



Development of Tax Teaching Materials: Withholding Tax

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ABSTRACT

In order to ensure tax compliance and encourage transparency and efficiency in state revenue collection, the Indonesian government continues to make efforts to increase understanding and awareness regarding tax regulations among stakeholders. This research provides significant benefits for all participants and can be a first step in building a community of accountants who are more competent and skilled in dealing with the dynamics of taxation in this ever-evolving era. This research method is a literature study, analysis of learning needs, development of teaching materials, and evaluation of the effectiveness of the developed teaching materials. The conclusion of this study is the importance of a deep understanding of the rules and procedures related to Withholding Tax. In this context, accountants play a central role in assisting companies or their clients in fulfilling their tax obligations and avoiding administrative or criminal sanctions. It is hoped that accountants will have a better understanding of legal provisions, tax rates, withholding and reporting procedures, as well as recent changes in tax regulations regarding withholding tax.

Keywords: Tax, Teaching Materials, Withholding Tax

INTRODUCTION

In order to ensure tax compliance and encourage transparency and efficiency in state revenue collection, the Indonesian government continues to make efforts to increase understanding and awareness regarding tax regulations among stakeholders. One aspect that is the main focus is income taxation, including Income Tax Article 21 (PPh 21) which includes withholding Income Tax Article 23 (PPh 23), Income Tax Article 26 (PPh 26), Income Tax Article 4 paragraph 2 (PPh 4 (2)), Income Tax Article 15 (PPh 15), Income Tax Article 22 (PPh 22).

In this context, the presence of accountants plays an important role in assisting companies or their clients in managing taxation aspects related to income. They are not only responsible for preparing accurate financial reports, but also have a responsibility to understand and apply applicable tax regulations. A good accountant is an accountant who does have an undergraduate degree in accounting. Accounting students need to understand taxation well.

One of the things that accountants need to pay attention to is a deep understanding of withholding tax. Withholding Tax is a tax that is deducted directly from the income received by the recipient of income, either in the form of salary, honorarium, interest or dividends. This deduction is made by the party paying the income, such as the company or agency concerned.

In Pekanbaru, as the center of economic and business activities in Riau Province, it is important for accountants to thoroughly understand the rules and procedures related to Withholding Tax. This will provide significant benefits, both in ensuring tax compliance (Yusrizal et al., 2021), avoiding administrative or criminal sanctions, and in providing better advice to their clients.

The material to be written in the research includes an understanding of legal provisions, applicable tax rates, tax obligations, withholding and reporting procedures, as well as recent changes in tax regulations related to withholding tax.

It is hoped that accountants can improve their understanding and skills in managing Withholding Tax effectively and accurately. That way, it can achieve good tax compliance, support sustainable economic growth, and strengthen Pekanbaru's position as a professional and trusted business center.

This research provides significant benefits for all participants and can be a first step in building a community of accountants who are more competent and skilled in dealing with the dynamics of taxation in this ever-evolving era. Increasing understanding of withholding tax can make a positive contribution in supporting the success of the tax system in Indonesia. Accountants are currently dominated by youth (Nyoto et al., 2022) both generation Z (Hafni et al., 2020; Renaldo et al., 2020; Renaldo, Suhardjo, et al., 2022) and generation Y (millennials).

LITERATURE REVIEW

Income Tax

Taxes are obligatory contributions to the state by citizens for the public interest that are coercive. The benefits of paying taxes cannot be felt directly. Taxes have a significant role in the state, especially in development (Kramer et al., 2016; Lee, 2023; Nadirov & Dehning, 2023; Peprah et al., 2020).

In essence, taxes are part of the rights and obligations to live as citizens in Indonesia. There are various types of taxes such as income tax (PPh), value added tax (VAT), sales tax on luxury goods (PPnBM), stamp duty (BM), land and building tax (PBB). Now I will discuss PPh, or often called income tax.

PPh or income tax is a tax imposed on individuals or entities on income received or accrued in a tax year. The income in question can be in the form of business profits, salary, honorarium, gifts, and others.

Withholding Income Tax

The definition of withholding tax is the activity of cutting the amount of tax payable from the total payment made. This deduction is made by parties who make payments or salaries to recipients of salaries or employees. Income or salary payers have full responsibility for deductions, deposits, and tax reporting made to their employees. So simply, deductions will reduce the amount of salary or payment received by the employee.

For tax collection, the meaning is the activity of collecting a number of taxes owed on a transaction. Tax collection will increase the amount of payment for the acquisition of goods. Even so, there are also several cases where the collection is carried out by the paying party with the same mechanism as withholding taxes. More simply, this collection will increase the nominal amount that must be paid for a transaction.

Viewed from several sides, this tax deduction and collection can be better understood as the following division.

