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Analysis of Changes in Non-Taxable Entrepreneurs to Taxable Entrepreneurs: Case Study on CV ABC

Brigitha Maura Adelia Wibowo

Juliati*

Hanung Triatmoko

Sri Suranta

Diploma 3 in Taxation, Vocational School, Universitas Sebelas Maret, Surakarta, Indonesia

*Corresponding Author: juliati@staff.uns.ac.id

ABSTRACT

This study seeks to gain insights into the company in question by examining the factors involved in confirming its status as a Taxable Entrepreneur (TE), specifically about Value-Added Tax (VAT) and the responsibilities that must be fulfilled by VAT-Registered Persons. Moreover, there are consequences of officially confirming a taxable company for taxpayers officially confirmed by the Director General of Taxes. The author utilized a descriptive qualitative research method to analyze data obtained from CV ABC. The data were processed using interviews and data documentation. The analysis technique included data presentation and conclusion. The results are based on the author's research and analysis, indicating that CV ABC did not immediately confirm its status as a Taxable Entrepreneur independently. The researcher provided a calculation of Taxable Entrepreneur assumptions. CV ABC experienced a decline in sales, leading to losses caused by VAT collection, as the company did not increase selling prices. Due to indications of being confirmed as a Taxable Entrepreneur by authorities, CV ABC must comply with all the consequences and obligations of being a Taxable Entrepreneur as required by the authorities.

Keywords: charge; corporate income tax; taxable entrepreneur; taxable enterprise confirmation; VAT

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INTRODUCTION

Minister of Finance, Sri Mulyani Indrawati reports that tax revenue in 2023 reached Rp1,869.2 trillion or 108.8% of the APBN target. The tax revenue managed to exceed the target that had been set for three consecutive years since 2021. This tax revenue is influenced by non-oil and gas Income Tax (ITa) reaching Rp993 trillion or 101.5% of the target, growing 7.9% (year on year). Then, VAT and Luxury Goods Sales Tax (Indonesian: *Pajak Penjualan atas Barang Mewah*, abbreviated PPnBM) were in second place reaching Rp764.3 trillion or 104.6% of the target, growing 11.2% (year on year) (kemenkeu.go.id, January 3rd 2024).

Based on the tax revenue data presented previously, in addition to income tax (ITa), VAT also provides the second largest contribution to tax revenue, thus affecting the amount of government sector revenue. VAT collection is carried out by individual taxpayers and business entities with Taxable Entrepreneurs (TE) status. As a VAT taxpayer, TE must intensively calculate, pay and report VAT every month, even though there are no VAT activities. If the entrepreneur has become a TE, the entrepreneur is obliged to collect the VAT owed and is required to deposit it by using a Tax Payment Slip (Indonesian: *Surat Setoran Pajak*, abbreviated SSP), and is required to report it through a Periodic Notification Letter (Indonesian: *Surat Pemberitahuan Masa*, abbreviated SPT Masa). Conversely, if the company does not yet have a turnover of Rp4.8M and/or has not been confirmed as a TE, it cannot be called a taxable entrepreneur (non-TE). Thus, non-TE do not yet have the obligation to collect VAT and carry out tax obligations as TE obligations. Thus, non-TE are only obliged to deposit Income Tax (ITa). If in one tax year it is found that a businessman with TE status has a turnover of less than Rp4.8M, he can submit an application to revoke his appointment as a TE.

Taxpayers with TE status show that their business management can be more trusted by various consumers. The credibility of the company in the industrial world is clearly seen in the orderly handling of tax obligations. Opportunities for cooperation with large companies are very broad, especially the opportunity to do business with the state and participate in auctions held by the state. In addition, product efficiency increases, which means that financial stability is more guaranteed and financial circulation improves.

