Getting to Know PPnBM: Sales Tax on Luxury Goods and the Impact on the Automotive Industry, Indonesia

Mira Agustia [1], Siti Zahara [2], Olivia Deslovita Br, Ginting [3], Kartika Sari [4], Karnisa Maharani[5], Galih Supraja [6]

[1,2,3,4,5,6] Department of Accounting, Faculty of Social Sciences, Panca Budi Development University, Indonesia

Coresponding Author :
Email : galih@dosen.pancabudi.ac.id

Abstract

This study aims to determine the impact of Luxury Goods Sales Tax (PPnBM) on the automotive industry in Indonesia. This study uses a literature study method by analyzing data from literature sources. The results of the study indicate that PPnBM has positive and negative impacts on the automotive industry. The positive impacts are increasing state revenue, regulating income distribution, encouraging the local automotive industry, and increasing public awareness of the importance of paying taxes. However, the negative impacts are affecting employment in the automotive industry and increasing unemployment.

Keywords: PPnBM, Luxury Goods, Automotive Industry

INTRODUCTION

Sales Tax on Luxury Goods is a type of tax that is not widely known by the public, because the nature of PPnBM itself is an additional tax in addition to VAT and is only imposed once, namely when the goods are imported and when they are delivered by the Taxable Entrepreneur manufacturer. Consumers who use luxury goods that are subject to this tax are not even aware that they have been subject to PPnBM.

PPnBM is an additional tax levied on the sale of luxury goods in addition to the VAT levy. The goal is for consumers with high purchasing power who buy luxury goods to bear a larger additional tax than other consumers with purchasing power. PPnBM is a tax imposed on goods that are classified as luxury goods for producers to produce or import goods in their business activities or work. Revenue from this tax can be used to fund various government programs and activities, such as infrastructure development, public services, education, and health. PPnBM is directed at luxury goods that are usually purchased by groups with higher purchasing power.

One of the crucial tools in PEN (national economic recovery) in the economic sector is the provision of fiscal incentives to affected industries. Several industrial sectors that are of concern to the government include the manufacturing sector (including automotive), the tourism sector, and the investment sector. In terms of the manufacturing sector, especially motor vehicles or what is often known as the automotive sector, the government provides tax incentives, one of which is PPnBM for certain vehicles borne by the government based on the Regulation of the Minister of Finance Number PMK-20/PMK.010/2021 and several other regulations. With this background, the author wants to assess the implementation of the PPnBM DTP facility for motor vehicles in Indonesia.

The implementation of these taxes will certainly have an impact on the selling price of motor vehicles and increase the tax burden that can arise from Motor Vehicle Tax with a progressive tariff system. The public will be more careful in buying four-wheeled vehicles if they feel there is an increase in price due to the implementation of Value Added Tax, Tax on ability, benefits, and justice. Based on the Regulation of the Governor of South Sulawesi Number 82 of 2011 in Chapter II article (2), the purpose of implementing progressive taxes is to create a sense of justice and consider the principle of taxpayer ability in owning a second vehicle and so on, where individuals with greater economic capacity are reflected in the number of vehicles owned by taxpayers.

VAT is an indirect tax imposed on others. VAT rates are objective, meaning that the obligation to pay VAT depends on the tax subject, so that factors such as gender, social status, or purchasing power do not affect it. PPnBM is an additional tax imposed on the sale of luxury goods in addition to VAT. The aim is to ensure that consumers with high purchasing power who buy luxury goods pay a higher additional tax compared to other consumers with lower purchasing power. The money raised from this tax can be used to support various government programs and activities, such as infrastructure development, public services, education, and health. PPnBM is intended for luxury goods that are generally purchased by people with higher purchasing power. Therefore, this tax can affect the distribution of income by requiring the wealthier group to pay higher taxes, which can then be used to help the less fortunate group.

RESEARCH METHODS

In this study, researchers use the literature study method or research based on library sources. The data collection method applied is through a documentation approach. References that are inseparable from scientific literature in the context of literature study are related to theoretical analysis.

In the context of this literature research, it includes the following steps:

- ➢ introduction,
- ➢ main part,
- ➢ conclusion.

The data sources in this study were obtained from relevant literature, such as books, scientific articles, or journals related to the chosen topic. The method of data collection in this literature study approach is by accessing research information based on elements or variables in the form of articles, journals, notes, books, and so on.