1. In terms of types of taxes
 - Withholding is used for PPh Article 21, Article 23, Article 26 and Final Income Tax Article 4 Paragraph 2.
 - Collection is used for PPh article 22 and Value Added Tax (VAT).
2. In terms of tax subjects
 - Deductions are made by unspecified subjects and are usually only referred to as the employer or activity organizer, in this case it can be interpreted as the company or organization making the payment.
 - Collections are carried out by parties who are given clear authority, for example by regulation of the minister of finance who assigns regional treasurers or other agencies subject to the regulation.
3. In terms of tax objects
 - Withholding is generally imposed on income or income that will become the right of the taxpayer (salary, dividends, interest)
 - Collections are imposed on income that may not necessarily become income for all beneficiaries. This is because the object can be sales or purchases (such as imports or the imposition of levies on the purchase of fuel oil).
4. From the SSP charging side
 - Withholders, when filling out the SSP, the NPWP column is filled with the NPWP belonging to the cutters.
 - Collectors, when filling out the SSP, the NPWP column is filled with the NPWP from which the tax is collected.

Withholding Tax

Withholding tax is a tax deduction or collection system, in which the government gives trust to taxpayers to carry out the obligation to withhold or collect tax on income paid to income recipients while depositing it into the state treasury. It can also be interpreted that the withholding tax system is a tax payment made by a third party. At the end of the tax year, taxes that have been withheld or collected and have been deposited into the state treasury can become a tax deduction or tax credit for the party being withheld, by attaching proof of withholding or collection.

The term withholding is intended to state the amount of tax withheld by the income provider on the amount of income given to the recipient of income. Thus, causing a reduction in the amount of income received by the recipient of income, such as Article 21 Income Tax (PPH) and Article 23 Income Tax. Meanwhile, what is meant by collection is the amount of tax collected on a number of payments that have the potential to generate income for the recipient of the payment, for example Income Tax Article 22.

Withholding tax is a shortcut for the government to collect taxes. Because taxpayers are assigned to collect and withhold taxes on other parties, the government does not need a lot of effort and expense to collect taxes. The concept of a withholding tax system cannot be confused with self-assessment. Because self-assessment gives full confidence to taxpayers to calculate, deposit and report their own tax obligations, not the tax obligations of other parties.

The withholding tax system in Indonesia is imposed on all income from business activities, as stated in the Regulation of the Director General of Taxes Number Per-70/PJ/2007. In the context of the Law on Income Tax (PPH), as stated in Law Number 7 of 1983, withholding tax is treated as:

- Installment tax payments (advanced payments).
- Final tax collectors.

Types of Income that Are Objects of Withholding Tax

The government has determined the types of income for which tax responsibilities are carried out using a withholding tax system, both those that are treated as mass installments and final tax. The following types of income are subject to withholding tax according to the articles in the Income Tax Law:

1. Withholding Income Tax Article 21

Income Tax Article 21 is tax deducted from income in connection with work, services and activities carried out by domestic individual taxpayers, namely income in the form of salaries, wages, honorarium, allowances and other payments in whatever name and form. Withholding Income Tax Article 21 is a party that provides income to domestic individual taxpayers related to work. An example is a company providing employment that cuts the salary received by employees.

2. Collection of PPh Article 22

Income Tax Article 22 is an income tax that is charged to certain business entities that carry out trading activities related to export, import, re-import, and sale of goods that are classified as very luxury. Article 22 PPh collectors consist of government treasurers related to payments for the delivery of goods, certain agencies related to income from activities in the import sector, as well as corporate taxpayers related to payments from buyers for the sale of goods classified as luxury goods.

3. Withholding Income Tax Article 23

Income Tax Article 23 is a tax deducted from the income of domestic taxpayers and permanent establishments originating from the use of capital (dividends, interest and royalties), services (rent and service fees), or organizing activities (gifts, awards and bonuses) other than those deducted from PPh Article 21.

4. Withholding Income Tax Article 26

Income Tax Article 26 is a tax deducted from the income of foreign taxpayers on income that does not come from running a business or activity through a PE originating from Indonesia. Withholding Income Tax Article 26 is final, or cannot be used as a tax credit, unless otherwise specified.

5. Withholding Income Tax Article 4 Paragraph (2)

Article 4 Paragraph (2) is tax deducted from income with separate treatment which is regulated through government regulations and is final. Income withheld from PPh Article 4 Paragraph (2) includes income in the form of interest on deposits and other savings, income from transactions in shares and other securities on the stock exchange, income from the transfer of assets in the form of land or buildings, income from construction

services business, and income on the discount on State Treasury Notes. Taxation is regulated by government regulations.

6. Withholding Income Tax Article 15

PPh Article 15 is a tax deducted from income using special calculation norms for certain groups of taxpayers. Withholding income tax in this article aims to make it easier for taxpayers to carry out their tax obligations, such as international shipping or airline companies, foreign insurance companies, to oil, gas and geothermal drilling companies.

