google to YouTube content creators and there is no information whether similar solution has been implemented by TikTok (Asmarani, 2021).

Based on the data findings obtained after conducting interviews with several informants, namely content creator informants, TikTok agencies, and tax consultants, the data is found to be related to one another. Based on a statement from the content creator informant, they were not aware about digital tax rules by TikTok platform, so they carried out their own tax obligations. This relates to a statement from one of the informants, namely the informant Venus, who admitted that he did not have an NPWP. This statement can be interpreted as that TikTok does not require content creators to have a NPWP when registering their account. This may indicate that TikTok does not apply digital tax collection for its content creators.

Content creators, in this case, fall into the category of taxpayers with free jobs or freelancers. The tax rules in Indonesia are contained in Director General of Taxes Regulations, PER-20/PJ/2013 and later changed to PER-04/PJ/2020 which regulates the technical instructions for implementing the administration of

Taxpayer Identification Numbers stating that taxpayers with independent work are required to have a Taxpayer Identification Number no later than one month since the work began (Nurhanisah, 2019). This statement means that content creators taxpayers should have a Taxpayer Identification Number no later than one month after their work begins, unlike employee taxpayers who must wait for their income to exceed the Non-Taxable Income.

Based on the acknowledgment of the TikTok agency, they do not collect income tax on content creators' income under their auspices. The statement from the agency can be interpreted as that there is no withholding of income tax at all from TikTok or the TikTok Agency, so content creators take care of their own tax, both tax reporting and tax payments. Therefore, there is still no digital tax implementation by the TikTok platform for content creators.

Based on information from a tax consultant informant, the Ministry of Finance's has appointed the TikTok platform as a collector, depositor, and value added tax (VAT PMSE) reporter as of July 2020. The DGT's determination of the TikTok platform does not result in them to apply digital taxes related to income tax from content creators on TikTok platform. The appointment made by the DGT was limited to the collection of PMSE VAT and not PPh 21, which is in contrast to what has been done by YouTube, where they automatically cut income tax by 30% depending on the agreement between the United States and the content creator with a rate up to the country of origin the content creators (Pajak Online, 2022).

The absence of digital tax deductions by TikTok can also be demonstrated by the fact that not all TikTok content creators have a Taxpayer Identification Number, just like one of the informants in this study, namely Venus. Digital tax deductions can only be made if the digital platform has stored an information about the Taxpayer Identification Number of the party whose tax is withheld. The fact that not all TikTok content creators have a Taxpayer Identification Number can be one of the strong implication that there has been no implementation of a digital tax on TikTok platform. This can be a consideration for the DGT to issue rules regarding digital tax collection for individual taxpayers for social media platforms in Indonesia, as has been done by the United States on YouTube.

Conclusion

Most TikTok content creators are aware that their income can be subjected to income tax, but they are new to taxation, so they have difficulty to understand tax rules. The income of TikTok content creators are deducted by TikTok, but the deduction is not a tax deduction as TikTok takes a portion of the content creator's income from gifts. In addition, the agency does not deduct the income tax from TikTok content creators. Due to this reason, content creators must carry out their tax obligations to report and pay their own taxes.

This research has several limitations. First, there is no access to TikTok so the informants only arrive at the TikTok agency. Second, because many of the informants live out from Surabaya, most of the interviews and approaches were conducted online. Third, research related to the topic of implementing digital taxes in Indonesia is still very little to find. Therefore, the researchers were not able to compare their findings to similar research. Suggestions for further research is to obtain direct access to TikTok and to look for other social media that also provides income for content creators in this digital era.

