

## The Effect of the Covid-19 Pandemic on the Compliance Level of Annual SPT Reporting for Individual Taxpayers at the Pondok Aren Tax Office, South Tangerang City.

Ambarwati <sup>1\*</sup>, Indra Sumarna Sobari <sup>2</sup>, Rudi Kristanto <sup>3</sup>

<sup>1,2,3</sup> Institut Ilmu Sosial dan Manajemen STIAMI, Jakarta, Indonesia

<sup>1</sup> ambarwati@stiami.ac.id , <sup>2</sup> indra@stiami.ac.id , <sup>3</sup> rudikristanto@stiami.ac.id

Author corresponded \*

### ARTICLE INFO

### ABSTRACT

*The Covid 19 pandemic in Indonesia began in early 2020 which caused changes in the economy to become unstable and the wheels of business were hampered or some even stopped their activities.*

*The Covid-19 pandemic has caused open unemployment (TPT) and poverty, the impact experienced by all taxpayers throughout the country is at least enough to make activities in this country not conducive.*

*In order to realize the national economic recovery due to the impact of the Covid-19 pandemic which has experienced a very significant decline and low tax revenues are consequences that the government must accept. Through the Ministry of Finance issued several incentive and relaxation policies in the field of taxation for taxpayers affected by the Covid-19 pandemic.*

*Government policy refers to the efforts made to attract investors in order to encourage economic activity, namely by providing tax incentives and relaxation., with the government policy of the Directorate General of Taxes (DGT) of the Ministry of Finance providing relaxation in the form of simplifying the submission of documents for completing annual notification letters or SPT, in Covid-19 pandemic conditions. This relaxation is given to corporate taxpayers and individual taxpayers.*

*This study is intended to determine whether there is an effect of incentives and relaxation as well as an understanding of tax regulations, the quantitative method used in this study is based on tax rates and the principle of justice for mandatory compliance, during the Covid 19 pandemic, with the level of compliance in reporting the Annual Tax Return of Individual Taxpayers. Utilization of Information Technology has a significant effect on taxpayer compliance.*

### Keywords :

*Taxpayer Compliance; the covid-19 pandemic; tax return reporting*

### INTRODUCTION

Tax revenue is the largest source of funds in the administration of government and development. The increase in tax revenues is increasing and has an important role from year to year in supporting national development. The existence of taxes is expected to improve the welfare of all people's lives. With the Self Assessment system adopted in tax collection in Indonesia, full trust is given to taxpayers to calculate, deposit, and report all their tax obligations. Tax authorities implement different measures to improve tax compliance. Each country has different steps from one country to another in the application of taxation. Nevertheless, many practical and theoretical accounts such as the tax compliance slippery slope framework have categorized the different measures into two basic approaches: the power approach and the trust approach. The power approach (also called the deterrence or command and control approach) relies on frequent audits and heavy penalties in case of tax evasion. The trust approach stems from transparency, fair procedures, or the belief that paying taxes honestly is a binding social norm. The interplay, interaction, and dynamics between these two approaches are seen

as important for tax compliance. The tax system is becoming complex, so more taxpayers will choose the assisted tax preparation method which includes self-preparation with tax software and using a tax consultant, and this has indeed increased over the years. Until recently, tax authorities around the world used electronic tax administration systems to interact with the taxpayer public in the collection, administration, and regulation of tax compliance. Taxpayers must have knowledge of developments that occur such as changes in decisions that may occur such as Minister of Finance Decrees that occur in certain situations, including having the competence to prepare returns that comply with legal requirements using a system, namely full trust given to Taxpayers to calculate, deposit, and report all their tax obligations. This system is used by taxpayers because they are required to fill out the Annual Tax Return, meaning that taxpayers are required to calculate and report the income tax payable without going through a third party or tax authority. The audit carried out by the Fiskus is the completeness and correctness of the reporting as well as conducting an examination to find out the truth of the material in the taxpayer's report, or in this case the Tax Return. In practice, this system can increase acceptance because it is carried out by the system that has been implemented.

