UNDERSTANDING OF MSME TAXPAYER ACCOUNTING IN RECORDING ANNUAL TAX REPORTING

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ABSTRACT

This study aims to determine whether MSMEs in the city of Balikpapan already understand accounting records and carry out their obligations in reporting annual tax returns correctly. The sample of this research is as many as 252 Correspondents taken from 252 MSMEs registered at the Office of Cooperatives, Micro, Small and Medium Enterprises and Industry of Balikpapan City. Methods of data collection using Likert scale questionnaires, and sampling method using the method of Ishac and Michael. The results showed that in measuring the understanding of the sample in this study, namely MSME actors, it showed that not all MSMEs understood well how the process of understanding MSME accounting records in reporting the Annual tax.

KEYWORDS: MSMEs, Accounting Understanding, SAK EMKM, Taxes, Annual Tax.

1. INTRODUCTION

MSMEs have a strategic role in the importance and development of the national economy. Until now, Micro, Small, and Medium Enterprises (MSMEs) have proven to have a very large role and make a high contribution to the Indonesian economy. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, in 2018, the contribution of MSMEs to the Gross Domestic Product (GDP) reached 60% to 70%. Of this amount, 37.77% were contributed by micro-enterprises. MSMEs are considered to have the resilience to the economic crisis and have the potential to develop where according to data from the Ministry Cooperatives and MSMEs in 2018, the share of MSME business units are around 99.99% or 64,194,057 business units spread throughout Indonesia. Seeing the potential shown by the development of MSMEs in Indonesia, the government has begun to pay attention to the MSMEs sector in paying taxes because the potential for tax revenue from the MSME sector is very large. (Ministry of Finance of the Republic of Indonesia, June 2020).

To increase MSME tax revenues, the Government lowered the final tax rate for MSMEs from 1% to 0.5% with the enactment of Government Regulation Number 23 of 2018 concerning income tax on income from businesses received bt taxpayers who have a certain gross turnover (GR No.23 of 2018). The stipulation rate of 0.5% of gross turnover in intended to make it easier for MSMEs to calculate the tax that is currently being paid. In addition, it is also hoped that this rate reduction can ease the tax burden be certified by MSMEs. Although it looks profitable, they are several consequences that must be faced by MSMEs who want to use GR No.23 of 2018.

Internal accounting is a vital element of tax compliance. MSMEs taxpayers will be facilitated when they have to pay tax obligations if they have made good and correct accounting records because with these bookkeeping and accounting records, MSMEs taxpayers can measure income levels and expenses from the business being run, thus MSME taxpayers will be able to find out the profits obtained and be able to calculate the amount of tax that must be paid and MSMEs will be easy to do their Annual SPT Reporting. (Sumianto & Kurniawan, 2016).

Balikpapan is an industrial city where most of the people's income comes from the MSME sector; this is certainly a great opportunity for state income from the MSME task sector. Based on data obtained from the Balikpapan City Disperindagkop, until 2019 there were around 31,220 MSMEs registered at the Balikpapan City Disperindagkop from various types of industries. However, of the 31,220 MSMEs registered with the Disperidagkop, according to data from the East Kalimantan DGT, in 2019 the number of MSME taxpayers was only 3,604 consisting of 2116 individual taxpayers and 1,488 corporate taxpayers. Additionally, according to data obtained from the DJP Kaltimtara in the 2018 to 2019 period, there was an increase in the number of taxpayers, both corporate and individual, but not in line with the realization of tax revenues.

