

## **Analysis of the Implementation of Income Tax Accounting Article 21 at The Food Security Service Of Deli Serdang Regency**

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### **ABSTRACT**

*This study aims to analyze the implementation of Income Tax (PPh) Article 21 at the Food Security Service of Deli Serdang Regency. PPh Article 21 is a tax imposed on income in the form of salaries, wages, honorariums, and other payments related to work or position. Compliance in the implementation of PPh Article 21 is very important to support state revenues while reflecting transparent and accountable financial governance. This research method uses a qualitative descriptive approach with primary data obtained through interviews with financial management officials at the Food Security Service of Deli Serdang Regency and secondary data in the form of tax reporting documents. The analysis was carried out to evaluate the process of calculating, deducting, depositing, and reporting PPh Article 21 in accordance with applicable provisions. The results of the study indicate that the Food Security Service of Deli Serdang Regency has carried out its PPh Article 21 tax obligations quite well. However, there are several obstacles, such as the lack of understanding of some employees regarding tax provisions, delays in tax payments, and the less than optimal use of information technology in the reporting process. The implementation of Article 21 Income Tax in the Food Security Service of Deli Serdang Regency requires improvement to increase compliance and efficiency. It is recommended that the service conduct routine training related to taxation for employees, increase supervision of the tax payment and reporting process, and utilize information technology to support more effective and efficient tax management..*

**Keywords :** *Income Tax, accountable financial governance and delays in tax payments*

### **INTRODUCTION**

Income Tax (PPh) Article 21 is one of the important sources of state revenue, which is imposed on income in the form of salaries, wages, honorariums, and other payments in connection with work or position. Compliance in carrying out this tax obligation not only supports the smooth flow of state revenue, but also reflects good financial governance, especially in government agencies. The Food Security Service of Deli Serdang Regency, as one of the regional government agencies, has the responsibility to carry out tax obligations in accordance with applicable regulations. The implementation of PPh Article 21 within this agency includes the process of calculating, withholding, depositing, and reporting taxes imposed on employee income. This process must be carried out accurately and on time to avoid potential administrative sanctions and ensure transparency and accountability in financial management.

However, in practice, the implementation of PPh Article 21 often faces various obstacles, such as lack of employee understanding of tax regulations, errors in tax calculations, and delays in tax payments or reporting. This condition can affect the effectiveness of the implementation of tax obligations and has the potential to hinder the government's efforts to optimize state revenue. This study aims to analyze the implementation of Article 21 Income Tax in the Food Security Service of Deli Serdang Regency. By understanding the extent to which the

implementation of Article 21 Income Tax is carried out in accordance with the provisions, it is expected to provide useful recommendations to improve compliance and efficiency in tax management in the agency.

Taxation is one manifestation of the role of citizens as taxpayers who directly and together carry out tax obligations that will be used to finance all state needs and national development. For the state, tax is an important source of revenue that will be used to finance the state, both routine expenditures and development expenditures. From an economic perspective, tax is a transfer of resources from companies to the public sector. The transfer of these resources will affect the purchasing power or spending ability of the company. National development is a continuous activity with the main objective of improving people's welfare. This development can run smoothly if there are sources of funds to support its implementation. According to the APBN, the largest source of income is the taxation sector, although there are still many other sectors such as oil and gas and foreign aid. This is proven when our country was hit by a crisis, income from the tax sector actually continued to increase compared to other sectors.

The role of tax for the Indonesian state functions as a tool for state revenue and functions as a regulator or aligner of economic activities in the future. This first function of tax is what makes tax the government's mainstay to generate the highest possible revenue from the tax sector. To carry out tax obligations, taxpayers must understand the general provisions of taxation. One of these provisions is regarding the Self Assessment System. In the Self Assessment System, the entire process of implementing tax obligations begins with calculating and determining the amount of tax payable, depositing tax payable to the state treasury, reporting calculations and deposits and being accountable for all obligations carried out by Taxpayers. One type of income tax that uses the Withholding System is Income Tax (PPh) article 21. PPh. article 21 is a tax owed on income that is the obligation of taxpayers to pay. The income in question is in the form of salary, honorarium, allowances and other payments by any name in connection with work, services or activities carried out by domestic individual Taxpayers. The law used to regulate the amount of tax rates, payment procedures and tax reporting is Law No. 36 of 2008 which is an improvement on the previous law, namely Law No. 17 of 2000, which was legally enforced as of January 1, 2009.

