

Increasing Legal Awareness of Weaving Micro, Small, and Medium Enterprises To The Obligation To Pay Taxes In Rote Ndao Regency Is Reviewed From Government Regulation Number 23 Of 2018 Concerning Income Tax

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KEYWORDS

Tax, Taxes on Micro, Small and Medium Enterprises

ABSTRACT

The Micro, Small and Medium Enterprises Tax is part of the tax category that has very promising potential in the revenue of the Rote Ndao Region. However, with the increasing number of Micro, Small and Medium Enterprises Weaving Ikat, there are various phenomena that have emerged, including micro, small and medium enterprises owners not fulfilling their obligations to register and pay taxes. Based on the observations of the author, the background of the subject matter can be formulated: (1) To what extent is the Legal Awareness Raising of Micro, Small and Medium Enterprises Weaving Ikat Against the Obligation to Pay Taxes in Rote Ndao District? (2) What are the Factors Inhibiting the Improvement of Legal Awareness of Micro, Small and Medium Enterprises Weaving Ikat Against the Obligation to Pay Taxes in Rote Ndao District?. To answer these problems, research is carried out using the Qualitative Descriptive Analysis Method in accordance with the data obtained while still paying attention to legal theories, principles and rules, so this research is a research sourced from primary, secondary, and tertiary data using an empirical juridical approach. The results of this study show: (1). Increasing Tax Law Awareness of micro, small and medium enterprises owners in Rote Ndao Regency is still minimal because there is still an unconsciousness of their obligations as taxpayers. (2) Factors that hinder the increase in legal awareness of Micro, Small and Medium Enterprises Weaving Ikat, namely due to the absence of Regional Regulations on taxpayers, lack of income earned by Micro, Small and Medium Enterprises actors, lack of knowledge and minimal understanding from taxpayers.

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1. Introduction

Tax has a very urgent position in the discussion of state life. Because taxes are funds that are needed in financing most of the expenses for the development of the State so that they are expected to become welfare for the community. If the tax funds obtained from the community are large and the public's awareness of paying taxes increases, it will increase also development progress in targeting and facilitating the community so that in the future they can have a prosperous, safe and secure life. Because the taxes collected from citizens will in

essence return to each of them, who will benefit from the development facilities and benefits from the results of their own tax collection which will later be enjoyed.

In establishing MSMEs, there are obligations that must be met, namely paying taxes in accordance with the provisions in force in government regulation no. 23 of 2018.

Taxes are also obligatory contributions to the state owed by individuals or entities that are coercive based on law, by not getting compensation directly and used for the needs of the state for the greatest prosperity of the people. To regulate taxes, tax laws are needed, namely: a collection of regulations governing the relationship between the government as a tax collector and the people as taxpayers (Sutedi, 2008). Tax collection in Indonesia experiences many problems, among others due to: Weaknesses in regulation in the field of taxation itself, lack of outreach, low level of awareness, knowledge and economic level, incomplete and inaccurate data, weak law enforcement in the form of inconsistent and firm supervision and sanctions. To overcome this by carrying out reforms in the field of taxation, including: Making improvements to regulations set of rules, promote outreach to increase knowledge to raise awareness of tax-abiding taxpayers, carry out evaluations, provide data that is complete, accurate, integrated and guaranteed confidentiality, increase law enforcement in monitoring and imposing sanctions consistently and firmly, and carry out tax collection that is: Fair, based on law, does not interfere with the economy, is efficient and the system must be simple (Bustamar Ayza, 2016).

Recognizing the importance of the obligation to pay taxes, in this case what needs to be considered is the cooperation between taxpayers and the government, because based on the results of previous research it confirms that one of the factors that causes people not to pay taxes is due to the lack of public knowledge about tax regulations and sanctions making many people still not aware of fulfilling their obligations as tax payers and understanding the benefits of tax revenue (Cahyanti & Anjaningrum, 2017). As stated by Nasution² in his book, that the low tax sanctions, especially administrative sanctions imposed on taxpayers, so that citizens who have taxpayer responsibility are still late in submitting tax returns (SPT) and because they think and underestimate that the sanctions that will be given to them are still relatively low, so they feel they are still able to pay the sanctions imposed, especially on the payment of administrative sanctions.

