

ANALYSIS OF FACTORS THAT INFLUENCE THE IMPLEMENTATION OF TAX PLANNING IN SERVICE SERVICE SMES REGISTERED AT PPJI REPRESENTATIVE BOARD NORTH SUMATERA

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ABSTRACT

Small and medium enterprises (SMEs) are people's businesses that support the economy. At the end of this pandemic period, the government is aggressively supporting MSMEs from capital assistance to reduce tariffs with the hope that in the future, apart from supporting the people's economy, SMEs can also support taxation in Indonesia. Of course, this must be accompanied by socialization of tax knowledge so that SMEs will be able to plan in the future for the progress of their business and good tax planning. This study examines the effect of tax administration, loopholes, tax rates and tax sanctions on the implementation of tax planning for micro, small and medium enterprises (SMEs) in catering services. This study analyzed the primary data of the questionnaire from 63 answers of SMEs respondents who were registered with PPJI (Indonesian Catering Service Association), the North Sumatra Representative Council. Testing the research variables using the SmartPLS 3.0 application. Tax administration, loopholes, tax rates and tax sanctions have a positive effect on the implementation of tax planning on SMEs. Most of the catering service SMEs registered with the PPJI North Sumatra Representative Council understand about taxation in Indonesia, but there are many other SMEs actors who do not understand taxation or do not get the latest information in the field of taxation. The results of the study are expected to be considered by the tax authorities to formulate future tax policies that can benefit both small and medium enterprises and the government.

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1. INTRODUCTION

At the beginning of 2020 the world experienced a heavy blow due to COVID-19, now COVID-19 is not only a problem in the health sector but has developed into an economic problem that is not only happening in Indonesia but is becoming a problem almost throughout the world. It is the inevitable economic crisis that feels different from before, in which no one knows what its impact will be on people's livelihoods and lives (Hani, Krisnawati, and Sembiring 2018); (Pusparisa 2020).

Restrictions on community activities as an effort to deal with the COVID-19 pandemic have caused significant economic losses nationally. The current economic crisis is directly attacking the real sector, and those suffering the worst losses are the public as consumers, and MSMEs who are the macro economic drivers (Lora Ekana Nainggolan, Yuniningsih et al. 2020). In addition to the implementation of tax planning on micro SMEs, strategic policies are needed by government in order to address this issue.

According to (Pohan 2018) Tax planning is a process of organizing a taxpayer's business in such a way that the tax debt, both income tax and other taxes, is at a minimum amount, as long as this does not violate the provisions of the applicable laws." Indeed, the tax is intended to avoid things that might damage a company but which are not contrary to legislation on taxation. In order to minimise the tax burden paid, tax planning is an effort undertaken by the management of the company. Tax planning is carried out effectively so that it is hoped that it can reduce the tax burden with the aim of maximizing profits (Kartika 2021).

In his research Januri 2018, he said that, "what needs attention is the implementation of tax planning undertaken by a company" in order to compensate for declining profits. Companies should plan their tax affairs since taxes can reduce the company's net income, according to (Larasati 2018). In essence, tax planning is necessary in order to ensure that tax calculations are in line with the tax

legislation so that taxpayers are not subject to penalties or fines. Therefore, the tax costs paid are relatively small, but still comply with the applicable tax rules. Tax planning is affected by a number of factors, such as the administration of taxes, loopholes, tax rates and witnesses.

The phenomenon that occurs is that there are still many MSMEs who do not understand taxation in general, especially tax planning from filling out SPTs and reporting SPTs too late, said Head of Regional Office of DJP North Sumatra I Eddi Wahyudi through a press release, Wednesday (13/4/2022). SPTs were reported in the January period As of March 2021, the number of Annual Income Tax Returns was 282,546 Tax Returns. The annual Pph OPS SPTs are 276,450 and the annual Corporate Income Tax SPT is 6,096. In the meantime, a total of 268,338 SPTs have been reported as annual income tax returns from March 31 2022 onwards. This figure consists of Annual Personal Income Tax Returns (OP) of 263,260 and Annual Corporate Income Tax Returns of 5,078 Tax Returns. A decrease of 5,05 % or 14,208 SPTs has been reported in compliance with reporting annual income tax returns during the first quarter of 2022, compared to the same period last year. (Wahyudi 2022).

