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Tax Analysis Article 21

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Abstract

Income Tax Article 21 regulates withholding tax on income earned by individual taxpayers in connection with work, services and activities. The purpose of this study is to find out the tax subject, tax object, tax withholding and calculation of Article 21 Income Tax and so that people who have income have a better understanding of the calculation of Article 21 Income Tax. The research method used is a qualitative research method . Based on the results of the analysis of Income Tax Article 21, it can be seen that there are different ways of calculating.

1. INTRODUCTION

Taxes are mandatory payments to the state by individuals or entities that are legally required and used for the benefit of the state for the common good of society. Tax has 2 functions, namely the budgetair function, as a fund for the state to finance its expenditures. *The regularend* function is as a regulator for implementing government policies in the social and economic fields. Tax classification is divided into 3, namely, based on its class, nature, and collection agency. Based on the class, taxes are divided into indirect taxes, namely taxes that are imposed on other people, for example VAT, direct taxes, namely taxes that are imposed on oneself, for example PPh. Based on its nature, taxes are divided into subjective taxes that pay attention to the condition of the taxpayer, for example income tax and objective taxes that do not pay attention to the condition of the taxpayer, for example Value Added Tax. Based on the Collecting Agency, taxes are also divided into 2, central taxes collected by the central government, for example PPh, PBB, VAT, Sales Tax on Luxury Goods and local taxes collected by local governments, for example Motor Vehicle Tax and Motor Vehicle Fuel Tax (Province) and Hotel Tax, Restaurant Tax, Entertainment Tax, Advertising Tax, etc. (Regency / City).

One example of PPh that is most commonly applied in our lives is PPh (Income Tax) article 21. Income Tax Article 21 is a withholding tax on income related to work, services or activities. The amount of this income tax is adjusted to the amount of income received by employees, former employees, severance pay recipients, retirees, or people who receive other income. The function of the tax itself is as state financing for the benefit of the people, such as development, education, people's welfare, and so on.

Taxpayer awareness of the function of taxation as state financing is urgently needed to increase taxpayer compliance (Jatmiko, 2006). Taxpayer compliance can be seen from knowledge of the provisions of tax laws and regulations, filling out forms, calculating the amount of tax correctly and honestly, paying and reporting taxes on time. However, many taxpayers still do not understand the regulations and calculations of this income tax. This can cause the amount of state tax revenue to decrease and the level of taxpayer compliance to decrease.

This research is aimed at knowing the calculation of income tax article 21 for workers in Indonesia, knowing the subject, object and withholding tax of PPh article 21 and so that people who earn better understand the calculation of Income Tax article 21 on their income.

2. LITERATURE REVIEW

2.1 Definition of Income Tax Article 21

Income Tax Article 21 is a tax imposed on domestic individual taxpayers on income related to work, services or activities. The income referred to can be in the form of salaries, wages, honorarium, benefits, pensions or other payments under any name that add economic value.

2.2 Subject and Not Subject to Income Tax Article 21

1. Article 21 Income Tax Subject
   a. Employee
   b. Recipients of severance pay, pensions, benefits or old age security (THT/JHT) include heirs
   c. Non-employee members of the board of commissioners or supervisory board
   d. Former employee
   e. Activity participants
2. Tax Subjects Are Not Employees Who Provide Services
   a. Experts consisting of lawyers, accountants, architects, doctors, consultants, notaries, appraisers and actuaries
   b. Art worker
   c. sportsman
   d. Advisors, teachers, trainers, speakers, extension workers, and moderators
   e. Author, researcher, and translator
   f. Service providers in all fields or committees
   g. Ad agency
   h. Supervisor or project manager
   i. Messenger or intermediary
   j. Merchandise clerk
   k. Insurance service officer
   l. MLM distributors , *direct* selling or similar
3. Not a Tax Subject

   Foreign State officials such as diplomatic representatives or consulates, with conditions
   a. Not Indonesian citizens
   b. In Indonesia, there is no income outside the position
   c. Coming from a country that provides reciprocal treatment

   Official representative of international organizations, with conditions
   a. Not Indonesian citizens
   b. In Indonesia, do not run other businesses/activities/work to earn income

2.3 Objects and Not Objects of Income Tax Article 21

1. Object of Income Tax Article 21
   a. Permanent employee income
   b. Pension recipient regular income
   c. Payment at the same time as severance pay, pension, THT/JHT after 2 years after stopping work
   d. Wages for non-permanent employees or freelance workers on a daily, weekly, piece, piece or monthly basis
   e. Rewards for employees who provide services
   f. Rewards for activity participants
   g. Income of non-employee members of the board of commissioners or supervisory board
   h. Payments to former employees
   i. Withdrawals and pensions by former employees
2. Not Object of Income Tax Article 21
   a. Insurance benefits for health, accident, life, endowments, and scholarship insurance

b. Natura provided by the WP or the government. Natura and/or other benefits are counted as income if and only if they are provided by: not WP, WP subject to final PPH, or using special calculation norms. Natura and/or other benefits are measured based on market price or fair value
c. Contributions to pension funds, THT & JHT are paid by the employer
d. Zakat or obligatory religious contributions received by OP
e. Scholarship

