

Income Tax Article 21 Receipt Before and After the Implementation of Tax Incentives for Permanent Employees During the Pandemic of Covid-19

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Article Info	Abstract
Received June 15, 2023	<i>The purpose of this Final Project Report research is to find out the Level of Article 21 Income Tax Acceptance Before and After the Existence of Tax Incentives for Permanent Employees During the Covid-19 Pandemic at the Cilegon Primary Tax Service Office. The method used is the descriptive method. Sources of data come from observations and interviews obtained from the Cilegon Primary Tax Service Office. The results of this study show that the level of income tax revenue under Article 21 after tax incentives, especially in 2020 and 2021, has decreased and has not even reached the target set. The Covid-19 pandemic has limited human activity which has had an impact on the decline in the economy in Indonesia, thus reducing revenue from Article 21 Income Tax. Efforts made by KPP Pratama Cilegon in increasing tax revenues include holding tax classes, conducting socialization, conducting counseling, and applying tax sanctions.</i>
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INTRODUCTION

The Covid-19 pandemic is a national disaster that affects national economic stability and social productivity. The Covid-19 pandemic has had quite a severe impact on the economies of countries around the world, including Indonesia (Zahna, 2022). The impact of the Covid-19 pandemic not only affects the

weakening economic conditions and the large number of workers who are victims of layoffs but also affects tax revenues (Nurhasanah & Hidayati, 2022). The large number of employees who were laid off resulted in companies not opening many jobs, and the unemployment rate increased, especially among teenagers. That can be seen in table 1.

Tabel 1. Open Unemployment Rate During the Covid-19 Pandemic

February 2020		February 2021	
Age	Percentage (%)	Age	Percentage (%)
15-19	21,32%	15-19	18,88%
20-24	14,30%	20-24	17,66%
25-29	7,01%	25-29	9,27%
30-34	3,26%	30-34	4,94%
35-39	2,63%	35-39	3,74%
40-44	2,02%	40-44	3,55%
45-49	1,88%	45-49	3,27%
50-54	2,09%	50-54	3,01%
55-59	2,43%	55-59	3,17%
60+	1,08%	60+	1,29%

Source : Badan Pusat Statistik (2021).

Based on Table 1 above, it can be seen that the largest unemployment rate is in the age range of 15-29 years. Many government policies regarding lockdown and social distancing have resulted in limited community activities for work so a number of companies have reduced their employees and caused decreased income and reduced tax revenues. Therefore, it is necessary to make efforts to regulate the provision of tax incentives to support mitigating the impact of the co-19 pandemic (Pabalik et al., 2022).

The pandemic conditions have weakened the rupiah exchange rate and reduced people's purchasing power. Responding to this, the government adopted a strategy to maintain business existence in several sectors affected by Covid-19. One of the efforts made by the government is to issue policies in the tax sector, namely providing income tax incentives Article 21 to be borne by the government (Nurhasanah & Hidayati, 2022). Tax incentives are a form of convenience provided by the government to taxpayers both for economic development and for the success of government programs (Rahmawati & Apriliasari, 2021). Various types of tax incentives imposed by the government will have an impact on tax

revenues, one of which is the level of income tax revenue. This is because the provision of tax incentives is a stimulus from the government to increase people's purchasing power (Indahsari & Fitriandi, 2021).

One of the most fundamental areas of economic life is the subject's interaction with the tax system (Bastani & Waldenström, 2021). This is because the policy system issued by the government must be understandable for taxpayers who will use it. Incentives in the form of Government Borne Tax are taxes payable paid by the government with a budget ceiling that has been determined in the State Revenue and Expenditure Budget, unless otherwise stipulated in the Law concerning the State Revenue and Expenditure Budget (Marlinah & Syahribullan, 2020). The successful utilization of government-borne tax incentives will become an element of tax revenue in the APBN structure (Rahmawati & Apriliasari, 2021). The government issued regulations regarding tax incentives for taxpayers affected by the co-19 pandemic, namely Minister of Finance Regulation Number 23/PMK.03/2020 as last amended to PMK Number 82/PMK.03/2021. The issuance of these regulations is the government's effort to provide relief in the form of reducing the tax burden, reducing tariffs, tax exemptions, relaxing tax services, and extending tax incentives.

