

## THE IMPACT OF THE IMPLEMENTATION OF GOVERNMENT REGULATION NUMBER 55 OF 2022 ON MSME TAXPAYERS AT KPP PRATAMA MUARA BUNGO

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### Abstract:

This study aims to analyze the impact of the implementation of Government Regulation (PP) Number 55 of 2022 on taxpayer compliance of Micro, Small and Medium Enterprises (MSMEs) at KPP Pratama Muara Bungo. The study uses a qualitative descriptive method and panel data regression analysis with a sample of 406 taxpayers who actively pay taxes in the 2021–2023 period. The results of the study indicate that the implementation of PP Number 55 of 2022 has an impact on reducing the number of tax payments, the number of taxpayers who make payments, and the number of taxpayers who are considered non-compliant. Simultaneously, the implementation of this PP and gross circulation have a significant effect on taxpayer compliance. However, the variable PP Number 55 of 2022 partially does not significantly affect compliance, while the variable gross circulation has a considerable positive impact. From these findings, it is recommended that the government increase the socialization of tax policies to MSMEs and implement digitalization of the tax system to facilitate the fulfillment of tax obligations by MSME taxpayers. Digitalization based on the Technology Acceptance Model (TAM) is believed to be able to increase tax efficiency, effectiveness, and compliance.

**Keywords:** tax compliance, PP Number 55 of 2022, MSMEs, gross circulation, tax digitalization.

## INTRODUCTION

The wheels of the economy turn every day. One of the drivers of the economy is Micro, Small and Medium Enterprises (MSMEs). Suparmanto (2020), the Minister of Trade, supports this statement, stating that the participation of MSMEs is very important in driving the national economy and maintaining positive economic growth in Indonesia.

Each country defines MSMEs differently and has its understanding. In general, MSMEs are a group of businesses grouped based on certain criteria. These criteria can come from the number of workers, the amount of capital, the amount of turnover or the characteristics of MSMEs, such as business scale, technology and others (Aulya, 2020).

According to the Republic of Indonesia Law (UU) Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, MSMEs are divided into micro, small, and medium enterprises. This grouping is based on entity, net worth, and sales. In terms of entity, both micro, small, and medium enterprises are independent, productive businesses owned by individuals or bodies.

Individuals or individual bodies can own micro-businesses, while small and medium businesses can only be owned by individuals or bodies that are not subsidiaries or branches of companies owned, controlled, or are part of either directly or indirectly another business.

Business grouping is based on the entity of the business, as well as the amount of net assets and annual sales results. Annual sales results are the net sales results in a year that come from the



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sale of goods and/or services. Net sales are all sales results in cash or credit minus discounts or sales deductions and returns (Hapsari & Saputra, 2018).

Grouping of businesses classified as MSMEs based on net assets and annual sales results based on Law Number 20 of 2008 is divided into:

1. Micro Businesses have a maximum net asset of IDR 50,000,000 (fifty million rupiah) and annual sales results of IDR 300,000,000 (three hundred million rupiah).
2. Small Businesses have a net asset of between IDR 50,000,000 (fifty million) and IDR 500,000,000 (five hundred million rupiahs) and annual sales results of between IDR 300,000,000 (three hundred million rupiahs) and IDR 2,500,000,000 (two billion five hundred million rupiahs).
3. Medium Enterprises have net assets of between IDR 500,000,000 (five hundred million rupiahs) and IDR 10,000,000,000 (ten billion rupiahs) and annual sales results of between IDR 2,500,000,000 (two billion five hundred million rupiahs) and IDR 50,000,000,000 (fifty billion rupiahs).

In tax regulations, it is not specifically regulated what is meant by MSMEs and how to group them. However, based on Government Regulation Number 55 of 2022 concerning Adjustments to Regulations in the Field of Income Tax Article 57 Paragraph 1, Taxpayers who have a certain gross turnover are subject to final Income with good criteria, namely Individual or Corporate Taxpayers who have Income with a gross turnover of not more than 4,800,000,000 (four billion eight hundred million rupiah) in 1 (one) tax year.

The explanation of gross circulation, as referred to in the previous paragraph, is explained in PP Number 55 of 2020 Article 60 paragraph (4), stating that gross circulation is compensation or replacement value in the form of money or money value received or obtained from a business, before deducting sales discounts, cash discounts, and/or similar deductions. So, according to tax, gross circulation, which is the basis for taxation for MSME Taxpayers, is Income without deducting deductions.

There is a difference in calculation between gross circulation based on tax provisions and sales results according to Law Number 20 of 2008. However, this difference is only limited to the reduction of Income with sales returns and deductions. So, Taxpayers who have gross circulation below or equal to 4,800,000,000 (four billion eight hundred million) are definitely Taxpayers who are classified as MSMEs.

Taxpayers who meet the requirements as Taxpayers who have a certain gross turnover (UMKM) and whose Income does not come from freelance work abroad or is classified as final Income will be subject to final Income Tax at a rate of 0.5%. Previously, the Directorate General of Taxes (DGT) had implemented a similar regulation in 2013 through PP Number 46 of 2013 concerning Income Tax on Income from Business Received or Obtained by Taxpayers who Have a Certain Gross Turnover, with a higher rate of 1%.