In the midst of the Covid-19 Pandemic, the strategy carried out by the Directorate General of Taxes (DJ P) made a breakthrough in Perppu 1/2020 concerning State Financial Policy and Financial System Stability in Handling the Corona Virus Disease 2019 (Covid-19) Pandemic and/or In the Context of Handling Threats which endanger the economy and national and/or stability. financial system, providing tax facilities in the form of incentives, and facilitating business processes to become IT and user friendly, which can optimize state revenues from the taxation sector through the expansion of the tax base and continue to play a role in improving the national economy, by encouraging investment convenience. And is expected to improve the national economy. This was taken by the Director General of Taxes. Submission of the complete Annual SPT document in the form of a complete financial report and various documents required based on the Director General of Taxes Regulation Number: 02/PJ/2019, no later than 30 June 2020 using the corrected format of the SPT Form (D J P, article).

Pada tahun 2019 pada periode yang sama, jumlah wajib pajak yang melapor mencapai 11.682.289 wajib pajak (Media Indonesia, 22 April 2020), sedangkan pada hingga 19 April 2020 tercatat mencapai 52,97% atau 9.712.537 wajib pajak dari total sekitar 18 juta wajib pajak..Tren pemulihan ekonomi Indonesia pada tahun 2021 diproyeksikan akan berlanjut dengan program percepatan vaksinasi dengan pasokan vaksin yang on-track. Penerimaan pajak hingga Februari 2021 mencapai Rp 181,8 triliun. Pencapaian ini merupakan 12,6% dari target penerimaan pajak tahun ini. Beberapa komponen pajak tumbuh positif jika dibandingkan Februari tahun lalu atau periode sebelum pandemi Covid-19 diberlakukan. (Realisasi APBN 2021, Kementerian Keuangan).

Income Tax receipts will continue to move until the reporting period for Individual Annual Tax Returns (SPT) ends on March 31, 2021. The Director General of Taxes at the Ministry of Finance noted that individual Income Tax (PPh) receipts until the end of February 2021 experienced a contraction or minus 12.51%. Compared to the same period last year, revenue still grew by 19.76%. The government has also given the government an extension of time which will be covered by Article 21 Income Tax (DJP) incentives until June 2021.

In 2019 in the same period, the number of taxpayers who reported reached 11,682,289 taxpayers (Media Indonesia, 22 April 2020), while up to 19 April 2020 it was recorded at 52.97% or 9,712,537 taxpayers from a total of around 18 million taxpayers. The trend of Indonesia's economic recovery in 2021 is projected to continue with an accelerated vaccination program with on-track vaccine supply. Tax revenue until February 2021 reached Rp 181.8 trillion. This achievement represents 12.6% of this year's tax revenue target. Several tax components grew positively when compared to February last year or the period before the Covid-19 pandemic was enacted. (Realization of APBN 2021, Ministry of Finance).

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## LITERATURE REVIEW

The research team from the University of Cambridge, UK investigating the origin of the virus has analyzed a large number of strains from around the world and calculated that the beginning of the outbreak occurred between September 13 and December 7, 2019. The results of the research were published in a scientific journal published in the Proceedings of the National Academy of Sciences (PNAS). The team analyzed the strains using phylogenetic networks, mathematical algorithms that can map the global movement of organisms through mutations in their genes. While the coronavirus strains found in Europe are mostly East Asian variants, the journal only examined the first 160 strains collected after late December 2019.

