

Analysis of the Implementation of PPH 21 on Civil Servant Salaries Malinau Regency Regional Financial Management Agency According to PP Number 58 of 2023

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Abstract: -This study aims to analyze the implementation of Income Tax (PPH) Article 21 provisions for the salaries of civil servants (PNS) of the Malinau Regency Regional Financial Management Agency, especially after the implementation of Government Regulation (PP) Number 58 of 2023. This study was conducted with the aim of finding out how far the implementation of PPh 21 is compared to valid laws and regulations and to identify potential problems that may arise in its implementation. Qualitative descriptive analysis is the methodology used, and involves data collection through observation and interviews. From the findings of this investigation, the Regional Financial Management Agency has implemented all regulations relevant to valid laws and regulations. It is hoped that this study will help improve the quality of tax management at the Malinau BPKD. With good implementation of PPh 21, it will be able to increase tax compliance and have a greater contribution to regional revenue.

Key-Words: -Tax Analysis;Regional taxes; Tax Planning; Taxation; Tax management.

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1 Introduction

One of the most significant sources of government funding for various public services and development initiatives is taxation.(IMLM Jaya & Padilla, 2024). Tax is one of the things that can be forced to be collected from Indonesian citizens. In essence, the government and the people work together to carry out Indonesia's national development. Tax is the main source of state funding, taxes have the same puIDRose as the budget(IMML Jaya & Narsa, 2021). The definition of tax according to Law No. 16 of 2009 in relation to general provisions and tax procedures is as follows: Tax is a mandatory contribution to the state owed by individuals or bodies under legally binding requirements without receiving direct compensation.(Rohmah, 2022). The money collected is used for state initiatives aimed at maximizing the prosperity of the population. Therefore, community involvement is needed in the form of awareness and concern for tax payments, especially income tax.

The Indonesian government is still implementing tax reforms to improve efficiency and taxpayer compliance. (Selvi et al., 2020). With a business process driven by success, the goal of this reform is to make taxes stronger, more reliable and accountable. One of these efforts is the issuance of Government Regulation Number 58 of 2023, which uses the Average Effective Rate (TER) to control the withholding rate of Income Tax (PPh) Article 21 using this Average Effective Rate (TER) is one of the ways the government has simplified the taxation system. The regulations related to Law Number 7 of 1983 concerning Income Tax which has undergone several amendments, including Law Number 7 of 2021 concerning Tax Harmonization regulates Income Tax (PPh) Article 21.

In relation to PP Number 58/2023 concerning Tariff Deductions and Imposition of Article 21 Income Tax on income in connection with activities carried out by taxpayers, this PP was stipulated on December 27, 2023, which was then officially socialized on December 29, 2023 and will be legally enforced on January 1, 2024. According to Article 21 paragraph 5 of the Income Tax Law: "The amount deducted from income as referred to Unless otherwise specified by regulations with Government regulations, the tax rate as referred to in Article 17 paragraph 1a". One of the regional government organizations tasked with supporting the Regent is the Malinau Regency Regional Financial Management Agency which is tasked with managing regional finances, income and assets through the Regional Secretary. Civil servants and Government Employees with work agreements at the Regional Financial Management Agency are quite numerous. Given the large number of employees, it will affect the amount of Article 21 Income Tax that will be deducted in connection with the salary, allowances and other honorariums received by each employee each month according to their group, position and performance. In addition, the regional Financial Management Agency may misunderstand the transition to new tax regulations and therefore make mistakes in implementing them.

The purpose of this study is to examine in more detail how Government Regulation 58 of 2023 on Income Tax Article 21 is being implemented at the BPKD of Malinau Regency and to provide an overview of the tariff adjustment mechanism before PP 58/2023 and after PP 58/2023. And to determine whether it has been practiced in accordance with relevant laws and to identify the obstacles faced by the Regency Government in the process of transitioning the regulation..