Referring to the General Provisions of Taxation Law Article 2 paragraph (4), that "The Director General of Taxes issues a Taxpayer Identification Number and/or confirms a Taxable Entrepreneur ex officio if the Taxpayer or Taxable Entrepreneur does not fulfill his/her obligations". Then, the Director General of Taxes (DGT) has the authority to collect tax debts within a maximum period of 5 (five) years starting from the fulfillment of subjective and objective requirements in accordance with tax laws and regulations. This incident likely occurred because the entrepreneur did not understand the taxation system regulations or was based on the entrepreneur who deliberately did not immediately register after meeting the requirements as a TE.

Based on the explanation above, it has been explained that companies whose requirements have been met as TE are required to report their business to be confirmed as TE, if not, it will be imposed ex officio by the DGT. Such as the case of CV ABC which is a corporate taxpayer in the service sector that has been operating for 3 (three) years as a corporate taxpayer and now its turnover has reached Rp4.8M in less than 1 (one) year, but has not registered itself as TE, so it can be indicated that CV ABC will be confirmed as TE ex officio by the DGT.

The rationale behind CV ABC's decision not to register its business as a TE is largely attributable to the implications of Value Added Tax (VAT). There are numerous factors to be taken into account with regard to the operation of the company in question should it be granted TE status. With regard to the collection of value-added tax (VAT), it is clear that this will have a significant impact on the price, including the selling price. In the event that CV ABC begins to collect VAT, it will have two possible courses of action: it may either increase the price of its products or set a fixed price. A price increase will

undoubtedly have a significant impact on the market, as consumers will inevitably seek alternative services at a more competitive price point. Consequently, the collection of VAT from the selling price or the non-increase of the price will have a significant impact on the company's profitability. A fixed price will inevitably necessitate a reduction in the VAT rate applied to the set price, resulting in a corresponding reduction in profit. In light of the diminishing profit margins, there arises a concomitant speculation as to whether the company's profit target can be met with such modest returns.

Considering that CV ABC has been registered as a corporate taxpayer for a period of three years, it is evident that the tax calculation for this company continues to utilize the final 12 rate despite the fact that the company has already generated a turnover exceeding Rp4.8M. In accordance with the provisions set forth in the Income Tax Law, the final rate of 0.5% pertaining to income tax on a specified gross turnover is a facility extended to corporate taxpayers in the form of CVs, with a maximum utilization period of four years since the year of its establishment. This is a matter of particular concern for the company in question. Given the company's turnover, it should have been confirmed as a Taxable Entrepreneur (TE). However, the company has not confirmed itself due to the VAT. Consequently, following a period of four years, CV ABC is obliged to confirm its status as a TE. In the event that this is not done, the DGT will proceed to confirm this status *ex officio*.

Research on compliance to become a TE has been conducted by several researchers including Ayub (2023); Edwin and Ysifa (2023); Ragilia (2022); Stefanus (2018); Kristanto (2017); Rizqi (2015). The study shows that some taxpayers have complied with becoming TE and some have not complied with becoming TE. This study is different from previous studies because this study does take a case study on a company that has not become a TE and should have become a TE, the company CV ABC has also not been audited. Therefore, this study will be input for CV ABC to find out the consequences of becoming a TE.

This study will examine the company's profit and taxation aspects, as well as the impact of the establishment of TE positions on CV ABC in carrying out its tax obligations as a taxable entrepreneur. It will also provide an understanding of the importance of immediately establishing itself as a TE when the turnover in one fiscal year has exceeded Rp4.8M, as well as the consequences or sanctions that may be imposed on the company if it cannot fulfill its tax obligations in accordance with applicable regulations. This research can contribute to two distinct yet interrelated objectives. Primarily, it can inform taxpayers of the taxation aspects regarding TE, thereby enabling them to comply with tax regulations and avoid sanctions. Secondly, it can provide the Directorate General of Taxes with insights into the extent of taxpayer awareness of tax regulations, which can inform strategies to enhance compliance.

RESEARCH METHOD

This research employed a descriptive qualitative approach, focusing on a single case study of CV ABC. The company is engaged in the provision of large-scale laundry services. CV ABC has two branches, both of situated in Central Java, specifically in Solo Raya. The company offers a range of services, including laundry, the distribution of drinking water products, and convection services. CV ABC has been operational for three years and currently employs a total of 67 individuals distributed across two branches and the head office.

