

Harmonization of PPh 21 Calculations Before and After the Implementation of The Average Effective Rate for Employees of PT. Fisca Bisnis Solusi

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Abstract. *Harmonization of Income Tax Article 21 (PPh Article 21) calculations before and after the implementation of the Average Effective Rate (AER) on employees of PT. Fisca Bisnis Solusi. The research is motivated by the enactment of Government Regulation Number 58 of 2023 and Minister of Finance Regulation Number 168 of 2023, which introduced the AER as a new mechanism for calculating monthly PPh Article 21 starting in 2024. This policy was designed to harmonize tax regulations by simplifying calculation procedures while maintaining compliance with the progressive tax system stipulated in Article 17 paragraph (1) letter a of the Income Tax Law. This study uses a qualitative descriptive approach with a case study method. Data were collected through interviews, observations, and documentation related to employee payroll and tax calculations. The results show that the implementation of the Average Effective Rate creates harmonization between tax regulations and administrative practices by simplifying monthly tax calculations and reducing the administrative burden on companies. Although monthly tax deductions become more straightforward, the final tax liability is still reconciled in December to ensure consistency with the annual progressive tax system. Therefore, the application of the Average Effective Rate contributes to regulatory and administrative harmonization without changing the overall tax burden borne by employees.*

Keywords: *Harmonization, Income Tax Article 21, Average Effective Rate*

JEL Classification: *H24, H25, H26, K34, M41*

Received: April 8, 2026

Received in Revised: May 19, 2026

Accepted: June 1, 2026

INTRODUCTION

As a unitary state, the Republic of Indonesia strives to ensure that everyone in the country benefits from the country's economic growth (Liddle, 1991; Bauw, 2016; Pepinsky & Wihardja, 2011). The preparation of the State Budget (APBN) is one step in providing the substantial funds needed to achieve this. Based on Law Number 17 of 2003 concerning State Finance, the majority of APBN funding comes from the state treasury, which includes tax revenues, non-tax revenues, and grants.

Taxation is a key aspect in achieving state revenue, as it is the largest contributor to the State Budget (APBN) (Muksin, 2024; Wanti et al., 2022; Hadisantoso et al., 2025). Taxes are an obligation that must be complied with by every Indonesian citizen. Taxes are used by the government for infrastructure development such as roads, bridges, ports, and the provision of public services that benefit the community. The type of tax that contributes the most to state revenue is Income Tax (Afuberoh & Okoye, 2014; Karagöz, 2013; Moore, 2013).

E-ISSN: 2776-1290, P-ISSN: 2776-1282

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Income Tax is a tax levied on income received by taxpayers during a year. Income tax includes several types, one of which is Article 21 Income Tax. Article 21 Income Tax is a tax imposed on domestic individual taxpayers on income in the form of salary, honorarium, or other remuneration related to work, services, or activities performed. Article 21 Income Tax plays a crucial role in the Indonesian tax system. This is because the majority of jobs in Indonesia are still formal, namely as employees in companies or agencies. Article 21 Income Tax is imposed on taxpayers who meet the general criteria.

These general criteria include being an individual, earning income from their work, and having an employment relationship with the company or agency. The tax base used is gross income. Gross income consists of base salary, allowances, bonuses, commissions, and all other remuneration received by employees (Yap, 2023; Beldiman, 2021; Mackowiak, 2020). This gross income is then reduced by Article 21 Income Tax to yield the employee's net monthly income. Companies or agencies, as employers, are required to calculate and withhold Article 21 Income Tax on their employees' income.

Employers are required to calculate and withhold Article 21 Income Tax on their employees' income. In addition to withholding Article 21 Income Tax, companies are also responsible for reporting it to local tax authorities on a regular basis. The process and rates imposed on each employee vary depending on applicable tax regulations. Therefore, companies must always be aware of the latest information regarding changes in applicable tax rates. At the end of 2023, the government established new regulations for calculating Article 21 Income Tax, using the Average Effective Rate (TER), which will take effect in 2024.

Technically, the previous Article 21 Income Tax calculation was very complex and varied, necessitating improvements to the Article 21 Income Tax calculation provisions. Through Government Regulation Number 58 of 2023 and Minister of Finance Regulation Number 168 of 2023, the government adjusted the monthly Article 21 Income Tax calculation provisions by introducing a monthly Average Effective Rate. The Average Effective Rate took effect on January 1, 2024.

The use of this Average Effective Rate is intended to facilitate both companies acting as withholding agents and taxpayers in their reporting (Brockmeyer & Hernandez, 2016; Tennant & Tracey, 2019; Malik, 2025; Sikka & Willmott, 2013). Furthermore, the application of this Average Effective Rate simplifies the Article 21 Income Tax rate scheme and provides greater legal certainty. This is because the use of the Average Effective Rate only applies to Income Tax withholding for the January to November tax period. At the end of the December tax period, a recalculation will be carried out in accordance with the rate stipulated in Article 17 paragraph (1) letter a of the Income Tax Law, so that taxpayers only need to pay the shortfall. Therefore, the rates stipulated in Article 17 paragraph (1) letter a of the Income Tax Law, which have progressive rates of 5%, 15%, 25%, 30%, and 35%, will remain in effect for the December tax period.

The government has enacted new regulations regarding Income Tax Withholdings in connection with Employment, Services, or Individual Activities through Government Regulation Number 58 of 2023 and Minister of Finance Regulation Number 168 of 2023 (Cahyo et al., 2025; Setiadi et al., 2025; Wardani & Vendy, 2024; Wasesa et al., 2024; Arifin et al., 2025; McGovern & Brewer, 2024). The withholding of Income Tax Article 21 under the old provisions had various calculation schemes that could confuse taxpayers and create administrative burdens, especially for those attempting to fulfill their tax obligations correctly. In this Article 21 Income Tax (PPh) withholding, one of the withholding agents is the company. Companies that pay employee salaries monthly are required to continuously follow any updates to Indonesian tax regulations, particularly Article 21 Income Tax (PPh) to avoid errors when paying employee salaries.

Income Tax payments can be made through online banking, through bank tellers, or through the post office. After the taxpayer has paid their tax, they must file a Periodic Income Tax

Return (SPT) for Article 21 Income Tax. Reporting for the payment of Income Tax (PPh) can be done by various parties, such as individuals, taxpayers, tax collectors, tax withholding agents, those who deliver goods, and employees and tax officers, according to (Winarsih & Qosim, 2024; Anjelina & Sitorus, 2016; Panjaitan & Rialdy, 2025; Putra, 2023; Adil, 2023; Irwanti et al., 2025). Reporting of the Periodic Income Tax Return (SPT) for Article 21 Income Tax is required through e-filing of Article 21 Income Tax.