In 2018, the Directorate General of Taxes revoked PP Number 46 of 2013 by issuing PP Number 23 of 2018 concerning Income from Businesses Received or Obtained by Taxpayers with a Certain Gross Turnover. This amended the previous rate to 0.5% and added other provisions, such as exempted Income and the period for which the rate is imposed.

In 2022, the Directorate General of Taxes revoked PP Number 23 of 2018 by issuing PP Number 55 of 2022 concerning Adjustments to Regulations in the Income Tax Sector. PP Number 55 of 2022 regulates income tax received or obtained by Taxpayers who have a certain gross turnover in Chapter X Article 56.



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Based on PP Number 55 of 2022, it is stated that the final income tax rate applied is 0.5%. There is no change in the rate from PP Number 23 of 2018 to PP Number 55 of 2022; however, in PP Number 55 of 2022, the term "Non-Taxable Portion of Gross Turnover" appears. Taxpayers who have a gross turnover of up to IDR 500,000,000 in one year will not be subject to income tax.

Many studies have analyzed the impact of changes in tax imposition on MSME Taxpayers, especially the issue of reducing the rate from 1% to 0.5%. Although the rate was reduced by 50% from the original rate, this actually increased the number of MSME Taxpayers who made payments (Marfiana, 2019).

The implementation of PP Number 23 of 2018 also increases MSME tax compliance. According to Sularsih (2018), the implementation of PP Number 23 of 2018 in Malang City has a positive impact on increasing MSME tax payments. This is due to the decrease in the Final Income Tax rate followed by an increase in the number of Taxpayers who pay their taxes.

In contrast to Sularsih's research, Marfiana (2019) stated that the implementation of PP Number 23 of 2018 at KPP Pratama Merauke actually reduced the nominal tax revenue in 2018 despite an increase in taxpayer compliance. Taxpayer compliance in question is tax compliance according to the Directorate General of Taxes (DJP) which is divided into two, namely formal and material. Formal compliance is measured by the submission of the Annual Tax Return, while material is measured by payments from taxpayers (Marfiana, 2019).

The implementation of PP Number 23 of 2018 has different impacts depending on the characteristics of Taxpayers in the working area of the Tax Service Office. As explained in the previous paragraph, PP Number 55 of 2022 provides incentives to UMKM WP with a portion of gross circulation that is not subject to income tax, namely IDR 500,000,000 in one tax year.

Non-taxable gross circulation in PP Number 55 of 2022 provides tax relief for UMKM taxpayers. Tax relief results in reactions from Taxpayer behavior (Amah, 2023). Therefore, it is necessary to analyze whether the provision of this incentive reduces or increases tax compliance and how it affects the Muara Bungo Pratama Tax Office.

**Taxpayers PP Number 55 of 2022.** Tax subjects, according to Law Number 11 of 2020 concerning Job Creation, are individuals, undivided inheritance as a whole replacing the entitled party, bodies and permanent business forms. Tax subjects will be taxed if they receive or earn Income. Tax subjects who are taxed are then referred to as Taxpayers (WP).

According to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), MSMEs are a group of businesses based on net assets and sales income, which are grouped into three parts, as the name suggests: micro, small and medium.

**Table 1. MSME Groups**

	Micro	Small	Intermediate
Net Worth (Rp) (In Millions)	≤ 50	50 - 500	500 - 10.000
Sales Revenue (Rp) (In Millions)	≤ 300	300 - 2.500	2.500 - 50.000

Source: Processed from Law Number 20 of 2008

Based on the grouping from Table II.1 MSME Group, a business unit will be included in the MSME category if it has sales income below IDR 50,000,000,000 (fifty billion rupiah) or has net assets outside of land and buildings of business premises worth below IDR 10,000,000,000 (ten billion



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rupiah). PP Number 55 of 2022 regulates Taxpayers with a certain gross turnover that has an income limit of up to below IDR 4,800,000,000 (four billion eight hundred million rupiah) included in the MSME range. Therefore, Taxpayers with a certain gross turnover in PP Number 55 of 2022 are Taxpayers who are classified as MSMEs.

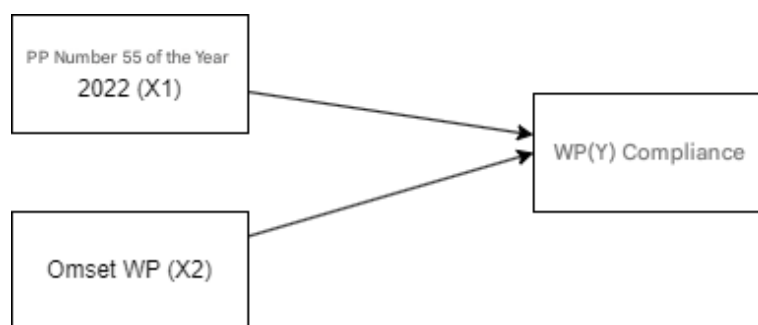
**Final Income Tax.** According to Article 1 of Law Number 7 of 1983 concerning Income Tax, income tax is a tax imposed on Tax Subjects on Income received or obtained in a tax year. Furthermore, in Article 2, it is explained that the Tax Subjects are individuals, undivided inheritances, bodies and permanent establishments (PE). In Article 4, it is further explained that the object of tax is Income.

