

Factors That Cause Cigarette Tax Become High and Impact in Indonesia

DANI TRI HUTAMA HUTABARAT¹, MUHAMMAD FADLI ELZA MS², M HAFIZ NURHASAN SIHOMBING³, BILL YANSEN NADEAK⁴, JULIO CELVIN DHEU PASARIBU H⁵, FIRMA NDURU⁶, ALDI PRATAMA SITUMORANG⁷, WISDOM RAMADHANI⁸, PATRIA SAHDAN⁹, RINI ANDRIANI SITORUS¹⁰, CICI RAHMA ALIA SIMANJUNTAK¹¹

^{1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11} Asahan University Faculty of Law

Abstract- Every item in Indonesia, apart from having a definite price value, also has a tax value, one of which is cigarettes, taxes on cigarettes increase every year and in 2020 is the highest tax increase for cigarettes, reaching 23% and making cigarette prices go up. 35%. Factors that led to an increase in taxes on cigarettes in 2020, starting from reducing cigarette consumption, regulating the cigarette industry, as well as those related to the interests of the state. Then in early 2022 Based on the Minister of Finance Regulation number 192 of 2021 concerning Excise Tariffs on Tobacco Products in the Form of Cigarettes, Cigars, Leaf Cigarettes or Klobot, and Slice Tobacco, the increase in selling prices will occur in all tobacco products and has been in effect in early 2022. So Based on the above, the authors are interested in making a study entitled "Factors That Cause Cigarette Taxes to Be High and Their Impacts in Indonesia".

Indexed Terms- Factor, Cause, Tax, Cigarette, High, Impact

I. INTRODUCTION

As we know goods in Indonesia, apart from having a price value of goods, there are also some goods that have a tax value.

Tax is a taxable contribution to the state that is owed by those who are obliged to pay it according to laws and regulations without receiving a performance fee that can be directly appointed and whose purpose is to finance general expenses in connection with the state's duty to administer it. government.¹

As part of national law, tax law has a universal legal purpose, namely to support order, tranquility, peace and prosperity in the life of the nation and state. In this context, the regulation, implementation and enforcement of tax law is oriented towards a shared awareness that tax obligations are obligations of citizens to the state determined by law, and the state has the right to obtain tax revenues from its citizens and is obliged to manage it for the welfare of living together and the independence of the nation²

According to the provisions of Article 1 point 2 of the Coup Law, a Taxpayer is an individual or an entity which, according to the provisions of the tax laws and regulations. In essence, the taxpayer must not be separated from the context of an individual so as not to be separated from his position as an individual.³

The tax collection system is an approach from several parties regarding tax collection provided by the authorized party to collect taxes, the tax collection system is divided into three parts, namely the self-assessment system, the withholding tax system, and the official system or official assessment system.⁴

1. self-assessment system

The self-assessment system is a tax collection system that gives taxpayers the confidence to calculate, pay and report the amount of tax owed on themselves based on tax laws and regulations.

2. Withholding tax system

The withholding tax system is a tax collection system that gives taxpayers the trust to calculate, pay and report the amount of tax payable to third parties who are the counterparty to the transaction based on the tax laws and regulations according to this system the party appointed as the withholding

tax collector or tax collector in this case is the corporate taxpayer. as the counterparty to the transaction who is given the task and responsibility of withholding and collecting tax on an income or transaction that is subject to tax.

3. Official assessment system

This tax collection system authorizes the government to calculate and assign mandatory taxes to taxpayers in accordance with the provisions of the tax law.

The government has the authority to raise taxes on an item, one of which is cigarettes. Cigarettes are rolls of paper containing chopped dried tobacco leaves.

At present, cigarettes are almost inseparable from life in society, both parents and young people have used cigarettes very much in their daily lives. In response to this, the government also raised taxes on cigarettes to reduce the number of smokers in Indonesia. Based on the above, the authors are interested in conducting a study entitled "Factors That Cause Cigarette Taxes to Be High and Their Impacts in Indonesia".

