

PROCEEDINGS

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THE IMPACT OF CONCEPT AND IMPLICATION OF TAXES ON SMALL AND MEDIUM ENTERPRISES (SMEs) IN SOUTH SUMATERA

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Abstract

Tax revenue plays a very important in improving region's economic development. Received tax is one source of revenue to financing the implementation of regional and local economic development. Small and medium enterprises (SMEs) is one of important part in building the economy and employment. The objective of this research was to determine the impact of concept and implication of taxes on small and medium enterprise (SMEs) in South Sumatera. The methodology in this research is using qualitative descriptive method. This method's objectives to uplift the facts, circumstances, variables, and the phenomena that occurs on going research and present what it is. Taxation for SMEs based on Government Regulation (PP No. 46 tahun 2013) concerning income tax on income of the business derived by the taxpayer has gross turnover under Rp4.800.000.000. as a result of implementation, this regulation leads to entire economic activity of small and medium enterprise (SMEs) will be monitored by Direktorat Jenderal Pajak (DJP) and since July 1, 2013 each of Small and medium enterprises (SMEs) will deposit 1% of gross revenue to the state treasury.

Keyword: Tax, Government Regulation (PP No. 46 tahun 2013), *Small and medium enterprises (SMEs)*,

INTRODUCTION

Tax is constantly evolving phenomenon in the community, along with economic development in Indonesia, followed also by the policies in the field of taxation. According Soemitro taxes is a cash contribution to the people of the State under the law (which can be enforced) with no reciprocal merit (contra) directly demonstrated, and are used to pay for general expenses (Waluyo, 2013).

Huge tax roles in the economic growth of a country, including Indonesia as a developing country. Efforts to improve the region's economic development. Tax revenue plays very important. Received tax is one source of revenue to finance the impletation of regional and local economic development

Regional economic development is inseparable from the role of local governments, financial institutions and micro business is one of the Small and Medium Enterprises (SMEs). Small and Medium Enterprises is not a supporter but quite dominant in financing local economic development through tax payments.

Imposition of taxes Small and Medium Enterprises (SMEs) based on Government Regulation (PP) No.46 of 2013 concerning income tax on income from businesses that received or accrued by the taxpayer has a certain gross turnover. it is set Taxpayers who have a gross turnover of not more than Rp 4.8 billion to pay income tax amounting to 1% of final monthly turnover.

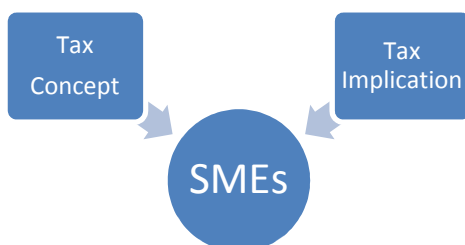
Department of industry, trade and cooperatives (Disperindagkop) Palembang assess small and medium enterprises (SMEs) in

Palembang is still difficult to compete. The growth of small and medium enterprises (SMEs) have increased 6-7% per year. Noted, as of January 1 - March 31, 2013 the number of small and medium enterprises (SMEs) in Palembang as many as 9747 efforts. In detail, there are 469 units of micro-enterprises, small businesses and medium-sized enterprises 7484 units 1794 units. Seen assets and earnings, based on the law no.20 of 2008 category of micro enterprises have assets of 50 million not including land and buildings with a turnover of 300 million / year, small businesses have a net worth of 500 million with a turnover of Rp2, 5 billion and medium enterprises have assets of Rp10 billion with a turnover of 50 billion.

The objectives of this research was to determine the impact of concept and tax implication for small and medium enterprises (SMEs) in South Sumatera.

METHODOLOGY

The methodology in this research is using qualitative descriptive method.