2.4 Withholding and Not Withholding Income Tax Article 21

1. Article 21 Income Tax Withholding
   Withholding tax on income in connection with work, services , or activities in any name and in any form received or obtained by domestic WPOP, must be carried out by employers who pay salaries, etc., as compensation for work performed by employees or non-employees.
   a. Government treasurers who pay salaries etc., in connection with work, services or activities
   b. Pension funds or other bodies that pay pensions and others
   c. Agencies that pay honorarium or other payments as compensation in connection with services, including the services of experts who do free work
   d. Organizers of activities that make payments in connection with the implementation of an activity.
2. Not withholding tax Article 21
   a. Representative office of a foreign country
   b. International organization established by the Ministry of Finance
   c. OP's employer who does not carry out business activities or independent work

2.5 PKP Tariff Layer

Table 1
PKP Tariff Layer

No	PKP layer	Rates
1	0 – IDR 60,000,000	5%
2	IDR 60,000,000 – IDR 250,000,000	15%
3	IDR 250,000,000 – IDR 500,000,000	25%
4	IDR 500,000,000 – IDR 5,000,000,000	30%
5	Above IDR 5,000,000,000	35%

2.6 Elements of Non-Taxable Income (PTKP)

Table 2
PTKP elements

No	Component	Rates
1	Personal WP	IDR 54,000,000
2	Marital Status	IDR 4,500,000
3	Dependents per person with a maximum of 3 dependents	IDR 4,500,000 / dependent
4	PTKP for the wife whose income is combined with the husband's income	IDR 54,000,000

3. RESEARCH METHODS

This research method is a type of qualitative method. The qualitative method is a research method that is carried out through literature review. The literature review in question is through previous research journals, literature, and references regarding income tax article 21.

4. RESULTS AND DISCUSSION

4.1 Research result

Example of Calculation of Income Tax Article 21

a. Calculation of Article 21 Income Tax on Monthly Salaries of permanent employees

Agus works in a private company with a monthly salary of Rp. 8,000,000 and pays a pension contribution of Rp. 30,000. Agus' current status is married and has 1 child/dependent.

Calculation of PPh Article 21

Monthly Salary	**IDR 8,000,000**
Subtraction :	
Position allowance 5% x IDR 8,000,000 Pension Dues Total	IDR 400,000 IDR 30,000 **IDR 430,000**
Monthly Net Income	**IDR 7,570,000**
Annual Net Income 12 x IDR 7,570,000	**IDR 90,840,000**
PTKP a year WP Own WP Married 1 child/dependent Total	 IDR 54,000,000 IDR 4,500,000 IDR 4,500,000 **IDR 63,000,000**
Annual Taxable Income	**IDR 27,840,000**
Income tax article 21 payable 5% x IDR 27,840,000	**IDR 1,392,000**
PPh Article 21 a month 12 x IDR 1,392,000	**IDR 116,000**

Note:

a. position fee is the cost of obtaining, collecting and maintaining income which can be deducted from the gross salary of each permanent employee regardless of any position.
b. this example applies to employees who have an NPWP.

b. Calculation of Income Tax Article 21 on Monthly Salaries of Permanent Employees

Japra is married and doesn't have children yet, works for PT. Ceria Sejahtera receives a basic salary of Rp. 15,000,000. The company provides a transportation allowance of Rp. 300,000 every month.

Calculation of PPh Article 21

Basic salary	IDR 15,000,000
Transportation allowance	IDR 300,000
Total Gross Income	**IDR 15,300,000**
Subtraction :	
Position allowance 5% x IDR 15,300,000	IDR 765,000
Monthly net income	**IDR 14,535,000**
Annual net income 12 x IDR 14,535,000	**IDR 174,420,000**
PTKP a year For WP Alone Additional because Marry	 IDR 54,000,000 IDR 4,500,000 **IDR 58,500,000**
Annual Taxable Income	**IDR 115,920,000**
PPh Article 21 payable: 5% x IDR 60,000,000 15% x IDR 55,920,000	 IDR 3,000,000 IDR 8,388,000
The amount of Pph article 21 payable a year	**IDR 11,388,000**
PPh Article 21 is deducted a month Rp. 11,388,000 : 12	**IDR 949,000**

c. Calculation of PPh Article 21 for Permanent Employees of Monthly Salary.

