

# Impact of Supply Chain Strategy on Final Micro, Small, and Medium Enterprises Income Tax Tariff Change to Income Tax Revenue (Study in Kendari Tax Service Office)

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**Abstract-** This study aimed to determine the impact of the supply chain strategy in the final income tax rate of micro, small, and medium-sized enterprises on the income tax revenue. Method of collecting its data were conducted by documentation and interview. Data analysis method via descriptive analysis was conducted with interactive models. The result of this study showed that when changing the final income tax rate of micro, small and medium-sized enterprises from 1% to 0,5%, it has made a reduction on its final income tax revenue 6 months after the change in the final income tax rate is being applied. The supply chain management changes in the final income tax rate also made an impact in enhancing the number of tax-payers (coming from micro, small and medium-sized enterprises) in the city of Kendari.

**Keywords-** MSMEs, Supply Chain Management, Final Income Tax.

## 1. Introduction

The practice of linking the enterprises with their channel members through supply chain activities is meant to achieve better performance and to create a win-win situation for both sides. A large body of literature has studied supply chain management at the macro (firm or dyad) level. The economy in Indonesia will increase when the government actively accumulates various indicators, one of which is to maximize the revenue of the country. One source of state income is tax. Tax is one of the country's income sources to finance government expenditure and national development. The use of tax money includes infrastructure development, education costs, health costs, fuel subsidies, payments of public servants and the construction of facilities. The majority tax sector is sourced from the economic real sector. One of them is micro, small, and medium enterprises (UMKM). The development of UMKM is increasingly able to provide opportunities to the government to aim for the sector as a tax extensibility effort. The government continuously seeks various taxation policies, because the tax policies taken by the Government have significant effect on UMKM growth. In an effort to encourage voluntary taxation to increase taxpayer number and encourage the contribution of cash acceptance from UMKM, the Government of the Directorate General of Taxation

through government Regulation No. 46 year 2013 which was published on 12 June 2013 and entered into force July 1, 2013 also set that the tax exempt policy (DPP) used to calculate the PPh of this final is monthly turnover. Taxpayer will pay the final Income of 1% (one percent) of the monthly turnover. The government hopes that the community is obedient to pay tax and orderly administration because by only reporting the amount of turnover, then pay 1% (one percent) of such turnover as PPh. Mid-2018, the government made changes to some of the matters stated in the Government regulation number 46 year 2013. This is contained in government Regulation number 23 year 2018. The government's objective in validating this regulation is to encourage community participation in formal economic activities, facilitate UMKM to carry out tax obligations, and to provide UMKM opportunities to contribute to advancing the country's economy through taxation, as well as to increase the level of UMKM compliance in paying taxes.

The reason for the issuance of this government regulation is to encourage people to participate in formal economic activities, by providing ease and simplicity to taxpayers who have a certain gross circulation in carrying out their tax obligations by given a certain period of time. As well as providing justice to taxpayers who have a certain gross circulation that has been able to conduct bookkeeping, so that taxpayers may choose to be subject to income tax based on the general tariff of the Income Tax Act. This government regulation was enforced from 1 July 2018.

The benefit of PPh based on the government regulation is that taxpayers can fulfill their tax obligations in an easy and simple way. In this government regulation, the final Income tax (PPh) Tariff of one percent (1%) For UMKM dropped to half a percent (0.5%). This will certainly impact UMKM and taxes imposed.

According to the data collected by the primary Tax Service office of Kendari which serves five cities/regencies namely Kendari, Konawe, South Konawe, North Konawe and Konawe Islands, especially in the city of Kendari the taxpayer number of UMKM who pay taxes can be seen in the table below:

**Table 1.** The UMKM Taxpayer Numbers in Kendari City that pay Tax In KPP Pratama Kendari

Year	Numbers of WP UMKM
2013	10.769
2014	12.046
2015	13.158
2016	15.016
2017	16.107
2018	16.925

Source: KPP Pratama Kendari, 2019

The table above shows that from the last 6 years since the rule of government regulation number 46 year 2013 with tax rate of 1%, the taxpayer amount continues to increase. However, in 2018, there was an insignificant increase as in the previous year. Compliance with taxpayers in paying taxes will certainly affect the number of tax receipts, the more

obedient the taxpayers are in making tax payments, the tax revenues will also increase.

