



JUSTICE TAX BASED ON MSME ENTERPRENEUR PERSPECTIVE CASE STUDY OF ATOM MARKET SURABAYA

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Abstract

Several previous studies state that Government Regulation No. 46 of 2013 considered as unfair to those who run Micro, Small and Medium Enterprises (MSME). This can be happened because the draft final tax of one percent is charged on the turnover regardless of whether there is additional economic capability of SMEs or not. Government Regulation No. 46 of 2013 has been in effect for three years, according to the observer's view, the regulation requires the existence of a good evaluation both from the SME entrepreneurs and the government.

Accordingly, the purpose of this study was to evaluate the imposition of final income tax at the rate of one per cent from the perspective of MSMEs in Atom Market Surabaya. This study use a qualitative approach, purposive sampling, particularly the case study approach in the SME entrepreneurs in the market atom Surabaya. The results show that from the perspective of MSMEs, justice has not been occurred in the application of Government Regulation No. 46 of 2013. Supposedly justice occurs if the amount of tax is paid in line with the development of the turnover. In addition, other SME entrepreneurs with a higher turnover, though not being shaped as shop equipment, also should be taxed.

Keywords: SME taxes, Government Regulation No. 46 of 2013, the final tax, tax justice.

Background

Micro, Small and Medium Enterprises (MSMEs) is one of the national economy's engine that has an important role in Indonesia. Tambunan (2000) explains that small businesses are proved to be strong and have strategic

role in overcoming the impact of the Indonesia's economic crisis in 1997.

Based on data from the Central Bureau of Statistics and the Ministry of Cooperatives and SMEs in 2012-2013, the number of MSMEs recorded is

57.895 million units, or 99.9 percent of total business unit in Indonesia.

Furthermore, the number of MSMEs workers is as much as 87.3 million workers (CBS, 2016). Along with the trend of units development of SMEs, employment and contribution to GDP has increased as well.

The cost of entry in the formal business of developing countries is high, this is due to the government taxation policies.

Thus the government will need to create a special status for small businesses to increase the tax base (Auriol & Warlters, 2005).

Some of the things that cause little tax from the SME sector by Seidu, Abdul, and Sebil (2015), is the high relative taxes of SMEs in income, the complexity of taxation procedures, lack of tax knowledge, the education level of SMEs, the lack of book-keeping, multiple taxation, and counterfeit income report.

Anjarwati (2013) explains that if it to be studied further, there are at least five problems of SMEs. First, SMEs are generally constrained in products marketing access and maintaining standardization of the products. Second, SMEs are not yet fully understood in calculating profit and turnover of which will be used as the basis for tax payments. Third, many SMEs still do not understand the obligation and manner of taxes payment. Fourth, for those SMEs who have understood the tax, they often reluctant to pay taxes with a reason of objection on the tax rate. The fifth problem, many SMEs are constrained in paying taxes in the

bank, it is caused by the limited hours of service time and distance access to the banks.

Factors that may affect the tax compliance of SMEs are the willingness to pay taxes and the documents' completeness (Mukhlis, Utomo, & Soesetyo, 2014). Various OECD and G20 countries also simplify the tax rate specifically for the SME sector (OECD, 2015).

The dominance of SMEs in the Indonesian economy has not been able to match the tax revenue earned from SMEs, the data show that most of the tax revenue is dominated by large taxpayers whose account is less than one percent (Endrianto, 2015). Some of the causes are the main focus of the Directorate General of Taxation (DGT) which is focused on the large taxpayers while the oversight of SMEs have not been optimally performed and the low tax compliance of SMEs.

Tax compliance related to the procedure, the procedure of calculation and others are still quite difficult to implement and a little confusing for SMEs.

Tax collection from the SME sector is not the easy thing. Not only in Indonesia. In other countries, both developed and developing countries, the SME sector is one sector that is hard to control in terms of tax compliance.

Research by Seidu et al. (2015) revealed that a significant factors in SME tax are the type of SME, tax-related knowledge, and multiple taxation. It has been recommended that there should be an adequate knowledge of the importance of taxes and the gov-

ernment should make a more attractive tax which will not be avoided by the formal and informal sectors.