In general, income tax is divided into three, namely income tax imposed as final, non-final and exempt. In Law Number 7 of 1983 concerning Income Tax, it is explained that in Article 4 paragraph (2), the following Income will be subject to Final Income Tax:

- a. income in the form of interest on deposits and other savings, interest on bonds and government bonds, interest or discounts on short-term securities traded on the money market, and interest on savings paid by cooperatives to individual cooperative members
- b. income in the form of lottery prizes
- c. income from stock and other securities transactions, derivative transactions traded on the stock exchange, and stock sales transactions or transfer of capital participation in partner companies received by venture capital companies
- d. income from transfer transactions of assets in the form of land and/or buildings, construction service businesses, real estate businesses, and rental of land and/or buildings; and
- e. certain other Income, including Income from businesses received or obtained by Taxpayers who have a certain gross turnover as regulated in Government Regulations.

**Tax Compliance.** According to Raiij (2016) through Andreoni, Erard, and Feinstein (1998), Tax Compliance is the honest behavior of Taxpayers toward recognizing Income and its deductions and paying their taxes on time. Tax compliance is the fulfillment of all tax obligations as stated in the law freely and completely (Atowadi and Ojeka, 2012). Tax compliance by the Directorate General of Taxes can be divided into formal compliance and material compliance (Marfiana, 2019). Sulfan and Sani (2022) argue that formal compliance is fulfilling tax obligations formally as regulated in the law, while material compliance is the fulfillment of material completeness in its taxation aspects.

**Conceptual Framework.** Based on the results of the previous explanation, the conceptual framework built for this study is described as follows:



Source: Processed by the author

**Figure 1.** Conceptual Framework



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**Taxpayer Compliance (Y).** Formal Compliance: Includes timely reporting of Annual Tax Returns every year. Material Compliance: Includes timely tax payments in accordance with applicable provisions.

The Y value will use the calculation of the annual percentage of taxpayer payment compliance every month and TaxpayerTaxpayer reporting compliance every year. The calculation of the percentage of payments and reporting is based on the yield in Six Sigma quality control theory. Yield, according to the Six Sigma perspective, is the percentage of products that comply with the requirements divided by the total of all products. This calculation is then applied to the measurement of payment compliance and reporting compliance of Taxpayers' Annual Tax Returns, resulting in a Y value.

**Independent Variables.** X1: Implementation of PP 2022: The effect of PP Number 55 of 2022 on taxpayer compliance after the implementation of the PP on December 20, 2022. X2: Taxpayer Gross Turnover: The effect of gross turnover on tax compliance is because PP Number 55 of 2022 introduces Taxpayers to Non-Taxable Gross Turnover (Article 60 of PP 55 of 2022).

**Hypothesis.** H1: PP Number 55 of 2022 affects the compliance of UMKM Taxpayers at KPP Pratama Muara Bungo. H2: Gross turnover affects the compliance of UMKM Taxpayers at KPP Pratama Muara Bungo. H3: PP Number 55 of 2022 and gross turnover simultaneously affect the compliance of UMKM Taxpayers at KPP Pratama Muara Bungo.

**Analysis Techniques.** To answer the formulation of the problem formulation, the author will use several analysis techniques in analyzing the data. The techniques used are descriptive statistics and panel data regression. Descriptive statistics is a technique for analyzing data by describing or depicting the data that has been collected and making conclusions on the data analyzed (Sugiyono, 2019), and panel data regression analysis is intended to find the effect of independent variables on dependent variables on data which is a combination of cross-section and time-series.

## METHODS

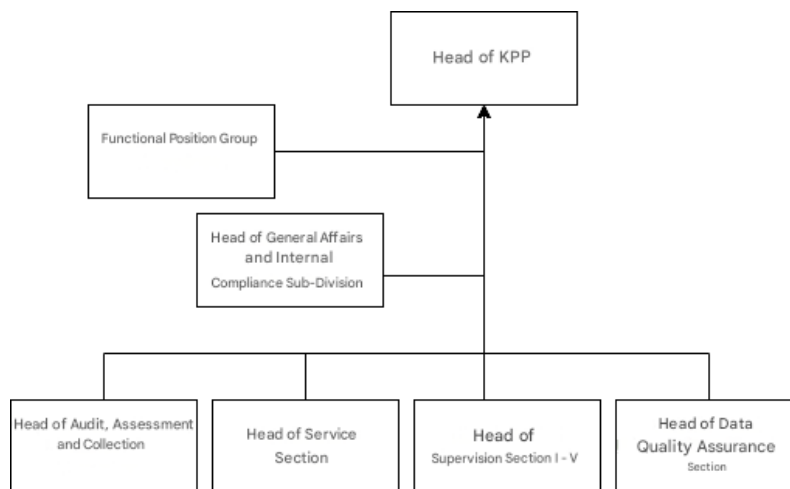
The data collection method used is secondary data. Secondary data is data on receipt of Final Income Tax payments with the type of Final Income Tax (411128). The type of Final Income Tax deposit Article 4 paragraph 2 on Income from Business Received or Obtained by Taxpayers with a Certain Gross Turnover (420) and data on reporting of Annual Tax Returns for Taxpayers subject to Final Income Tax on a certain gross turnover.