Small and medium enterprise (SMEs)

According to Law No. 20 of 2008 on SMEs, SMEs are defined as follows:

1. Micro businesses are productive activities owned by individual and business entity that has annual sales revenue of Rp300 Millions and has a net wealth (excluding land/building) at Rp50 Millions
2. Small businesses are economically productive activities that stand alone, which is conducted by an individual or business entity that is not a subsidiary or branch

company is not owned, controlled or being part either directly or indirectly from medium or large business that have annual sales revenue between Rp300 Millions to Rp2,5 Billions and has a net wealth between Rp50 Millions to Rp500 Millions

3. Medium-Sized business are economically productive activities that stand alone, which is conducted by an individual and business entity that is not a subsidiary or branch company is not owned, controlled or being part either directly or indirectly from medium or large business that have annual sales revenue between Rp2,5 Billions to Rp50 Billions and has a net wealth greater than Rp500 Millions

Taxation

The Definition of taxation by Andriani in Waluyo (2013:2) is a contribution to the people of the State under the law (which can be enforced) with no reciprocal merit (contra) directly demonstrated, and are used to pay for general expenses.

As is well known the inherent characteristic of taxation in various definition, there are two functions of taxation such as:

1. Receipts function, the tax serves as a source of tax funds earmarked for financing government expenditure
2. Control function, the tax serves as a tool for organize or carry out the field of social and economic policies

SMEs and Income Tax

There is no specific terms for taxing small and medium enterprise (SMEs). In government regulation (PP) No. 46 Year 2013 which was issued on Juni 12, 2013 and effective on July 1, 2013. Which is set of income tax (PPH) on income from businesses that received by taxpayer has certain gross turnover.

The legal basis for taxation of SMEs are:

1. Article 4 subsection (2) letter (e) Income tax (PPH) law

2. Article 14 subsection (7) Income tax law

The tax object of SMEs is received from businesses or accrued by the taxpayer does not exceed gross turnover more than Rp4,8 Billions in first tax year. Gross turnover is gross income from business including a branch of business. Whereas, the definition of business is trading and service activities such as shop/outlet, mobile vendors, workshop and kind of those.

RESULTS AND DISCUSSION

Tax issues are not simple just a little bit of income handed to the State. When viewed from the economic aspect of state revenue that the tax is used to direct the lives of the people to prosperity, because the taxes that flow from the communities end up returning the society because the government provides public services for mutual satisfaction. Tax law in Indonesia has a clear hierarchy in the order, namely the Constitution of 1945, the laws, government regulations, presidential decrees, and so on. From a financial aspect, the tax is seen as a very important part in the acceptance of the State, the State's financial condition is no longer solely from the proceeds of the State in the form of oil and gas, but rather seeks to make state tax receipts as a primadonna

So far, the issue of taxation is still within the scope of the Personal (WPOP) and the Agency, both the tax subject makes a major contribution to government efforts to increase state revenues, especially in the sector of taxation. However, data from the Directorate General of Taxation (DJP) stating the amount of the individual taxpayer (WP OP) were netted during the year 2012 reached 19 million people, while the taxpayer (WP) is 2 million agency. For the year 2013, the DJP targeting individual taxpayer number rose to 21 million people and is the WP bodies amounted to 5 million

In view of all the government sector that has great potential in increasing state revenues should be fully utilized, especially in the sector

of taxation, in addition to the individual taxpayer (WPOP) and the presence of government that is the focus Small and Medium Enterprises (SMEs) is taken into account. The number of SMEs in Indonesia are very likely not comparable to the total amount of taxpayer (WP) is only 20 million. "The number of SMEs that could be around 50 to 60 million." Although the contribution of Small and Medium Enterprises (SMEs) to the total economy is very large, approximately 57.94 percent, but its contribution to state revenues is small. "Contribution of SMEs to the economy's total amounted to 57.94 percent. While the contribution of SMEs in taxes even smaller, at 0.7 percent".

Based on these data it appears that SMEs contribute in the country's economy but for the lack of a state income tax sector, but the concern is the absence of specific regulations or rules to accommodate the taxation for SMEs. Furthermore, the government in this case (DJP) to see the potential that exists in SMEs so as to make regulations concerning the taxation of SMEs with a government regulation (PP) 46 Year 2013. It is expected that at the end of this rule can be a "force" for the government to increase state revenue through taxation for SMEs sector.