Research by Ocheni and Gemade (2015) in Nigeria which related to the imposition of multiple taxation has a negative impact on the resilience of SMEs and their significant relationship between the size of SMEs with the ability to pay taxes.

Therefore, he recommends the government imposes a uniform tax policy and considering the size of SMEs in setting tax policy.

With the various forms of SMEs, prudence is a necessity in setting tax policy. Business size alone is not sufficient as a justification for government intervention in the form of special regulations (OECD, 2015).

The Government consideration over the imposition of income tax at the rate of one per cent of the gross turnover every month which had been final for MSMEs, as stated in the explanation of Government Regulation No. 46 of 2013, are simplicity in tax collection, the reduced administrative burden for both the taxpayer and the DGT, and paying attention to the development of economic and monetary.

At first glance it appears to make things easier, but there is a potential injustice because of the SMEs margin's difference. In reality, a number of services businessmen from various sectors will probably be happy to welcome the birth of this policy.

Why not, with a profit margin that could be reached 50 percent, they simply pull a tax of one percent. On

the other hand, when the turnover was nearing 4.8 billion a year, as required by this policy, it opens the possibility of SMEs to split the entity in order to remain being taxed one percent.

While in other sectors, a number of small entrepreneurs with lower profit margins will be dither instead. The impact of rising prices of daily necessities and groceries become a burden for its survival.

The compiling of Government Regulation No. 46 of 2013 does not take the aspect of justice into consideration.

The explanations on Government Regulation No. 46 of 2013 states that the purpose of the imposition of levies on SME turnover up to a maximum of 4.8 billion is a form of convenience provided by the government.

Syahdan and Rani (2014) mention when SMEs refused to follow the policy, it will be taxed greater and more burdensome.

Application of Government Regulation No. 46 of 2013 in Surakarta (Setyaningsih & Ridwan, 2013), taxpayers pay taxes because they feel there is no choice but to pay to terminate the obligation to pay taxes.

The imposition of income tax, which is final, means that after the repayment of income tax of one per cent, which is calculated from the gross turnover, the obligation to pay tax on such income is considered complete and final (Syahdan & Rani, 2014).

SME tax rules should be as easy as possible to be applied to all SME

criteria, because for this small SMEs with a turnover not have clear book-keeping as their basic responsibilities in the payment of taxes to the state.

In order for the tax collection being managed properly to achieve justice, there are several theories that provide state justification in collecting taxes.

One theory of tax collection is the theory of endurance, Suandy (2000) explains that based on the theory, the tax collection should be in accordance with the power to pay of the taxpayer.

All taxes shall be in accordance with the endurance of the taxpayers with great attention to income and wealth and the spending. In this case, it is clear that the tax on companies (stores) and taxes from shopkeepers are interconnected, and must be analyzed simultaneously by the tax officer (Slemrod, 2004).

This is in line with the concept of fairness in taxation (equity principle), according to Musgrave and Musgrave in Subroto (2014) the imposition of final income is not in accordance with justice because it does not reflect the ability to pay (ability to pay).

Fair taxation is that the greater the income, the greater the tax to be paid. It's called the justice vertical or vertical equity. Income in meant here is the net income, which is an income that is obtained after deducting expenses from gross income according to the deduction allowed by tax regulations.

Voluntary compliance of citizens against taxation policy is a reflection of modern society (van Dijke & Verboon, 2010). Improving tax compliance for SMEs means that the government must establish good communication and build trust for SMEs before imposing sanctions or a warning letter.

The effort to build this trust can also be done by reforming the quality of tax institutions in Indonesia. Research by Torgler, Demir, Macintyre, and Schaffner (2008) in the USA and Turkey shows that the quality of institutions such as the level of corruption also affects the tax morale.

Final income tax which is calculated directly from the taxation of gross income is not in accordance with the concept of fairness in taxation.

The size of the net income of a person or business entity will not affect the amount of tax to be paid because the tax is calculated by multiplying the rate directly against the gross income.

