

# Evaluation of Tax Management Related to the Implementation of Effective Rate Income Tax 21 at PT XYZ

Hanna Pertiwi & Viska Anggraita

Faculty of Economic & Business, Universitas Indonesia, Depok City, 16425, Indonesia

## Abstract

The application of effective rates of Income Tax 21 has the potential to cause excess tax payments, this is because Income Tax 21 that has been deducted in each tax period throughout the tax year will be recalculated at the end of the year using progressive rates. This study aims to evaluate the application of tax management in the implementation of the imposition of effective rates of Income Tax 21 related to the implementation of obligations and rights to Income Tax at PT XYZ as a BUMN company. The method in this study is qualitative with a study approach and using triangulation. The results of this study indicate that PT XYZ has implemented tax management for the implementation of its obligations and rights to the implementation of effective rates of Income Tax 21 well. However, PT XYZ can improve the efficiency and effectiveness of the stages of implementation and control of tax management.

*Keywords:* Tax Management, Tax Compliance, Income Tax 21, Banking

Received: 3 November 2024

Revised: 17 December 2024

Accepted: 24 December 2024

## 1. Introduction

Every company has an obligation to provide the rights of all its employees, such as the right to obtain health insurance, the right to work safety protection, and so on. However, in addition to the rights received by workers, there is one obligation of workers who receive income, namely by paying taxes on income received while working at the company. This is stated in Law Number 36 of 2008 concerning "Income Tax" (Income Tax Law) which also includes Income Tax (PPh) Article 21. The Income Tax Law explains that every individual who meets the requirements to be taxed is required to pay income tax, both as an individual and as a worker in a company. In 2020, the Covid-19 outbreak became a disaster that was felt throughout the world, including in Indonesia.

This pandemic has caused economic decline in various countries. This situation determines the need for new regulations or regulations to restore the economy in Indonesia (Harjunawati & Addin, 2022). The Regulation of the Minister of Finance Number 23 of 2020 concerning Tax Incentives for Taxpayers Affected by the Covid-19 Outbreak was then revised, leading to the birth of Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (UU HPP), which was ratified on October 29, 2021 (Wahyudi & Rahmadi, 2022). The HPP Law contains principles and objectives that are set based on fairness, conciseness, efficiency, certainty, benefits, and state interests.

The purpose of the HPP Law is to encourage sustainable economic growth and support efforts to accelerate economic recovery (Wachyu et al., 2020). One of the changes resulting from the implementation of the HPP Law is the adjustment of progressive tax rates for Individual Taxpayers, which is regulated in the HPP Law Chapter III Article 17. This change includes the addition of a fifth layer to the income tax rate (PPh) Article 21, with a rate of 35% imposed on income above IDR 5 billion. The addition of this layer reflects the government's support for society, protecting those who are low, while higher taxes are imposed on those who are high, in accordance with the principle of ability to pay or mutual cooperation (Prastowo, 2022).

The latest adjustments related to the PPh Article 21 income tax rate by the regulator are the issuance of Government Regulation (PP) Number 58 of 2023 concerning the Income Tax Article 21 Withholding Rate for Income Related to

---

\* Corresponding author.

E-mail address: han.pertiwi@gmail.com

Work, Services, or Activities of Individual Taxpayers on December 27, 2023, and Regulation of the Minister of Finance (PMK) Number 168 of 2023 concerning Guidelines for the Implementation of Tax Withholding on Income Related to Work, Services, or Activities of Individuals on December 29, 2023. One of the main concepts in the application of the effective PPh Article 21 rate is the application of the monthly effective rate and the daily effective rate. The difference lies in the monthly effective rate imposed on gross income received monthly in one tax period by individual Taxpayers with permanent employee status. This rate is used to calculate PPh Article 21 in each tax period, except for the last tax period, where the calculation still uses the rate of Article 17 paragraph (1) letter a of the Income Tax Law.

The imposition of effective rates of Article 21 Income Tax has the potential to cause excess tax payments. According to Suryo (2023), Article 21 Income Tax that has been deducted in each tax period throughout the tax year will be recalculated at the end of the year so that there will be more potential in tax payments. The issue of excess tax payments has become a polemic in the industry where this condition is because as taxpayers they must bear higher tax costs in the imposition of effective rates (TER) at the beginning of a certain period. On the other hand, it is not easy for taxpayers to get compensation for the return of excess tax payments that have been paid to the state by requiring time and a process that is not simple up to the tax audit process.

