# The Influence of Changes in Income Tax Laws to Tax Revenue in Indonesia

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***Abstract***

*Study tried to examine the influence of changes in the Income Tax Act to tax revenue in Indonesia. Independent variables used in this study are: income tax article 21, article 22, article 23, article 25 and corporate income tax, while the dependent variable used in this study is the tax revenue. The research was conducted at the Office of the Directorate General of Taxation (DGT) of the Taxation Information Technology (TIP). With a sample of research in fiscal years 2008 and 2009, where 2008 is the year before the enactment of the Income Tax Act No.. 36 and in 2009 was the year began implementation of the Income Tax Act No. 36. The method of data analysis used in this study is multiple linear regression. Testers are to test it first before making assumptions of classical hypothesis testing. Results from this study are that all independent variables by partial effect on tax revenues. Suggestions in this research is to multiply the number of provincial populations sampled in the study and extend the observations to be accurate and can be known to impact the long-term effect of changes in income tax laws against tax revenue*

*Key words: Income tax article 21 Income tax article 22, Income tax article 23, Income tax article 25, Corporate Income tax, tax revenue*

## INTRODUCTION

A taxpayer is individual and corporate who is liable to pay taxes for benefits that received from government activity (Syahputra, 2006) based on the principles of justice. The Government in its efforts to create justice in any collection of tax made some changes to the system and regulations of tax law. Changes in system and regulations of tax law is intended to increase state revenue as a result of increasing compliance and improving business climate, improve the efficiency of tax collection, improve services, legal certainty and justice for the people in order to increase the attractiveness for investors while encouraging the development of a weak economy and high, adjust the socio-economic development of communities and development in information technology. In addition, the main reason for changes in tax law is also intended to increase government revenues. The government is trying as much as possible in an attempt to streamline tax collection, improve services, rule of law, justices for the people, and information technology. This is done by the government in order to optimize the revenue from the tax sector which is the sector most provide income for the state. Tax law that changes consists of three components sector substantial taxes, namely income tax. From those three components, the main order is the income tax Rp 362,219,000,000,000 from BPS interim data statistic. Taxation on income tax legislation has been amended in order to streamline tax collection and expand the basics of tax collection when seen from the changes. The changes are visible from many of the provisions that contained are, Income Tax article 21, Provision Income Tax article 22, Income Tax article 23, Income Tax article 25 and Income Tax WP bodies.

**RESEARCH PROBLEM**

Based on the description of the background and the problems that have been described to described previously, there are several points that a researcher aimed to analyze. Are the Income Tax article 21, 22, 23, 25 and Corporate Income Tax has significant effect on tax revenue?

The changes that occur in the article aims to streamline tax collection and expand the foundations of tax collection when seen from the changes. The amendment that will be the final aimed of the sector in national income tax. In accordance with the objectives of the reform of the tax laws that have been described in the previous paragraph. The changes in the Income Tax Act which changes visible from several chapters. Some of the article is as follows Income Tax article 21, article 22 of the Income Tax, Income Tax Article 23, Income Tax Article 25 and Corporate Income Tax. Amended Income Tax 21 rates and taxable income is not a reduction. In other words, taxable income affects individual income tax revenues through tax potential and under certain conditions, a rise in taxable income a negative influence on the potential income tax revenue by reducing the number of individual taxpayers and decrease the amount of tax to be paid by taxpayers. We would say that consumption increase by the public due to the change in income is not taxable.

Income Tax article 23 is also changing. The changes in the Income Tax article 23 deemed to create a simple reporting process so as to make more taxpayer is responsible for reporting it. Corporate income tax is also a change of tariff rates to a single. It is estimated that at the time the change occurred corporate income tax is the largest contributor to a potential loss, but the tax news informs that in 2010 corporate income tax revenues have reached the target of 50%. Amendment of the Income Tax Act must be in one way to keep taxes to be paid based on the principle of justice. It is also a way of the government to continue to increase state revenue. The state revenue is then used for development. At the moment the biggest revenue in the state budget is still dominated by the revenues from the new tax and from the oil and gas sector (oil and gas).