Imposition of taxes Small and Medium Enterprises (SMEs) is intended to justice considering that there are millions of people in Indonesia who actually has income above the personal exemption (PTKP) but has not paid according to the provisions.

Imposition of taxes Small and Medium Enterprises (SMEs) based on Government Regulation (PP) No. 46 Year 2013 concerning income tax on income from businesses that received or accrued by the taxpayer has a certain gross turnover. PP is set Taxpayers who have a gross turnover of not more than Rp 4,8 billion to pay a final tax of 1% of monthly turnover.

This means that there is no turnover is exempt from income tax final. Of course, this is

in line with the principle of taxation under the income tax laws, as long as the taxpayer has qualified the subjective and the objective, then it is obligatory to pay taxes. Terms subjectively is a citizen and resident of the objective conditions are already having income or have income above the non-taxable income for individual taxpayers.

With the entry into force of Regulation No.46 of 2013 the entire economic activity of small and medium enterprises (SMEs) will be monitored by the Directorate General of Taxes (DJP) and since July 1, 2013 each of Small and Medium Enterprises (SMEs) will deposit 1 % of gross revenue to the state treasury . In addition the perpetrators Small and Medium Enterprises (SMEs) must has Taxpayer Identification Number (NPWP)

Individual taxpayers are not taxed 1% is an individual taxpayer who undertake business activities and / or services in its business:

- a) Using a suggestion or infrastructure that can be assembled, whether settled or not settled
- b) Using part or all of the place to which the public interest is not destined for a place of business or selling.

Taxpayers entities not taxed 1 % are :

- a) The corporate taxpayer who has not been in commercial operation
- b) the corporate taxpayer in the period of 1 (one) year after the commercial operation gain on gross income exceeds Rp4.800.000.000,00

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Small and Medium Enterprises (SMEs) in Palembang most engaged in trade, followed by the culinary business, business songket, wall carvings and much more.

Plan tax revenue in 2013 based on data for the southern Sumatran Director General of Tax in the Tax Office Primary SeberangUlu Palembang amounted Rp181.584.767.426,00 decreased. It can be seen from the realization of tax revenue for Rp179.100.158.392,00.

One type of tax is income tax decreased over the final Small and Medium Enterprises (SMEs). Tax revenue over the Small and Medium Enterprises (SMEs) in Palembang based on existing data Tax Office (KPP) for the year 2013 is Rp11.905.002.304, in contrast to the planned it is equal Rp26.580.519.096,00. This can be seen if the tax revenue does not reach the target

Consequences arising from the application of Regulation No.46 of 2013 is the small and medium business operators must pay a tax of 1% of gross income, so the tax payment is the opportunity cost for small and medium entrepreneurs (SMEs). That such fees should be used for the development of its business, but had to be used for payment of taxes. Judging from the concept of fairness in taxation, imposition of final income tax is not in accordance with justice because it does not reflect the ability to pay, Final income tax calculated directly from the gross income taxation not in accordance with the concept of fairness in taxation. The size of the net income of a person or business entity that does not affect the amount of tax to be paid because the tax is calculated by multiplying the direct tariff

on gross turnover, even in circumstances still have to pay income taxes

According Law of Taxation No. 36 of 2008 section 31 E revealed that the domestic corporate taxpayers with gross turnover of up to Rp50 billion received in the form of tariff reductions facility by 50 % and the general tariff as stipulated in article 17 paragraph 2 of the law No. 36 of 2008 which imposed on taxable income from the gross turnover of up to Rp4.8 billion .

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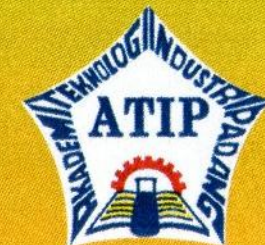


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