As happened in Rote Ndao district. That most of the woven SMEs community members still lack knowledge about taxes and their low awareness in complying with the obligation to pay taxes. This is often motivated by a lack of socialization, guidance, direction and enthusiasm of the public in complying with taxpayers (Mulyatini, Herlina, & Iskandar, 2023).

In view of the increasing development of woven ikat SMEs in Rote Ndao district, cooperation between the Labor Cooperative Service and the Taxation Office³ is necessary to increase awareness of the obligation to pay taxes so that MSME players not only get what they are entitled to but can also fulfill their obligations as taxpayers.

According to Law Number 16 of 2009⁴ concerning general provisions and procedures for taxation, taxes are mandatory contributions to the state owed by individuals or entities that are coercive based on laws which are used for state purposes for the welfare of society, and do not receive direct compensation.

Ikat business actors also do not have high awareness in returning state rights through taxes paid. The number of tax payments in Rote Ndao Regency has statistically escalated. From the table above, the number of taxpayers for Micro, Small and Medium Enterprises (MSMEs) Ikat registered at the KPP Rote Ndao has increased every year. However, with an increase in the number of MSME taxpayers there is an imbalance with taxpayers registered at the Office of Labor Cooperatives of Rote Ndao Regency (Saputra & Fathoni, 2023). This can be seen from the low tax contribution from the MSME sector to tax recipients at the Rote Ndao KPP.

Based on the background of the problems above, this research was conducted to find out what factors have an influence on increasing awareness of the obligation to pay taxes on woven Micro, Small and Medium Enterprises where the level of awareness in making tax payments is still low, especially registration to have a Taxpayer Identification Number (NPWP).

2. Materials and Methods

This research is categorized as empirical legal research, namely research that is based on applicable laws and regulations and data obtained directly from the research location that examines the Functions and implementation of the Cooperative Service and the Tax Service in an effort to increase awareness of MSME

actors Ikat weaving in terms of being obliged to pay taxes in terms of government regulation no. 23 of 2018 concerning income tax from businesses received or obtained by taxpayers have a certain gross turnover (Afrizal, 2014).

The aspects studied concern several issues, namely: Increasing Legal Awareness of Ikat Weaving Micro, Small and Medium Enterprises actors regarding the obligation to pay taxes in Rote Ndao Regency.

- a. MSME Taxpayer Knowledge Factor
- b. Legal Understanding Factors for MSME taxpayers

Factors inhibiting increasing legal awareness of Ikat Micro, Small and Medium Enterprises actors regarding the obligation to pay taxes in Rote Ndao Regency:

- a. There are no regional regulations
- b. Lack of Economic Income
- c. Lack of Taxpayer Knowledge

The research approach in this study is as follows:

- a. The statutory regulation approach, which is carried out by studying the legal aspect through legislation related to the issues discussed.
- b. The Conceptual Approach done with how to study library materials that are conceptualized in the form of books, writings, articles, journals, which are related to this research.
- c. The sociological juridical approach is to identify and conceptualize law as a real social constitution in a real life system.

Data Processing Techniques and Data Analysis

- a. Data editing, namely selecting the data obtained according to their respective characteristics.
- b. Data verification, namely providing a re-check of the correctness of data information.

In this study the authors used descriptive qualitative, that is, all the data collected, both primary and secondary data, were processed and analyzed by means of transcription and compiling data systematically, after which they were connected to one another and then interpreted to understand the meaning of the data in social situations, and carried out interpretation from a research perspective after understanding the overall quality of the data (Ina, 2009).

