

Evaluation of Online Business Tax Application Compliance (Case Study: Mobile Merchant)

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Abstract

This study aims to evaluate compliance on the implementation of online business taxation, which becomes the responsibility of doing online businesses. A qualitative research method was used in this study thru a case study approach. Data collection was carried out using interview technique with eight interviewees who ran an online business. This study indicates that there is no difference on the tax treatment imposed on online business transactions versus conventional transaction. Income Tax and Value Added Tax are the taxes levied. Online business actors in general are already aware of taxation, such as the purpose of paying taxes, the importance of having a Tax Identification Number (NPWP), the existence of tax penalties if they do not comply with tax regulations, and the tax mechanisms that they must implement when running a business. The majority of online businesses that qualify as MSMEs in the mobile phone industry are already aware and obedient of their tax obligations that they have to pay. Nevertheless, there are still MSME taxpayers who have not complied in applying taxes on online businesses that are run. This is because tax officials' socialization of MSMEs is still ineffective and unevenly distributed. Furthermore, for online businesses established as entity, most of them are obedient in paying and reporting their taxes, but do not fully understand the mechanism for implementing Value Added Tax and Income Tax to run online businesses. As a result, they continue to rely on consultant services to calculate and report taxes.

Keywords

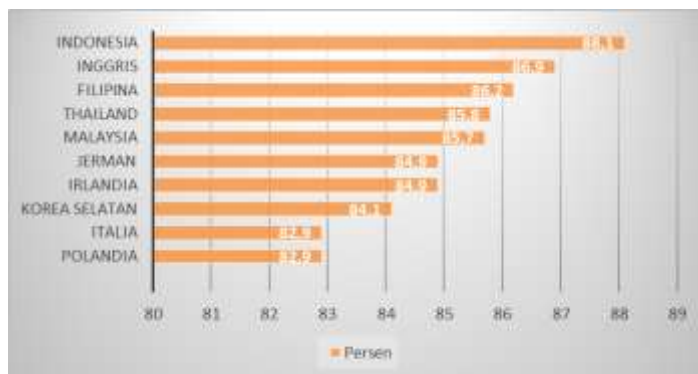
online business; value added tax; income tax



I. Introduction

The development of internet technology changes the buying and selling transaction process from conventional sales to online-based sales. In Indonesia, it is expected that online-based sales will continue to expand. In addition to being more cost-effective, online business processes are simpler than in conventional businesses. Selling goods and selling services are both examples of products traded. Pandemic outbreak is also stated as one of the reasons. Since community activities are severely limited at the time, many individuals start to work and study from home, and the outbreak of a pandemic may also be said to be a supporter of the development of transactions in online businesses. Lifestyle using new adaptation insists the community to conduct their activities using a gadget or even electronic devices connected to the internet. Development is a systematic and continuous effort made to realize something that is aspired. Development is a change towards improvement. Changes towards improvement require the mobilization of all human resources and reason to realize what is aspired. In addition, development is also very dependent on the availability of natural resource wealth. The availability of natural resources is one of the keys to economic growth in an area. (Shah, M. et al. 2020)

Among other countries, Indonesia has the highest percentage of e-commerce users. This is due to the fact that the Indonesian population numbers in the hundreds of millions, making the potential for Indonesian electronic commerce development very large, especially during a pandemic that forces individuals to change their daily habits, particularly working and studying from home using smartphones or computers. Many people rely on technology to help them with their daily tasks.



Source: We Are Social, 2021

Figure 1. Percentage of E-Commerce Usage in the World

According to the data presented above, Indonesia has the greatest percentage of e-commerce users, at 88,1 %. England moves up to second place with a percentage value of 86,9 %. Furthermore, among the 10 countries listed above, Italy and Poland have the lowest percentage of e-commerce usage (82,9%).

According to the Indonesian Internet Service Providers Association (APJII) survey results in 2017, internet access for online purchasing transactions were 32,19 % and online selling transactions were 16,83 % (trentech.id, 2018). According to a MarkPlus, Inc. survey, gadgets have become one of the most popular categories of purchases over the last year. Gadgets receive 25,80 % in the survey (Liputan6.com, 2021).