The data used comes from the results of requests using e-Research with service number 00697-2024. The tax year to be used in this study is 2021 to 2023. According to Arikunto (2019), if the population exceeds 100 people, the number of samples taken is around 10-15 of the population. So, the number of Taxpayers used as samples is 10-15% of the number of Taxpayers subject to Final Income Tax with a certain gross turnover.

The data obtained from KPP Pratama Muara Bungo is the payment data of UMKM taxpayers for the payment years 2021 to 2023 and the reporting data of the UMKM taxpayers' Annual Tax Returns for the tax years 2021 to 2023. The data is then processed using Power Query to obtain a dataset for research.



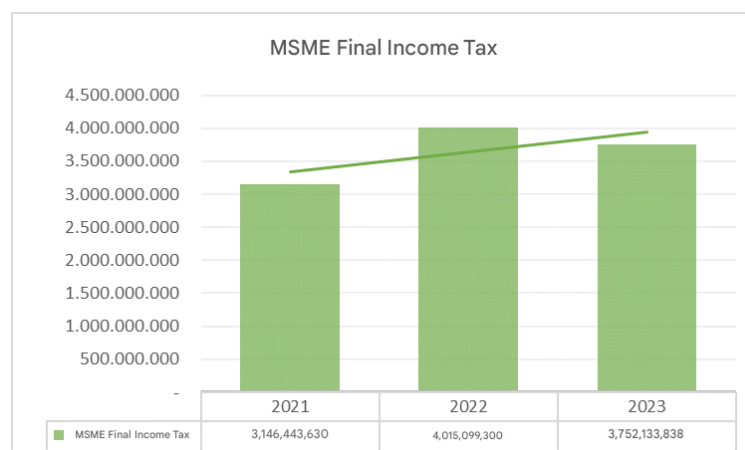
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Source: Processed by the author  
**Figure 2.** Organizational Structure

## RESULT AND DISCUSSION

**Impact of PP 55 on UMKM Taxpayers at KPP Pratama Muara Bungo.** Final Income sourced from Taxpayers with gross circulation or UMKM Taxpayer Final Income Tax has a payment code of 411128 with a deposit type code of 420. Based on Figure III.1 UMKM Final Income Tax Per Year, UMKM Taxpayer Final Income Tax deposits have an increasing trend for the 2021 to 2023 tax payment years.

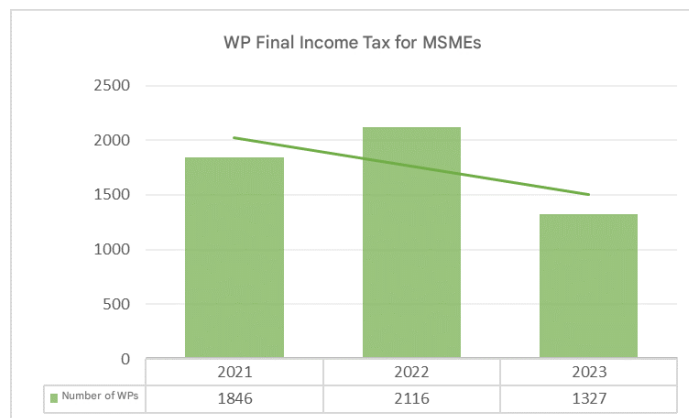


Source: Processed from data from the Muara Bungo Pratama Tax Office  
**Figure 3.** UMKM Final Income Tax Per Year

Although there is an increase in the number of UMKM WP deposits, this is inversely proportional to the number of WP who make UMKM Final Income Tax payments at the Muara Bungo Pratama Tax Office. According to Figure III.2 UMKM Final Income Tax WP, the trend in the number of payments has decreased, especially for 2023.



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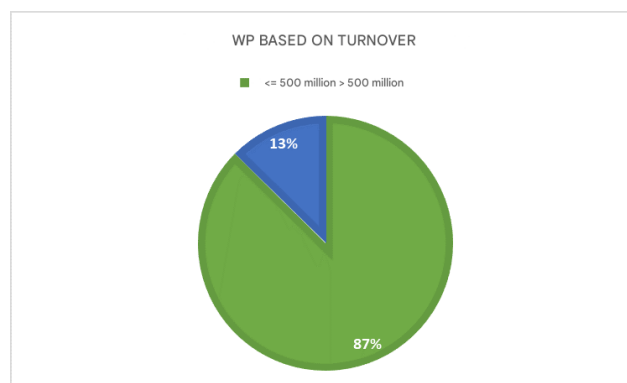


Source: Processed from data from KPP Pratama Muara Bungo

**Figure 4.** Final PPh Taxpayer for MSMEs

The downward trend is due to the PP 55 Number of 2022 concerning gross circulation that is not subject to tax. Article 60 of PP Number of 2022 stipulates that if a Taxpayer has a gross circulation of less than or equal to IDR500,000,000 in one tax year, then the taxpayer is not subject to income tax.

PP Number 55 of 2022 comes into effect on December 20, 2022, so Taxpayers who have a gross circulation of less than IDR500,000,000 in 2022 during the December tax period will not be subject to income tax due to the enactment of PP 55 Number of 2022.