Table 1 Data on Taxpayers Registered at the DJP Regional Office of North Sumatra I 2017 -2022

Year	Number of Taxpayers Registered at DJP Regional Office 1 North Sumatra	Taxpayers Who Report SPT	Percentage Between Number of Taxpayers and Those Who Reported
2017	367.218	275.460	65%
2018	101.255	75.941	75 %
2019	119.979	102.000	85 %
2020	475.102	323.808	65 %
2021	767.128	282.546	37 %

Source : (MedanDisnisDaily 2017), (Bisnis 2021)

The phenomenon, which is shown to exist in table 1 of the information for taxpayers who have been designated by DJP Kanwil North Sumatra I from 2017 until 2022 and are not reporting their SPTs, suggests that a number of these taxpayers will continue to miss out on profitable opportunities or mistakes. The influence of tax rates on tax planning is that the higher the tax rate, the greater the incentive for taxpayers to carry out tax planning (Lisa Mujianti 2022), this is in line with several previous studies conducted by (Sudirman and Muslim 2018), (Rachayu, Warsini, and Rozza 2020), and (Puji Lestari 2019)

A phenomenon is forming, whereby the Government intends to exempt individual enterprises with annual turnover of less than 500 million rupiah per year from PPH under the new HPP Law. The Regulation shall enter into force on 1 April 2022. So, entities with income below 500 million rupiah per year, which were originally subject to final income tax of 0.5%, as of April 1, 2022 will be subject to 0% MSME tax (2022 Regulation). In the light of these data, it has been shown that tax rate reduction is not affecting taxpayers to submit their return on time; for example, in the quarter ending in 2022 there was a 5.05% decrease in corporation SPT reporting. Not reporting tax returns on time means that MSMEs do not carry out tax planning. This is not in line with a study of Sturm and Muslim 2018, which argues that an increased amount of the tax to be paid increases the incentive for taxpayers to plan taxes. The greater the tax rate, the greater the taxpayer's motivation to carry out tax planning.

It is possible to conclude that tax penalties do not have an impact on the timely reporting of SPT by business taxpayers as a consequence of the phenomenon noted in the data relating to the declining number of SPT reports. Tax penalties will be imposed on micro, small and medium enterprises that are late in submitting their tax returns or who do not report them.

Table 2 Bandan Tax Revenue 2017-2021 in Medan City

Year	Tax Revenue
2017	36.773.138.573
2018	43.533.775.369
2019	27.542.868.658
2020	28.958.010.964
2021	46.563.447.142

Source : Kpp Pratama Medan Polonia

From the table above it can be seen that there is a comparison between the increase in MSMEs and tax revenue in the city of Medan. The significant addition of MSMEs, especially in 2021, apparently does not affect the increase in the amount of tax revenue in the city of Medan. It can be seen from the 2018 MSME data that there were 3,598 entrepreneurs, tax income for that year was 43,533,775,369, while in

2021 MSMEs experienced a significant increase, namely 27,763 MSMEs or 672%, while tax income was 46,563477,142 or 6.9%.

Small enterprises and cooperatives have 80 % of the market, while large companies account for 20 % as announced by (Hani et al. 2018). It follows from this that micro, small and medium sized enterprises can contribute to improving people's income and stimulating economic growth. This is evident in their important position and the fact that they have been working alongside State Owned or Private Enterprises on a range of efforts aimed at achieving society's prosperity.

Likewise with MSMEs operating in the catering services sector, at PPJI (Indonesian Catering Service Providers Association) in the city of Medan and its surroundings, the MSME entrepreneurs registered therein continue to increase. Moreover, an increase in the number of PPH within the body was not associated with this increase. According to the general data almost all Micro, Small and Medium Enterprises are paying PPH 23, but in 2020 they should be able to file applications for a free certificate of PPH 23 SKB.

Theoretical Study

Tax Planning

According to (Pohan 2018) , "tax planning is the process of organising a taxpayer's affairs in such a way that their tax debt, both income tax and other taxes, is at a minimum level, unless it is contrary to the provisions of the applicable law."

Tax Planning Indicators

According to Erly Suandy (2011), tax planning indicators are Tax Planning are as follows :

1. Analyze existing information.
2. Make a capital or more plan for the possible amount of tax.
3. Evaluate the implementation of the tax plan.
4. Look for weaknesses and then improve the tax plan again.
5. Updating tax plans."

Tax Sanction

According to Mr Mardiasmo (2016), tax penalties are: "As a guarantee that the rules on taxation set out in legislation shall be respected, obeyed and complied with. Tax penalties are, in other words, a means of dissuading taxpayers from breaking the rules."