Judges (not married) work at PT XYZ with a basic salary of IDR 10,000,000 per month and a position allowance of 2,000,000. The company provides a transportation allowance of IDR 300,000 every month. PT XYZ also stipulates death and accident insurance that is borne by the company every month at 2% and 4% of basic salary, respectively. PT XYZ also registers employees in the old age savings program. The contribution/retirement allowance (THT) that is borne by PT XYZ is 2% of the basic salary, while that which is paid by the employees themselves is 3%.

Calculation of PPh Article 21

Wages IDR 10,000,000 + IDR 300,000 + IDR 2,000,000 + IDR 200,000 + IDR 400,000	IDR 12,900,000
Monthly Gross Salary	**IDR 12,900,000**
Subtraction	**IDR 800,000**
Monthly Net Income	**IDR 12,100,000**
Annual Net Income	**IDR 145,200,000**
Non-Taxable Income (PTKP) For Personal WP Total PTKP	 IDR 54,000,000 **IDR 54,000,000**
Taxable income	**IDR 91,200,000**
Income tax article 21 payable 5% x 60,000,000 15% x 31,200,000 Total	 IDR 3,000,000 IDR 4,680,000 **IDR 7,680,000**
Total Income Tax Article 21 Payable a Year	**IDR 7,680,000**
The amount of Income Tax Article 21 is cut in a month	**IDR 640,000**

Note:

a. monthly gross salary calculation, namely basic salary + position allowance + transportation allowance + death insurance premium (2% x 10,000,000) + accident insurance premium (4% x 10,000,000)

b. calculation of the reduction in office costs of 5% x 12,900,000 = 645,000 (maximum office fee of 500 thousand per month). THT contributions that are paid alone are 3% x 10,000,000 = IDR 300,000. the total amount of PKP is 91,200,000 then it is subject to 2 layers of tariffs, namely 5% & 15%

c. Example of Calculation of Pph article 21 Freelance Daily Employee

Ms. Tari works at PT SW as a freelance daily worker who works for 25 days a month. With wages received Rp. 240,000 per day. status Ms. Tari does not marry without dependents.

Calculation of PPh Article 21

Monthly wages	IDR 6,000,000
Annual Net Income	IDR 72,000,000
PTKP for Personal	IDR 54,000,000
Taxable income	IDR 18,000,000
Income Tax Article 21 payable: 6% x 18,000,000	IDR 1,080,000
PPh article 21 is cut a month	IDR 90,000

Note:

a. the calculation of a month's salary is the daily wage multiplied by the number of working days (240,000 x 25 days = 6,000,000) . annual net income is fixed times 12 months

b. the example above is for an employee who does not have an NPWP.

c. Employees who do not have an NPWP in their tax calculations have a difference of 6% from the PKP or 120% from Article 21 income tax deducted a month.

d. Example of Calculation of Daily Employee or Freelance Workforce

Mr. Muda worked at PT MH for 25 days with a wage of Rp. 250,000 per day. status Mr. Young married and had 1 child. Calculate the tax payable PPH article 21.

Calculation of PPh Article 21

Monthly salary	IDR 6,250,000
Annual net income	IDR 75,000,000
PTKP for Personal Compulsory IDR	IDR 63,000,000

54,000,000 additional due to marriage Rp. 4,500,000 additional for dependents IDR 4,500,000	
Taxable income IDR 75,000,000 – IDR 63,000,000	IDR 12,000,000
Income tax article 21 payable = 5% x IDR 12,000,000	IDR 600,000
PPh article 21 is deducted a month	IDR 50,000
Employee income tax without NPWP = IDR 50,000 x 120%	IDR 60,000

Based on the examples above, it can be seen that there are differences in the calculation of permanent employees' monthly salaries and daily employees or freelance workers, namely:

1. Monthly salary permanent employees are subject to a position fee of 5% of the month's gross salary. while casual daily employees do not have office fees as a tax calculation deduction or are not subject to office fees.
2. salary received by permanent employees monthly salary has been determined based on company policy. while freelance workers are paid according to the number of working days in a month.
3. For the imposition of Article 21 PPH tax rates for permanent employees with monthly salaries and freelance daily employees there is no difference in the calculation. If you have an NPWP, you will be charged the normal rate according to the taxable layer. If you do not have an NPWP, you will be charged a rate of 6% of your taxable income or 120% of the monthly income tax deducted.

