

## Analysis of Implementation of Income Tax Incentives (PPh) Article 21 on the Level of Taxpayer Compliance at the Office of Tax Services, Counseling and Administration (KP2KP) of Magetan Regency

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### ABSTRACT

This study aims to determine the mechanism for calculating Income Tax Article 21 before and after utilizing PPh 21 incentives and assessing its effectiveness at KP2KP Magetan. The data sources used are primary and secondary. The research population used is individual taxpayers who apply for income tax incentives. This sampling technique uses a non-probability method, namely purposive sampling. The analysis technique used is income tax calculation 21, calculation of the effectiveness ratio, and analysis of the results of the calculation of the effectiveness ratio. The results of this study indicate that the use of the PPh 21 incentive causes a difference between the Income Tax that must be deposited and the Tax Home Pay, namely that the amount of the Tax Home Pay of the taxpayer becomes larger than before using the 21 Income Tax incentive.

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## **INTRODUCTION**

Responding to the Decree of the President of the Republic of Indonesia Number 12 of 2020 concerning the designation of a non-natural disaster with the spread of Corona Virus Disease 2019 (Covid-19) as a national disaster, the Government of the Republic of Indonesia has been responsive in issuing policies to implement physical distancing and Large-Scale Social Restrictions (PSBB) as an effort to accelerate the handling of Covid-19. This government policy is based on Government Regulation of the Republic of Indonesia Number 21 of 2020. The Covid-19 pandemic has had a very bad impact on the country's economic stability. According to Suryo Utomo, Director General of Taxes at the Ministry of Finance, explained three impacts of Covid-19 on the economy at the 2020 Tax Day commemoration with the theme of rising with taxes in a spirit of mutual cooperation. The first impact of Covid-19, which is causing the level of public purchasing power or household consumption, which is 60% of the backbone of the economy, drops significantly. According to the Central Statistics Agency on its website <https://www.bps.go.id> in the first quarter of 2019 household consumption was 5.02% but in the first quarter of 2020 it actually dropped to 2.84%. The second impact of Covid-19 is that there is continuous uncertainty which causes investment to weaken and has an impact on business cessation. The third impact of Covid-19, namely the worldwide economy weakened which resulted in exports to several countries carried out by Indonesia being disrupted and prices for commodities falling (CNN Indonesia, 2020). Almost all business sectors are in a downturn, not a few have even been forced out of business. This has prompted business people to be able to adapt to the various impacts that have occurred due to Covid-19. Business people must rack their brains to find alternative solutions to maintain business continuity, such as cutting employee salaries to unilateral Termination of Employment (PHK). Based on data compiled from the revised Central Bureau of Statistics as of 9 November 2021 on its website <https://www.bps.go.id> it is explained that there are 21.32 million people affected by Covid-19 out of 10.32% of the working age population. It consists of 1.82 million people unemployed due to Covid-19, 700 thousand people not working because of Covid-19, 1.39 million people temporarily not working due to Covid-19, and working residents who have experienced reduced working hours due to Covid-19 17.41 million people. This has caused the rate of economic growth to stall.

The decline in economic growth will also have an impact on state financial management, one of which is in the field of taxation. The Minister of Finance Sri Mulyani Indrawati in the Tax Amnesty Declaration explained that taxes are one of the main pillars of the national economy in Indonesia because they are the largest income item and are a very important component in the income/state budget (<https://www.kemenkeu.go.id>). As a result of Covid-19, most taxpayers are experiencing economic instability so that taxpayers feel objections in paying their tax obligations. Based on this, the government is trying to provide relief in the field of taxation, namely the existence of a tax incentive policy with the aim of handling the impact of Covid-19 and supporting the acceleration of national economic recovery. It is hoped that the tax incentive policy can help move the

economy so that it can survive during the pandemic and support the tax revenue target without burdening the community in their economic recovery. Yustinus Prastowo Special Staff of the Minister of Finance for Strategic Communications revealed that the Government is helping the community and business people by providing tax incentives in the hope that if the economy is normal the community can pay taxes again so that it can be utilized for future development (<https://www.kemenkeu.go.id>).

The latest tax incentive policy is contained in the Regulation of the Minister of Finance of the Republic of Indonesia Number 149/PMK.03/2021 which was determined on October 25, 2021. Regulation of the Minister of Finance of the Republic of Indonesia Number 149/PMK.03/2021 was the second amendment to the Regulation of the Minister of Finance Number 9/PMK.03/2021 concerning Tax Intended Taxpayers Pandemi Covid-19

Tax incentives for business people have a very positive impact. In accordance with the results of a survey in 2020 conducted by the Directorate General of Taxes, it was shown that 95% of respondents considered incentives useful for taxpayers, so the tax incentive period was extended until December 2021 (<https://www.kemenkeu.go.id>). This is also in line with data from the Ministry of Finance regarding the utilization of tax incentives throughout the first quarter of 2021 reaching IDR 14.95 trillion which has been used by 286 thousand taxpayers in Indonesia (<https://www.kemenkeu.go.id>). One of the tax incentives that can be utilized is Article 21 Income Tax (PPH) incentives. Article 21 Income Tax incentives only apply to workers or employees with certain criteria set out in Article 2 paragraph (2) of Minister of Finance Regulation Number 9/PMK.03/2021.