3. Results and Discussions

Increasing Legal Awareness of Ikat Micro, Small and Medium Enterprises Actors regarding the obligation to pay taxes in Rote Ndao Regency.

Based on the results of an interview with the Head of the MSME Cooperative Service Mr. Jhoni Manafe SH5, he said that the implementation of tax collection for micro and small business owners in the Rote Ndao district was in accordance with service standards throughout NTT, which means that service procedures and procedures are in accordance with the policy lines of the Regional Government of East Nusa Tenggara Province.

Even though in fact the Rote Ndao district does not yet have a local regulation regarding taxpayers, the taxpayers know the technical procedures for payment at the regional office. However, the results of the study still found rows of tax arrears for micro-small business owners in the Rote Ndao Regency area (Ida Zuraida, 2022). Based on interviews with the Head of Public Relations of the MSME Cooperative Office Mr. Jefry Ndun6 he said that: the government has so far made efforts in several ways to increase public awareness, especially MSME actors regarding awareness of paying taxes, but due to the lack of legal force in the form of local regulations regarding taxpayers, so that they, especially from the cooperative section, cannot do much to awaken taxpayers to carry out their obligations as taxpayers (Purba et al., 2021).

Things that have been done as a way to increase legal awareness of SMEs, namely:

- a. Tax Socialization

Efforts made by the Director General of Taxes to provide tax knowledge to the public, especially for taxpayers to know everything about taxation both in terms of regulations and tax procedures using the proper methods. Accompanied by updating the SPT reporting system and online tax payments since 2014, namely e-filing and e-billing, the Director General of Taxes always strives to provide this information through counseling or socialization so that it is increasingly known and understood by Taxpayers. To achieve the purpose of

socialization, these activities must be carried out effectively and regularly. With good and efficient socialization, it will increase knowledge for the Taxpayer himself. The higher the intensity of knowledge received, then slowly can increase the level of awareness of taxpayers to be more obedient to their tax rights and obligations. In addition to tax awareness and socialization, good tax authorities services are also an important factor in increasing taxpayer compliance. A tax officer has the responsibility to provide understanding to taxpayers of the importance of paying taxes and reporting SPT. Quality improvement and the quantity of service is expected to increase the satisfaction of taxpayers as customers thereby increasing compliance in the field of taxation. Efforts to improve the quality of service can be carried out by improving the quality and technical capabilities of employees in the field of taxation, improving infrastructure such as expanding the integrated service area (TPT), using information systems and technology to be able to provide convenience to taxpayers in fulfilling their tax obligations. Fiscal services that are cooperative, honest, enforce tax regulations, do not complicate, and do not disappoint taxpayers are expected to be able to overcome taxpayer compliance problems.

b. Fiscal Services

Fiskus is a way for tax officers to help manage or prepare all the needs needed by taxpayers. The quality of tax services is very influential on taxpayers in paying their taxes. Therefore, the tax authorities are required to provide friendly, fair and firm services at all times to taxpayers and to foster public awareness about the responsibility of paying taxes.

c. Implementation of the Self Assessment System

Self assessment system is a "tax collection system that gives authority, trust, and responsibility to taxpayers to calculate, calculate, pay, and report the amount of tax that must be paid by yourself

Implementation of the Self-Assessment System In connection with the implementation of the self assessment system, the fulfillment of tax obligations must be carried out by the taxpayer himself. Taxpayer obligations in the framework of fulfilling tax obligations.

How to carry out a self-assessment:

- a. Register at the tax service office
- b. Calculating or calculating the amount of tax owed by yourself by filling it properly and correctly,
- c. Depositing the tax to the perception bank/post office,
- d. Report the deposit to the director general of taxes.