Data on the percentage of marketplace utilization in Indonesia also show a growth in online-based trading transactions. *Tokopedia* is the most popular online marketplace, with 32,04 % of traffic in January 2021 and a 33,07 % rise in March 2021. *Tokopedia* also has the most monthly visitors, at 126,4 million. *Shopee* is the second most popular online marketplace. *Shopee* has a 29,73 % marketplace traffic and 117 million monthly visits. Several marketplaces complete the next ranking, including Bukalapak, Lazada, Blibli, iPrice, Amazon, Ralali, Cekreasi, and JD.ID (cnbcindonesia.com, 2021).

It is expected that as internet utilization grows, so will the number of online buying and selling transactions. This is consistent with the Minister of National Development Planning Agency (PPN)/Head of *Bappenas*' remark that online business has increased by 15,4%. Furthermore, e-commerce gross merchandise value sales have climbed by 54% from USD21 billion in 2019 to USD32 billion (equivalent to IDR 266,3 trillion) and are expected to reach USD83 billion by 2025. (Indonesia.go.id, 2021).

The e-commerce market is dominated by online businesses with MSME status. This is consistent with the Ministry of Cooperatives and SMEs (Small and Medium Enterprises) assertion in June 2021 that 19%, or 12 million MSMEs, have shifted to the digital ecosystem (pajak.com, 2021). E-commerce transactions, which are steadily increasing, and the expansion of traders who use e-commerce to sell their products provide an excellent opportunity for the government to levy taxes on e-commerce transactions (online

business). Nonetheless, the contribution of MSMEs to national tax income remains relatively low. The MSME final *Income tax* (Income Tax) contribution in 2019 was only IDR 7,5 trillion, or around 1% of the total *Income tax* income in the same year, which was IDR 711,2 trillion (money.kompas.com, 2021). This is also reinforced by Suahasil Nazara, Vice Minister of Finance, who emphasizes that MSMEs in Indonesia are still under pressure. Prior to the pandemic, there are 2 million MSMEs that take advantage of final income tax, but now there are only around 200 thousand.

To further promote MSMEs, the Ministry of Finance enacted many policies to entice taxpayers to pay taxes on their earnings. The government issues Law No. 7 of 2021 on Harmonization of Tax Regulations (*UU HPP*), which goes into effect in January 2022. The regulation states that business actors with a gross annual turnover of up to IDR 500 million are exempted from paying income tax. Likewise, the government announces PP No. 23 of 2018, which incorporates a change in the Final *Income tax* rate of 1%, which is later reduced to 0,5% for MSMEs.

Another regulation specified in the *UUHPP* is that the VAT rate for taxpayers having Entity or *PKP* (Taxable Entrepreneur) status will be increased from 10% to 11%. Entity or *PKP* (Taxable Entrepreneur) status of online business actors are required to collect and deposit VAT on the goods they sell. Additionally, *PKP* must comply with their income tax obligations in accordance with current tax legislation. With the issuance of these regulations, the government, particularly the *DJP* (Directorate General of Taxes), anticipates that online commerce in Indonesia will keep growing, accompanied by increased taxpayer understanding and compliance, which is consistent with the economic recovery.

Based on the above background, namely the increasing growth of online businesses and the existence of tax obligations that must be applied by online business actors, the researcher is interested in evaluating the compliance with the taxation application of online business actors. Previous research by Viana, Margareth, and Serly (2017) has only discussed how far taxpayers are aware of the implementation of income tax on online shop businesses and if they have cooperated with the tax. Sari's (2018) research is limited to examine the *DGT/DJP* e-commerce *DJP*'s tax policies, instead of discussing taxpayers (business owners). Kartika's (2019) study is limited to discuss the application of taxes to a single taxpayer (one online business owner). Pratiwi's (2020) study is limited to examine how far taxpayers are aware of the existence of e-commerce tax regulations. As a result, the researcher will provide a more detailed description of this study. This study not only examines taxpayer understanding of online business tax rules, but it also assesses taxpayer compliance in terms of whether online businesses have paid, collected, and reported their taxes to the State. The taxes mentioned are then expanded to include not only VAT and income tax reported by *PKP* (Taxable Entrepreneur), but also income tax payments made by MSME online business actors following the issuance of government regulations incorporating a reduction in Final income tax rates. This study will mainly focus on mobile phone merchants since cellphones are one of the products with a higher sales trend from year to year. Based on the context of the problems described above, the purpose of this study is to assess online business actors' understanding of online business tax rules and their tax compliance.

