

Analysis Impact Application of Average Effective Rate in Calculation of Income Tax Article 21 (Case Study of PT X)

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ARTICLE INFO	ABSTRACT
<p>Keywords: Costs and Benefits ; Income Tax Article 21; Average effective rate; Tax Management</p>	<p><i>This study aims to analyze the impact of the application of income tax article 21 calculation using the average effective rate based on Government Regulation Number 58 of 2023. The analysis was carried out using the concept of cost and benefit analysis of tax management efforts carried out by the Company in responding to changes in the calculation of Income Tax Article 21. The existence of a newly adapted policy requires adjustments to the calculation mechanism that has been carried out, resulting in costs for the company. The study was conducted to determine the amount of costs and benefits obtained by the Company after implementing the calculation with the average effective rate. The study was conducted on the compliance costs incurred by the company to obtain benefits from tax management efforts, namely increasing compliance. This study was conducted from January to June 2024 with the research method used being a qualitative approach with a case study at PT X. The data collection technique used was document analysis of PT X and interviews. The results of the study showed that the benefits obtained by PT X could not be measured in numbers, but the costs incurred by PT X had increased compliance in carrying out tax obligations. The contribution of this study is as information that tax management carried out by PT X is one way to maximize the benefits obtained by the company.</i></p>

INTRODUCTION

Government emit policy related with calculation tax income Article 21 which relates to with work that is Regulation Government number 58 of 2023. Regulation Government Number 58 of 2023 uses formula new calculation with use rates average effective above income gross received monthly and also daily by employees. Calculation tax income Article 21 before existence update policy use rates Article 17 of the law tax income that is of a nature progressive. The differences that occur namely in the implementation rates Where policy latest for calculation PPh Article 21 uses 3 rates in accordance with condition recipient income that is First rates effective applicable monthly for employee still the one who receives income every month; second rates effective daily applicable for power daily off; and the third use rates tax income Article 17 of the law PPh used for calculation tax owed at the end of the tax period. Changes implementation This felt by all must tax for to calculate and reckon tax income Article 21 for employee. Changes calculation This impact on the adjustments made by the obligor tax to new policy released The government at the end December 2023. So that in its implementation Regulation Government Number 58 of 2023 raises questions asked by the obligatory tax to mechanism cutting Article 21 Income Tax for employee.

As must taxes that run obligation tax *withholding tax*, PT X applies calculation Article 21 Income Tax for employee of PT X. As company in motion in the field service *outsourcing* for manage and provide power work, until with end year precisely in December 2023 the number middle The work managed by PT X is 4400 people so change calculation Article 21 Income Tax has a very big influence in the process of calculation until with reporting Article 21 Income Tax for each employee. Related change the rate charged at the time cutting Article 21 Income Tax gives rise to questions by employees so that obligation from PT X for give explanation on change calculation So that arise a number of impact *cost* and also *benefit* for company on change calculation Article 21 Income Tax for all over employee.

The transition to the Average Effective Rate (TER) for the calculation of Income Tax Article 21 is a significant step in improving the tax system's simplicity and transparency. According to (Crouch, 2012), policy evaluation through cost-benefit analysis plays a crucial role in understanding the financial impact of new tax regulations. The analysis conducted in this study aligns with Crouch's framework, revealing that while the immediate costs for PT X in adapting to the new regulation were considerable, the long-term benefits, particularly in terms of compliance

and timely reporting, outweigh these initial expenditures. This supports the idea that simplification in tax systems can facilitate smoother operations for companies, especially those with a large workforce.

(Ramayanti et al., 2022) emphasize the importance of integrating cost-benefit analysis (CBA) in evaluating tax policies and incentives. The findings of this study confirm their assertion, as the application of TER has indeed streamlined PT X's tax processes. This simplification, as observed, reduces the administrative burden, leading to more efficient and accurate calculations. PT X has seen a reduction in time spent on tax-related tasks, thus increasing productivity in other areas of the company.