## **LITERATURE REVIEW**

### **Accounting Concepts**

Smith and Skousen (2009: 3) explain that accounting is a service activity, which functions to provide quantitative information, especially financial information, regarding entities that are considered useful for decision making in determining fixed choices among alternative actions. Sadeli (2010: 2) defines accounting as the process of identifying, measuring and reporting economic information to make considerations and take the right decisions for users of the information. Based on the explanation above, it can be concluded that accounting is a process of recording classify, summarize, process and present data, transactions and events related to finance so that they can be used by people who use them easily understood for decision making and other purposes. Law No. 28 of 2007 concerning General Provisions and Procedures for Taxation, tax is a mandatory contribution to the state owed by individuals or bodies that is mandatory based on the law without receiving direct compensation and is used for state needs for the greatest prosperity of the people. According to Mardiasmo (2011: 1), tax is a contribution

from the people to the state treasury based on the law (which can be enforced) without receiving any direct reciprocal services (counter-performance) that can be shown and which is used to pay for general expenses.

### **Tax Accounting Concepts.**

Muljono (2010: 2) states that tax accounting is a field of accounting related to tax calculations, which refers to regulations, laws and rules of tax implementation. The principles recognized in tax accounting include: accounting unity, continuity, objective exchange prices, consistency, conservatism. According to Trisnawati (2007: 5) tax accounting is accounting that is applied in accordance with tax regulations. Tax accounting is part of commercial accounting. Tax accounting does not have standards like commercial accounting which are regulated in Financial Accounting Standards (SAK). Tax accounting is only used to record transactions related to taxation. Law Number 36 of 2008 Income Tax Article 21 is a tax on income in the form of salary, wages, honorarium, allowances and other payments by name and in any form in connection with work or position, services and activities carried out by individuals. Domestic tax subjects, as referred to in Article 21 of the Income Tax Law.

### **Tax Objects of Income Tax Article 21**

Income subject to Article 21 Income Tax deduction is:

1. Income received or earned by permanent employees, whether in the form of regular or irregular income.
2. Income received or obtained by pension recipients regularly in the form of a pension or similar income.
3. Income in connection with termination of employment and income in connection with retirement received in a lump sum in the form of severance pay, pension benefits, old age benefits or old age security and other similar payments.
4. Income of non-permanent employees or freelance workers, in the form of daily wages, weekly wages, unit wages, piecework wages or wages paid monthly.
5. Rewards for non-employees include honorariums, commissions, fees and compensation in connection with work, services and activities carried out.
6. Rewards for activity participants include pocket money, representation money, meeting money, honorariums, gifts or awards in any name and form and similar rewards in any name.
7. Receipts in kind and/or other benefits by any name and in any form provided by:
  - a. Not a Taxpayer.
  - b. Taxpayers who are subject to final income tax, or
  - c. Taxpayers who are subject to Income Tax based on special calculation norms.

The income as mentioned above which is received or obtained by an individual who is a domestic Tax Subject is income which is subject to Income Tax (PPh) Article 21. Meanwhile, if it is received or obtained by an individual who is a foreign Tax Subject, it is income which is subject to Income Tax (PPh) Article 26.

### **Income Tax Rate (PPh) Article 21**

The Directorate General of Taxes has issued Regulation of the Directorate General of Taxes Number PER-31/PJ/2009 concerning technical guidelines for the procedures for

withholding, depositing and reporting of Article 21 Income Tax in connection with the work, services and activities of individuals. The regulation is an implementing instruction from the Minister of Finance-252/PMK.03/2008, concerning instructions for withholding income in connection with the work, services and activities of individuals. To calculate Article 21 Income Tax, the tax base must first be known. For domestic Taxpayers and Permanent Establishments, the tax base is Taxable Income. Income tax for Taxpayers is calculated by multiplying Taxable Income by the tax rate in accordance with Article 17 of the Income Tax Law based on a Progressive rate, namely a rate based on the Taxable Income layer, which means that the percentage rate used is greater if the amount subject to tax is greater. The rates for Article 17 of the Income Tax Law are:

**Table 1. List of Income Tax Rates**

Layer	Taxable Income Layers	Rates
I	Up to Rp. 50,000,000	5%
II	Above Rp. 50,000,000 to Rp. 250,000,000	15%
III	Above Rp. 250,000,000 to Rp. 500,000,000	25%
IV	Above Rp. 500,000,000	30%

## **METHODS**

Data is a collection of information obtained from a study to then be used in analyzing the problems faced and ultimately finding solutions as a solution. The type of data used in this study is quantitative data, namely data presented in the form of numbers or figures that can be calculated and can be compared from one data to another. The data is in the form of a list of non-permanent employee honorariums and the calculation of Income Tax (PPh) Article 21. This study was conducted using data from the Plantation Service of North Sumatera Province. The data needed in this study were collected through field research methods (Field Research Method). In conducting field research, the author took data directly from data sources as a comparison to process information and reality.

Field research was conducted by means of interviews, namely by interviewing leaders and employees in the company to obtain correct and clear civil servant data, namely regarding the mechanism for calculating and deducting Article 21 Income Tax and the application of Accounting for civil servant salaries used at the North Sulawesi Provincial Plantation Service based on the employee list by considering the status of each employee. Next is Literature Research (Litbang Research Method), namely in conducting research using library data, namely printed books, as well as Laws and regulations relating to Income Tax (PPh) Article 21 and journals, in order to perfect the research. The data analysis method used in this study is a descriptive method, namely discussing problems by collecting, describing, calculating and comparing a situation and explaining a situation so that conclusions can be drawn which include the Calculation of Income Tax (PPh) Article 21 and the application of accounting for salaries for civil servants at the Plantation Service of North Sulawesi Province.

## **RESULTS AND DISCUSSION**

### **Results**

#### **Research result Civil Servant Employees of the Plantation Service of North Sulawesi Province and Class/Rank**

Employees are Plantation creatures who are the main wealth for every organization. They become planners, implementers, and controllers who always play an active role in realizing organizational goals. These employees become actors who support the achievement of goals, have thoughts, feelings and desires that can influence their attitudes towards their work. The following is a table of the number of civil servants, groups/ranks and families.

**Table 2. List of Ranks, Groups and Families at the Plantation Service of North Sumatera Province**

No	Group	Employee	Wife/Husband	Child	Amount
1	IV	16	8	11	35
2	III	99	57	80	236
3	II	184	102	149	435
4	I	1	1	2	4
	<b>AMOUNT</b>	<b>300</b>	<b>168</b>	<b>242</b>	<b>710</b>

### **Income of Employees of the North Sumatera Province Plantation Service**

Every employee of the North Sulawesi Provincial Plantation Service receives income in the form of a salary received at the beginning of each month through the office treasurer. Every income of the North Sumatera Provincial Plantation Service Employee (in the form of salary and other allowances that are fixed and related to salary) is subject to Income Tax. Article 21. What is meant by allowances related to salary are allowances that are fixed in nature given to the North Sulawesi Provincial Plantation Service Employees including family allowances, structural/functional allowances, food allowances and special allowances.

Government Regulation No. 80 of 2010 dated December 20, 2010 regulates Income Tax. Article 21 which is owed on fixed and regular income every month that is a burden on the APBN or APBD is borne by the government as the employer. This means that every civil servant will receive their salary in full without any deduction of Income Tax. Article 21. This provision applies to every civil servant, group I to IV. Civil servants who do not have a NPWP (Taxpayer Identification Number) for fixed and regular income every month that is charged to the APBN or APBD are subject to an Income Tax rate. Article 21 is 20% (twenty percent) higher than the applicable rate. Deductions are made when the fixed and regular income every month is paid (not borne by the government). In addition to salary, the income received by employees of the North Sumatera Provincial Plantation Service is:

1. **Wife/Husband Allowance**

The allowance for married employees is 10% of the basic salary, provided that if both are civil servants, the allowance is only given to the one of them who has a higher basic salary.

2. **Child allowance**

- Biological children/adopted children who are under 25 years old;
- Still in school / college / course education;
- Never been married;
- Maximum 2 children, 2% of basic salary.