Government policy in providing tax incentives is one way to relieve taxes. In simple terms, tax incentives are all facilities, both financial and non-financial, provided or given to taxpayers by a taxation system (Sinambela, 2020). Various types of tax incentives imposed by the government will have an impact on tax revenues for 2020-2021, especially income tax article 21. This is because the provision of tax incentives is a stimulus from the government to provide tax convenience to employees affected by the Covid-19 pandemic outbreak. withholding income tax article 21. Income tax article 21 is a tax passed on domestic individual taxpayers on income related to work, services, or activities (Resmi, 2019). In general, income tax revenue from Article 21 can be projected to become a driver of tax revenue this year. This projection appears considering the income tax article 21 which has continued to grow over the past few years (Indahsari & Fitriandi, 2021). Workers who get this incentive, namely having an NPWP and annual salary of not more than 200,000,000.00 (two hundred million) and are workers in certain categories of business fields who meet the requirements

in accordance with the provisions of Minister of Finance Regulation Number 82/PMK.03 /2021. Based on this background, the authors are interested in knowing the level of income tax article 21 before and after the existence of tax incentives during the Covid-19 pandemic.

METHODS

The method used is the descriptive method and qualitative approach. The descriptive method is a method of examining the status of a group of people, an object, a set of conditions, a system of thought, or a class of events in the present (Nazir, 2015). This research was conducted at the KPP Pratama Cilegon, which will provide an overview of the level of income tax article 21 before and after the introduction of tax incentives for permanent employees during the Covid-19 pandemic.

The data collection technique that will be carried out is by observing, documenting, and interviewing. Interviews were conducted to dig up more detailed information because the information was obtained directly from the source. The library method is also used to study theory, collect, study, and analyze books related to taxation, such as laws and implementing regulations.

RESULTS AND DISCUSSION

In the receipt of Article 21 Income Tax, it is necessary to have a target to be achieved or even exceed this target to increase Article 21 income tax revenue. The target for Article 21 income tax revenue set by KPP Pratama Cilegon each year can vary up and down. With the Covid-19 pandemic making revenue unstable and to find out the level of income tax article 21 at KPP Pratama Cilegon, a table will be presented regarding the realization of income tax article 21 at KPP Pratama Cilegon as follows:

Table 2. Article 21 Income Tax Receipt at KPP Pratama Cilegon

Year	Target	Realization	Percentage
2018	1.066.263.733.000	865.979.530.415	81,22%
2019	917.522.682.000	932.275.030.031	101,61%
2020	835.644.017.000	810.082.707.534	96,94%
2021	254.962.013.000	681.569.470.287	267,32%

Source: Processed from KPP Pratama Cilegon (2022)

Revenue data taken was for 2018-2019 before the co-19 pandemic and for 2020-2021 after the co-19 pandemic so that it becomes a comparison to find out the level of tax revenue after tax incentives were introduced at KPP Pratama Cilegon. In 2018 it could not exceed the target that had been set, with a ratio percentage of 81.22% because there were taxpayers who applied for refunds with large nominal amounts, thereby reducing the index of achievement of KPP Pratama Cilegon revenue in 2018. In 2020 tax revenues decreased and does not exceed the target set due to the co-19 pandemic which has had a great impact on the economy in Indonesia and also affects revenue in the tax sector. The Covid-19 pandemic forced the government to implement a large-scale social restriction (PSBB) policy and resulted in an economic downturn. Many companies are unable to continue business productivity so they have to terminate their employment (PHK). Termination of employment causes the production of goods to decrease and makes people's buying and selling power in companies decrease and affects company income because people's consumption of produced goods decreases. Therefore, the existence of the Covid-19 pandemic can automatically affect income tax revenue under Article 21.