Based on Minister of Finance Regulation Number 82/PMK.03/2021 the Government officially extended the provision of PPh article 21 incentives until the end of December 2021. Article 21 PPh incentives in its calculations use a collection system, one of which is a self-assessment system, namely the Taxpayer determines the amount of tax owed himself according to the applicable tax laws and regulations (Official, 2019). This illustrates that the success or failure of the implementation of tax collection depends on the taxpayer himself. This causes the possibility of calculation errors and the application of Article 21 PPh incentives by taxpayers. Factors that are the cause include the lack of knowledge of taxpayers so they do not understand tax laws, lack of socialization and low level of public literacy regarding the implementation of tax incentive policies by the government. In this study, the aim is to provide additional knowledge for individual taxpayers or the general public so that they are able to calculate PPh Article 21 independently and determine whether taxpayers can get PPh Article 21 incentives.

The government hopes that the existence of Article 21 PPh incentives can reduce the burden on employees and motivate them to remain obedient in carrying out tax obligations and increase taxpayer compliance. In line with the research results of Sartika, et al. (2021), that the provision of Motor Vehicle Tax Incentives during the Covid-19 pandemic had a significant effect on Taxpayer compliance in paying motorized Vehicle Tax that was owed. Tax compliance is a

behavior in which taxpayers fulfill all tax obligations and exercise their tax rights. According to Damayanti (2019) taxpayer compliance is obedient, submissive, and obedient to taxpayers in fulfilling all their tax obligations and paying taxes in accordance with tax regulations. Tax compliance itself consists of compliance with registering as a taxpayer, compliance with submitting or paying taxes, and compliance with reporting tax returns (SPT). Taxpayer compliance must be supported by the active role of taxpayers and understanding of their rights and obligations in implementing applicable tax regulations. Based on sources from the Tax Service, Counseling and Consultation Office (KP2KP) of Magetan Regency, of the number of individual taxpayers who are registered, not all of them carry out their tax obligations in accordance with the provisions of the tax law such as reporting the Annual SPT not on time and not reporting at all.

## **LITERATURE REVIEW**

### **Taxation Concept**

According to the Law of the Republic of Indonesia Number 28 of 2007 concerning General Provisions and Tax Procedures Article 1 paragraph (1) explains that taxes are mandatory contributions to the state owed by individuals or entities that are coercive based on the Law, by not getting compensation directly and used for the needs of the state for the greatest prosperity of the people. The definition of tax according to S.I. Djajadiningrat in the Official book (2019, p. 1) is: "Tax as an obligation to surrender part of the wealth to the state treasury caused by a condition, event, and action that gives a certain position, but not as a punishment, according to regulations set by the government and can be forced, but there is no reciprocal service from the state directly to maintain public welfare."

In accordance with the philosophy of the tax law, paying taxes is not only an obligation, but is the right of every citizen to participate in the form of participation in state financing and national development (Ayza, 2017). The definition of tax according to Anderson Herschel in Thian's book (2021, p. 6) taxes are: "A transfer of resources from the private sector to the government sector and is not a result of the violations committed, but is an obligation based on the applicable provisions, without compensation and is carried out to facilitate the government in carrying out its duties. Definition of tax according to Prof. Dr. Rochmat Soemitro in the Official book (2019, p. 1) Tax is "People's contributions to the state treasury are based on laws (which can be enforced) by not getting reciprocal services (contrast) that can be shown directly and used to pay public expenses."

From the several definitions of the definition of tax above, it can be concluded that taxes are people's contributions in the form of transferring wealth to the government based on tax regulations as a mandatory contribution of the people in the financing and development of the country without coercive rewards without any rewards in the future because they are fully used for the prosperity and welfare of the people.

### **Tax Function**

According to the Siti Resmi (2019, p. 3) there are two tax functions, including the following. First, Function of State Financial Resources (Budgetair) Taxes have a budgetary function, meaning that taxes are one of the government's sources of financing expenses, both routine and development. As a source of state finance, the government seeks to put in as much money as possible for the state treasury. These efforts are pursued by extensification and intensification of tax collection by improving regulations on various types of taxes, such as Income Tax (PPh), Value Added Tax (VAT), Sales Tax on Luxury Goods (PPnBM), Land and Building Tax (PBB), and so on. Second, Regulatory Function (Regularend) Taxes have a regulatory function, meaning that taxes are a tool for regulating or implementing government policies in the social and economic fields and achieving certain objectives outside the financial sector. An example is PPnBM imposed when a sale and purchase transaction occurs for luxury goods. The more luxurious an item, the higher the tax rate so that the item is more expensive. The imposition of this tax is intended so that people do not compete to consume luxury goods.

According to Mardiasmo (2018, p. 4) taxes have several functions, including the following: a) The function of the budget (Budgetair), meaning that taxes are one of the sources of government funds to finance its expenditures. Taxes make the largest contribution to state revenues. b) Regulatory Function (Regularend), meaning Tax as a tool to regulate or implement government policies in the social and economic fields.

From the description that has been presented above, it can be concluded that taxes are a function of the budgetary system or a source of revenue for the government which is used to finance all state expenditures. Meanwhile, taxes as a regularend or regulator function are to regulate policies carried out by the government in the social and economic fields.