According to the data compiled by the Kendari Primary Tax Service office, the acceptance of UMKM taxpayer income tax can be seen in the following table:

**Table 2.** Revenue of Income Taxes from UMKM Taxpayers in Kendari City

Year	Tax Revenue
2013	Rp497.460.800
2014	Rp3.853.934.998
2015	Rp5.572.385.423
2016	Rp9.532.489.995
2017	Rp12.627.628.885
2018	Rp12.289.764.858

Source: KPP Pratama Kendari, 2019

The revenue of taxpayer income tax in 2013 amounted to Rp 497.460.800, in the year 2014 the revenues increased to Rp 3.853.934.998, and in 2015 tax revenues experienced an increase of Rp 5.572.385.423, in the year 2016 tax revenues Experienced a significant increase to Rp 9.532.489.995, and in the year 2017 again experienced an increase to Rp 12.627.628.885 but in the year 2018 tax revenues decreased to Rp 12.289.764.858. Decrease in tax acceptance because of the income tax rate change of 0.5%. It can be seen that the number of UMKM is increasing with the tax rate reduction, but the tax revenues from the UMKM sector are decreasing. This is due to the amount of tax that the UMKM taxpayer pays lower than before.

Based on the background above, it can be withdrawn some problems are: how does the impact of change in the final income tax rate of micro, small and medium enterprises on revenue of income tax?

The objectives in this study are: to determine the impact of the final income tax rate change in micro, small and medium enterprises in income tax revenue.

## 2 Literature Review

### 2.1 Theory Studies

#### 2.1.1 Taxation Definition

The supply chain is considered as an important function in business and non-business entity [4]. Yet, small and medium industry fails to gain the There is support in the existing literature about the role of SCM in supporting various competitive priorities. For example, a cost based strategy requires an efficient supply chain while a flexibility based strategy requires a response supply chain. The tax definitions are governed by Law No. 28 of 2007 concerning the third amendment of Law No. 6 of 1983, namely the general provisions and procedures of taxation stating that taxes are mandatory contributions to countries owed by persons A personal or forced entity under law with no direct remuneration and use for state purposes for the maximum prosperity of people.

In [1] explained that "taxes are an obligation to surrender some wealth due to a circumstance, incident, and deed that give a certain position.

The levy is not a punishment, but according to regulations applied by the Government and can be enforced. For that, there is no reciprocal service from the State directly, for example to maintain the general welfare ".

### 2.1.2 Tax Function

In [2] explained that there are two tax functions, namely:

#### 1. Budget function (Budgetair)

The tax serves as one of the funding sources for the government to finance its expenses.

#### 2. Regular Functions (regulator)

Taxes serve as a means to govern or enforce the government's wisdom in social and economic fields. For example, high taxes are imposed on liquor to reduce consumption of liquor, high taxes are imposed on luxury goods to reduce the consumptive lifestyle.

### 2.1.3 Tax Collection Theory

In [3,4] displays the following five basic theories of tax collection as follows:

#### 1. Insurance theory

That tax is likened to the premium payment for protection as contained in insurance coverage. So the protection provided by the State to its citizens in the form of safety and security of the soul and property requires a payment in the form of taxes.

#### 2. Theory of Interest

It is proper that the costs incurred by the country for the benefit of the population (including protection of the soul and property), are charged to the people. A tax burden is collected based on the level of Community interest in a country.

#### 3. Bear Power theory

The basis of tax collection justice lies in the services provided by the State to its citizens in the form of life protection and property, so it is natural that the costs that have been issued by the country are borne to those who enjoy it. So tax charges must be as large for each person in accordance with their individual bear.

#### 4. Devotion theory

The state has the absolute right to collect taxes and the citizens have the obligation to pay taxes as proof of their token to the country that organizes the public interest.

#### 5. Purchasing Power theory

Justice withholding tax is to see the reciprocal aspects of both parties, communities and countries.

### 2.1.4 Procedures for Tax Collection

Collection tax in Indonesia based on tax stelsel, tax collection principles, and collection tax system as follows:

#### 1. Tax Stelsel

Tax collection can be done based on three stelsel [2], namely:

##### A. Real Stelsel

Tax imposition is based on the object (real income), so that the collection only can be done at the end of the tax year, i.e. after a real known income.

##### B. Assumption Stelsel (Fictive Stelsel)

The taxation is based on a presumption governed by the law.

#### C. Mix Stelsel

The stelsel is a combination of the real stelsel and the Assumption stelsel.

#### 2. Principle of Withholding Tax

##### A. Domicile principle (base of residence)

The country reserves the right to impose taxes on all taxpayer income residing in its territory, both earnings originating from within and outside the country.

