

IMPLEMENTATION OF DIGITALIZATION OF TAX REPORTING ON TAXPAYER COMPLIANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

(Case Study of KPP Pratama Serang Barat for Fiscal Year 2020)

Sugiyono^{1*}, Andika Mugi Gumilang², Rosidawaty³, Tanti Septiani⁴

¹Akuntansi, Fakultas Ekonomi Bisnis, Universitas Muhammadiyah A.R. Fachruddin

²Akuntansi, Fakultas Ekonomi Bisnis, Universitas Muhammadiyah A.R. Fachruddin

³Akuntansi, Fakultas Ekonomi Bisnis, Universitas Muhammadiyah A.R. Fachruddin

⁴Akuntansi, Fakultas Ekonomi Bisnis, Universitas Muhammadiyah A.R. Fachruddin

⁵Akuntansi, Fakultas Ekonomi Bisnis, Universitas Muhammadiyah A.R. Fachruddin

Jl. KH Syekh Nawawi No. 13, Tigaraksa, Kab.Tangerang

[¹sugiyono@unimar.ac.id](mailto:sugiyono@unimar.ac.id), [²andikamg@unimar.ac.id](mailto:andikamg@unimar.ac.id), [³rosidawaty@unimar.ac.id](mailto:rosidawaty@unimar.ac.id),

[⁴tseptiani948@gmail.com](mailto:tseptiani948@gmail.com)

Abstract Study aims to analyze the impact of the implementation of digitalization of tax reporting on the compliance of Micro, Small and Medium Enterprises (MSME) taxpayers. The method used in this research is a qualitative approach with data collection techniques through in-depth interviews, observations, and literature studies. The results showed that the digitalization of tax reporting had a less significant effect on increasing MSME taxpayer compliance, which was influenced by the conditions of the global natural disaster, namely the Covid 19 pandemic and also the lack of understanding of MSME taxpayers of the digital world, so this is a challenge for the DGT to be able to conduct measurable and targeted socialization and education for MSME taxpayers evenly.

Keywords: Digitalization of Tax Reporting, Taxpayer Compliance, MSMEs, Public Policy, Information Technology.

Introduction

Digitalization of tax reporting has become an important agenda in various countries, including Indonesia, as an effort to improve the efficiency of tax administration and taxpayer compliance. Micro, Small and Medium Enterprises (MSMEs) are a vital sector in the national economy. Therefore, understanding the impact of tax reporting digitization on MSME taxpayer compliance is very important to support effective and efficient policies.

The definition of MSMEs according to Aufar (2014: 9), is a productive business owned by Indonesian citizens in the form of individual business entities. Business entities that are not incorporated, or legal entities such as cooperatives; not a subsidiary or branch owned, controlled or affiliated, either directly or indirectly or indirectly with medium or large businesses. Has a net worth of at most Rp. 200,000,000, - not including land and buildings or has sales proceeds of at most Rp. 200,000,000 per year, while a medium-sized business is a business that has fixed asset criteria with an amount that is distinguished between the manufacturing industry Rp. 200,000,000, - up to Rp. 600,000,000, -

Based on the above definition, it can be concluded that MSMEs are businesses owned by individuals or business entities that are not subsidiaries or branches of companies that have criteria for having certain business capital limits.

Meanwhile, according to tax regulations, the characteristics of MSMEs according to PP 46 of 2013 are final income tax on gross turnover below Rp. 4,800,000,000, - multiplied by a rate of 1% and the result is as tax payable and in its opening make records while PP 23 of 2018 as a refinement of PP 46 of 2013 has the same characteristics, namely as a final income tax but the difference is that the rate is lower at 0.5% (PP 23/2018 Article 3 (1)), and a recording system time limit is imposed on MSMEs, including for MSMEs in the form of individuals for 7 years, corporate taxpayers in the form of cooperatives, foundations. Partnerships, or firms and 3 years for taxpayers in the form of limited liability companies or PT. (PP 23/2018 Article 5).

