

## EVALUATION OF THE IMPLEMENTATION OF ARTICLE 23 INCOME TAX AT PT TASPEN (PERSERO) MANADO BRANCH OFFICE

**Alann Sterry KAPARANG<sup>1</sup>, Treesje RUNTU<sup>2</sup>, Priscillia WEKU<sup>3</sup>**

<sup>1,2,3,4</sup>Faculty Economics and Business, Sam Ratulangi University, Manado, Indonesia

Corresponding author: Alann Sterry Kaparang

**E-mail:** [alannkaparang.ak@gmail.com](mailto:alannkaparang.ak@gmail.com)

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### Abstract:

Income tax is vital for the state because it is one of the most significant revenues in the State Revenue and Expenditure Budget (APBN). Income tax article 23 is imposed on income derived from capital, service delivery, or gifts and awards other than those deducted with Article 21 income tax. Almost every company carries out rental activities from other parties for certain things needed to support its operational activities. Furthermore, the service rental is the object of article 23 income tax. This study aims to determine the suitability between applying calculation, deduction, deposit, and reporting of income tax article 23 at PT Taspem (Persero) Manado Branch Office with the applicable tax provisions. The type of research used is descriptive qualitative research to describe in writing the data obtained from interviews and documentation. The results indicate that PT Taspem (Persero) Manado Branch Office has carried out tax obligations in terms of calculating, withholding, depositing and reporting income tax article 23 in accordance with applicable tax provisions.

**Keywords:** Article 23, Calculation, Withholding, Deposit, Reporting.

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## INTRODUCTION

The benchmark for measuring a country's economic development is its infrastructure development. Infrastructure is often seen as the cog of the economy. The existence of such infrastructure development can increase the economic competitiveness of a country. Apart from contributing to the economy, infrastructure development can also support the welfare of citizens, and it is not surprising that almost every country's leaders in the world are competing to improve their infrastructure development. Therefore, infrastructure development has become essential for every country worldwide, including Indonesia. Indonesia is one of the developing countries which also prioritizes its state financial budget in infrastructure development.

As for building the country's infrastructure, the government uses the state budget, which one of the sources comes from taxes. The government requires large amounts of tax revenue to meet the state budget. State revenue sourced from income tax (PPh) is one of Indonesia's most significant sources of revenue. The Indonesian government always tries to encourage state revenue in the income tax sector by establishing various tax policies yearly. Meanwhile, based on data sourced from the State Budget shows that the implementation of tax revenues for 2021 has finally recorded a positive performance. Previously, it was known that the realization of tax revenues had never reached the state budget target for more than a decade. Finally, in 2021 the realization of income tax revenue can exceed the state budget target, reaching IDR 696.51 trillion or 101.86 percent of the 2021 APBN target of IDR 683.77 trillion.

Income tax (PPh) consists of various kinds, one of which is income tax article 23 or PPh Article 23. The tax system is implemented to make it easier for a country to collect taxes. Apart from the

self-assessment and official assessment systems, Indonesia also implements a withholding system. This taxation system can provide shortcuts for the government in collecting taxes so that the government can avoid making efforts and incurring high costs to collect taxes from the public.

PT Taspen (Persero) Manado Branch Office is one of the state-owned companies (BUMN) engaged in the insurance and pension fund service industry. PT Taspen (Persero) Manado Branch Office hires services from outside parties (vendors) for some issues needed to support its operational activities. The services that are rented are objects of Income Tax Article 23. As a service tenant or income provider, PT Taspen (Persero) Manado Branch Office certainly has a role in cutting and collecting taxes for the government. Therefore, PT Taspen (Persero) Manado Branch Office must withhold and collect tax on income received by vendors as taxpayers per the withholding system mechanism stipulated in the law. In addition, PT Taspen (Persero) Manado Branch Office, as a BUMN company, is required to apply the principles of professionalism, transparency and accountability in both operational performance and financial management.