##### B. Source principles

The country reserves the right to impose taxes on income sourced in its territories regardless of the taxpayer's residence.

##### C. National base

The imposition of taxation is associated with a country nationality.

#### 3. Tax Collection System

##### A. Official Assessment System

It is a collection system that authorizes the Government (Fiscus) to determine the amount of tax owed by the taxpayer.

##### B. Self-Assessment System

It is a tax-withholding system that authorizes the taxpayer to determine the amount of the tax owed itself.

##### C. Withholding System

It is a tax-withholding system that authorizes third-parties (non-Fiscus and non-taxpayers concerned) to deduct or levy taxes owed by taxpayers.

### 2.1.5 Tax Rates

There are four kinds of tariffs expressed by [4], namely:

#### 1. Comparable or proportional tariff

Rates are a fixed percentage, against any amount that is taxed so that the tax amount owed is proportional to the magnitude of the taxable value.

#### 2. Fixed rate

Tariff is a fixed amount, unchanged if the basis of calculation changes.

#### 3. Progressive Tariff

The tariff is a percentage that increases or increases when the basis of taxation is increasing.

#### 4. Degressive Tariff

The tariff is a smaller percentage or decreased when the base of taxation is decreasing. The application of the tariff degressive to calculate the tax owed is done by applying a tax layer.

## 2.2 Income Tax (PPH)

### 2.2.1 Legal Bases

In Indonesia, the law governing income tax is law No. 7 of 1983 which has been refined by law No. 7 of 1991, law No. 10 of year 1994, law No. 17 year 2000, law No. 36 year 2008, government regulation, Presidential decree, Decree of the Minister of Finance,

Decree of Director General of Taxation and Circular Letter of Director general of taxation.

### 2.2.2 Definition of income tax

In [5] defines income tax as "a tax imposed on the subject of tax on income received or earned in a tax year". It is similar to the one described by [6] that "income tax is a tax that is imposed on income, may be charged periodically and repeatedly within a certain period of both the tax and tax year".

### 2.2.3 Subject of Income Tax

Under Law No. 36 year 2008 of income tax, the subject of income tax is as follows:

1. Private person
2. Inheritance that has not been divided as a unity replaces the entitled
3. Entity
4. Permanent establishment entity

### 2.2.4 Objects of income tax

Tax objects are anything (goods, services, activities, or circumstances) that are taxed. According to the official [7], the object of income tax is any additional economic ability received or obtained taxpayers, whether originating from Indonesia or outside Indonesia, which can be used for consumption or to add to the wealth of taxpayers concerned with the name and in any form.

### 2.2.5 Final Income Tax (PPH)

The final income tax, which is the income tax that is final (expired) so that it cannot be credited (deducted) from the total income tax owed at the end of the tax year [3]. Final income tax is the tax imposed on the individual person/agency with a maximum turnover of Rp 4.8 billion. Unlike other tax types, the final PPh is directly paid intact when income is received. The reason why the levy of the final PPh is not paid in advance or in the subtracting, but is paid intact at the time of its acquired is to simplify taxation mechanisms and reduce the burden of the taxpayer administration especially those who are still developing and have not been able to conduct bookkeeping [5].

## 2.3 Micro, small and medium enterprises (UMKM)

### 2.3.1 Definition of UMKM

In Indonesia, UMKM is regulated under Law No. 20 of 2008 on micro, small and medium enterprises. Article 1 of the Act states that:

1. Micro Enterprise is a productive business belonging to individual person and/or individual business entity that has micro business criteria as stipulated in this law.
2. Small business is a standalone productive economic business, conducted by an individual or a business entity that is not a subsidiary company or not a subsidiary owned, mastered or part, either directly or indirectly, from medium enterprises or large enterprises that meet small business criteria as referred to in this law.

3. Medium Enterprises is a standalone productive economic business conducted by an individual or business entity that is not a subsidiary or non-branch of a company owned, mastered, or being part either directly or indirectly, from micro enterprises, small businesses or large enterprises that meet the criteria of micro enterprises as referred to in this law.

