



MSME Taxpayer Perceptions of Taxes as a Source of State Revenue Case Study Indonesia

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ABSTRACT

Taxes are a very important source of state revenue. For the community, taxes are often seen as a burden reducing the person's purchasing power. This study aims to look at the perceptions of MSME taxpayers on taxes as a source of state revenue. This study uses a qualitative approach with a phenomenological approach. The research data was obtained through in-depth interviews with 32 participants of the Cirebon district and city MSME taxpayers. The results of this study indicate that MSME business actors have a good perception of taxes by realizing that paying taxes is an obligation. Regarding the tax treatment for MSMEs who earn less than IDR 500 million in a year, they are not subject to income tax, they really agree because they are considered very helpful for MSME taxpayers.

Keywords: *MSME; Taxpayer Perceptions*

RESEARCH HIGHLIGHTS

1. Perception of taxes as an obligations: the study revealed that MSME business actors hold a positive perceptions of taxes, understanding them as a civic duty.
2. Support for tax exemption: the research findings indicate that MSME taxpayers, particularly those earning less that IDR 500 million annually, greatly appreciate the tax treatment exempting them form income tax.

Research Objectives

The purpose of this study is to explore the perceptions of MSME taxpayers regarding taxes as a source of state revenue, particularly focusing on the tax treatment for MSMEs earning less than IDR 500 million annually.

Methodology

This study employed a qualitative approach with a phenomenological design to explore the perceptions of MSME taxpayers regarding taxes as a source of state revenue. The research was conducted in Cirebon, focusing on MSMEs that fulfilled or did not fulfill their tax obligations. In-depth interviews were conducted with 32 informants, and the data collected was transcribed and analyzed as field notes. The researcher drew conclusions based on the interpretation of the interview findings and supplementary secondary data.

Results

Profile of Micro, Small and Medium Enterprises

Regarding the perceptions of MSME taxpayers, taxes as a source of state revenue, interviews were conducted with culinary and non-culinary MSME owners. All informants already have Tax ID Number (NPWP) but only 6 informants have a turnover of more than IDR 500,000,000 per year.

The perception of MSME taxpayers regarding taxes as a source of state revenue.

1. Paying taxes is an obligation

Paying taxes is an obligation that taxpayers must do as citizens of Indonesia. If you don't pay taxes, you can get punishment, ranging from fines to imprisonment.

"Yes it is necessary for the progress of the country" (Culinary business owner)

Taxpayers already understand that paying taxes is an obligation that must be carried out as citizens of Indonesia. One of the obligations of citizens is to pay taxes, as stated in the 1945 Constitution (UUD) article 23A "Taxes and other levies that are coercive for state needs are regulated by law".

There is one response stating that taxes are paid when the requirements are met. As stated by the informant as follows:

"Tax must be paid if it meets the requirements" (Non-culinary business owner)

The tax regulations for MSME players who have a turnover of less than IDR 4.8 billion per year are subject to a tax rate of 0.5%. Now with the existence of new regulations, namely the reduction. Companies that have an income of IDR 500 million per year are not taxable. This is done in relation to government programs to improve MSMEs and help MSMEs to develop.

2. Streamlining business processes

Possession of a NPWP is a requirement of many business transactions. NPWP is also one of the requirements for taxpayers in the payment process to tax reporting.

"Yes, agreed with our business taxes to be increasingly smooth"(Culinary business owner)

Taxpayers already understand that paying taxes will expedite business processes. This can be seen that all informants have an NPWP. The benefit of entrepreneurs paying taxes increases the company's credibility because it is considered a good company.

3. Contribute to the country

Tax payments made by taxpayers will be used to finance many public facilities, such as roads, schools, hospitals and public transportation.

"Agreed, with taxes the government gets income from the community"(Culinary business owner)

Taxpayers already understand that paying taxes contributes to the state. Tax payments made by taxpayers will be used to finance many public facilities, such as roads, schools, hospitals and public transportation.

4. Even distribution of community welfare

Tax payments help create social welfare. Certain tax objects and subjects can contribute more taxes than others. The results of the tax collection are then used to provide facilities for the poor so as to reduce social inequality.

"Yes, with taxes it will come back to us as a society"(Culinary business owner)

Taxpayers already understand that paying taxes increases the distribution of people's welfare. Tax payments help create social welfare.

However, there are responses stating that taxes do not help equal distribution of social welfare. As stated by the informant as follows:

"No, because the obligation is only for small companies, not big companies, which actually get tax amnesty"(Cullinary business owner)

Tax amnesty is given to large companies. Large companies that do not carry out tax compliance are instead given tax amnesty. For large companies and MSMEs that carry out tax compliance, this is considered unfair because honest taxpayers view the amnesty as an unfair tax break for taxpayers.

Findings

The results of the study on the perceptions of MSME taxpayers regarding taxes as a source of state revenue indicate several key findings. Firstly, all participants recognized tax payment as a citizen's obligation, emphasizing its importance for national development. Secondly, tax compliance streamlined business processes, enhancing credibility, facilitating transactions, and increasing loan opportunities. Thirdly, taxpayers understood their contributions supported public facilities and the nation's development. Lastly, tax payment was seen as promoting social welfare and reducing inequality, though concerns were raised about the fairness of tax amnesty programs favoring larger companies.

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