This research is expected to contribute to the development of science, especially the income tax and the tax revenue being the largest sector of the state revenue. The study is also expected to provide information about the effect of changes in the Income Tax Act to state revenue. Practical benefit for the author of this research study is expected to be a means for the application of the theories that the author has got particularly regarding income tax. This study is also expected to be useful as a reference for researchers who want to conduct another study that is still associated with this research.

## DISCUSSION

Many sources provide understanding about taxes. According to the Law (UU) Number 28 Year 2007 on General Provisions and Tax Procedures (CTP), the definition of taxes described in article 1, which reads: "Tax is a mandatory contribution to the state that are owed by individuals or entities that are enforceable under the law, to not get rewarded directly and used for the maximum prosperity for the people ". Taxes are the dues do not get services lead directly addressed and used to pay for general expenses (Supramono and Damayanti, 2010). According to the sources above, basically, common sense tax is mandatory due paid to the state with no direct reciprocal representatives, it have two common functions. Two functions, among other things, Function budget air or also called as a function of the fiscal (fiscal function) is a function where taxes are used as a tool to put the funds to the state treasury optimally based on the applicable tax law. Regular end function or function set is also called auxiliary function, which is a function of where the taxes are used by the government as a means to achieve certain goals. Named as a additional function for this function only as a complement of the main function of taxation, namely budget air function. To achieve that goal then used as a tax policy.

In order for the tax collection does not cause obstruction or resistance of the collection of taxes should be fair (In accordance with the objectives of the law and its implementation), tax collection should be according to the Act, tax collection should not interfere with the economy, tax collection should also be efficient, and should be simple. For that we need the theories that explain or justify granting the right to the state to collect taxes, such as the theory of insurance, which means the state to protect the safety of life, property, and rights of its people. The second theory is the theory of the theory that divides the tax burden to the people based on interests (eg protection) of each person. The third theory is taxes must be paid in accordance with their respective people endure. Furthermore, the theory that says basic fairness devotion tax collection lies in the relationship with the country folk. Last principle is the theory of purchasing power which the state will collect taxes to attract household purchasing power for households in the community.

Riel Stelsel taxation based on the object (real income), so it levied at the end of the tax year. The taxation is based on an assumption that is governed by law. For example, the income of a year is considered the same as the previous year, so that at the beginning of the tax year has been able to set the amount of tax due for the current tax year. Good stelsel is payable tax during the year, without having to wait at the end of the year. Mixed stelsel is a combination of real and stelsel assumption.

The research was conducted at the Office of the Directorate General of Taxation (DGT) of the Taxation Information Technology (TIP) in March until July. The products studied were income tax revenue from each KPP in Jakarta especially tax article 21, 22, 23, 25, and Income Tax body. The researcher only tax revenues in fiscal years 2008 and 2009 with research methods causality. Method of causality research is research that shows direction of the relationship between independent variables with the dependent variable, in addition to measuring the strength of relationship, in other words, the study questioned the causality (Kuncoro, 2003). According to the data type of this research method used in this research is quantitative research methods. Quantitative methods are methods that use these figures as a data source. The purpose of the use of quantitative research methods is to conclude from these figures that have been processed.

Data analysis method used in this research is a method of statistical data analysis using SPSS. Examiners first doing some classical assumption test before test hypotheses. First, multicollinearity test is to determine whether there is an independent variable that has similarities with other independent variables in the model to calculate the variance inflation factor (VIF) of each independent variable, if the VIF value of less than 10 indicates that the correlation between the independent variables are be tolerated. The second test is called autocorrelation test aims to determine whether there is a correlation between the confounding variables in a given period with the previous period confounding variables. Third, the test aims to test whether the regression model of the residual variance occur inequality one observation to another observation. The fourth test or final test is a test for normality which aims to test whether the regression model, or residual confounding variable has a normal distribution with graph analysis and statistical tests. Researchers also conducted using difference analysis methods for the analysis of the differences correlated samples. Conclusion in the analysis is to compare the table t and t count.