According to Rochmat Soemitro in (Rahayu 2010) the indicators for Tax Sanctions are as follows:

1. The sanctions given must be clear and firm.
2. Sanctions are in accordance with the scope of the law.
3. Narrowing or expanding the material that is the target of tax must be carried out in law.
4. The scope of application of the law is clearly limited by object, subject, and territory.
5. Legal language must be short, clear, firm without containing ambiguity. doubts and double meanings.

Conceptual framework

According to Herlina and Agus Arianto Toly (2013), in their research, differences in tax rates, loopholes, administrative sanctions, taxpayer perceptions, and taxpayer morale simultaneously influence the tax planning of corporate taxpayers in Surabaya.

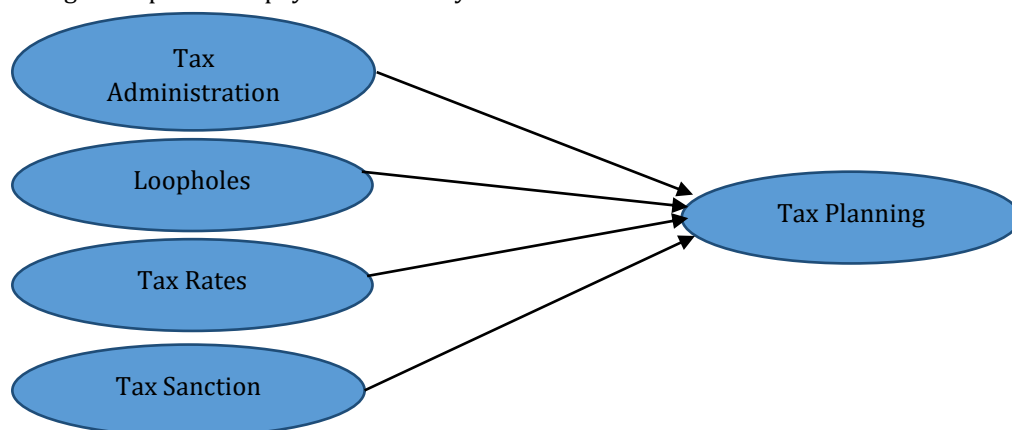


Figure 1. Conceptual Frame work

Research Hypothesis

1. Tax administration has a positive effect on Tax Planning
2. Loopholes influence tax planning
3. Tax rates influence tax planning
4. Tax sanctions affect tax planning.
5. Tax administration, loopholes, tax rates and tax witnesses simultaneously influence tax planning.

2. METHOD

Types of research

The type of research used is quantitative descriptive. Quantitative research according to (Donmoyer 2008), is an approach to empirical studies to collect, analyze and display data in numerical rather than narrative form. The data sources for this research consist of primary data, data obtained directly from MSMEs registered with the Association of Catering Service Providers in Indonesia, totaling 170 MSMEs, and secondary data obtained from relevant sources of information related to research variables such as magazines, books and journals. study.

At the Indonesian Catering Service Organizers Association (PPJI) North Sumatra Representative Council which is located at the Taman Setia Budi Indah II Bock 4 complex. Research time starts February 2022 - until completion. The sampling technique used was the convenience sampling method. Determination of samples using the Slovin formula:

$$n = \frac{170}{1 + 170(0,1)^2}$$

n = 62,96 (rounded to 63)

From the calculation above, the number of samples taken in this research was 63 respondents.

Data Analysis Techniques

Data were analyzed using SEM (Structural Equation Modeling) with the help of Smart PLS 3 software. Hypothesis testing using analysis *full model structural equation modeling* (SEM) with smartPLS. *Infull model structural equation modeling* besides confirming the theory, it also explains whether there is a relationship between latent variables (Ghozali, 2012). Hypothesis testing by looking at the calculated value *Path Coefisien* on testing the inner model. The hypothesis is said to be accepted if the significance value 0.05 (α 5%) and the hypothesis is rejected when the significance value 0.05 (α 5%).