At the beginning of the emergence of the Covid-19 pandemic, the government also established a fiscal policy in the field of taxation, namely by implementing a tax incentive policy that aims to restore employee income so that it can increase purchasing power and help companies dealing with the Covid-19 pandemic. In 2021 the realization of tax revenue exceeded the set target, but the target set for 2021 has decreased drastically from 2020 because many companies have been affected by the co-19 pandemic and their income has decreased, so the target for 2021 has been lowered so it can exceed the target.

Based on data obtained from KPP Pratama Cilegon that there has been a decrease in tax revenue at KPP Pratama Cilegon since the Covid-19 pandemic for taxpayers affected by the Covid-19 pandemic. This was due to the decrease in workers' income during the pandemic which resulted in a decrease in tax revenue at the KPP Pratama Cilegon. The following in Table 3 presents tax revenue data before and after the implementation of tax incentives in 2018-2021:

Table 3. Comparison of Revenue Before and After the Implementation of Tax Incentives for the Period January to December (2018-2021)

Month	Before Tax Incentives		After Tax Incentives	
	2018	2019	2020	2021
Jan	Rp101.857.147.751	Rp114.956.655.467	Rp121.683.559.802	Rp113.955.954.373
Feb	Rp54.742.191.484	Rp57.348.550.900	Rp61.588.955.082	Rp56.175.505.150
Mar	Rp90.417.624.780	Rp92.517.248.108	Rp80.664.052.626	Rp63.508.063.317
Apr	Rp55.277.322.374	Rp60.264.900.837	Rp60.550.946.824	Rp46.017.944.562
May	Rp73.497.322.619	Rp116.764.897.364	Rp72.917.127.752	Rp84.228.330.602
Jun	Rp101.597.984.535	Rp77.070.106.059	Rp82.330.443.123	Rp53.169.950.817
Jul	Rp70.756.863.291	Rp71.535.680.589	Rp54.003.071.153	Rp44.474.512.838
Agt	Rp63.099.192.464	Rp61.968.556.466	Rp57.189.915.820	Rp45.613.958.040
Sep	Rp54.599.647.757	Rp61.465.083.653	Rp51.857.417.781	Rp35.933.383.008
Okt	Rp63.233.383.473	Rp67.994.240.788	Rp47.273.092.388	Rp43.983.883.986
Nov	Rp60.896.841.057	Rp75.864.715.352	Rp62.937.657.048	Rp51.733.546.742
Des	Rp76.004.008.830	Rp74.524.394.448	Rp57.086.468.135	Rp42.774.436.852

Source: Processed from KPP Pratama Cilegon (2022)

In Table 3 above, tax incentives will be implemented in 2020 and 2021. From the data obtained, it can be seen that before the incentives existed, monthly income tax Article 21 from 2018-2019 increased and a more significant increase occurred in May. After the President of the Republic of Indonesia announced in March 2020 that the Covid-19 pandemic had entered Indonesia, the government immediately implemented large-scale social restrictions (PSBB) and caused revenue from the tax sector to experience a significant decrease. The existence of the implementation of the PSBB forced the community to limit their activities and many companies suffered losses because their purchasing power decreased and their income decreased so they terminated employment relations with employees, causing a decrease in tax revenue from employees.

Research conducted at KPP Pratama Cilegon regarding the number of taxpayers who did not take advantage of incentives was due to a lack of human resources in conducting surveys and outreach to companies that had not received information regarding the existence of a tax incentive policy due to circumstances that made it impossible during a pandemic to carry out tax incentives. live surveys

remember to keep your distance. In the table below there are details of the number of taxpayers who apply for tax incentives as well as the number of taxpayers who have registered as recipients of income tax article 21 tax incentives borne by the government:

Table 4. Taxpayers Who Submit Requests for Incentives and Have Become Recipients of Incentives

Number of Taxpayers Submitting	Number of Registered Taxpayers
453	437

Source: KPP Pratama Cilegon.