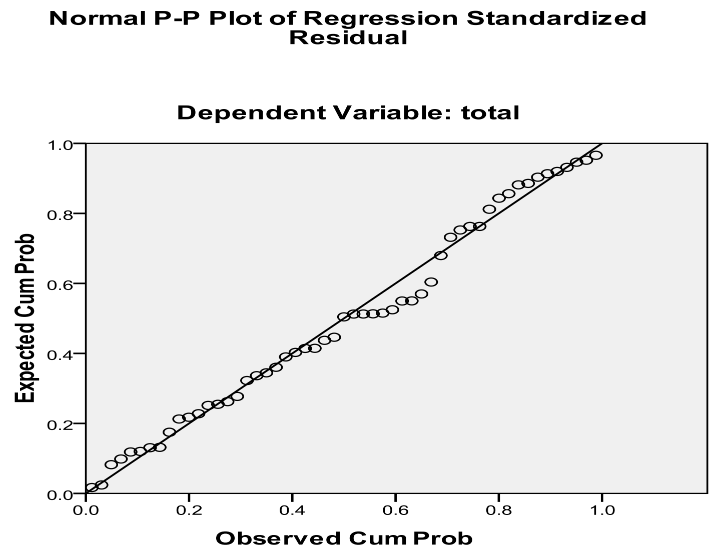
The data in this study is a secondary data obtained from the Information Technology Section of Taxation (TIP), the Directorate General of Taxation (DGT). The data that the object in this study is data tax revenue for fiscal year 2008-2009. Taxes revenues are referred to in this study were receiving total tax revenue of both. The independent variables in this study were receiving income tax article 21, article 22, article 23, article 25 and corporate income tax. The dependent variable in this study is the total tax revenue

Alternative hypothesis of this study using a different test is that there is a difference between the average revenue Income Tax article 21, Income Tax article 22, Income Tax article 23, Income Tax article 25, Corporate Income Tax, and total tax revenue between before there is a change of Law the Income tax of 2008 and after the amendment to the Income tax Act 2009

Classical assumption test in this study begins with the dependent variables include the total tax revenue, the independent variables are income tax revenue article 21, Income tax revenue article 22, income tax revenue article 23, Income Tax revenue article 25, Income Tax revenue shall corporate tax. Furthermore, these variables will be tested in four phases, namely normality test to measure the level of normal data, multicollinearity test to avoid the linear relationship between the independent variables in the regression model, test autocorrelation using Durbin-Watson coefficients and heteroscedasticity test. Test for normality in this research is to use parametric statistical Liliefors test. This method is used by finding significant levels of each variable, but in this study using the residual value. If the results of these tests in accordance with the value of the significance test criteria Liliefors it can be concluded that this study data were normally distributed. In determining the normality of the data using parametric test Liliefors test, sees significant value is the value of Kolmogorov-Smirnov. If the value of the significance of the Kolmogorov-Smirnov value of more than 0.05, then the data were normally distributed.

**Normality Test**

| | Kolmogorov-Smirnov[a] | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|
| | Statistic | df | Sig. | Statistic | Df | Sig. |
| Unstandardized Residual | .097 | 54 | .200* | .969 | 54 | .177 |




In addition to seeing the results of a parametric statistical test Lilifors researchers also looked at pictures of the PP Plot of Un-standardized Residuals with respect to the spread of the data (dots) on the Normal PP Plot of Un-standardized Residual. Data considered normal if it spreads around the diagonal line and follow the direction of the diagonal line of the regression model to meet the assumptions of normality, if the data is spread away from the line or do not follow the diagonal and the diagonal line of the regression model did not meet the assumptions of normality.

From the graph Normal PP Plot of Un-standardized Residuals in Figure 4.1 shows that the points spread around the diagonal line and follow the direction of the diagonal line. So in this study we can take the conclusion that there is no disruption of normality, which means that the data were normally distributed.