Information	2018	2019
Number of WP OP MSMEs	1,905	2,116
Amount of Realized Revenue for WP OP MSMEs	3,807,871,775	3,785,476,838
Number of WP MSMEs Agency	1,278	1,488
Amount of Realized Revenue on WP of MSMEs Agency	15,559,132,789	13,636,114,496

Figure 1.1 Numbers of MSME Taxpayers and The Realization of MSME Tax Revenues.
Source: East Kalimantan DGT Regional Office Data (August 2020)

Financial reports are not only for tax purposes, because in the end financial statements become important for MSMEs, one of which for the purpose of applying for credit for additional capital, where Commercial Banks tend to consider lending to MSMEs a risk of default because their credibility is still low even though Bank Indonesia has targeting credit disbursement of 20% by commercial banks for MSMEs. To minimize the risk of default by MSMEs, commercial banks require MSME financial report and analyze the MSME financial statements. (Hetika & Maheasy, 2018)

However, in reality, it is not easy for MSMEs to make accounting records or make financial reports. Maybe even some entrepreneurs have not been able to separate business finances and personal finances. As a result, if MSMEs are forced to make financial reports, the resulting financial reports may become unreliable or used for decision-making. (Sejanto et al., 2018)

MSMEs have several characteristics, such as market uncertainty, and uncertainty whether, in the first few years, the company can survive or not. Accounting information is needed in decision-making. However, the practice of financial accounting in Macro Small Medium Enterprises (MSMEs) is still low and has many other than that; the weakness of MSMEs is the existence of unclear bookkeeping. The weakness above can cause differences in their understanding and obligations in fulfilling their tax obligations. (Purba, 2019).

Based on the above background, this study aims to determine the understanding of MSME Taxpayer Accounting Recording in Annual SPT Reporting. Therefore this study takes the title "Understanding MSME Taxpayer Accounting Recording in Annual Tax Reporting".

2. METHOD

This research was conducted in Balikpapan City, with MSMEs, which are taxpayers, as objects of research; this research is included in the quantitative and qualitative approaches because the numbers used are in the form of numbers. The variable in this study is the understanding of accounting records related to MSME taxpayer compliance. The operational variable in this study is the accounting understanding of MSME taxpayers in reporting the annual SPT, which is measured in several indicators, such as Recording/Bookkeeping, Classification of Assets and Liabilities, Presentation of Financial Statements, Understanding of SAK EMKM and Basic Knowledge in Accounting.

In this research, the typed of data used is the premier data type, namely in the form of a questionnaire, where the variables in this study were measured with several questions assessed using a 5 (five) point Likert scale. The populations in this study are all MSMEs registered with the Cooperatives and MSMEs Office of Balikpapan City in 2019, which are OP and Entity Taxpayers with a total of 3,604 MSMEs. The sample in this study was selected using a random sampling method, and the number of samples was determined using the Isaac and Michael Formula. The sample used in this research is as many as 252 MSMEs of OP and Entity Taxpayers in Balikpapan City.

Before being able to analyze the data with the help of SPSS, it is necessary to test the quality of the data, including the validity test and the reliability test. This is done to fulfill the requirements so that the questionnaire can be a good research instrument. The next step is to test the data analysis starting from identifying questionnaires and analyzing questionnaire data to conducting descriptive statistical tests, and the last step is drawing conclusions and suggestions.

3. RESULTS AND DISCUSSION

A). Results

The results of the validity test were used to measure whether a questionnaire was valid or not. A questionnaire is said to be valid if the questions in the questionnaire reveal something that will be measured by the questionnaire. To measure their validity of the instrument in this study, the Pearson correlation will be used with the help of the Statistical Package for Social Science (SPSS) program. Validity can be done by correlating the factor score with the total score, and if the correlation of each factor is positive 0.3 and above, then the factor is a strong construct (Ghozali, 2016). The recapitulation of the results of the validity of the research instrument can be seen in the following table:

Table 1. Recapitulation of Research Instrument Validity Test Results

Variable	Item	Pearson Correlation	r-limit	Decision
Understanding of Accounting Records and SAK EMKM	PEM1	0.896	0.30	Valid
	PEM2	0.901	0.30	Valid
	PEM3	0.851	0.30	Valid
	PEM4	0.841	0.30	Valid
	PEM5	0.784	0.30	Valid
	PEM6	0.861	0.30	Valid
	PEM7	0.841	0.30	Valid
	PEM8	0.839	0.30	Valid
	PEM9	0.843	0.30	Valid
	PEM10	0.879	0.30	Valid
	PEM11	0.873	0.30	Valid
MSME Tax Compliance	KEP1	0.876	0.30	Valid
	KEP2	0.910	0.30	Valid
	KEP3	0.877	0.30	Valid
	KEP4	0.822	0.30	Valid

A. The results of the validity test in the table above show that all research instruments used to measure all variables have a Pearson Correlation value of all statement items greater than 0.30. This shows that the statement items in the research instrument are valid and feasible to be used as research instruments.