II. Review of Literature

2.1 Online businesses

Online business is defined as the distribution, marketing, and purchase and sale of goods and services using electronic systems such as the internet, websites, and so on. With the development of E-commerce, buying and selling transactions may now be completed online from any location and at any time.

2.2 Small and Medium Enterprises (SMEs/UKM)

Based on Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), Article 6 states the criteria for Small and Medium Enterprises, namely:

a. Small Business Criteria

Business actors with a total net worth of IDR 50 million to IDR 500 million, excluding land and buildings for commercial purposes, or annual sales of IDR 300 million to IDR 2,5 billion.

b. Medium Enterprise Criteria

Business actors having a total net worth of IDR 500 million to IDR 10 billion, excluding land and buildings for business premises, or annual sales of IDR 2,5 billion to IDR 50 billion.

2.3 Taxable Entrepreneurs

Entrepreneurs who make submissions that are tax objects under the VAT Law must report their business in order to be confirmed as *PKP* (Taxable Entrepreneurs), with the exception of small entrepreneurs whose limits are specified by the Minister of Finance. Taxpayers must have a gross annual turnover of IDR 4,8 billion to be confirmed as *PKP*. Nevertheless, if the taxpayer does not earn IDR 4,8 billion in a year, he or she might register as a *PKP*, as long as the subjective and objective requirements are met.

2.4 Taxes for Online Businesses

Basically, business taxes are levied on online businesses in the same way that taxes are levied on conventional business units. There are two types of taxes charged for the online businesses, namely Value Added Tax and Income Tax. In the implementation of two types of taxes for the online business actors, there are 3 crucial points. The first point explains that taxes levied on digital and conventional businesses are the same. The second point is for online businesses on the MSME (*UMKM*) scale to implement Tax Regulation Number 23 of 2018 concerning Income Tax on Business Income received or obtained by taxpayers with a gross turnover of not more than IDR 4.800.000.000 at a rate of 0,5 %. The third point is intended for the online businesses outside the MSME (*UMKM*), in which those are the online businesses which have a turnover above IDR 4.800.000.000. Online businesses that are not MSMEs will adhere to tax laws and regulations.

III. Research Method

This study was a case study using a descriptive qualitative approach. This study relied on primary data sources. Primary data were gathered directly from the object under study or from sources chosen by the researcher. Data from in-depth interviews were available in digital form, as well as transcripts of notes. The interview was carried out with the interviewees, namely taxpayers (online shop business owners).

IV. Result and Discussion

This study aims to assess online business actors' understanding of online business tax regulations, as well as tax compliance when running an online business. The study's findings were collected through interviews with eight interviewees who ran online businesses. Interviews are conducted over WhatsApp Voice or by visiting the offline store (face to face). According to the findings of interviews, the majority of business owners not only run online but also have a physical store (offline store). In terms of business form, the majority of them are possessed by individuals or MSMEs rather than corporations (PT/Limited Liability Company). In terms of business age, the majority of business actors have been running an online business for more than two years, employing various marketplace platforms such as *Tokopedia*, *Shopee*, *Blibli*, and others. *Tokopedia* is the most extensively used marketplace by online business actors, as indicated in the background and interview results; practically all sources use *Tokopedia* as a platform to sell their items. *Tokopedia* is very user friendly for both sellers and consumers, the promotions offered are higher than other platforms, and the process of disbursing funds from sales is also quicker, making it very easy for the seller.

4.1 Evaluation of Online Business Actors' Understanding and Compliance with the Implementation of Online Business Taxation

a. Online Business Actors' Understanding General Taxation Regulations

Because of the rapid development of online business, online transactions now involve tax duties that must be completed. The significant role of taxes in state revenue must be consistent with a comprehensive understanding of taxpayers. According to the findings of interviews, the majority of online business actors in the mobile phone market are already aware with taxation in general. All businesses actors selected as interviewees are already aware of the importance of paying taxes to the government. This is supported by the opinion expressed by Interviewee 5 as the owner of the MSME called as Platinum:

"The purpose of paying global taxes is to develop our country so that it can become more advanced"

This is in line with a statement from Interviewee 6 who is the owner of Master Phone Shop:

"In my opinion, the goal of paying taxes, in my opinion, is to assist Indonesia's development. One of the contributions to the government is public awareness of the importance of paying taxes".

Interviewees 2 and 3 share the same opinion as Taxable Entrepreneurs, namely:

"Taxes are utilized to build the country as well as to power the Indonesian economy".