The main phenomenon that forms the basis of this research is the application of the Average Effective Rate (TER) as stipulated in the Minister of Finance Regulation (PMK) Number 101/PMK.010/2016 concerning the Calculation of Article 21 Income Tax using the average effective rate, which has been widely implemented since 2023. Before the TER policy was implemented, the calculation of Article 21 Income Tax used a progressive rate based on Law Number 36 of 2008 concerning Income Tax. Under the old system, tax rates were applied in stages, ranging from 5% to 30%, depending on the amount of taxable income. This mechanism was often considered inefficient because it required complex manual calculations, including deductions for office expenses, pensions, and non-taxable income (PTKP).

This situation often led to errors and uncertainty for tax withholding agencies, particularly corporations. This research is relevant because the TER policy not only impacts employee tax burdens but also company administrative efficiency. Sulistyawati et al. (2022), Lestary et al., (2021); Al Hazmi & Aribowo, (2025), Hidayati & Arianty (2026), Supriyati et al. (2025) in the Indonesian Journal of Accounting and Finance found that implementing TER can save up to 40% in tax calculation time, but risks reducing tax compliance if socialization is not optimal. Therefore, this study focuses on an empirical analysis of the impact of the TER policy on employee income tax (PPH 21) calculations. Based on the above phenomena and background, the author is interested in researching this issue with the title "The Effect of PPH 21 Calculations Before and After the Implementation of the Average Effective Rate on Employees of PT. Fisca Bisnis Solusi."

METHODS

Type of Research

This study employs a qualitative approach with a case study design. The qualitative approach is selected because this research aims to gain an in-depth understanding of the phenomenon related to changes in the mechanism of Income Tax (PPh) Article 21 withholding before and after the implementation of the Average Effective Rate (TER) within a real organizational context. This approach enables the researcher to explore meanings, perceptions, and experiences of informants comprehensively regarding the applied taxation policy. The case study design is used because this research focuses on a single object, namely PT. Fisca Bisnis Solusi, allowing for an in-depth exploration of processes, dynamics, and implications of the implementation of the TER policy in practice. A case study is considered appropriate for analyzing complex and contextual phenomena, particularly in comparing two different tax withholding systems over a certain period. Therefore, this study is not only descriptive but also analytical in examining differences and impacts of the applicable taxation policies.

Research Location and Time

This research is conducted at PT. Fisca Bisnis Solusi, located at Nipah Park Office, 4th Floor, Urip Sumiharjo Street No. 23C, Makassar City. The selection of this research site is based on the consideration that the company has implemented both the pre-TER and post-TER Income Tax (PPh) Article 21 withholding systems, making it highly relevant to the research objectives. The research is scheduled to be conducted over approximately two months following the approval of the research proposal. The implementation period starts from December 11, 2025, to January 20, 2026. This timeframe includes data collection, field observation, interviews with informants, and data processing and analysis. The duration is determined to ensure that all stages of the research can be carried out systematically and effectively.

Types and Sources of Data

This study utilizes both qualitative and quantitative data. Qualitative data are obtained through in-depth interviews with key informants, particularly the accounting staff of PT. Fisca Bisnis Solusi. These data are used to explore information related to the mechanism of PPh Article 21 withholding, challenges encountered, and perceptions regarding the implementation of the Average Effective Rate. Meanwhile, quantitative data consist of company documents such as employee payroll records, tax withholding rates, and other related financial data, which are used to support comparative analysis between the pre-TER and post-TER systems. Based on the source, the data in this study are categorized into primary and secondary data. Primary data are collected directly from informants through in-depth interviews with accounting staff who have technical knowledge of tax withholding processes within the company. Secondary data are obtained from official company documents, including payroll reports, organizational structure, and records related to PPh Article 21 withholding. The combination of these data sources aims to enhance the validity and comprehensiveness of the research findings.

Data Collection Methods

Data collection in this study is carried out through three main techniques: interviews, observation, and documentation. Interviews are conducted using an in-depth (semi-structured) approach with a key informant, namely the accounting staff of PT. Fisca Bisnis Solusi, who has direct experience in calculating and withholding PPh Article 21. The interview process uses a set of guiding questions while allowing flexibility for further exploration based on the discussion flow. The purpose of the interviews is to obtain comprehensive insights into the changes in tax withholding mechanisms and their impacts on work processes and employees. Observation is conducted by directly examining activities and processes within the company, particularly those related to payroll systems and tax withholding practices. Through observation, the researcher gains a factual understanding of field conditions, including work patterns, administrative procedures, and interactions involved in tax management. This technique serves to strengthen the data obtained from interviews. Documentation is carried out by collecting and analyzing relevant documents such as employee payroll data, PPh Article 21 withholding records, and the organizational structure of the company. In this study, six employee payroll samples are selected randomly from the total workforce. The sampling process considers data representativeness and analytical efficiency while maintaining employee confidentiality through anonymization. These documentation data support the comparative analysis between pre-TER and post-TER tax systems.

Data Analysis Methods

The data analysis in this study follows an interactive model consisting of three main stages: data reduction, data display, and conclusion drawing and verification. Data reduction involves selecting, focusing, and simplifying data obtained from interviews, observations, and documentation. At this stage, the researcher categorizes data relevant to the research focus, particularly the comparison of PPh Article 21 withholding mechanisms before and after the implementation of TER. The next stage is data display, where the reduced data are presented in the form of descriptive narratives, tables, and systematic comparisons to facilitate understanding. The data presentation is organized in the results and discussion chapter to clearly illustrate differences and implications between the two tax systems. The final stage involves drawing and verifying conclusions. Conclusions are derived from patterns, relationships, and findings that emerge from the analyzed data. Verification is conducted continuously throughout the research process to ensure that the conclusions are valid and scientifically reliable.

Operational Definitions

Operational definitions are provided to clarify the variables used in this study to ensure objective understanding and measurement. The first variable is PPh Article 21 withholding before

the implementation of the Average Effective Rate, which refers to the tax calculation system using progressive rates based on annual taxable income in accordance with previous tax regulations. This system reflects a relatively complex calculation process involving income accumulation and tax brackets. The second variable is PPh Article 21 withholding after the implementation of the Average Effective Rate, which refers to the tax calculation system using an effective rate based on employees' monthly gross income. This system is designed to simplify tax calculations and improve administrative efficiency. The third variable is employees' gross income, which includes all earnings received by employees before tax deductions, such as basic salary, allowances, bonuses, and other income components. This variable serves as the primary basis for calculating PPh Article 21 both before and after the implementation of the TER system.