REFERENCES

- Ahmad, A. (2021, Oktober 23). *Pengguna TikTok di Indonesia Mengalami Peningkatan Tiga Kali Lipat Selama Satu Tahun*. Retrieved 19 September, 2022, from: <https://bogor.suara.com/read/2021/10/23/110736/pengguna-tiktok-di-indonesia-mengalami-peningkatan-tiga-kali-lipat-selama-satu-tahun>.
- Asmarani, N. G. C. (2021, Juli 15). *Optimalkan Pajak dari e-Commerce dan Influencer, Ini Kata Pakar*. Retrieved 8 December, 2022, from: <https://news.ddtc.co.id/optimalkan-pajak-dari-e-commerce-dan-influencer-ini-kata-pakar-31291>.
- Eka, A. F. (2022, July 10). *Intip Penghasilan Content Creator Terkaya di Indonesia, Capai Miliaran hingga Punya Rumah Mewah*. Retrieved 14 November, 2022, from: <https://www.idxchannel.com/ecotainment/intip-penghasilan-content-creator-terkaya-di-indonesia-capai-miliaran-hingga-punya-rumah-mewah/3>.
- Jemadu, L. & Prastya, D. (2022, Februari 23). *Jumlah Pengguna Media Sosial Indonesia Capai 191,4 Juta per 2022*. Retrieved 12 Agustus, 2022, from:

- <https://www.suara.com/tekno/2022/02/23/191809/jumlah-pengguna-media-sosial-indonesia-capai-1914-juta-per-2022>.
- Jusikusuma, T. D. & Wijaya, S. (2022). Pajak Penghasilan atas Tiktokers. *Educoretax*, 2(2), 154–166.
- Merliyana & Saefurahman, A. (2017). Pengetahuan dan Kesadaran Wajib Pajak Orang Pribadi terhadap Tingkat Kepatuhan Wajib Pajak Orang Pribadi dalam Melaksanakan Kewajiban Perpajakan Studi kasus: Wajib Pajak Orang Pribadi di Rawamangun Jakarta Timur. *Jurnal Akuntansi dan Manajemen*, 14(1), 134–167.
- Nayla, R. (2021). *Dari Mana Aja Penghasilan Seorang Content Creator?* Retrieved 10 November, 2022, from: <https://bisnismuda.id/read/2889-rifkayayla/dari-mana-aja-penghasilan-seorang-content-creator>.
- Nurhanisah, Y. (2019). *Siapa Saja yang Perlu Memiliki NPWP?* Retrieved 9 Desember, 2022, from: <https://indonesiabaik.id/infografis/siapa-saja-yang-perlu-memiliki-npwp#:~:text=Kewajiban%20mendaftarkan%20diri%20untuk%20memperoleh,atau%20pekerjaan%20bebas%20mulai%20dilakukan>.
- Pajak Online. (2022, Juli 25). *Google Pungut Pajak Content Creator YouTube, Termasuk Indonesia*. Retrieved 10 November, 2022, from: <https://www.pajakonline.com/google-pungut-pajak-content-creator-youtube-termasuk-indonesia/>.
- Pajakku. (2020). *Apa Bedanya Tax Avoidance dan Tax Evasion*. Retrieved 15 Juli, 2022, from: <https://www.pajakku.com/read/5f6ad6402712877582239046/Apa-Bedanya-Tax-Avoidance-dan-Tax-Evasion-?->.
- Sembiring, L. J. (2021, March 18). *Sejak 10 Tahun Lalu Begini Gambaran Penerimaan Pajak RI*. Retrieved 14 Agustus, 2022, from: <https://www.cnbcindonesia.com/news/20210318131044-4-231105/sejak-10-tahun-lalu-begini-gambaran-penerimaan-pajak-ri>.
- Sugiyono. (2014). *Metode Penelitian Kuantitatif Kualitatif dan R&D (13th ed.)*. Bandung: Alfabeta.
- Wibowo, A. S. (2021, Agustus 29). *Meningkatkan Pengawasan Pajak Youtuber*. Retrieved 28 Agustus, 2022, from: <https://news.ddtc.co.id/meningkatkan-pengawasan-pajak-youtuber-32381>.
- Wijayanti, D. M. (2020). Pajak Digital: Potensi dan Tantangan. *OPTIMUM*, 10(1), 74–83.