The International Monetary Fund (IMF) and several institutions predict a weakening of the world economy, including those projecting the global economy to grow minus 3%. The slowdown in business activities that began at the end of March 2020 has the potential to reduce tax revenues. The government is aware of the impact of the Covid-19 pandemic, considering that this outbreak only began to spread in Indonesia in the second week of March 2020. Along with regulations related to Work From Home (WFH) both government and private. To restore the Indonesian economy, the government formed a Covid-19 Handling Committee. and the National Economic Recovery (PEN) which was established based on Presidential Regulation Number 82 of 2020 and signed by the President on July 20, 2020. The best effort to save the economy is to remain focused on providing larger working capital loans to MSME business actors. The Ministry of Finance has issued several incentive and relaxation policies in the field of taxation for taxpayers affected by the Covid-19 pandemic in order to realize the National Economic Recovery. Tax incentives temporarily imposed by the government during the Covid-19 pandemic include ;

1. Article 21 Income Tax Incentives

2. Tax Incentives for UMKM

The slowdown in economic activity and contraction of GDP can also be seen from a decline of minus 2% of state revenue sources in 2020. The government is committed to maintaining the sustainability of state finances to create security and public welfare as indicated by the Government's efforts to manage fiscal well through increasing state revenues in an overall manner. optimally, prudent debt management and continuous performance improvement. The impact of the Pandemic on the Business World on the turnover layer below Rp 5 billion was most significantly influenced by the percentage of Taxpayers who recorded a decline in sales during the SPT PPN DN period of 88% which resulted in a decrease in state revenue sources. UMKM are a form of community effort to support the country's economy, where during the Covid-19 pandemic, UMKM were the most affected business actors. The classic problem that often arises is the low tax payment by UMKM. So with PP. 23 of 2018 which came into effect on

July 1 2018, where the government reduced the final tax rate for UMKM from 1% to 0.5%, which is expected to increase taxpayer awareness to pay taxes obediently during the COVID-19 pandemic. The 2020 National Economic Recovery budget allocation reached Rp. 695.2 trillion with realization up to 83%. The budget allocation for UMKM with a ceiling of Rp. 116.31 trillion with a realization of Rp112.44 trillion (96.6%) with the aim of supporting the UMKM capital and cash flow during the COVID-19 pandemic in the form of capital assistance either through banks or directly.

To help maintain people's purchasing power, the Government provides P Ph Article 21 facilities borne by the government for workers in sectors affected by the pandemic and have an income of no more than Rp. 200 million a year which is tax support for the economy and handling the Covid 19 pandemic. Utilization of fiscal incentives The 2020 tax has helped maintain business resilience 464,316 taxpayers in PPh article 21 incentives to increase people's purchasing power 131,889 entrepreneurs, 1.97 million employees amounting to Rp 1, 71 trillion, Incentives to help UMKM Final PPh (PP 23 UMKM) amounted to 248,275 UMKM worth Rp 0.67 trillion. In 2021 the National Recovery budget will increase to Rp. 699.43 Trillion, the budget allocation for UMKM and Corporations is Rp. 193.74 Trillion with a realization of Rp. 41.73 Trillion (21.5%). As of May 17, 2021, incentives to increase people's purchasing power are PPh 21 for 89,608 entrepreneurs amounting to Rp 1.01 trillion and Final PPh UMKM (PP 23 UMKM) for 124,736 UMKM amounting to Rp 0.26 trillion.

## RESEARCH METHODS

Research Approach, Quantitative research method is a method used to answer research problems related to data in the form of numbers and statistical programs. In order to properly describe the approach and type of research, population and sample, research instruments, data collection techniques, and data analysis in a research proposal and/or report, a good understanding of each of these concepts is required. Quantitative research is a number or number that is certain so that it can be assembled and also makes it easier to read, and makes it easier for researchers to understand (Sunyoto 2016:21). This study aims to examine whether there is an effect of individual taxpayer compliance on the impact of the Covid 19 Pandemic and the efforts made to achieve increased individual taxpayer compliance in reporting SPT during the Covid 19 Pandemic. This study also uses secondary data in the form of 2020. and Report on the Budget Realization of the 2021 RAPBN obtained in PSBB Volume 2 PEN (Tax for the Acceleration of National Economic Recovery, Ministry of Finance).

