
**Getting to Know PPnBM : Salex Tax and Luxury goods and analyzing the impact
On Consumer Purchasing Power and Value added Tax and sales Tax on luxury
Good in the Motor Vehicle sector**

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Abstract

This research is motivated by various issues related to consumer purchasing power for motor vehicles, particularly in the context of Value Added Tax (VAT) and Luxury Goods Tax (LGT). The aim is to explore the impact of these two types of taxes on consumer purchasing power for motor vehicles. A qualitative descriptive approach was utilized, involving literature studies that gathered references from articles and online sources. In addition, it involves data collection and analysis from various literature relevant to the research topic used to study tax concept, PPnBM, buyer's purchasing power and vehicle characteristics, collecting existing information and theory, identifying relationships between variables, and analyzing the impact of PPnBM on consumer purchasing power based on secondary data from a variety of different sources. The findings indicate that both VAT and LGT significantly influence consumer purchasing power for motor vehicles simultaneously; however, VAT alone does not show significant impact, while LGT proves to be significantly influential on consumer buying capability.

Keywords: PPnBM, Purchasing Power, Value added Tax, Tax on luxury

INTRODUCTION

Taxes are one of the important sources of state revenue in financing government spending including for development purposes. The Indonesian government applies various types of taxes, one of which is PPnBM imposed when luxury goods are sent or imported such as: vehicles, jewellery, electronic goods and others. In (Liza Asri, Uzliah Hansel Bahrin Hasibuan, and Widiya Indah Lestari 2024) Vehicles are one of the objects of imposition of PPnBM many consumers are difficulty in buying a vehicle because they have to pay this additional tax. Therefore. Therefore, the imposition of PPnBM has the potential to reduce consumer purchasing power for cars. Purchasing power PPnBM has the potential to reduce consumer purchasing power for cars. Consumer purchasing power is influenced by factors such as: income level, price and consumer people's tastes. This research is very important to analyse the influence of PPnBM on the he ability of buyers to purchase vehicles, especially motorised vehicles. The effect of The effect of the imposition of PPnBM on consumer purchasing power is the subject of this study. The results of the research results are expected to provide an overview of the impact of the PPnBM policy on consumers of motorised vehicles. motorised vehicles. Motorised vehicles are included in the category of Taxable Goods, which are subject to Value Added Tax (VAT) when delivered. Value Added Tax (VAT) when delivered. In accordance with Law No. 8 Year 1983 as amended by Law No. 11 of 1994 and Law No. 42 of 2009 on VAT and Sales Tax. Year 2009 on VAT and Sales Tax on Luxury Goods (PPnBM), VAT is imposed on:

- Entrepreneurs conducting the transport of taxable products inside the customs zone;
- Bringing in taxable products from abroad;
- Entrepreneurs providing taxable services within the customs zone;
- Use of intangible taxable items from outside the customs zone in the customs zone;
- Use of taxable services sourced from outside the customs zone in the customs zone;
- Taxable entrepreneur exporting tangible taxable products;
- Taxable entrepreneur exporting intangible taxable products;

Along with being liable for Value Added Tax (VAT), cars are identified as Taxable Goods that fall under the category of luxury items, leading to them being subject to Luxury Goods Sales Tax as well. This regulation is outlined in Article 4 section (1), where Sales Tax on Luxury Goods applies to:

- A. Delivery of Taxable Goods that are classified as luxury by entrepreneurs who
- B. produce the goods in the Customs Area; and Import of Taxable Goods that are classified as luxury. Based on Article 5 paragraph (2) of Law No. 42 of 2009, Sales Tax on Luxury Goods

is imposed only once at the time of delivery of Taxable Goods that are classified as luxury by entrepreneurs or when importing Taxable Goods that are classified as luxury.

