



ANALYSIS OF THE IMPLEMENTATION OF TAX REGULATION PP 23 OF 2018 FOR MSMEs (A CASE STUDY OF DIGITAL MARKETING COMPANIES IN JAKARTA)

ANALISIS PENERAPAN PERATURAN PERPAJAKAN PP 23 TAHUN 2018 BAGI UMKM (STUDI KASUS PADA PERUSAHAAN PEMASARAN DIGITAL DI JAKARTA)

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Abstract

This study aims to analyze the implementation of Government Regulation No. 23 of 2018, which regulates income tax on business income received or earned by taxpayers with certain gross turnover. The main focus of this study is the Micro, Small, and Medium Enterprise (MSME) sector engaged in digital marketing in Jakarta. Using a case study approach, this study evaluates taxpayers' understanding, compliance, and the impact of the tax policy on tax burdens and business continuity. Data were collected through interviews, observations, and documentation from several MSME-scale digital marketing companies in Jakarta. The results show that although PP 23 of 2018 offers administrative convenience and a lower tax rate, obstacles remain in its implementation, particularly taxpayers' limited understanding of tax provisions and difficulties in accurately recording transactions. Therefore, improved tax education and technical support from the government are needed so that the policy can operate more effectively and support MSME growth in the digital era.

Keywords : PP 23 Of 2018, Msmes, Financial Literacy, Income Tax, Digital Marketing, Tax Compliance.

Abstrak

Penelitian ini bertujuan untuk menganalisis penerapan Peraturan Pemerintah Nomor 23 Tahun 2018, yang mengatur mengenai pajak penghasilan atas penghasilan dari usaha yang diterima atau diperoleh wajib pajak dengan peredaran bruto tertentu. Fokus utama penelitian ini adalah sektor Usaha Mikro, Kecil, dan Menengah (UMKM) yang bergerak di bidang pemasaran digital di Jakarta. Dengan menggunakan pendekatan studi kasus, penelitian ini mengevaluasi pemahaman wajib pajak, tingkat kepatuhan, serta dampak kebijakan pajak tersebut terhadap beban pajak dan keberlangsungan usaha. Data dikumpulkan melalui wawancara, observasi, dan dokumentasi dari beberapa perusahaan



pemasaran digital berskala UMKM di Jakarta. Hasil penelitian menunjukkan bahwa meskipun PP 23 Tahun 2018 menawarkan kemudahan administratif dan tarif pajak yang lebih rendah, masih terdapat hambatan dalam pelaksanaannya, terutama terkait terbatasnya pemahaman wajib pajak mengenai ketentuan perpajakan serta kesulitan dalam mencatat transaksi secara akurat. Oleh karena itu, diperlukan peningkatan edukasi perpajakan dan dukungan teknis dari pemerintah agar kebijakan ini dapat berjalan lebih efektif serta mendukung pertumbuhan UMKM di era digital.

Kata Kunci : PP 23 Tahun 2018, UMKM, Literasi Keuangan, Pajak Penghasilan, Pemasaran Digital, Kepatuhan Pajak.

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a very vital role in the Indonesian economy. According to data from the Ministry of Cooperatives and SMEs in 2023, MSMEs contributed approximately 61% to Indonesia's Gross Domestic Product (GDP) and absorbed more than 97% of the workforce nationwide. In addition, MSMEs serve as a major driver of inclusive and sustainable economic growth, particularly by creating employment opportunities and reducing poverty in remote areas (Tambunan, 2022).

However, despite their substantial contribution, MSMEs continue to face various challenges that hinder their development. These challenges include limited access to financing, technology, and markets, as well as insufficient information and government support. One of the main problems frequently faced by MSMEs is low tax compliance, which also contributes to the low tax revenue generated by this sector. Based on a report by the Directorate General of Taxes (DGT) in 2022, although the number of MSMEs in Indonesia exceeded 64 million business units, their contribution to total national tax revenue remained very low, at approximately 1%.