As Sugiyono (2022) suggests, the descriptive qualitative research method is a research approach based on the philosophy of post-positivism. It is a valuable tool for studying the conditions of natural objects, where the researcher plays a key role. Interviews were conducted with taxpayers to obtain financial report data for 2021-2023. This research then carried out the following analysis stages.

1. Calculating CV ABC's profit and loss under Non-TE conditions
2. Calculating CV ABC's profit and loss under TE assumptions

3. Comparing CV ABC's profit and loss under Non-TE conditions and TE assumptions
4. Calculating CV ABC's Income Tax Payable under Non-TE conditions
5. Calculating CV ABC's Income Tax Payable under TE assumptions
6. Calculating CV ABC's VAT Payable under TE assumptions
7. Comparing CV ABC's tax payable under Non-TE conditions and TE assumptions
8. Comparing CV ABC's tax aspects under Non-TE conditions and TE assumptions
9. Explaining the sanctions that can be imposed on CV ABC if it is confirmed as a TE by position.

RESULTS AND DISCUSSION

Comparison of Profit at CV ABC Non-TE Conditions and TE Assumptions

CV ABC is a service business that has been established for 3 (three) years and is considered successful because its annual turnover reaches billions of rupiah. The author obtained specific data in the form of CV ABC's commercial profit and loss report during the internship. The commercial profit and loss report presented is data from 2021 to 2023 with the current state of the company, namely before being confirmed as a TE and the assumption of the company's condition after TE confirmation.

This study assumes that the amount of commercial gross income in the previous non-TE condition is income that has not been reduced by VAT deposits. Due to limited data, the author also assumes that with this TE assumption there is no Input VAT, so it only takes into account output VAT. Thus, the nominal turnover of the commercial profit and loss report on the TE assumption will be smaller because the income already includes VAT. The calculation of VAT on CV ABC's service sales with the TE assumption is as follows.

In 2021, CV ABC's service sales amounted to Rp4,838,824,649 because there was an assumption of 10% VAT deposit since the turnover of Rp4.8 billion was reached, which was Rp43,138,499, which is the Taxable Base of VAT. So that below Rp4.8 billion is not subject to VAT. Therefore, the VAT deposited in 2021 was Rp4,313,850.

$$\begin{aligned} \text{DPP VAT 2021} &= \text{initial turnover} - \text{Rp4,800,000,000} \\ &= \text{Rp4,843,138,499} - \text{Rp4,800,000,000} \\ &= \text{Rp43,138,499} \end{aligned}$$

Information:

DPP: Tax basis (Indonesian: *Dasar Pengenaan Pajak*, abbreviated DPP)

$$\begin{aligned} \text{VAT 2021} &= \text{DPP VAT 2021} \times \text{VAT rate} \\ &= \text{Rp43,138,499} \times 10\% \\ &= \text{Rp4,313,850} \end{aligned}$$

$$\begin{aligned} \text{Assumed turnover of TE in 2021} &= \text{initial turnover} - \text{VAT} \\ &= \text{Rp4,843,138,499} - \text{Rp4,313,850} \\ &= \text{Rp4,838,824,649} \end{aligned}$$

In 2022, CV ABC's service sales amounted to Rp6,255,142,452 because in 2022 until March, VAT was still at 10% and then starting in April 2022, VAT was at 11%, so the calculation is as follows.

Table 1. Calculation of VAT CV ABC in 2022 on the TE assumption

Period	Initial Turnover	DPP	VAT
Jan – Marc	1,509,665,632	100/110 x initial turnover = 1,372,423,302	137,242,330
Apr – Dec	5,419,818,257	100/111 x initial turnover = 4,882,719,150	537,099,107
Total	6,929,438,889	6,255,142,452	674,341,437

Assumed turnover of TE in 2022 = initial turnover – VAT
 = Rp6,929,438,889 – Rp674,341,437
 = Rp6,255,142,452

In 2023, CV ABC's service sales amounted to Rp6,099,767,793 because there was an assumption of 11% VAT deposit of the total turnover, which was Rp6,770,742,250, which was the Taxable Base for VAT, so that the VAT deposited in 2023 was Rp670,974,457.