(Azzahra, 2024) provides a comparative analysis of the previous and current tax regulations, specifically focusing on the changes brought by Government Regulation Number 58 of 2023. His research highlights that the switch to a fixed rate for calculating Income Tax Article 21 reduces complexity and increases the fairness of the system. PT X's experience mirrors these findings, as the new policy has not only simplified tax calculations but has also helped employees better understand the tax structure, reducing confusion and increasing overall satisfaction with the process.

However, the implementation of the new tax scheme is not without challenges. According to (Sari, 2023), one of the challenges companies face during regulatory changes is the initial compliance cost, which includes training and system adjustments. The results of this study corroborate this notion, as PT X incurred substantial costs in training staff and updating their financial systems. Nevertheless, these upfront costs are justified by the reduced risk of errors and penalties, as seen in the avoidance of sanctions for late payments and reports.

Another key consideration is the psychological cost associated with the fear of non-compliance, a concept discussed by (Rosdiana & Irianto, 2014). In PT X's case, the transition to the new tax calculation method caused initial concerns among employees, especially in terms of data security and potential miscalculations. However, as the system was implemented and the benefits became evident, these psychological barriers were alleviated. Employees now report greater confidence in the tax calculation process, highlighting the importance of clear communication and support during such transitions.

The broader implications of this study extend to the future of tax management in Indonesia. As the government continues to refine its tax policies, the lessons learned from PT X's experience can inform best practices for other companies facing similar transitions. This research suggests that a well-executed cost-benefit analysis not only helps businesses navigate regulatory changes but also ensures that the tax system remains efficient and compliant with national standards.

Finally, this study contributes to the growing body of literature on tax management and policy implementation. The application of the Average Effective Rate in the calculation of Income Tax Article 21 offers valuable insights for companies and policymakers. By examining both the costs and benefits in a detailed and systematic manner, this research provides a comprehensive framework for understanding the financial and operational impact of such regulatory changes.

According to Chen in (Helmizar et al., 2022) incentives tax earned must tax accompanied by analysis benefit for know impact or benefit economy for the recipient. This is related with change policy in calculation Article 21 Income Tax uses rates effective average where every implementation policy will accompanied by with existence costs. Costs related to with implementation policy Regulation Government Number 58 of 2023 is related costs with fulfillment obligation taxation as well as more cash flow formerly must issued for perform the calculation process Income Tax Article 21. Concept *Cost benefit analysis* (CBA) has connection with effort company in apply management tax in implement A policy. In addition with CBA concept is used For see policy worthy or No For implemented (Ramayanti et al., 2022). So that with draft *Cost benefit analysis* expected can assist PT X in see the impact (*cost*) incurred and the benefits obtained on implementation policy Regulation Government Number 58 of 2023.

A number of research conducted previously about calculation Article 21 Income Tax is carried out on implementation policy incentives during covid-19. Research previously done more focus to benefits obtained by the Company from implementation incentive Article 21 Income Tax in Pertiwi research (2022) where in research conducted for evaluate incentive Income Tax Article 21 Withheld Government to tax management efforts in utilise incentive with use *cost benefit analysis*. In addition Study about rates average effective in count Article 21 Income Tax has also been done by (Harahap, 2023) who do study study comparative to management Article 21 Income Tax aims to find out How impact change regulation Income Tax Article 21 (PPh Article 21) , since the birth of PP 58 of 2023 to replace Regulation Director General of Taxes No. PER/16/PJ/2016 and from perspective planning tax , calculation tax income become more simple , because rates tax (TER) set in PP 58 of 2023 uses method *single rate*.

Study This done for analyze implementation PP policy Number 58 of 2023 with use approach draft *cost benefit analysis* (CBA) at PT analyze amount costs incurred by the Company are more big compared to benefits obtained or on the other hand. PT X is a company that operates in the field service *outsourcing* which has an impact on change rates calculation Article 21 Income Tax. So that from study This can give recommendation based on results analysis *cost and benefit* to costs that have been incurred issued by PT X in frame determine decision chosen by PT.