2 Theoretical Framework

Law No. 16 of 2009 concerning tax provisions and procedures, states that tax is a contribution to the state due by individuals or entities under mandatory legal requirements, without receiving direct benefits, and used for state purposes to maximize the prosperity of the population. What is meant by Article 21 of the Income Tax Law is that the Income Tax Law regulates taxes and income, including honorariums, salaries, wages, allowances, pensions, and other payments made on behalf of individual domestic taxpayers in connection with work, services, or other activities. Law No. 36 of 2008 states that the object of taxation or income is any additional economic income received by taxpayers, both domestically and abroad, which can be used to advance the prosperity of taxpayers in any way, under any name, and in any form, such as business allowances, salaries, honorariums, gifts, royalties, dividends, and so on.

Progressive rate calculation is applied when determining Article 21 Income Tax in one tax year as regulated in Article 17 paragraph 1 letter A of the Income Tax Law. Table 1 shows the structure of duties according to the regulations of Article 17 paragraph 1 letter A as regulated by the Income Tax Law. Furthermore, there are reduction factors that must be taken into account when determining the amount of income tax for individuals, namely Income that

is not subject to Tax (PTKP). The nominal value of the PTKP determined varies depending on marital status, the number of dependents of the taxpayer's family, and the combined income of the wife.

Table 1 Article 17 paragraph (1) regarding Taxable Income Rates

Composition of Dutiable Income	Fiscal Rate
Starting from 0 - IDR60,000,000	5%
From IDR60,000,000 to IDR250,000,000	15%
From IDR250,000,000 to IDR500,000,000	25%
From IDR500,000,000 to IDR5,000,000,000	30%
Higher than IDR5,000,000,000	35%

(Source: HPP Law Number 7 of 2021)

Referring to the latest regulation, namely Ministerial Regulation Number 168 of 2023 paragraph five article 8 explains that:

1. For permanent employees, the amount of the position allowance is set at (five percent) 5% of gross income, a maximum of IDR 6,000,000 (six million rupiah) per year, and a maximum of IDR 500,000 (five hundred thousand rupiah) per month.
2. Meanwhile, the amount of pension fees as referred to in paragraph (1) letter a is set at 5% (five percent) of gross income, a maximum of IDR 2,400,000 (two million four hundred thousand rupiah) per year or IDR 200,000 (two hundred thousand rupiah) per month.

3 Research Method

This research is based on Qualitative research using descriptive approach methodology. One of the steps in this research process is Library Research. This research method uses books that can be read, various types of documents, scientific journals to analyze and solve the problems to be investigated. Qualitative Research Method is used to research the condition of natural objects (IMLM Jaya, 2020). Triangulation or member checking is used to assess data after researchers use observation and interviews as the main tools and techniques of data collection.

Data collection was carried out by collecting primary information through interviews with salary managers to obtain accurate data and interviews with several employees at BPKD to find out how the Average Effective Rate (TER) is applied in the field, document analysis related to the calculation of PPh 21, and the results of direct observation of the calculation process. This observation can be done to see directly how the Average Effective Rate (TER) is applied in the field and identify potential problems. From the literature study (library research) secondary data can be obtained to search for and find regulations related to PPh 21, scientific literature, and reports related to the implementation of TER.

4 Results and Discussions

a) Implementation of Government Regulation 58/2023

In connection with the enactment of Government Regulation 58/2023, various types of facilities are available to facilitate the calculation of Income Tax Article 21. The composition of PP 58/2023 consists of several chapters, Chapter I regulates general provisions including definitions, in Chapter II regulates the Income Tax withholding rate Article 21 on receipts based on work, services or activities that generate results including the Article 17 rate and the effective rate together with the tax subject receiving income. In Chapter III are the closing provisions where Article 4 includes the revocation of the Article 2 paragraph (3) PP-80/2010 rate, and Article 5 stipulates the implementation starting January 1, 2024. The provisions for the application of rates based on PP 58/2023 are as follows:

1. The amount of the tariff is based on the regulations of Article 17 paragraph 1a of the Income Tax Law
2. Rates based on Monthly Effective Rate:
 - a. TER A with the applicable PTKP conditions if the status is TK 0 (IDR. 54,000,000), for TK 1 and K/0 (IDR. 58,500,000)
 - b. TER B with the applicable PTKP conditions if the status is TK 2, K 1 (IDR. 63,000,0000) for TK 3, K 2 (IDR. 67,500,000)
 - c. TER C with the applicable PTKP conditions if the status is K/3 (IDR. 72,000,000).