DPP VAT 2023 = 100/111 x initial turnover
 = 100/111 x Rp6,770,742,250
 = Rp6,099,767,793 VAT 2023
 = DPP VAT 2023 x VAT rate
 = Rp6,099,767,793 x 11%
 = Rp670,974,457

Assumed turnover of TE in 2023 = initial turnover – VAT
 = Rp6,770,742,250 – Rp670,974,457
 = Rp6,099,767,793

Based on the VAT calculation above, the following is a summary of CV ABC's commercial profit and loss report with the TE assumption.

Table 2. Report summary of CV ABC commercial profit and loss of TE assumptions

	2021	Changing	2022	Changing	2023
Turnover	4,838,824,649	29%	6,255,142,452	-2%	6,099,767,793
Gross Profit	3,748,702,611	9%	4,103,752,608	-2%	4,002,282,470
Total Cost	2,849,491,032	27%	3,628,226,028	10%	3,985,769,906
Depreciation	417,517,184	55%	189,424,639	35%	255,438,581
Non-business					
Income	35,107,442	-1%	34,662,857	111%	73,282,992
Other costs	789,664	169%	2,126,287	18%	2,512,902
EBIT	516,012,173	-38%	318,638,511	-153%	(168,155,927)

In addition to the cost aspect of CV ABC, which is typically on the rise, the collection of VAT also impacts the profitability of the company. This is because the company does not raise the selling price to account for the inclusion of VAT in its sales. Consequently, the net profit before tax is diminishing, which is also affecting the company's losses. This is because in this condition the VAT collection assumed is

only from output VAT, which is causing the amount of turnover in the TE assumption to decrease from the previous condition. The situation is different in the event that input VAT can be credited, thereby reducing the amount of VAT that must be paid.

The reduction in the company's profit and loss under the TE assumption is attributable to the collection of value-added tax (VAT) exclusively from output VAT when the company encounters a decline in sales. A decline in sales will consequently result in a decline in profits. This condition has the potential to exacerbate the situation, as it increases the cost burden, even in instances where the company is unable to fully pass on the VAT burden to consumers through price increases. Consequently, the VAT must be borne by the company, which ultimately reduces the already narrow profit margin.

Comparison of Tax Due on CV ABC of Non-TE Conditions and TE Assumptions

It is established that the gross turnover of CV ABC in non-TE conditions starting from 2021 has exceeded the value of Rp4.8 billion or Rp4,843,138,499, so basically the calculation of CV ABC's corporate income tax uses the normal rates of Article 17 and Article 31E because it is still below Rp50 billion. However, in this condition, CV ABC still uses the final rate for calculating its corporate income tax, because it still gets the facility to use final income tax for 4 (four) years since the establishment of the company for corporate taxpayers in the form of CVs, as regulated in Article 59 paragraph (1) of the Income Tax Law.

The tax base or taxable income for calculating this final income tax is the company's gross turnover multiplied by the final rate of 0.5%. So, the calculation of CV ABC's final corporate income tax for 2021-2023 in non-TE conditions is as follows.

Table 3. Comparison of calculation of corporate income tax CV ABC for non-TE conditions

Period	Gross	Final Rate PP 23 2018	Income Tax Payable
2021	4,843,138,499	0.5%	24,215,692
2022	6,929,483,889	0.5%	34,647,419
2023	6,770,742,250	0.5%	33,853,711

The author has conducted a fiscal reconciliation of the commercial income statement that has been presented previously in each period. This fiscal reconciliation is part of the calculation stage of CV ABC's corporate income tax on the assumption of TE, as TE is required to keep books. There are several things that are clearly found not to be in accordance with tax provisions, so the author only analyzes several aspects of CV ABC's commercial income statement, while in other aspects the author assumes that they are in accordance with tax regulations so that no fiscal correction is necessary.