Previous research on the calculation of Income Tax Article 21 primarily focuses on the impact of tax incentives, particularly during the COVID-19 period, and the simplification of tax calculation methods. However, limited studies have explored the impact of the newly implemented Government Regulation Number 58 of 2023, particularly its effects on tax compliance and the application of the Average Effective Rate (TER) in Income Tax Article 21 calculations in outsourcing companies. This study addresses this gap by analyzing how PT X adapts to the new policy and the cost-benefit implications of its implementation.

The novelty of this research lies in its unique application of cost-benefit analysis (CBA) to assess the practical implications of implementing Government Regulation Number 58 of 2023 on Income Tax Article 21 calculations. While previous studies have examined tax calculation methods and compliance costs, this study provides a detailed case study of an outsourcing company (PT X) navigating the transition to TER, highlighting both tangible and intangible costs and benefits, which have not been extensively documented in prior research.

After implementation provision new about calculation Article 21 Income Tax for employees who receive income in connection with work so must tax both bodies and individuals do adjustment related with mechanism calculations that have been Already done. This is also what PT X felt in count Article 21 Income Tax is like employee still and also No still, therefore That based on background behind on formulation problem in study that is: How impact implementation Policy Calculation of Income Tax Article 21 with TER at PT X based on corner view *cost and benefit analysis*?

Based on background background and formulation problem, goal from study This for can see impact implementation Policy Calculation of Income Tax Article 21 with TER at PT X based on corner view *cost and benefit analysis*. The analysis reveals that the implementation of the Average Effective Rate (TER) in the calculation of Income Tax Article 21 has resulted in both tangible and intangible impacts for PT X. Tangible costs include expenses related to socialization, training, overtime for documentation, and the time required for understanding and adapting to the new policy. These costs, while significant, have been offset by the benefits of simplified tax calculations, increased efficiency in reporting, and avoidance of penalties for late payments and reporting. Intangible benefits include improved compliance, greater ease in handling the tax process, and reduced concerns over data security and accuracy in reporting. Overall, the findings indicate that while the transition to TER has led to increased operational costs, it has also improved PT X's tax management and compliance, ultimately benefiting the company in both measurable and non-measurable ways.

METHOD

Types of research This is study qualitative with approach studies case. In the study This the method used that is triangulation data source with merge Several data collection techniques and data sources (Ellet, 2018). Data sources in this research This originate from primary data sourced from the Companies analyzed in the study case This as example results interviews and secondary data originating from from borrowed data to PT X such as invoices, reports finance, and letters notification of the period of article 21 of January 2023 until by March 2024.

Analysis This done with method see information from PT documents regarding amount costs incurred by PT apply calculation Article 21 Income Tax uses rates average effectiveness and benefits obtained from change calculation Article 21 Income Tax then confirmed through interview to related sources with PT X. Every results interview to source person analyzed based on *cost benefit analysis* for to obtain conclusion the amount of cost that must be issued by PT X and the benefits obtained by PT apply Policy Regulation Government Number 58 of 2023.

Interview process done to resource person who has relatedness with PT X and carried out with semi-structured method. The following is the profile data of the sources in this study.

Table 1 Respondent Profile

Respondent Code	Name	Position
R1	Mr. G	Head of Payroll Division
R2	Mr. D	Head of Tax Division
R3	Mother E	Tax Consultant

Source: Processed by Researchers (2024)

data analysis process is carried out with borrow document in the form of calculation *worksheet* Article 21 Income Tax carried out by PT X during the period January - June 2023 and January - June 2024. The results of the data analysis were confirmed through interview deep, besides it's also an interview done with ask a number of information that is not found in document. So that from results analysis documents and interviews can obtained information about *costs* and *benefits* obtained by PT done calculation Article 21 Income Tax uses TER.

RESULTS AND DISCUSSION

Companies operating in the field service *outsourcing* which manages and provides service power Work causing PT X to responsive in respond policy newly published Government. The main thing to do management from PT X, namely analyze changes that occur so that can done adjustment on change calculation Income Tax Article 21.