To improve MSME tax compliance, the Indonesian government has issued a number of tax policies intended to provide convenience and relief for MSME operators. One important regulation is Government Regulation No. 23 of 2018 (PP 23/2018), which replaced Government Regulation No. 46 of 2013 (PP 46/2013). Previously, MSMEs were subject to a final income tax of 1% of gross turnover under PP 46/2013. However, this policy was criticized for being burdensome for MSMEs, particularly those with low profit margins (Siregar & Nugroho, 2020). In response, the government reduced the final income tax rate to 0.5% of gross turnover through PP 23/2018, with the expectation of reducing the MSME tax burden, increasing tax compliance, and ultimately expanding the national tax base (Ministry of Finance, 2018).

As an economic, business, and technology center, Jakarta has become a major location for the rapid growth of digital marketing companies. Factors supporting this growth include:

1. The concentration of national and multinational companies in Jakarta that require digital marketing services to support their branding and sales.
2. More advanced digital infrastructure and internet networks compared with other regions in Indonesia.
3. The availability of a young, creative, and technologically literate workforce, which serves as a major driver of the digital industry.
4. High internet penetration and social media usage among Jakarta's urban population, which constitutes a major target market for digital marketing.

According to reports by We Are Social and Hootsuite (2023), Indonesia had more than 213 million internet users, with more than 167 million actively using social media. Jakarta has the highest number of internet and social media users, creating significant opportunities for digital marketing companies to grow. This makes Jakarta a center for the growth of the digital marketing ecosystem, where many digital marketing agencies—small, medium-sized, and large—have emerged.

Digital marketing companies in Jakarta offer various services, including digital marketing strategy development, social media management, creative content development, SEO (Search Engine



Optimization), SEM (Search Engine Marketing), email campaigns, and influencer-based marketing. Several major digital marketing companies operating in Jakarta, such as Katalis Digital, Dentsu Indonesia, Growinc Group, Gushcloud, and ToffeeDev, have served major clients across various sectors, ranging from private companies and government institutions to technology startups.

Along with the government's efforts to accelerate the digital transformation of MSMEs, many small and medium-sized businesses in Jakarta have begun to use digital marketing services to expand their markets. Local digital marketing companies play an important role in assisting MSMEs, including:

- a. Developing digital branding strategies.
- b. Increasing product visibility through SEO and marketplaces.
- c. Helping businesses establish online stores and run low-cost digital advertising campaigns.

In addition to MSMEs, many large companies and state-owned enterprises have also begun shifting toward omnichannel marketing strategies that combine offline and online approaches. In this context, digital marketing companies serve as strategic partners in the transition process.

The government, through the Ministry of Communication and Informatics (Kominfo), the Creative Economy Agency (Baparekraf), and the Jakarta Provincial Government, also supports digital marketing development through various initiatives, such as:

- a. Digital marketing training for MSMEs.
- b. Digital startup incubators.
- c. Support for professional certification and competency-based training.

In addition, Jakarta's digital ecosystem, including Jakarta Smart City, co-working spaces, and digital marketing communities, supports collaboration and innovation in the industry.

2. RESEARCH METHOD

This study adopts a qualitative approach aimed at obtaining an in-depth understanding of the implementation of Government Regulation No. 23 of 2018 (PP 23/2018) in the context of Micro, Small, and Medium Enterprises (MSMEs). A qualitative approach was selected because it provides deeper insights into the perceptions, experiences, and challenges faced by MSME operators in implementing this tax policy. Qualitative research also enables researchers to explore various factors affecting the success or failure of the policy, with a focus on the subjective meanings assigned by MSME operators to the policy (Creswell & Poth, 2018).

This approach is considered appropriate because the study aims to understand a complex and dynamic phenomenon that cannot be explained solely through quantitative data. In the context of MSME taxation research, a qualitative approach enables deeper exploration of how MSME operators interpret and respond to PP 23/2018, as well as its impact on their financial performance and tax compliance (Merriam & Tisdell, 2015).

The research design used is a case study, which allows the researchers to conduct an in-depth exploration of a specific phenomenon within a particular context. A case study was selected because it can provide a detailed understanding of how the implementation of PP 23/2018 takes place across different business sectors. This study focuses on MSME operators in the trade, services, manufacturing, and agricultural sectors to examine differences in policy implementation across business sectors (Yin, 2018).