METHODOLOGY

This research method is a literature study (Sekaran & Bougie, 2016), analysis of learning needs, development of teaching materials, and evaluation of the effectiveness of the developed teaching materials. A literature study will be conducted to gather information about the latest developments in the field of tax, as well as to study existing teaching materials.

Analysis of learning needs will involve identifying challenges and difficulties faced by students in understanding intermediated accounting concepts. In this stage, data will be collected through surveys and interviews with students and experienced teachers. This data will be used as a basis for developing teaching materials that are relevant and in accordance with student needs.

The development of teaching materials will be carried out by taking into account the principles of effective instructional design, including the use of multimedia, logical organization of material, and presentation of clear and easy-to-understand information. The teaching materials developed will include subject matter, practice questions, case studies, and relevant reference sources.

After development, the teaching materials that have been developed will be evaluated for their effectiveness. The evaluation will involve collecting data from students who use the teaching materials. This data will be analyzed qualitatively and quantitatively to evaluate the effectiveness of teaching materials in increasing students' understanding of tax.

RESULTS AND DISCUSSION

The following is the material presented to the participants.

Income Tax Law Taxation Scheme

Withholding System	Self-Assessment System
Taxation at source	Tax imposed based from net fiscal profit
There is a taxation group	The group is wide
Timing to withhold, pay, & report (monthly basis)	Annual

Article 4 paragraph 2 of Income Tax Law No. 7 of 2021

- (2) The following income may be subject to final tax:
- a. income in the form of interest on deposits and other savings, interest on bonds and government bonds, interest or discounts on short-term securities traded on the money market, and interest on deposits paid by cooperatives to individual cooperative members;
 - b. income in the form of lottery prizes;
 - c. income from transactions in shares and other securities, derivative transactions traded in the stock exchange, and transactions in the sale of shares or the transfer of equity participation in the partner company received by the venture capital company;
 - d. income from transactions of transfer of assets in the form of land and/or buildings, construction service businesses, real estate businesses, and land and/or building rentals; And
 - e. certain other income, including income from business received or earned by taxpayers who have a certain gross turnover,
- regulated in or based on Government Regulations. *****)

Income Tax Article 15 FINAL Income Tax Law No. 7 of 2021

- Until now there have been no changes to the objects and rates of Article 15 PPH.
- Objects and deduction rates can be seen in excel.
- The cutting scheme is further explained in excel.

Income Tax Article 22 UU PPh No. 7 of 2021

Article 22

- (1) The Minister of Finance can determine:
 - a. government treasury to collect taxes in connection with payments for the delivery of goods;
 - b. certain agencies to collect taxes from the Compulsory for activities in the import sector or business activities in other fields; And
 - c. certain corporate taxpayers to collect tax from buyers on the sale of goods classified as very luxurious. *****)
- (2) Provisions regarding the basis for collection, criteria, nature and amount of tax collection as referred to in paragraph (1) are regulated by or based on a Regulation of the Minister of Finance. *****)
- (3) The amount of levy as referred to in paragraph (2) applied to taxpayers who do not have a taxpayer identification number is 100% (one hundred percent) higher than the rate applied to taxpayers who can show a taxpayer identification number. *****)

Additional new rules:

- PMK 58 2022 which regulates taxation of the procurement of goods and/or services electronically through government procurement information systems (Chandra et al., 2018).
- PMK 68 2022 which regulates VAT and PPH provisions for crypto asset transactions

PPH 22 exceptions:

- Purchase of goods with a maximum value of Rp. 2 million without being broken up
- Purchase of fuel, electricity, gas, PDAM and postal items
- Purchase of goods for BOS, PAUD related to education
- Purchase of grain and rice
- Purchases from taxpayers who have & submit a photocopy of SKET PP 23
- Import of goods that are not payable in article 22 of PPH according to PMK
- Import of goods in the Free Zone

Article 22 PPh collectors:

- Foreign Exchange Bank and Directorate General of Customs and Excise (DJBC) for PPh Article 22 Import of Goods
- Government Treasurer and Budget User Authority (KPA) as tax collectors at the Central Government, PEMDA, Government Agencies or Institutions and other State Institutions relating to payments for purchases of goods.
- Expenditure Treasurer regarding payments for purchases of goods made with the money supply mechanism
- Proxy of Budget Users (KPA) or officials issuing payment orders given by delegates from KPA relating to payments for purchases of goods to third parties made with a direct payment mechanism.
- SOEs, (Pertamina, PLN, PGN, Telkom, Garuda, Housing Development, WiKa, Adhi, Hutama Karya, KRAS, and state-owned banks.
- Industries and exporters related to the forestry, plantation, agriculture, livestock and fishery sectors, for purchasing materials from collectors for industrial or export purposes.