The implementation of the withholding system for PPh Article 23 has been in effect for a long time in Indonesia. However, in practice, there are still errors found in the application by companies. Tax regulations in Indonesia are constantly changing, adjusting and updating, such as implementing the latest online-based tax service, the e-Bupot application. According to a law issued by the Directorate General of Taxes, the implementation of the e-Bupot application will take effect nationally in September 2020. Implementing the e-Bupot application makes it easier for taxpayers to withhold and report taxes, in this case, PPh Article 23. The enactment of these new rules requires accuracy and knowledge from PT Taspen (Persero) Manado Branch Office staff who handle taxation to adjust to the latest taxation procedures because it can be a factor that can lead to errors in the application of Income Tax Article 23. Therefore, it is necessary to assess the conformity between the rules stipulated by the tax law and the implementation carried out at PT Taspen (Persero) Manado Branch Office. For that reason, research will be carried out with the title "Evaluation of Implementation of Income Tax Article 23 at PT Taspen (Persero) Manado Branch Office".

## METHODS

The type of research used in this study is qualitative research. This research was conducted by interviewing resource persons who knew the data and information needed in the study in the form of evidence of withholding of Income Tax Article 23, billing code, proof of state revenue (BPN), notification letter (SPT) for the Income Tax Period Article 23, proof of electronic receipt (BPE) and company accounting records. This research was conducted at PT Taspen (Persero) Manado Branch Office, at Jl. Ahmad Yani, Sario Tumpaan, Sario District, Manado City, North Sulawesi. The time of the study was conducted from February to May 2022. The data sources used are primary and secondary data. The data collection techniques used are interviews and documentation. The data analysis methods used in this study are descriptive analysis and comparative analysis. Describe the data obtained through the data collection process, namely interviews and documentation regarding the application of Income Tax Article 23. Then compare with the provisions of the applicable tax regulations, and after that, conclude.

## RESULT AND DISCUSSION

During 2021 PT Taspen (Persero) Manado Branch Office leases services from outside parties (vendors) for issues that are needed to support its operational activities. These services are objects of income tax article 23 income. Service rental activities are carried out every month, and certain services are carried out more than once a month. The following table contains a list of services hired by PT Taspen (Persero) Manado Branch Office during 2021.

**Table 1.** List of Services Hired

No	Services provided
1	Cleaning service labor provider services
2	Billboard advertising services
3	Office equipment installation services
4	Office vehicle repair services
5	Printing service

PT Taspen (Persero) Manado Branch Office withholds tax on services that are income objects of income tax article 23, which are included in other services categories. The way to deduct income tax article 23 for other services is done by multiplying the value of gross income for services with the income tax article 23 tax rate before being subject to Value Added Tax (VAT). The income tax article 23 rate for other services used by PT Taspen (Persero) Manado Branch Office is 2% for vendors with a Taxpayer Identification Number (NPWP). At the same time, those who do not have an NPWP are 4%. Withholding is done by making proof of withholding income tax article 23 by filling out the form for proof of withholding income tax article 23 through the e-Bupot application on the official website of the Directorate General of Taxes (DGT).

PT Taspen (Persero) Manado Branch Office deposits income tax article 23 to the Bank by the 10th of the following month. If it is known that the date is a holiday, the deposit will be made by the next working day. Deposits are made at BRI Manado Branch Office every month. PT Taspen (Persero) Manado Branch Office reports income tax article 23 every month before the due date, which is no later than the 20th of the following month and if it is known that the date is a holiday, payment will be made no later than the next working day. Reporting of income tax article 23 Period Income Tax Returns (SPT) is carried out through the e-Bupot application, accessed on the official website of the Directorate General of Taxes (DGT), using electronic documents. The following is a table containing the dates of depositing and reporting of Income Tax 23 carried out by PT Taspen (Persero) Manado Branch Office during 2021.