This case study uses a multiple-case study approach, in which several MSMEs from different sectors serve as research subjects. This approach allows comparison and contrast of findings across cases, providing a broader understanding of the factors influencing the success or failure of PP 23/2018 in various business-sector contexts (Stake, 2005).

The research subjects are MSME operators registered as taxpayers who have implemented PP 23/2018 in fulfilling their tax obligations. Subjects were selected using purposive sampling by selecting participants who met the following criteria:



1. MSMEs operating in the digital marketing services sector.
2. MSMEs registered as taxpayers and having experience in reporting and paying taxes under PP 23/2018.
3. MSMEs operating in the South Jakarta area.

Through purposive sampling, the selected subjects are expected to possess relevant and in-depth knowledge and experience regarding the implementation of PP 23/2018, thereby providing comprehensive and relevant insights for this study (Patton, 2015).

Data in this study were collected using three main methods: in-depth interviews, observation, and document analysis. These methods were selected to ensure that the data obtained were holistic and provided an in-depth understanding of the phenomenon under investigation (Creswell & Poth, 2018).

a. In-Depth Interviews

In-depth interviews were conducted with MSME operators who served as research subjects. The interviews were semi-structured and used an interview guide containing open-ended questions. The purpose of the interviews was to explore the experiences, perceptions, and challenges faced by MSME operators in implementing PP 23/2018. These interviews enabled the researchers to obtain more detailed information and identify issues that might not be revealed through other methods (Kvale & Brinkmann, 2009).

b. Observation

Observation was conducted to directly examine tax practices implemented by MSME operators, including the processes of tax reporting and payment. The purpose of the observation was to gain a deeper understanding of how PP 23/2018 is implemented in practice and to identify potential gaps between policy and implementation in the field (Angrosino, 2007).

c. Document Analysis

Relevant documents, such as financial statements, tax returns, and other tax documents, were analyzed to support the findings from interviews and observations. Document analysis provided concrete evidence regarding the impact of PP 23/2018 on MSME financial performance and tax compliance (Bowen, 2009).

Data obtained through interviews, observations, and document analysis were analyzed using thematic analysis. This technique involves coding the data to identify the main themes emerging from the collected data. The analysis process began with transcription of interviews and observation notes, followed by coding to identify patterns and themes relevant to the research questions (Braun & Clarke, 2006).

The coding process was conducted in several stages. First, open coding was performed to identify as many emerging themes as possible. Next, axial coding was conducted, in which the identified themes were grouped according to relationships among them. Finally, selective coding was performed, in which the themes most relevant to the research objectives were selected and analyzed in greater depth to develop a coherent and comprehensive narrative of the phenomenon under study (Strauss & Corbin, 1998).

3. RESULT AND DISCUSSION

This study focuses on several digital marketing companies in Jakarta classified as Micro, Small, and Medium Enterprises (MSMEs) that decided to utilize the final tax rate under Government Regulation (PP) No. 23 of 2018. These companies provide various services, including content creation, social media management, digital marketing, and search engine optimization (SEO).

PP 23 of 2018 stipulates that MSMEs with annual gross turnover below IDR 4.8 billion are subject to a final tax of 0.5% of monthly turnover. In its implementation, the digital marketing companies studied showed several characteristics as follows:

1. Tax Registration: Most companies had registered as MSME taxpayers and selected the final tax rate under PP 23/2018.



2. Tax Payment Procedures: Most companies fulfilled their tax obligations by making monthly tax payments through the e-Billing system and using the DGT Online application.
3. Tax Awareness: Tax awareness increased following outreach from tax offices and information provided by tax consultants.

Based on interviews with business operators and the secondary data obtained, several interesting findings regarding tax compliance were identified:

1. Tax Payment Compliance: Approximately 80% of respondents stated that they regularly made monthly tax payments.
2. Timely Reporting: 70% of respondents reported their taxes on time.
3. Reasons for Compliance: The main reasons underlying their compliance were the relatively low tax rate and the simple reporting procedures.