The next test is the classical assumption autocorrelation test. To detect the presence of autocorrelation or not in this study, researchers used the Durbin-Watson test (DW), aimed to test whether a linear regression model was no correlation between bullies error in period t with an error in period t-1 (previous) which can be proved in the picture below.

**Table Basic Decision Making Presence of Autocorrelation**

| Interval | | Kriteria |
|---|---|---|
| dW < dL | dW < 1.550 | With autocorrelation |
| dL ≤ dW ≤ dU | 1.550 ≤ dW ≤ 1.803 | No conclusion |
| dU < dW ≤ 4 – dU | 1.803 < dW ≤ 2.197 | No autocorrelation |
| 4 – dU < dW ≤ 4 – dL | 2.197 < dW ≤ 2.450 | No conclusion |
| dW > 4 – dL | dW > 2.450 | With autocorrelation |

After using criteria Durbin - Watson, then dW obtained for 1787. So researchers can conclude that there is no autocorrelation.

**Durbin-Watson Test Results**

| Model | Durbin-Watson |
|---|---|
| 1 | 1.787 |

Multicollinearity test is used to detect the presence or absence of a linear relationship between the independent variables in the regression model. One way to detect the presence or absence of symptoms of multicollinearity in a model is to look at the values used to indicate multicollinearity factor. The value used is the value of tolerance> 0.10 or VIF <10. If the tolerance values> 0.10 or VIF values <10, it means that there is no multicollinearity. Meanwhile, if the coefficient is more than ten, it will contain multicollinearity. Seeing the results of the research that has been done multicollinearity, researchers can conclude that the data do not contain multicollinearity meticulous researcher.

The next test is a heterocedastisity test aimed to test whether the regression model variants of residual inequality occurs one observation to other observations (Ghozali, 2009). If the residual variance from one observation to another observation fixed, then called homocedasticity and if different then called heterocedastisity. To detect whether or not containing heterocedastisity in a regression model one is to look at the picture scatterplot. The statistical test used in the study is Glejser test. Glejser proposes to meregres residual absolute value of the independent variable. If statistic significant independent variables affect the dependent variable, there is heterocedastisity indication. The researchers concluded that there was no heterocedastisity symptoms in this study because the independent variables are not statistically significant affect the dependent variable.

The next test is a test of linear regression performed to see the ability of the independent variables in explaining the dependent variable. In this test, the researcher found regression coefficients, respectively, PPh 21 of 6098, PPh22 for 3219, 23 for 6139 Tax, Income Tax 25 by 1243, and the corporate income tax for 1300. Furthermore, the following regression equation: Y = -120192.411 6.098X1 + + + 3.219X2 6.139X3 + + 1.243X4 1.300X5.

Furthermore, researchers also conducted an f test is used to determine whether all the independent variables included in the model have an influence together on the dependent variable. F test conclusion is to compare the value of F and F count tables with table ANOVA. ANOVA test results between Income Tax article 21, 22, 23, 25, and the corporate income tax to total tax revenue gained significance F value of 0.000 <0.005 significant level, while the value of F table 2413 where F count has a value of 20 627. It can be concluded that the F count> F table, it shows simultaneously or jointly independent variables in Income Tax article 21, 22, 23, 25, and the corporate income tax effect on the dependent variable is the total tax revenue.

After the test f, researchers also conducted t tests to show how far the influence of the individual variables in explaining the variation in the dependent variable (Ghozali, 2009). T-test in this study use a significance level of 0.05 or 5%.