**Table 2.** Deposit date by PT Taspen (Persero) Manado Branch Office during the tax period of 2021

No	Tax period	Deposit Date by PT Taspen (Persero) BO Manado
1	January	09/02/2021
2	February	08/03/2021
3	March	09/04/2021
4	April	07/05/2021
5	May	09/06/2021
6	June	09/07/2021
7	July	09/08/2021
8	August	09/09/2021
9	September	08/10/2021
10	October	09/11/2021
11	November	08/12/2021
12	December	07/01/2022

**Table 3.** Reporting date by PT Taspen (Persero) Manado Branch Office during the tax period of 2021

No	Tax period	Reporting Date by PT Taspen (Persero) BO Manado
1	January	16/02/2021
2	February	16/03/2021



3	March	14/04/2021
4	April	19/05/2021
5	May	14/06/2021
6	June	14/07/2021
7	July	10/08/2021
8	August	10/09/2021
9	September	12/10/2021
10	October	12/11/2021
11	November	14/12/2021
12	December	12/01/2022

**Calculation and Withholding of Income Tax Article 23.** PT Taspen (Persero) Manado Branch Office rents income tax article 23 services from other companies (vendors) for different services during 2021. According to Regulation of the Minister of Finance of the Republic of Indonesia Number 141/PMK.03/2015 concerning Other Types of Services as referred to in Article 23 paragraph (1) letter c number 2 of Law Number 7 of 1983 concerning Income Tax as amended several times last by Law Number 36 of 2008:

- a. Article 1 Paragraph (1) Compensation in connection with services other than services that have been deducted from Income Tax as referred to in Article 21, as referred to in Article 23 paragraph (1) letter c number 2 of Law Number 7 of 1983 concerning Income Tax as amended several times last by Law Number 36 of 2008, withholding Income Tax of 2% (two percent) of the gross amount excluding Value Added Tax.
- b. Article 1 Paragraph (6) Other types of services as referred to in paragraph (1) consist of: Appraisal services; Actuary services; Accounting, bookkeeping, and attestation services for financial statements; Legal services; Architectural services; Urban planning and landscape architecture services; Designer services (design); Drilling services in the field of oil and gas (oil and gas) mining, except those carried out by permanent establishments; Supporting services in the field of geothermal business and oil and gas mining (oil and gas); Mining services and supporting services other than in the field of geothermal business and oil and gas mining (oil and gas); Supporting services in the field of aviation and airports; Logging services; Sewage treatment services; Services providing manpower and/or experts (outsourcing services); Intermediary and/or agency services; Services in the field of trading securities, except those carried out by the Stock Exchange, the Indonesian Central Securities Depository (KSEI) and the Indonesian Securities Guarantee Clearing (KPEI); Custodian/storage/custody services, except those performed by the Indonesian Central Securities Depository (KSEI); Dubbing and/or dubbing services; Film mixing services; Services for making promotional facilities for films, advertisements, posters, photos, slides, clichés, banners, pamphlets, billboards and folders; Services in connection with software or hardware or computer systems, including maintenance, maintenance and repair; Website creation and/or management services; Internet services including their connection; Storage, processing, and/or distribution services of data, information, and/or programs; Installation/installation services for machinery, equipment, electricity, telephone, water, gas, air conditioning, and/or cable TV, other than those carried out by taxpayers whose scope is in the construction field and have a permit and/or certification as a construction entrepreneur; Maintenance/repair/maintenance services for machinery, equipment, electricity, telephone, water, gas, air conditioning, cable TV, and/or buildings, other than those carried out by taxpayers whose scope is in the construction field and have a permit and/or certification as a construction entrepreneur; Vehicle and/or land, sea and air transportation maintenance services; Maklon services; Investigation and security services;

Event organizer services; Services for providing place and/or time in mass media, outdoor media or other media for the delivery of information, and/or advertising services; Pest eradication services; Cleaning services; Septic tank suction services; Pool maintenance services; Catering or culinary services; Freight forwarding services; Logistics services; Document handling services; Packing services; Loading and unloading services; Laboratory services and/or carried out by institutions or academic research frameworks; Parking management services; Land exhumation services; Land preparation and/or processing services; Seeding and/or seedling planting services; Plant maintenance services; Harvesting services; Processing services for agricultural products, plantations, fisheries, animal husbandry, and/or forestry; Decoration services; Printing/publishing services; Translation services; Transport/expedition services except those stipulated in Article 15 of the Income Tax Act; Port services; Transportation services by pipeline; Child care management services; Training and/or course services; Services for sending and replenishing money to ATMs; Certification services; Survey services; Tester services, and Services other than the aforementioned services whose payment is charged to the State Budget or the Regional Revenue and Expenditure Budget.