The extant profit and loss report indicates that CV ABC generated a profit in both 2021 and 2022, whereas in 2023 it incurred a loss. Consequently, in 2023 it is not liable for annual taxation, but is nevertheless required to submit the 2023 Annual Corporate Tax Return.

CV ABC has an Income Tax (ITa) 23 tax credit in 2021 of Rp5,102, so the tax that CV ABC still has to pay for 2021 is Rp58,693,682. In this first year, CV ABC paid VAT of Rp4,313,850, this amount is obtained by calculating 10% VAT starting from the fulfillment of a turnover of Rp4.8 billion.

CV ABC has a ITa23 tax credit in 2022 of Rp2,041, so the tax that CV ABC still has to pay for 2022 is 45 of Rp34,013,548. In this second year, CV ABC paid VAT of Rp674,341,437, this amount was obtained by removing 10% VAT for January to March and 11% for April to December from the total commercial turnover in 2022.

CV ABC in 2023 did not make a profit or in other words suffered a loss, so basically it does not need to pay annual taxes, but must still report it on the 2023 Annual Corporate Tax Return. In this third year, CV ABC paid VAT of Rp670,974,457. This amount was obtained by removing 11% VAT from the total commercial turnover in 2023.

Table 4. Comparison of tax payable by CV ABC in non-TE conditions and TE assumptions

Period	Income Tax Payable		VAT		Tax Fee	
	Non-TE	TE Assumption	Non-TE	TE Assumption	Non-TE	TE Assumption
2021	24,215,692	58,698,784	0	4,313,850	24,215,692	63,012,634
2022	34,647,419	34,015,589	0	674,341,437	34,647,419	708,357,025
2023	33,853,711	0	0	670,974,457	33,853,711	670,974,457

The table above presents a comparison of taxes payable to CV ABC in non-TE conditions and TE assumptions. It can be clearly seen that in non-TE conditions the company does not have any obligations related to VAT, so VAT is only calculated on the TE assumption.

Comparison of Tax Aspects in CV ABC Non-TE Conditions and TE Assumptions

1. Taxation aspects of CV ABC of non-TE condition

a. No value added tax (VAT) obligations

An entrepreneur or business entity is referred to as a non-taxable entrepreneur (non-TE) if it does not meet the criteria as a TE or has not registered to be confirmed as a TE. These criteria include an annual turnover that has not reached 4.8 billion rupiah. Therefore, non-TE do not yet have an obligation to collect VAT, and do not need to carry out the tax obligations that apply to TE.

b. Not required to keep books

Non-TE are not subject to the tax obligations that apply to Taxable Entrepreneurs (TE), so they are not required to keep books because their annual turnover is relatively small, which is less than 4.8 billion rupiah. By not being required to keep books, non-TE can focus more on developing their business and of course there are no obligations related to VAT, so they do not require detailed bookkeeping. However, for corporate taxpayers CV after four years, they must continue to keep books even though the condition is non-TE and the turnover is less than 4.8 M. This is in accordance with PP Number 55 of 2022.

c. Final corporate income tax (ITa) of companies

Non-TE companies are not required to collect, deposit and report VAT, but Non-TE companies must still contribute to the state through the Final Income Tax obligation which is calculated annually. This is based on Government Regulation (Indonesian: *Peraturan Pemerintah*, abbreviated PP) 55 of 2022 article 57 paragraph (1) which stipulates that the category of Micro, Small and Medium Enterprises (MSMEs) or taxpayers who earn income with a gross turnover of less than Rp4.8 billion in one tax year, are subject to final tax, namely at a rate of 0.5% of the gross income owned. However, for corporate taxpayers CV after four years, they must still calculate tax according to the rate of article 31E even though the condition is non-TE and the turnover is less than 4.8 M.

2. Taxation aspects of CV ABC of TE assumptions

a. Value added tax (VAT) liabilities

The author assumes that CV ABC collects VAT from the sale of its services and there are no purchases from TE, so that the VAT value has been included in gross income and there is no Input VAT.

