

Obligation of Ownership of Taxpayer Identification Number (NPWP) and Taxable Entrepreneur Identification Number (NPPKP) for Taxpayers

Pratiwi¹, Fadhilah Syahrani Elpriyan², Putri³, Galuh Tresna Murti⁴

Faculty of Economics and Business (FEB) at Telkom University

E-mail: pratiwi@gmail.com

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Abstract

In the Indonesian government, there is development that covers various aspects with the aim of realizing development, so the state requires self-assessment to register with the KPP to get NPWP and NPPKP. This research is formulated as follows: understanding of NPWP and NPPKP, sanctions for not registering NPWP, and NPWP as a means of tax administration. Sanctions for not registering NPWP and NPPKP, will result in administrative sanctions of 2% to 48%, in confinement for 6 months to 6 years, including a fine of twice the tax payable and the maximum amount of tax to be paid. As a result, sanctions can increase taxpayers' awareness of the importance of fulfilling their tax obligations. According to Law Number 28 of 2007 Article 1 No. 6 Taxpayer Identification Number is a number given to taxpayers as a means in tax administration which is used as a personal identification or identity of taxpayers in carrying out their tax rights and obligations. Meanwhile, according to Official (2019) the Taxpayer Identification Number (NPWP) is a tool in tax administration that is used as a personal identification or identity of taxpayers.

1. INTRODUCTION

The Preamble to the 1945 Constitution states that one of the objectives of the Indonesian government is to promote public welfare. Prosperity for the entire Indonesian nation can be realized through good governance and development in all fields, of course with adequate financing. The Indonesian state requires a large budget to run the wheels of government and development, with taxes as the main source of funding from the State Revenue and Expenditure Budget (APBN). According to the Minister of Finance, the realization of tax revenue in 2015 reached Rp. 1,235.8 trillion or 83% of the tax revenue target in the 2015 APBN of Rp. 1,489.3 trillion. As can be seen, taxes are the largest source of income for the Indonesian state, making it difficult for Indonesia to develop if the taxes collected are far from actual revenues. To meet the tax target, the role of the taxpayer in the tax collection system is very important. The balance of actual revenue levels shows optimal tax revenue. As a result, the implementation of tax obligations in paying taxes is a significant factor affecting the source of state tax revenue from taxpayers.

Tax is a source of state funding that finances various state expenditures (*budgetair*) and organize or implement government policies in social and economic fields (*regularend*). In general, taxes are legal contributions to the state treasury, so they can be imposed without direct reward. It can be concluded that the characteristics of taxes are as follows: The flow of money (not goods) from the people to the state treasury, taxes are collected based on law (which can be forced), there is no special reciprocity or direct counter-achievement that can be shown, and taxes are used to finance expenses -spending in general for the welfare of the people.

Tax collection in Indonesia is based on Article 23A of the 1945 Constitution which states that taxes and other forced levies for state purposes are regulated by law. Because of its compelling nature, this obligation must be fulfilled by all taxpayers, both individuals and entities. Since the tax reform in 1983, the tax collection system in Indonesia has shifted from an *official assessment system* to a *self-assessment system*. *Self-assessment system* is a tax collection system that gives the authority, trust and responsibility of the taxpayer to calculate, pay and report the amount of tax to

be paid (Waluyo, 2008). Modernization of the tax administration system is one of the steps taken by the government to increase tax revenues. Therefore, the Directorate General of Taxes issued a modernization of modern tax administration using information technology, which also follows technological advances with e-system based services such as e-registration, e-spt, e-filing, and e-billing . which is expected to improve monitoring and reporting mechanisms that are more effective, as well as facilitate taxpayers in carrying out their tax obligations. For example, e-registration facilitates the registration of NPWP and determination of taxable entrepreneurs to consult on taxes online, e-SPT by submitting SPT with a program provided by the Directorate General of Taxes, e-filing and e-payment are useful for reporting tax notifications and paying taxes electronically. Other goals include saving time, simple, accurate and paperless to produce services efficiently and effectively. The use of this e-system is said to be effective if it can facilitate the submission, calculation and payment of taxes for taxpayers.