However, digital marketing companies also faced several obstacles in implementing PP 23/2018, including:

1. Limited Tax Understanding: Some business operators did not fully understand that the 0.5% rate was final and non-creditable, meaning that the tax already paid could not be deducted from subsequent tax liabilities.
2. Administrative Difficulties: Technical problems occurred when accessing DGT Online, particularly for companies without dedicated staff to manage financial or tax matters.
3. Cash Flow Problems: Some companies experienced difficulties when high turnover did not necessarily reflect significant profits, making turnover-based tax payments burdensome, particularly in certain months.

Positive Impacts of the Implementation of PP 23/2018:

1. Increased Tax Compliance: The low tax rate and self-assessment system encourage MSME operators to comply more closely with their tax obligations.
2. Encouraging Business Legality: Some MSMEs that were previously not legally registered began arranging their business legality in order to benefit from the lower tax rate under PP 23/2018.
3. Increased Business Credibility: Tax-compliant companies tend to be more trusted by clients, particularly large and corporate clients.

Negative Impacts of the Implementation of PP 23/2018:

1. Unfairness for Low-Margin Businesses: Calculating tax based on turnover rather than profit can create unfairness, particularly for companies with low profit margins. For example, a company with high turnover but low profit is still taxed based on its high turnover.
2. Inability to Credit Tax: Because the tax rate is final, some business operators are reluctant to make official purchases because they cannot credit Value Added Tax (VAT), which would normally reduce their tax burden.

Analysis of Digital Marketing Companies' Turnover Data for 2020–2023: This study also uses secondary data in the form of annual turnover from six digital marketing companies in Jakarta during the 2020–2023 period. These data are used to evaluate the eligibility and effectiveness of PP 23 of 2018 in increasing tax compliance and its impact on the financial performance of MSMEs in the digital marketing sector. The analysis aims to provide a clearer picture of how this policy affects companies' financial stability and resilience in conducting their business.

Table 1. Summary of Turnover and Annual Growth

NO	Company Name	Revenue			
		2020	2021	2022	2023
1	SSDP	182.475.822	258.365.958	425.986.589	500.265.354
2	SIP	-	2.325.625.145	5.862.563.258	2.685.625.362
3	GMIA	256.356.289	600.235.622	400.253.265	602.514.562
4	SIM	574.265.321	752.462.531	256.859.452	565.258.562
5	PBP	-	-	125.645.213	216.589.745
6	CIP	2.122.352.000	5.236.591.243	2.758.642.500	2.356.254.600



Company Growth Analysis

1) SSDP

- a) Growth: Relatively stable and increasing every year.
- b) Increase in turnover from 2020–2023: From IDR 182 million to IDR 500 million, an increase of approximately 174%.
- c) PP 23 Status: Remained eligible to use PP 23 throughout the period because turnover was below IDR 4.8 billion.
- d) Note: With this growth pattern, SSDP demonstrates healthy and consistent business potential. Its business model can be considered adaptive to digital changes.

2) SIP

- a) Explosive growth: There was no data for 2020, but turnover jumped to IDR 2.3 billion in 2021 and IDR 5.86 billion in 2022.
- b) 2022: Exceeded the PP 23 threshold and had to move to the general tax scheme.
- c) Tax implications:
 - 1) 2021: Still eligible to use PP 23.
 - 2) 2022 and 2023: Required to switch to Corporate Income Tax (Article 17 of the Income Tax Law).
- d) Note: SIP may have obtained large short-term contracts that caused a temporary surge in turnover. It must adjust to a more complex reporting and bookkeeping system.

3) GMIA

- a. Growth: Fluctuating.
 - 1) 2021: Dramatic increase of approximately 134%.
 - 2) 2022: Decrease of approximately 33%.
 - 3) 2023: Increased again by approximately 50%.
- b. PP 23 Status: Eligible throughout the period because turnover was below IDR 4.8 billion.
- c. Analysis: GMIA experienced operational disruptions or lost clients in 2022 but successfully rebounded in 2023. A flexible business strategy enabled the company to survive uncertainty.

4) SIM

- a. Trend: Unstable. In 2022, turnover declined sharply by 65%.
- b. PP 23 Status: Always eligible.
- c. Note: SIM needs to evaluate the sharp decline in 2022, which was presumably caused by the pandemic or the loss of major clients. Nevertheless, the company managed to increase turnover again in 2023.