Source: Processed from data from the Muara Bungo Pratama Tax Office

**Figure 5.** WP Based on Turnover

The payment of Final Income Tax for UMKM Taxpayers made by Taxpayers every month is 0.5% of the gross turnover of Taxpayers for that period. So the estimated turnover of Taxpayers per month can be obtained by adding up all Taxpayer payments per year and dividing it by 0.5%. In Figure III.3.3 Taxpayers Based on turnover, it can be seen that Taxpayers who have a turnover of more than IDR 500,000,000 for payments for the 2021-2023 tax year are only 13% of the total.

**Table 2.** Growth of Taxpayers Final Income Tax for UMKM

	2021-2022	2022-2023
Growth (%)	15%	-37%

Source: Processed from data from the Muara Bungo Pratama Tax Office



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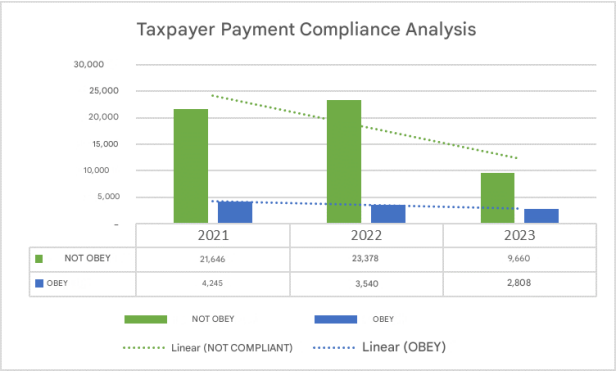


Let us look at Table 2, Growth of UMKM Final Income Taxpayers. It is known that the growth of Taxpayers has a declining value of -37% from 2022 to 2023, while UMKM Final Income Taxpayers who have a turnover of less than IDR 500,000,000 are only 13% of the total payments of UMKM Final Income Taxpayers for the 2021-2023 payment years. This needs to be a follow-up by the Muara Bungo Pratama Tax Office in carrying out supervision due to indications of Taxpayers who misuse non-taxable gross circulation of their income tax.

Taxpayer compliance, as previously discussed, consists of two, namely material and formal. Every month, Taxpayers make UMKM Final Income Tax payments on their gross circulation. The deadline for payment of this UMKM Final Income Tax for Taxpayers is the 15th of the following tax period. So, for the January period, the payment deadline is February 15, and for the December period, the payment deadline is January 15 of the following year. In one tax year, there is a possibility that the taxpayer fulfills material compliance every time by paying the correct and timely amount of tax or only fulfilling some or even not fulfilling all of it.

Formal Taxpayer compliance will be reviewed based on the reporting of the Annual Tax Return from Taxpayers who have made Final Income Tax payments for MSME Taxpayers. The reporting deadline based on Law Number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions on Taxation (KUP) for OP is three months after the end of the tax year, and for companies is four months after the end of the tax year. So, the deadline for the Annual Tax Return for individuals is March 31 of the following year and for companies is April 30 of the following year.

Taxpayers of UMKM final income tax based on PER-34/PJ/2010 concerning the Form of Annual Income Tax Notification Letter for Individual Taxpayers and Corporate Taxpayers and Instructions for Filling It Out only need to report Annual Tax Returns with type 1770 every year. They are not required to report the UMKM Taxpayer Final Income Tax paid every month.



Source: Processed from data from the Muara Bungo Pratama Tax Office

**Figure 6.** Analysis of Taxpayer Payment Compliance

Taxpayers in Figure 6 Analysis of Taxpayer Payment Compliance, in making payments for the 2021 to 2023 payment period, tend to make payments in the non-compliant category. Based on data analysis, it was found that most Taxpayers carry out their payment obligations in one go. For example, Taxpayers will make Final Income Tax payments for MSME Taxpayers for the period January to June in the current year by paying in full on June 18, so that Taxpayers' payments for the period January to May will be classified as non-compliant.







However, in 2023, there was a decrease of up to 96% of taxpayers who were not compliant and 42.6% of taxpayers who did not report. The impact of PP Number 55 of 2022 on taxpayers' formal compliance in reporting their Annual Tax Returns was not very significant. This is because PP 55 Number 2022 emphasizes more on calculating income tax payments for MSME taxpayers and introducing the concept of non-taxable gross circulation. So PP 55 Number 2022 is expected to improve the Taxpayer's economy by providing a non-taxable gross circulation of IDR 500,000,000. If the non-taxable gross circulation limit of IDR 500,000,000 is multiplied by the UMKM Final Income Tax rate of 0.5%, then MSME taxpayers have an income tax reduction of up to IDR 2,500,000 each year.

**The Influence of PP 55 of 2022 on the Compliance of UMKM Taxpayers at KPP Pratama Muara Bungo.** In analyzing PP 55 of 2022 on the compliance of UMKM Taxpayers at KPP Pratama Muara Bungo, the author will use Taxpayers who make payments in 2021, 2022 and 2023. Based on the data obtained by the author, the number of UMKM Taxpayers who meet these criteria is 406 people (11% of the total Taxpayers who pay UMKM Final Income Tax for 2021-2023). The sampling used by the author is purposive. According to Sugiyono (2019), purposive sampling is a sampling technique with certain criteria. The criteria in question are Taxpayers who fulfill their payment obligations from 2021 to 2023.