In Article 5 of the VAT Law, it is explained that the purpose of implementing PPnBM is to balance the tax burden between low and high consumers. This is related to the regressive nature of VAT; the higher the consumer's ability, the lighter the tax burden borne, and vice versa. With the implementation of Sales Tax on Goods, it is expected that the regressive impact can be minimized. One of the factors that influences consumer decisions in purchasing goods is purchasing power. In this context, the author is interested in conducting research related to motor vehicles, which in the delivery process are subject to both Value Added Tax and Luxury Goods Sales Tax.

RESEARCH METHODS

This study aims to determine how consumer purchasing power is towards VAT and PPnBM on motor vehicles. This study uses a qualitative method with a literature study conducted by searching for references in articles and searching the internet for system analysis purposes. In addition, it involves data collection and data analysis from various literatures relevant to the research topic used to study the concept of tax, PPnBM, consumer purchasing power and vehicle characteristics, collect existing information and theories, identify relationships between variables, and analyze the impact of PPnBM on consumer purchasing power based on secondary data from different sources. The reason for using the literature study research method is to collect data to further support the object by comparing existing theories with practices in the field. The subject of this study is about luxury goods consumption tax on the purchasing power of motor vehicle consumers.

The data collection method used in this study is to collect and compare data from various articles, magazines, journals and others by browsing or searching on the internet. This research uses a library study method by searching for references on the internet such as journals, magazines or articles from various data and comparing them with existing theories

RESULTS AND DISCUSSION

A. General Discussion On Tax

According to the Law on General Provisions and Tax Procedures (UU KUP), taxes are mandatory contributions required from individuals or organizations to the state, enforced by law, without direct benefits and utilized for state objectives to enhance the well-being of the public. This definition reveals several key points:

- Payment of taxes to the state is mandatory for both individual tax payers and corporate taxpayers;
- Tax collection by the state is forcible but must be based on statutory provisions to be in line with the principles of good tax collection.
- legislation in order to be in line with the principles of good tax collection
- Taxpayers will not directly benefit from the tax they pay. tax paid. Taxpayers will get the benefits of tax payments indirectly indirectly through programs implemented by the Government that are financed by the taxes that have been collected; 3) Taxpayers will not feel the benefits of tax payments directly with the taxes that have been collected;
- Tax payment is a manifestation of the mutual cooperation attitude of citizens to jointly finance state expenditure and national development. together to finance state expenditure and national development. Expenditures and national development are carried out with the main objective of providing welfare and prosperity for the entire community. provide welfare and prosperity for the entire community.

Tax fees are levied based on legal norms to cover the costs of production of goods and services to achieve the public interest. production of goods and services to achieve the public interest. Refusing to pay or avoiding taxes is generally against the law. Taxes can be divided into two, direct taxes and indirect taxes. Taxes can be paid in cash or can be in work of equal or equivalent value. The government agencies that regulate state collection in Indonesia are.

Directorate General of Taxes (DGT) which is under the Ministry of Finance of the Republic of Indonesia Tax payment is very important in the life of the state. Therefore, the community need to have a good basic understanding of taxation to be able to foster awareness and tax compliance. and tax compliance

According to Prof. P.J.A. Adriani, tax is a contribution that must be paid by taxpayers to the government in line with the applied taxation rules, which does not get a direct reward by taxpayers. It aims to fund the expenses needed to carry out government functions and other state obligations Ariffin & Sitabuana (Ariffin & Sitabuana,2022).

As stated by Rochmat Soemitro in Dwikora Harjo (2019: 5), "Taxes represent citizen contributions to the government's financial resources mandated by regulations, without receiving direct benefits in return, and these funds are allocated to public spending." The General Provisions and Tax Procedures Law (UU KUP) stipulates that tax is a required contribution owed to the government by individuals or organizations that is enforced by law, without receiving direct benefits, and is utilized for state objectives to enhance the overall well-being of the populace.