Calculation of PPh 21 for civil servant salaries at the Malinau Regency Regional Financial Management Agency

- b) From the list of Civil Servant salaries for November 2024, only 2 samples of employees with group 4 were selected as a representation to be analyzed regarding Article 21 Income Tax of the Malinau Regency Regional Financial Management Agency from a total of 93 existing employees. Martha Daring is a Civil Servant who works at the Regional Financial Management Agency Group 4/B, TK/0 with single status, has no additional dependents, receives the following monthly income:

Basic salary	IDR	4,530,100
Additional Wife Allowance	IDR	-
Additional Child Allowance	IDR	-
Additional Position Allowance	IDR	2,025,000
Additional Rice allowance	IDR	72,420

BPJS	IDR	262.204
JKK	IDR	10,872
JKM	IDR	32,617
Rounding	IDR	39
Gross Income	IDR	6,933,252
Deducted income:		
Piece		

IWP 1%	IDR	65,551
IWP 8%	IDR	362,408
BPJS	IDR	262,204
JKK	IDR	10,872
JKM	IDR	32,617
Number of Pieces	IDR	733,652
Net Amount	IDR	6,199,600
Gross monthly income x TER A rate for PTKP: TK/0 (54,000,000) IDR. $6,933,252 \times 1.25\% = \text{IDR. } 86,666$ Income Tax Article 21 on salary in November 2024 IDR. 86,666,-		

Table 2 Calculation of PPh 21 on Martha Daring's Salary during 2024

No	Month	Salary (IDR)	Additional Allowance	Total income	Monthly Effective RateCategory A	Income Tax Article 21
1	January	4,485,100	2,448,202	6,933,302	5.00%	92,580
2	February	4,485,100	2,448,202	6,933,302	1.00%	80,753
3	March	4,530,100	2,403,152	6,933,252	1.25%	86,666
4	THR	4,530,100	2,097,500	6,627,600	1.00%	66,276
5	April	4,530,100	2,403,152	6,933,252	1.25%	86,666
6	May	4,530,100	2,403,152	6,933,252	1.25%	86,666
7	June	4,530,100	2,403,152	6,933,252	1.25%	86,666
8	Salary 13	4,530,100	2,097,500	6,627,600	1.00%	66,276
9	July	4,530,100	2,403,152	6,933,252	1.25%	86,666
10	August	4,530,100	2,403,152	6,933,252	1.25%	86,666
11	September	4,530,100	2,403,152	6,933,252	1.25%	86,666
12	October	4,530,100	2,403,152	6,933,252	1.25%	86,666
13	November	4,530,100	2,403,152	6,933,252	1.25%	86,666
14	December	4,672,800	2,410,273	7,083,073		
	Amount	63,474,100	33,130,045	96,604,145		1,085,879

Calculation of PPh 21 for the December Tax Period (Last)

Analysis for PPh 21 payable specifically for the December (last) 2024 tax period:

Gross income for one year IDR 96,604,145

Annual Position Fee

Maximum IDR. 6 million	IDR	6,000,000	
Pension Contribution (12x200,000)	IDR	2,400,000	
		IDR	8,400,000
One year net income			
		IDR	88.204.145
Income that is not subject to tax a year			
For Individual Taxpayers		IDR	54,000,000
Income subject to tax for a year			
		IDR	34.204.145
Tax 21 owed in 2024			
5% x IDR34,204,145		IDR	1,710,207
PPh 21 (January to November 2024)		IDR	1,085,878
PPh 21 payable in December			
		IDR	624,329

