

ANALYSIS OF THE EFFECT OF VALUE-ADDED TAX IMPLEMENTATION ON TAX REVENUE AT KPP PRATAMA KEDIRI**ANALISIS PENGARUH PENERAPAN PAJAK PERTAMBAHAN NILAI TERHADAP PENERIMAAN PAJAK PADA KPP PRATAMA KEDIRI****Hella Laras Tika, Srikalimah, Imarotus Suaidah**

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Corresponding Author*ABSTRACT**

This study analyzes the impact of the implementation of Value Added Tax (VAT) on tax revenue at the Pratama Tax Office in Kediri. The method used is descriptive qualitative, employing document analysis and interviews with entrepreneurs, consultants, and tax officers. The results indicate that the implementation of VAT significantly contributes to tax revenue, but varying levels of understanding among Taxable Entrepreneurs (PKP) pose major challenges. The increase in the VAT rate from 10% to 12% has the potential to reduce purchasing power, especially among low-income groups. This study is consistent with previous findings that indicate an increase in VAT rates can enhance state revenue but may also risk decreasing consumption. It is recommended that the Pratama Tax Office in Kediri enhance tax education programs and enforce stricter compliance monitoring to raise PKP awareness. Thus, it is hoped that VAT revenue can be optimized and support sustainable economic growth.

Keywords: VAT, Tax Revenue, Taxable Person for VAT Purposes Compliance, VAT Rate, Inflation**ABSTRAK**

Penelitian ini menganalisis pengaruh penerapan Pajak Pertambahan Nilai (PPN) terhadap penerimaan pajak di Kantor Pelayanan Pajak Pratama Kediri. Metode yang digunakan adalah deskriptif kualitatif dengan pendekatan analisis dokumen dan wawancara dengan pengusaha, konsultan, dan petugas pajak. Hasil menunjukkan bahwa penerapan PPN berkontribusi besar terhadap penerimaan pajak, tetapi pemahaman yang bervariasi di kalangan Pengusaha Kena Pajak (PKP) menjadi tantangan utama. Kenaikan tarif PPN dari 10% menjadi 12% berpotensi mengurangi daya beli masyarakat, terutama bagi kelompok berpenghasilan rendah. Penelitian ini sejalan dengan temuan sebelumnya yang menunjukkan bahwa kenaikan tarif PPN dapat meningkatkan penerimaan negara, tetapi juga berisiko menurunkan konsumsi. Disarankan agar KPP Pratama Kediri meningkatkan program edukasi perpajakan dan pengawasan yang lebih ketat untuk meningkatkan kesadaran PKP. Dengan demikian, diharapkan penerimaan PPN dapat optimal dan mendukung pertumbuhan ekonomi berkelanjutan.

Kata kunci: PPN, Penerimaan Pajak, Kepatuhan PKP, Tarif PPN, Inflasi**1. INTRODUCTION**

Taxes are a crucial source of state revenue to support government spending and development, with the majority of state revenues coming from the taxation sector. According to Law Number 16 of 2009 concerning the Fourth Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures, taxes are mandatory contributions from individuals or organizations to the government, which must be paid according to legal provisions, without receiving direct compensation, and are utilized for the benefit of the government for the welfare of the community. To optimize this potential, the Indonesian government has implemented Value Added Tax (VAT), which is levied on the sale of Taxable Goods (BKP) and Taxable Services (JKP) by Taxable Entrepreneurs. VAT can be charged and credited repeatedly as each value is added, and plays a vital role in funding infrastructure, education, and health (Indriyani and Furqon 2021). Furthermore, VAT is also used to regulate consumer prices with different rates for goods and services, with luxury goods being taxed at a higher rate. Thus, VAT not only contributes to state revenue, but also helps maintain

price stability and the competitiveness of domestic industry, as well as playing a role in socio-economic policy and controlling inflation.

Kediri City, located in East Java Province, contributes to state revenue through the tax sector, particularly Value Added Tax (VAT). VAT is regulated by Law Number 8 of 1984, with an initial rate of 10%, which then increased to 11% in April 2022. Starting January 1, 2025, the new 12% rate will apply only to luxury goods, while basic goods and services will remain subject to a 0% VAT rate. Taxable Entrepreneurs (PKP) in Kediri are required to collect and remit VAT in accordance with the provisions and can deduct input VAT from output VAT to avoid double taxation. This policy aims to increase the contribution of VAT to total tax revenue, reduce budget shortfalls, create a fairer tax system, and strengthen the long-term stability of the state's finances (Aisyah Aulia et al. 2025). The Kediri Tax Service Office (KPP) plays a crucial role in regulating tax revenue, providing consultation, support, and ensuring taxpayer compliance in VAT collection and payment.

Research by Yani⁽²⁰²⁴⁾ The results show that increased Value Added Tax (VAT) revenue is directly proportional to the increase in total government tax receipts, while decreased VAT revenue negatively impacts total tax receipts. This indicates that setting a higher VAT rate can increase government revenue and encourage more positive economic growth. This tax policy is designed to create equality among all economic actors, both traditional and digital, so they can make appropriate contributions to state revenue.