Analysis Impact Application of TER in Calculation Article 21 Income Tax based on *Cost Benefit Analysis*

Based on document review results and results interview to application of TER in calculations Article 21 Income Tax for companies has to examine changes that occur in the scheme calculation Article 21 Income Tax is one of the company's tax management that is do tax planning. Every the year company carry out tax planning related to with calculation Article 21 Income Tax for the tax period next. So that Before PP 58/2023 was released by the Government, PT X had already moreover formerly do tax planning for 2024. Changes scheme calculation PPh 21 causes the existence of a new strategy carried out by the company. The implementation of PP 58/2023 becomes something new for PT X so that at the beginning year matter main thing to do is carry out a strategy for can apply scheme calculation of PP 58/2023 in effective. This strategy effort is also supported with statement from team consultant who helps analyze calculation Article 21 Income Tax of PT X. TER policy was released at the end of 2023 is approaching changeover year so that No There is special tax planning carried out by PT X in count Income Tax Article 21. After issued This TER policy what PT X does is discuss about effort the beginning that can done. This is in accordance with statement by head tax.

See from change This TER policy change scheme calculation for the period from January to with November, however No change amount calculation Article 21 Income Tax during a year. This is make it easier for Taxpayers to count Article 21 Income Tax for the period January to with November where Previously the Tax Base (DPP) of Taxable Income (PKP) namely income gross reduced with various type cost like cost position, contribution pension and PTKP. Changes calculation This Article 21 Income Tax with multiply rates effective monthly with income gross from each employee based on 3 categories. Changes policy This cause existence difference amount Article 21 Income Tax owed every the month although in a year amount Article 21 Income Tax remains the same same thing This make amount of cash provided every the month become different with previously. Application of TER to calculation Article 21 Income Tax is carried out with use cost benefit analysis (CBA) approach, namely with analyze costs and benefits that can be rated materially using market value (tangible) or not can rated with market value (intangible) (Rahayu et al., 2024) Regulation Government Number 58 of 2023 applicable for all over must tax so that related costs incurred by PT with cost compliance cost. In addition to the costs incurred by PT X, there are also benefits on implementation of PP 58/2023, benefits both tangible and intangible.

Based on results analysis on salary analysis document PT X and interview there is cost incurred for can adapt change calculation Article 21 Income Tax to TER implementation. Analysis done based on type costs and benefits that can be measured in form numbers (tangible) and not can stated in form number (intangible). As explanation in chapters 2 and 4 below analysis related with costs incurred by PT X in connection with with adjustment and deepening related to PP 58 of 2023 and in implementation application of TER in calculations Income Tax Article 21. Apart from that, there is also benefit on related TER implementation with fulfillment obligation taxation with good and right.

**Table 2 Cost Benefit Analysis of TER Application in Calculations Income Tax Article 21
Cost Benefit Analysis Application of Ter in Calculation Income Tax Article 21**

	Calculation Income Tax Article 21 before PP 58/2023	Calculation Income Tax Article 21 after PP 58/2023
Component Tangible		
Cost:		
Fiscal Cost	Rp 0	Rp. 1,000,000
- Socialization and Training of PP 58/2023		
- Overtime for Documentation of Proof of Deduction	Rp 0	Rp. 7,000,000
Benefits:		
- Appropriate time in deposit and reporting Income Tax Article 21	Rp 0	Rp 0
Benefits (Cost)	(Rp. 14,000,000)	Rp. 8,000,000
Intangible Components		
Cost:		
- Time Cost	-	- Need 2 weeks time For understand regulations , calculating , and reporting Income Tax Article 21 - Need 2 weeks time For explain to employee on change cutting Income Tax Article 21
- Psychological Cost	-	- Own feeling Afraid regarding confidential salary data

- Own feeling be alert at the time do calculation and reporting Income Tax Article 21

Benefits:	
- Calculation Article 21 - Income Tax more easy	- Convenience in calculation Income Tax Article 21 with TER
- Not updating database	- No need worried that the PPh Article 21 database is lost

Source: processed by researchers (2024)

The concept of cost benefit analysis (CBA) in implementation calculation Article 21 Income Tax has objective for know amount costs incurred by the company and the amount benefits obtained by the company. So that company can see comparison costs that have been incurred issued with benefits obtained. In table 5.2 which has been served show more Lots costs incurred by the company after implementation of PP 58/2023 compared with calculation previously with use rates Article 17 of the Income Tax Law which is of a nature progressive.