### Data Collection Techniques

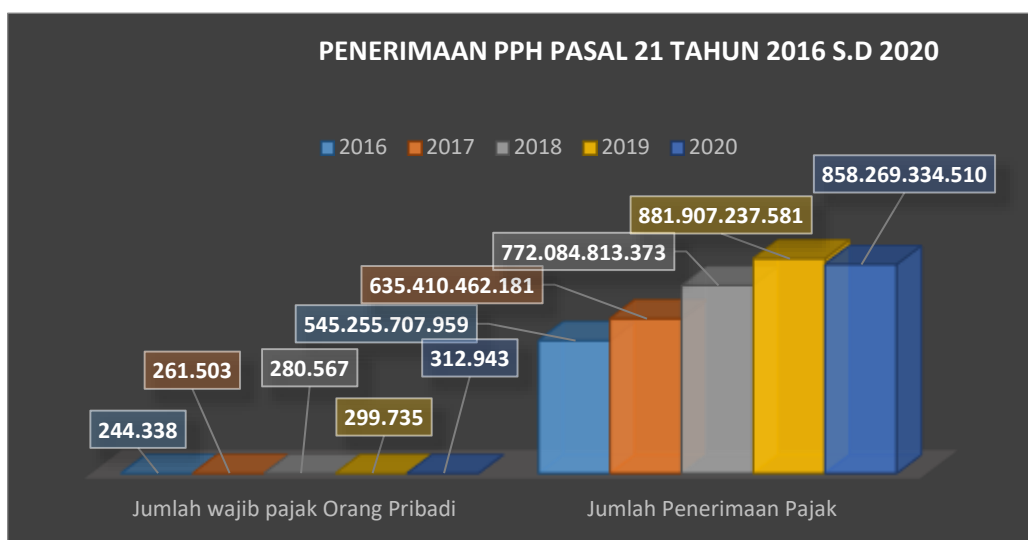
Secondary data is data analyzed in this study with dependent and independent variables. The dependent variable is the independence of KPP Pratama Pondok Aren, South Tangerang City in tax revenue with the achievement of the number of taxpayers, and the independent variable is the service and performance of KPP Pratama Pondok Aren, South Tangerang City to taxpayers, about ; Government Regulation 23 of 2018 is a government regulation that discusses income tax on income from businesses received by Taxpayers who have a certain gross turnover, the government provides a Final PPh rate for UMKM of 0.5%. Government Regulation (Perpu) in Lieu of Law Number 1 of 2020. State financial policies and financial system stability in the context of handling the 2019 coronavirus disease (covid-19) pandemic and/or in the face of threats that endanger the economy and/or stability of the national financial system . Minister of Finance Regulation (PMK) Number 28/PMK.03/2020 which regulates the facilities for PPh Article 21, 22, 23, and PPh 22 imports from April to September 2020. The provision of tax incentives for taxpayers affected by the corona virus, relaxation provided is PPh 21 is borne by the government for 6 months for workers with a gross income of not more than 200 million. The absence of PPh 21 that has not been deducted is expected to maintain people's purchasing power. (www.kemenkeu.go.id. The government provides tax incentives to support the business world and the community during the COVID-19 pandemic 04/20/2020)

**RESULTS AND DISCUSSION**

The use of data with analytical strategies used a quantitative approach between one strategy and another mutually reinforcing strategy. This strategy is taken to improve and maintain taxpayer compliance with the impact of the Covid-19 pandemic by utilizing tax relaxation. Descriptive statistics explain the research variables seen from the amount of data obtained from KPP Pratama Pondok Aren, South Tangerang City, the results obtained are;

Table 1. Income Tax Article 21 Year 2016 to 2020

Year	Number of Individual Taxpayers	Total Tax Revenue
2016	244.338	545.255.707.959
2017	261.503	635.410.462.181
2018	280.567	772.084.813.373
2019	299.735	881.907.237.581
2020	312.943	858.269.334.510