II. RESEARCH METHODS

The research method is the scientific method used by the author to obtain the necessary data. "Scientific method means activities carried out based on proven scientific methods, to ensure the discovery of scientific truth. Research methods provide a very careful way of working and very strict conditions."⁵

In this study, the authors use normative legal research or library research, namely research that examines document studies, which uses various secondary data such as statutory regulations, court decisions, legal theory, and can be in the form of the opinions of scholars. This type of normative research uses qualitative analysis, namely by explaining the existing data in words or statements, not with numbers.⁶

Thus, in conducting this research will use several methods to collect data that will be used by the author in this study. Namely: the type of research, data sources, data collection techniques, and data analysis. In writing this study, the author uses normative legal methods, normative legal research is research with data as a data source, such as books and articles on the internet that can be trusted. According to Johnny

Ibrahim, normative legal research is a scientific research procedure to find the truth based on scientific logic from the normative side. The normative side here is not limited to legislation.⁷

With this the author will conduct research through books and articles that the author believes to be the source.

Secondary data is data in the form of materials in the form of official archives, books and other research products. This material is a legal material that explains secondary legal material.

III. RESULTS AND DISCUSSION

A. Factors That Cause Cigarette Taxes to Be High and Its Impact in Indonesia

Cigarettes in Indonesia are already common, even in 2021 cigarette excise revenues will reach Rp. 111.12 trillion, and from this data we can judge that the number of smokers in Indonesia is very large.⁸

Seeing the large number of cigarette users in Indonesia, of course, the government does not remain silent, one way the government can reduce cigarette users in Indonesia is to increase the price of cigarettes, namely by increasing taxes on these cigarettes.

In 2017 to 2019, the Ministry of Finance noted that the cigarette excise rate reached 6.1%, and in 2020. Cigarette excise rates rose significantly to reach 23%. This increase caused the price of cigarettes to rise by 35%, resulting in a decline in cigarette production to a total of 332 billion sticks.⁹

There are several reasons that led to the high excise duty on cigarettes in 2020, starting from reducing cigarette consumption, regulating the cigarette industry, as well as those related to the interests of the state.¹⁰

In addition, the increase in excise duty was also influenced by the Covid-19 pandemic, which at that time was very vicious in Indonesia, so the government increased cigarette excise for health reasons.¹¹ Then the Minister of Finance of Indonesia, Sri Mulyani admitted that she was quite worried about the

increasing consumption of cigarettes, especially among teenagers and women.

“Children and youth rose 7% to 9%. Women rose from 2.5% to 4.8%. Therefore, we need to pay attention to how this excise tax is in order to reduce the trend of the increase in cigarettes,” he explained.¹²

The increase in cigarette excise is indeed able to reduce the number of smokers in Indonesia and increase state income, but it also has a negative impact, because the increase in cigarette excise is quite high, it can trigger the illegal circulation of cigarettes. One of the characteristics of illegal cigarettes is that they do not have excise stamps attached to their packaging, and the price is also very low.

Based on this, the government cannot increase the excise price of cigarettes to be too high so that it can lead to illegal cigarette sales.

Then the Minister of Finance of the Republic of Indonesia, Sri Mulyani admitted that she was quite worried about the increasing number of people's cigarettes. Then the increase in cigarette excise duty in early 2022 is also very pronounced, because at the beginning of this new year Based on the Minister of Finance Regulation Number 192 of 2021 concerning Excise Tariffs on Tobacco Products in the Form of Cigarettes, Cigars, Leaf Cigarettes or Klobot, and Tobacco Slices, an increase in selling prices will occur. in all tobacco products. And the targeted products are Machine-made Kretek Cigarettes (SKM), Hand Kretek Cigarettes (SKT), Machine White Cigarettes (SPM), Filter Hand Kretek Cigarettes (SKTF), Hand White Cigarettes (SPT), Filter White Cigarettes (SPTF), Rhubarb Frankincense (KLM) Cigarettes, Cigars, Leaf Cigarettes or Klobot, and Slice Tobacco.