The purpose of sampling with criteria in this study is to ensure that the analysis test of the influence of PP 55 is carried out on active taxpayers who have been registered since 2021 and have fulfilled their payment obligations for 2021 (before PP 55 comes into effect), 2022 (when PP 55 comes into effect) and 2023 (after PP 55 comes into effect).

The author will use panel data regression to determine the influence of the variables to be tested. Panel data is a combination of cross-section and time-series data (Savitri et al., 2021). In this study, panel data is data on taxpayer gross circulation, implementation of PP 55 and taxpayer compliance observed in the period 2019 to 2023. To conduct the test, the author uses the following regression equation:  $Y = \alpha + \beta_1 X_1 + \beta_2 X_2$

- Y = Taxpayer Compliance
- $\alpha$  = Constants
- $\beta$  = Regression Coefficient
- X1 = PP55
- X2 = TURNOVER

In panel data regression testing, three models must be tested first, namely the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM). Three tests will be carried out on the data to determine which model is better for data testing. The CEM model does not consider dimensions and time, and its estimation uses Ordinary Least squares (OLS) (Savitri et al., 2021). Because it does not consider dimensions and time, this model cannot distinguish between cross-section and time-series variants and does not vary randomly (Gujarati, 2015).

The FEM model assumes that in various periods, the characteristics of each individual (WP) are different (Savitri et al., 2021). The difference is seen through the different intercept values for each individual. The REM model has similar assumptions to the FEM model, which assumes that in various periods, the characteristics of each individual are different. However, the difference is seen through the error value of each model.

To select a model, three tests will be carried out, namely the Chow Test, the Hausman Test and the Lagrange Multiplier Test. The Chow Test is intended to select the best model between CEM and FEM (Widarjono 2009). The Hausman Test is intended to select the best model between FEM



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and REM (Gujarati, 2015), and the Lagrange Multiplier Test is intended to select the best model between REM and CEM (Rahayu et al., 2021).

**Chow Test.** The hypothesis used in the Chow Test is as follows: Ho: The model is better using CEM. Ha: The model is better using FEM.

Ho will be rejected if the P-value is smaller than  $\alpha$ , and Ho will be accepted if the P-value is greater than  $\alpha$ . The  $\alpha$  value used is 5%. Testing will be carried out using the Eviews application.

**Table 3.** Chow Test Results

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.727200	(405,810)	0.0000
Cross-section Chi-square	2254.023791	405	0.000

Source: Processed from data from the Muara Bungo Pratama Tax Office

Based on the test results in the image above, it was found that the P-value in the Cross-section Chi-square is 0.0, so Ho will be rejected, and the FEM model is better than the CEM model.

**Hausman Test.** The hypothesis used in the Hausman Test is as follows: Ho: The model is better using REM. Ha: The model is better using FEM. Ho will be rejected if the P-value has a value smaller than  $\alpha$ , and Ho will be accepted if the P-value has a value greater than  $\alpha$ . The  $\alpha$  value used is 5%. Here are the results of the Hausman Test:

**Table 4.** Hausman Test Results

Correlated Random Effect-Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.658293	2	0.0591

Source: Processed from data from the Muara Bungo Pratama Tax Office

Based on the image above, it can be seen that the value of the P-value in the Cross-section random row has a value of 0.0591 and is more than the  $\alpha$  value of 0.05. In this case, Ho is accepted, and the REM model is better used than the FEM model.

**Lagrange Multiplier Test.** The hypothesis used in the Lagrange Multiplier Test is as follows: Ho: The model is better using REM. Ha: The model is better using FEM. Ho will be rejected if the P-value has a value smaller than  $\alpha$ , and Ho will be accepted if the P-value has a value greater than  $\alpha$ . The  $\alpha$  value used is 5%. The following are the results of the Lagrange Multiplier Test:

**Table 5.** Lagrange Multiplier Test Results

	Cross-section	Test Hypothesis Time	Both
Breusch-Pagan	706.7142 (0.0000)	1.394941 (0.2376)	708.1091 (0.0000)

Source: Processed from data from the Muara Bungo Pratama Tax Office



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Based on the image above, it can be seen that the value of the P-value in the Cross-section column has a value of 0.0 and is more than the  $\alpha$  value of 0.05. In this case,  $H_0$  is accepted, and the REM model is better used than the CEM model. From the three test results, it was obtained that the REM model is more suitable for use than the CEM and FEM models. The REM model has advantages over other models because the REM model does not need to be retested for the classical assumption test and heteroscedasticity test. After all, the disturbed variables are not correlated with the same individual in different periods (Aprilliyant, 2019). Another reason REM does not need to be tested for classical assumptions and heteroscedasticity tests is that the REM model uses the generalized least square (GLS) estimation method, the equation of which has met the classical assumptions.

After going through the model testing process, the panel data regression equation using random cross-section is obtained as follows:  $Y = 4.28 - 0.173X_1 \text{ (PP55)} + 0.0015X_2 \text{ (OMSET)}$

Without the variables,  $X_1$  (PP 55) and  $X_2$  (turnover), taxpayer compliance will increase by 428%. The coefficient of PP 55 is -0.173, which means that if the value of other variables is constant and the value of  $X_1$  increases by 1%, the value of  $Y$  will decrease by 17.3% and vice versa. A negative coefficient indicates that the variable PP Number 55 of 2022 results in a decrease in taxpayer compliance. One TaxpayerTaxpayer felt confused due to changes in the regulations governing their MSME income. The coefficient of turnover is 0.0015, which means that if the value of other variables is constant, the value of  $X_2$  increases by 1%, there will be a 0.15% increase in the value of  $Y$ . Taxpayers who have a higher turnover will tend to comply with their taxes because of the benefits of such compliance to avoid sanctions/fines.