As for the opinion of Interviewee 1 who is also a Taxable Entrepreneur:

"Taxes must be paid because neglecting to do so might result in fines".

One of the foundations for assessing taxpayer compliance in the implementation of their tax duties might be a good understanding of their motive for paying taxes. They also comprehend the requirements for obtaining a Taxpayer Identification Number (NPWP), which serves as an identity when paying taxes to the state. All business actors who are used as interviewees have voluntarily registered as taxpayers and obtained a TIN/NPWP in order to pay business taxes. Personal NPWP is still used by business persons with MSME

status, but business actors with Entity or PKP/Taxable Entrepreneur status already utilize the Corporate NPWP type or on behalf of their business. Nonetheless, interviewee 7, the owner of Artha Retail Mandiri's online business, claims that he/she only has an individual NPWP as an employee, not as a business actor, and that the tax is only applied to revenue received as an employee, not income from his/her business.

The socialization carried out by tax officials is largely responsible for business actor's understanding of the implementation of online business taxation. Regarding the socialization or tax counseling obtained by online business actors, the majority of online business actors have gotten socialization or tax counseling from tax officials, but the majority of the others have never had such socialization. This is proven by Interviewee 1 as Taxable Entrepreneur for Dk Cell's online business, who claims that he/she has received counseling from the Tax Office when he/she turned his/her business into an Entity (Limited Liability Company/PT). Interviewees 3 and 4 as Taxable Entrepreneurs also assert that they have received socialization regarding taxation from the Tax Office. This is also consistent with what Interviewee 5 stated as the owner of an MSME, in which he/she obtains socialization from tax officers who work in groups to provide socialization to merchants of ITC Cempaka Mas. Another online business actor, on the other hand, has never been socialized. They merely read and learn from information found on the internet as well as information from other merchant friends.

Departing from the discussion above, it can be concluded that online business actors, whether MSMEs or Entities in general, already comprehend taxation in general. Starting with taxpayers' understanding of the purpose of paying taxes, ownership of NPWP/TIN (Taxpayer Identification Number), and the penalties they may receive as taxpayers if they do not comply with the tax regulations. The roles of tax officers in raising taxpayers' understanding of their tax duties are crucial for business actors, particularly those with MSME status; almost all MSMEs believe that they have never received taxes socialization. Tax officers must be more aggressive in conducting socialization with the traders or merchants, particularly education on online business taxation. The following is a brief table as an evaluation of online business actor's understanding of tax rules in general:

Table 1. General Tax Understanding Summary Table

No	Items	Understand/Do not Understand							
		DK	LG	MX	DG	PL	MP	AR	SP
1	Purpose of paying taxes	√	√	√	√	√	√	√	√
2	Volunteer to register to get a TIN/NPWP	√	√	√	√	√	√	√	√
3	Type of NPWP/TIN	√	√	√	√	√	√	√	√
4	Tax socialization and counseling	√	x	√	√	√	x	x	x
5	Sanctions/penalties for taxpayers who do not comply with the tax rules	√	x	√	√	x	x	x	x

Source: Processed by the Author (2022)

b. Evaluation of MSME Taxpayer Understanding and Compliance on the Implementation of Online Business Taxes

Government Regulation Number 23 of 2018 is one of the tax regulations that is implemented to Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. The government provides an option to calculate their income tax. The taxpayers can either follow the tariff with the final scheme of 0,5% or use the standard scheme, which corresponds to Article 17 of Income Tax Law Number 36 of 2008. The calculation of Final

Income tax under Government Regulation Number 23 of 2018 becomes effective on July 1, 2018. Beforehand, the MSMEs tax is based on Government Regulation No. 48 of 2013. The change that occurred is in the rates imposed for MSMEs. The initial rate used is 1%, which is eventually reduced to 0,5 %. All MSMEs that run online businesses with a turnover of less than IDR IDR 4.8 billion and choose the Final *Income tax* scheme have tax obligations based on the Government Regulation. The purpose of this regulation and the reduction in tariffs by 0,5% is to make it easier for MSMEs to carry out their tax obligations and to enhance MSME compliance in paying taxes. The tax calculation is likewise simplified, with 0,5 % of their gross turnover.

Based on the results of interviews with four MSME online business actors, all taxpayers do not know in depth about PP No. 23 of 2018. This is confirmed by statements from Interviewees 5 and 6 as MSMEs, namely:

"I'm aware of the regulations, but I do not really comprehend them. What I know is that MSMEs must apply taxes in accordance with the regulations."