Preparation for the implementation of the effective imposition of Article 21 Income Tax rates on January 1, 2024 is very complex. The implementation of the effective rate can affect changes in strategy, business processes, adjustments to information systems, and even affect financial reports in terms of the burden that will be borne by the Company. According to Annisaa and Nuryanah (2023), with the implementation of optimal tax management, all aspects related to taxation can be managed effectively and efficiently in order to provide optimal contributions to the company.

Research on the evaluation of the application of Article 21 Income Tax rates on the imposition of effective Article 21 Income Tax rates needs to be conducted further at the Company in the BUMN banking sector PT XYZ. Furthermore, PT XYZ is expected to commit to implementing the compliance function in accordance with the Financial Services Authority Regulation Number 46/POJK.03/2017 dated July 12, 2017 concerning the Implementation of General Bank Functions. Therefore, PT XYZ through the compliance function work unit routinely submits compliance reports to ensure that the policies, systems, procedures, and business activities carried out are in accordance with the provisions of the regulator and always prioritize the principle of prudence.

In terms of withholding Article 21 Income Tax on employee income, PT XYZ bears the costs of Article 21 Income Tax for employees by recording it as Labor Costs. In the implementation of the effective rate (TER) of Article 21 Income Tax in 2024, there is a potential for overpayment of tax at the end of the year by comparing the calculation of Article 21 Income Tax using the effective rate and the progressive rate of Article 17 calculated from the tax period of January 2024 to November 2024, while the tax calculation for the December 2024 period uses the calculation of the progressive rate of Article 21 Income Tax (Article 17). The potential for overpayment in the implementation of the effective rate until November 2024 reaches IDR 1.043 trillion, which can be seen in Table 1.

**Table 1.** Comparison of Income Tax 21 Rates, TER Rates and Progressive Rates (Article 17)

Tax Period	Income Tax 21 TER Rate	Income Tax 21 Progressive Rate (Article 17)	Potential Overpayment
January	237.651.761.669	198.568.116.156	39.083.645.513
February	94.096.441.961	65.922.802.261	28.173.639.700
March	2.121.459.736.957	1.326.883.713.760	794.576.023.197
April	403.390.449.453	328.123.699.670	75.266.749.783
May	186.669.427.748	166.639.152.679	20.030.275.069
June	122.737.294.362	122.637.462.709	99.831.653
July	128.991.482.945	111.696.474.306	17.295.008.639
August	76.221.577.024	58.087.517.367	18.134.059.657
September	81.463.453.621	66.042.579.900	15.420.873.721
October	87.216.222.712	67.213.042.132	20.003.180.580
November	68.599.896.670	53.278.521.321	15.321.375.349
<b>Total</b>	<b>3.608.497.745.122</b>	<b>2.565.093.082.261</b>	<b>1.043.404.662.861</b>

Source: Processed by researchers (2024)

## 2. Literature Review

### 2.1. Income Tax Rate 21

Santoso and Rahayu (2019) stated that Article 21 Income Tax is imposed on taxable income objects in the form of salaries, wages, honorariums, allowances and other payments in any name and in any form related to work, services, or activities carried out by domestic individual taxpayers. Withholding of Article 21 Income Tax must be carried out by employers on income received by employees, both permanent and non-permanent. Article 21 Income Tax that has been calculated must be deposited into the state treasury no later than the 10th of each following month.

### 2.2. Concept of Calculating Effective Rate of Income Tax Article 21

In accordance with the Regulation of the Minister of Finance No. 168 of 2023, the imposition of effective tariff layers (TER) for Article 21 Income Tax, both monthly and daily, can be calculated based on the amount of income received by workers in one tax period and adjusted to the PTKP distribution category according to the PTKP Value for the Effective Rate of Article 21 Income Tax. In the Regulation of the Minister of Finance No. 168 of 2023 regarding the implementation of the calculation of Article 21 Income Tax using the effective rate, there is the potential for overpayment in the calculation of tax in the last tax period which will be recalculated using the progressive rate (Article 17). The potential for excess tax payments experienced by the company can be returned by carrying out a restitution mechanism or an audit by the Tax Office. In addition, the company can also carry out other mechanisms by compensating for the excess payment to the next tax period.

### 2.3. Tax Managemet

Pohan (2015) stated that tax management is the entire effort made by workers in the tax sector to be able to manage well, effectively, and efficiently to contribute maximum to the Company. The purpose of tax management is to carry out the fulfillment of tax obligations properly and minimize costs to maximize profits. Pohan (2015) stated that there are four stages in tax management, namely planning, organizing, implementing, and controlling.

In the planning stage, Taxpayers analyze and study all parts related to tax obligations in order to carry out good tax obligations and can reduce tax costs without violating tax laws. In implementing tax planning strategies, potential tax problems can be avoided in the future.