The resilience of MSMEs in times of crisis, both the Covid 19 pandemic in 2020-2022 and facing the global economic crisis, has received attention and support from the directorat Jenderal tax system digitization system.

One example of Direktorat Jenderal Pajak (DJP) building and digitizing a tax system that is very helpful and easier for taxpayers is the launch of e-Registration (2007), e-Filing (2012), e-Billing (2014), e-Faktur and e-Faktur Host to Host/H2H (2015) and e-Bupot (2018). The year 2018 is also the era of the commencement of Automatic Exchange of Information (AEOI) and Country by Country Reporting (CbCR), in which DJP cooperates with tax authorities of other countries or jurisdictions.

There are 3 (three) strategic themes of in continuing the tax digitalization program in the future, the three of which are migration to a digital ecosystem, building an integrated and interactive system, and building a Digital Auto-Regulation Ecosystem that allows taxpayers to fulfill their rights and obligations with minimal intervention.

Since the launch of e-SPT in 2002, it is expected that Micro, Small and Medium Enterprises (MSME) taxpayers can report their tax returns electronically. For this purpose, the Direktorat Jenderal Pajak (DJP) has collaborated with Application Service Provider (ASP), a third party that provides computer-based services to its customers through a network.

The policy of digitizing the tax system that has been rolled out by the DGT which aims to facilitate MSME taxpayers, is not an easy job because it must provide education and socialization to taxpayers in a measured and targeted manner considering that the majority of MSME taxpayers are not yet literate in the world of IT (Information and Technology).

However, the digitalization of the tax system is expected to be socialized according to what is targeted by the DGT, so that in the future it will be able to increase MSME taxpayer compliance, which in its logical consequence can increase state revenue from MSME taxes.

RESEARCH METHODOLOGY

This research uses a qualitative method with a case study approach. Data were collected through in-depth interviews with MSME owners, tax officials, and tax policy experts, as well as through direct observation and analysis of related documents.

The research approach used by researchers in this writing is a research approach with Qualitative and Descriptive methods (descriptive qualitative research) Djamaan Satori (2011: 23) reveals that quantitative research is carried out because this researcher exposes phenomena that cannot be quantified which are descriptive in nature such as work processes and steps, a recipe formula, understanding of a diverse concept, characteristics of goods and services, images, styles, procedures of a culture, physical models of an artifact and so on.

In this study, it is necessary to have a technique for analyzing data, the definition of data analysis according to Sugiyono (2010: 88), data analysis is a process and systematic compilation of data obtained from interviews, field notes, and other materials, so that they can be easily understood, and the findings can be informed to others.

In this implementation research, researchers adhere to using Edward's theory (Dedy, 2015: 22) "Implementation can start from abstract conditions and a question about whether the conditions for policy implementation can be successful, namely Communication (communication), Resources (Resources), Attitudes (Disposition or Attitudes) and Bureaucratic Structure (Bureaucratic Structure).

The data analysis technique used by researchers in this study is Qualitative Descriptive analysis technique which means by describing, loading comparisons, describing data in the form of descriptions of sentences arranged systematically and explained so that a conclusion can be drawn.

Descriptive research can be said to be research that aims to describe systematically certain social phenomena and aims to describe the state of the subject or object which can be interpreted as a problem-solving procedure studied by describing the state of subjects and objects that appear as they are.

RESULT AND DISCUSSION

Implementation of Taxation Reporting Digitalization on MSME Taxpayer Compliance

The results showed that tax digitalization facilitates the process of reporting and paying taxes for MSMEs. Digital systems reduce the time and costs required to fulfill tax obligations, increase transparency, and reduce the risk of administrative errors.

To find out the implementation of digitalization of tax reporting on MSME taxpayer compliance in the West Serang area, researchers conducted direct observations at the KPP Pratama Serang Barat Office and conducted in-depth interviews with KPP Pratama Serang Barat employees and a sampling of MSME taxpayers who were doing tax reporting.