The implementation of Value Added Tax (VAT) in Indonesia faces various obstacles, one of which is a lack of understanding among Taxable Entrepreneurs (PKP) regarding their tax obligations, which results in low tax awareness (Widyati, Sayyid, and Sulistyowati 2020). Improving public understanding of tax obligations is crucial for economic stability, as tax knowledge significantly contributes to increased revenue (Fathiya Syahidah Nasution et al. 2024). Furthermore, poorly implemented tax audits can impact VAT revenue growth, risking missing the annual target (Susanto and Khoiriawati 2022). Furthermore, inflation, which causes fluctuations in the prices of goods and services, negatively impacts people's purchasing power, reducing spending power, potentially slowing economic growth and increasing unemployment (Putri 2024). This demonstrates the importance of the public's role in paying VAT, which significantly impacts the country's economy.

This study identifies several issues that need to be addressed, particularly in the understanding of Taxable Entrepreneurs (PKP) regarding their responsibilities in paying Value Added Tax (VAT), which impacts taxpayer compliance. In addition, there is no clear explanation regarding how inflation fluctuations affect VAT revenue, especially after the rate increase from 10% to 11% and the plan to 12% in 2025. This study offers a new analysis that combines local conditions in Kediri with socio-economic factors, such as inflation and PKP tax understanding, to provide a more complete insight into the challenges and opportunities in increasing VAT revenue in the digital era and facing regulatory changes. Thus, the researcher took the title "Analysis of the Effect of Value Added Tax Implementation on Tax Revenue at the Kediri Pratama Tax Service Office" with the hope that this analysis can provide a new perspective regarding the influence of VAT and considerations in tax policy making.

2. METHODS

2.1. Type of Research

This research employs a descriptive qualitative approach. This approach is used to describe and analyze phenomena related to the implementation of value-added tax (VAT) and tax revenue at the Kediri Pratama Tax Service Office. This approach provides researchers with the opportunity to explore the understanding, experiences, and perspectives of taxpayers (PKP) and tax officials. This research

also aims to identify factors influencing tax compliance and provide deeper insight into the challenges and opportunities in tax policy.

2.2. Research Location

The research location used in this study is the Kediri Pratama Tax Service Office (KPP) located at Jl. Brawijaya No. 6, Pocanan, Kota District, Kediri City, East Java 64123. The reason the researcher chose the Kediri Pratama Tax Service Office (KPP) location is because:

1. There are many types of business actors here, so researchers can analyze tax compliance comprehensively.
2. The Pratama Tax Service Office has the tax revenue data required for research evaluation.
3. This location is suitable for assessing how effective the Value Added Tax policy is being implemented.
- 4.

2.3. Data Sources

The information used in this study includes primary and supporting data. Primary data was collected through direct interaction with the people providing the information, namely by conducting direct interviews with sources (business owners, tax officers, and tax experts) related to the implementation. *Value Added Tax* (VAT). Supporting data is obtained from files or other references not provided directly to the data collector, such as annual period reports, official publications, and information from the Kediri Pratama Tax Service Office (KPP Pratama).

2.4. Data Collection Techniques

The data collection techniques used in this research are as follows:

- a. Interview
Interviews were conducted with informants (business actors, tax officials, and tax experts) to obtain in-depth information regarding the implementation of VAT.
- b. Documentation
Documentation was selected by researchers to collect and analyze relevant documents such as reports, tables, and other documents related to tax revenue.

2.5. Validity Checking Techniques

The technique applied to process the data in this study is source triangulation. In this study, the source triangulation method is used to explain data regarding the implementation of value-added tax (VAT) and tax revenue, utilizing various information sources to gain a deeper understanding of the elements that influence the effectiveness of VAT collection at the Kediri Pratama Tax Office. This triangulation helps ensure the accuracy and validity of the research findings by comparing information from interviews and obtained documents. The results of the analysis will be presented in tables and graphs that will be described qualitatively. Thus, this approach provides a clear understanding of the relationship between VAT implementation and tax revenue at the Kediri Pratama Tax Office.

3. RESULTS AND DISCUSSIONS

The Kediri Pratama Tax Service Office (KPP) was established based on the Decree of the Director General of Taxes Number KEP-159/PJ/2008 dated September 4, 2008 concerning the Implementation of the Organization, Work Procedures and the Commencement of Operation of the Regional Offices of the Directorate General of Taxes, including the Regional Office of the Directorate General of Taxes for East Java III.

Based on the Decree of the Director General of Taxes, it was determined that the Kediri Pratama Tax Service Office began operating on December 8, 2008. The business areas run by the Kediri Pratama Tax Service Office are providing services, administrative supervision, and inspections of Taxpayers in the fields of Income Tax (PPH), Value Added Tax (PPN), Luxury Goods Sales Tax (PPnBM) and Other Indirect Taxes (PTLL).

The Kediri Pratama Tax Service Office (KPP Pratama) plays a crucial role in increasing state revenue through the taxation sector, particularly in the supervision and management of Value Added Tax (VAT) revenue. Since its inception on December 8, 2008, the KPP Pratama Kediri has established annual VAT revenue targets. Data on VAT revenue targets and realizations from 2019-2024 are presented in the following table, reflecting the KPP Pratama Kediri's performance in optimizing tax potential within its jurisdiction.