Yusri is an employee or ASN who works at the Malinau Regency Regional Financial Management Agency, Group 4/B, has a married status and has 2 (two) children as dependents, who receives a monthly income as described below:

Net salary	IDR	4,530,100
Additional Wife Allowance	IDR	453,010
Additional Child Allowance	IDR	181,204
Additional Position Allowance	IDR	1,260,000
Additional Rice Allowance	IDR	289,680
BPJS	IDR	256,973
JKK	IDR	10,872
JKM	IDR	32,617
Rounding	IDR	94
Gross Income	IDR	7,014,550

Deducted income:

Piece		
IWP 1%	IDR	64,243
IWP 8%	IDR	413,145

BPJS	IDR	256,973
JKK	IDR	10,872
JKM	IDR	32,617
Number of Pieces	IDR	777,850
Net Amount	IDR	6,236,700

Gross income per month x TER B rate for PTKP: K/2

(67,500,000)

IDR7,014,550 x 0.75% = IDR52,609

For Income Tax Article 21 on salary in November 2024 is IDR. 52,609,-

Table 3 Calculation of PPh 21 on Yusri's Salary during 2024

No	Month	Salary (IDR)	Position Allowance, Wife, child.	Gross Income	Monthly Effective Rate Category A	Income Tax Article 21
1	January	4,485,100	2,238,200	6,723,300	5.00%	29,564
2	February	4,485,100	2,238,200	6,723,300	0.25%	37,670
3	March	4,530,100	2,193,250	6,723,350	0.50%	33,617
4	THR	4,530,100	1,903,900	6,434,000	0.25%	16,085
5	April	4,530,100	2,484,450	7,014,550	0.75%	52,609
6	May	4,530,100	2,484,450	7,014,550	0.75%	52,609
7	June	4,530,100	2,484,450	7,014,550	0.75%	52,609
8	Salary 13	4,530,100	2,183,900	6,714,000	0.50%	33,570
9	July	4,530,100	2,484,450	7,014,550	0.75%	52,609
10	August	4,530,100	2,484,450	7,014,550	0.75%	52,609
11	September	4,530,100	2,484,450	7,014,550	0.75%	52,609
12	October	4,530,100	2,484,450	7,014,550	0.75%	52,609
13	November	4,530,100	2,484,450	7,014,550	0.75%	52,609
14	December	4,530,100	2,484,450	7,014,550		
Amount		63,331,400	33,117,500	96,448,900		571,378

Analysis of PPh 21 in the December Tax Period (the Last)

Analyst for PPh 21 payable specifically for the December (last) 2024 tax period:

Gross income for one year IDR 96,448,900

Reduced:

Cost of Office per year at most	IDR	6,000,000	
Tall			
Pension Contribution 12 x IDR200,000	IDR	2,400,000	
			IDR 8,400,000
One year net income			IDR 88,048,900
Income that is not subject to tax tax for one year:			
-Individual	IDR	54,000,000	
-Marriage Dependencies	IDR	4,500,000	
-Dependent of 2 children	IDR	9,000,000	
			IDR 67,500,000
Taxable income 1 year			IDR 20,548,900
Article 21 Income Tax payable in 2024			
5% x IDR20,548,900			IDR 1,027,445
PPH 21 January to November			IDR 571,378
PPH 21 December 2024			IDR 456,067

Calculation of PPH 21 on civil servant salaries according to PP 58 of 2023

Table 4 Calculation of PPH 21 on Martha Daring's Salary during 2024

Month	Salary (IDR)	Position allowance, wife, children.	THR	Salary 13	Gross Income	Monthly Effective Rate Categor y A	Income Tax Article 21
January	4,501,786	2,431,516			6,933,302	1.25%	86,666
February	4,501,786	2,431,516			6,933,302	1.25%	86,666
March	4,530,100	2,403,152	6,627,600		13,560,852	5.00%	678,043
April	4,530,100	2,403,152			6,933,252	1.25%	86,666
May	4,530,100	2,403,152			6,933,252	1.25%	86,666
June	4,530,100	2,403,152		6,627,600	13,560,852	5.00%	678,043
July	4,530,100	2,403,152			6,933,252	1.25%	86,666
August	4,530,100	2,403,152			6,933,252	1.25%	86,666