In addition, PT X gets benefit Good in a way tangible and intangible No tangible (intangible) with calculation Article 21 Income Tax uses TER. The purpose of issued PP 58/2023 for can simplify the calculation process Article 21 Income Tax with use rates effective average so that make it easier self assessment system at the moment count Article 21 Income Tax. So that the compliance carried out by PT X becomes more good. Deposit and reporting Article 21 Income Tax paid by PT X for the tax period January to December with June 2024 carried out in a way appropriate time, thing This in accordance with article 24 paragraphs (1) and (2) PER-16/PJ/2016 which states related with cutting Article 21 Income Tax is mandatory deposited no later than 10 (ten) days after the end of the tax period and related matters reporting Article 21 Income Tax is mandatory submit a Periodic Notification Letter no later than 20 (twenty) days after end of tax period.

Management efforts taxes paid by PT X for can ensure calculation done in a way correct, deposit and reporting tax income done in a way appropriate time so that No There is potential sanctions flower on late deposit and also sanctions fine Because delay reporting. Here is potential sanctions imposed to PT X if No do obligation in a way appropriate the time presented in table 3.

Table 3 Potential Sanctions for Late Deposits and Reporting

Time	Tax base	Article 21 Income Tax payable	Sanctions Delay	
			Deposit	Reporting
January 2024	23,741,051,537	183,437,758	1,816,033.80	100,000
February 2024	26,863,149,921	173,704,604	1,719,675.58	100,000
March 2024	27,403,467,895	593,801,627	5,878,636.11	100,000
April 2024	26,663,216,790	158,229,892	1,566,475.93	100,000
May 2024	26.120.553.231	133,638,344	1,323,019.61	100,000
June 2024	26,742,992,621	125,864,573	1,246,059.27	100,000
Total	157,534,431,995	1,368,676,798	13,549,900	600,000

Source: processed by researchers (2024)

Based on Table 5.6 contains amount sanctions delay deposit amounting to Rp. 13,500,000 and delays reporting amounting to Rp. 600,000 which is calculated based on KMK No.18/KM.10/2024 regarding exchange rate rates flower as base calculation sanctions administrative period 1 December 2024 to by December 31, 2024. Sanctions related with delay do deposit Periodic Income Tax based on Article 9 paragraph (2a) then sanctions flower by 0.99%. Sanctions counted based on amount tax owed multiplied rates interest and multiplied with amount month delay. Next sanctions related delay reporting of Periodic Tax Returns based on Article 7 paragraph (1) of the KUP Law is IDR 100,000 per SPT.

Based on analysis from costs incurred by PT X are carried out for adapt implementation of TER in calculation Article 21 Income Tax so that it can be understand applicable regulations and avoidance potential sanctions Because absence obedience in fulfillment obligation taxation. Potential cost sanctions This No experienced by PT X because implementation obligation Article 21 Income Tax is carried out in a way appropriate time. So that PT X does not feel benefits that can be obtained measured (direct money) on the other hand if PT X does not appropriate time so There is potential sanctions that will be charged.

CONCLUSION

The results of the analysis have been conducted by researchers for answer question from formulation problem get results *cost and benefit analysis* (CBA) is performed on components tangible and intangible tangible (*intangible*) implementation of TER in calculation Income Tax Article 21. In the components tangible there is *direct*

costs incurred by PT the implementation of TER is potential cost on sanctions fine on delay in deposit and reporting Income Tax Article 21. Meanwhile in component No tangible there is a time cost, namely needed addition time in understand policy, do calculation and creation proof cut in reporting Income Tax Article 21 and *psychological* cost where existence feeling alert in the process of calculation and reporting Article 21 Income Tax which is not accurate and reporting beyond the time limit. Based on the costs incurred, the benefits obtained Not yet can stated with form the number and benefits obtained by PT X convenience in the process of calculation Article 21 Income Tax and PT X are avoided from delay deposit and reporting Article 21 Income Tax for the tax period from January to by June 2024.

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