



## **EASE OF ONLINE LOANS AND CORPORATE INCOME TAX, IT WOULD BE INCREASING THE INDONESIAN ECONOMIC?**

By

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### **ABSTRACT**

*The 4.0 Industrial revolution has created innovations in the field of payment systems and digital-based online loans/credit in fulfilling the economic needs of Indonesian society such as on application smartphone innovation. It is called the Financial Technology (Fintech) companies amounting to 127 companies with business license status and registered as of August 07, 2019 at the Otoritas Jasa Keuangan (OJK). This Fintech company focuses on payment systems and loans/credits online. This facility is very helpful to Indonesian people in fulfilling the daily economic needs. Fintech companies benefit from its operational activities. Therefore, this is related to the corporate income tax, a Fintech company is obliged to report its operation and pay the corporate income tax of each country set period. Fintech has contributed to the country. The income tax by Fintech adds the State treasury and supports the addition of capital in the domestic infrastructure development of the government expenditure/spending post. The tax of Fintech can support Indonesia's infrastructure development and could be built has a multiplier effect such as the use of full resources, investors will be coming also foreign exchange reserves to the country so that it has an impact on increasing economic growth and welfare of the people in Indonesia.*

**Keywords: Fintech, Tax, and Infrastructure**

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### **A. Introduction**

The development of the Times has changed the human lifestyle in the economic activities of the sale and purchase transactions and the need for payment tools. This is also the case in Indonesia, with the activity of trading on demand-selling activities in the market spawned thinkers to create innovations in the economic field with a digital system that complies with the term Industrial Revolution 4.0. The 4.0 industry is the name of the latest automation and data exchange trends in factory technology. The term includes cyber-physical systems, Internet for all, cloud computing, and cognitive computing. The 4.0 industry produces 'smart factories'. Because time is already a digital era, so the payment system in the domestic market follows the innovation of the field of the financial system. The high transaction

demand in the real market supports the public to use the ease of transaction with the easier payment system.

Like the birth of several payment applications in the smartphone so it is more efficient and actually bring advantage to the user. In addition to the payment system, it was also born innovation in the form of online lending/credit services to the people who are applications in the smartphone. The ease of payment systems and online lending services is known as the term Financial Technology (Fintech). In finance and economics, Fintech is a term with several understandings related to the field of technology and the economic field to increase funding. If old times people have to transact directly meet who certainly takes time and energy but nowadays, everything can almost be done by hand and gadget as well as check the deposit interest, transact online, transfer with Mobile banking applications and so on. Nowadays, there are also those who are popular with the designation Fintech or the abbreviation of financial technology. Fintech is very popular among media or those who are active in the field of technology. The start-up company also uses fintech when dealing with either financial transfers or any other. So, arguably the fintech itself is a merger between technology and the financial system.

In Indonesia, an independent institution that oversees this Fintech is called the Otoritas Jasa Keuangan (OJK) which was established since 2011 by establishing several requirements policy in establishing the company's payment system and the loan/credit service The intended digital-based online. The latest update Data from OJK is 127 companies that have successfully escaped the requirements by OJK. The category includes 7 companies status ' business license ' and 120 status ' registered '. Here is the list of companies in question.

**Table 1: Fintech Lending Company Licensed, Per 7 August 2019**

No	Platform	Website	The Companies	Date	Type of Business	Operating System
1.	Danamas	<a href="https://p2p.danamas.co.id">https://p2p.danamas.co.id</a>	PT. Pasar Dana Pinjaman	06 July 2017	Konvensional	Android
2.	Investree	<a href="https://www.investree.id">https://www.investree.id</a>	PT. Investree Radhika Jaya	13 May 2019	Konvensional dan Syariah	Android dan IOS
3.	Amartha	<a href="https://amartha.com">https://amartha.com</a>	PT. Amarnya Mikro Fintek	13 May 2019	Konvensional	Android
4.	Dompot Kilat	<a href="https://www.dompotkilat.co.id">https://www.dompotkilat.co.id</a>	PT. Indo Fin Tek	13 May 2019	Konvensional	Android
5.	KIMO	<a href="https://kimo.co.id">https://kimo.co.id</a>	PT. Creative Mobile Adventure	13 May 2019	Konvensional	Android
6.	Tokomodal	<a href="https://www.tokomodal.co.id">https://www.tokomodal.co.id</a>	PT. Toko Modal Mitra Usaha	24 May 2019	Konvensional	Android
7.	UangTeman	<a href="https://uangteman.com">https://uangteman.com</a>	PT. Digital Alpha Indonesia	24 May 2019	Konvensional	Android

Source: Otoritas Jasa Keuangan (OJK) Indonesia, 2019

Table 1 Details The 7 Fintech companies registered in OJK with a business license as of August 7, 2019. Among them were established between 2017 and 2019.