The first hypothesis (H1) of this study suggested that there is influence between Income Tax article 21 to total tax revenue. According to the table the results of the t test (t-test), obtained t value for the variable Income Tax article 21 has a value greater than t table (4786> 2012) and the significant value of less than 5% (0.000 <0.005) so that the hypothesis is accepted. It can be concluded that Income Tax article 21 variables significantly affect the total tax revenue. Thus, the first hypothesis (H1) states that the Income Tax article 21 effected on total tax revenues proved. The second hypothesis (H2) of this study suggests that there is influence between Income Tax article 22 to total tax revenue. According to the table above the results of the t test (t-test), obtained t value for the Income Tax article 22 variable has a value greater than t table (2519> 2012) and the significant value of less than 5% (0.000 <0.005) so that the hypothesis is accepted. It can be concluded that Income Tax article 22 variables significantly affect the total tax revenue and proved. The third hypothesis (H3) study states that there is influence between Income Tax article 23. According to the table the results of the t test (t-test), obtained t value for the variable Income Tax article 23 has a value greater than t table (7874> 2012) and the significant value of less than 5% (0.000 <0.005) so that the hypothesis is accepted. It can be concluded that Income Tax article 23 variables significantly affect the total tax revenue and proved.

**t Test Results**

| Model | | T | Sig. |
|---|---|---|---|
| 1 | (Constant) | -1.328 | .191 |
| | PPh21 | 4.786 | .000 |
| | PPh22 | 2.519 | .015 |
| | PPh23 | 7.874 | .000 |
| | PPh25 | 2.263 | .028 |
| | PPhCorp | 2.193 | .033 |

The first hypothesis (H5) study states that there is influence of corporate income tax to total tax revenue. According to the table the results of the t test (t-test), obtained t value for corporate income tax variable has a value greater than t table (2193> 2012) and the significant value of less than 5% (0.000 <0.005) so that the hypothesis is accepted. Corporate income tax can be concluded variables significantly affect the total tax revenue. The first hypothesis (H5), stated that the effect of corporate income tax to total tax revenue proved.

After conducting hypothesis, further research resumed testing with different test to determine whether or not the average difference between the two groups of samples paired with samples of all the variables contained in the one in the study. Based on the results of multiple regressions that researchers have done is to test two hypotheses F test and t test. From The F explained that the independent variables jointly affect the dependent variable. If based on the t test or partial test of each variable on the dependent variable effects seen also have less significant effects of each variable. Until researchers come to the outcome of the discussion show based on the results of these independent variables t test significantly influence the dependent variable. These results are not directly prove previous studies that examined the contribution of Income Tax article 22 in Jakarta.

Results from previous studies lead to the conclusion that Income Tax article 21 percent the value of its contribution to tax revenue (Ganefiah, 2003). Income Tax article 22 in this study is also positive effects on tax revenues. Income Tax article 22 influentially significant according with conclusions can be drawn in multiple linear regression testing has been done testers. Income Tax article 23 in this study is also positively effect on tax revenues. Positive influential in Income Tax article 23 is not out of compliance with regulations on the tax by the taxpayer and therefore contributes significantly to the national income. This is consistent with studies which is examining the role of Income Tax Article 23 on compliance with tax laws. T test for Income Tax article 25 also gives the results that Income Tax article 25 significantly affects total tax revenue. This supports other studies on the role of income tax revenue in article 25 of the KPP Gambir Two. In this study stated that the role of income tax revenue in article 25 of the KPP Gambir Two, respectively showed 5.19% and 1.26%.

## CONCLUSION

This study aimed to investigate the effect of changes in income tax laws against tax revenue either directly or indirectly. Changes in income tax law is one in the study was Income Tax Article 21, Income Tax Article 22, Income Tax Article 23, Income Tax Article 25 and Corporate Income Tax. Based on the results obtained by researchers can draw conclusions as follows:

1. Changes in the Income Tax Article 21, effect on tax revenue.
2. Changes in the Income Tax Article 22 effect on tax revenue.
3. Changes in the Income Tax Article 23, effect on tax revenue.
4. Changes in the Income Tax Article 25, effect on tax revenue.
5. Changes in the Corporate Income Tax effect on tax revenue.

## SUGGESTIONS

This study has shortcomings in terms of the lack of years of research and the research object. Because of changes in tax laws that is a problem or a very broad discussion. So it took a lot of operational variables needed in this study. By looking at these limitations, the researcher suggests:

1. Research further in order to increase population and population becomes population research must be narrowed, so the results are no more clear
2. Research further also must extend year or time observation for more accurate and more know impact or influence of the long period of changing Income Tax.

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