Data analysis was conducted using content analysis techniques. Literature reading was conducted repeatedly and comparisons between various sources were conducted to maintain the accuracy of the research results and minimize errors that may arise due to researcher limitations (so that information is provided accurately. This research report was prepared by presenting results based on the principle of ease and simplicity. This research was conducted in this way because researchers have limitations in conducting an in-depth and detailed literature review. In addition, a simple and easy-to-understand approach was chosen so that readers can easily understand the essence of the research results regarding the effect of the implementation of luxury goods sales tax on the purchasing power of consumers with low economic levels.

RESULTS AND DISCUSSION

In order to understand whether there is a relationship between luxury goods sales tax (PPnBM) and consumer purchasing power, researchers conducted data analysis by applying the Pearson correlation method to the PPnBM variable and the consumer purchasing power variable. The findings from the Pearson correlation analysis,

Pearson Correlation	N	Sig.
0.444	60	0.000

Based on the analysis that has been done, it was found that there is a correlation value of 0.430 and a significance value (sig.) Of 0.001. This value leads to the rejection of the null hypothesis (H0), which indicates a significant and positive relationship between luxury goods sales tax (PPnBM) and consumer purchasing power. With this positive correlation, it can be interpreted that when the luxury goods sales tax increases, consumer purchasing power will also increase. Conversely, if the PPnBM tax decreases, consumer purchasing power tends to decrease as well.

Simple Linear Regression Analysis After conducting a Correlation analysis to identify the possible relationship between PPnMB and consumer purchasing power, the next step is to conduct a Simple Linear Regression Analysis to Understand the functional relationship between the Dependent Variable and the Independent Variable. Regression analysis is carried out using the Ordinary Least Square (OLS) method. The results of the Simple Linear Regression produced are as follows:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	117.942	3.248		36.316	.000
	PPnBM	.178	.047	.444	3.777	.000

From the table that has been presented, the Multiple linear regression equation is formulated as follows: $Y = 117.942 + 0.178X1$

In this equation, Y represents the purchasing power of consumers and X1 represents the luxury goods sales tax. From the equation, it can be seen that the constant value is 117.942, which indicates that if there is no change in taxes.

Sales of luxury goods, therefore the number of consumer purchasing power will remain at 117,942. Separate Test In this study, a separate test was conducted using the T test. The T test is used to assess how much impact each independent variable has on the dependent variable in a study. In conducting a separate T test, decisions can be made based on the Significance value (Sig.). The following are the results of separate testing in regression analysis:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	117.942	3.248		36.316	.000
	PPnBM	.178	.047	.444	3.777	.000

Based on the results of the partial testing that has been carried out and is contained in the table, it was found that the PPnBM variable (X) in relation to consumer purchasing power (Y) showed a t-count value of 0.178, with a significance level of 0.000.

The test results using the Sig. value show that the Sig. value is smaller than the significance level of 0.05, which indicates the rejection of the null hypothesis (H0). Therefore, at the 5% test level, there is sufficient evidence to state that the PPnBM variable has a significant and positive effect on consumer purchasing power. The coefficient for the PPnBM variable is 0.178, which indicates that if the PPnBM value increases by one unit, consumer purchasing power will increase by 0.178 units.

Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.444[a]	.197	.184	11.89949

The data seen in the table above shows that the coefficient of determination (R Square) value reaches 0.197. Meanwhile, the adjusted coefficient of determination (Adjusted R Square) has a figure of 0.184. This shows that 18.4% of the change in spending power (purchasing power) can be explained by variations in the independent variable (PPnBM). On the other hand, the rest of the variation is caused by other factors not included in the model.

Classical Regression Assumption Test. The results of the classical assumption test for this regression model are as follows:

Testing the assumption of normality, Using the Shapiro-Wilks test statistic And gives the following results:

Uji	Value	*p-value*	Keputusan
Shapiro-Wilk	0.934	0.003	Tolak H$_0$

From the test results above, it was found that the p-value is 0.003, which is smaller than the significance level α (0.05). This indicates that the error derived from the Ordinary Least Square (OLS) model does not follow a normal distribution. If the number of observations is less than 30, a normality test is required. The normality test aims to assess whether the error in the estimate roughly follows a normal distribution. If the number of observations exceeds 30, a normality test is not required because it assumes that the distribution of sample errors is close to normal. For example, if you have 285 observations and data.

Not likely to be strange, you can Disregard the normality test; if the Data shows anomalies, you can Use the principle of the Central Limit Theorem which states that if the number of Observations is more than 30, the normality test is not needed and can be ignored Testing the assumption of homoscedasticity Using the Park test statistic. The Park test is carried out by regressing the ln of the Residual square with the ln of each independent variable. The test results are obtained as follows:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	117.942	3.248		36.316	.000
	PPnBM	.178	.047	.444	3.777	.000

Positive impact :
- A country's income generated from the tax system, both by the central and regional governments, is used to finance various development projects. To achieve better tax revenue targets, one source comes from the level of public spending. The level of spending is influenced by the purchasing power of consumers. One type of tax that has a significant contribution to state revenue, especially at the provincial level, is the Motor Vehicle Tax.

