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## **Income Tax 21, Understanding, Subject, And Calculation Of Tax On Taxpayer's Income**

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### ***Abstract***

*This article aims to explain that income tax 21 is a tax imposed by domestic taxpayers who are usually in the form of salaries, wages, allowances, and other payments. this article also provides a thorough understanding of the subject, object, and calculation of income tax 21 (PPH 21). This article uses a quantitative descriptive approach method, because this method is suitable for exploring, explaining, and analyzing various concepts related to income tax 21. the results of the discussion of this article provide us with insight into the importance of understanding income tax 21 for employers and employees in fulfilling their obligations as taxpayers in accordance with Indonesian tax regulations and by knowing how the income tax 21 mechanism we can avoid errors in tax withholding and reporting. this article explains how income tax 21 is subject to progressive rates ranging from 5% to 35% rates depending on the amount of Taxable Income (PKP)*

***Keywords: Income Tax 21, Progressive Tax Rate, Tax Rebate***

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## **INTRODUCTION**

Taxes are one of the largest sources of income for a country that is used to finance the development of a country and finance state expenditures. income tax 21 is an important component of state revenue, which is imposed from the income of taxpayers. one of the important things in understanding income tax 21 is knowing the tax object, the object of income tax 21 includes income in the form of wages, allowances, honoraria, and other payments received in performing work or services (WatungD.N.2013.) Income tax 21 has an important role because it is directly related to the income received by most people who work, both as employees and independent professionals. In practice, this tax is directly deducted by the employer before the salary is paid to the employee, then deposited to the state. Or taxpayers can simulate their tax calculations based on examples of their income and report it to the tax office. In the Indonesian tax system that uses the self-assessment method (taxpayers calculate their own taxes), accuracy in deducting taxes shows how serious a person or company is in fulfilling its obligations as a taxpayer.

This mechanism aims to ensure direct compliance with taxes and reduce the risk of tax avoidance for individuals (Desi, Sagala, & Elidawati, 2018). That way we can see how important the application of this tax is in helping honest financial management and encouraging compliance with tax regulations. The regulations related to ITA 21 are regulated in Law Number 36 of 2008 related to income tax and supplemented by the provisions of the General Director of Taxes Number PER-16 / PJ / 2016 concerning technical guidelines for withholding, depositing, and reporting ITA 21. A complete education and understanding of ITA 21 is necessary to create compliance and transparency in accordance with tax obligations. This article is shown

systematically and in depth related to the basic concepts of ITA 21, including objects subject to tax objects, PTKP amount, progressive rate structure, with examples of ITA 21 calculations based on the latest requirements. We hope that this document can be a practical or academic reference for tax practitioners, employers, employees and students researching taxes in Indonesia.

Based on this background, this research provides a real example of the calculation of income tax 21 and discusses its impact, both on state finances and workplace management. The results of this study can help us to improve public understanding of taxes, and encourage better and more transparent financial management in both government agencies and companies.

## RESEARCH METHODS

This research uses a quantitative descriptive approach that aims to provide a systematic description of the mechanism for calculating Income Tax Article 21 (ITA 21) for permanent employees and analyzing the relevance of its application in supporting financial governance and tax compliance. This approach was chosen because it is able to integrate numerical aspects of tax calculation simulations with conceptual interpretations based on applicable regulations and literature.

The type of data used in this research is secondary data. The data is obtained through a literature study of relevant laws and regulations, such as Law Number 36 of 2008 concerning Income Tax and Regulation of the Director General of Taxes Number PER-16/PJ/2016 concerning Technical Guidelines for Withholding Income Tax Article 21. In addition, this study also uses hypothetical quantitative data in the form of assumptions of gross income of permanent employees which are used as the basis for simulating the calculation of PPh 21. Academic literature and previous research results are also used to support the analysis of compliance and governance aspects.

Data analysis in this study was conducted in two stages. First, the calculation of ITA 21 is simulated based on the assumption that a permanent employee receives a gross income of Rp10,000,000 per month or equivalent to Rp120,000,000 per year. From this income, a pension contribution deduction of 1% is made every month, then taxable income is calculated by referring to the PTKP provisions and progressive rates as stipulated in the applicable regulations. Second, the simulation results are analyzed descriptively qualitatively to explain how the rate structure and PTKP policy affect the amount of tax imposed. In addition, this analysis also includes a discussion of the impact of tax cuts on the level of taxpayer compliance and financial governance in the organization.