### **Concept of Income Tax (PPh) Article 21**

Siti Resmi (2019 p. 70) explains that Income Tax (PPh) is a tax imposed on Tax Subjects for income received or earned in a tax year. Based on the Law of the Republic of Indonesia Number 36 of 2008 in Article 21 paragraph (1) that Income Tax (PPh) Article 21 is a withholding tax on income in connection with work, services or activities in any name and in whatever form received or obtained by domestic individual taxpayers. Income tax (PPh) Article 21 according to the Director General of Taxes Regulation Number: PER-16/PJ/2016 Article 1 paragraph (2) is a tax on income in the form of salaries, wages, honorarium, allowances, and other payments in any name and in any form in connection with work or position, services, and activities carried out by individual domestic Tax Subjects.

Based on these definitions, it can be concluded that Article 21 Income Tax (PPh) is a tax imposed on individual taxpayers for the income they earn in connection with the activities, work and services performed.

### **Subject of Income Tax (PPH) Article 21**

According to the Siti Resmi (2019 p. 71) Income Tax Subject (PPH) is anything that has the potential to earn income and is the target of being subject to Income Tax (PPH). Based on the Law of the Republic of Indonesia Number 36 of 2008 Article 2, Tax Subjects are grouped as follows: a) Domestic Tax Subject: 1) Person, Individuals who reside in Indonesia, individuals who are in Indonesia for more than 183 (one hundred and eighty three) days within a period of 12 (twelve) months, or individuals who are in Indonesia in a tax year and have the intention to reside in Indonesia. 2) Company, Agencies established or domiciled in Indonesia, except for certain units of government agencies that meet the following criteria that Its establishment is based on statutory provisions, The funding comes from the State Revenue and Expenditure Budget or the Regional Revenue and Expenditure Budget. The revenue is included in the budget of the Central Government or Regional Government. The bookkeeping is checked by the state functional supervisory apparatus. 3) Inheritance that has not been divided as a unit replaces the rightful.

Foreign Tax Subject Individuals who do not reside in Indonesia, individuals who are in Indonesia for no more than 183 (one hundred and eighty three) days within a period of 12 (twelve) months, and entities that are not established and domiciled in Indonesia, that carry out business or carry out activities through a permanent establishment in Indonesia. Individuals who do not reside in Indonesia, individuals who are in Indonesia for no more than 183 (one hundred and eighty three) days within a 12 (twelve) month period, and entities that are not established and domiciled in Indonesia, that may receive or obtain income from Indonesia not from running a business or carrying out activities through a permanent establishment in Indonesia.

A permanent establishment is a form of business used by an individual who does not reside in Indonesia, an individual who is in Indonesia not more than 183 (one hundred and eighty three) days within a period of 12 (twelve) months, and an entity that is not established and is not domiciled in Indonesia to run a business or carry out activities in Indonesia.

Based on the Law of the Republic of Indonesia Number 36 of 2008 Article 3 which is not included as a tax subject is a) Representative offices of foreign countries; b) Officials of diplomatic missions and consulates or other officials from other countries; c) International organizations; d) Officials representing international organizations.

Based on the Regulation of the Director General of Taxes Number: PER-16/PJ/2016 Article 3 states that the recipient of Income Tax Article 21 withholding is an individual who is: a) Employees; b) Recipients of severance pay, pension or pension benefits, old age benefits, or old age security, including their heirs; c) Not an employee who receives or earns income in connection with the provision of services, including: (1) Experts who do independent work, consisting of lawyers, accountants, architects, doctors, consultants, notaries, appraisers, actuaries; (2) Musicians, presenters, singers, comedians, film stars, soap opera stars, advertisement stars, directors, film crews, photo models, models/manufacturers, performers, dancers, sculptors, painters and other

artists; (3) Athlete; (4) Advisors, teachers, trainers, speakers, extension workers, and moderators; (5) Authors, researchers and translators; (6) Service providers in all fields including engineering, computers and application systems, telecommunications, electronics, photography, economics and social as well as service providers to a committee; (7) advertising agency; (8) Supervisor or project manager; (9) The carrier of the order or the one who finds the customer or the intermediary; (10) Merchandise vendors; (11) Outside insurance service officers; (12) Distributor of multi-level marketing or direct selling companies and other similar activities.

### **Object of Income Tax (PPh) Article 21**

According to the Siti Resmi (2019 p. 75) explaining Tax Objects are everything (goods, services, activities, or circumstances) that are subject to tax. Law of the Republic of Indonesia Number 36 of 2008 Article 4 paragraph (1) explains that the Object for Income Tax (PPh) is income, namely any additional economic capacity received or obtained by a Taxpayer, both originating from Indonesia and from outside Indonesia, which can be used for consumption or increasing the wealth of the Taxpayer concerned, in whatever name and form, including: a) Reimbursement or compensation in respect of work or services received or obtained including salaries, wages, benefits, honoraria, commissions, bonuses, gratuities, pensions, or rewards in other forms, unless otherwise stipulated in this Law; b) Prizes from sweepstakes or jobs or activities, and awards; c) Operating profit; d) Gains due to sale or transfer of assets; e) Receipt of tax payments that have been charged as expenses and additional tax refund payments; f) Interest includes premiums, discounts, and rewards due to guarantees of debt repayment; g) Dividends, in whatever name and form, including dividends from insurance companies to policyholders, and distribution of the remaining profits of cooperative operations; h) Royalties or compensation for the use of rights; i) Rent and other income in connection with the use of property; j) Receipt or acquisition of periodic payments; k) Profits due to debt relief, except up to a certain amount stipulated by Government Regulation; l) Gains on foreign currency exchange differences; m) excess difference due to revaluation of assets; n) Insurance premiums; o) Contributions received or obtained by the association from its members consisting of Taxpayers who carry on business or are freelancers; p) Additional net wealth originating from income that has not been taxed; q) Income from sharia-based businesses; r) Interest compensation as referred to in the Law governing general provisions and procedures for taxation; And s) Surplus of Bank Indonesia.