Interviewee 8 as the owner of the MESME called as Cellular Plus also states the same thing:

"I do not understand in detail, but I know that the regulation includes a 0,5 % of Final Income tax for MSMEs".

Interviewees 5, 6, and 8 as MSMEs declare that they have implemented tax responsibilities and have chosen to calculate final income tax using PP number 23 of 2018. They also claim that they have always paid and submitted their taxes properly and on time. However, Interviewee 7 is an MSME that has not applied the tax because the business is still small, unlike mobile phone stores in general, and has a small profit, just around 0,7%.

The interviewee 5, the owner of the Platinum online store, provides his/her view on the tax computation in accordance with PP No. 23 of 2018. He/she states that applying taxes using the PP No. No. 23 of 2018 is reasonably simple because she/he has been able to compute his/her taxes independently without the assistance of others. The method of calculation is as simple as multiplying the entire turnover by the 0,5 % rate. He/she can then pay directly through an ATM without leaving the house. This is also assisted by the recording of their sales, which makes it easier for them to calculate taxes independently. This is also consistent with the rationale for the DGT to make it easier for MSMEs to calculate their final income tax. However, in addition to his/her tax compliance, Interviewee 6 postulates her/his hopes for PP. 23 of 2018, namely:

"I hope that the Final Income tax rate, which is currently less than 0,5 %, can be reduced further. This is due to the fact that some of the products sold have large margins while others have small margins. Since the margin in the mobile phone sector is small, the profit is only approximately 7%, 5%, or even 2%. With that much profit, we need to cut another 0,5 %, so it is a terrific deal."

Similar opinion is also stated by the Interviewee 8:

"It significantly affects profits with a Final Income tax rate of 0,5 %. My profit as a mobile phone seller is really small, and it is further reduced by the rate, so I can really feel it."

Their compliance as MSME taxpayers is further demonstrated by the fact that they have never received tax penalties as long as they run a business both offline and online. One of the aspects that assist taxpayer compliance in applying their taxes is the convenience of procedures and systems given by the DGT/DJP. Most of the business actors state that there are no hurdles or difficulties in paying the tax payments.

According to the findings of the preceding discussion, the majority of the MSME online business actors in the mobile phone industry who are participating as interviewees already understand and have begun to implement their tax obligations. They have paid Final *Income tax* at a rate of 0.5% in accordance with PP. 23 of 2018. In compliance with PP Number 23 of 2018, they have already paid Final Income tax at a rate of 0,5%. This result is in line with the results of research by Rahma (2021) that the knowledge of MSME taxpayers on the Final *Income tax* rules is still low at 68%. It is still the DGT's and tax officers' responsibility to give equal socialization to MSMEs. The lack of socialization is also revealed by Interviewee 7 of Artha Retail Mandiri, who is unaware of the requirements and has not applied the taxes for their business. Indeed, if socialization is carried out equitably and all MSMEs are screened, particularly in the mobile phone industry, tax revenues from MSMEs can expand and assist the wheels of the Indonesian economy. Additionally, tax officials must welcome MSME business actors in order for them to become more familiar with taxes. Based on the researcher's experience when conducting interviews, there are still many business actors in the mobile phone industry who are afraid when they hear something related to taxes. Thus, several of the actors refuse to be interviewed because they are worried that they will be reported to the tax officer in order to pay their taxes. The following is a brief table as an evaluation of the understanding of MSME online business actors on tax rules and compliance with the application of online business taxation:

Table 2. Summary Table of MSME Taxpayer Understanding and Compliance

No	Items	Understand/Do Not Understand and/or Comply/Do Not Comply			
		PL	MP	AR	SP
Tax Understanding of MSME Taxpayers					
1	Understanding of PP No. 23 of 2018	X	X	X	X
2	Obstacles or difficulties during tax payments	√	√	*	√
Compliance on Tax Implementation of MSME Taxpayers					
3	Compliance with paying Final Income Tax of 0,5%	√	√	X	√
4	Recording for the sales	√	√	√	√
5	Tax sanctions/penalties	√	√	*	√

Source: Processed by the Author (2022)

c. Evaluation of Understanding and Compliance of PKP Taxpayers on the Implementation of Online Business Taxes

Online business actors that have a turnover of more than IDR 4.8 billion and have been verified as a Taxable Entrepreneur (PKP) have VAT tax obligations. According to Law Number 42 of 2009, Taxable Entrepreneurs are required to collect VAT on every sale of goods, so that all consumers who transact with PKP must be charged a VAT of 10% of the acquisition price. The government then announced a new regulation, the UU HPP, which changes the VAT rate from 10% to 11% beginning in April 2022. In addition to collecting VAT, PKP is required to pay taxes on their earnings and withhold taxes on their employees' earnings in accordance with tax regulations.