Structure of Writing

The structure of this research is organized systematically to facilitate readers' understanding of the study flow. Chapter I presents the introduction, including background, research problems, objectives, and significance of the study. Chapter II contains the literature review, which includes theoretical frameworks, previous studies, and conceptual frameworks. Chapter III explains the research methodology, covering the type of research, location and time, types and sources of data, data collection methods, data analysis techniques, and operational definitions. Chapter IV provides an overview of the research object, including company history, organizational structure, and job descriptions. Chapter V presents the research findings and discussion, elaborating the results and providing a comparative analysis of tax withholding systems before and after the implementation of TER. Finally, Chapter VI contains the conclusions and recommendations derived from the research findings.

RESULTS AND DISCUSSION

In calculating Article 21 Income Tax (PPh 21), the focus of this study is a comparative analysis, namely the comparison of PPh 21 withheld by PT. Fisca Bisnis Solusi before and after the implementation of the Average Effective Rate (Tarif Efektif Rata-Rata/TER) on employee income. This is conducted to identify and analyze changes in the amount of PPh 21 withheld from employee earnings. The gross salary data of employees at PT. Fisca Bisnis Solusi in 2025 are presented as follows:

Table 1. List of Employee Gross Income at PT. Fisca Bisnis Solusi in 2025

| No. | Month | Mr. A | Mr. M | Mrs. St | Mrs. D | Mrs. S | Mrs. As |
|------------------|-------|-------------|------------|------------|------------|------------|------------|
| 8 | Aug | 30,000,000 | 10,000,000 | 3,104,109 | 3,880,137 | 3,104,109 | 3,880,137 |
| 9 | Sep | 30,000,000 | 10,000,000 | 3,104,109 | 3,880,137 | 3,104,109 | 3,880,137 |
| 10 | Oct | 30,000,000 | 10,000,000 | 3,104,109 | 3,880,137 | 3,104,109 | 3,880,137 |
| 11 | Nov | 30,000,000 | 10,000,000 | 3,104,109 | 3,880,137 | 3,104,109 | 3,880,137 |
| 12 | Dec | 30,000,000 | 10,000,000 | 3,104,109 | 3,880,137 | 3,104,109 | 3,880,137 |
| Total (5 months) | | 150,000,000 | 50,000,000 | 15,520,545 | 19,400,685 | 15,520,545 | 19,400,685 |

Source: Accounting Department of PT. Fisca Bisnis Solusi, 2025

Based on Table 1, it can be observed that the monthly gross income of each employee at PT. Fisca Bisnis Solusi in 2025 varies. Mr. A has the highest total gross income over the five-month period, amounting to IDR 150,000,000 from August to December. Meanwhile, Mrs. St, Mrs. S, Mrs. D, and Mrs. As show stable income levels, with total earnings of IDR 15,520,545 and IDR 19,400,685 respectively. Mr. M also demonstrates a relatively stable monthly income of IDR 10,000,000, with a total of IDR 50,000,000 over five months.

Table 2. Details of Monthly Non-Taxable Income (PTKP) for Each Employee at PT. Fisca Bisnis Solusi in 2025

| Employee Name | Marital/Dependent Status | Taxpayer (Basic) | Spouse Addition | Dependent Addition (Max. 3) | Total PTKP (IDR) |
|---------------|--------------------------|------------------|-----------------|-----------------------------|------------------|
| Mr. A | K/3 | 4,500,000 | 375,000 | 1,125,000 | 6,000,000 |
| Mr. M | K/1 | 4,500,000 | 375,000 | 375,000 | 5,250,000 |
| Mrs. St | TK/0 | 4,500,000 | - | - | 4,500,000 |
| Mrs. D | TK/0 | 4,500,000 | - | - | 4,500,000 |
| Mrs. S | TK/0 | 4,500,000 | - | - | 4,500,000 |
| Mrs. As | TK/0 | 4,500,000 | - | - | 4,500,000 |

Source: Accounting Department of PT. Fisca Bisnis Solusi, 2025

Based on Table 2, it can be seen that the amount of monthly Non-Taxable Income (PTKP) for each employee at PT. Fisca Bisnis Solusi in 2025 is determined by marital status and the number of dependents. Each employee receives a basic PTKP as a taxpayer amounting to IDR 4,500,000 per month. Employees who are married receive an additional IDR 375,000, and each dependent adds IDR 375,000, with a maximum of three dependents recognized. Based on these provisions, Mr. A, who is married with three dependents (K/3), receives a total PTKP of IDR 6,000,000. Mr. M, who is married with one dependent (K/1), receives a total PTKP of IDR 5,250,000. Meanwhile, Mrs. St, Mrs. D, Mrs. S, and Mrs. Sa, all of whom are unmarried with no dependents (TK/0), receive a PTKP of IDR 4,500,000. Based on this explanation, it can be concluded that the greater the number of dependents an employee has, the higher the annual PTKP obtained, thereby potentially reducing the amount of taxable income.

Data collection in this study was conducted at PT. Fisca Bisnis Solusi with assistance from informants directly involved in the withholding process of Article 21 Income Tax (PPh 21). Through this process, the researcher obtained relevant information in accordance with the research methodology. The data used to compare the withholding of PPh 21, both before and after the implementation of the Average Effective Rate (TER), are the same. This is intended to maintain consistency and objectivity in analyzing the variables studied. PT. Fisca Bisnis Solusi has a total of 13 employees. However, this study only uses data from 6 employees selected based on the availability of income or salary reports over a 5-month period. This selection was made to ensure the accuracy of the comparison between the progressive tax rates and the TER scheme within a relevant and representative context.

Data collection was carried out in the finance department of PT. Fisca Bisnis Solusi to understand the mechanism of withholding Article 21 Income Tax on employee income. The mechanism for calculating and withholding PPh 21 before the implementation of the Average Effective Rate still referred to the conventional calculation based on progressive tax rates in accordance with the provisions of the Income Tax Law. This was directly explained by Accounting Staff member at PT. Fisca Bisnis Solusi, during an interview conducted in her office. When asked about how the calculation and withholding of PPh 21 were carried out at that time, she stated:

"The calculation of PPh 21 before the implementation of TER was somewhat complicated because it had to be done using Excel, annualized first, and then divided by 12 months to obtain the monthly PPh 21 value. This process took quite a long time." (Interview, January 19, 2026)

The interview excerpt above indicates that before the implementation of the Average Effective Rate (TER), the calculation and withholding process of PPh 21 at PT. Fisca Bisnis Solusi was still performed manually using Microsoft Excel. The calculation mechanism was quite complex because employee income had to be annualized first, meaning that all income over one year was summed up, and then the income tax was calculated based on the applicable progressive

tax rates. After obtaining the annual tax amount, it was divided by 12 months to determine the monthly PPh 21 to be withheld. This process was considered quite complicated as it was time-consuming and required a high level of accuracy, especially when applied to multiple employees simultaneously. To determine the progressive tax rates applied to each employee, it is necessary to classify them based on their taxable income and PTKP status. The following table presents the progressive tax rates of Article 21 Income Tax based on employee taxable income for the tax period from August to December 2025.