Even at a loss too, with the imposition of final income, person or business entity must still pay taxes.

While Rantung and Adi (2009) explains that the willingness to pay taxes as a value that willingly contributed by someone (defined by rules) which is used for state public finance expenditure and does not receive reciprocal services directly.

The willingness to pay taxes is influenced by several factors, including the condition of the tax administration system of a country, service to taxpayers, enforcement of tax laws and tax rates (Devano & Rahayu, 2006).

In contrast to previous studies, Sanjaya (2008) in his research showed that the willingness to pay taxes was supported by tax knowledge, perceptions of tax penalties, the improvement of the tax, the perception of the tax officials, and perceptions of the ease of implementation of the tax system.

In comparison, there is a difference between the theory of endurance with the theory of willingness to pay. Tax collection which is based on the theory of endurance is based on internal factors of the taxpayer to pay great attention to income and wealth and spending.

While the theory of willingness to pay said the willingness to pay taxes is influenced by external factors of the taxpayer itself, namely the condition of a country's system of tax administration, service to taxpayers, enforcement of tax laws and tax rates.

The goal of setting the imposition of final income tax by one percent is to provide convenience to taxpayers who receive or earn income from a business that has a certain gross income, to perform calculations, remittance and reporting of income tax payable.

Based on data from the Directorate General of Taxation stating that most of the tax revenue are dominated by large taxpayers which amount is less than one percent.

It shows that the convenience provided by the government to implement the imposition of final income tax by one percent has not been utilized by the SME entrepreneurs.

This research is needed to determine why the SME entrepreneurs take advantage of the imposition of income tax by one percent or not using the facility and even choose not to pay taxes based on the theory of willingness to pay.

This research is expected to be used as a material consideration for the government as one of the basic consideration of changes in tariff imposition of final income tax for SMEs.

The result of the research by Atawodi and Ojeka (2012) in Nigeria, revealed that the high tax rates and the complexity of administrative procedures are the most crucial factors that cause SME tax non-compliance. Abrie and Doussy (2006) also said that the administrative requirements hamper the SME tax compliance and advise the South African government to reduce administrative obligations, compliance requirements, and tax benefits for SMEs.

For subsequent years, the Government and the various stake-holders need to provide information and education to SMEs of information and education related to tax laws, tax laws and various issues relating to the taxation of SMEs, which is also very important to be given to SMEs. Because the better the knowledge on taxation, the easier it will be to comply with taxation (Kołodziej, 2011)

Research Question

Based on this background, the researchers consider it is important to do a case study of tax fairness from the perspective of SME entrepreneurs and

evaluating the implementation of final income tax by one percent.

Thus the focus of this research is the perspective of the SME entrepreneurs to the imposition of final income tax by one percent, so the research problems can be formulated as follows:

- a. How is the application of the imposition of final income tax by one percent to MSMEs in the market atom Surabaya?
- b. How is the evaluation of the implementation of final income tax by one percent to MSMEs in the market atom Surabaya?

Theoretical Reviews

According to Rantung and Adi (2009), the concept of paying taxes developed into two sub-concepts.

First, the willingness to pay is the value that an individual is willing to pay, or exchange any sacrifice to obtain goods or services. The second is the concept of taxes.

Waluyo (2003) explains that the tax is an achievement imposed unilaterally by and payable to the government (by regulation), in the absence of counter-achievement, and is used solely to finance government spending.

Agree with Waluyo (2003), Siti (2009) explains that the tax is the contribution of citizens to the state treasury under the Act (enforceable) without the services of reciprocity (cons achievement) directly demonstrated, and used to finance state expenditures.

Based on the explanation of the two subconcepts above, the definition

for the willingness to pay taxes could then be developed. Willingness to pay taxes can be interpreted as an act of moral values of the taxpayers to voluntarily spend money (in accordance with applicable law) in which the money will be used for the general purposes of the state, and do not get direct feedback from the state.

Research conducted by Rantung and Adi (2009) state that the willingness to pay taxes could be interpreted as the value contributed by someone willing (defined by regulation) which is used to finance public spending state without acquiring goods or services directly.