The criteria used to define UMKM listed in article 6 are net worth value or asset value (excluding land and business premises), and the results of the annual sales are as follows:

#### 1. Criteria for Micro Enterprises:

A. Have a net worth at most Rp 50.000.000, 00 (fifty million Rupiah) excluding land and business premises; Or

B. Have the annual sales result at most Rp 300.000.000, 00 (three hundred million rupiah).

#### 2. Criteria for Small Business:

A. Have a net worth more than Rp 50.000.000, 00 (fifty million rupiah) to at most Rp 500.000.000, 00 (five hundred million rupiah) excluding land and business premises; Or

B. Have annual sales result of more than Rp 300.000.000, 00 (three hundred million rupiah) up to Rp 2.500.000.000, 00 (two billion five hundred million rupiah).

#### 3. Criteria for Medium Enterprises:

A. Has a net worth more than Rp 500.000.000, 00 (five hundred million rupiahs) to at most Rp 10.000.000.000, 00 (ten billion Rupiah) excluding land and business premises; Or

B. Have annual sales result more than Rp 2.500.000.000, 00 (two billion five hundred million rupiah) up to at most Rp 50.000.000.000, 00 (fifty billion rupiah).

### 2.3.2 UMKM Characteristics

Supply chain managers deal with macro and micro decisions all of the time, especially when analyzing suppliers' cost drivers. The characteristic of UMKM is the nature or factual condition inherent in business activities as well as the behavior of the businessmen concerned in running the business. This characteristic distinguishing characteristic between business actors in accordance with its business scale. According to the world Bank, UMKM can be grouped into three types, namely: 1. Micro Enterprises (number of employees 10 people); 2. Small business (number of employees 30 people); and 3. Medium Enterprises (number of employees up to 300 people).

## 2.4 Government regulation number 46 year 2013

Improvement of taxation system in the form of improvement policies and tax administration system is expected to optimize the potential taxation. One of the efforts to improve the Government's taxation system is to issue government Regulation No. 46 year 2013. PP Number 46 Year 2013 was published on 12 June 2013 and entered into force on 1 July 2013. The regulation governs the treatment of income from the acquired tax

payer which has a gross circulation not exceeding Rp 4.800.000.000, 00. PP Number 46 Year 2013 is the final income tax with a tariff of 1% (one percent). The imposition of the final income tax is based on gross circulation of the business within 1 (one) year from the last tax year prior to the relevant tax year.

The purpose of the issuance of PP number 46 year 2013 is to provide facilities for the community in carrying out tax obligations, improving knowledge about taxation for the community, and the creation of social control conditions in fulfilling Tax obligations. The final result is expected by the Government with the issuance of PP number 46 year 2013 which is expansion of participation in tax payments, voluntary compliance to the Community, and tax revenues increased so that opportunities in the welfare Society increases. Basically, these regulations lead to micro small and medium enterprises (UMKM). UMKM has a strategic role in national economic development. UMKM has managed to demonstrate its existence in all economic situation and in the weak economic situation, UMKM still persist. UMKM provide the Government with an opportunity to seek tax extensibility.

## **2.5 Government Regulation Number 23 year 2018**

Government Regulation Number 23 year 2018 is a substitute for government Regulation No. 46 year 2013 about income tax on income from accepted or acquired taxpayers who have a certain gross circulation. The purpose of this regulation is to encourage UMKM actors to participate actively in the formal economic activities with the ease of payment of taxes and better tariffs. In this regulation, it is explained that the income from the business received or obtained by the taxpayer in a state that has a certain gross circulation, is subject to an income tax which shall be final within a certain period of time. The taxpayer referred to herein is the taxpayer of the personal person; And taxpayers in the form of cooperatives, commanding alliances, firms, or limited liability company, which receives or earns income with gross circulation shall not exceed Rp 4.800.000.000,- (four billion eight hundred million rupiah) in 1 (one) year Tax. While excluding taxpayers as intended in this regulation are:

1. Taxpayer chooses to be charged income tax based on tariff article 17 paragraph (1) letter A, Article 17 paragraph (2a1, or article 31E of income Tax law;
2. Taxpayer entity in the form of a commanding alliance or firm established by several taxpayers who have special expertise in the service of a similar kind of service in connection with the employment of free
3. Taxpayer entity obtaining income tax facility based on:

A. Article 31A Income Tax Act; Or

B. Government Regulation No. 94 year 2010 on the calculation of taxable income and settlement of income tax in the year and the change or successor; and

4. Taxpayers form permanent establishment. The final income tax rate is imposed at 0.5 (zero point five percent). Unlike government Regulation No. 46 year 2013, the latest policy on PPh Final 0.5% has a grace

period or time limitation. The time limit given by the government for taxpayers who wish to utilize PPh Final 0.5% tariff are:

- 1) 7 year tax for private person taxpayers.
- 2) 4 years tax for taxpayers in the form of cooperative, CV, or firm.
- 3) 3 years tax for taxpayer in the form PT.