From the above definition, among others, it can be seen that:

1. Tax payments to the state are mandatory for both individual taxpayers and corporate taxpayers;
2. Tax collection by the state is compelling but must be based on the provisions of legislation to be in line with the principles of good tax collection
3. Taxpayers will not directly benefit from the tax they pay. Taxpayers will get the benefits of tax payments indirectly through programs implemented by the Government that are financed by taxes that have been collected;
4. Tax payment is a manifestation of the mutual cooperation attitude of citizens to jointly finance state expenditures and national development.

The state expenditure and national development are carried out with the main objective to provide welfare and prosperity for the entire community. Sales Tax on Luxury Goods (PPnBM) is a tax imposed on transactions of Taxable Goods (BKP) classified as luxury goods that are produced domestically and abroad (N. Purnomo, R. Soerjatno, 2021). PPnBM is regulated under the same law as VAT because there can be no without the prior collection of VAT (N. Purnomo, R. Soerjatno, 2021).

STLG is an additional charge in addition to the VAT surcharge. PPnBM is levied or imposed once by the taxpayer at the time of importation and at the time of delivery of luxury taxable goods. In PPnBM, the general meaning of tax is unknown. Therefore, PPnBM that has been paid will not be credited back by PPnBM that has not been paid.

Feldammn in Resmi (2014: 2), Taxes are achievements that are imposed unilaterally by and owed to the authorities (according to the norms that are generally established), without any contrapretation, and solely used for expenditure - public expenditure

e) Mardiasmo (2016: 3) in (Suci, 2013), Taxes are dues paid by citizens to the state and sent to the state treasury and then enter the state treasury without getting direct reciprocity.

f) Prof. Dr. H. Rochmat in (Cahyani, 2019), Taxes are dues that must be paid to the state according to statutory regulations with no direct reciprocity and are used to pay for public expenses.

B. General Discussion Of Sales Tax On Goods

Sales Tax on Luxury Goods (PPnBM) is a tax imposed on The delivery of Taxable Goods (BKP) classified as luxury by entrepreneurs so that they can produce luxury Taxable Goods within customs during business activities and at work or taxes imposed on imports of Taxable Goods (Indonesia, 2009) PPnBM is an additional cost in addition to the cost of VAT, where PPnBM is levied or imposed by entrepreneurs at the time of import and at the time of delivery of luxury Taxable Goods. Therefore, PPnBM that has been paid will not be credited back by PPnBM that has not been paid. Based on the legislation in force in Indonesia, PPnBM is a tax imposed on goods classified as luxury goods by producers to produce or import these products as part of their business or operations. The legal basis of PPnBM is Law No. 8 of 1983 and Law No. 42 of 2009 several times amended concerning Value Added Tax on Goods and Services and Luxury Goods Consumption Tax (PPnBM) PPnBM and VAT are regulated in the same law, because PPnBM is not levied separately without VAT, almost all consumer goods are subject to VAT at 11% of the selling price. PPnBM is more specific but is levied only upon the delivery of Taxable items identified as luxury have their rates fluctuate based on the category of goods.

Categories of Motor Vehicles Liable for Sales Tax on Luxury Items (PPnBM) As stated in the decree from the Minister of Finance, the categories of motor vehicles that fall under the category of Sales Tax on Luxury Items comprise:

- PPnBM is a consumption tax on luxury goods.
- Vehicle chassis is a vehicle frame that has a combustion engine in its transmission as well as wheels and axles installed that can be converted into a car depending on its designation.
- Complete dismantled vehicle or called CKD vehicle is a complete dismantled vehicle that has the main characteristics of the vehicle and includes its equipment.
- A fully assembled vehicle, also known as a CBU vehicle, is a vehicle that has the essential characteristics of the vehicle in question without being disassembled into individual parts, including its equipment.
- A special vehicle is a vehicle intended for special purposes such as golf, salfu, beach, mountain driving, including trailers and semi-trailers of the living or camping type.
- Passenger carrying vehicles are electric vehicles for carrying passengers including limousines or station wagons.
- Goods transport vehicle is a motorized response using a single cabin in the form of an open or closed body mount
- Double cab vehicle is a right-hand drive vehicle or electric vehicle with a double cab with an open tailgate, with three or more passengers including the driver and a total weight of not more than 5 tons.
- Public transport is a vehicle used to transport people or goods and is open to the public at non-occupational rates.
- Government Protocol Vehicles are all types of vehicles that are used in order to serve the president's aides or in order to welcome state guests, except vehicles used by civil servants or employees.
- TNI/POLRI patrol cars are electric vehicles used for TNI patrols. The process involves planning and obtaining goods or services, presenting a Payment Request Letter, followed by making the payment, and then recording it in the subsidiary cash book for activities