The willingness to pay taxes is influenced by several factors, including the condition of the tax administration system of a country, service to taxpayers, enforcement of tax laws and tax rates (Devano & Rahayu, 2006).

In contrast to previous studies, Sanjaya (2008) in his research showed that the willingness to pay taxes was supported by tax knowledge, perceptions of tax penalties, the improvement of the tax, the perception of the tax officials, and perceptions of the ease of implementation of the tax system.

While the research conducted by Rantung and Adi (2009) showed that the shape and perception of the reasons that indicate the willingness of the taxpayer to pay the tax are: (1) the taxpayer feels that the amount of tax to be paid is not burdensome, or at least according to the income. Taxpayers would pay taxes if the tax burden does not affect the ability of the economy significantly. (2) the taxpayer considers that the tax penalty has been carried

out fairly. With this assessment, the taxpayer will pay tax based on the belief that taxpayers who do not pay taxes will be penalized. (3) Taxpayer assess the utilization of the tax is correct, for example the use of taxes for the construction of public facilities. (4) Taxpayer assess the tax authorities provide good service.

Based on the above statement, it can be explained that the moral stance in the form of desire or willingness to pay the taxes need to consider that the tax is an absolute obligation to the citizens, it is necessary for the government to participate in improving a sense of love towards the state before.

Research Methods

The case studies in this study is one of the markets in Surabaya, which had stood since 1972, namely Atom Market Surabaya. SME entrepreneurs in the Atom Market Surabaya are dominated by gold shop, culinary, clothing, garments, and other potential tax which become a subject of income tax revenue.

In addition, the legendary Atom Market is a market in Surabaya which became the central hub of tourist visits as well as visits from local merchants, so the market target visitors is not only including the area of Surabaya but also includes East Indonesia area. Stands, which reached 2,000 and the various types of businesses, enabling everyone who visit there to find all their needs in one of the shopping areas.

Creswell (2012) explains that the case study is a qualitative approach conducted by researchers by exploring

real life through detailed data collection, involving a variety of resources.

A case study approach is expected to provide benefits to the Ministry of Finance, particularly the Directorate General of Taxes, in evaluating the application of Government Regulation No. 46 of 2013 to MSMEs.

A case study approach in this study begins by identifying MSMEs in the Atom Market Surabaya based on the subject which is charged by final income tax according to Government Regulation No. 46 of 2013.

The subject of taxes in accordance with Article 2 of Government Regulation No. 46 of 2013 is "non Taxpayers who receive a permanent establishment business income, excluding income from services in connection with the work-free, with a gross income does not exceed 4.8 billion in the fiscal year".

Furthermore, Creswell (2012) explains that the unit of analysis for the case study approach is to study the activity or more from more than one individual.

Based on this research, we interviewed eight informants come from the SME entrepreneurs in Atom Market Surabaya with business scope of eligible gross income which not exceed 4.8 billion in the fiscal year.

Eight informants consists of Aiman and Winanjar owner of a fabric store; Andi, Yunita and Arifin gold shop owner, Harnoko clothing store owner, Tono cosmetics shop owner, and Andika the owner of an appliance store (this is not real name because the

identity of the informants is being kept in order to maintain the credibility of informants).

Our interviews carried out in stages, beginning on December 13, 2016 until December 15, 2016. On December 30, 2016 we reconfirmed to all our informants.

Discussion

A. Implementation of the Final Income Tax Imposition sum of One Percent To Entrepreneurs SMEs in Atom Market Surabaya

The provisions of Article 2 paragraph (2) Government Regulation No. 46 of 2013 states that the taxpayer Non-permanent establishment which receives revenue from businesses, excluding income from services in connection with the work-free, with a gross income does not exceed 4.8 billion in the fiscal year is charged by the final income tax.

Of gross income in the language of trade is generally referred as turnover, whereas in accounting terms known to be called by the income (revenue).