## 2.6. Research Framework

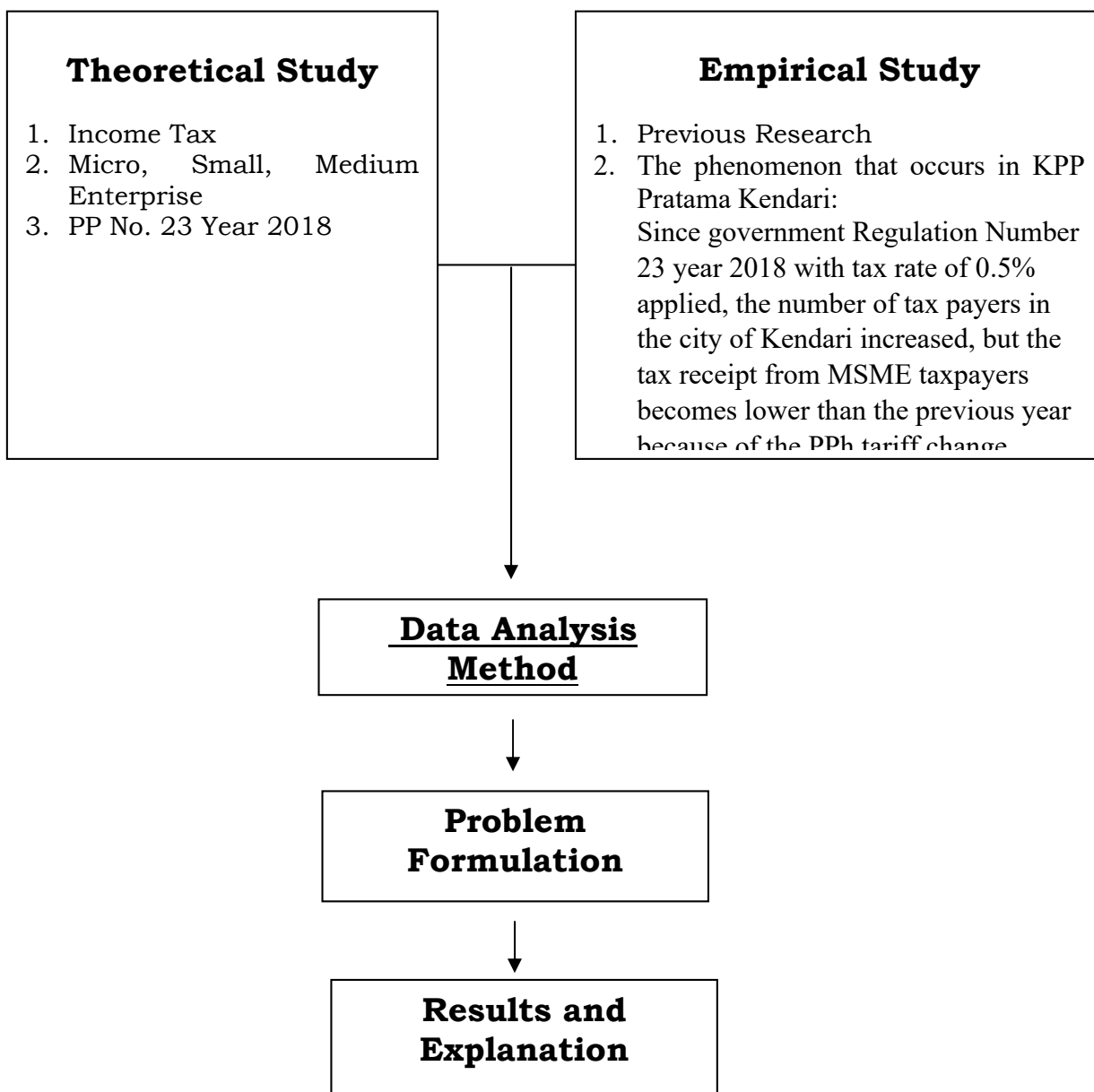


Figure 1. Framework

## 3. Research Methods

This research was conducted in Kendari Primary Tax Service office. The object of this research was the impact of tariff changes on the final income tax of micro, small and medium enterprises in income tax revenues.