September	4,530,100	2,403,152	6,933,252	1.25%	86,666
October	4,530,100	2,403,152	6,933,252	1.25%	86,666
November	4,530,100	2,403,152	6,933,252	1.25%	86,666
December	4,672,800	2,410,273	7,083,073		
Amount	54,447,272	28,901,673	96,604,145		2,136,078

Calculation in the Last Tax Period

Calculation of Article 21 Income Tax payable specifically for December 2024:

Gross Income per year	IDR	96,604,145
Annual Position Fee		
5% x IDR96,604,145	IDR	4,830,207
Pension Contribution (12x200,000)	IDR	2,400,000
	IDR	7,230,207
Net Income per year	IDR	89,373,938
Non-taxable income per year		
For Individual Taxpayers	IDR	54,000,000
PKP one year	IDR	35,373,938
PPh 21 payable in 2024		
5% x IDR35,373,938	IDR	1,768,696
PPh 21 (January to November 2024)	IDR	2,136,078
PPh 21 December 2024	IDR	367,382

Table 5 Calculation of PPh 21 on Yusri's Salary during 2024

Month	Salary (IDR)	Position allowance, wife, children.	THR	Salary 13	Gross Income	Monthly Effective Rate Category B	Income Tax Article 21
January	4,485,100	2,238,200			6,723,300	0.50%	33,616
February	4,485,100	2,238,200			6,723,300	0.50%	33,616
March	4,530,100	2,193,250	6,434,000		13,157,350	4.00%	526,294
April	4,530,100	2,484,450			7,014,550	0.75%	52,609
May	4,530,100	2,484,450			7,014,550	0.75%	52,609
June	4,530,100	2,484,450		6,714,000	13,728,550	5.00%	686,427
July	4,530,100	2,484,450			7,014,550	0.75%	52,609
August	4,530,100	2,484,450			7,014,550	0.75%	52,609
September	4,530,100	2,484,450			7,014,550	0.75%	52,609
October	4,530,100	2,484,450			7,014,550	0.75%	52,609
November	4,530,100	2,484,450			7,014,550	0.75%	52,609
December	4,530,100	2,484,450			7,014,550		
Amount	54,271,200	29,029,700			96,448,900		1,648,216

Calculation of PPh 21 for the December Tax Period (Last)

Analysis for PP Article 21 which is specifically due in December (last) 2024:

Gross income for one year	IDR	96,448,900
Reducer:		
Annual Position Fee x 5%	IDR	4,822,445
Pension Contribution 12 x IDR200,000	IDR	2,400,000
Net Income for one year	IDR	7,222,445
PTKP One year:		
-For Individuals/Private	IDR	54,000,000
-Add Married/Wife	IDR	4,500,000
-Add 2 Children	IDR	9,000,000
	IDR	67,500,000
Taxable income	IDR	21,726,455
1 year		
For article 21 payable in 2024		
5% x 21,726,455	IDR	1,086,322
PPh 21 January to November	IDR	1,684,216
PPh December 21, 2024	IDR	597,894

Discussions

After calculating the data presented in the table above, it can be identified that there are several differences between the income owed by Article 21 Income Tax of the Malinau Regency Regional Financial Management Agency when compared to the amount of tax calculation on Article 21 income quoted in PP 58 of 2023. The results of the review showed that there were differences in the calculation and deduction data at the Malinau Regency Regional Financial Management Agency. As stipulated in the Regulation of the Minister of Finance 168 of 2023, namely the amount of the position allowance that can be deducted from the total gross income to calculate the deduction for Income Tax for ASN or permanent employees, which is 5% (five percent) of the total gross income, a maximum of IDR 6,000,000 (six million rupiah) in one year or IDR 500,000 (five hundred thousand rupiah) for one month.