4.2 Research Discussion

There are several ways to calculate Income Tax Article 21

a. How to calculate Article 21 Monthly PPh against the regular salary of permanent employees

1) Looking for a month's net income, a month's net income can be found by way of gross income minus office fees, contributions, pensions, contributions paid by employees, after that it is annualized.
2) A year's net income is obtained from the month's net multiplied by 12. A permanent employee has subjective tax obligations as a domestic taxpayer that has been available since the beginning of the year, but if an employee works after January, then his year's net income is sought by means of a month's net income multiplied by the number of months when employees work until December. After getting the previous year's net income, it is deducted by PTKP in order to get taxable income, then Article 21 income tax is calculated for a year. To get Article 21 PPh a month, you can divide Article 21 PPh a year by 12. Meanwhile, to get Article 21 PPh a month for employees who start working after January, it is calculated by dividing Article 21 PPh a year by the number of months the employee worked.
3) If the tax payable by the employer is not based on one month's salary, then the PPh Article 21 calculation begins by calculating the amount of income to become monthly income by multiplying the salary. If the salary is for a week, it is multiplied by 4, and the salary for a day is multiplied by 26. After that, it will be continued with the calculation of Income Tax Article 21 for a month. Article 21 income tax for a week's salary is calculated based on monthly income tax article 21 divided by 4, while Article 21 income tax on daily salary is calculated based on monthly income tax article 21 divided by 26.
4) If an employee gets a monthly salary and gets a raise that applies retroactively

(rapel), for example for 4 months, the calculation of Income Tax Article 21 for the rapel is: the rapel is divided by the month the rapel is obtained, then the result of the division is added to the salary before experiencing a salary increase and it is already deducted Article 21 Income Tax, To calculate Article 21 Income Tax on salary after the increase is recalculated on the basis of a new salary after an increase in salary, Article 21 Income Tax payable on the additional salary referred to is the difference from the result of Article 21 Income Tax on salary for the months after it occurred the salary increase is reduced by the amount of tax that has been withheld with Article 21 Income Tax.

5) Calculation of PPh Article 21 for employees who get other salaries for a period of more than a month (rapel) and also their salary is paid based on a salary period of less than one month as in letter d, then the calculation method is in accordance with what has been stipulated in letter d by pay attention to the provisions in letter c.
6) Calculation of PPh Article 21 for overtime or other income earned concurrently with one month's salary, the calculation is by combining it with one month's salary.
7) Calculation of Income Tax Article 21 on monthly pension received in the first year, namely by: calculating the net income for a month in advance by means of gross income minus pension costs multiplied by the number of months getting a pension until December, then net income that has been calculated a year plus net income in the year concerned according to what is recorded in the proof of withholding PPh Article 21 before retirement, to calculate the PKP the amount of the addition of a year's net income plus the net income before retirement is deducted by PTKP, how to calculate PPh Article 21 on pension money in the year concerned can be calculated by reducing the taxable income with Income Tax Article 21 payable from the employer before the employee retires according to the proof of withholding Income Tax Article 21 before retirement. Article 21 Income Tax on monthly pensions can be calculated by dividing the amount of Article 21 Income Tax on pensions in that year divided by the number of months receiving pensions until December.

b. How to Calculate Income Tax Article 21 on Irregular Income

1) If permanent employees are given production allowances, royalties, bonuses, commissions, holiday allowances and other non-fixed income and are generally paid once a year, PPH article 21 on irregular income can be calculated by finding the difference between annual regular income plus irregular income. fixed in the form of royalties, production services, etc. with income tax article 21 on regular income without variable income
2) If income in letter a is for former employees, then PPH article 21 is calculated by applying the rates of article 17 of the PPH Law to total gross income
3) Companies affected by social insurance, work accident insurance premiums, death insurance premiums paid by employers constitute workers' income. The same applies to insurance premiums for health, work accident, life, grants and scholarships paid by employers to other insurance companies for employees. In article 21, the insurance premium is combined with the gross income paid by the employer to the worker.
4) If participants in a pension plan withdraw funds from the pension fund of a financial institution, then the pension fund from that financial institution will be deducted from the gross amount paid under Article 21 PPH regardless of other income of the participant.

5. CLOSING

5.1 Conclusion

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 the needs of the state for the greatest prosperity of the people. Tax payment is a manifestation of state obligations and the participation of taxpayers to directly and jointly carry out tax obligations for state financing and national development. In accordance with the philosophy of the tax law, paying taxes is not only an obligation, but is the right of every citizen to participate in the form of participation in state financing and national development.

This research focuses on the discussion of Pph tax article 21, which is a tax imposed on domestic individual taxpayers on income related to work, services or activities. The income in question can be in the form of salaries, wages , honorarium, benefits, pensions or other payments under any name that add economic value. Pph payments are made in the current year through deductions by certain parties. Based on this research, taxes are deducted by employers or companies that carry out activities.

5.2 Suggestion

After an explanation regarding the Pph income tax article 21, it is hoped that we can know and understand about the Pph income tax article 21, what is included in the subject and object of article 21 tax, and be able to apply it and comply with the Income Tax Law Pph 21 as a form of our responsibility as Indonesian citizens who obey the law and are honest and fair .

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