According to the findings of interview with four online business actors who have PKP status, all taxpayers indicate that they have correctly and on time to collect, pay, and

report their taxes, both income tax and VAT. In calculating their business taxes, the majority of PKP taxpayers use the services of a consultant to reduce errors in computing the taxes that must be paid when calculating their business taxes. However, as the owner of Dk Cell, Interviewee 1 states that he/she has paid correctly but is not always timely in submitting the tax. This is evidenced by his statement that the store he runs has been penalized for delays in reporting his taxes. This is indicated by his/her claim that the store has been penalized for the delay in tax reporting. Interviewee 1's statement is as follows

“My store has been penalized. I was late in filing my 2019 and 2020 annual tax returns at the time; thus, I was fined IDR 1.000.000.00 per year.”

All taxpayers state that they have kept a book that produces a Profit and Loss Report and a Balance Sheet as the basis for calculating their taxes as an online business actor who has been confirmed as a PKP. Online transaction recording and accountancy is also reasonably simple since all incoming and outgoing transactions are automatically listed in online marketplace systems such as *Tokopedia*, *Shopee*, and others. Then, an understanding of the latest regulations, namely Law Number 7 of 2021 concerning Harmonization of Tax Regulations (HPP), all taxpayers state that they do not fully understand the law, only knowing one of its components, namely an increase in the VAT rate from 10% to 11%. The owner of Dk Cell, Interviewee 1, believes that the increase in the VAT rate is increasing his/her burden as a business. Customers are affected by the increase in VAT rates, in addition to traders. With the increase in tariffs, the capital issued is greater, and this has an impact on the selling price which becomes higher and more expensive. The similar statement is expressed by Interviewees 2, 3, and 4 that the higher VAT rate to 11% made it even more difficult for traders. This is because in the world of gadgets or mobile phones, they as traders only get very small profits. The amount of margin for mobile phone products is also very small; thus, for the mobile phone industry, it is not very suitable for the application of the 11% tariff.

In addition to collect and deposit VAT, PKP taxpayers also have an obligation to withhold tax on income given to their employees. Interviewees 2, 3, and 4 as PKP assert that they withheld and report taxes on their employees' earnings. Yet, as a PKP, the Interviewee 1 has not applied the tax to the income distributed to its employees. This is proved by Interviewee 1's statement, namely:

“Because my employees' incomes are still below the minimum wage, I have not deducted taxes from their earnings. I also believe that my business is still small in comparison to other large businesses. I became an Agency because becoming an Official Store at Tokopedia required me to create a business entity, and because my turnover at Tokopedia exceeded IDR. 4,8 billion, I was obliged to become a PKP.”

The majority of PKP business actors claim that they do not understand how to apply income tax, including how to calculate it and the amount of income tax paid. They submit all of their tax estimates to the tax consultant appointed to handle their taxes. This is done to reduce errors in their business tax calculations as well as their lack of taxation understanding. They do, however, report their taxes independently, despite using consultancy services to calculate their taxes. All PKP business actors agree that the procedures and systems offered by DGT/DJP made paying taxes easier. Interviewee 2, the owner of the LG Shop, states that the tax payment system is satisfactory; it is further aided by the availability of e-billing, which allows all payments to be done immediately and swiftly by ATM or m-banking.