- Industries or business entities that purchase coal, metal minerals and non-metallic minerals, from entities or individuals holding mining business licenses.

PPH Article 23/26 Income Tax Law No. 7 of 2021

Some important notes in this tax:

- Until now there has been no change to the objects and rates of Article 23 PPH
- If the recipient of income deducted from PPH article 23 does not have an NPWP, a penalty of 100% higher than the normal rate will be imposed.
- PPh 23 rates so far are 15% and 2% (30% and 4% if you don't have an NPWP)
- Objects and deduction rates can be seen in excel
- The cutting scheme is further explained in excel
- The payment term is the 10th of the following month
- If you are late in paying, you will be subject to interest sanctions in accordance with the KUP
- The reporting period is the 20th of the following month
- If you report late, you will be subject to an administrative sanction of Rp. 100,000
- Every pot/put transaction is issued with Evidence of Withholding

Unification SPT (PER 24 -2021)

Based on PMK 18 2021 Part two concerning Procedures for requesting an Electronic Certificate. Explain that every taxpayer can take care of electronic certificates. An electronic certificate is required to make proof of withholding and report on SPT Unification. Make proof of withholding and report SPT Unification through the djponline.pajak.go.id page

Activation and procedures as follow:

- Sign in djponline.pajak.go.id
- Activate the Unification SPT feature by: selecting Profile -> Feature Activation -> ticking the UNIFICATION E-BUPOT column -> changing service features.
- On the main menu: select report -> pre reporting -> unification ebupot.
- Procedures for filling in can be seen in attachment PER 24 2021

CONCLUSION

Conclusion

Based on the research discussion, it can be concluded that:

1. The importance of a deep understanding of the rules and procedures related to Withholding Tax. In this context, accountants play a central role in assisting companies or their clients in fulfilling their tax obligations and avoiding administrative or criminal sanctions.
2. With a strong understanding of Withholding Tax, accountants can effectively manage income-related tax withholding and reporting. This will have a positive impact in ensuring tax compliance, supporting sustainable economic growth, and strengthening Pekanbaru's position as a professional and trusted business center.
3. A strong understanding of Withholding Tax is a must for accountants in Pekanbaru. With the knowledge and skills acquired through these teaching materials, accountants can play a more effective role in supporting the success of the taxation system in Indonesia and making a positive contribution to economic growth and business sustainability in Pekanbaru.

Recommendation

Based on the conclusions, there are several suggestions that can be given to participants such as:

1. It is hoped that accountants will have a better understanding of legal provisions, tax rates, withholding and reporting procedures, as well as the latest changes in tax regulations related to Withholding Tax. This increased understanding will help them provide better advice to their clients and ensure good tax compliance.

2. **Improve Understanding and Knowledge:** It is important for accountants to continuously increase their understanding and knowledge about Withholding Tax. They can do this by attending training or seminars related to taxation, reading the latest literature, and keeping abreast of developments in tax regulations.
3. **Apply Accurately:** Accountants must apply their understanding of Withholding Tax accurately in their daily practice. This includes ensuring proper withholding of taxes according to applicable rates, observing reporting deadlines, and avoiding wrongful withholding or tax evasion.
4. **Maintain Tax Compliance:** Accountants need to ensure that their clients comply with the tax obligations related to Withholding Tax. They can assist clients in preparing accurate financial reports, ensure proper tax withholding is made, and remind clients of tax reporting deadlines and obligations.
5. **Provide Consultations and Recommendations:** As experts in the field of taxation, accountants can provide consultations and recommendations to their clients regarding more efficient Withholding Tax management strategies and optimizing tax benefits. This can help clients reduce the tax burden legally and maximize the use of applicable tax policies.
6. **Stay Up-to-Date with Regulatory Changes:** Tax regulations may change from time to time; therefore, it is important for accountants to stay up-to-date with these changes. They have to keep up with the new regulations and policies issued by the Directorate General of Taxes or related taxation bodies, and update their knowledge and tax practices accordingly.
7. **Networking and Collaboration:** Accountants can strengthen their knowledge by participating in tax discussion groups or forums. They can interact with other professionals, share experiences, and discuss current issues in taxation. This kind of networking and collaboration can help accountants expand their knowledge and understanding of withholding tax.
8. The next service is expected to be able to make dedication to detecting fraud in corporate fiscal reports (Renaldo et al., 2021), taxes in environmental matters (Sudarno, Renaldo, Hutahuruk, et al., 2022), forensic audits (Renaldo, Sudarno, et al., 2022), taxes on compensation bonuses (Suhardjo et al., 2022), tourism taxes (Nyoto et al., 2023), gender perceptions in dealing with corporate taxes (Renaldo & Murwaningsari, 2023), taxes on earnings management actions (Sudarno, Renaldo, Veronica, et al., 2022), and other tax topics.

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