3. RESULT AND DISCUSSION

The value of testing the research hypothesis can be described as shown below:

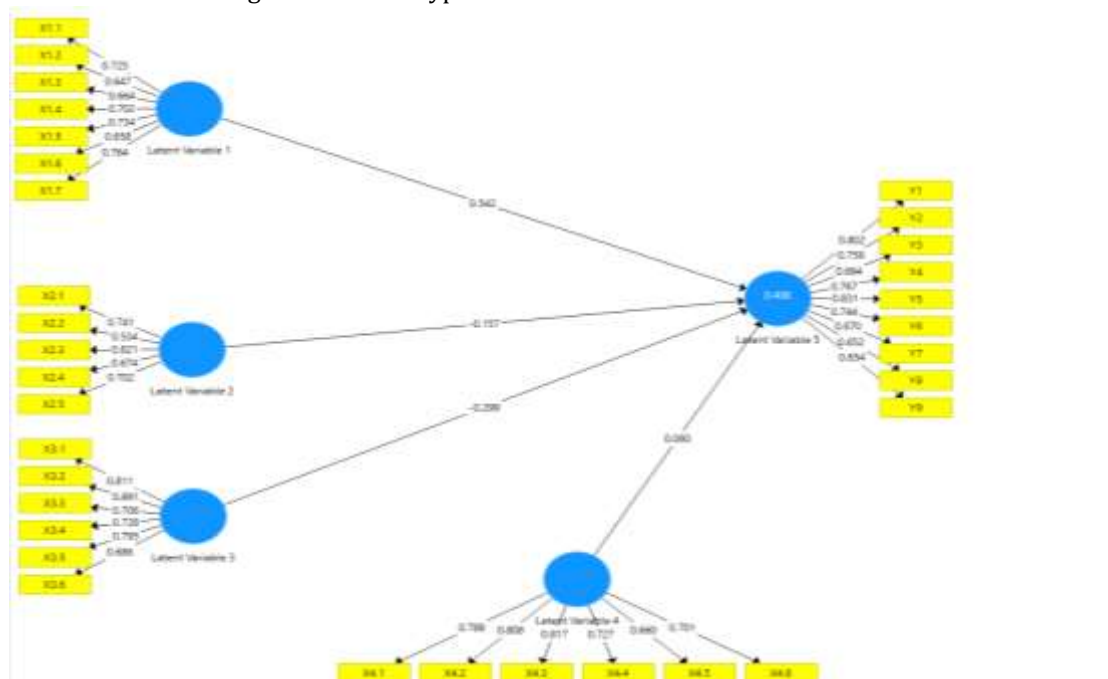


Figure 2. SmartPLS Data Processing Result (2022)

Structural Model Analysis (Inner Model)

Structural model analysis uses 5 tests, including: (1) R-Square; (2) F-Square; (3) Mediation Effects: (a) Direct Effects; (b) Indirect Effects and (c) Total Effects. Following are the test results:

R-Square

R-Square is a measure of the proportion of variation in the value of a variable that is influenced (endogenous) that can be explained by the variable that influences it (exogenous). This is useful for predicting whether the model is good/bad (Juliandi 2018). The criteria for R-Square are:

- (1) if the (adjusted) value = 0.75 → the model is substantial (strong);
- (2) if the value (adjusted) = 0.50 → the model is moderate;
- (3) if the value (adjusted) = 0.25 → the model is weak (bad) (Juliandi 2018).

The following is the R-Square table for SmartPLS data processing in this research

	R Square	R Square Adjusted
Tax Planning (Y)	0,584	0,556

Source : Pengolahan Data SmartPLS 3.0 (2022)

The conclusion from testing the R-square value in Table 4.12 is as follows: R-Square Adjusted path model I = 0.556. This means that the ability of the 4 variables X to influence Y (tax planning) is 55.6%, thus the model is classified as moderate.

F-Square

The F-Square measurement or effect size is a measure used to assess the relative impact of an influencing (exogenous) variable on the influenced (endogenous) variable. Measurement (F-square) is also called the effect of change. This means that changes in values when certain exogenous variables are removed from the model can be used to evaluate whether the omitted variables have a substantive impact on the endogenous construct (Juliandi 2018). The F-Square criteria according to (Juliandi 2018)) are as follows:

1. If value = 0.02 → Small effect of exogenous variables on endogenous;
2. If value = 0.15 → Medium/moderate effect of exogenous variables on endogenous; And
3. If the value = 0.35 → There is a large effect of the exogenous variable on the endogenous.

The following is a table of results from F-Square data processing

Table 3 F-Square Value

Variabel	Administration Tax (X1)	Loopholes (X2)	Rates Tax (X3)	Tax Sanctions (X4)	Tax Planning (Y)
Administration Tax Perpajakan (X1)					0,213
Loopholes (X2)					0,102
Tax Rates (X3)					0,532
Tax Sanctions (X4)					0,047
Tax Planning (Y)					

Source : Hasil Pengolahan Data SmartPLS 3.0 (2022)

The conclusion that the F-Square value can be seen in table 4.13 is as follows: (1) Variable (2) The variable X2 (loopholes) on Y (tax planning) has a value = 0.102, so the exogenous variable has a small effect on the endogenous; (3) The variable X3 (tax rate) on Y (tax planning) has a value = 0.532, so the exogenous variable has a large effect on the endogenous variable. (4) The variable X4 (tax sanctions) on Y (tax planning) has a value = 0.047, so the exogenous variable has a small effect on the endogenous variable.