Based on the Regulation of the Director General of Taxes Number: PER-16/PJ/2016 Article 5 explains that the Object for Income Tax (PPh) Article 21 is income deducted from: a) Income received or earned by Permanent Employees, either in the form of Regular or Irregular Income; b) Income received or earned by pension recipients regularly in the form of pension money or similar income; c) Income in the form of severance pay, pension benefit money, old age allowance, or old age security which is paid all at once, the payment of which exceeds the period of 2 (two) years since the employee stops working; d) Income

of non-permanent employees or freelance workers, in the form of daily wages, weekly wages, unit wages, piece wages or wages paid monthly; e) Rewards for Non-Employee, including in the form of honorarium, commissions, fees, and similar rewards in any name and in any form as compensation in connection with the services performed; f) Rewards for activity participants, including allowances, representation money, meeting fees, honoraria, gifts or awards in any name and in any form, and similar rewards in any name; g) Income in the form of irregular honorarium or compensation received or earned by members of the board of commissioners or supervisory board who are not concurrently permanent employees of the same company; h) Income in the form of production services, *tantiem*, gratuities, bonuses or other rewards that are irregular in nature received or obtained by former employees; or i) Income in the form of pension fund withdrawals by pension program participants who are still employees, from a pension fund whose establishment has been approved by the Minister of Finance.

### **Income Tax Incentives (PPh) Article 21**

Based on Minister of Finance Regulation Number 9/PMK.03/2021 Article 2, it is explained that the income received or earned by Employees must be deducted from Income Tax (PPh) in accordance with the provisions in Article 21 of the Income Tax Law (PPh) by Employers. Article 21 Income Tax (PPh) that is required to be deducted by the employer will be borne by the Government for the income received by employees with certain criteria. Employees with certain criteria in question include: a) Receive or earn income from an Employer who: (1) have a Business Field Classification code (KLU) as listed in the Attachment to Business Field Classification Code (KLU) of Taxpayers who Get Income Tax Incentives Article 21 Borne by the Government (DTP) in PMK second amendment 149/PMK.03/2021 there are 1189 KLUs; (2) has been designated as a KITE company; (3) has obtained a permit to operate a unionized zone, a bonded zone entrepreneur permit, or a PDKB permit. b) Have a NPWP; c) During the tax period concerned receives or earns annual gross income that is fixed and regular not more than IDR 200,000,000.00 (two hundred million rupiah).

According to the Regulation of the Minister of Finance Number 9/PMK.03/2021 that the Income Tax (PPh) borne by the Government must be paid in cash by the Employer at the time of payment of income to Employees, including in the event that the Employer provides Article 21 Income Tax (PPh) allowances or bears Article 21 Income Tax (PPh) to Employees. Article 21 Income Tax (PPh) received by Employees from Employers is not counted as taxable income. Employees who receive Article 21 Income Tax (PPh) incentives borne by the Government submit individual annual SPTs for the 2021 Tax Year and declare the overpayment, the overpayment originating from Article 21 Income Tax (PPh) borne by the Government cannot be returned. In accordance with Regulation of the Minister of Finance of the Republic of Indonesia Number 149/PMK.03/2021, this Article 21 Income Tax (PPh) incentive borne by the Government is valid for 6 (six) months from the July 2021 Tax Period to the December 2021 Tax Period.



### **Effectiveness Theory**

"Effectiveness is a measure of the success or failure of an organization in achieving its stated goals" (Mardiasmo 2009:132). Measuring the effectiveness of Article 21 PPh incentives on taxpayer compliance is by comparing registered PPh Article 21 taxpayers with taxpayers who have reported their annual income tax return 21. Measuring the level of taxpayer compliance is used to find out that the tax incentive policy that has been provided by the government can provide benefits for taxpayers.

### **METHODOLOGY**

Sources of data in this research are from primary and secondary to find out Data on the mechanism for calculating PPh Article 21 before and after utilizing Article 21 PPh incentives. The data used is the number of Article 21 Income Taxpayers registered at the Magetan KP2KP for the year 2020-2021. The data used is the number of receipts of Article 21 Annual Income Tax Returns at the Magetan KP2KP in 2020-2021. This study uses data types in the form of qualitative and quantitative. data collected by interview and documentation methods. The population in this study are taxpayers who apply for or register for PPh 21 incentives in the Magetan Regency area, namely 36 taxpayers obtained based on data from the Magetan KP2KP for 2020-2021. In this study, the sample calculation of PPh 21 for individual taxpayers who took advantage of PPh 21 incentives at KP2KP Magetan was used. This sampling technique uses a non-probability method. Non-probability or non-random sampling with a purposive sampling technique which is determined only on individual taxpayers of PPh 21. The reason for using a purposive sampling technique is because not all samples have criteria that match the phenomenon studied. The criteria used as the research sample are according to the criteria: 1) Taxpayers who are accepted and meet the requirements of employees with special criteria in accordance with PMK No 9/PMK.03/2021 and proven based on a notification letter are entitled to take advantage of PPh 21 DTP incentives registered at KP2KP Magetan; 2) Individual Taxpayers who have an NPWP; 3) Individual Taxpayers whose Tax Period is until June 2021. From the samples obtained, namely as many as 13 taxpayers, PPh 21 calculations will be carried out before and after the PPh 21 incentives and an analysis of the results of these calculations will be carried out.