C. Motor Vehicle Tax

Article 1(12) of the PDRP (Local Taxes and Retalization) Law states that motor vehicle tax is a tax on the ownership and management of vehicles. Road tax is a tax levied on car owners and road tax is included in the 4,444 local tax. Motorized vehicles are defined as all wheeled vehicles or trailers powered by engines and other devices (Prabawati and Supadmi 2023) which means are vehicles with four wheels and their trailers used on all types of local roads with technical devices in the form of engines or local roads with technical devices in the form of engines or other devices that help to convert certain convert certain. Regarding the aspect of motor vehicle tax, it is inseparable from various activities. People use motor vehicles as a means of transportation and it is no wonder that when When they use them, the government imposes taxes on everyone who uses them. The taxes collected are used for the construction, development and maintenance of roads. According to Bahl & Linn stated that the types of taxes issued can be classified as follows:

a. Motor Vehicle Tax (Automotive Taxation)

Taxes imposed directly on the ownership or control of motor vehicles with the aim of financing the development and maintenance of road infrastructure and contributing to maintenance of road infrastructure as well as contributing to local revenue. An example is the annual tax we pay on our personal or corporate vehicles. personal or company vehicles.

b. Motor Vehicle Fuel Tax (Fuel Taxation)

A tax imposed on the consumption of motor vehicle fuels such as gasoline and diesel with the aim of reducing the consumption of fossil fuels. bensin and diesel with the aim of reducing fossil fuel consumption, reduce air pollution and generate revenue for the state. For example is a tax per liter of gasoline or diesel included in the selling price.

c. Sales and Transfer Taxes on Motor Vehicles (Sales and Transfer Taxes on Motor Vehicles)

Taxes imposed at the time of sale and purchase of motor vehicles. with the aim of financing infrastructure development and generating local local revenue. An example is the Sales Tax on Motor Vehicles (PPKB) paid when purchasing a new vehicle.

d. Annual License Taxes

A tax imposed annually on the ownership of a driver's license. (SIM) for the purpose of financing the administration of the SIM exam, issuance of the SIM, and other traffic activities. An example is the driver's license renewal fee that we pay every 5 years.

Progressive vehicle tax levied on the same name and address of the same family. family. Therefore, taxpayers who own multiple motorized vehicles change their vehicles so that the database does not record that the car is really just one. the vehicle so that the database does not record that the car is really only one person.

D. The Effect Of Vat On The Purchasing Power Of Motor Vehicle Consumers

Value Added Tax, commonly known as VAT, is levied on the purchase of products and services within the customs territory and is gathered progressively throughout various stages of production and distribution. The emergence of commercial activities that fall under VAT and overall consumer habits significantly affect VAT. The applicable VAT rate stands at 10%. Taxpayers are already aware of the VAT applicable to Taxable Goods. Consequently, the application of VAT does not impact consumers when they buy vehicles.