The increase in cigarette prices in 2022 is due to an increase in excise taxes on tobacco products. The average increase in excise on tobacco products is 12%, and for SKT it is 4.5%.

Cigarettes that experienced the most expensive selling price increase in 2022 were SPM I cigarettes. The excise rate of SPM I cigarettes per cigarette jumped 13.9% from Rp 935 to Rp 1,065. The lowest Retail

Selling Price (HJE) for SPM I cigarettes per stick is set at IDR 2,005 or IDR 40,100 per pack (20 sticks). consumption, especially among adolescents and women.

The lowest price was experienced by SKT III cigarettes. Cigarette tariffs rose 4.5% from Rp110 to Rp115 per stick. HJE SKT III cigarettes are set at a minimum of IDR 505 per stick or IDR 10,100 per pack (20 sticks). While the lowest is SKT III, which is Rp. 10,100 per pack.

Excise tariffs and minimum retail selling prices apply to both domestically made and imported products. However, for imported SKT cigarettes, the applicable excise tariff is more expensive, at IDR 440 per stick. The lowest HJE imported SKT is IDR 1,636 per stick or IDR 32,720 per pack (20 sticks).

The tobacco policy issued is based on four considerations, namely regarding tobacco control, employment, state revenue, and supervision of illegal goods.

Of the four reasons, the government considers the policy to increase excise is appropriate. Especially in terms of health, where the world is currently facing the COVID-19 pandemic. Cigarettes are claimed to be risky for the condition of Covid patients.

The Central Statistics Agency (BPS) recorded the cigarette consumption of poor households. As of March 2021, the urban poor household's cigarette consumption was 11.9%. This amount is only inferior to rice consumption which reached 20.03%. In rural areas, the consumption of cigarettes by poor households reached 11.24%, only lower than rice which was 24.06%.¹³

CONCLUSION

Factors That Caused Cigarette Taxes to Be High and Its Impact in Indonesia. The factor that causes the high excise duty on cigarettes in Indonesia is to reduce the number of smokers in Indonesia, then regulate the cigarette industry, as well as those related to the interests of the state, and during a pandemic like now, adding to the factors that make cigarette excise rise for health reasons. Then at the beginning of 2022, the

excise tax on cigarettes will increase according to Minister of Finance Regulation No. 192 of 2021 concerning Excise Tariffs on Tobacco Products in the Form of Cigarettes, Cigars, Leaf Cigarettes or Klobot, and Slice Tobacco.

SUB REFERENCES

1. R. Santoso Brotodihardjo, Introduction to Tax Law, (Bandung: PT Refika Aditama, 2013), p.2.
2. M. Farouq. Tax Law in Indonesia, Edition 1, (Jakarta: Prenadamedia Group, 2018), p 268.
3. Article 1 number 2 of the Law of the Republic of Indonesia number 6 of 1983 concerning general provisions and taxation procedures as has been amended several times, most recently by the Law of the Republic of Indonesia Number 16 of 2009.
4. M. Farouq. Tax Law in Indonesia, Edition 1, (Jakarta: Prenadamedia Group, 2018), p 157.
5. Hadari Nawawi, Social Research Methods (Yogyakarta: Gaja Mada Press, 1985). p.21
6. Amiruddin and H. Zainal Asikin, Introduction to Legal Research Methods, Jakarta:PT. Raja Grafindo Persada, 2006, p. 118.
7. Vidya Prahassacitta, "Normative Legal Research and Judicial Legal Research" (<https://business-law.binus.ac.id/2019/08/25/penelitian-law-normatif-dan-penelitian-Hukum-yurudis/>, Accessed on January 25, 2022)
8. Yusuf Imam Santoso, "Target of Cigarette Excise Revenue in 2022 Reaches IDR 193 trillion, this is the Government's Explanation" (<https://newssetup.kontan.co.id/news/target-penerimaan-cukai-rokok-di-2022-reach-rp-193-triliun-ini-pencepatan-government>, accessed on January 25, 2022)
9. Abdul Azis Said, "Ministry of Finance will make sure that the cigarette excise tax will increase next year"(<https://katadata.co.id/agustiyanti/finansial/6130a4d498de6/kemenkeu-pastikan-cukai-rokok-naik-tahun-Depan>, accessed on January 25, 2022)
10. Chandra gian asmara "This is the reason Jokowi increases cigarette excise to 23% in 2020"(<https://www.cnbcindonesia.com/news/20190913181219-4-99369/ini-alasan-jokowi-naikkan-cukai-rokok-Sampai-23-di-2020>, accessed on January 25, 2022)