Grafik 1. Income Tax Article 21

Awareness of Individuals to become taxpayers shows an increase from year to year, as well as the level of compliance made by Individual Taxpayers in reporting Annual Tax Returns can be seen from the data obtained from the Pondok Aren Pratama Tax Service Office which is presented in graphic form. Improving the quality and quantity of services is expected to increase taxpayer satisfaction as a customer to increase compliance in the field of taxation. Tax officers improve service quality by increasing taxpayer satisfaction and compliance as well as innovations made to increase awareness of being a taxpayer. The Tax Friendly UMKM Program run by KPP Pratama Pondok Aren has been running since August 2016 and has obtained an output whose results can be seen directly, namely the formation of a Tax Friendly UMKM community whose management structure is not from tax officials, but UMKM figures who become administrators and members of this community. . The Tax Friendly UMKM Program can increase the participation level of UMKM in carrying out their rights and obligations in the field of taxation so that members of this community feel more comfortable sharing their understanding of business and taxes. Monitoring and evaluation activities, as well as the main obstacles faced and how to overcome them. It can be seen that the rate of increase in the number of taxpayers is an average of 4.09 percent a year.



**Table 2.** Increase in the Number of Individual Taxpayers from 2016 to 2020

Year	Number of Individual Taxpayers	Increasing Number of Individual Taxpayers	%
2016	244.338	0	0
2017	261.503	17.165	4,00
2018	280.567	19.064	3,60
2019	299.735	19.168	3,58
2020	312.943	13.208	5,19
<b>Amount</b>	1.399.086	68.605	16,37
Average increase per year (%)			<b>4,09</b>

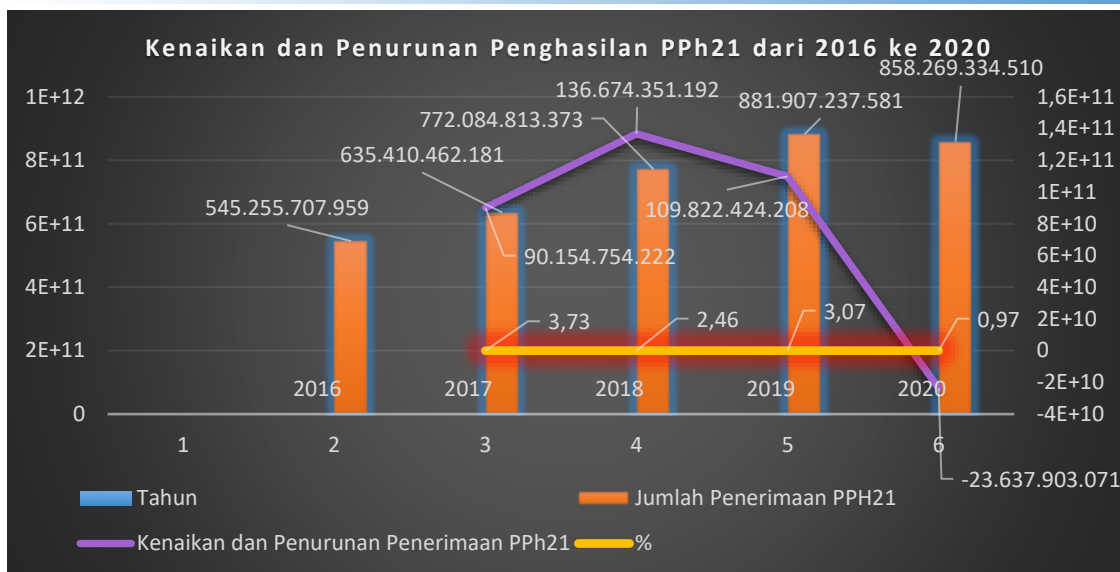
Table 3. Income Tax Article 21 2016 to 2020

Year	Translation results Amount of Tax Revenue
2016	545.255.707.959
2017	635.410.462.181
2018	772.084.813.373
2019	881.907.237.581
2020	858.269.334.510
<b>Total</b>	<b>3.692.927.555.604</b>

The graph illustrates from the data obtained that tax revenues have increased every year from 2016 to 2018, it can be seen that the efforts made to increase tax revenues by running innovation programs with UMKM, independence by KPP Pratama Pondok Aren to increase income taxes with programs carried out . Government Regulation 23 of 2018 is a government regulation that discusses income tax on income from businesses received by taxpayers who have a certain gross turnover, the government provides a Final PPh rate for MSMEs of 0.5% which can be an element that affects the increase in income from PPh 21.