The results of the study show different applications between the calculation of PPh 21 of the Regional Financial Management Agency and PP No. 58 of 2023. From Tables 2 and 4 it can be seen that PPh 21 on Martha Daring's income for a year according to the Regional Financial Management Agency Less January-November IDR1,085,879 at the end of the tax period payable IDR624,329, in Tables 3 and 5 for Yusri PPh 21 January-November according to BPKD IDR571,378 and at the end of the tax period, PPh 21 payable IDR456,067. This is

different when compared to PP 58/2023 where Martha Daring's January-November PPh IDR2,136,078 at the end of the tax period there was an overpayment of IDR367,382. Yusri January-November IDR1,648,216 at the end of the tax period there was an overpayment of IDR597,894. The difference in the evaluation results occurs due to several things, namely:

1. Difference in application of Position cost multiplied by 5% maximum IDR6,000,000 for a year. In the income obtained by civil servants, the position cost is below the maximum value, meaning that the real value can be used as a reduction in gross income per year.
2. The amount of Gross Income received in one month is not accumulated as a monthly gross income which will be multiplied by the TER rate in accordance with PP 58 of 2023.
3. For employee salary income tax article 21 which is calculated using gross income will be relatively larger when compared to calculations based on net income.
4. For Income that has been paid specifically in January 2024, the Malinau Regency Regional Financial Management Agency still applies Article 17 paragraph 1a of the Income Tax Law. Although PP number 58 of 2023 was ratified on December 27, 2023 which was then enforced since January 1, 2024, the implementation of special tariff adjustment regulations in the region takes time.
5. The application of TER rates according to PP 58 of 2023 on employee salaries has changed, the average monthly taxable income is only imposed on civil servants with Group IV, where the gross income in a month of civil servants group III and below is in a layer that is not subject to tax deduction rates. Although the government has regulated the regulation of increasing civil servant salaries by 8%.
6. The availability of budget for salary payments originating from the APBD does not allow for the implementation of tax deductions in accordance with PP 58 of 2023.

5 Conclusions

Based on the results of the analysis through interviews and observations, it was found that the Malinau Regency Regional Financial Management Agency (BPKD) had implemented Income Tax (PPh) Article 21 deductions with TER rates in accordance with applicable provisions. However, at the beginning of 2023, especially in January, the calculation of PPh 21 was still used based on Law Number 17 paragraph 1a concerning Income Tax. This caused a significant difference in payments at the end of the December 2024 tax period. Nevertheless, the local government has made optimal efforts to implement Government Regulation (PP) Number 58 of 2023 in the following months. Even so, there are still differences in perception regarding the income of the Eid Allowance (THR) and the Thirteenth Salary, which are not combined as one unit of income in one month.

The issuance of PP 58 of 2023 aims to simplify the calculation of PPh 21 to make it easier to apply. However, in its implementation in the regions, there are still several obstacles, such as the lack of comprehensive information, limited human resources, minimal supporting facilities, and lack of socialization regarding changes to this system. As a result, problems arise related to excess or deficiency in tax deductions. Despite facing various limitations, local governments continue to strive to support the implementation of PP 58 of 2023, as evidenced by the implementation of TER Rates in the following months and various improvements that continue to be made.

To improve the effectiveness of the implementation of this regulation, the Malinau Regency BPKD is expected to improve its performance, especially in the calculation and implementation of PPh 21. The Malinau Regency Government can integrate this regulation into the third-party Salary Information System to be more efficient, but this needs to be supported by adequate APBD fund allocation. In addition, increasing human resource capacity is important through employee training, socialization, system adaptation, and utilization of technology. The local government also needs to seek information, coordinate, and consult with related parties to avoid misperceptions in the implementation and deduction of PPh 21 in accordance with PP 58 of 2023.

Meanwhile, the Tarakan Branch of the Pratama Tax Service Office (KPP) is expected to increase socialization, provide more intensive assistance, and supervise regulatory changes so that the implementation of this regulation can run more effectively and in accordance with applicable provisions.

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