5) PBP

- a. Turnover first appeared in 2022 and increased by approximately 72% in 2023.
- b. Business category: Micro enterprise (turnover < IDR 300 million).
- c. PP 23 Status: Eligible.
- d. Note: This company is a new MSME operator. It is highly suitable for using the PP 23 final tax scheme as a form of fiscal incentive during the early stage of operations.

6) CIP

- a. 2020: Turnover was already above IDR 2 billion.
 - b. 2021: Exceeded IDR 5 billion → Not eligible for PP 23.
 - c. 2022 & 2023: Turnover was below IDR 4.8 billion, but the company could not return to PP 23 because it had previously become ineligible.
 - d. Note: The company is required to use the general bookkeeping system and normal income tax rates. It must manage its financial statements carefully to comply with applicable tax regulations.
- c Evaluation of the Implementation of PP 23 of 2018 Based on Turnover

**Table 2. Eligibility Evaluation**

Company	PP 23 Eligibility Year	Year Ineligible Under PP 23
SSDP	2020–2023	-
SIP	2021	2022–2023
GMIA	2020–2023	-
SIM	2020–2023	-
PBP	2022–2023	-
CIP	2020	2021–2023

d. Implications for Taxation and Administration

- 1) Convenience: PP 23 provides administrative simplicity because taxpayers only need to calculate 0.5% of turnover without preparing a profit and loss statement.
- 2) Challenges: Companies such as SIP and CIP that have exceeded the threshold must switch to the general tax system (Article 17 of the Income Tax Law), which requires:
 - a) Preparation of complete financial statements.
 - b) Calculation of taxable income.
 - c) Filing of the Annual Corporate Income Tax Return.

4. CONCLUSION

Based on the research results involving six digital marketing companies classified as Micro, Small, and Medium Enterprises (MSMEs) in Jakarta, as well as an analysis of turnover data from 2020 to 2023, the following conclusions were obtained:

1. Taxation Convenience and Incentives

The implementation of PP 23 of 2018 provides convenience for MSMEs, particularly in the digital marketing sector, which generally does not yet have a formal bookkeeping system. A final tax rate of 0.5% of turnover enables companies to fulfill their tax obligations more simply without calculating net profit, thereby reducing the complexity of tax administration.

2. Companies Meeting the Criteria

Of the six companies studied, four (SSDP, GMIA, SIM, and PBP) continued to meet the criterion of annual turnover below IDR 4.8 billion. Therefore, they remained eligible to use the final tax rate under PP 23/2018 during the 2020–2023 period.

3. Companies Exceeding the Turnover Threshold

Two companies (SIP and CIP) exceeded the prescribed turnover threshold, in 2022 and 2021, respectively. Therefore, these two companies could no longer use the PP 23/2018 final tax rate and had to switch to the general tax system, either through Corporate Income Tax or Individual Income Tax, depending on their legal form.

4. Fluctuations in Turnover Growth

Turnover growth among digital marketing companies tended to fluctuate, influenced by digital market dynamics, business strategies, and external factors such as the COVID-19 pandemic. Overall, however, the digital marketing sector demonstrated considerable growth potential, reflecting the substantial opportunities within the rapidly developing digital ecosystem.

5. Common Problems Faced by Digital Marketing MSMEs

Common problems faced by digital marketing MSMEs include limited understanding of tax regulations, lack of preparedness in preparing financial statements, particularly when transitioning from the PP 23 system, and concerns about the tax burden, especially when high turnover does not correspond to proportionate net profit.

6. Transition to the General Bookkeeping and Taxation System

PP 23 of 2018 is temporary and has a limited validity period (3–5 years, depending on the type of taxpayer). Many business operators are not fully prepared to transition to the general bookkeeping



and taxation system after the validity period of PP 23 expires. Therefore, more intensive outreach and continuous assistance are needed to help MSMEs prepare for this transition.

This conclusion provides a clearer picture of the extent to which PP 23/2018 has successfully facilitated MSMEs in the digital marketing sector while identifying the challenges that business operators continue to face in relation to taxation and financial administration.

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