Table 3. Progressive Tax Rates of Article 21 Income Tax for Employees (August–December 2025)

| Employee Name | PTKP | Aug | Sep | Oct | Nov | Dec |
|---------------|------|-----|-----|-----|-----|-----|
| Mr. A | K/3 | 5% | 5% | 5% | 5% | 5% |
| Mr. M | K/1 | 5% | 5% | 5% | 5% | 5% |
| Mrs. St | TK/0 | - | - | - | - | - |
| Mrs. D | TK/0 | - | - | - | - | - |
| Mrs. S | TK/0 | - | - | - | - | - |
| Mrs. Sa | TK/0 | - | - | - | - | - |

Source: Accounting Department of PT. Fisca Bisnis Solusi, 2025

Based on Table 3, it can be observed that during the tax period from August to December 2025, only Mr. A and Mr. M were subject to Article 21 Income Tax withholding using progressive rates. The rate applied to both employees is 5%, which corresponds to the first bracket in the progressive tax rate structure. Mr. A has a PTKP status of K/3, indicating that he is married with three dependents. Based on this status, his applicable annual PTKP is IDR 72,000,000. Over the five-month period, Mr. A earned IDR 150,000,000, which when annualized amounts to IDR 360,000,000. After deducting the PTKP, the Taxable Income (PKP) is IDR 288,000,000, thus subjecting Mr. A to Article 21 Income Tax based on progressive rates starting from the first bracket at 5%.

Mr. M has a PTKP status of K/1, meaning he is married with one dependent, resulting in an annual PTKP of IDR 63,000,000. His total income over five months is IDR 50,000,000, which when annualized becomes IDR 120,000,000. After deducting PTKP, the Taxable Income (PKP) is IDR 57,000,000. Since this amount falls within the first tax bracket, Mr. M is also subject to a 5% progressive tax rate. Meanwhile, Mrs. St, Mrs. D, Mrs. S, and Mrs. Sa have annual incomes below the PTKP threshold, resulting in no Taxable Income (PKP). Therefore, during the tax period from August to December 2025, these employees were not subject to Article 21 Income Tax withholding.

Table 4. Withholding of Article 21 Income Tax Before the Implementation of TER at PT. Fisca Bisnis Solusi in 2025

| No. | Employee Name | PTKP | 5-Month Income | Aug | Sep | Oct | Nov | Dec | Total (5 Months) |
|-----|---------------|------|----------------|-----------|-----------|-----------|-----------|-----------|------------------|
| 1 | Mr. A | K/3 | 150,000,000 | 1,916,663 | 1,916,663 | 1,916,663 | 1,916,663 | 1,916,663 | 9,583,315 |
| 2 | Mr. M | K/1 | 50,000,000 | 212,400 | 212,400 | 212,400 | 212,400 | 212,400 | 1,062,000 |
| 3 | Mrs. St | TK/0 | 15,520,545 | - | - | - | - | - | - |
| 4 | Mrs. D | TK/0 | 19,400,685 | - | - | - | - | - | - |
| 5 | Mrs. S | TK/0 | 15,520,545 | - | - | - | - | - | - |
| 6 | Mrs. Sa | TK/0 | 19,400,685 | - | - | - | - | - | - |

Based on the calculation results presented in Table 4, it can be observed that not all employees are subject to Article 21 Income Tax (PPh 21) withholding. This condition occurs because some employees have annual income that remains below the Non-Taxable Income (PTKP) threshold, resulting in no taxable income. Mr. A earns a gross income of IDR 30,000,000 per month with a PTKP status of K/3. When annualized, his income amounts to IDR 360,000,000.

After deducting job-related expenses and PTKP of IDR 72,000,000, Mr. A has taxable income that exceeds the first bracket of the progressive tax rates. Therefore, his PPh 21 payable is calculated using progressive rates of 5% for the first layer, followed by 15% and 25% for subsequent layers. The resulting tax payable is then allocated as monthly withholding from August to December 2025, with adjustments made in December as the end of the tax year.

The second employee, Mr. M, earns a gross income of IDR 10,000,000 per month with a PTKP status of K/1. When annualized, his income totals IDR 120,000,000. After deducting PTKP of IDR 63,000,000, the resulting taxable income remains within the first progressive tax bracket. Therefore, PPh 21 is imposed at a rate of 5%, and tax withholding is carried out consistently from August to November, with adjustments made in December 2025. Furthermore, Mrs. St and Mrs. S have a PTKP status of TK/0 and earn a gross income of IDR 3,104,109 per month. When annualized, their income amounts to IDR 37,249,308, which is still below the PTKP threshold of IDR 54,000,000. Therefore, they do not have taxable income and are not subject to PPh 21 withholding during the period from August to December 2025.

Similarly, Mrs. D and Mrs. Sa, who also have a PTKP status of TK/0, earn a gross income of IDR 3,880,137 per month. When annualized, Mrs. D's income amounts to IDR 46,561,644, which is still below the PTKP threshold. Therefore, both Mrs. D and Mrs. Sa are not subject to PPh 21 withholding due to the absence of taxable income. Based on the above explanation, it can be concluded that the application of progressive tax rates for PPh 21 at PT. Fisca Bisnis Solusi only affects employees whose income exceeds the PTKP threshold, namely Mr. A and Mr. M. Meanwhile, employees with relatively lower income below the PTKP threshold are not subject to tax withholding. This mechanism reflects the principle of tax fairness, where the tax burden is adjusted according to each employee's economic capacity, although it requires a more complex calculation process due to annualization and end-of-year adjustments.