- 1) Basically, TE is required to transact with fellow TE in order to get creditable Input VAT, so that it can reduce the amount of VAT payable. For example: TE X for the delivery of Taxable Goods recorded Output VAT of Rp55,000,000. TE X made purchases entirely by transacting with fellow TE with Input VAT recorded at Rp36,000,000.

$$\begin{aligned}\text{VAT payable} &= \text{Output VAT} - \text{Input VAT} \\ &= \text{Rp}55,000,000 - \text{Rp}36,000,000 \\ &= \text{Rp}19,000,000 \text{ (VAT underpayment)}\end{aligned}$$

The difference above can be called underpaid VAT because the value of Output VAT is greater than the value of Input VAT, so the underpayment must be paid to the state treasury. Conversely, if the Input VAT value is greater than the Output VAT value, it can be called overpaid VAT, so that it can apply for restitution or to credit the next tax period.

- 2) Transacting with TE

If TE does not transact with fellow TE, then it must bear the full VAT because it does not receive Input VAT that should be credited. For example: TE X makes purchases or transactions with fellow TE and also non-TE. TE Purchase = Rp350,000,000

$$\begin{aligned}\rightarrow \text{Input VAT (11\%)} &= \text{Rp}38,500,000 \text{ Non-TE purchases} = \text{Rp}100,000,000 \\ \rightarrow \text{Input VAT} &= \text{Rp}0 \text{ TE X sells with a profit of 15\%} \\ \rightarrow \text{Sales} &= (\text{Rp}350,000,000 + \text{Rp}100,000,000) + \text{Rp}67,500,000 = \text{Rp}517,500,000 \\ \rightarrow \text{Output VAT} &= \text{Rp}517,500,000 \times 11\% = \text{Rp}56,925,000 \\ \rightarrow \text{VAT payable} &= \text{Output VAT} - \text{Input VAT} \\ &= \text{Rp}56,925,000 - \text{Rp}0 \\ &= \text{Rp}56,925,000\end{aligned}$$

If the purchase to non-TE of Rp100,000,000 above is considered a purchase to fellow TE, then it can be calculated as follows.

$$\begin{aligned}\text{TE Purchase} &= \text{Rp}450,000,000 \\ \rightarrow \text{Input VAT (11\%)} &= \text{Rp}49,500,000 \\ \rightarrow \text{VAT payable} &= \text{Output VAT} - \text{Input VAT} \\ &= \text{Rp}56,925,000 - \text{Rp}49,500,000 \\ &= \text{Rp}7,425,000\end{aligned}$$

It can be observed that if a TE makes a purchase transaction to another TE, the VAT payable is smaller compared to a TE who makes a transaction to a non-TE. This is because in transactions between TE, the TE company receives an input invoice, so that the Input VAT can be credited. If the TE still wants to make transactions with non-TE, then the TE must increase the price of its sales so that the larger VAT payable does not burden the company to pay its obligations.

b. Mandatory bookkeeping

TE is categorized as having a turnover exceeding 4.8 billion rupiah, so it is mandatory to do bookkeeping. Related to the entire amount of the acquisition price and delivery of Taxable Goods and/or Taxable Services, collection, calculation, deposit and reporting of VAT in the obligatory Periodic Tax Return, as well as to calculate corporate income tax, must be recorded in the bookkeeping.

c. Corporate income tax (ITa) of normal rate

In the calculation of the actual conditions still using the final rate, the author made calculations with the assumption that should be the calculation of corporate income tax using the normal rate of Article 17 of the Income Tax Law of 22% and Article 31E of the Income Tax Law, namely getting a rate reduction facility of 50% of the normal rate if the gross circulation is still below Rp50 billion. The tax base or taxable income from this calculation is from net profit before tax after the calculation of fiscal reconciliation.