The steps taken in analyzing the research data are as follows: a) Data Collection, b) Calculating PPh 21 before and after PPh 21 incentives and then analyzing the results of these calculations. c) Calculating the Effectiveness Ratio To find the effectiveness of Article 21 Income Tax incentives on the level of taxpayer compliance in reporting the 21st Annual PPh SPT at KP2KP Magetan. Effectiveness is a measure of the success or failure of an organization in achieving its stated goals (Mardiasmo 2009:132). Then analysis with the criteria for calculating the effectiveness ratio, The results of the calculation of the effectiveness ratio are used to find out the criteria for assessing the effectiveness of Article 21 Income Tax incentives. Next, describe the results of the criteria obtained and compare them with the previous year, and explain the results of the research in narrative sentences. If the results obtained from the effectiveness ratio

reach 100% or more than 100%, it can be concluded that Article 21 Income Tax incentives during the Covid-19 pandemic were very effectively applied so that the level of taxpayer compliance was said to be good. Measuring effectiveness is used to find out that the implementation of Article 21 Income Tax incentives is beneficial to taxpayers and successful in increasing the level of taxpayer compliance.

## RESEARCH RESULT

### Mechanism of Calculation of Income Tax Article 21 for KP2KP Magetan Taxpayers Before and After Utilizing Tax Incentives

Based on the documentation data carried out by the following authors are details of the income of 3 taxpayers namely Mrs. SY with TK/0 status works as a permanent employee at the MU Cooperative and has an NPWP and earns a monthly salary of Rp. 3,840,000 and a monthly allowance of Rp. 1,580,000. Mr. BY pays a monthly Old Age Security contribution of 2% of salary.

Table 1. Calculation of Income Tax 21 Mrs. SY Before Incentives

<b>Mrs. SY</b>		
1	Monthly salary	Rp 3.840.000
2	Allowances and other honorarium	Rp 1.580.000
3	Total gross income (total 1 to 2)	Rp 5.420.000
<b>Subtraction:</b>		
4	Office fee 5%	Rp 271.000
5	JHT contribution 2%	Rp 108.400
6	total reduction ( 4+5)	Rp 379.400
<b>Calculation of PPh Article 21:</b>		
7	Monthly net income (3-6)	Rp 5.040.600
8	Annual net income (7 x 12 months)	Rp 60.487.200
9	PTKP (TK/0)	Rp 54.000.000
10	Annual Taxable Income (8-9)	Rp 6.487.200
11	Income Tax Article 21 payable (10 x 5%)	Rp 324.360
12	PPh Article 21 a month (11: 12 months)	Rp 27.030
<b>Tax Home Pay Per Month</b>		Rp 5.284.570

Mr. WN with K/1 status works as a permanent employee at CV IS and has an NPWP with a monthly income of Rp. 2,800,000 and a transport allowance of Rp. 2,890,000 and receive a bonus target of Rp. 1,652,000.

Table 2. Calculation of Income Tax 21 Mr. WN Before Incentives

Mr. WN for All Earnings		
1	Annual salary	Rp 33.600.000
2	One year transportation allowance	Rp 34.680.000
3	Bonus	Rp 1.652.000
4	Total gross income (total 1 to 3)	Rp 69.932.000
Subtraction:		
5	Office fee 5%	Rp 3.496.600
6	Reduction amount	Rp 3.496.600
Calculation of PPh Article 21:		
7	Annual net income (4-6)	Rp 66.435.400
8	PTKP (K/1)	Rp 63.000.000
9	Taxable Income a year (7-8)	Rp 3.435.400
10	Income Tax Article 21 payable (9 x 5%)	Rp 171.770
11	PPh Article 21 a month (11: 12 months)	Rp 14.314
<b>Tax Home Pay Per Month</b>		Rp 7.327.686

Mr. HCK with K/3 status works as a permanent employee at CV Makmur Jaya and already has an NPWP and gets a basic salary of Rp. 5,000,000 and allowances of Rp. 2,100,000. CV Makmur Jaya participates in the Employment BPJS program, the Work Accident Insurance premium is 0.54% of salary and the Death Insurance Premium is 0.3% of salary and is paid by the employer. Mr. HCK pays an Old Age Security contribution of 2% of his salary every month.

Table 3. Calculation of Income Tax 21 Mr. HCK Before Incentives

Tuan HCK		
1	Monthly salary	Rp 5.000.000
2	Allowances	Rp 2.100.000
3	JKK premium 0.54%	Rp 27.000
4	JKM premium 0.3%	Rp 15.000
5	Total gross income (total 1 to 4)	Rp 7.142.000
Subtraction:		
6	Office fee 5%	Rp 357.100
7	JHT contribution 2%	Rp 142.840
8	Reduction amount	Rp 499.940
Calculation of PPh Article 21:		
9	Monthly net income (5-8)	Rp 6.642.060
10	Annual net income (9 x 12 months)	Rp 79.704.720
11	PTKP (K/3)	Rp 72.000.000
12	Taxable Income a year (10-11)	Rp 7.704.720
13	Income Tax Article 21 payable (12 x 5%)	Rp 385.236
14	PPh Article 21 a month (13 : 12 months)	Rp 32.103
<b>Tax Home Pay Per Month</b>		Rp 6.967.057