Calculation Mechanism After Implementation of the Average Effective Rate

Following the implementation of the Average Effective Rate (TER) based on Director General of Taxes Regulation No. PER-17/PJ/2023, the calculation and withholding of Income Tax Article 21 at PT. Fisca Bisnis Solusi is carried out monthly using the effective rate determined based on gross income and the employee's PTKP status. Withholding is carried out by multiplying the monthly gross income by the rate according to the TER category. However, in December, the company is still required to recalculate the taxable income annually using the progressive rate as stipulated in the Income Tax Law. The calculation results are compared with the total income tax withheld from January to November, and any discrepancies are adjusted. This difference in the scheme was also explained by informant Ms. D in the following interview excerpt:

"Since the TER implementation, the mechanism has been very helpful for us in calculating Income Tax Article 21. We no longer need to calculate annual income, divide it by twelve months, and then find the tax rate. Now we simply look at the monthly salary and match it directly to the TER rate table, so we immediately know the amount of tax to be withheld. The process is faster, clearer, and less confusing" (Interview, January 19, 2026).

According to Ms. D in the explanation above, she stated that:

"After the implementation of the Average Effective Rate (TER), the process of withholding Income Tax Article 21 is carried out without the need to annualize employee income and calculate it using a progressive rate. Based on the informant's explanation, the calculation is simply done by looking at the monthly gross income and matching it to the rate in the TER table. The informant also stated that the calculation steps are faster and immediately produce the amount of tax to be withheld. The following table shows the withholding of Income Tax Article 21 after the implementation of the Average Effective Rate (TER) at PT. Fisca Bisnis Solusi in 2025."

In accordance with these provisions, Article 21 Income Tax withholding at PT Putra Konut Perkasa from January to November 2024 was conducted using an average effective rate adjusted for each employee's category. For December, withholding was conducted through an annual recalculation using a progressive rate based on Article 17 of the Income Tax Law, to adjust the total tax liability to the amount of tax withheld during the previous eleven months. The details of each employee's category and average effective rate from January to November are presented in the following table:

Table 5. Average Effective Rates (TER) for the Tax Period August–November 2025

| Employee Name | PTKP | Category | Aug | Sep | Oct | Nov |
|---------------|------|----------|-------|-------|-------|-------|
| Mr. A | K/3 | TER C | 11% | 11% | 11% | 11% |
| Mr. M | K/1 | TER B | 1.50% | 1.50% | 1.50% | 1.50% |
| Mrs. St | TK/0 | TER A | 0% | 0% | 0% | 0% |
| Mrs. D | TK/0 | TER A | 0% | 0% | 0% | 0% |
| Mrs. S | TK/0 | TER A | 0% | 0% | 0% | 0% |
| Mrs. Sa | TK/0 | TER A | 0% | 0% | 0% | 0% |

Source: Accounting Department of PT. Fisca Bisnis Solusi, 2025

Based on Table 5.5, the implementation of the Average Effective Rate (TER) at PT. Fisca Bisnis Solusi is determined by the level of monthly gross income received by each employee as well as their Non-Taxable Income (PTKP) status. The combination of income level and PTKP status serves as the basis for determining the TER category as well as the applicable tax rate used for monthly Article 21 Income Tax (PPH 21) withholding. The employee with the highest income is Mr. A, who earns IDR 30,000,000 per month with a PTKP status of K/3. Based on this income level, Mr. A is classified under the TER C category. According to TER provisions, this category is subject to a tax rate of 11%. Therefore, during the tax period from August to November 2025, PPh 21 withholding on Mr. A's income is consistently applied at 11%. Meanwhile, Mr. M earns IDR 10,000,000 per month with a PTKP status of K/1. Based on this income level, he falls under the TER B category, which is subject to an effective tax rate of 1.50%. This indicates that Mr. M belongs to the middle-income group and is subject to a lower tax rate compared to employees in the TER C category.

On the other hand, employees with PTKP status TK/0 namely Mrs. St, Mrs. D, Mrs. S, and Mrs. Sa earn monthly incomes ranging from IDR 3,104,109 to IDR 3,880,137. Based on these income levels, all employees in this group are classified under TER A. Their income remains below the taxable threshold under TER provisions; therefore, the applicable effective tax rate is 0%. Consequently, no PPh 21 withholding is applied to these employees during the period from August to November 2025. Based on the above discussion, it can be concluded that the implementation of the Average Effective Rate (TER) at PT. Fisca Bisnis Solusi demonstrates that monthly income plays a crucial role in determining both the category and the tax rate applied. Employees with higher income levels are subject to higher TER rates, while those with lower income are not subject to PPh 21 withholding. The TER mechanism also simplifies the monthly tax withholding process, as the applicable rates are directly aligned with employee income categories.

Table 6. Withholding of Article 21 Income Tax After the Implementation of TER at PT. Fisca Bisnis Solusi in 2025

| Employee Name | PTKP | Income (Aug-Dec) | Aug | Sep | Oct | Nov | Dec | Total (5 Months) |
|---------------|------|------------------|-----------|-----------|-----------|-----------|-----------|------------------|
| Mr. A | K/3 | 150,000,000 | 3,300,000 | 3,300,000 | 3,300,000 | 3,300,000 | 3,300,000 | 16,500,000 |
| Mr. M | K/1 | 50,000,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 750,000 |
| Mrs. St | TK/0 | 15,520,545 | - | - | - | - | - | - |
| Mrs. D | TK/0 | 19,400,685 | - | - | - | - | - | - |

| | | | | | | | | |
|---------|------|------------|---|---|---|---|---|---|
| Mrs. S | TK/0 | 15,520,545 | - | - | - | - | - | - |
| Mrs. Sa | TK/0 | 19,400,685 | - | - | - | - | - | - |

Source: Processed Data, 2026

Based on Table 6, the calculation of Article 21 Income Tax (PPh 21) using the Average Effective Rate (TER) during the tax period August–December 2025 shows that the tax withholding mechanism is carried out by directly applying the effective rate to the employee’s monthly gross income according to their TER classification. This mechanism differs significantly from the progressive tax system, as TER does not require the calculation of Taxable Income (PKP) nor the division of tax rates into multiple income brackets. Mr. A, as the highest-income employee, falls under the TER C category and is subject to an effective tax rate of 11%, resulting in a total PPh 21 liabilities of IDR 16,500,000 during the five-month period. Mr. M, categorized under TER B, is subject to an effective tax rate of 1.50%, with a total PPh 21 liabilities of IDR 750,000. Meanwhile, employees with PTKP status TK/0 and income below the taxable threshold fall under TER A with a 0% rate, resulting in no tax withholding. The implementation of TER produces a consistent and fixed monthly tax withholding amount and eliminates the need for complex annual adjustments during most of the year. Therefore, the TER mechanism can be considered more practical, simpler, and more efficient compared to the progressive tax system, particularly for employees with stable income throughout the tax year.