The data types in this study were qualitative data and quantitative data. Qualitative Data in the form of a series of explanations of interviews that will be conducted with employees in the primary Tax Service office of Kendari. Quantitative data in the form of documentation data on revenue of tax obtained from Kendari Primary Tax Service office.

The data sources in this study were primary data and secondary data. Primary data was obtained through interviews with KPP Pratama Kendari and revenue-Tax

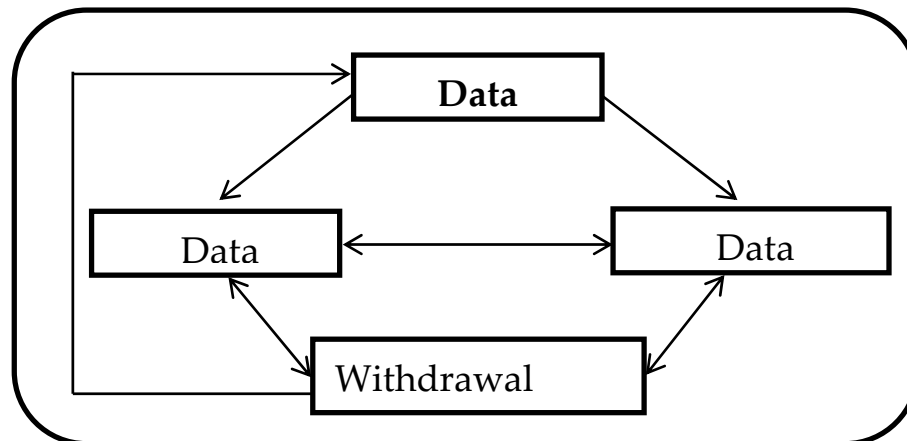
receipt documentation data. Secondary data was the data obtained from the journals with respect to the research object.

The method of collecting data in this research was using documentation and interviews. Researchers gather documentation data obtained from KPP Pratama Kendari related to tax revenues from UMKM such as the number of taxpayers, and the revenue of income tax from UMKM sector and revenue of income tax and perform the question and answer process with KPP Pratama Kendari employees regarding additional data needed in the research.

The data analysis method used in this study was a descriptive analysis method. According to [7], a descriptive analysis method is a statistic used to analyze data by describing or describing data that has been collected as it does without intent to make any applicable conclusions for public or generalization.

Data analysis techniques used interactive models. According to Miles and Huberman, in the view of interactive models there are three types of analysis activities (data reduction, data presentation, and

withdrawal of conclusions) and data collection itself is an interactive process. Interactive models can be seen as follows:



**Figure 2.** Framework

Here was an explanation of the stages of interactive model analysis in this study: 1) researchers conducted the collection of data needed with documentation and interviews. This stage will cease if the data received or obtained researchers have been adequate and/no data was considered new. The data collected was the number of UMKM before and after the 0.5% tax rate change, the tax revenue from the UMKM sector before and after the 0.5% tax rate change, and the income tax receipt data before and after the 0.5% tax rate change in Kendari city. Data collection in the interview process was used to know information about UMKM tax in KPP Pratama Kendari, 2) The next phase was data reduction. Data reduction is the process of refining data or information that researchers have acquired. Where such data will be subjected to reductions or additions. Data reduction will occur when there is data or information that is less necessary and relevant to the issues studied. Data accrual occurs if there is a lack of data or information needed, 3) after the data reduction process, then the data is processed by calculating quantitative-shaped data (numbers). Calculation of data on income tax revenues of UMKM, using the following formula [8]:

$$\text{PPh revenue from UMKM sector} = \frac{\text{UMKM tax revenue realization}}{\text{Total of UMKM tax revenue}} \times 100\%$$

After that, the next stage was data presentation. Data that has been reduced and processed then presented in table format or chart form so that it is easy to understand, 4) the last stage was the withdrawal of conclusions. Withdrawal of conclusions obtained after the interpretation of data on the data already presented previously. Data interpretation is a process of interpretation or understanding of the meaning of a series of data already presented previously and expressed in text or narrative form. Interpretation of data submitted objectively in accordance with the existing data or facts, so that the research results can be found and can be done draw conclusions.