In the organizing stage, Taxpayers align with each division related to transactions that have tax elements. Taxpayers can organize obligations so that they continue to run orderly and optimally, by knowing the important factors that can be used to minimize the tax burden. In Annisa and Nuryanah (2023) there are 3 (three) important factors that must be managed by the Company in achieving efficient tax management, namely personal tax, work infrastructure, and work processes and procedures.

In the implementation stage, namely carrying out tax obligations properly both formally and materially to achieve the Company's effectiveness and efficiency goals. Taxpayers carry out their tax obligations by checking and ensuring that tax implementation activities are complete and submitted on time. According to Gie (1998), effectiveness refers to a situation where an action produces the desired effect or result, so that an action is considered effective if it produces an impact or achieves the desired goal. Meanwhile, efficiency can be assessed from how tax administration tasks are carried out satisfactorily, taking into account measurable time and costs. In the tax control stage, namely supervising every transaction that has a tax element so that it is fulfilled in accordance with applicable tax laws. Examination and supervision are carried out with the aim of ensuring that tax obligations have been carried out based on planning and have complied with applicable laws.

### 2.4. Compliance Cost

Compliance costs are costs that must be borne by Taxpayers in fulfilling their tax obligations. Compliance costs can also be defined as costs incurred by Taxpayers for each activity of depositing, reporting, storing tax archives, and labor costs used to fulfill tax obligations including external service costs (such as tax consultants) (Cheisviyanny, 2020). Based on Rosdiana (2012) compliance costs are divided into 3 (three), namely fiscal costs, time costs, and psychological costs.

Fiscal costs are costs that must be borne or incurred by Taxpayers and can be measured in the form of money, and occur to Taxpayers in the process of implementing their tax rights and obligations. Examples include workers' salaries, consultant service fees, application subscription service fees that can assist in completing administration and fulfilling taxpayer obligations. Time cost is a cost that cannot be measured in monetary value, namely the time required by

Taxpayers to fulfill their tax obligations, such as the time required to calculate and deduct Article 21 Income Tax, deposit Article 21 Income Tax, fill out and submit Article 21 Income Tax Returns, issue monthly Article 21 Income Tax withholding certificates, conduct studies in selecting the option for overpayment compensation for Article 21 Income Tax at the end of the year, and time in coordinating and discussing with related parties. Meanwhile, Psychological cost is a cost borne by taxpayers in the form of psychology, such as the level of anxiety and restlessness that can occur in the process of fulfilling their tax rights and obligations. This can be described by the uncertainty of the truth of the SPT which is always corrected or anxiety over the option of selecting compensation for overpayment of Article 21 Income Tax at the end of the year

### **3. Research Method and Materials**

This research was analyzed using data source triangulation and theory triangulation techniques. Researchers compared the results of interviews, documentation, and other findings that could help researchers in conducting evaluations. The research was conducted by interview and the results were transcribed in text form. Then for secondary data which is an indirect data source obtained from documents related to policies and operational guidelines owned by PT XYZ related to the calculation of Article 21 Income Tax. While the theoretical basis comes from regulatory policies from Laws, Government Regulations, Regulations of the Minister of Finance, tax management theories, and others.

### **4. Results and Discussion**

#### *4.1. Tax Planning*

From the results of interviews with sources from PT XYZ, it shows that PT XYZ appears to have made efforts to implement the effective rate (TER) of Article 21 Income Tax to the maximum by making adjustments, one of which is in the internal tax application system to be able to adjust the calculation formula for employee taxes using the effective rate (TER) in accordance with PMK Number 168 of 2023. The purpose of implementing tax management on Article 21 Income Tax in every process of implementing obligations as a taxpayer is also focused on efforts to increase efficiency and effectiveness of business processes to minimize administrative risks, financial risks, and reputation risks for PT XYZ in the future. PT XYZ seeks to adjust the provisions by utilizing Tax Application Service Providers (PJAP) to facilitate the fulfillment of tax obligations in terms of reporting administration and issuance of tax deduction certificates. In addition, PT XYZ documentation has been neatly archived in both hardcopy and softcopy and will be stored for at least 5 tax years to support evidence of financial transactions that have been carried out. Furthermore, in implementing optimal tax planning, PT XYZ has created a Circular (SE) and Standard Operating Procedures (SOP) to help workers understand the process of fulfilling tax payment and reporting obligations. Overall, PT XYZ has implemented good tax planning according to Pohan (2015), PT XYZ's tax management uses a tax strategy by avoiding violations of regulations so as not to potentially cause tax problems in the future. Furthermore, according to Annisa and Nuryanah (2023) where tax planning can be supported by sufficient and relevant supporting evidence, so that PT XYZ can be considered efficient as part of the tax management stages.