Description of Data Analysis Results

Withholding Income Tax (PPh) Article 21 is a routine obligation that companies must fulfill as tax withholding agents on employee income. In practice, this withholding mechanism is subject to change in line with tax regulation updates implemented by the tax authorities. One significant change is the shift from a progressive rate system to the Average Effective Rate (TER) as stipulated in Director General of Taxes Regulation Number PER-17/PJ/2023. Prior to the implementation of the Average Effective Rate (TER) system, all withholdings of Income Tax Article 21 for the January to December tax period referred to the progressive rate stipulated in Article 17 paragraph (1) letter a of the Income Tax Law. The basis for calculation and withholding for the January to November tax period uses a monthly approach, based on monthly gross income minus job expenses and monthly Non-Taxable Income (PTKP). The remaining income after deducting these components is calculated as monthly Taxable Income (PKP), which is then subject to the applicable progressive rate.

Meanwhile, for the December tax period, the accumulated real income for the year is used. Annual gross income is subtracted from annual job expenses and annual PTKP to obtain the annual PKP, which is then subject to a comprehensive progressive rate. The company then adjusts the annual tax payable amount by the total tax withheld from January to November. Any discrepancies are corrected in December. This mechanism is quite complex because it requires careful calculation of the annual accumulation and ensures that all deduction components are correctly accounted for. After the implementation of the Average Effective Rate (TER) system, the mechanism for calculating Article 21 Income Tax (PPh) has become simpler and more efficient. For the January to November tax period, the calculation is based on the effective rate established by the Directorate General of Taxes through Director General of Taxes Regulation No. PER-17/PJ/2023. This rate is adjusted based on the monthly gross income range and the Non-Taxable Income (PTKP) status of each employee. The TER method no longer requires recalculation of Taxable Income (PKP) or the application of layered progressive rates each month. Tax withholding agents simply match their monthly gross income with the applicable TER rate table to determine the amount of tax to be withheld. This simplifies the administrative process because tax calculations can be performed directly and practically.

This calculation simplification is further supported by qualitative data obtained from an interview with Ms. D, an Accounting Staff at PT. Fisca Bisnis Solusi, who stated:

“Since the implementation of TER, the mechanism has been very helpful for us in calculating Income Tax Article 21. We no longer need to calculate annual income, then divide it by twelve months, and then find the tax rate based on the Taxable Income calculation as in the progressive rate scheme. Now, we simply look at the employee's monthly gross income and then directly match it with the TER rate table. This way, the amount of tax to be withheld is immediately known. The calculation process is faster, clearer, and less confusing.” (Interview, January 19, 2026).

This statement demonstrates that, in practice, the TER rate provides real convenience for implementers in the field in carrying out their tax obligations accurately and efficiently. However, for the December tax period, withholding of Income Tax Article 21 remains based on the progressive rate as stipulated in Article 17 paragraph (1) letter a of the Income Tax Law. In that month, the company is required to recalculate the employee's total gross income for the full year, subtracting annual job costs and the annual PTKP (Perseroan Pajak/PTKP) to obtain the annual PKP. The PKP is then subject to a progressive rate to determine the actual tax payable. This tax payable amount is compared to the total tax withheld during the January to November tax period. If there is a difference, an adjustment or correction is made in December. The following is the calculation of Article 21 income tax from August to December for PT. Fisca Bisnis Solusi using the Progressive Rate and Average Effective Rate (TER) mechanisms, with the calculation details as follows:

Table 7. Mechanism for Calculating Article 21 Income Tax for Mr. A Using Progressive Rates (Tax Period August–November 2025)

| Description | August | September | October | November |
|--|------------|------------|------------|------------|
| Monthly Gross Income | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| Less: Job Expense (5% × Gross Income, Max IDR 500,000/month) | 500,000 | 500,000 | 500,000 | 500,000 |
| Net Income (1 – 2) | 29,500,000 | 29,500,000 | 29,500,000 | 29,500,000 |
| PTKP (K/3) | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| Taxable Income (3 – 4) | 23,500,000 | 23,500,000 | 23,500,000 | 23,500,000 |
| Article 21 Income Tax Payable (5% × Taxable Income) | 1,916,663 | 1,916,663 | 1,916,663 | 1,916,663 |
| Monthly Tax Withheld | 1,916,663 | 1,916,663 | 1,916,663 | 1,916,663 |

Source: Processed Data, 2026

After determining the accumulated amount of PPh 21 withheld from August to November, an annual tax calculation is performed at the end of the year to determine the PPh 21 for the December tax period. The following table presents the detailed calculation for Mr. A in December.

Table 8. Mechanism for Calculating Article 21 Income Tax for Mr. A Using Progressive Rates (December 2025)

| Description | Amount (IDR) |
|--|--------------|
| Annual Gross Income | 360,000,000 |
| Less: Job Expense (5% × Annual Gross Income, Max IDR 6,000,000/year) | 6,000,000 |
| Net Income (1 – 2) | 354,000,000 |
| Non-Taxable Income (PTKP K/3) | 72,000,000 |
| Taxable Income (3 – 4) | 282,000,000 |
| Annual PPh 21 Payable (Progressive Rates) | 39,500,000 |
| Total Annual PPh 21 | 39,500,000 |
| Total Tax Withheld (January–November) | 37,583,337 |
| PPh 21 for December (7 – 8) | 1,916,663 |

Source: Processed Data, 2026

Based on Table 8, the calculation of Article 21 Income Tax for Mr. A in December 2025 indicates an underpayment condition. This calculation is conducted using the progressive tax rates as stipulated in Article 17 of the Income Tax Law. Mr. A's annual gross income amounts to IDR 360,000,000. From this amount, a job-related expense of 5% is deducted, subject to a maximum limit of IDR 6,000,000 per year. Thus, the deductible job expense is IDR 6,000,000, resulting in an annual net income of IDR 354,000,000. Subsequently, the net income is reduced by the Non-Taxable Income (PTKP) for K/3 status, amounting to IDR 72,000,000, resulting in a Taxable Income (PKP) of IDR 282,000,000. Based on this PKP, the annual PPh 21 payable is calculated using progressive tax rates, resulting in a total tax liability of IDR 39,500,000. This represents the total tax obligation that should be fulfilled over the fiscal year.

However, based on company records, the total PPh 21 withheld from January to November 2025 amounts to only IDR 37,583,337. When compared to the total annual tax liability, there is a difference of IDR 1,916,663. This difference indicates that the tax withheld is lower than the actual tax payable. Therefore, in December 2025, there is an underpayment of PPh 21 amounting to IDR 1,916,663, which must be withheld and remitted by the company in that tax period. This underpayment condition generally arises due to discrepancies between monthly tax withholding and the final annual tax calculation. The adjustment made in December serves to ensure that the employee's tax obligation is fully settled in accordance with applicable tax regulations.