The PPh 21 calculation above refers to Law No. 36 of 2008. The result of the calculation is PPh 21 which is fully charged to employees so that the tax home pay is reduced every month. Tax home pay is all regular monthly income, namely salary and other allowances/honorariums plus irregular income, namely bonuses minus JHT contributions and the amount of PPh 21 that must be paid by each taxpayer. Based on the details of the income and calculations, it shows that Mrs. SY is a worker with certain criteria who can take advantage of PPh 21 incentives based on PMK Number 9/PMK.03/2021, namely receiving income from employers having a Business Field Classification code. The MU Cooperative is listed in Appendix A of PMK Number 9/PMK03/2021, namely KLU 47611 Retail Trading of Writing and Drawing Equipment. Mrs. SY has a NPWP and during the Tax Period received a fixed and regular gross income of Rp5,420,000 which is annualized to Rp. 65,040,000 so that it is no more than Rp. 200,000,000. Mr. WN is an employee with certain criteria who can take advantage of PPh 21 incentives based on PMK Number 9/PMK.03/2021, namely receiving income from an employer having a Business Field Classification code. CV IS has been listed in Appendix A of PMK Number 9/PMK03/2021, namely KLU 47711 Clothing Retail Trade Mr. WN has an NPWP and during the Tax Period receives a fixed and regular gross income of Rp. 5,690,000 which is annualized to Rp68,280,000 so that it is no more than Rp. 200,000,000. Mr. HCK is an employee with certain criteria who can take advantage of PPh 21 incentives based on PMK Number 9/PMK.03/2021, namely receiving income from an employer having a Business Field Classification code. CV Makmur Jaya has been listed in Appendix A of PMK Number 9/PMK03/2021, namely KLU 86103 Private Hospital Services. Have a NPWP and during the tax period receive gross income that is fixed and regular, namely Rp. 7,142,000 which is annualized to Rp85,704,000 so that it is no more than Rp200,000,000.

## Calculation of Income Tax Article 21 after Taking Advantage of PPh 21 Incentives

Table 4. Calculation of Income Tax 21 Mrs. SY after Incentives

Mrs SY		
1	Monthly salary	Rp 3.840.000
2	Allowances and other honorarium	Rp 1.580.000
3	Total gross income (total 1 to 2)	Rp 5.420.000
Subtraction:		
4	Office fee 5%	Rp 271.000
5	JHT contribution 2%	Rp 108.400
6	Number of deductions (sum of 4+5)	Rp 379.400
Calculation of PPh Article 21:		
7	Monthly net income (3-6)	Rp 5.040.600
8	Annual net income (7 x 12 months)	Rp 60.487.200
9	PTKP (TK/0)	Rp 54.000.000
10	Annual Taxable Income (8-9)	Rp 6.487.200
11	Income Tax Article 21 payable (10 x 5%)	Rp 324.360
12	PPh Article 21 a month (11: 12 months)	Rp 27.030
Tax Home Pay Per Bulan		
1	Monthly salary	Rp 3.840.000
2	Allowances and other honorarium	Rp 1.580.000
3	Less pension contributions / month	-Rp 108.400
4	Less PPh 21	-Rp 27.030
5	Income After Tax	Rp 5.284.570
6	Plus PPh Article 21 DTP	Rp 27.030
7	Tax Home Pay After Using Incentives	Rp 5.311.600

The calculation of PPh 21 borne by the government above refers to Law No. 36 of 2008 and PMK No 9/PMK.03/2021. Based on these calculations, Mrs. SY gets the full PPh 21 incentive. Mrs. SY has all certain criteria to be able to take advantage of PPh 21 incentives.

Table 5. Calculation of Income Tax 21 Mr. WN After Incentives

Mr. WN for All Earnings			
1	Annual salary	Rp 33.600.000	
2	One year transportation allowance	Rp 34.680.000	
3	Bonus	Rp 1.652.000	
4	Total gross income (total 1 to 3)		Rp 69.932.000
Subtraction:			
5	Office fee 5%	Rp 3.496.600	
6	Reduction amount		Rp 3.496.600
Calculation of PPh Article 21:			
7	Annual net income (4-6)		Rp 66.435.400
8	PTKP (K/1)		Rp 63.000.000
9	Taxable Income a year (7-8)		Rp 3.435.400
10	Income Tax Article 21 payable (9 x 5%)		Rp 171.770
11	PPh Article 21 a month (11: 12 months)		Rp 14.314
Salary and Allowances			
1	Monthly salary	Rp 2.800.000	
2	Transportation allowance	Rp 2.890.000	
3	Total gross income (total 1 to 3)		Rp 5.690.000
Subtraction:			
4	Office fee 5%	Rp 284.500	
5	Reduction amount		Rp 284.500
Calculation of PPh Article 21:			
6	Monthly net income (3-5)		Rp 5.405.500
7	Annual net income (6 x 12 months)		Rp 64.866.000
8	PTKP (K/1)		Rp 63.000.000
9	Taxable Income a year (7-8)		Rp 1.866.000
10	Income Tax Article 21 payable (9 x 5%)		Rp 93.300
11	PPh Article 21 a month (10 : 12 months)		Rp 7.775
Bonus			
	PPh 21 on all income (salary, allowance, bonus)	Rp 171.770	
	PPh 21 on salary and benefits	Rp 93.300	
	PPh 21 on bonuses	Rp 78.470	
Tax Home Pay Per Month			
1	Monthly salary		Rp 2.800.000
2	Transport allowance		Rp 2.890.000
3	Bonus		Rp 1.652.000
4	Less PPh 21 on all income		-Rp 14.314
5	Income After Tax		Rp 7.327.686
6	Plus PPh Article 21 DTP		Rp 7.775
7	Tax Home Pay After Using Incentives		Rp 7.335.461

In the PPh 21 calculation, Mr. WN cannot fully take advantage of the PPh 21 incentives because in the current year Mr. WN gets a bonus so that PPh 21 which can be borne by the government cannot be fully obtained. Based on PER-16/PJ/2016 bonuses are income that is not fixed and irregular. Mr. WN does not get all tax incentives because according to certain criteria to get PPh 21 incentives, namely receiving a fixed and regular gross income so Mr. WN must deposit PPh 21 during the tax period for income originating from bonuses.