Based on Table 4. above, it can be seen that at the Cilegon Primary Tax Service Office, the income tax incentive facility article 21 is borne by the government, and not many companies apply for incentives. This happened because perhaps in the city of Cilegon itself, for the corporate sector according to the business field classification set by the government, many employees did not meet the requirements as recipients of incentives, so in each business field classification that met the company criteria set by the government, only those who became incentive recipients A little. Article 21 Government Borne Income Tax incentives have more of an impact on employees with high incomes (Indahsari & Fitriandi, 2021). This can make the income tax incentive article 21 borne by the government not too much interest, it could also be due to a lack of direct outreach to companies so that many companies do not understand how to apply for tax incentives so they don't take advantage of it. That is in line with research conducted by Abeler & Jäger (2015) which stated that many subjects did not react to newly introduced incentives.

DISCUSSION

Based on an interview at KPP Pratama Cilegon, it was stated that the existence of government policies in the form of tax incentives during the Covid-19 pandemic did not affect revenue because tax incentives were intended to ease the tax burden on society and help restore the economy in Indonesia. With the existence of tax incentives, it is hoped that taxpayer compliance will also increase. Taxpayers who receive incentives will feel that they have received relief in paying

their taxes so taxpayers are expected to calculate the amount of their taxes correctly and report their taxes on time (Merta & Usadha, 2023).

Tax revenue at KPP Pratama Cilegon has decreased due to the Covid-19 pandemic and the implementation of PER-05/PJ/2021 concerning the Director General of Taxes regulations concerning the registration of taxpayers and business actors through an electronic system or place of reporting for taxable entrepreneur businesses. So, with the expansion of the formation of KPP Madya Dua Tangerang companies dominated by the Domestic and Foreign Industrial sectors that have large market capital registered at KPP Pratama Cilegon experienced a move to KPP Pratama Madya Dua Tangerang. This causes the company's reporting and deposit to be carried out at the KPP Pratama Madya Dua Tangerang and causes the receipt of PPh Article 21 at the KPP Pratama Cilegon to decrease. The tax incentive policy helps the economy of employees in dealing with the Covid-19 pandemic and Article 21 income tax taxes that should be paid by employers, but with the existence of Article 21 income tax incentives, it becomes the responsibility of the government and makes employee salaries tax-free.

Based on research, the number of taxpayers who apply for and have been registered as receiving income tax incentives article 21 borne by the government at KPP Pratama Cilegon is not too large because at KPP Pratama Cilegon tax incentives are given selectively with priority to certain sectors most affected by the Covid-19 pandemic. 19. Based on this, tax incentives are not intended for all taxpayers, but taxpayers with certain business field classifications determined under PMK Number 23/PMK.03/2020. Obstacles in the implementation of Article 21 Income Tax Incentive Policy Borne by the Government During the Covid-19 Pandemic, in terms of communication, namely the lack of active role of taxpayers (Priyatin & Rahmi, 2022). KPP Pratama Cilegon also conducts tax classes every Wednesday related to income tax incentives article 21, so that many beneficiaries of tax incentives with appropriate business field classifications take advantage of these incentives. Tax classes are carried out by coordinating with work units and employers regarding the benefits of using incentives and socializing their employees regarding the existence of these tax incentives during a pandemic.

Some of the efforts made by KPP Pratama Cilegon to increase tax revenues after the existence of tax incentives are as follows:

a. Supervision of Taxpayers

Supervision of taxpayers is carried out to find out whether the taxpayer is correct and reasonable in paying taxes. For this, it is necessary to have data support that shows the seriousness of taxpayers in paying taxes so that they can increase PPh Article 21 revenue after the existence of tax incentives at the Cilegon Primary Tax Service Office. Supervision is carried out namely supervision of the payment and reporting of taxes every month (SPT Masa). Every Corporate or Individual Taxpayer is required to pay and report the tax owed after the existence of tax incentives also supervision is emphasized on reporting incentives for companies that get tax incentives so that revenues are still counted even though the tax is not paid because it is charged by the government but employers are still obliged to report it. If they do not carry out their obligation to report their incentives, the Primary Tax Service Office will issue a warning by issuing a Reminder Letter.