A reliability test is a tool to measure a questionnaire which is an indicator of a variable or constructs. A questionnaire is said to be reliable or reliable if a person's answer to the statement is consistent or stable from time to time. It tests the reliability of each variable using the Cronbach alpha technique. A construct or variable is said to be reliable if it gives a Cronbach alpha value > 0.70 (Ghozali, 2016). The recapitulation of the results of the research instrument reliability test can be seen in the following table.

Table 2. Recapitulation of Research Instruments Reliability Test Results

No	Variable	Cronbach's Alpha	Reliability	Decision
1	Understanding of Accounting Reports and SAK EMKM	0.963	0.70	Reliable
2	MSME Tax Compliance	0.894	0.70	Reliable

Source: Primary data processed in 2021

The reliability test results presented in Table 4.8 show that all research instruments have a Cronbach's Alpha coefficient of more than 0.70. So it can be stated that all variables have met the reliability requirements. From all the tests carried out, it can be stated that the questionnaire meets the requirements to conduct research.

1. Understanding of Accounting Records and SAK EMKM

The variable understanding of accounting records and SAK EMKM in this study was measured using 11 statements related to the understanding of accounting records and SAK EMKM. In detail, the results of the study can be seen in the following table.

Table 3. Description of Respondents' Answers to Variables of Understanding of Accounting Records and SAK EMKM

No	Statement	Frequency of Respondents' Answer					Average	Criteria
		STS	TS	N	S	SS		
1	The recording of company transactions must be clearly separated from the recording of transactions by the owner of the company	0	0	60	126	66	4.02	In accordance
2	The basis for measuring an asset owned by MSMEs is the historical cost	0	0	67	126	59	3.97	In accordance
3	The amount of debt recorded is the amount of debt that must be paid	0	0	65	126	61	3.98	In accordance
4	Items in the statement of financial position may include: cash, receivables, property,	0	0	60	140	52	3.97	In accordance

	plant and equipment, payables, and income						
5	The company classifies fixed assets as owned assets	0	0	44	113	95	4.20	In accordance
6	Items in the income statement include: income, expenses, finance, and tax burden	0	0	50	120	82	4.13	In accordance
7	The notes to the financial statements contain explanations of important and material transactions	0	0	63	122	67	4.02	In accordance
8	The company has followed the existing standards in the implementation of all existing activities	0	0	23	118	111	4.35	Very appropriate
9	The company has prepared financial statements in accordance with SAK EMKM	0	0	23	106	123	4.40	Very appropriate
10	The company has carried out recording or accounting for all company transactions	0	0	27	127	88	4.24	Very appropriate
11	The company keeps proof of transactions, such as sales notes and purchase notes	0	0	44	147	61	4.07	In accordance
	Overall Average						4.12	In accordance

Source: Primary data processed in 2021

The table above shows that the variables of understanding accounting records and SAK EMKM as a whole are in accordance with this; it can be seen from the overall average of the variables of understanding accounting records and SAK EMKM, which is 4.12 with appropriate criteria. The highest average value in the statement "Your Company has prepared financial statements in

accordance with SAK EMKM" with very appropriate criteria. The lowest average value is found in the statements "The basis for measuring an asset owned by MSMEs is a historical cost" and "Posts in the statement of financial position may include: cash, receivables, fixed assets, debt, and income" with the appropriate criteria.

2. MSME Tax Compliance
The MSME tax compliance variable in this study was measured using 11 statements related to MSME tax compliance. In detail, the results of the study can be seen in the following table.