**Table 4.** Income tax increase and decrease from 2016 to 2020

Tahun	Number of Individual Taxpayers	Income Tax Revenue Increase and Decrease	%
2016	545.255.707.959		
2017	635.410.462.181	90.154.754.222	3,73
2018	772.084.813.373	136.674.351.192	2,46
2019	881.907.237.581	109.822.424.208	3,07
2020	858.269.334.510	- 23.637.903.071	0,97
<b>Total</b>	<b>3.692.927.555.604</b>	<b>313.013.626.551</b>	



Grafik 2. Income Tax Revenue Increase and Decrease

In the period before the Covid 19 pandemic, from the statistical data above, it can be seen that there was an increase in tax revenues which reached Rp. 2,834,658,221,094,- with a tariff increase of Rp. 336,651,529,622, - which means the level of compliance of individual taxpayers in paying and reporting the Annual SPT is still running. well. there was an increase in tax revenue from 2016 to 2019 with a total percentage of 9.26 and an average for 3 years of 3.09%. In 2019 to 2020, the decrease in income from PPh 21 was Rp.23,637,903,071,- the percentage value was 0.97%. The decline in PPh21 2020 revenue by 0.97% that occurred at the Pondok Aren KPP Pratama is the impact of the Covid-19 pandemic, with the tax relaxation, taxpayers continue to report and pay Annual SPT. Relaxation well done. Although there is a decrease in income from PPh 21, with the addition of the number of taxpayers with a decrease in taxpayer income due to the impact of the Covid-19 Pandemic.

Government Regulation in Lieu of Law (Perpu) Number 1 of 2020. State financial policies and financial system stability in the context of handling the 2019 coronavirus disease (covid-19) pandemic and/or in the face of threats that endanger the economy and/or financial system stability and Regulation of the Minister of Finance (PMK) Number 28/PMK.03/2020 which among other things regulates Article 21 income tax facilities and provides tax incentives for taxpayers affected by the corona virus, the relaxation provided is PPh 21 borne by the Government for 6 months for workers with a gross income of not more than 200 million. The absence of PPh 21 deductions that are not deducted is expected to maintain people's purchasing power.). So that the efforts made by the government in the program to support MSME capital and cash flow during this pandemic are in the form of capital assistance either through banks or directly.

**CONCLUSION**

The results of research and discussion on the influence of the Covid 19 Pandemic on the Compliance Level of Annual Individual Taxpayers at the Pondok Aren Tax Service Office, South Tangerang City, it was concluded that understanding of regulations and tax benefits had a positive effect on individual taxpayer compliance. With the government's tax relaxation policy during the Covid-19 Pandemic and the benefits derived from this policy, taxpayers continue to comply with annual SPT reporting despite the decline in PPh 21 revenue that occurred in 2020 due to a decline in people's income and purchasing power.

**Suggestion**

From the results of the research that has been submitted, the authors suggest the following; first, to further improve innovation more consistently to involve the general public in the pioneering of

systematic Annual Tax Returns by conducting counseling approaches or online seminars on how to make good use of the policies provided by the government during the Covid 19 Pandemic. Second, to provide support to MSMEs in increasing turnover by compiling cash flow and financial statements are very important for annual tax return reporting. Third, tax policies and treatment will continue to be implemented by involving all levels of society.

#### Thank-you note

1. Ministry of Education, Culture, Research, and Technology Directorate General of Higher Education in 2021 research grant financing.
2. LPPM Institut STIAM I for technical guidance and advice, in the 2021 research grant.

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