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A Review of Income Tax on *Freelance* Workers in the Kediri Region

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Abstract
This research aims to analyze the income tax compliance of freelancers in the Kediri region. The purpose of this study is to assess the compliance of taxpayers among freelancers. This research employs a quantitative descriptive method. The data collection techniques used include primary data collection through literature reviews and survey techniques using questionnaires. The analysis technique utilizes formulas from previous journals or research articles. The results of the study indicate that in the Kediri region, endorsement service providers (influencers) are not compliant with Article 21 of the Income Tax, with a potential income tax revenue of Rp 1,727,100 from these freelancers. In East Java, there are 620 endorsement service providers, each with a due income tax under Article 21 of IDR 3,000,000, resulting in a total annual income of IDR 1,860,000,000.

Keywords: ***Article 21 Income Tax***, *Freelance*

INTRODUCTION

Globally, the development of technology is currently experiencing a significant surge, this can be seen from the large use of *smartphones* and personal computers. With the presence of the internet network that makes it easier for everyone in various parts of the world to do something, from communicating, accessing entertainment and also accessing information. *Freelance* work is work that is done based on an agreement between a worker and an employer. This agreement is related to the quality of work, rates, and time of work. So, it can be said to be a freelancer who works for clients at a certain time. Unlike company employees, company employees usually have to work 8 hours a day.

According to the regulation of the Director General of Taxes Number 31 / PJ / 2012, income tax article 21 is tax on income in the form of salaries, wages, honoraria, allowances, and other payments received or obtained by domestic individual taxpayers in connection with work or positions, services, from activities. restrictions that the calculation analysis used as a variable of this study is an analysis of the calculation of Income Tax 21 on *endorsements* service providers (*Influencers*) in the Kediri area. The data used is 2022 data. So that the problem formulation of this research is how to analyze the calculation of income tax article 21 payable on free-lance *endorsements* (*influencers*) service providers in the Kediri area. With the aim to analyze the calculation of income tax article 21 payable on service providers *endorsements* (*influencers*) free workers in the Kediri region.

LITERATURE REVIEW

Income Tax (PPh) Article 21 is one type of tax imposed on income in the form of salaries, wages, honoraria, allowances, and other payments obtained by domestic individual taxpayers in connection with certain jobs, positions, services, or activities (Directorate General of Taxes, 2016). According to the Directorate General of Taxes Regulation Number PER-16/PJ/2016, Income Tax Article 21 must be deducted by the employer or other party that pays the income to the taxpayer.

In accordance with these provisions, Income Tax Article 21 applies to employees, freelancers, experts, and other forms of income-generating work for personal taxpayers. The amount of tax rate applied depends on the level of Taxable Income (PKP), which is determined progressively ranging from 5% to 30% based on predetermined income limits. For taxpayers who do not have a Taxpayer Identification Number (NPWP), the Income Tax Article 21 rate imposed can be higher, with an additional 20% of the normal applicable rate (Agoes, 2014).

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Based on the applicable regulations, the employer or other party who is the withholder is obliged to deposit this Income Tax Article 21 to the state treasury and report it through the Annual Tax Return (SPT). This tax reporting and payment compliance aims to optimize state revenue from the personal tax sector and increase tax awareness among workers in various sectors, including the informal sector and freelancers.

For freelancers, Income Tax Article 21 also applies in the same context as for permanent workers, although in practice there are often differences in the level of compliance and knowledge of tax obligations among freelancers. Research shows that many freelancers do not fully understand the mechanism and their obligations in terms of payment of Income Tax Article 21 (Pratama & Wibowo, 2022). This could be due to a lack of information, ignorance of tax regulations, or lack of engagement in the formal tax system, especially in the segment of workers involved in the digital economy.

In addition, the Directorate General of Taxes has been working on socializing taxes for freelancers, influencers, and other new professions in the digital economy to improve tax compliance in this segment. These measures aim to ensure that income tax from the informal and digital sectors can make a significant contribution to state revenue, in line with the increasing number of freelance professions contributing to the economy (Kurniasih & Sari, 2018). However, challenges in terms of enforcement and monitoring tax compliance remain a concern for the government.