#### *4.2. Tax Organization*

In the organizing stage, there are 3 (three) main elements that are used as evaluation materials to achieve effective and efficient tax management, including tax personnel, work infrastructure, and work standards and procedures. This organizational evaluation process is limited to the interview stage without further direct review of each team member in the Tax Team and HR Division.

In terms of tax management efficiency in Human Resources (Tax Personnel) and Work Infrastructure, it has met the optimal efficiency criteria. So that PT XYZ has been considered efficient in the tax organizing stage to support the implementation process of tax management. This is in accordance with Santoso & Rahayu (2018) in ideal qualifications, good skills and understanding are required in company operations, accounting records, regulatory knowledge updates, and mastery of information technology.

#### *4.3. Tax Implementation*

Tax implementation is carried out based on previously determined tax planning with the aim of achieving the effectiveness and efficiency of the Company's business processes. In measuring effectiveness, formal and material compliance is achieved in implementing each obligation and right as a taxpayer in accordance with applicable laws and regulations. Next is efficiency, the assessment is based on the compliance cost component that has the potential to arise from each implementation of tax management in order to determine whether the implementation of tax administration

tasks is in accordance with the time and measurable costs. In its implementation, PT XYZ has been assessed as effective and efficient in terms of implementing withholding and depositing Article 21 Income Tax, but in terms of implementing reporting, issuing withholding certificates, and selecting compensation options, it is still considered not fully effective and efficient. In terms of implementing the issuance of withholding certificates, there are still obstacles that cause Nil reporting and SPT corrections must be made. Furthermore, in the implementation of the issuance of withholding certificates, there is still the issuance of tax withholding certificates that are not in accordance, so that SPT corrections are needed and there is the potential for tax audits in the future. Meanwhile, in the implementation of selecting the Article 21 Income Tax compensation option at the end of the tax year, there is no mechanism or option for tax compensation at the end of the year.

**Table 2.** Calculation of Income Tax Article 21 on the Imposition of Effective Rates

<b>Tax Period</b>	<b>Gross Income (in Rupiah)</b>	<b>Effective Rate Article 21*)</b>	<b>Income Tax 21 (in Rupiah)</b>
January	30.080.000	13%	3.910.400
February	35.080.000	14%	4.911.200
March	50.080.000	18%	9.014.400
April	90.080.000	24%	21.619.200
May	35.080.000	14%	4.911.200
June	30.080.000	13%	3.910.400
July	30.080.000	13%	3.910.400
August	30.080.000	13%	3.910.400
September	30.080.000	13%	3.910.400
October	30.080.000	13%	3.910.400
November	30.080.000	13%	3.910.400
December	30.080.000		
<b>Total</b>	<b>450.960.000</b>		<b>67.828.800</b>

Source: Processed by researchers (2024)

**Table 3.** Calculation of Article 21 Income Tax with Progressive Rates (Article 17) in the Last Tax Period and Potential Tax Overpayments

<b>Calculation of Article 21 Income Tax payable for the December 2024 tax period (in Rupiah):</b>	
Gross Income per year	450.960.000
Reducer:	
• Annual Office fee (maximal 6.000.000)	6.000.000
• Pension Contribution (12 x 100.000)	1.200.000
• Charity	2.400.000
	9.600.000
Net Income per year	441.360.000
Non-Taxable Income per year:	
• For taxpayers themselves	54.000.000
• Additional for marriage	4.500.000
	58.500.000
Annual taxable income	382.860.000
Article 21 Income Tax is owed annually	
• 5% x 60.000.000	3.000.000
• 15% x 190.000.000	28.500.000
• 25% x 132.860.000	33.215.000
	64.715.000
Article 21 Income Tax that has been deducted until November 2024	67.828.800
Under (over) Pay	3.113.800

Source: Processed by researchers (2024)

In the Regulation of the Minister of Finance No. 168 of 2023 on the implementation of the calculation of Article 21 Income Tax using the effective rate, there will be potential for overpayment in the calculation of taxes in the last tax

period which will be recalculated using the progressive rate (Article 17). An example of the calculation of Article 21 Income Tax with the imposition of the effective tariff for Article 21 Income Tax for the tax period January to November 2024 assuming the worker is married without dependents (K/0) is as shown in Table 2.

In Table 2, Article 21 Income Tax of one of the workers in the tax period from January to November 2024 that has been paid by PT XYZ is Rp67,828,800. Furthermore, PT XYZ recalculates the worker's Article 21 Income Tax using a progressive rate (Article 17) so that the potential for excess tax payments is seen as calculated in the December 2024 period in Table 3.

