

Comparison of Tax Payments in The Era of President Jokowi's Leadership in Periods 1 & 2 (Empirical Study on Food and Beverage Sector Industrial Companies Listed on Idx for The 2017 - 2022 Period)

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ABSTRACT

This study aims to determine the level of difference in tax payments during the leadership of President Jokowi during the leadership of 1 and 2 President Jokowi carried out by food and beverage industry sector companies listed on the Indonesia Stock Exchange (IDX). The study sample was taken using purposive sampling. Researchers used 2018 to 2022 as research years. The Paired Sample t-Test parametric test produces a statement that there are significant differences in corporate tax payments during President Jokowi's 1st and 2nd leadership periods which are calculated with the effective tax rate model. The results showed that tax payments made by companies made a significant difference during President Jokowi's administration for 2 periods.

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1. INTRODUCTION

Tax is a mandatory contribution to the state owed by private persons or entities that are coercive based on the Law, with no direct remuneration and used for state purposes for the greatest prosperity of the people [1].

Taxes are imposed to finance government expenditures such as infrastructure development, public facilities, and others. Taxes are used as a tool to achieve what is the goal of the government [1].

Taxes have a very important role for the state and can be a benefit to the community, such as: sources of state revenue which will later be returned to the community in the form of public facilities, development infrastructure, health, education, regulating the policy of imported products entering the country by raising import duties on imported

goods so as to protect domestic production, increasing security and order by buying defense equipment [1].

Taxes play an important role in buffering state revenue, so the government tightened the rules regarding tax payments, which should be made by taxpayers registered in Indonesia. So far, the government has paid various kinds of attention to companies in Indonesia to maximize tax revenue [2].

According to [3], the growth of industry 4.0 increases the ability of businesses to compete in the global market and can help companies increase revenue by converting human resources into machine power. The development of industry 4.0 is one of several tax changes that occurred during President Joko Widodo's administration. Second, the

emergence of the AEC means that countries that join ASEAN can trade freely [4]. When AEC emerges, manufacturing companies in Indonesia's consumer goods industry can take advantage of opportunities to expand markets and increase their profits [5]. This is a corporate advantage that can help increase the country's tax revenue. However, tax amnesty (TA), which began in 2016, is expected to reduce various tax problems, including tax evasion, tax avoidance, and transaction engineering [6].

Due to the tax amnesty policy, it is expected that (1) economic stability will increase, such as the ever-increasing value of the rupiah and a surplus of foreign exchange reserves, which will allow the government to finance national needs. (2) Four Countries-South Africa, Brazil, India, and Italy-managed to emerge from their economic downturns after implementing tax amnesty policies. With the implementation of this policy, it is hoped that Indonesia will do the same [7].

According to a survey conducted by Mujani Research and Consulting (SMRC), tax amnesty volume I failed to get taxes from the public properly due to several obstacles, such as lack of socialization. The results show that 70% of respondents do not know about tax amnesty, indicating that tax amnesty has not targeted all parts of society [8].

The Law on Harmonization of Tax Regulations (RUU HPP) was enacted into Law Number 7 of 2021 on June 29, 2021, considering the declining economic growth as a result of the COVID-19 pandemic. One of the contents of this law is regulating the Voluntary Disclosure Program (PPS), also known as part II tax amnesty. It is hoped that this law will help economic recovery with a focal point of improving the budget deficit and increasing tax ratios through the implementation of policies that improve tax revenue performance, tax administration reform, a fairer and fairer tax system, and increase voluntary compliance of taxpayers. The tax amnesty policy volume II, known as the voluntary disclosure program (PPS), will be valid from January 1, 2022 to June 30, 2022, and will amend the Law on Harmonization of

Tax Regulations starting from 2022 tax year [1].

According to [9], most of the country's revenue comes from taxes. However, many companies in Indonesia still evade taxes, resulting in low tax revenues [10], [11]. [12] stated that the effective tax rate calculation model can be used. This model categorizes the level of effectiveness of tax planning. Effective tax payments play an important role in Indonesia's economic growth. Because taxes are one of the main sources of fixed income of the country.

This study aims to determine whether there are differences in tax revenue in periods 1 and 2 during the leadership of President Joko Widodo. The company that became the fokus of this research is the consumer goods industry sector listed on the Indonesia Stock Exchange. This sector is very interesting to study because as the population increases, the demand for food and beverages will also increase [13]. The increasing demand from the public for food and beverages, the income from the company will also increase.