Sanctions on CV ABC If Officially Confirmed by the Directorate General of Taxes

Companies with a turnover of Rp4.8 M are required to report their business to be confirmed as a TE, if not, the Directorate General of Taxes confirms the TE officially based on the KUP (General Provisions and Tax Procedures, Indonesian: *Ketentuan Umum dan Tata Cara Perpajakan*, abbreviated KUP) Law Article 2 paragraph (4). Confirmation of TE officially is carried out based on the results of an examination or administrative research by the Directorate General of Taxes. Based on the results of the examination, the head of the KPP will issue a TE confirmation letter. After being confirmed as a TE officially, the Directorate General of Taxes has the authority to issue a Tax Assessment Letter (Indonesian: *Surat Ketetapan Pajak*, abbreviated SKP) or Tax Bill (Indonesian: *Surat Tagihan Pajak*, abbreviated STP) for the relevant tax period or tax year to show tax obligations that have not been fulfilled by the taxpayer.

As in the two previous discussions, it is confirmed that CV ABC has not immediately confirmed itself as a TE due to the TE obligation, namely VAT. By collecting VAT from the selling price, turnover will decrease. On the other hand, if CV ABC collects VAT outside the selling price, it will make the selling price higher, so that there is a possibility of a decrease in sales because consumers choose more affordable prices, so that the company's profit cannot be suppressed. Moreover, with the calculation of the TE assumption that has been carried out by the author, it is known that there will be a loss in 2023.

Based on the KUP Law, Article 13 paragraph (1), the Directorate General of Taxes will issue an SKPKB (Tax Assessment Letter for Underpayment, Indonesian: *Surat Ketetapan Pajak Kurang Bayar*, abbreviated SKPKB) for entrepreneurs who are appointed ex officio. The SKPKB is issued for unpaid or underpaid taxes, plus a monthly interest penalty as determined by the Minister of Finance with a maximum fine of 24 months, as stated in Article 13 paragraph (2). In addition to these sanctions, the Directorate General of Taxes will also issue an STP for invoice obligations that are not or are made late, such as CV ABC not issuing tax invoices. For taxable entrepreneurs, in addition to paying the taxes owed, a penalty of 1% of the DPP is imposed on the invoice obligation, as stated in Article 14 paragraph (1). If CV ABC is appointed as a TE ex officio by the Directorate General of Taxes, then it is certain that the amount of tax costs will be even greater due to the fines that must be paid. The amount of tax costs will later be calculated with profit and loss before tax, so that it can be known whether in the relevant year CV ABC still makes a profit or experiences a loss.

CV ABC must immediately confirm itself as a TE before being audited by the DGT to avoid tax sanctions if it is confirmed as a TE by position. Furthermore, CV ABC must also study tax regulations so that it knows the tax aspects of TE so as not to cause company losses and can still comply with tax obligations according to applicable regulations.

CONCLUSION

In light of the preceding analyses and discussions of the various formulations, the author is able to draw several conclusions. These are as follows:

1. In light of TE confirmation, the author recognizes that if CV ABC is confirmed as TE, it will have an impact on the company's losses. The author postulates that the reason CV ABC did not promptly confirm its status as TE is due to the VAT collection obligations that fall under TE's purview. The outcomes of this assumption exert a detrimental influence on the company, thereby rendering the assertion that CV ABC has not yet confirmed its status as TE a logical conclusion.
2. Corporate income tax (ITa) in non-TE conditions uses a final rate of 0.5%, while in the TE assumption, the normal tax rate calculation is used in Article 17 with a 50% rate reduction facility, namely Article 31E, because the turnover is still below 50 billion, coupled with the collection of VAT which makes the tax costs in the relevant year even greater, so that it also has a major impact on the company's profit.
3. The taxation aspect in non-TE conditions is that there is no obligation related to VAT, no obligation to keep books, and the calculation of corporate income tax uses the final rate. Then, the taxation aspect in TE is that there is an obligation related to VAT, so it is mandatory to keep books, and the calculation of corporate income tax uses the normal rate.
4. The sanction that will be given to CV ABC if it is confirmed as a TE by the DGT is that the taxpayer concerned must pay the tax shortfall on the SKPKB along with the administrative sanctions of Article 13 paragraph (2) every month for a maximum of 24 months, plus an STP sanction for the obligation to issue invoices that are not carried out amounting to 1% of the Taxable Base.

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