Meanwhile, in Table 2, there are 10 samples from 120 Fintech companies with registered status in OJK as of 7 August 2019, which was established from 2017, 2018 and 2019.

**Table 2: Sample of Fintech Lending Company Registered, Per 7 August 2019**

No	Platform	Website	The Companies	Date	Type of Business	Operating System
1.	Koinworks	<a href="https://koinworks.com">https://koinworks.com</a>	PT. Lunaria Annua Teknologi	04 May 2017	Konvensional	Android
2.	Modalku	<a href="https://www.modalku.co.id">https://www.modalku.co.id</a>	PT. Mitrausaha Indonesia Grup	31 May 2017	Konvensional	Android
3.	TunaiKita	<a href="https://tunaikita.com">https://tunaikita.com</a>	PT. Digital Tunai Kita	24 August 2017	Konvensional	Android
4.	Kredivo	<a href="https://www.kredivo.id">https://www.kredivo.id</a>	PT. FinAccel Digital Indonesia	20 March 2018	Konvensional	Android
5.	Kredit Pintar	<a href="https://kreditpintar.co.id">https://kreditpintar.co.id</a>	PT. Kredit Pintar Indonesia	06 April 2018	Konvensional	Android
6.	PinjamanGo	<a href="https://www.pinjamango.co.id">https://www.pinjamango.co.id</a>	PT. Dana Pinjaman Inklusif	06 April 2018	Konvensional	Android
7.	Dana Cita	<a href="https://danacita.co.id">https://danacita.co.id</a>	PT. Inclusive Finance Grup	21 September 2018	Konvensional	-
8.	UKU	<a href="http://www.ukuindo.com">www.ukuindo.com</a>	PT. Teknologi Merlin Sejahtera	01 February 2019	Konvensional	Android
9.	Julo	<a href="http://julo.co.id">http://julo.co.id</a>	PT. Julo Teknologi Indonesia	31 July 2018	Konvensional	Android
10.	Danasyariah	<a href="http://danasyariah.id">http://danasyariah.id</a>	PT. Dana Syariah Indonesia	08 June 2018	Syariah	Android

Source: Otoritas Jasa Keuangan (OJK) Indonesia, 2019

In this case, the author restricts the discussion on loans/credits online or also called online loans. With online loans, this is related to the theory of financial services offering companies engaged in financing. Various facilities in registering with identity requirements such as name, address, company name of work, income per month until the purpose of use of the loan. The online lending company offers loans with different tenor, there is in a unit of days even months with a large loan ranging from Rp 500,000,- up to Rp 20 million,-. In response to services such as banking, Fintech



companies also set interest depending on the policy of each company. The greater the amount of loan will certainly give a high enough interest.

OJK has established a policy for lending interest with certain limits that each company has reported when registering it. In addition to the loan interest limit, procedures in billing and forms of the prohibition of sanctions that are done by the company's customers. Companies should also report their profit results periodically. This advantage that later as a form of company in the country so that Indonesian Fintech companies can contribute to the economic activity of the country.

## **B. Literature Review**

### **1. What is Online Personal Loan at Fintech?**

Financial Technology/Fintech is the joint result of financial services with technology that ultimately change the business model from conventional to moderate, which initially pays to be face-to-face and carries a certain amount of cash, can now Conduct long-distance transactions by making payments that can be done in a matter of seconds. Fintech emerged as the lifestyle change is currently dominated by users of fast-paced information technology life demands. With Fintech, problems in trading transactions and payments such as not having time to find goods to the shopping place, to the bank/ATM to transfer funds, reluctance visit a place because of the less pleasant service can Minimize. In other words, Fintech helps buy and sell transactions and payment systems become more efficient and economical but still effective.

a. For consumers, Fintech benefits:

- 1) Get better service
- 2) More options
- 3) Cheaper price.

b. For Fintech owners (merchant products or services), Fintech benefits:

- 1) Simplify the chain of transactions
- 2) Reduce operational costs and capital costs
- 3) Freeze the flow of information.

c. For a country, Fintech benefits:

- 1) Encourage the transmission of economic policy
- 2) Increase the speed of turnover of money so as to improve the Economic Community
- 3) In Indonesia, Fintech also encourages the Strategi Keuangan Nasional Inklusif/SKNI.

Fintech has transformed the payment system in the community and has helped start-up companies in suppressing high capital costs and operational costs at the start. In this regard, Fintech is able to replace the role of formal financial institutions such as banks.