2. LITERATURE REVIEW

2.1 Review of Taxation Literature and Agency Theory

[14] examined the effective tax rates for various types of companies listed on the Indonesia Stock Exchange (IDX). The study was conducted using cash ETR calculation. The effective tax rate is influenced by the company's operational activities, so that the effectiveness of tax payments can experience nominal changes. However, from another perspective, nominal changes in the effective tax rate can be influenced by the size or size of the company, corporate debt, inventory intensity, and other factors.

[9] investigated the effect of effective tax rates on tax avoidance obligations. The results show that effective tax rates can have a significant influence on how people avoid taxes. [2] found that independent audit committees, audit quality, and independent commissioners have a significant impact on tax prevention efforts. [12] examine how capital intensity, stock, independent

commissioners, and management ownership affect the effective tax rate to be paid by businesses.

[15] shows that the relationship between the average effective tax rate and the marginal tax rate is very important for making investment decisions, assessing the benefits obtained, and determining the size and method of investment financing. The average effective tax rate is a measure that includes both economic and tax income, and shows how much financial benefit or gain can be gained from a tax aspect. The higher the value of an enterprise's economic income, the lower the average effective tax rate. [16] found that marginal effective tax rates are one of the calculation model media that can be used to measure how much difference is caused by tax rates to investment.

Agency theory is used in this study to describe situations in which company owners and managers have different levels of importance, which can result in unbalanced information. With this asynchronous information, managers can have a tendency to change financial statements as the business owner sees fit. There may be an increased likelihood that agents will take advantage of their own advantages. Utilizing the assets owned by the company and changing the results of company performance, which can be detrimental to the owner, are some examples of maximizing personal profits [10], [17].

Tax revenues increased during President Joko Widodo's first term (Putera, 2018). This is due to the entry into force of a tax policy known as tax amnesty (TA) in 2016. It is expected that this policy will allow the government to reduce tax avoidance, tax evasion, transaction engineering, and other actions that can hinder the nominal increase in corporate tax liabilities [6]. While tax revenue during President Joko Widodo's second term, the state apparatus revenue target for 2024 is set at IDR 2,781.3 trillion, with tax revenue projected to reach IDR 2,307.9 trillion [18]. In comparison, the government targets state revenue of IDR 2,221.5 trillion in 2020. However, as of August

31, 2022, state revenue has reached IDR 1,764.4 trillion, with tax revenue of IDR 1,171.8 trillion (setneg.go.id, 2022). In addition, seeing the success of tax amnesty 1, the government launched the Voluntary Leverage program or tax amnesty volume II in Indonesia to last for six months, starting on January 1, 2022 and ending on June 30, 2022 (Kompas, 2021).

Ha: There are differences in tax payments in the period before and during President Jokowi's first term.

3. METHODS

This study uses quantitative methods to compare numerical data from financial statements of manufacturing companies in the consumer goods industry listed on the Indonesia Stock Exchange (IDX). This data was collected from 2012 to 2017, namely before and during the presidency of President Joko Widodo. The purpose of this study was to find out how companies can pay taxes more efficiently during both periods. This research will be carried out by means of different tests which use several kinds of data such as numbers that will be examined with statistics [19].

In this study, the sample used was 12 companies or 72 observational data from companies listed on the Indonesia Stock Exchange from 2012 to 2017. Daily necessities will continue to increase along with Indonesia's population growth. This can have an impact on the amount of revenue a company has to do and the amount of tax it has to pay. This study was conducted using purposive sampling method. Some of the requirements for the use of samples are as follows:

1. Manufacturing companies operating in the food and beverage sector and publishing financial reports for the period 2017 - 2022.
2. The company did not suffer any losses at the time of the period studied.

This research uses combined data from food and beverage industry companies listed on the IDX for the period 2012-2017. The data is secondary data because it is obtained from the company's financial statements. The scale used by researchers is the ratio scale.

In this study, operational definitions were used to explain how to measure variables. The effective tax rate is used to calculate the amount of tax payable by a company. Research data in the form of information that can be used to assess the company's compliance with Indonesian tax regulations.

Table 1. Tax Rate Variables and Indicators

Variab le	Concept ual content definitio n	Indic ator	Operatio nal Definitio n	Sourc e
Tax Payme nt	Must-do activitie s carried out by parties compani es that countin g and Pay the Load his own taxes	Effect ive Tax Rate	Effective tax rate divided by profit (loss) before tax	Heart et.al (2019) Unica (2017)

One rate that businesses can use to calculate how effectively they plan for taxes is the tax rate. The effective tax rate calculation model also has the purpose of calculating the amount of tax that must be paid by businesses [9]. [20] stated that the average effective tax rate is used by most companies based on GAAP (Generally Accepted Accounting Principle) standards. Effective tariffs are now used to attract business investors as well as other entities, such as politicians and

economists seeking conditions of economic prosperity. The effective tax rate undeniably has its own appeal for the country [15].