Overall, the regulation of Income Tax Article 21 according to the Directorate General of Taxes reflects the government's efforts to accommodate all forms of personal income, both those derived from regular and casual employment. With clear regulations and adequate socialization, it is hoped that taxpayer awareness and compliance at various levels of society can increase, so as to support national development goals through increased state revenue from the tax sector (Edwin, 2019).

RESEARCH METHODS

using quantitative descriptive research, which is where the method used to provide an overview of the object to be studied based on data in the form of numbers, by processing, and analyzing to draw conclusions. The data in this study are the *freelance price list* in 2022 and in 2023 at the *endorsements* service provider (*influencer*) in the Kediri area in 2022 and *freelance* income in the Kediri area in 2023. The data sources needed consist of primary data and secondary data. According to (Sugiyono, Combination Research Methods, 2015) Primary data is a data source where the data obtained can provide data directly to researchers. Primary data in this study were obtained from the answers of several *freelances* who were willing to provide information to researchers through Instagram conversations. Further primary data is obtained from the *price list of* services *endorsements* in 2022. In addition, according to (Sugiyono, Combination Research Methods, 2015) Secondary data is data where the data obtained cannot provide data directly to researchers, so researchers must search for data through documents. Secondary data in this study were obtained from the official sociabuzz.com *website* to obtain information about *influencers*.

Data Collection Technique

In this study, data collection techniques with questionnaires are techniques that are often used to obtain primary data directly from respondents. A questionnaire is a list of questions that are systematically compiled and given to respondents to be filled in, either directly, through an *online* form, or sent in physical form. While secondary data is obtained by searching from various written sources, such as scientific journals, articles, books, research reports, and other literature relevant to the research topic such as income tax (PPh) Article 21 and according to Law Number 17 of 2000 Article 1 is a tax imposed on tax subjects for income received or earned in the tax year. *Influencers* are people who have a lot of followers or a large enough audience on their social media and have a strong enough influence on their followers, such as artists, celebgrams, bloggers, youtubers and so on.

Data Type and Source

There are 2 types of data used in this study, including: (1) Qualitative data is a type of data from verbal explanations, it cannot be analyzed in the form of numbers or numbers. (2) Quantitative data is a type of data that can be measured or calculated directly, in the form of information or explanations expressed in numbers or in the form of numbers and other books to support taxation theories used as a guide.

The data sources used in this study are primary data and secondary data. Primary data is data obtained or collected by researchers directly from the source. For example in the form of interviews with related parties. Secondary data is a type of data obtained through other sources, not directly from the research subject. For example in the form of piece proof obtained by the author from PT Kereta Api Indonesia DAOP 8 Surabaya.

Data Analysis Method

The *freelace* income can be calculated using the Income Tax 21 mechanism formula. The researcher calculates with the calculation formula as follows:

1. If the *freelance* has an NPWP, it can be charged 100% with the following calculation:
   Freelance not *endorsements*
   Tax payable = (PKP x Progressive tax rate)
   Freelance influencer endorsements
   Tax payable = 50% x Cumulative amount of gross income x Income tax rate article 17

2. If the *freelance* has an NPWP, it can be charged higher at 120% with the following calculation:
   Freelance not *endorsements*
   Tax payable = (PKP x PPh 21 rate) x 1.2 (additional 20%)

   Freelance influencer endorsements
   Tax payable = 50% x Cumulative amount of Gross Income x Income Tax Article 17 rate x 1.2 (additional 20%)
   Because the Taxable Income (PKP) of the informants in this study falls within the income *range of* Rp0 - Rp60,000,000, a 5% rate is applied with the following calculation:
   Cumulative gross income x 5%

Source: Director General of Taxes Regulation Number: PER - 16/PJ/2016.