## RESULTS AND DISCUSSION

Income Tax Article 21 (PPh 21) is a type of tax imposed on income received by individuals from work, services, or other activities. In practice, this tax is usually deducted directly by the employer before the income is paid to the employee. This research focuses on simulating the calculation of Income Tax Article 21 for permanent employees and examining the relevance of its application in supporting financial governance and tax compliance.

Based on the simulation, it is assumed that a permanent employee receives a gross income of Rp. 10,000,000 every month. This amount is equivalent to Rp. 120,000,000 in one year. There is a mandatory deduction in the form of pension contributions of 1% of monthly income, which is Rp. 100,000. If multiplied over a year, the total pension deduction reaches Rp. 1,200,000. After deducting the non-taxable income (PTKP) for single individuals (TK/0) of Rp. 54,000,000 as stipulated in PER-16/PJ/2016, a taxable income (PKP) of Rp. 64,800,000 is obtained.

Furthermore, the calculation of Income Tax 21 uses the progressive rate applicable under Law No. 36 of 2008. For income up to Rp. 60,000,000, a 5% rate is applied, while the rest is subject to a 15% rate. The calculation results show that the total tax payable is Rp. 3,720,000 per year or about Rp. 310,000 per month.

Table 1. Simulation of Income Tax 21 Calculation for Permanent Employees Based on Progressive Rate.

Component	Amount (Rp)	Description
Monthly Salary	10,000,000	Gross income
Annual Salary	120,000,000	12 months × Rp10,000,000
Pension Contribution Deduction (1% × IDR10m × 12)	1,200,000	According to PER-16/PJ/2016
Annual Net Income	118,800,000	Gross - pension contribution
Non-Taxable Income (PTKP) (TK/0)	54,000,000	Based on 2024 regulation
Taxable Income (PKP)	64,800,000	Net - PTKP
PKP Rounded to Nearest Thousand	64,800,000	Already rounded
5% Rate for Rp60,000,000	3,000,000	5% × 60,000,000
15% Rate for Remaining Rp4,800,000	720,000	15% × 4,800,000
Total Annual Income Tax Payable (PPh 21)	3,720,000	
Monthly Income Tax 21	310,000	3,720,000 ÷ 12

This result illustrates how the tariff structure and PTKP setting play a role in determining the amount of tax imposed. Accuracy in making calculations is very important, because errors can have consequences in the form of fines or other tax sanctions (Law No. 28 of 2007). In addition, the accuracy of withholding by employers is a form of implementation of tax collection obligations that support the self-assessment system.

Employees' understanding of the Income Tax 21 withholding imposed on their salaries is also an important aspect. A low level of tax literacy can trigger dissatisfaction and misunderstanding of the net income received. Sari and Azzahra (2023) show that the level of understanding of tax rules has an influence on taxpayer compliance behavior.

From the organizational side, the accuracy in the implementation of ITA 21 deductions reflects the quality of human resource management and financial transparency. As explained by Cordery et al. (2023), transparency in financial reporting, including taxes, greatly affects public trust in institutions or companies. In addition, employers who provide tax education to employees play a role in increasing awareness and collective compliance with tax obligations (Nguyen & Davidson, 2023).

Thus, the proper and transparent implementation of ITA 21 not only impacts the fiscal aspect, but also contributes to accountability and good governance. The government and the private sector are expected to continue improving the education system and administrative support to create a healthy and sustainable tax climate.

## CONCLUSION

Based on the simulation results and analysis of the application of Income Tax Article 21 (PPh 21) to permanent employees, it can be concluded that accurate and compliant tax calculations are very important in supporting a self-assessment-based tax system. Assuming a gross income of IDR 10,000,000 per month and mandatory deductions such as pension contributions, the total tax liability is IDR 3,720,000 per year. This shows that the progressive rate structure and PTKP provisions play a significant role in determining the tax burden of individual taxpayers.

Proper application of ITA 21 by employers not only reflects compliance with tax regulations, but is also an indicator of good financial governance in the organization. Accuracy in tax withholding and reporting contributes to transparency, accountability, and increased public trust. In addition, employees' understanding of the PPh 21 withholding mechanism is also an important factor in creating tax awareness and voluntary compliance.

Therefore, synergy between the government and the private sector is needed in providing tax education and a supportive administrative system. This effort is important to build a healthy, fair, and sustainable tax system, which will ultimately strengthen the fiscal foundation and national economic governance.

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