In terms of payment systems, Fintech plays a role in:

- a) Providing market for business actors
- b) Being aids for payment, settlement/settlement and clearing
- c) Assisting in the implementation of more efficient investments
- d) Mitigation of risk from Conventional payment systems
- e) Assisting the needy to save, borrow funds and capital investments (Bank Indonesia, 2019).

The current strong technology in the payment system encourages Bank Indonesia as the Central Bank of the Republic of Indonesia to ensure that the traffic that has been penetrated by the technology continues to run orderly and securely and supports the pillars

In achieving the vision and mission of Bank Indonesia. Online personal loan at Fintech is a personal community that registers itself as a customer in one of the digital companies as in Tables 1 and 2. Give personal identity such as short profile to information for Fintech companies. The registration stage, completing the requirements, review by the analyst, up to the disbursement phase when approved. Rejected if it has not fulfilled the requirements by the Fintech companies ' credit analysts. This facility can help the community in fulfilling its life needs and the company can help customers financial problems. Of course with the last hope that the customer completes the loan according to the agreed tenor.

## **2. Fintech and Tax of Corporate**

In Pasal 1 of Undang-Undang Pajak Penghasilan (PPh LAW), the income tax is a tax imposed on the subject of tax or on income received or earned in one tax year. Therefore, Pajak Penghasilan Badan (PPh Badan) is a tax imposed on income received or obtained by a business entity as referred to in the KUP UU (Mekari, 2019). The subject of corporate income tax is:

- a. Taxpayer corporate in the state, which is a business entity established or domiciled in Indonesia.
- b. Taxpayer of foreign corporate, i.e. a business entity that is not established or not domiciled in Indonesia. However, the corporate is doing business or conducting activities through the BUT in Indonesia, and/or the corporate that is not established and not domiciled in Indonesia that receives income from Indonesia is not from running a business through BUT in Indonesia.

The object of PPh agency is income. The intended excommunication is any additional economic ability that has been accepted or obtained by the taxpayer corporate from Indonesia and outside Indonesia. Such income may be used for consumption or to increase the wealth of taxpayers concerned, by name and in any form. Tax obligations of taxpayer corporate, among others:

- 1) Must register to have a Taxpayer identification number (NPWP). And if the taxpayer is undertaking the submission of taxable goods (BKP) and/or taxable services (JKP) or export of BKP which is payable VAT under the VAT ACT 1984, then the taxpayer shall be confirmed to be a taxable entrepreneur (PKP).
- 2) Mandatory to conduct bookkeeping. This is in accordance with article 28 paragraph (1) of the KUP LAW, which is the taxpayer of the individual who conducts business activities or free workers and the taxpayer corporate in Indonesia, shall conduct bookkeeping. Bookkeeping pursuant to LAW number 28 of 2007 about the general provisions and procedures of taxation, is a process of recording that is done regularly to obtain financial data and information. Such financial information includes the state of property, liabilities or debts, capital, income and costs as well as the amount of acquisition and delivery of goods or services owed or unowed by VAT, which is subject to VAT at 0% rate and which Subject to PPnBM, and which is closed by drafting a financial report of the balance sheet and the calculation of loss/profit at the end of the tax year.
- 3) Must do the withholding and voting, including the tax obligations themselves (such as PPh article 25/29), the obligation to cut or collect (pot/put) taxes on the income of others (eg: Tax article 21/26, PPh article 22, PPh article 23/26, and PPh (If any), and the obligation to collect VAT and or PPnBM (if any) specifically applies to the PKP.

Tax rights for taxpayers of the corporate, among others:

- a) Taxpayer Agency shall have the right to obtain coaching and briefing from Fiskus.



- b) Reserves the right to correct and extend the time of delivery of SPT.
- c) Entitled to objection, appeals, and claims as well as a review back to the Supreme Court (MA).
- d) The taxpayer agency shall also have the right to obtain excess on the payment of taxes.
- e) Have the right to the taxpayer's examination.
- f) In addition, taxpayers shall be entitled to the facilities of the facility.
- g) Reserves the right to apply for tax payments, suspend tax collection, and obtain interest rewards from late payment of excess taxes by DJP.
- h) Reserves the right to credit the input tax on the output tax.
- i) and reserves the right to deduct taxable income with costs incurred according to fiscal fees.

### **C. Discussion**

According to the UU No. 28 of 2007 on general provisions and taxation procedures (KUP), the tax shall be the mandatory contribution to a country owed by a personal person or a forced corporate under the law, by not obtaining and used for state purposes for the greatest prosperity of the people. In line with the understanding, Prof. Dr. Rochmat Soemitro, S.H. defines taxes as a contribution of the people to the State Treasury based on the law (which can be imposed) by not receiving reciprocal services (contractions) that can directly And which can be used to pay for general expenditure (Pangestika, 2019). Taxes have such elements as:

1. Dues from the people to the state. The right to collect taxes is the state. In addition, tuition is given in the form of money instead of goods.
2. By law. Taxes are imposed based on or by force of law and its rules of implementation.
3. Indirect contra performance. Reciprocal or counterproductive services from the State cannot be addressed directly. So in tax payments can not be demonstrated the existence of individual contra performance by the government.
4. State financing. Taxes are used to finance country households, which are expenses that are beneficial to the wider community.