The characteristics of the Self Assessment System The characteristics of the self assessment system are:

- a. Taxpayers have the authority to determine the amount of tax owed by themselves.
- b. The taxpayer is a responsible party in full on its own tax obligations, starting from calculating, depositing and self-report the taxpayer owed,
- c. Fiscus or the government in terms of This tax agency conducts guidance, research and supervision of the implementation of tax obligations for taxpayers, through tax audits and the application of sanctions for violations in the tax sector according to applicable regulations.

The advantages and disadvantages of the Self Assessment System. The advantages of the self assessment system are:

- a. To facilitate taxpayers in carry out tax obligations.
- b. Can minimize contact between the taxpayer and the tax officials is an effort to eliminate the possibility of irregularities that are detrimental to the state.

As for The shortcomings of the self-assessment system are:

1. Making taxpayers dishonest in reporting the amount of income earned, especially individual taxpayers. Because not all the amount of income that is not reported as tax objects.
2. Increasing the amount of tax arrears, even though the taxpayer actually has the ability to pay the amount of tax, because the taxpayer does not have direct contact with the tax authorities.

The information conveyed by the Head of Cooperative Public Relations was also corroborated by information from the results of an interview with Mr. Head of the Pratama Tax Office, Mr. Moch Luqman Hakim, he also said that one of the things that made them still reluctant to raise taxpayer awareness was because there were no regional regulations that supported them to continue to raise taxpayer awareness (Anggoro, 2017).

One of the entrepreneurs in the micro-small tie-woven business is Mr. Milen⁹ Mesak having his address in Mokdale Village, it was found to be true that he personally knew that there were technical procedures that had to be followed so that taxpayers could pay off the tax burden, these procedures included: taxpayers could go directly to the Tax service office or tax counseling and consulting office at the individual taxpayer's residence and the taxpayer's domicile. The same thing was conveyed by a taxpayer, namely mama Aplonia Matara who has her address in the village of Mokdale, she stated that the obligation as a taxpayer is to pay taxes, with obstacles that cannot be overcome she is forced to be in arrears of paying taxes and this causes taxpayers to be subject to administrative sanctions which are sanctions for losses to the state.

Based on the statement of the respondent above, it can be said that from their side the government has also made efforts to make the public aware of carrying out their obligations as taxpayers, but due to several obstacles in the form of the absence of regional regulations regarding taxpayers, as well as the problem of income from taxpayers who are uncertain, they have to be in arrears of tax payments (Santoso, 2011).

factors Obstacles to Increasing Legal Awareness of Ikat Weaving MSME Actors in Rote Ndao Regency

Based on the results of research in the field, there are several factors that hinder the government's efforts Increased legal awareness of Ikat Weaving MSME actors in Rote Ndao Regency, namely:

1. There is no regional regulation that binds taxpayers
2. Lack of income earned by SMEs
3. Minimal knowledge and understanding of the taxpayer

These three factors were conveyed based on the results of an interview with Mr. Jhonson Haning S.Sos as the Head of the Division. Institutional and Oversight of the Office of Cooperatives for Labor and Transmigration in Rote Ndao Regency, he emphasized that there are still many taxpayers who do not understand about tax due dates, fines and administrative and criminal sanctions can be avoided by filling out the Annual Notification Letter (SPT) with the correct nominal value, filling out a complete tax invoice, always avoiding tax crimes, and always submitting taxes and Annual Notification Reports (SPT) in a timely manner (result of interview by Mr. Jhonson Haning S. Sos) as the head of the division. Institutional and oversight of the office of the labor and transmigration cooperative in Rote Ndao district. To achieve community welfare, the government expects cooperation and support from the community. Community attitudes and behavior are also indicators of community legal awareness in terms of fulfilling obligations as taxpayers. Regarding this matter, Mr. Jhonson Haning S.sos¹² stated that there are still many taxpayers who are indifferent to their obligations as taxpayers, this is caused by a lack of knowledge and understanding of the applicable regulations, procedures for paying taxes, and the benefits of the tax itself. He said that the attitudes and behavior of people who are indifferent and do not care, such as the awareness of MSME actors on taxation, are needed to increase taxpayer compliance. Based on the level of income earned by the taxpayer in the table above, it can be explained that the level of income earned by the taxpayer is not sufficient to fulfill the obligation to pay taxes because the income earned is only sufficient to meet the economic needs of the family. The author concludes that the level of income of taxpayers also affects the tax arrears of MSMEs in Rote Ndao district. The things that influence it are:

1. Knowledge Factors of Ikat Weaving MSME Actors

Factor Factors that affect the low awareness of the obligation to pay taxes by Micro, Small and Medium business owners include the low knowledge and education of Ikat Weaving MSME owners, the lack of regulatory efforts by the tax apparatus. Tax collection is indeed not an easy job, apart from the active participation of the tax officials, it also requires awareness from the taxpayers themselves. Important knowledge and understanding that taxpayers know and understand government regulation no. 23 of 2018. As well as fines because fines are a sure guarantee that these regulations can be obeyed and complied with by taxpayers, and the quality of tax authorities can be interpreted as a way for tax officers to manage or prepare all the needs needed by a taxpayer.

2. Does not build good relationships and relationships with customers well.

Another way that is no less important is to build good relations and expand relationships. Apart from having good relations with customers, try to build relationships with partners who can help MSME businesses that are being run. Especially for MSMEs who want to expand their wings by adding new partnerships. While expanding relationships is important, it's also important to remember to find the right one. Don't work with the wrong people and jeopardize the business that has been built. As said by an MSME Respondent, namely "mama

Aplonia Matara" she said "sometimes we only sell but don't know how to build relationships with customers so that they participate in promoting the products they buy, then mama "Aplonia also said they also sometimes forget to give advice to customers to participate in promoting the products they sell.

3. Keeping Up With Trends

To attract customers, the products need to be continuously developed to be better and newer. If the products offered to customers are products that are currently well-known and in great demand, then the customer's opportunity to buy the product offered will be bigger

4. Conclusion

From the results of research in the field it can be concluded that so far, the Rote Ndao district government, especially the Office of the Labor and Transmigration Cooperative and the Tax Office is still not optimal in carrying out their duties to make the public aware, especially taxpayers of UMKM Ikat Weaving because there are several factors that still influence it in the form of the absence of binding regional regulations regarding taxpayers, lack of income from MSME actors, and also the lack of public knowledge regarding taxpayers. This is what is still hindering so that the government has not paid full or absolute attention Increased legal awareness of MSME actors regarding the obligation to pay taxes (Zuraida & Advianto, 2011).

Based on the results of research in the field, the factors that influence the government in an effort to increase taxpayer awareness are: 1) There is no binding regional regulation regarding taxpayers. 2) Lack of income earned by MSME actors. 3) Minimal knowledge and understanding of the taxpayer. These three things are the inhibiting factors for the government in an effort to increase the legal awareness of taxpayers of UMKM Ikat Weaving in Rote Ndao Regency. The low level of legal awareness of taxpayers in paying MSME taxes in particular leads to obstacles originating from MSME taxpayers, the reason that clarifies the assessment of this factor is not simply because economic problems have often been discussed in legal research, but economic factors and the reality of tax arrears have a causal relationship or influence each other. Factors that affect the low awareness of tax obligations by Micro, Small and Medium Enterprises owners are the low knowledge and education of Micro, Small and Medium Enterprises owners, the lack of regulatory efforts by the tax apparatus. The next factor influencing the government is knowledge of legal awareness. Regulations in law must be widely disseminated and legally valid.

Then by itself the regulation will be spread and quickly known by the public. People who violate do not necessarily break the law. It could be due to lack of knowledge about legal awareness and regulations that apply in the law itself. If you encounter this, then you can be sure that the state must take the route of disseminating the regulations in the law as soon as possible so that the public can find out the regulations that are allowed and not allowed in state law. In addition, there are still various kinds of natural disasters in Indonesia.

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