Furthermore, the provisions of Article 2 paragraph (3) Government Regulation No. 46 of 2013, which is not subject to final income tax in accordance with the provisions of Government Regulation No. 46 of 2013 are those who undertake business activities or services in their efforts:

- a. using facilities or infrastructure that can be assembled, whether settled or not settled; and

- b. using part or all of a public interest which are not destined for a place of business or selling. For example, itinerant food vendors, hawkers, stall tents on the sidewalk, and the like.

Anjarwati (2013) explain to the taxpayer on income not subject to final income tax in accordance with Government Regulation No. 46 of 2013, but is taxed in accordance with the provisions of the Income Tax Act invitation.

While tax payer which is not subjected to final Government Regulation in accordance with the provisions of Article 2 paragraph (3) Government Regulation No. 46 of 2013 are:

- a. Corporate taxpayer who has not been in commercial operation; or
- b. Taxpayers body within a period of one (1) year after the commercial operation obtain gross income exceeds Rp4.800.000.000,00 (four billion, eight hundred million rupiah).

Pandiangan (2014) explains there are two parties that are expected to benefit from the enactment of Government Regulation No. 46 of 2013.

For the public, especially taxpayers with gross income of certain categories, the implementation of the Government Regulation No. 46 of 2013 is expected to (1) make it easy and practical to carry out tax obligations, which are to calculate, pay, and tax reporting; (2) Low in terms of amount or number of payments because the tariff is low at only one per cent; (3) the tranquility and comfort to taxpayers for making the payment of tax liabilities to the state.

The gains derived by government including (1) the functioning of the tax regulerend for the community, (2) increasing number of people who will contribute actively in paying taxes (so that the coverage ratio increases) because it is easily implemented and the tariffs are low; (3) improvement in tax compliance society; and (4) can predict the tax revenue next year from the taxpayer in question.

Some of the business of SMEs in the Atom Market Surabaya stated that since the implementation of Government Regulation No. 46 of 2013, the quietness and comfort is being felt by Aiman-owner of a fabric store because there is an assurance amount of the tax rate to be paid, which is one percent of turnover, so that there are no longer checks led to the underpayment.

Aiman shopkeeper fabric that stood since 1983 until now. Store operations run by family members without hiring additional staff. Declining economic situation and the condition of the Atom Market traders competing with merchants of plaza atoms, causing the turnover of stores from year to year is declining due to the gain on sale which does not correspond to the cost of store operations. *"... Once the profit margin could take an average of ten percent. Even with these conditions, up to three percent profit margin had to be taken, there is an important circulation of goods "*

Business communities of SMEs others found tranquility and comfort, aside for making the tax payment obligations, the tranquility was also obtained as to avoid a warning letter from the tax office.

Warning letter will be sent by Tax Service Office when a decline in nominal final tax remitted compared with the previous month.

"... We will receive a love letter from tax service office if our tax payments fell from the previous month" (Winanjar-owner of a fabric store and Harnoko-owner of clothing store).

"... Rather than receiving a love letter from the tax service office, money from private pockets used to pay taxes" (Tono-owner of a cosmetics shop).

Ease in calculating, paying, and the final payment of tax is not felt by businesses in the SME of Atom Market. Some store owners explain that they hire a tax consultant or hire specialized employees who handle taxation.

"... Than the one filling out the form deposited taxes, we hire a tax consultant, although the cost comes out to hire the services of a tax consultant is greater than the final tax payments" (Tono-owner of a cosmetics shop and Andi-gold shop owner).

"... I employ accounting staff, he is responsible for all matters relating to tax in my shop" (Arifin-gold shop owner).

One of the businesses, namely Winanjar-owner of a fabric store suggested that the ease of application of the final tax of one per cent according to Government Regulation No. 46 of 2013 can be felt by the business is the ease of tax payment without any form of tax payments is difficult (without the account code taxes and code types tax payments), the taxpayer only needs

to bank and pay the tax in accordance final nominal tax to be paid (automatic calculation of the tax deposited tax service office and connected with the bank).