Table 4. Description of Respondents' Answers to MSME Tax Compliance Variables

No	Statement	Frequency of Respondent's Answers					Average	Criteria
		STS	TS	N	S	SS		
1	Men/Women already have an NPWP	0	0	54	136	62	4.03	In accordance
2	Men/Women have submitted their Annual SPT on time	0	0	64	140	48	3.94	In accordance
3	All income is reported in the Annual Tax Return	0	0	72	132	48	3.90	In accordance
4	Men/Women have tax arrears	0	0	25	159	68	4.17	In accordance
Overall Average							4.01	In accordance

Source: Primary data processed in 2021

The table above shows that the MSME tax compliance variable as a whole is in accordance with this; it can be seen from the overall average MSME tax compliance variable, which is 4.01 with the appropriate criteria. The highest average value in the statement "You have tax arrears" with the appropriate criteria. The lowest average value is found in the statement "All income is reported in the Annual Tax Return" with the appropriate criteria.

Based on the results of the descriptive analysis test that has been carried out and attached to Appendix 5, it is obtained a statement from the variable understanding of accounting records and SAK EMKM which has the highest average value, namely the statement "Your company has prepared financial statements in accordance with SAK EMKM" with a maximum value of 5, and the minimum value is 3 which indicates that no one chooses that "Your company has prepared financial statements in accordance with SAK EMKM" which is neither appropriate nor appropriate. The standard deviation of the statement is 0.651, which is obtained from a sample of 252. The smallest average value is obtained by the statements "The basis for measuring an asset owned by MSMEs is a historical cost" and "Posts in the statement of financial position may include: cash, receivables, fixed assets, debt, and income" with an average value of 3.97. The maximum value is 5 and the minimum value is 3 with a standard deviation of 0.708. This shows that the statements

"The basis for measuring an asset owned by MSMEs is historical cost" and "Posts in the statement of financial position can include: cash, receivables, fixed assets, debt, and income" are appropriate but not optimal so that optimization needs to be done. In the measurement of assets owned by MSMEs and items in the statement of financial position.

The results of the descriptive analysis on the MSME tax compliance variable with 4 statements indicate that the highest average value is in the statement "You have tax arrears," with an average value of 4.17 and a standard deviation of 0.584. The highest value is 5 and the lowest value is 3. This shows that the statement "You have tax arrears" is in accordance with the current situation. The lowest average value is found in the statement, "All income is reported in the Annual SPT" with the average value being 3.90 and the standard deviation value being 0.685. The highest value is 5 and the lowest value is 3. This shows that the statement "All income is reported in the Annual SPT" is appropriate but not optimal, meaning that not all communities, especially entrepreneurs, report their income in the annual SPT.

b). Discussion
Understanding of accounting records and SAK EMKM
Based on the results of the data analysis described above, an explanation of how to understand MSME accounting records in the annual SPT reporting is obtained. The results obtained came from observations with 252 samples who were given a questionnaire on how to understand MSME accounting records and MSME tax compliance given 11 and 4 statements, respectively.

The statements used have been tested for validity and reliability, which show that the statements used to measure understanding of accounting records and SAK EMKM and MSME tax compliance are valid and reliable to measure data regarding the understanding of accounting records and SAK EMKM and MSME tax compliance. After the statement is appropriate, the questionnaire is distributed to so that the sample can fill out a questionnaire containing a statement to measure the understanding of accounting records and SAK EMKM and MSME tax compliance.

Based on the results of the questionnaires that have been distributed, it is obtained that the variables of understanding of accounting records and SAK EMKM show that all the results of the data obtained show the appropriate criteria, which means that most of the sample state that the statements contained in the variables of understanding of accounting records and SAK EMKM are in accordance with those in the field. The statement that has the highest average value is "Your Company has prepared financial statements in accordance with SAK EMKM". This shows that most MSMEs have prepared their financial reports according to the existing SAK EMKM.