Table 6. Calculation of Income Tax 21 Mr. HCK After Incentives

Mr. HCK		
1	Monthly salary	Rp 5.000.000
2	Allowances	Rp 2.100.000
3	JKK premium 0.54%	Rp 27.000
4	JKM premium 0.3%	Rp 15.000
5	Total gross income (total 1 to 4)	Rp 7.142.000
Subtraction:		
6	Office fee 5%	Rp 357.100
7	JHT contribution 2%	Rp 142.840
8	Reduction amount	Rp 499.940
Calculation of PPh Article 21:		
9	Monthly net income (5-8)	Rp 6.642.060
10	Annual net income (9 x 12 months)	Rp 79.704.720
11	PTKP (K/3)	Rp 72.000.000
12	Taxable Income a year (10-11)	Rp 7.704.720
13	Income Tax Article 21 payable (12 x 5%)	Rp 385.236
14	PPh Article 21 a month (13 : 12 months)	Rp 32.103
Tax Home Pay Per Month		
1	Monthly salary	Rp 5.000.000
2	Allowances	Rp 2.100.000
3	JKK premium 0.54%	Rp 27.000
4	JKM premium 0.3%	Rp 15.000
5	Less JHT contributions	-Rp 142.840
6	Reduce PPh 21	-Rp 32.103
7	Income After Tax	Rp 6.967.057
8	Plus PPh 21 DTP	Rp 32.103
9	<b>Tax Home Pay After Using Incentives</b>	<b>Rp 6.999.160</b>

Mr. HCK gets PPh 21 incentives on all his income. Mr. HCK has met certain criteria to be able to take advantage of PPh 21 incentives.

The use of PPh 21 incentives causes a difference between the PPh that must be deposited and Tax Home Pay. PPh 21 incentives affect the amount of Taxpayer's Home Pay to be greater than before taking advantage of PPh 21 incentives. This is due to reduced PPh 21 payable due to PPh 21 incentives provided by the government.

### The Effectiveness of PPh 21 Incentives on Taxpayer Compliance in Reporting Annual SPT

Effectiveness Analysis is used to measure the level of effectiveness of PPh 21 incentives on Taxpayer compliance in reporting Annual SPT. This research is devoted to the Magetan KP2KP area. The following is a description of taxpayer data registered at KP2KP Magetan:

Table 7. Registered PPh 21 Taxpayer

Year	Taxpayers
2020	5.875
2021	6.006
<b>Total</b>	<b>11.881</b>

Table 7 The above shows that the number of taxpayers registered at the Magetan KP2KP will increase in 2021. This may mean that the number of taxpayers who report annual tax returns must also increase. The following is an explanation of the number of taxpayers who report and the number of annual tax return receipts:

Table 8. Reported Taxpayers and Entry SPT

Year	Taxpayer Report	Entry SPT		Total
		Manual	Online	
2020	950	895	1993	2888
2021	803	643	1747	2390

Data obtained from KP2KP regarding the number of Taxpayers Reporting and Receipt of Annual SPT actually decreased by 102, for Taxpayers Reporting and Entering SPT decreased by 498.

Table 9. Number of Reported Taxpayers and Entry SPT

No	Month	Frekuensi
1	February	14
2	March	1
3	April	1
4	July	3
5	August	10
6	September	2
7	October	1
<b>Total</b>		<b>32</b>

Since the enactment of tax incentives in April 2020, not many taxpayers have taken advantage of tax incentives. Based on data collected from the Magetan KP2KP, no one has used it in 2020, while in 2021 it can be seen in table 4.10. In February new taxpayers started submitting to get tax incentives but in March it



decreased until the following months. Then in August it increased and in the following month it decreased again.

To review the level of effectiveness of PPh 21 incentives, use the following formula:

$$= \frac{\text{Total Income Tax Return 21 Annual Income Tax Return}}{\text{Number of registered PPh 21 taxpayers}} \times 100\%$$
$$2021 = \frac{2390}{6006} \times 100\% = 39,8\% \quad 2020 = \frac{2888}{5875} \times 100\% = 49,2\%$$

The compliance rate of taxpayers reporting annual tax returns at KP2KP for 2 years has decreased in terms of percentage. In 2020, from the data on the number of registered PPh 21 Taxpayers, 5,875 Taxpayers and the number of Annual PPh 21 Taxpayers received 2,888 SPTs, a percentage of 49.2 was obtained. The following year, in 2021, the number of registered PPh 21 Taxpayers increased to 6,006 Taxpayers, but the number of Annual SPT receipts actually decreased to 2,390 SPTs so that a percentage of 39.8% was obtained. The level of taxpayer compliance in reporting the 2020 Annual SPT of 49.2% is included in the ineffective criteria, while in 2021 it is 39.8% included in the ineffective criteria. Based on the tax effectiveness value classification table, if the results obtained are less than 60%, it can be concluded that it is included in the criteria of ineffectiveness. It can be seen from the results of the calculation of the effectiveness ratio that the percentage of annual SPT reporting is still below 60%.