This was confirmed by Winanjar-owner of a fabric store "... *the payment mechanism should be simplified, that can be equated with pay land and building tax or the motor vehicle tax. Especially at this time, we are prompted to show the payment code. The reporting mechanism was easy, because usually the seller, who had already been elders, do not understand computers, let alone asked to fill out a tax report* "

The amount of the final payment of income tax of one per cent from the turnover of businesses in the Atom Market is still burdensome, according to the businessmen.

"... *The economic situation does not improve, causing the loss of my merchandise. Although there is a discourse of final income tax payment amount that will be passed down from one percent to 0.5 percent, it is still useless, as long as the economic situation has not improved ...* " (Tono-owner of a cosmetics shop).

"... *The application of one percent tariff, when compared to the general rate of article 17, on the basis of the tax calculation of 30% of turnover based on Net Income Calculation Norm reduced by non taxable income, has a tax liability that is not so different* "

Tax fairness is the nature (act or treatment) which is not arbitrary or biased on the existing taxation system

(Syahdan and Rani, 2014). One percent is not a small number for SMEs.

Illustrated, for example, a mobile phone kiosk, if there is a bid of a product from Rp.610.000,00 to be Rp605.000,00, it will certainly be maintained, as one percent of Rp600 thousand is amounted to Rp6,000, if the profit is Rp5,000 and the must paid tax is Rp6.000 then it will be burdensome or become negative. Not even once that it can be equated among the other economic doer, such as stalls legal whose profit margin is quite high.

B. Evaluation of the Implementation of Final Income Amounting One Percent To Entrepreneurs SMEs in Atom Market Surabaya

Evaluation of the implementation of final income tax of one percent is applied at Atom Market is already implementing the tax calculations in accordance with Government Regulation No. 46 of 2013.

Based on the results of research and interviews on Atom Market, all traders who are incorporated within HIPPA (Atom Market Traders Association) have paid income tax of one percent of SME's final income tax.

Traders do deposit taxes with few options, through the services of a tax consultant, collectively through HIPPA, or do a direct deposit via bank.

With the issuance of the policy on income tax provisions stipulated in Government Regulation No. 46 Year 2013, in which the regulation explains the business received the gross turnover which do not exceed Rp.4,8 bil-

lion in one year, will be subject to final Income Tax.

Although the Government Regulation No. 46 of 2013 is not explicitly mention MSME, but from the tax scheme of the Government Regulation No. 46 of 2013 and based on the limitation of criteria according to Law No. 20 of 2008, MSME will be charged one percent of turnover.

From the principles contained in the Income Tax Act, the principle of fairness is one thing that is highlighted in taxation.

Taxes should be imposed on the increase in economic capability. While turnover is just an uncut burden income in business activities.

When it's compared with the profit taken by SMEs business operators with the obligation to pay taxes in Government Regulation No. 46 of 2013, then the provisions of Government Regulation No. 46 of 2013 is burdensome, although only obliging for tax payer to pay one percent of turnover. *"...thus, the total tax liability accounted for 33 percent of the gross profit. That is not including the cost of store operations. The tax rate in real terms exceeds the income tax rate tax payer body which amounted to 25% of net profit..."* (Winanjar-the owner of a fabric store).

Winanjar-the owner of a fabric store, also explain that the burdensome conditions to pay taxes in Government Regulation No. 46 of 2013 due to the economic conditions that have been coming down since 2014, causing the turnover decreased about 60%.

Andi-household appliances shop owner has objected to Government Regulation No. 46 of 2013 as follows:

"...yes certainly it's burdensome, but for the future we should be accepted, so in the future everything will be more developed. If it is developed later in the future, we can feel it ourselves..."

By the assumption that this tax is not fair for SMEs with low margin, then there should be a scheme for SME segmentation based on its turnover. The Segmentation can be used as a base on the amount of tax to be charged.

Harnoko-the owner of a fabric store, stated that :

"...if I may give suggestion, final enactment of income tax by one percent should consider the minimum amount of turnover that is subjected to final income tax. For example, the minimum gross income is USD 500 million to 4.8 billion, which is the object of final income tax by one percent..."