## 5. Conclusion

The evaluation summary displays all stages of tax management which show overall that the implementation of the effective rate (TER) of Article 21 Income Tax at PT XYZ has been carried out well even though it has not achieved maximum efficient and effective results. This can be a concern for PT XYZ in following up on areas that still need to be improved, such as providing an understanding of tax reporting and issuing tax withholding certificates to workers. The scope that needs to be considered is the selection of tax overpayment options that must be discussed and coordinated with internal or external parties of the Company considering that there is a potential for tax overpayment at PT XYZ due to the implementation of the effective rate (TER) of Article 21 Income Tax in order to achieve an optimal level of effectiveness and efficiency in the implementation of tax management.

## 6. Limitations and Suggestions

Tax management in this study only describes tax practices in fulfilling PT XYZ's tax obligations in implementing the effective rate (TER) of Article 21 Income Tax. The evaluation results and recommendations given in this study are limited to tax management practices for implementing the effective rate (TER) of Article 21 Income Tax in 2024 and are not focused on the use of tax information systems. Further research is expected to be able to evaluate the tax management process as a whole, both for Article 21 Income Tax or for other types of taxes, as well as research conducted in different industries (non-banking) in more depth. Further research is expected to be able to describe in more detail the impact of the tax management applied and its effect on the cost components or the amount of tax that can be saved by conducting Tax Planning.

## References

- Annisaa, Mardhiyah A., & Nuryanah, Siti. (2023). Evaluasi Manajemen Perpajakan atas Pajak Pertambahan Nilai (Studi Kasus Pada Perusahaan Start-Up X). *Journal of Economic and Business UBS*, 12(4), Juli-Agustus 2023.
- Harjunawati, S., & Addin, S. (2022). Analisa Pengaruh UU HPP PPN Terhadap PDB Indonesia Tahun 2010 S/D 2021. *Akbar Juara*, 7(April), 260–268.
- Pemerintah Republik Indonesia. Undang-Undang Nomor 36 Tahun 2008 Tentang Pajak Penghasilan.
- Pemerintah Republik Indonesia. Undang-Undang Nomor 7 Tahun 2021 Tentang Harmonisasi Peraturan Perpajakan.
- Pemerintah Republik Indonesia. Peraturan Pemerintah Nomor 58 Tahun 2023 Tentang Tarif Pemotongan Pajak Penghasilan Pasal 21 Atas Penghasilan Sehubungan Dengan Pekerjaan, Jasa, Atau Kegiatan Wajib Pajak Orang Pribadi.
- Pemerintah Republik Indonesia. Peraturan Menteri Keuangan Nomor 168 Tahun 2023 Tentang Petunjuk Pelaksanaan Pemotongan Pajak Atas Penghasilan Sehubungan Dengan Pekerjaan, Jasa, Atau Kegiatan Orang Pribadi.
- Pohan, C.A. (2015). *Manajemen Perpajakan: Strategi Perencanaan Pajak dan Bisnis (Edisi Revisi)*. Jakarta: PT Gramedia Pustaka Utama.
- Prastowo, Yustinus. (2022). Lapisan Pajak Penghasilan Baru di UU HPP. Diambil dari <https://www.pajakku.com/read/61631ca14c0e791c3760b7ea/Lapisan-Pajak-Penghasilan-Baru-di-UU-HPP>.
- Santoso, Iman & Rahayu, Ning. (2019). *Corporate Tax Management: Mengulas Upaya Pengelolaan Pajak Perusahaan Secara Konseptual-Praktikal. Edisi Revisi*. Jakarta: Ortax.

- Utomo, Suryo. (2023). Potensi Lebih Bayar Pajak Jadi Tantangan Simplifikasi PPh 21. Diambil dari [https://nasional.kontan.co.id/news/potensi-lebih-bayar-pajak-jadi-tantangan-simplifikasi-pph-21#google\\_vignette](https://nasional.kontan.co.id/news/potensi-lebih-bayar-pajak-jadi-tantangan-simplifikasi-pph-21#google_vignette).
- Wachyu, W., Winarto, A., Kunci, K., & Capital, I. (2020). Jurnal Bisnis dan Akuntansi Unsurya Jurnal Bisnis dan Akuntansi Unsurya. *Jurnal Bisnis dan Akuntansi Unsurya*, 5(1), 50–60.
- Wahyudi Aria, M., & Rahmadi Tania, Z. (2022). Implikasi Kehadiran Undang-Undang HPP dan Insentif. *Jurnal Rekaman*, 6(1), 33–41.