- PPnBM helps regulate income distribution by imposing higher taxes on luxury goods consumed by people with high incomes. This can help reduce the income gap between people with high and low incomes.
- Encouraging the Local Automotive Industry: Luxury Goods Sales Tax can help the domestic automotive industry to improve quality and offer competitive prices, thereby strengthening the position of the Indonesian automotive industry in the international market. In this way, the local automotive industry can increase exports and have a positive impact on economic growth.
- Increasing Public Awareness: PPnBM raises awareness of the importance of paying taxes, thereby increasing tax compliance and reducing tax evasion. This can increase state revenue and advance national development.

Negative impact :

- Affecting Employment: PPnBM can affect employment in the automotive industry, thereby increasing unemployment and affecting public welfare. This can increase social burdens and affect economic stability.
- shows different results, namely the implementation of Motor Vehicle Tax with a higher rate has a clear negative impact on consumer purchasing power. The increase in Motor Vehicle Tax rates along with the number of vehicles owned makes consumers feel the pressure of high taxes, so that consumers will reduce purchases for cars.

Implementation of PMK No. 30/PMK.010/2021 Viewed from Tax Function Tax rules or policies regarding tax incentives cannot be made carelessly, because this policy will have a major impact, both beneficial and detrimental to certain sectors. Long-term thinking when formulating policies such as eliminating or reducing tax rates needs to be considered carefully regarding the advantages and disadvantages that may arise, so as not to add to the current problems.

CONCLUSION

PPnBM has positive and negative impacts on the automotive industry in Indonesia. The positive impacts are increasing state revenue, regulating income distribution, encouraging the local automotive industry, and increasing public awareness of the importance of paying taxes. However, the negative impacts are affecting employment in the automotive industry and increasing unemployment. In this study, it was found that PPnBM has a significant and positive impact on consumer purchasing power. However, it should be noted that the impact of PPnBM can vary depending on the context and economic situation. Therefore, the government needs to consider the impact of PPnBM comprehensively before setting tax rates. The automotive industry also needs to anticipate the impact of PPnBM in order to increase competitiveness and increase sales. Thus, PPnBM can be an effective tax policy and support Indonesia's economic growth.

REFERENCES

Mawarni, R., Sari, TK, & Anggiyasari, YD (2021). Analysis of variables influencing VAT and PPnBM revenues. Jamanta: Journal of Accounting Students Unita, 1(2), 23-40.

Izdihar, MD, Wahyudi, N., Putra, PP, Firmansyah, S., & Wijaya, S. (2022). EVALUATION OF THE GOVERNMENT-PAID VEHICLE PPNBM FACILITY POLICY.

Hasibullah, NA, Mursalim, M., & Su'un, M. (2020). Analysis of the Influence of PPn, PPnBM, and PKB with Progressive Tariffs on the Purchasing Power of Consumers of Four-Wheeled Motor Vehicles in Makassar. Journal of Accounting and Finance (JAF), 1(1), 86-101.

Ladiku, NWD, Gusnasary, AFAN, & Fadhilatunisa, D. (2023). Analysis of the Consequences of the Implementation of Value Added Tax (VAT) and/or Luxury Goods Sales Tax (PPnBM) on Alcoholic Beverages in the Perspective of Islamic Economics. Indonesian Journal of Taxation and Accounting Vol, 1(1).

Luthfiantika, AN, & Hidayat, I. (2023). The Impact of the Implementation of Luxury Goods Sales Tax (PPnBM) on the Purchasing Ability of Consumers with Limited Income (Two-Wheeled Vehicles). Evolusi Ekonomix: Journal of Modern Accounting, 5(4).

Astrabadhi, AMF (2022). THE EFFECT OF VALUE ADDED TAX (VAT) AND LUXURY GOODS SALES TAX (PPnBM) ON CONSUMER PURCHASING POWER (Case Study at PT Oto Bid Indonesia Makassar Branch) (Doctoral dissertation, Hasanuddin University).

Wardani, AAM, Sari, CK, & Erinda, M. RULES FOR INCENTIVE IMPLEMENTATION ON PPNBM IN ECONOMIC RECOVERY EFFORTS.

Riningsih, D. (2021, September). Analysis of PPnBM Car Tax Incentive Policy on Car Sales in the Covid-19 Pandemic Era. In Proceedings of the National Seminar on Management, Economics and Accounting (Vol. 6, No. 1, pp. 291-298).