There are 4 tax functions:

- a) Budget or Budgeting; This relates to the main tasks of the country doing development such as providing educational facilities, health, infrastructure, and other public services.
- b) Set up; As a means to govern or enforce government policies in the field of social economics.
- c) Stability; The tax also has a stability function in which it plays an important role in determining the economic stability of a country.
- d) Redistribution of revenues; Redistribution function that makes public income even more. Governments can leverage taxes to open jobs. So there will be a lot of labor and income of the community evenly.

### **D. Tax Income and Economic Growth**

The classical theory that discusses the economic growth influenced by the government's role is the classic Keynes theory. This theory assumes that government intervention in the economy determines economic development can run the maximum. The implications of Keynes ' view is that to ensure stable growth has required the role

of the Government in the management of economy both through monetary policy (interest rate and amount of money supply) and fiscal policy (taxation and Government expenditure) (Sukirno, 2006).

$$Y = C + I + G + X - M \quad (1)$$

where,

$$G = f(T) \quad (2)$$

From the equation (1) and (2) above, it is explained that there are 4 components affecting economic growth ( $Y$ ) namely: (1) consumption ( $C$ ), (2) investments ( $I$ ), (3) expenditure/expenditures of government ( $G$ ), and (4) international trade through exports ( $X$ ) and imports ( $M$ ). Where the Government expenditure/spending ( $G$ ) function of the tax revenue ( $T$ ). Taxes are the state's definite source of income. Taxes contribute greatly to the State treasury. This is also the case in Indonesia. Both through personal and tax person tax. So that if the Indonesian Fintech companies are officially registered in the OJK according to the above discussion, then if they are bound to be sure to conduct tax reporting of the corporate's income to the state. In this case, handled by the Indonesian Ministry of Finance. Fintech companies that have been operating and profiting from time to time are certainly obligated to pay taxes. Also, obey and be aware of taxes. So if this is achieved then the source of income of countries from Fintech companies increasingly add to the State treasury. It as the capital of domestic infrastructure development. As with the construction of toll roads, bridges, ports, airports, street lighting lamps, public transport stops, and other things.

The definition of infrastructure in the Indonesian dictionary can be interpreted as Public facilities and infrastructures. The facility is generally known as public facilities such as hospitals, roads, bridges, sanitation, telephone, and so on. In science, Infrastructure is a manifestation of the public capital that Established from government investments. Infrastructure in this study Includes roads, bridges, and sewer systems (Mankiw, 2003). Infrastructure is one of the benchmark developments of a country. Continuing infrastructure development will certainly increase economic competitiveness at the national and international levels. Infrastructure development certainly requires a cost to realize.

Where is the origin of funds to finance infrastructure development? The funding source for infrastructure development projects is derived from the State budget (APBN) which is 70 percent derived from tax. Tax is the largest supporter of APBN Indonesia (Mardlo, 2019). Infrastructure is an instrument to measure the success of a nation's economic development. Indonesia's infrastructure development is still said to be uneven because it focuses only on urban areas. During this reign, many infrastructures were built for the purpose of improving the economy and welfare of people in using public goods. Good infrastructure will bring foreign investors to invest in Indonesia. People from other countries will visit the country and bring foreign exchange. In addition, the development of infrastructure also has a multiplier effect, namely the use of full resources such as the opening of employment opportunities, open the opportunities of small industrial enterprises or households in urban and rural areas. Thus, tax revenues as the state capital in infrastructure development can increase domestic economic growth in the future.



## E. Conclusion

Fintech companies are present due to the development of the Times called the era of the Industrial Revolution 4.0. The digital world needs to change the demand for payment systems and payment tools. Fintech companies are present to facilitate the community in fulfilling their daily needs in the payment systems in the system of loans/credits online. This mutually beneficial activity can occur on an ongoing basis when contributing greatly to the country as well as the awareness of the tax-abiding corporate income. The obedient Fintech pay taxes means contributing to the progress of the nation. This will be the nation's development capital. The income tax agency from Fintech will increase the State Treasury thereby increasing the capital in domestic infrastructure development. The development of infrastructures as a productive expenditure/spending of the country that gives the multiplier effect to increase the economic growth of Indonesia.

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