Table 9. Mechanism for Calculating Article 21 Income Tax of Mr. M Using the Progressive Tax Rate for the Period August–November 2025

| Description | August | September | October | November |
|---------------------------------|------------|------------|------------|------------|
| Monthly Gross Income | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Job Expense (5% max. Rp500,000) | 500,000 | 500,000 | 500,000 | 500,000 |
| Net Income | 9,500,000 | 9,500,000 | 9,500,000 | 9,500,000 |
| Non-Taxable Income (PTKP K/1) | 5,250,000 | 5,250,000 | 5,250,000 | 5,250,000 |
| Taxable Income | 4,250,000 | 4,250,000 | 4,250,000 | 4,250,000 |
| Article 21 Tax (5%) | 212,400 | 212,400 | 212,400 | 212,400 |

Source: Processed Data, 2026

Based on Table 9, the calculation mechanism for Article 21 Income Tax for employee Mr. M during the period August to November 2025 applies the progressive tax rate system. The monthly gross income of Rp10,000,000 is first reduced by job-related expenses amounting to 5% of gross income, with a maximum limit of Rp500,000, resulting in a net income of Rp9,500,000. Subsequently, the net income is reduced by the non-taxable income (PTKP) according to K/1 status, amounting to Rp5,250,000 per month, resulting in a taxable income of Rp4,250,000. Since the taxable income falls within the first bracket of the progressive tax rate, it is subject to a 5% tax rate. Therefore, the Article 21 Income Tax withheld each month amounts to Rp212,400. This withholding amount remains constant throughout the period from August to November due to the absence of changes in income level or PTKP status.

Table 10. Mechanism for Calculating Article 21 Income Tax of Mr. M Using the Progressive Tax Rate for December 2025

| Description | Amount (Rp) |
|-----------------------------------|-------------|
| Annual Gross Income | 120,000,000 |
| Job Expense (5% max. Rp6,000,000) | 6,000,000 |
| Annual Net Income | 114,000,000 |
| Non-Taxable Income (PTKP K/1) | 63,000,000 |
| Annual Taxable Income | 51,000,000 |
| Annual Article 21 Tax (5%) | 2,550,000 |
| Total Tax Withheld Jan–Nov | 2,337,600 |
| Article 21 Tax for December | 212,400 |

Source: Processed Data, 2026

Based on Table 10, the calculation of Article 21 Income Tax for December is conducted using an annual approach as part of the year-end tax reconciliation process. The annual gross income of Rp120,000,000 is reduced by job-related expenses of Rp6,000,000, resulting in an annual net income of Rp114,000,000. This net income is then reduced by the non-taxable income (PTKP) of Rp63,000,000 based on K/1 status, producing an annual taxable income of Rp51,000,000. Since this amount remains within the first tax bracket, it is fully subject to a 5% tax rate, resulting in an annual tax payable of Rp2,550,000. However, during the January to November period, the company had already withheld a total of Rp2,337,600. Therefore, a difference of Rp212,400 arises, indicating an underpayment. This amount is subsequently collected in December as an additional withholding. This underpayment reflects the discrepancy between monthly tax withholding and the actual annual tax liability. Therefore, the adjustment in December ensures that the total tax paid aligns with the applicable tax regulations.

Table 11. Calculation of Article 21 Income Tax for Mr. M Using the TER Scheme for the Tax Period August–November 2025

| Month | Gross Income (Rp) | TER B | Article 21 Tax (Rp) |
|--------------|-------------------|-------|---------------------|
| August | 10,000,000 | 1.50% | 150,000 |
| September | 10,000,000 | 1.50% | 150,000 |
| October | 10,000,000 | 1.50% | 150,000 |
| November | 10,000,000 | 1.50% | 150,000 |
| Total | 40,000,000 | | 600,000 |

Source: Processed Data, 2026

December Tax Calculation for Mr. M

To calculate the Article 21 Income Tax for the final tax period (December), the progressive tax rate as stipulated in Article 17 paragraph (1) letter (a) of the Income Tax Law is applied. The formula used is: Article 21 Tax (Final Period) = Annual Tax Payable – Tax Already Withheld (August–November). The detailed calculation is as follows:

Table 12. Calculation of Annual Taxable Income as the Basis for Article 21 Income Tax Determination

| Description | Amount (Rp) |
|-----------------------------|--------------------|
| Annual Gross Income | 120,000,000 |
| Less: Job Expense | (6,000,000) |
| Annual Net Income | 114,000,000 |
| Less: PTKP | (63,000,000) |
| Taxable Income (PKP) | 51,000,000 |

Article 21 Tax Payable

$$5\% \times 51,000,000 = 2,550,000$$

Table 13. Calculation of Article 21 Income Tax Payable and December Tax Adjustment

| Description | Amount (Rp) |
|-------------------------------------|-------------------------------|
| Proportional Tax (4/12 × 2,550,000) | 850,000 |
| Tax Already Withheld (Aug–Nov) | (600,000) |
| December Tax Adjustment | 250,000 (Underpayment) |

Analysis

Based on the December calculation, although Article 21 Income Tax for the period August to November 2025 was calculated using the Effective Average Rate (TER), the company is still

required to conduct an annual tax reconciliation in December. This reconciliation is carried out by recalculating the annual tax liability using the progressive tax rates in accordance with Article 17 of the Income Tax Law, and then comparing it with the total tax that has already been withheld during the previous months. The difference between the annual tax payable and the accumulated withholding determines the amount of tax adjustment in December. In this case, the calculation results indicate an underpayment of Rp250,000, meaning that the tax withheld during August to November is lower than the proportional annual tax liability. Therefore, the shortfall must be settled through additional withholding in December. Thus, the December withholding serves as a year-end adjustment mechanism to ensure that the total Article 21 Income Tax withheld throughout the fiscal year is fully aligned with the actual tax obligation.