- c. Article 1 Paragraph (7) If the recipient of compensation in connection with the services referred to in paragraph (1) does not have a Taxpayer Identification Number, the amount of the withholding rate is 100% (one hundred percent) higher than the rate as referred to in paragraph (1).

The following table contains a comparative evaluation between services hired by PT Taspen (Persero) Manado Branch Office during the tax period of 2021 and service categories based on PMK No. 141/PMK.03/2015.

**Table 4.** Evaluation of services hired by PT Taspen (Persero) Manado Branch Office during the tax period of 2021

No	Services provided	Income Tax Article 23 Service Category based on PMK No. 141/PMK.03/2015
1	Cleaning service labor provider services	Services for supplying labor and experts (outsourcing services)
2	Billboard advertising services	Services for making promotional films, advertisements, posters, photos, slides, cliches, banners, pamphlets, billboards and folders
3	Office equipment installation services	Installation/installation services of machinery, equipment, electricity, telephone, water, gas, air conditioning and cable TV, other than those carried out by taxpayers whose scope is in the construction sector and who have permits and certification as construction entrepreneurs
4	Office vehicle repair services	Vehicle maintenance services and land transportation equipment
5	Printing service	Printing/publishing services

Based on the table, it can be seen that all services hired by PT Taspen (Persero) Manado Branch Office are included in the category of other services which are objects of income tax article 23 in accordance with PMK No. 141/PMK.03/2015. PT Taspen (Persero) Manado Branch Office calculates and withholds taxes on other services when making payments to vendors by multiplying the value of gross income for services with the income tax article 23 tax rate before being subject to value-added tax (VAT). The income tax article 23 rate used is 2% for vendors with a taxpayer identification number (NPWP), while for those who do not have an NPWP, it is 4%. Accounting journal entries made at the time of deduction are in accordance with generally accepted accounting standards, namely by recording Service Rental Expenses (debit), Input VAT (debit), Article 23 Income Tax

Payable (credit) and Cash/Bank (credit). Proof of Withholding income tax article 23 is made through the e-Bupot application on the DJP website and is issued in two copies. The first copy is given to the vendor as a taxpayer deducted from income tax article 23, and the second copy is held by PT Taspen (Persero) Branch Office Manado as a tax cutter. It follows the Decree of the Director General of Taxes Number KEP-368/PJ/2020.

**Depositing of Income Tax Article 23.** PT Taspen (Persero) Manado Branch Office deposits income tax article 23 by the 10th of the following month after the tax month is payable. The amount deposited is the income tax article 23, which has been deducted for one tax month. Deposits are made at the BRI Manado Branch Office bank, a perception bank approved by the Ministry of Finance of the Republic of Indonesia by creating a billing code. Accounting journal entries made at the time of deposit are also in accordance with generally accepted accounting standards, namely by recording income tax article 23 Payable (debit) and Cash/Bank (credit). The following table contains a comparative evaluation of deposit dates by PT Taspen (Persero) Manado Branch Office according to PMK No. 242/PMK.03/2014.