b. Tax Socialization

In this case, the Cilegon Pratama Tax Service Office conducts tax socialization both directly and indirectly. The socialization was mainly aimed at treasurers, both government treasurers and private treasurers or employers so that they would have a better understanding of taxes and know the function of taxes for the development and prosperity of the people. Socialization activities can be carried out by face-to-face socialization to provide direct exposure such as socializing the obligation to withhold income tax Article 21, and how to report SPT for Individual Taxpayers and Corporate Taxpayers, as well as socialization regarding the application of the latest provisions on taxation, due to a socialization pandemic can be done through virtual media such as zoom meeting, google meet, and others. The more frequently the socialization is carried out, the more understanding the taxpayers will have and the more obedient taxpayers will be in terms of taxation to increase tax revenues (Wardani & Kartikasari, 2020).

c. Tax Counseling

Counseling is an important factor in raising awareness of taxpayers to pay taxes. If the counseling can be received effectively by the Taxpayer. There are still many taxpayers in the Cilegon Pratama Tax Service Area who do not understand and understand the tax provisions. So that the solution to anticipate this was carried out by KPP Pratama Cilegon by holding tax counseling. The

purpose of holding tax counseling is to change negative responses to taxes and make the public aware of their tax obligations properly and correctly as a form of service to the nation and state.

d. Application of Tax Sanctions

Tax sanctions carried out by KPP Pratama Cilegon to create taxpayer compliance in carrying out their tax obligations. Tax sanctions as a deterrent tool so that taxpayers do not violate the norms or rules set by the government regarding taxation. Tax sanctions are also given not only to taxpayers who do not pay taxes, but tax sanctions are also given to taxpayers who do not report their taxes. Understanding the sanctions obtained by taxpayers, if they do not pay their taxes, will increase taxpayer compliance in paying their taxes (Siregar, 2017).

e. Service Improvement for Taxpayers

The level of good service provided to taxpayers will greatly affect the level of compliance of taxpayers, because good service will encourage taxpayers to carry out their obligations. KPP Pratama Cilegon always strives to provide good service to every taxpayer.

f. Tax Intensification and Extensification Activities

In the Circular Letter of the Director General of Taxes Number SE-06/PJ.9/2022, tax intensification is an activity of optimizing extracting tax revenue from tax subjects that have been recorded or registered in the administration of the Directorate General of Taxes and the results of implementing extensification. Meanwhile, tax extensification, namely business activities related to increasing the number of registered taxpayers and expanding tax objects so that new tax sources are obtained.

In anticipating a decrease in tax revenue after the incentives are in place, the Cilegon Pratama Tax Service Office, the Account Representative section, will issue a Letter of Reprimand as a follow-up for companies that do not report the realization of the utilization of income tax article 21 until the tax period ends, so companies cannot take advantage of income tax incentives article 21 is borne by the government and the tax period will be borne entirely by the company.

CONCLUSION

Based on the results of the target and realization of Article 21 Income Tax

revenue, it can be concluded that from 2018 to 2019 there has been an increase, but from 2020 to 2021 tax revenue has decreased drastically. The spread of Covid-19 was so fast that the government implemented a large-scale social restriction (PSBB) policy which resulted in an economic downturn. Many companies are unable to continue business productivity until they have to terminate their employment (PHK). This causes people's buying and selling power to companies to decrease and affects company income because people's consumption of produced goods decreases. Based on data obtained from KPP Pratama Cilegon, the level of tax revenue after tax incentives have decreased due to the Covid-19 pandemic and the transfer of taxpayers registered at KPP Pratama Cilegon to KPP Madya Dua Tangerang in 2021.

Efforts made by KPP Cilegon to increase tax revenues have been well implemented. KPP Cilegon has conducted tax classes, supervised taxpayers, conducted outreach, conducted counseling, implemented tax sanctions, and intensification and extensification to increase the number of taxpayers and recovery of tax revenues.

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