**Hypothesis Testing; t-test.** The t-test is conducted to see whether the independent variable ( $X_1$  or  $X_2$ ) partially has an influence or not on the dependent variable ( $Y$ ). The t-test can be conducted by comparing the t-count with the t-table. If the t-count value is greater than the t-table, then the independent variable partially influences the dependent variable ( $Y$ ) and vice versa (Ghozali, 2006).

**Table 6. Partial Test Results**

Dependent Variable: Y				
Method: Panel EGLS (Cross-section random effects)				
Date: 05/22/24 Time: 13:38				
Sample: 2021 2023				
Periods included: 3				
Cross-section included: 406				
Total panel (balanced) observations: 1218				
Swamy Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.288584	0.235593	18.20336	0.0000
PP55	-0.173841	0.130998	-1.327051	0.1847
OMSET	0.001499	0.000124	12.06820	0.0000

Source: Processed from data from the Muara Bungo Pratama Tax Office

To compare the t value, the t value being compared has an absolute value (Sugiyono, 2019). The t-value in the image above for variable  $X_1$  (PP55) is 1.32, which is smaller than 1.96 (stable) and has a P-value greater than 0.05, so partially, the PP55 variable does not affect taxpayer compliance. Based on the interview results, this is because UMKM taxpayers are not aware of PP Number 55 of 2022. Variable  $X_2$  (Turnover) has a t-value of 12.06, which is greater than 1.96 (stable), and a P-value



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less than 0.05, so partially, the X2 variable (turnover) affects taxpayer compliance. UMKM taxpayers only know that tax calculations must use gross turnover/circulation.

**F Test.** The F test is carried out to determine whether the independent variables (X1 and X2) simultaneously affect the dependent variable (Y). If the Fcount value is greater than Ftable, then the independent variable simultaneously influences the dependent variable (Y) and vice versa (Gujarati, 2015).

**Table 7. Weighted Statistics**

Weighted Statistics			
R-squared	0.107863	Mean dependent var	1.688978
Adjusted R-squared	0.106394	S.D. dependent var	2.286610
S.E. of regression	2.161549	Sum squared resid	5676.836
F-statistic	73.44919	Durbin-Watson stat	1.599640
Prob(F-statistic)	0.000000		

Source: Processed from data from the Muara Bungo Pratama Tax Office

The F-count value from the image above is in the F-Statistic row, with a value of 73.44 and a P-value of 0.0. F-count has a value greater than 0.11 (Ftable) and a P-value less than 0.05, so simultaneously, the variables X1 (PP55) and X2 (turnover) influence taxpayer compliance.

**Determination Coefficient (R2).** The determination coefficient measures how far the model's ability to explain the variation of the dependent variable (Y). Based on Figure III.3.11 Weighted Statistics, the value of the determination coefficient is located in the adjusted R-squared row with a value of 0.106 or 10.6%. The R2 value of 10.6% indicates that X1 and X2 are only able to explain Y worth 10.6%, and the rest (89.4%) is explained by other variables not included in this study.

**Solutions for UMKM Taxpayers to be able to fulfill their tax obligations easily.** In fulfilling their tax obligations, UMKM Taxpayers often experience changes in regulations. Starting in 2013, Government Regulation Number 46 of 2013 came into effect, then revoked to Government Regulation Number 23 of 2018 and revoked again with Government Regulation Number 55 of 2022.

Several studies have examined what factors/variables influence Taxpayers so that the number of Taxpayers who fulfill their tax obligations increases. However, Taxpayer compliance will always be affected by the regulations implemented by the government. At the time of the change from Government Regulation Number 46 of 2013 to Government Regulation Number 23 of 2018 according to Marfiana (2019), there was an increase in Taxpayer compliance and at the time of the change from Government Regulation Number 23 of 2018 to Government Regulation Number 55 of 2022, according to Prihastuti et al (2023), this policy change had an impact and also increased Taxpayer compliance.

Based on the research conducted by the author, PP Number 55 of 2022 does have an impact and influence on the Muara Bungo Pratama Tax Office, such as a decrease in the number of deposits, the number of taxpayers making payments and reporting Annual Tax Returns. Therefore, a solution is needed for taxpayers in the future so that they can more easily fulfill their tax compliance. The self-assessment tax system accompanied by tax digitalization is a solution for taxpayers in the future. Karaawy (2018) stated that tax digitalization is a tax reporting system from an analog paper filing format to a digital and online format. Although some of the digitalization processes have been carried out, such as payments through e-billing facilities and reporting through e-filing facilities, the government, especially the Directorate General of Taxes, has not facilitated digitalization in fulfilling the tax obligations of MSME taxpayers.