3. **Food Allowance**

The allowance in the form of rice has now been cashed, the rice allowance is Rp. 7,500.00

per person on the payroll.

4. Structural/Functional Position Allowance

- a. Structural Position Allowance is a position allowance given to civil servants who hold structural positions in accordance with laws and regulations and determined by a decree from an authorized official. Structural position allowance is one of the elements of salary.
- b. Functional Position Allowance is a position allowance given to civil servants who hold functional positions in accordance with laws and regulations and is determined by a decree from an authorized official according to laws and regulations. Functional position allowance is one of the elements of salary.

5. General Allowance

For civil servants who do not receive structural allowances or functional allowances, they receive general functional allowances in the following amounts:

- a. Class IV is Rp. 190,000.00
- b. Class III is Rp. 185,000.00
- c. Class II is Rp. 180,000.00

6. Tax Allowance

Income Tax Article 21 allowance owed on fixed and regular monthly income that is a burden on the APBN or APBD is borne by the government as the employer.

The income of employees of the North Sumatera Provincial Plantation Service is subject to deductions from each salary received each month, namely:

1. Employee Compulsory Contributions

Employee Compulsory Contribution (IWP) is a deduction imposed on salary. For the main salary (monthly), IWP is imposed at 10% of (basic salary plus family allowance).

2. Income tax

Deductions on employee income subject to PPh. Article 21

3. Taperum

Housing Savings Deduction for Civil Servants. Savings Return Calculation is an accumulation of savings contributions deducted monthly from civil servants' salaries according to their groups, namely:

- a. Class I: Rp. 3,000.00
- b. Class II: Rp. 5,000.00
- c. Class III: Rp. 7,000.00
- d. Class IV: Rp. 10,000.00

The salary list in December 2015 of the North Sulawesi Provincial Plantation Service Employees from 300 active employees, the author took 30 employees at random who will be recalculated the amount of PPh. Article 21 by the author whether it is in accordance with Law No. 36 of 2008 Consisting of 1 civil servant class I, 16 civil servant class II, 8 civil servant class III and 5 civil servant class IV who work at the North Sulawesi Provincial Plantation Service.

### Discussion Study Indicate

The results of the study indicate that the application of PPh Article 21 accounting on civil servant salaries at the North Sulawesi Provincial Plantation Service is in accordance with the calculation of PPh Article 21. The results obtained are based on sample calculations on civil

servant salaries and accounting journal entries are made, then a comparison is made between the calculations from the North Sulawesi Provincial Plantation Service and the author's calculations, the calculation of PPh Article 21 is obtained which is in accordance with the regulations of the Taxation Law. The results of this study support previous research conducted by Lumintang (2014) on the Evaluation of PPh Article 21 Calculations for Civil Servants conducted at the North Sulawesi Provincial Social Service. The results of the study showed no difference. It can be seen that the Application of PPh Article 21 of the North Sulawesi Provincial Forestry Service is also in accordance with Government Unit Accounting. The calculation of PPh Article 21 is calculated at the applicable tax rate.

## CONCLUSION

Based on the results of the study on the implementation of Income Tax (PPh) Article 21 at the Food Security Service of Deli Serdang Regency, the following conclusions can be drawn:

1. In general, the Food Security Service of Deli Serdang Regency has carried out tax obligations related to PPh Article 21 in accordance with applicable regulations, including the process of calculating, deducting, depositing, and reporting taxes.
2. The main obstacles in the implementation of PPh Article 21 include:
  - Lack of employee understanding of tax regulations.
  - Delays in tax payments and reporting.
  - The use of information technology in tax management has not been optimal, thus hampering the efficiency of the administrative process.
3. These obstacles have the potential to cause administrative non-compliance and reduce the efficiency of tax management within the service.  
To improve the implementation of PPh Article 21, it is recommended that the Food Security Service of Deli Serdang Regency:
4. Organize routine training on taxation for employees to improve their understanding of tax obligations.
5. Improve supervision of the tax payment and reporting process to be more timely and Optimize the use of information technology in tax management to improve the accuracy and efficiency of tax administration. With these steps, it is hoped that the implementation of Article 21 Income Tax at the Food Security Service of Deli Serdang Regency can run more effectively, support tax compliance, and contribute to increasing state revenues and better financial governance.

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