Table 14. Comparison of Article 21 Income Tax Withholding Before and After the Implementation of the Effective Average Rate (TER) at PT. Fisca Bisnis Solusi in 2025

| No | Employee Name | Article 21 Tax (Progressive Scheme) | Article 21 Tax (TER Scheme) | Difference (Rp) |
|--------------|---------------|-------------------------------------|-----------------------------|------------------|
| 1 | Mr. A | 1,916,663 | 33,334 | 1,883,329 |
| 2 | Mr. M | 212,000 | 250,000 | (38,000) |
| 3 | Mrs. St | - | - | - |
| 4 | Mrs. D | - | - | - |
| 5 | Mrs. S | - | - | - |
| 6 | Mrs. Sa | - | - | - |
| Total | | 2,128,663 | 283,334 | 1,845,329 |

Based on Table 14, which presents a comparison of Article 21 Income Tax withholding before and after the implementation of the Effective Average Rate (TER) at PT. Fisca Bisnis Solusi in 2025, it can be observed that the total tax withholding decreased after the adoption of the TER scheme. Out of six employees, only two Mr. A and Mr. M were subject to tax withholding under both the progressive tax scheme and the TER scheme. Mr. A experienced a significant decrease in tax withholding, from Rp1,916,663 under the progressive scheme to Rp33,334 under the TER scheme, resulting in a difference of Rp1,883,329. This indicates that the TER scheme substantially reduced the tax burden for high-income employees in this specific calculation period.

In contrast, Mr. M experienced a slight increase in tax withholding, from Rp212,000 under the progressive scheme to Rp250,000 under the TER scheme, resulting in a difference of Rp (38,000). This suggests that for certain income levels, particularly those within the middle-income bracket, the TER scheme may lead to slightly higher tax deductions compared to the progressive system. Meanwhile, employees Mrs. St, Mrs. D, Mrs. S, and Mrs. Sa were not subject to tax withholding under either scheme, as their income levels remained below the non-taxable income threshold (PTKP). As a result, no taxable income was generated for these employees. The total Article 21 Income Tax withholding under the progressive scheme amounted to Rp2,128,663, whereas under the TER scheme it decreased significantly to Rp283,334, resulting in a total reduction of Rp1,845,329. These findings indicate that the implementation of the TER system enhances the efficiency of tax withholding and provides tax relief for most employees, particularly those in the low- to middle-income categories.

Based on the data analysis, a significant difference was found in the amount of Income Tax (PPh) Article 21 deductions before and after the implementation of the Average Effective Rate (TER) at PT. Fisca Bisnis Solusi in 2025. The implementation of the TER scheme resulted in tax deduction savings compared to the previous method, which used a progressive rate. This comparison was analyzed using data from six employees with varying income backgrounds and PTKP statuses. Prior to the implementation of the TER scheme, the company used a progressive rate system for withholding Income Tax Article 21. Under this method, deductions are made by calculating taxable income based on monthly gross income, minus job expenses and PTKP. This process is carried out from August to November, with an annual recalculation in December. This

calculation accumulates all gross income, then subtracts annual deductions, and is then subjected to a layered progressive rate in accordance with the provisions of the Income Tax Law.

The analysis shows that the progressive rate method requires a more complex calculation process and tends to carry a risk of underpayment, as evidenced by the cases of several employees who experienced corrections at the end of the year. This is because monthly tax deductions do not accurately reflect annual tax obligations. The resulting under-withholdings indicate that the progressive scheme presents difficulties both administratively and in employee tax planning. After switching to the TER scheme, Article 21 Income Tax deductions are carried out using a simpler and more systematic mechanism. During the August to November tax period, employers simply match employees' monthly gross income with the effective rate table established by the Directorate General of Taxes. This table takes into account both the Non-Taxable Income Tax (PTKP) component and monthly income, eliminating the need for companies to calculate taxable income or apply progressive rates each month.

Comparing the amount of deductions between the two schemes, it was found that most employees experienced a decrease in tax deductions after the implementation of TER (Firnanda & Sunani, 2024; Yaroshenko et al., 2024). Employees with low to middle incomes tended to experience tax savings, while for high-income employees, the amount of deductions increased relatively because they were at a different rate level. On the other hand, employees with income below the PTKP threshold were not subject to deductions under either scheme, so there was no difference. In December, under both the progressive and TER schemes, companies continued to calculate their taxes annually. However, because the TER scheme has resulted in more equitable deductions, the number of corrections at the end of the year is smaller. This indicates that the TER scheme significantly reduces the potential for overpayments or underpayments compared to the progressive rate scheme (Musgrave, 2025; Kurniyawati, 2025; Haryadi et al., 2025).

Furthermore, the analysis also shows that the TER scheme allows for more stable deductions throughout the year, without depending on fluctuations in monthly income. This is evident in the case of employees whose income remains fixed each month but are still subject to the fixed rate according to the TER table. In this way, the TER scheme is not only administratively efficient but also fairer for employees because it creates certainty regarding the number of deductions. From a tax administration perspective, the implementation of TER has proven to be more practical and minimizes calculation errors. Because it eliminates the need for monthly taxable income calculations and the application of progressive rates, company finance staff can implement tax deductions more quickly and accurately. Another advantage is that this scheme reduces the burden of year-end corrections, which was previously a problem with the progressive rate scheme.

This finding is in line with the research of Sumali and Lim (2024), who in their study entitled "Analysis of Income Tax Article 21 Before and After the Implementation of the Average Effective Rate" concluded that the amount of Income Tax Article 21 deducted for each tax period in the period January to November using the Regulation of the Director General of Taxes Number PER-16/PJ/2016 is greater when compared to using Government Regulation Number 58 of 2023 and Regulation of the Minister of Finance Number 168 of 2023. This shows that the implementation of the TER scheme is a form of tax policy renewal that not only has a positive impact nominally, but also administratively (Christie et al., 2025; Cnossen, 2001).

Overall, it can be concluded that the TER scheme is superior in three key aspects when compared to the progressive rate scheme: lower withholding amounts, a simpler calculation process, and a lower risk of year-end corrections. Therefore, the implementation of TER at PT. Fisca Bisnis Solusi has had a positive and efficient impact on the amount of Article 21 Income Tax withholdings. Based on the discussion that has been described, it can be concluded that the comparison of the amount of Income Tax (PPh) Article 21 deductions before and after the implementation of the Average Effective Rate (TER) scheme at PT. Fisca Bisnis Solusi shows

significant changes, both in terms of the nominal tax deductions and the level of complexity of the calculation. The implementation of the TER scheme results in deduction efficiency and simplification of the tax administration process when compared to the progressive rate method, especially for employees with middle to lower incomes (Santika, 2025; Adrinata, 2026; Popescu et al., 2019).

CONCLUSION

Based on the discussion that has been described, it can be concluded that the comparison of the amount of Income Tax (PPh) Article 21 deductions before and after the implementation of the Average Effective Rate (TER) scheme at PT. Fisca Bisnis Solusi shows significant changes, both in terms of the nominal tax deductions and the level of complexity of the calculation. The implementation of the TER scheme results in deduction efficiency and simplification of the tax administration process when compared to the progressive rate method, especially for employees with middle to lower incomes.

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