## 4. Results of Research and Discussion

### 4.1 Research results

#### A. UMKM taxpayers

UMKM taxpayers who pay taxes before and after the tax rate change can be seen in the following table:

**Table 3.** UMKM Taxpayers that Pay Tax in Kendari City Before and After Tax Tariff Changed

<b>Tax Tariff 1%</b>			
<b>Ye ar 2018</b>	<b>Month</b>	<b>UMKM Taxpayers</b>	<b>%</b>
	January	1.399	-
	February	1.401	0,14%
	March	1.645	17,41 %
	April	1.399	- 14,95%
	May	1.422	1,64%
	June	948	- 33,33%
	July	1.345	29,52 %
	<b>Total</b>	<b>9.559</b>	
	<b>Tax Tariff 0,5%</b>		
<b>Ye ar 2019</b>	Augustus	1.298	- 3,94%
	September	1.536	15,49 %
	October	1.489	- 3,06%
	November	1.510	1,39%
	December	1.533	1,52%
	January	1.813	15,44 %
	February	1.741	- 3,97%
	<b>Total</b>	<b>10.920</b>	

Source: KPP Pratama Kendari (Data Processed)

seen in the following table:

B. The increase in taxpayer will have an impact on tax revenues from UMKM sector. The revenue of UMKM sector tax before and after the tax rate change can be

**Table 4.** Tax Revenue From UMKM Sector in Kendari City

<b>Tax Rate 1%</b>	<b>Year 2018</b>	<b>Tax Revenue (Rp.)</b>
	January	1.133.182.147
	February	1.153.677.287
	March	1.624.155.399
	April	1.432.738.602
	May	925.546.861
	June	712.794.475
	July	873.482.727
<b>Total</b>		<b>Rp 7.855.577.498</b>
<b>Tax Rate 0,5%</b>	<b>Year 2018</b>	<b>Tax Revenue (Rp.)</b>
	Augustus	784.728.695
	September	808.838.418
	October	1.005.684.153
	November	810.570.007
	December	1.024.366.087
	<b>Year 2019</b>	<b>Tax Revenue (Rp.)</b>
	January	1.065.717.902
	February	824.442.931
	<b>Total Tax Revenue From UMKM (Augustus 2018 – February 2019) Rp 6.324.348.193</b>	

Source: KPP Pratama Kendari (Data processed)



Calculation of income tax revenues in UMKM uses the following formula

$$= \frac{\text{PPH revenue from UMKM sector}}{\text{Total of UMKM tax revenue}} \times 100\%$$

$$= \frac{6.324.348.193}{6.324.348.193 + 7.855.577.498} \times 100\%$$

$$= \frac{6.324.348.193}{14.179.925.691} \times 100\%$$

$$= 44,60\%$$

### C. Income Tax Revenue

The revenue of the UMKM sector tax will impact income tax. Contributions to the income tax revenues in the income tax can be seen in the following table:

**Table 5.** UMKM Income Tax Revenue and UMKM Tax Contribution

	Year	UMKM Taxpayers Paid	Tax Revenue From UMKM Sector	Income Tax Revenue	%UMKM Tax Contribution
T ax Rate 1%	January	1.399	1.133.182.147	28.925.674.541	3,91%
	February	1.401	1.153.677.287	22.846.831.718	5,01%
	March	1.645	1.624.155.399	33.903.587.232	4,82%
	April	1.399	1.432.738.602	46.493.293.903	3,08%
	May	1.422	925.546.861	43.319.162.901	2,14%
	June	948	712.794.475	42.787.276.248	1,66%
	July	1.345	873.482.727	45.100.329.751	1,94%
T ax Rate 0,5%	August	1.298	784.728.695	43.720.813.669	1,79%
	September	1.536	808.838.418	47.106.973.526	1,71%
	October	1.489	1.005.684.153	51.061.141.672	1,97%
	November	1.510	810.570.007	57.786.537.877	1,40%
	December	1.533	1.024.366.087	101.483.149.963	1,00%
	January	1.813	1.065.717.902	47.893.953.694	2,23%
	February	1.741	824.442.931	41.693.240.332	1,98%

Source: KPP Pratama Kendari (Data Processed)

## 4.2 Explanation

The tariff changes of the UMKM's final income tax from 1% to 0.5% have an impact on the number of taxpayers in Kendari city that pay taxes. In Table 4.1 researchers compare the taxpayer amount before and after the 0.5% tax rate change. After the tax rate change can be seen that the taxpayer who pays the tax is fluctuating, but as a whole has increased in view from the number of taxpayers who increased from 6 months before the UMKM tax rate change. Can be seen from the total tax payer of UMKM who pay the tax 6 months before the UMKM tax rate change as much as 9,559 UMKM taxpayer, after 6 months has been applied for changes in the tax rate, UMKM taxpayers in Kendari City has increased to 10,920 mandatory UMKM tax.