Every individual taxpayer and corporate taxpayer is required to pay NPWP and NPPKP as an absolute requirement for payment of mandatory contributions aimed at advancing the welfare of society and the state. Given the important role of the community in paying taxes in contributing to state financing, public awareness is needed to fulfill their tax obligations. Meanwhile, the low level of public compliance with tax obligations, taxpayers paying less taxes than they should, and the constraints of taxpayers in carrying out bookkeeping are the main obstacles to increasing tax revenue for the government.

Taxpayers who have earned income exceeding Non-Taxable Income (PTKP) and have registered to obtain a Taxpayer Identification Number (NPWP) and a Taxable Entrepreneur Identification Number (NPPKP) for those who run a business will not be subject to sanctions, but there are still many Taxpayers who do not have the awareness to register with

the DGT, either intentionally or to avoid obligations as taxpayers (Armanda and Iskandar, 2021).

2. LITERATURE REVIEW

2.1 Tax

According to Law no. 28 of 2007 article 1 paragraph 1, taxes are mandatory contributions to the state owed by individuals or entities that are coercive based on the law, by not getting compensation directly and used for state needs for the greatest prosperity of the people (Prawiro, 2018). Tax is an important factor in the development process of any nation, especially Indonesia in taxes,

According to Ilyas & Burton (in Nasution & Aliffioni, 2018) Taxes have four functions, namely:

1. The function of budgetair is to become a source of state revenue/income to finance the state budget and other government expenditures.
2. Regular function, namely as an instrument of regulation and implementation of government policies to achieve state goals in the social, economic and other fields.
3. The function of democracy, namely taxes as a symbol of the value of mutual cooperation and from all members of society.
4. The redistributive function is a tax that emphasizes income, wealth and guarantees justice in society , including capital between countries and regions.

2.2 Income tax

Income tax (PPh) is one of several types of taxes that serve as the main unit of national authority for projects aimed at increasing racial cohesion and security. Income Tax (PPh) is carried out in accordance with Government Regulation No. 34 of 2016. Income tax is a mandatory levy imposed on individuals or a company based on the amount of income received within one year. Any transfer rights exercised by a tax will be referred to as income tax.

There is one transfer right that is specifically covered by this definition. Income

tax and Income Tax Collection as stipulated in the Regulation of the Director General of Taxes Number 30/PJ/2009 namely Transfer of Rights Due to Inheritance and grants to blood relatives in a straight line (Oktario & Oktarina, 2019).

3. METHODOLOGY

The research technique used was qualitative research through library research with a descriptive approach, and the researchers themselves were used as research instruments. Data was collected using laptops and *smartphones* by gathering sources such as books, journals and articles that were relevant to the discussion, then the collected data was thoroughly analyzed until conclusions could be drawn.

4. RESULTS AND DISCUSSION

According to the law and tax procedures, it is stated that taxes are mandatory contributions carried out by individuals or entities and are coercive according to the law, but the rewards are not felt directly and are used for the prosperity of society. Its function is divided into two, namely *the budgetair* /budgetary function which means as a source of funds for the government to finance its expenditures and *the regularend* /regulate function which means as the executor of government policies in the social and economic fields. Taxes have inherent characteristics, namely:

- a. Taxes are levied in accordance with applicable tax laws.
- b. Taxes are collected by the State, both the central government and local governments.
- c. Taxes are earmarked for government expenditures.

The term for those who carry out taxes is the taxpayer. Taxpayers are individuals or entities which include paying taxes, withholding taxes, and collecting taxes who have tax rights and obligations in accordance with the provisions of the tax laws and regulations. Taxpayers have obligations such as registering to get an NPWP and reporting their

business to be confirmed as a PKP. Of course, taxpayers have rights such as being able to submit letters of objection and letters of appeal, apply for installments of tax payments, and the right to overpayment of taxes.

Meanwhile, people who are subject to tax are called tax subjects which can be interpreted as individuals or entities that are taxed and include individuals, inheritance that has not been divided as a unit, entity, permanent business entity. Tax subjects consist of domestic tax subjects and foreign tax subjects. Domestic tax subjects are individuals who reside in Indonesia or are in Indonesia for more than 183 days within a 12 month period, or individuals who in a tax year are in Indonesia and intend to reside in Indonesia, as well as entities that are established or domiciled in Indonesia, and inheritance that has not been divided as a unit to replace the rightful. Foreign tax subjects are individuals who do not reside in Indonesia or are in Indonesia for no more than 183 days within a 12-month period, and entities that are not established and domiciled in Indonesia that carry out business or carry out activities through a permanent establishment in Indonesia.