The results of this study are not in line with the research conducted by Hetika and Nurul Mahmudah (2018) in their research entitled "Application of Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) in preparing financial reports" resulting in the conclusion that generally MSME actors only use bookkeeping or simple notes to record business finances. The reason MSMEs do not compile financial reports is that accounting is considered complicated and difficult to implement, and limited understanding and skills in preparing financial reports. Therefore, the researchers tried a simpler method, namely the preparation of basic accounting

equations for SMEs. The basic accounting equation can be adapted to the needs of MSME actors, and the results of the study show MSME actors feel helped by this basic accounting equation method. This may be influenced by differences in places and respondents in the research.

Financial statements are the result of an accounting process that provides financial information of a company that is useful for interested parties in making economic decisions (Rawun, 2019). Financial Statements consist of five types, namely Profit/Loss Statements, Balance Sheets, and Changes in Capital, Cash Flows, and Notes to Financial Statements. Financial reports serve as a tool for analyzing financial performance that can provide information about the financial position, performance, and cash flows. So that it can be used as a basis for making economic decisions. (Isnawan Ganjar, 2012:60). So it is very important for MSMEs to compile their financial reports to comply with existing standards so that financial performance analysis can be carried out, which can be the basis for changes or developments in their business.

MSME Tax Compliance
Based on the results of the distribution of questionnaires regarding the MSME tax compliance variable, the highest average value was found in the statement, "You have tax arrears". This shows that there are still many MSMEs that have tax arrears and have not fulfilled their tax obligations. These results indicate that most MSMEs have not fulfilled their obligations in paying taxes which must be immediately warned or reprimanded to immediately meet their needs.

The results of this study are not in line with that carried out by Isramasari Harun, Nur Diana, M. Cholid Mawardi (2019) in his research with the title "Analysis of the application of Government Regulation No. 23 of 2018 for MSMEs in Malang City" resulting in the conclusion that there is an insignificant positive effect of compulsory knowledge MSME tax on Government Regulation No. 23 of 2018 on MSME taxpayer compliance in the city of Malang and there are also significant differences before and after the application of government regulation no. 23 of 2018 for MSMEs in the city of Malang. This may be influenced by differences in places and respondents in the research.

The results of research related to MSME tax compliance which shows that most MSMEs have not fulfilled their obligations in paying taxes confirm that the decline in MSME tax revenues in Balikpapan City in 2019 is influenced by tax arrears that have not been paid by these MSMEs. As we can see in the data attached in chapter 1, the realization of MSME tax receipts previously in 2018 with the number of MSME OP taxpayers as much as 1,905 MSMEs, the realization of receipts for MSME OP WP of Rp 3,807,871,775,00 and 1,278 MSME corporate taxpayers realized receipts of WP for MSMEs amounting to Rp. 15,559,132,789.00. Meanwhile, in 2019, with a composition of 2,116 WP OP MSMEs, the realization of revenue was 3,785,476,838.00 and the number of WP for MSME bodies was 1,488.

In Tatik's research (2018) entitled "Potential for compliance with MSMEs' tax payments after the issuance of government regulation No. 23 of 2018" it is said that SMEs object to the previous rate of 1% and they appreciate the new 0.5% tariff as stated in PP No. 23 of 2018, they stated that they were willing to pay taxes. It was said in this study that this strengthens the potential for MSME

taxpayers' payment compliance. If it is related to this research, it can be said that the 0.5% tax rate does not affect the compliance of MSME tax payments in the city of Balikpapan.

4. CONCLUSION

Based on the results of the discussion that has been described in the discussion chapter, the results of the research are obtained on how to understand MSME Accounting Recording in Annual SPT Reporting. The results showed that in measuring the understanding of the sample in this study, namely MSME actors, it showed that not all MSMEs understood well how the process of understanding MSME accounting records in reporting the Annual SPT. This can be seen in the results of the questionnaire distribution showing that MSME companies have prepared financial reports in accordance with SAK EMKM. MSME actors have compiled their financial statements that are used as the basis for reporting taxes in accordance with the income earned by their business. However, the results of the questionnaire distribution also show that there are still many MSMEs that are in arrears in paying taxes. This can be caused by many factors, one of which is the lack of understanding of tax reporting, which requires assistance from the Accounting Service Office (KJA) to provide simple training.

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