The results of interviews with KPP Pratama Kendari stated that after the tax rate change which dropped half percent of the previous tax rate of the UMKM taxpayer increased, UMKM taxpayer also claimed to be pleased with the change in the tariff And

no complaints are directly delivered by the taxpayer to KPP Pratama Kendari because the change is deemed to provide convenience for the taxpayer in carrying out its obligations. This is in line with the issuance of government Regulation Number 23 year 2018, namely to encourage UMKM actors increasingly active role in the formal economic activities with the ease of payment of taxes and better rates.

The increasing number of UMKM indicates that with the tax rate change, UMKM are increasingly active in the formal economic activities in this case, paying taxes. The 0.5% taxation rate on gross circulation per month is the simplicity and ease of tax administration. It is expected to encourage taxpayer awareness to improve tax compliance. Fiscal incentives in the form of UMKM tax rates decrease have a positive impact on UMKM where they are automatically tax that they pay lower than they previously paid. Entrepreneurs will get additional capital deposits that can be used to develop their business, especially for entrepreneurs who are just pioneering. In addition, it will also make entrepreneurs

more competitive and contribute to the national economy. The creation of UMKM can expand job opportunities and equitable income, promote economic growth and poverty reduction. More and more UMKM developments are able to provide opportunities for Governments to target the sector as a tax extensibility effort.

The increasing number of UMKM taxpayers can have an impact on income tax revenues from UMKM sector. After the calculation to know the tax revenues from the UMKM sector, the percentage earned is 44.60%. The score of the percentage stated that tax revenues from the UMKM sector can be said either based on the criteria previously described. However, the impact on tax revenues is decreasing. This can be seen from the total tax registration for UMKM 6 months prior to the tax rate of 0.5% was Rp 7.855.577.498, but after 6 months, the tax rate of 0.5% of tax receipts from the UMKM sector decreased by Rp 6.324.348.193. The decrease in tax revenues from UMKM can be caused by several factors, namely the healthy business climate, the availability of the amount of money in the community to facilitate buying and selling transactions, and the expansion of capital access for the perpetrators UMKM. The decrease in the Final Income rate to half a percent on one side will provide substantial benefits, such as increasing UMKM growth that will strengthen Indonesia's economy and will hopefully strengthen the database of the tax authorities. On the other hand, the lower PPh Final tariff from 1 percent to 0.5 percent will also have a short-term impact through the decline in tax revenues from UMKM sector. However, in the long term the decline of tariffs will stimulate UMKM growth.

Tax revenues from the UMKM sector are expected to contribute to income tax revenues. The UMKM tax contributions to income tax revenue should be noted considering that the tax is part of the income tax. Therefore, by knowing the contribution, can be measured the extent to which the UMKM tax rate change can provide benefits for income tax revenues. To find out how much contribution can be donated from UMKM tax revenue to income tax revenue in

KPP Pratama Kendari, it is necessary to calculate the realization of UMKM tax revenue on the realization of the Income Tax Revenue.

## 5. Conclusion and Suggestion

In conclusion, this study found two factors that significantly influence the performance of micro and small enterprises in Kendari city, namely information sharing and development programmer. Based on the descriptions of the previous chapter including the research and discussion results, it can be concluded that after 6 months, the final income tax rate changes of micro, small and medium enterprises from 1% to 0.5% have an impact Of the final income tax from the UMKM sector. The tax rate change also impacts the increase in the number of UMKM taxpayers in Kendari City.

As information technology capabilities improved, there was a greater adoption of supply chain management (SCM) practices, such as sharing demand information along the supply chain to reduce inventory in many Fortune 500 companies. As SCM gained popularity, there were several academic articles as well as practitioner articles that extolled the benefits of SCM, and some even attempted to define the term SCM but they were inconsistent. The suggestions submitted by the authors of the research has been conducted, among others: 1) for the primary Tax Service office of Kendari, there needs to be maximum socialization to apply government Regulation Number 23 year 2018 to increase the number of Taxpayers continue to increase each month and monitor the transparency of tax reporting by UMKM to maximize the income tax revenues gained from this sector, which will indirectly increase State revenue. 2) For further researchers, the limitations on this research lie in the period of research that is still limited to 6 months after application of government Regulation Number 23 year 2018. So that for researchers are then expected to increase the period from implementing the regulation.

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