DATA ON THE COMPLIANCE OF TAXPAYERS MSME					
NO	DESCRIPTION	2017	2018	2019	2020
1	TOTAL TAXPAYER MSME	1.747	2.194	3.548	4.507
2	TAX REPORT	1.626	2.076	1.736	1.221
3	NOT TAX REPORT	121	118	1.812	3.286
4	PROSENTATION TAX REPORT	93%	95%	49%	27%
5	PROSENTATION NOT TAX REPOR	7%	5%	51%	73%

Data Source: KPP Serang Barat

From the MSME Taxpayer Compliance data obtained from the West Serang Prataman Tax Office in 2020 according to the researcher's analysis of MSME taxpayer compliance as follows,:

In 2019 MSME taxpayers who reported their taxes were only 49%, whereas in 2018 the number who reported was 95%, the difference was 46% from last year, while in 2020 MSME taxpayers who reported their tax obligations dropped dramatically to 27% while those who did not report their tax obligations amounted to 73% of the total MSMEs of 4,507.

From the trend that the percentage of MSME taxpayers who did not report their taxation in 2019 and 2020 was greater than those who reported, the researcher analyzed that apart

from being caused by a lack of understanding of MSME taxpayers, from interviews, most MSME actors did not understand and master the digitization of tax reporting rolled out by the DGT, so that for MSME taxpayers it was very difficult to fulfill tax obligations both starting from depositing and reporting.

On the other hand, according to the KPP officers, they have conducted socialization on the digitalization of tax reporting to MSME taxpayers both online and offline, as well as socialization using various other social media, so that MSME taxpayers can understand and master tax digitalization, especially for reporting and depositing their taxation.

The decline in MSME taxpayer compliance is also caused by other factors, namely the global economic crisis caused by the Covid 19 pandemic.

However, KPP Pratama Serang Barat will make efforts to socialize and educate continuously in a measurable manner according to the target of MSME taxpayers mastering and understanding tax digitalization, especially on the Report and Deposit Application of their tax obligations.

Challenges in the Implementation of Tax Reporting Digitalization

Nevertheless, there are challenges in the implementation of tax reporting digitalization, such as the lack of understanding of technology among MSME taxpayers and the uneven digital infrastructure in all regions. Further efforts are needed for education and provision of supporting facilities.

Continuous socialization and education that is well-targeted towards MSMEs is urgently needed by MSME players, considering that the majority of MSME growth is rooted in the middle to lower class people who are not familiar with the digital world.

CONCLUSION

The implementation of digitalization of tax reporting has great potential to improve the compliance of MSME taxpayers. However, successful implementation of this policy

requires adequate infrastructure support and improved digital literacy among MSME taxpayers. The government needs to continue to develop educational programs and provide support services to ensure all MSMEs can access and utilize the digital system effectively.

ACKNOWLEDGMENTS

We express our gratitude to all those who have contributed to the writing of this scientific journal, especially to the Lecturer FEB Unimar, MSME taxpayer volunteers and KPP Pratama Serang Barat tax officials, hopefully this journal can be useful for umkm taxpayers and also as references in the academic world

Bibliography

- Brown, R., & Mazur, M. (2020). Digital Transformation in Tax Administration. *Journal of Tax Administration*, 6(1), 45-62.
- Pemerintah Indonesia. (2021). Peraturan Menteri Keuangan tentang Digitalisasi Perpajakan. Jakarta: Kementerian Keuangan.
- Sugiyono. (2016). *Metode Penelitian Kualitatif*. Bandung: Alfabeta.
- World Bank. (2019). *The Role of Digital Technology in Improving Tax Compliance*. Washington D.C.: World Bank.
- Abdul Wahab, Solichin 2004, *Analisis Kebijaksanaan, Dari Formulasi ke Implementasi Kebijakan Negara*, Jakarta Bumi Aksara
- Halim, Abdul, 2014, *Perpajakan Konsep Aplikasi, Contoh dan Studi Kasus*. Jakarta Salemba
- Seto Suyatna. Uyat 2009, *Kebijakan Publik Bandung, Kencana Utama*