## DISCUSSION

It is hoped that the existence of PPh 21 incentives during the pandemic will influence the behavior of taxpayers to comply with reporting their annual SPT. However, the results of this study indicate that the number of income tax returns for PPh 21 has decreased. This does not necessarily indicate that the PPh 21 incentive policy provided by the government is not effective, because the current conditions are conditions that have never happened before so that there will be many factors that will affect the results of this effectiveness ratio. There are several factors that make it possible for taxpayers to be late or not to report their first annual tax return, namely the impact of the spread of the Covid-19 virus so that activities that were previously running normally are no longer running. The existence of restrictions on activities outside the home causes the wheels of the economy to not run properly so that there are many massive layoffs and many businesses are closed. This factor allows taxpayers who previously had PPh 21 obligations to no longer be able to pay their obligations. The second factor is the uneven distribution of information to taxpayers regarding incentive policies. According to survey data conducted by PEN-DGT on 21 July-7 August 2020, out of around 12,822 taxpayer respondents who took part in the survey, around 27% were still not aware of the tax incentives provided by the government. On the other hand, about 30% of the respondents who were aware of tax incentives had not taken advantage of these incentives due to a lack of sufficient information. Although most of the respondents already knew and made use of them, it would be nice if taxpayers received detailed information

such as sending SMS or via e-mail each taxpayer. This can be done to increase the dissemination of information, bearing in mind that not all taxpayers have the same ability to access information on social media.

Based on these data, a conclusion can be drawn that during 2020 and 2021 PPh 21 incentives are not effective in increasing taxpayer compliance in reporting annual tax returns. In terms of the percentage of taxpayer compliance, it was still low when the tax incentives were implemented during the Covid-19 period. This is because the number of registered PPh 21 taxpayers is greater than the number of annual PPh 21 tax returns and users of PPh 21 incentives during the implementation of the incentives were only 32 taxpayers who registered and given the many factors beyond our control that occurred during the pandemic. It can be said that the provision of this incentive is enough to help taxpayers to be able to fulfill their tax obligations in terms of paying PPh 21 amidst the current difficult conditions.

## **CONCLUSIONS AND RECOMMENDATIONS**

Based on the discussion and analysis of the data above, it can be concluded that the results of the discussion are as follows:

Calculation of PPh 21 before taking advantage of PPh 21 incentives refers to the provisions of Law No. 36 of 2008. Calculation of PPh 21 after utilizing PPh 21 incentives refers to the provisions of Law No. 36 of 2008 and PMK Number 9/PMK03/2021. In the calculation of PPh 21 Mrs SY and Mr HCK there is no difference between before and after taking advantage of the PPh 21 incentives, but in the calculation of PPh 21 Tuan WN there is a difference. This happened because Mr. WN received a bonus (irregular income) in the current year so that PPh 21 which could be borne by the government could not be fully obtained. Mr. WN must deposit PPh 21 during that tax period on income originating from bonuses. The use of PPh 21 incentives causes a difference between the PPh that must be deposited and Tax Home Pay. PPh 21 incentives affect the amount of Taxpayer's Home Pay to be greater than before taking advantage of PPh 21 incentives. This is due to reduced PPh 21 deductions due to PPh 21 incentives provided by the government.

The tax incentive policy for PPh 21 in the Magetan KP2KP area was declared ineffective in increasing taxpayer compliance in reporting annual tax returns. As long as PPh 21 incentives are implemented in 2020 and 2021, the percentage of taxpayer compliance is still low. The taxpayer compliance rate in reporting the 2020 Annual SPT is 49.2%, while 39.8% in 2021 is included in the ineffective criteria. Based on the results of the calculation of the effectiveness ratio that the percentage of annual SPT reporting is still below 60%, it can be stated that it is included in the criteria of ineffectiveness. This is because the number of registered PPh 21 taxpayers is greater than the number of receipts of the 21st Annual PPh SPT and there are several factors that allow taxpayers to be late or not report their annual SPT, namely the first is the impact of the spread of the covid-19 virus so that there have been large-scale layoffs, enabling taxpayers who previously had PPh 21 obligations to no longer be able to pay their obligations. The second is that taxpayers are still not aware of the existence of tax incentives

provided by the government. On the other hand, taxpayers who are aware of tax incentives have not taken advantage of these incentives due to a lack of sufficient information. This situation was also supported by PPh 21 incentive users during the implementation of the incentive, only 32 taxpayers registered and considering the many factors beyond control that occurred during the pandemic.

Recommendations that can be taken from the discussion above are as follows:

Employers should provide socialization to workers or employees so that they find out information related to PPh 21 calculations and tax incentives so that they can calculate PPh 21 independently, especially to ascertain whether they are entitled to PPh 21 incentives and can make maximum use of the facilities provided by the government.

KP2KP Magetan should further improve the outreach and socialization programs for taxpayers so that they can better understand, obey and be aware of reporting their tax obligations.

#### **ADVANCED RESEARCH**

This research still has limitations. Therefore, further research is expected to broaden the scope of analysis, not only focusing on Income Tax Article 21, but also covering other income taxes.

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