According to [21], normality testing is an important part of research. To determine whether residuals are normally or abnormally distributed, a normality test can be used. A straight line is a normally distributed residual form [2].

However, for data that is abnormally distributed, it will be shaped like a bell. According to [22], good data has residuals that are straight, normal, and distributed. This study used the Kolmogorov-Smirnov method of normality. With the following conditions, the value of alpha = 5% has been set.

1. If the significance (sig) > 0.05, then the data can be interpreted as normally distributed residuals.
2. If the significance (sig) < 0.05, then the data can be interpreted as abnormally distributed residuals.

In this study, the difference test was used to see the difference in company activities in paying the effective tax rate to the state in the period before and during President Jokowi's leadership period 1. This study used a paired sample t-test with a significance level of α rejected the hypothesis [23]. The conditions for accepting the hypothesis are as follows:

1. If $t < 0.05$, it can be concluded that there is a significant difference in the company's activities in paying the effective tax rate.
2. If $t < 0.05$, it can be concluded that there is a significant difference in the company's activities in paying the effective tax rate.

4. RESULT AND DISCUSSION

4.1 Descriptive Statistical Analysis

Table 2. Descriptive Statistics

		Paired Samples Statistics			
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Kepemimpinan1	26.7826	27	3.83074	.73723
	Kepemimpinan2	28.7848	27	4.23541	.81510

In table 2, it can be seen that there are 27 samples of companies with a total of 54 observations. The average effective tax rate (ETR) in President Jokowi's first leadership era was 27% and in the second leadership era of 29%.

Correlation Test

Table 3 Correlation Test

Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Kepemimpinan1 & Kepemimpinan2	27	.983	.000

In table 3, it is stated that there is a correlation between ETR in the first and second leadership era of President Jokowi with a significant level of 0.00 (below 0.05).

Paired Sample Test

Tabel 4 Uji Paired Sample t Test

	Mean	Std. Deviation	Paired Differences			t	df	Sig. (2-tailed)
			Std. Error	95% Confidence Interval of the Difference				
				Mean	Lower			
Pair 1 Kepemimpinan1 - Kepemimpinan2	-2.00222	.84909	.16341	-2.13811	-1.68603	-12.253	26	.000

In this study, the initial hypothesis is that there is a difference in taxes that are taken into account with the effective tax rates in the first and second leadership of President Jokowi. A paired sample t-test statistical test was conducted to determine whether there was a difference in tax payments in the first and second leadership periods. Hypothesis testing uses a significance level of 5% or a probability value of <0.05. From the paired sample t test results above, it can be seen that the significance value is below <0.05 which means that the initial hypothesis is accepted. Thus, it can be concluded that there was a significant difference in tax payments in the first and second periods during President Jokowi's leadership.

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Discussion

The purpose of this study is to show whether or not there are differences in tax payment activities of manufacturing companies engaged in the food and beverage industry sector listed on the Indonesia Stock Exchange (IDX) which are calculated with the effective tax rate. Researchers chose food and beverage industry companies as the object of research because manufacturing companies in the sector make a large contribution to state tax revenue. Overall, manufacturing companies in the food and beverage industry sector have met the tax obligations that should have been paid. This is obtained based on a comparison between the mean and the deviation per year. The calculation results show that the average tax payment calculated with the effective tax rate is 27% in 2017 - 2019 (the era of President Jokowi's first leadership), and an average of 29% in 2020 - 2022 (the era of President Jokowi's second leadership).

In 2019 - 2021 there was an economic crisis caused by the Covid 19 pandemic so that many companies delayed even not paying taxes in advance because the company's financial conditions were not good. However, after the pandemic and supported by the 2nd Tax Amnesty program during the period 1 January - 30 June 2022, the increase in state tax revenue has improved and the average effective tax rate is above 2.0% for companies engaged in the food and beverage sector.

5. CONCLUSION

Based on the research that has been done, it can be concluded that there are significant differences in tax payments in the era of President Jokowi's first and second leadership in the manufacturing industry of the food and beverage sector in 2017 - 2022. One of the significant influences is due to the Tax Amnesty 1 and 2 policies which provide stimulus to tax subjects to collect taxes that have not been settled.

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