RESULTS AND DISCUSSION

Based on the results of the researcher's analysis for the annual tax burden of ITA 21 for free workers on endorsement service providers can be seen in the following table:

Table 1.1
Calculation of Income Tax Article 21 Freelancers 2022

No.	Name	Pph 21 Yearly
1	Informant 1	IDR 533,400
2	Informant 2	IDR 647,700
3	Informant 3	IDR 104,400
4	Informant 4	IDR 318,000
5	Informant 5	IDR 123,900
	Total	IDR 1,727,100

Source: Data processed, 2023

Table 1.2
Calculation of Income Tax Paal 21 Freelancers 2023

No.	Name	Pph 21 Yearly
1	Informant 1	Rp 0
2	Informant 2	Rp 0
3	Informant 3	Rp 0

4	Informant 4	IDR 300,000
5	Informant 5	Rp 0
6	Informant 6	Rp 0
	Total	IDR 300,000

Source: Data processed, 2024

In the table above, it can be seen that the amount of Income Tax 21 for free workers in the Kediri area in 2022 amounted to IDR 1,727,100. With each PPh 21 payable informant 1 amounting to IDR 533,400, informant 2 amounting to IDR 647,400, informant 3 amounting to IDR 104,400, informant 4 amounting to IDR 318,000 and informant 5 amounting to IDR 123,900. In 2023, it can be seen in the table that the amount of ITA 21 for freelance workers in the Kediri area in 2023, many freelances in Kediri are not subject to ITA 21 The amount of tax is only a small sample conducted by researchers in the Kediri area. In the calculation of ITA 21 for freelance workers using the rate = cumulative gross income x ITA 21 rate.

Based on the results of interviews conducted by researchers macro *influencers* in the Kediri region are still not obedient to Income Tax article 21 free workers. *freelancers* in the Kediri region do not understand income tax and also do not know the calculation mechanism. If this *freelance* is obedient in paying taxes, the amount of *freelancer* tax contribution in the Kediri region is Rp 1,727,100 in 2022 will be able to become one of the sources of state revenue. But in 2023 there are still many who are not taxpayers

CONCLUSIONS

In this study, only a small number of freelancers in the Kediri area have a potential income tax article 21 free workers Rp 1,727,100 in 2022 and in 2023 the potential for income tax article 21 free workers Rp 300,000. In the era of digitalization now many *freelance* service providers out there who do not know that the income made by free workers can be subject to income tax article 21.

LIMITATIONS & FURTHER RESEARCH

This study has several limitations that need to be considered. The scope of the research area is limited to the Kediri area, so the results obtained may not be fully relevant to be applied in other regions. The research subjects are also limited to freelancers who provide endorsement services, especially influencers, so the findings do not include other types of freelance work. In addition, the data used only covers the years 2022 and 2023, so the results of this study only provide an overview of the tax compliance of freelancers in that period. In terms of tax types, the study only discusses Income Tax Article 21, without considering other taxes that may also be relevant for freelancers. Lastly, the sample used in this study is relatively small, and the data collection method, which was mostly conducted through social media, could potentially affect the accuracy of the data obtained.

For further research, there are several aspects that can be developed. First, expanding the scope of the research area, both to other regions and on a national scale, in order to obtain a more comprehensive picture of the tax compliance of freelancers in Indonesia. In addition, it is recommended to expand the types of research subjects to include freelancers in other fields, such as freelance writers, graphic designers, and software developers, so that the results are more representative for various freelance professions. Factors that influence tax compliance, such as the level of tax understanding, income, and access to information, can also be analyzed to gain deeper insights. In terms of methods, it is recommended to use more diverse data collection techniques, such as structured online surveys or direct interviews, so that the data obtained is more representative. Comparative research with other countries can also be conducted to find out how the freelancer tax policy is implemented globally and its impact on tax compliance. With these various developments, it is hoped that further research can provide a broader understanding of the tax compliance of exempt workers in Indonesia.

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