Table 2
VAT Revenue Targets and Realization 2019 – 2024

Year	Target	Realization	Achievements
2019	137.911.500.000	113.355.408.131	82%
2020	86.623.810.000	144.030.440.975	166%
2021	72.071.795.000	27.148.316.821	38%
2022	50.579.263.000	93.199.873.795	184%

The table presented shows the target amount, realization amount, and percentage of Value Added Tax (VAT) revenue achievement from 2019 to 2024. In 2019, the revenue target was set at 137,911,500,000, but the realization achieved was only 113,355,408,131, with an achievement of 82%. 2020 was a very good year, where despite the lower target of 86,623,810,000, the realization reached 144,030,440,975, with an achievement of 166%. However, the situation reversed in 2021, when the target of 72,071,795,000 was only 38% achieved with a realization of 27,148,316,821. In 2022, revenues increased again with a realization of 93,199,873,795, reaching 184% of the target of 50,579,263,000. 2023 showed stability with an achievement of 117%, where the realization reached 110,128,392,040 of the target of 94,510,930,000. Finally, in 2024, the target was set at 107,875,432,000, with a nearly balanced realization of 107,306,658,415, reaching 99%. This table illustrates the significant fluctuations in VAT revenues during the period.

3.1. Understanding and Compliance with PKP

Effective VAT implementation depends on Taxable Entrepreneurs (PKP) understanding their obligations. When PKP understands their responsibilities and reports taxes correctly, this can contribute to increased tax revenue. Conversely, a lack of understanding of VAT among PKP can result in low compliance, which in turn negatively impacts tax revenue. Consultants noted that many PKP still do not understand tax type codes due to not keeping up with regulatory developments, potentially leading to non-compliance. These findings align with research (Widyati et al. 2020) which revealed that PKP's lack of understanding of tax obligations contributes to low tax awareness.

Taxable Entrepreneurs emphasized that a good understanding of VAT encourages them to fulfill their tax obligations for better infrastructure development, demonstrating the importance of tax education. Previous research by Aisyah Aulia et al. (2025) also noted that implementing VAT can increase state revenue to finance social programs and infrastructure development.

3.2. Inflation and VAT Rate Increases

In the context of taxation, the relationship between inflation and Value Added Tax (VAT) rates is crucial to understand, as both directly impact tax revenue. This is especially relevant in situations where tax rate changes can impact public purchasing power. Inflation and VAT rates are interconnected and interconnected with tax revenue. Informants explained that the increase in the VAT rate from 10% to 11% and then to 12% impacted the selling price of goods and the public's purchasing power. Tax officials stated that price increases depend on the price elasticity of the goods. Taxable Entrepreneurs added that price increases could reduce the number of customers, which could lead to lower turnover and tax revenue. This statement was reinforced by a Tax Consultant who noted that price increases could reduce public purchasing power.

Previous research by Yani (2024) supports these findings, showing that increasing VAT rates can cause inflation and reduce people's purchasing power. Previous research by Aisyah Aulia (2025) also indicated that while increasing VAT rates contributes to government revenue, they also negatively impact people's purchasing power, especially those with low incomes. This suggests that while higher VAT rates can increase tax revenue, there is a risk of decreased consumption that needs to be considered.

3.3. Challenges and Opportunities in Increasing VAT Revenue

The main challenges in increasing VAT revenue include a lack of understanding of Taxable Entrepreneurs (PKP) and the impact of inflation on public purchasing power. All three sources emphasized the importance of tax education to raise public awareness in understanding and reporting their tax obligations. This study's findings align with previous research showing that effective outreach efforts from the Tax Service Office can improve PKP compliance (Widyati et al. 2020). Mokoagow's (2021) research also revealed that good tax education motivates PKP to properly fulfill their obligations, thereby supporting infrastructure development by increasing tax revenue.

Tax officials recommend the need for stricter oversight of VAT reporting by improving the tax system through digitizing transactions with Coretax to prevent fraud and help improve PKP compliance with greater transparency and efficiency. Furthermore, more proportional law enforcement, which provides a deterrent effect for those who fail to fulfill their obligations, can improve compliance and prevent fraud.

4. CONCLUSION

Based on the discussion above, this study demonstrates that a good understanding of Value Added Tax (VAT) among Taxable Entrepreneurs (PKP) is crucial for improving tax compliance and revenue. A lack of understanding of tax obligations and changes in VAT rates, particularly in the context of inflation, can negatively impact public purchasing power and tax revenue. Therefore, effective tax education and stricter oversight are needed by the Kediri Pratama Tax Office (KPP Pratama) to improve VAT compliance. Proportional law enforcement can prevent non-compliance and support a sustainable increase in VAT revenue. Furthermore, it is recommended that entrepreneurs develop business strategies that are adaptive to changes in VAT rates and recognize that tax obligations contribute to national development. Future research is expected to explore the impact of inflation and VAT in specific sectors and compare VAT implementation in Indonesia with other countries, with a focus on social welfare aspects to produce a more equitable tax policy

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