Furthermore, he stated that *"...when it's compared with workers in factory wages with a definite nominal monthly for regional minimum wage. While SMEs business operators whose income is uncertain on every month, why they do not get the right on final income tax personal exemption of the Government Regulation No. 46 of 2013..."*

The definition of tax also needs to be done deconstruction by considering aspects such as the environment in order to balance the dominant economic composition to avoid swept capitalism.

Taxation practices also need to start paying attention to the environment by making the tax regulation with a positive impact on the environment (Liu, 2013).

Yunita and Arifin-gold shop owner expressed his objection due to the application of gold was also the object of value added tax “...*the gold we sell get two percent value added tax , then we must pay the final income tax by one percent based on Government Regulation No. 46 Year 2013. Imagine how much margin we need to make...*”

In the background, it is mentioned that there is a difference between the theory of endurance with the theory of willingness to pay, that taxation is based on the theory of endurance which is based on internal factors of the taxpayer by paying great attention to income, wealth, and expenditure.

While the theory of willingness to pay said the willingness to pay taxes is influenced by external factors of the taxpayer itself, namely the condition of a country's system of tax administration, service to taxpayers, enforcement of tax laws and tax rates.

From the research that we did on the merchant of Atom market, there are economic requirements that must be fulfilled in tax collection, which should not interfere with the economy.

The turnover obtained by SMEs entrepreneur will be used to pay employee salaries, electricity costs, rental, lending, and cover the costs of high start-up. So with the tax burden request to take precedence over other payment obligations, the government seemed

not pro-SME, as well as contrary to the intention of empowering SMEs as stipulated in Law No. 20 of 2008.

Based on this argument, Indonesian Young Entrepreneurs Association (HIPMI) is hoping that the government revise the Government Regulation No. 46 of 2013 as it is considered burdensome to MSME entrepreneurs.

Besides the issue of the tax object, without consideration of whether SMEs are still in the growing stage, which often experience the loss, but the tax burden remains one percent.

In fact, if the turnover at 4.8 billion rupiah of large and medium companies experience the loss, there are tax loss compensation of fiskal loss. Justice obviously does not appear in tax treatment between SMEs and large enterprises.

Conclusion

From the explanation above, it can be concluded that in general, the willingness to pay taxes for SMEs, especially for the SME entrepreneurs in the Atom market is still high, as long as the ease to calculate, pay, and report the tax in accordance with the actual situation.

On the other hand, the ability to pay taxes began to decline due to the sluggish economy and the advent of e-commerce which is resulting decline in turnover and margin to be lowered.

It appears that the theory of willingness to pay stating that the willingness to pay taxes is influenced by external factors of the taxpayer itself, namely the condition of tax administra-

tion system of a country, service to taxpayers, enforcement of tax laws and tax rates have a dominant role in the final payment of income tax of one per cent of the turnover in Government Regulation No. 46 of 2013.

While the theory of endurance stating that the tax collection should be in accordance with ability to pay the taxpayer, so the depiction of tax justice has not been felt by the SME entrepreneurs in the Atom market Surabaya.

The willingness to pay taxes are still high despite the fall of turnover, this is due if the taxable value drops, SMEs intended to be monitored and given tax bill because it is not running tax liability properly. Even with the average profit margin below 5%, the willingness to pay taxes persist despite heavy.

In addition, there are additional costs to be incurred, some SMEs are forced to use the services of a tax consultant because business owners find it difficult to report and pay their tax obligations.

If asked to choose, the perpetrators of SMEs referred prefer the ease and clarity compared to the tax rate. For them, the general rate is not a problem as long as it's easy and obvious, especially for ordinary people who aren't used at using computers.

Limitations and Further Research

The results of this study are expected to contribute in particular to the government in formulating tax policy more easily and precisely for the perpetrators of SMEs.

The samples in this study using purposive sampling, this is done because many SMEs are not willing in the interview related to the issue of taxation.

Further research can be expanded by looking for a sample in another location. In addition, the study of willingness and ability of tax payments from the offender e-commerce can also be made to explore the potential and expand the tax base.

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