11. Dany Saputra, "The Impact of Cigarette Excise Rises, Will Consumption Decrease?"(<https://economic.bisnis.com/read/20211213/259/1477195/dampak-cukai-rokok-naik-konsumsi-bakal-menurun>, accessed on January 25, 202)
12. Chandra gian asmara "This is the reason Jokowi increases cigarette excise to 23% in 2020"(<https://www.cnbcindonesia.com/news/20190913181219-4-99369/ini-alasan-jokowi-naikkan-cukai-rokok-Sampai-23-di-2020>, accessed on January 25, 2022)
13. Then Rahadian, "the more expensive! This is the latest 2022 cigarette price list" (<https://www.cnbcindonesia.com/news/20220104103304-4-304399/makin-mahal-ini-List-harga-rokok-terbaru-2022/1>, accessed on January 25, 2022)

BIBLIOGRAPHY

- [1] M. Farouq, Tax Law in Indonesia, (Jakarta: Prenadamedia Group, 2018)
- [2] Santoso Brotodihardjo, Introduction to Tax Law, (Bandung: PT Refika Aditama, 2013)
- [3] Amiruddin and H. Zainal Asikin, Introduction to Legal Research Methods, Jakarta:PT. Raja Grafindo Persada, 2006
- [4] Vidya Prahassacitta, "Normative Legal Research and Judicial Legal Research" (<https://business-law.binus.ac.id/2019/08/25/penelitian-law-normatif-dan-penelitian-Hukum-yurudis/>)
- [5] Yusuf Imam Santoso, "Target of Cigarette Excise Revenue in 2022 Reaches IDR 193 trillion, this is the Government's Explanation"(<https://newssetup.kontan.co.id/news/target-penerimaan-cukai-rokok-di-2022-reach-rp-193-triliun-ini-pencepatan-government>)
- [6] Abdul Azis Said, "Ministry of Finance will make sure that the cigarette excise tax will increase next year"(<https://katadata.co.id/agustiyanti/finansial/6130a4d498de6/kemenkeu-pastikan-cukai-rokok-naik-tahun-Depan>)
- [7] Chandra gian asmara "This is the reason Jokowi increases cigarette excise to 23% in 2020"(<https://www.cnbcindonesia.com/news/20190913181219-4-99369/ini-alasan-jokowi-naikkan-cukai-rokok-Sampai-23-di-2020>)

190913181219-4-99369/ini-alasan-jokowi-naikkan-cukai-rokok- Sampai-23-di-2020

- [8] Dany Saputra, "The Impact of Cigarette Excise Rises, Will Consumption Decrease?"(<https://economic.bisnis.com/read/20211213/259/1477195/dampak-cukai-rokok-naik-konsumsi-bakal-menurun>)
- [9] Then Rahadian, "the more expensive! This is the latest 2022 cigarette price list" (<https://www.cnbcindonesia.com/news/2022104103304-4-304399/makin-mahal-ini-List-harga-rokok-terbaru-2022/1>)