Taxpayers who have met the subjective and objective requirements are entitled to obtain a Taxpayer Identification Number (NPWP). Subjective requirements are conditions related to tax subjects in income laws and regulations, and objective conditions are conditions that are intended for tax subjects who have received income and are required to pay taxes. According to the taxation law, a Taxpayer Identification Number is an identity in taxation in the form of a number given to a Taxpayer as an identification in carrying out tax administration. The NPWP format consists of 15 digits, namely, the first 9 digits are the taxpayer code and the 6 digits are the tax administration code. The function of the Taxpayer Identification Number is as a sign of identification of the taxpayer and maintaining order in paying taxes and in supervising tax administration. The benefits of the Taxpayer

Identification Number are divided into 2, namely outside of taxation which is used for arranging Trading Business Licenses (SIUP) and in taxation which is used to facilitate tax administration.

Taxpayer Identification Number registration is carried out using a *self-assessment system*. According to Budileksmana Space Agency (2001: 58) states that *self-assessment* is an authority for taxpayers to calculate, calculate, pay and report their own taxes owed with greater trust and responsibility. *Self assessment* can be done in two ways, namely:

- a. Come directly to the tax service office or tax counseling and consulting service office whose area around the taxpayer is domiciled.
- b. Through the internet on the website of the Directorate General of Taxes.

Taxpayer Identification Number deletion can be carried out by the head of the tax service office (KPP) if the taxpayer does not fulfill the subjective and objective requirements in accordance with the provisions of tax regulations, such as individual taxpayers who have died and have not left their inheritance, and individual taxpayers. a person who has been given an NPWP through an employer and whose fixed income does not exceed non-taxable income.

Taxpayers who act as entrepreneurs and have fulfilled the requirements as taxable entrepreneurs must register themselves to be confirmed and obtain a Taxable Entrepreneur Confirmation Number (NPPKP). The definition of a Taxable Entrepreneur Identification Number is a number given to an entrepreneur who has fulfilled the requirements as a Taxable Entrepreneur. Taxpayers who have a Taxable Entrepreneur Confirmation Number are called Taxable Entrepreneurs (PKP). The NPPKP format consists of 15 digits, namely, the first 9 digits are the taxpayer code and the 6 digits are the tax administration code. The function of the Taxable Entrepreneur Confirmation Number is as a condition for fulfilling the obligation of value added tax or sales tax on luxury goods, to

determine the identity of a Taxable Entrepreneur, and to supervise tax administration.

Of course there are sanctions if the taxpayer deliberately does not register to obtain a Taxpayer Identification Number and reports his business to be confirmed as a Taxable Entrepreneur which will cause losses to state revenues, and the taxpayer will receive sanctions in the form of imprisonment for 6 months to 6 years , and a fine of 2 to 4 times the amount of unpaid or underpaid tax.

5. CLOSING

Based on the discussion that was carried out in the previous chapter regarding NPWP and NPPKP, it can be concluded as follows:

Taxes are mandatory contributions that must be carried out by taxpayers and imposed on tax subjects that aim to advance the welfare of the state, especially the welfare of the community, and function as a source of funds and to carry out government policies. Taxpayers must also register themselves either directly to the tax service office or online through *the website* if they have met the subjective and objective requirements to obtain a Taxpayer Identification Number and a Taxable Entrepreneur Identification Number for taxpayers who run a business to carry out their rights and obligations in taxation.

If a taxpayer intentionally does not register himself to obtain a Taxpayer Identification Number and a Taxable Entrepreneur Identification Number, he will be subject to sanctions in the form of imprisonment and fines. And every taxpayer as an entrepreneur who is subject to tax according to the Value Added Tax Law and its amendments, must report his business to the workplace of the Directorate General of Taxes whose working area covers the home or domicile of the entrepreneur, as well as the area of business activity carried out to be confirmed as a Taxable Entrepreneur. Tax.

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