According to the findings of the preceding discussion, all online business actors with PKP status in the mobile phone industry already understand and have implemented their tax obligations, including income tax and Value Added Tax. This is verified by taxpayers' compliance in paying and reporting their taxes correctly and on time, and never obtaining tax penalties from the DGT/DJP. However, aside from their compliance in paying taxes, online PKP business actors continue to have a poor understanding of the tax's application. In terms of tax reporting, they continue to rely on consulting services for guidance in the application of taxation. This is consistent with the findings of Lestari and Theresia (2019), who reveal that while online business actors with PKP or corporation status grasp the process of VAT treatment, but they do not fully understand income tax. The table below is a brief evaluation of PKP online business actors' understanding of tax rules and compliance with the application of online business taxation:

Table 3. Summary Table of Understanding and Compliance of PKP Taxpayers

No	Items	Understand/Do Not Understand and/or Comply/Do Not Comply			
		DK	LG	MX	DG
Tax Understanding of PKP Taxpayers					
1	Understanding of the UUHPP, especially the increase in the VAT rate to 11%	√	√	√	√
2	The effect of the increase in VAT rate on the selling price	√	√	√	√
3	Obstacles or difficulties during tax payments	√	√	√	√
Tax Compliance of PKP Taxpayers					
4	Compliance with paying and reporting income tax	√	√	√	√
5	Compliance with collecting, depositing and reporting value added tax	√	√	√	√
6	Tax sanctions/penalties	✗	√	√	√
7	Perform bookkeeping that results in L/R reports and balance sheets.	√	√	√	√
8	Use of invoices as proof of collecting VAT	√	√	√	√
9	Compliance with withholding taxes on income provided to employees	✗	√	√	√

Source: Processed by the Author (2022)

4.2 Taxpayer's Advice and Input on Taxation in Indonesia

Interviewee 5 provides comments and suggestions on taxation in Indonesia, particularly for PP No. 23 of 2018. He/she states that the 0,5 % tax is not appropriate for the mobile phone or gadget sector, and it is preferable for tariffs to be differentiated for each industry. This is due to the mobile industry's excessive turnover, which cannot be equalized with other industries. This is consistent with the opinions and recommendations of MSMEs of the Interviewees 6 and 7. According to Interviewee 7, the government should differentiate the tax rates across industries. The 0,5% tariff is excessive and has a

significant influence on mobile phone sales. Then, like other MSMEs, Interviewee 6 hopes that the Final Income tax rate will decrease below 0,5 %. He/she adds that the mobile phone business has a limited margin, thus the profit earned is just approximately 7%, 5%, or even 2%. With a small profit and 0,5% must be deducted, he/she as a trader disagrees to pay the tax. Furthermore, Interviewee 8 as an MSME advises the DGT on how to make tax counseling more routine so that more traders might be socialized. The more traders who are well-socialized, the more likely they are to pay taxes.

In addition to MSME taxpayers, PKP taxpayers contribute thoughts and recommendations on taxation in Indonesia, particularly on the VAT rate, which has been raised to 11%. According to Interviewee 3, the VAT rate must be different for each industry; it cannot be the same. This is consistent with the thoughts and recommendations of Interviewee 2 regarding the variations in the amount of VAT rates for each industry. He/she believes that the VAT rate should be different based on the category or industry. This is because the mobile phone or gadget industry itself has a small margin but the tax rate given is very large, coupled with the service fees in the online marketplace platform that must be borne, making traders in the mobile phone industry very objectionable to the increase in rates.

From the results of the discussion above, it can be concluded that all online business actors, both MSMEs and agencies in the mobile phone industry, strongly object to the amount of tax rates they have to apply. MSME business players objected to the final income tax rate of 0.5%, while PKP business players objected to the 11% increase in VAT rate. All online business actors give the same advice to DGT, namely the difference in tax rates (Final Income Tax and VAT) for each industry, it cannot be averaged cannot be averaged across industries.

V. Conclusion

The purpose of this study is to evaluate online business actors' understanding of the implementation of online business taxation. This study employs a qualitative research design with a case study technique. Data is gathered through interviews with eight interviewees who run online businesses. Based on the study's findings, it is possible to conclude that online business actors in the mobile phone industry in general already understand taxation, such as the purpose of paying taxes, ownership of NPWP, the existence of tax sanctions if they do not comply with tax regulations, and the tax mechanisms they must implement when they have a business.

Most online businesses that qualify as MSMEs in the mobile phone industry have met their tax obligations. However, some MSME taxpayers have yet to comply with the implementation of online business taxes. This is because tax officials' socialization of MSMEs is still ineffective and unevenly distributed, so not all MSMEs understand and realize that they must pay taxes on the money they earn as online business actors. Then, for online businesses that are PKP or Entities, they have complied and have begun to apply VAT and Income tax tax duties for their online businesses. However, in calculating and reporting taxes on their business, PKP business actors still use the assistance of consultant services, this is done to minimize errors in their business tax calculations.

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