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At the time of writing, UMKM taxpayers still record their businesses independently and then upload their records when reporting their Annual Tax Returns. In fact, all aspects of tax reporting should be digitized and pave the way for taxpayers to carry out their tax obligations automatically (Karaawy, 2018). One of the digitalization efforts that needs to be carried out by the Directorate General of Taxes in increasing the compliance of UMKM taxpayers is to provide a platform where taxpayers can record their business turnover or gross circulation without having to pay attention to the provisions in force at that time. Automation of UMKM taxpayer obligations will help taxpayers focus more on their businesses and have an impact on increasing taxpayer compliance. This can be done by the Directorate General of Taxes in order to develop a digitalization of tax administration that is easy to use, and taxpayers do not have difficulty carrying out their tax obligations (Yap & Mulyani, 2022).

Apart from the Taxpayer's side, digitization of MSME taxpayers will make it easier for the tax authorities to provide services to the taxpayers. This is because digitization provides the tax authorities with complete and detailed data on the taxpayers (Yap & Mulyani, 2022). Wahyuni et al. (2020) also stated that the ease of implementing tax digitalization has a positive impact on tax compliance. One of the supporting theories for this solution is the TAM (Technology Acceptance Model) Theory developed by Davis in 1989. Based on previous research, it is known that the implementation of tax digitalization has met the perceived usefulness and perceived ease of use of the TAM model. A person will accept the technology if it is useful for their tasks or work (perceived usefulness), and the use of technology will make them free from difficulties (perceived ease of use), which will have an impact on improving their performance (Davis, 1989). Digitization of MSME taxpayer obligations is one form of implementation of the TAM model so that taxpayers are helped with their tax obligations and eliminate the burden of continuous changes in tax regulations. Based on the TAM theory, if the perceived usefulness and perceived ease of use of MSME digitalization are fulfilled, there will be an increase in performance, or in this case, it can be said to be an increase in taxpayer compliance.

Therefore, it is appropriate that changes in regulations related to the imposition of final income tax on taxpayers with certain gross turnover are also transformed into a digital system. Changes related to non-taxable gross turnover, changes in rates, or the validity period of a provision can be accessed through a digital taxation system so that MSME taxpayers can focus more on their business while carrying out their tax obligations.

## CONCLUSION

Based on the explanation in the previous chapters, the author concludes as follows. The implementation of PP 55 Number 2022 on UMKM Taxpayers at KPP Pratama Muara Bungo has an impact on reducing the number of taxpayer deposits, reducing the number of taxpayers making payments, and reducing payments that are categorized as non-compliant. The payment sector is the main sector affected by the implementation of this PP. However, the number of taxpayers and payments that are categorized as compliant each year is relatively stable. The reporting sector is not too affected by the implementation of PP 55 of 2022, but based on the data, there has been a decrease in taxpayers who do not submit their Annual Tax Returns. The decrease in the number of taxpayers was caused by the emergence of non-taxable gross circulation of IDR 500,000,000 so that UMKM Taxpayers at KPP Bungo, which taxpayers dominate with a turnover of less than IDR 500,000,000, no longer make Final UMKM Income Tax payments in 2023.



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To determine the effect of PP 55 of 2022, the author also tested gross circulation as another variable. From the test results, it was found that the model that is suitable for use in research is the Random Effect Model (REM). PP 55 of 2022 was tested using the REM model, resulting in X1 (PP 55) itself partially having no effect on the compliance of UMKM Final Income Taxpayers, but X2 (gross turnover/circulation) has a partial effect on the compliance of UMKM Final Income Taxpayers. Simultaneously, these two variables, through the F-Test, affect the compliance of UMKM Taxpayers. However, X1 (PP 55) and X2 (turnover) are only able to explain Taxpayer compliance by 10.6%. So other variables are needed to find out the variables that affect UMKM Taxpayer compliance.

Changes in the policy on tax obligations of MSME taxpayers have changed several times from 2013 to 2022. These changes started with PP Number 46 in 2013, then continued with PP Number 23 in 2018, and finally, PP Number 55 in 2022. Due to changes in the applicable regulations, taxpayers need to adjust their tax obligations again, which is contrary to the purpose of tax digitalization. Tax digitalization is a solution for MSME taxpayers so that the implementation of their tax obligations is automated. However, tax digitalization must be in accordance with the TAM model, namely meeting perceived usefulness and perceived ease of use. Digitalization that is implemented in accordance with the TAM model will not only have an impact on increasing MSME taxpayer compliance but also help taxpayers handle changes in regulations in the future so that taxpayers can focus more on running their businesses.

Based on the paper's conclusion, the author writes the following suggestions: A deeper review is needed on the application of non-taxable gross circulation. With the existence of non-taxable gross circulation, there will be the possibility of tax avoidance on the grounds that the taxpayer's gross circulation has not reached IDR 500,000,000.

The Directorate General of Taxes needs to clarify the definition of the difference in gross circulation contained in Article 60 of PP Number 55 of 2022 and SE-02/PJ/2015. In PP Number 55 of 2022, gross circulation does not include a component for reducing sales deductions and returns, while in SE-02/PJ/2015, there is a component for reducing sales returns.

Analysis of other variables that affect taxpayer compliance needs to be carried out because changes to the rules alone only explain an insignificant effect and tend to decrease taxpayer compliance.

Digitalization of MSME Final Income Tax Taxpayers needs to be carried out as soon as possible. MSME taxpayers tend not to have a separate financial department, so the dynamics of regulations can cause operational disruptions that impact taxpayer compliance.

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