**Table 5.** Evaluation of deposit date by PT Taspen (Persero) Manado Branch Office during the tax period of 2021

No	Tax period	Deposit Date by PT Taspen (Persero) BO Manado	Deposit Deadline based on PMK No. 242/PMK.03/2014	On time/Late
1	January	09/02/2021	10/02/2021	On time
2	February	08/03/2021	10/03/2021	On time
3	March	09/04/2021	10/04/2021	On time
4	April	07/05/2021	10/05/2021	On time
5	May	09/06/2021	10/06/2021	On time
6	June	09/07/2021	10/07/2021	On time
7	July	09/08/2021	10/08/2021	On time
8	August	09/09/2021	10/09/2021	On time
9	September	08/10/2021	10/10/2021	On time
10	October	09/11/2021	10/11/2021	On time
11	November	08/12/2021	10/12/2021	On time
12	December	07/01/2022	10/01/2022	On time

Based on the table, it can be seen that during 2021 PT Taspen (Persero) Manado Branch Office has never delayed the payment of income tax article 23. It follows the Regulation of the Minister of Finance of the Republic of Indonesia Number 242/PMK.03/2014.

**Reporting of Income Tax Article 23.** PT Taspen (Persero) Manado Branch Office reports Periodic SPT income tax article 23 by the 20th of the following month after the tax month is payable. Periodic SPT income tax article 23 reporting is done electronically through the e-Bupot application on the DJP website. The following table contains a comparative evaluation of reporting date by PT Taspen (Persero) Manado Branch Office according to PMK No. 9/PMK.03/2018.

**Table 6.** Evaluation of Reporting date by PT Taspen (Persero) Manado Branch Office during the tax period of 2021

No	Tax period	Reporting Date by PT Taspen (Persero) BO Manado	Reporting deadline based on PMK No. 9/PMK.03/2018	On time/Late
1	January	16/02/2021	20/02/2021	On time
2	February	16/03/2021	20/03/2021	On time
3	March	14/04/2021	20/04/2021	On time
4	April	19/05/2021	20/05/2021	On time



5	May	14/06/2021	20/06/2021	On time
6	June	14/07/2021	20/07/2021	On time
7	July	10/08/2021	20/08/2021	On time
8	August	10/09/2021	20/09/2021	On time
9	September	12/10/2021	20/10/2021	On time
10	October	12/11/2021	20/11/2021	On time
11	November	14/12/2021	20/12/2021	On time
12	December	12/01/2022	20/01/2022	On time

The table shows that during 2021 PT Taspen (Persero) Manado Branch Office has never delayed reporting income tax article 23. It follows the Regulation of the Minister of Finance of the Republic of Indonesia Number 9/PMK.03/2018 and the Decree of the Director General of Taxes Number KEP-368/PJ/2020.

## CONCLUSION

Based on the results of the research and discussion conducted regarding the implementation of Income Tax Article 23, the following conclusions are obtained:

1. The calculation and withholding of income tax article 23 at PT Taspen (Persero) Manado Branch Office following the provisions of the Regulation of the Minister of Finance of the Republic of Indonesia Number 141/PMK.03/2015 and Decree of the Director General of Taxes Number KEP-368/PJ/2020, which is PT Taspen (Persero) Manado Branch Office calculate and withholds taxes on other services when making payments to vendors by multiplying the value of gross income for services with the income tax article 23 tax rate before being subject to VAT. The income tax article 23 rate is 2% for vendors with NPWP and 4% for those who do not have NPWP. Withholding is done by making proof of withholding income tax article 23 through the e-Bupot application on the DJP website.
2. The deposit of income tax article 23 at PT Taspen (Persero) Manado Branch Office following the provisions of the Regulation of the Minister of Finance of the Republic of Indonesia Number 242/PMK.03/2014, which is PT Taspen (Persero) Manado Branch Office deposited income tax article 23 at the perception bank before the date The next 10 months so as not to exceed the set time limit.
3. Reporting of income tax article 23 at PT Taspen (Persero) Manado Branch Office is following the provisions of the Regulation of the Minister of Finance of the Republic of Indonesia Number 9/PMK.03/2018 and Decree of the Director General of Taxes Number KEP-368/PJ/2020, which is PT Taspen (Persero) The Manado Branch Office reports periodic income tax article 23 through the e-Bupot application on the DJP website before the 20th of the following month so that it does not exceed the stipulated deadline.

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