Hypothesis Testing

Based on this data, analysis is carried out, the results can be used to answer the hypothesis of this research. To see the results of hypothesis testing in this research, you can do it by looking at the results of the t statistics and P Values. This hypothesis can be said to be accepted if P Values < 0.05. This research also has a direct and indirect influence on each variable because it contains independent variables, dependent variables and moderating variables. The results of processing the direct influence hypothesis can be seen in the path coefficient table in SmartPLS bootstrapping. The following is the Path Coefficient table.

Table 4 Hypothesis Testing Results for Effects Between Variables (Path Coefficient)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Administration Tax (X1) -> Tax Planning (Y)	0,390	0,389	0,084	4,643	0,000
Loopholes (X2) -> Tax Planning (Y)	-0,177	-0,160	0,089	1,988	0,047
Tax Sanction X4) -> Tax Planning (Y)	-0,398	-0,399	0,070	5,708	0,000
Tax Rates (X3) -> Tax Planning (Y)	0,211	0,239	0,106	1,993	0,047

Source : Hasil Pengolahan Data SmartPLs 3.0 (2023)

The path coefficient in Table 4 shows that all path coefficient values (seen in the original sample), include:

- Hypothesis 1
X1 on Y: path coefficient = 0.390 and P-Value = 0.000 < 0.05 meaning, the influence of X1 (tax administration) on Y (tax planning) is positive; From the total effect, the results of the hypothesis test are the influence of Tax Administration on tax planning, planning (Y).
- Hypothesis 2
X2 on Y: path coefficient = -0.177 and P-Value = 0.047 < 0.05, meaning, the influence of From the total effect, the results of the hypothesis test are the influence of loopholes on tax planning, planning.
- Hypothesis 3
X3 on Y: path coefficient = 0.398 and P-Values = 0.000 < 0.05, meaning that the influence of Based on the total effect table, the results of the hypothesis test are the effect of tax rates on tax planning, Tax has a positive effect on tax planning. This shows that differences in tax rates influence taxpayers to carry out tax planning.
- Hypothesis 4
X4 on Y: path coefficient = 0.211 and P-Values = 0.047 (< 0.05), meaning that the influence of From the results of the total effect analysis of SmartPls 3.0 data, the value of the influence of tax sanctions on tax planning, variable

4. CONCLUSION

Based on data obtained in research regarding the factors that influence tax planning in food service MSMEs registered with PPJI of the North Sumatra representative council, the respondents in this study were 63 MSME actors, then analyzed, the following conclusions were drawn: Tax administration has a positive effect on tax planning for food service MSMEs registered with the PPJI of the North Sumatra representative council. Most MSMEs already understand tax administration. Loopholes have a positive effect on tax planning in food service MSMEs registered with the PPJI of the North Sumatra representative council. Knowledge about loopholes motivates taxpayers to carry out tax planning without violating statutory regulations. Tax rates have a positive effect on tax planning for food service MSMEs registered with the PPJI of the North Sumatra representative council. The higher the tax rate, the more it will motivate taxpayers to carry out tax planning. Tax sanctions have a positive effect on tax planning in food service MSMEs registered with the PPJI of the North Sumatra representative council. MSMEs tend to avoid tax sanctions, both administrative and criminal sanctions. For the variables loopholes and tax sanctions, the hypothetical results are close to 0.050, namely 0.047, which means they influence but are not too strong, perhaps more statement items need to be added to strengthen the hypothetical results. Food service MSMEs must continue to look for information about taxation, so that if there is information that is beneficial for MSMEs in the field of taxation, for example a reduction in rates or an increase in rates, MSMEs can quickly carry out tax planning so as not to incur losses. MSME players must be able to make financial reports, so that they can calculate the tax rates charged themselves and ultimately carry out good budgeting or tax planning. MSME actors must be punctual in paying and reporting taxes, in order to avoid tax sanctions, both administrative sanctions and criminal sanctions that are detrimental to the MSMEs themselves. The Directorate General of Taxes often conducts online and free socialization about

taxation for MSMEs. It is hoped that MSMEs will not miss out on information about this, because this benefits MSMEs.

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