According to studies carried out on both items, particularly concerning the application of Value Added Tax (VAT), the findings indicate that this tax does not impact the Buying Capacity of Consumers of Motor Vehicles. This is because, nowadays, motorized vehicles are really needed by the community as a means of transportation in carrying out daily activities, so that the imposition of value added tax with a relatively small rate does not affect consumer purchasing power. Several aspects that explain how VAT can affect consumer purchasing power for motor vehicles:

a) Increase in Motor Vehicle Prices

Higher VAT means that motor vehicle prices will increase. Although VAT is generally included in the selling price of a vehicle, an increase in the VAT rate will directly increase the costs that consumers must pay. This price increase can reduce consumer purchasing power, especially for those in the lower middle income range.

b) Impact on Consumer Preferences

When VAT increases and motor vehicle prices increase, consumers will consider delaying the purchase of a new vehicle, choosing a cheaper vehicle, or even switching to a used vehicle that is not subject to VAT. Consumers who have a limited budget may be more selective

in choosing a vehicle, so that demand for lower-priced motor vehicles can increase, while vehicles with higher prices become less popular.

c) Decreased Purchasing Power

With the increase in prices due to higher VAT, consumer purchasing power will decrease, because most of the consumer's income will be used to meet other needs. This could cause consumers to choose to postpone the purchase of motor vehicles or choose a lighter payment method, such as long installments. For consumers with fixed or limited incomes, the increase in VAT could reduce their ability to purchase large items such as motor vehicles

d) Changes in Vehicle Purchase Patterns

Increased VAT can encourage consumers to be more interested in buying motor vehicles at more affordable prices or choosing financing options that allow them to pay in installments. This can affect sales of high-priced vehicles, such as luxury cars, because consumers may object to price increases due to higher VAT. In addition, the trend of environmentally friendly vehicles or electric vehicles may receive more attention if the government provides special incentives or reduces VAT for certain types of vehicles.

e) Government Policy and Its Impact

Governments often consider policies to reduce or exempt VAT for certain sectors, such as environmentally friendly vehicles or electric cars, with the aim of encouraging consumers to buy more efficient or sustainable vehicles. This can encourage increased consumer purchasing power for certain vehicles despite the increase in VAT on general motor vehicles. On the other hand, if the government does not provide a special VAT exem

f) Impact on Vehicle Sales

If VAT increases, vehicle manufacturers may respond with discount or promotional strategies to attract consumers. However, if consumers feel that vehicle prices are already too high due to the VAT increase, they may be reluctant to purchase vehicles in the short term. This may reduce the volume of motor vehicle sales in the market.

g) Increased Focus on Used Vehicles

An increase in VAT on new vehicles may cause consumers to switch to used vehicles, which are generally not subject to VAT. Used vehicles with lower prices may be an option for consumers who want to avoid the increase in new vehicle prices due to VAT.

h) Vehicle Financing Policy

If VAT on motor vehicles increases, some financial institutions or banks may offer financing programs with lower interest rates to help consumers purchase vehicles. This may slightly offset the impact of the VAT increase on purchasing power, but ultimately vehicle prices will still increase.

E. Influence Of Ppnbm On The Purchase Power Of Motor Vehicle Consumers

Sales Tax on Luxury Items (PPnBM) is a component of the VAT on Taxable Luxury Items (BKP) enacted by businesses that create, bring in, or ship out Taxable Luxury Goods within the Customs Territory relevant to the enterprise. The Sales Tax on Luxury Items can influence the buying capability of consumers with respect to the sale price of a product, specifically in the context of automobiles. The implementation of sales tax on luxury items impacts the buying ability of individuals purchasing vehicles; the more expensive a luxury car is, subject to VAT, or the higher the cost compared to VAT, the more significant the effect on the financial capacity of those purchasing motor vehicles. Pretense and purchasing power determine the purchase of motor vehicles. Not everyone understands PPnBM correctly, but it does not reduce the intention to buy because it requires fame as a confirmation of social status.

Some ways in which PPnBM can affect consumer purchasing power for motor vehicles:

- a) Increase in the Price of Luxury Vehicles
- b) Reduction in Consumer Interest in Luxury Vehicles
- c) Impact on Luxury Vehicle Sales
- d) Changes in Vehicle Purchasing Patterns
- e) Innovation in Environmentally Friendly Vehicles
- f) Government Policy to Control Vehicle Consumption
- g) Impact on Vehicle Financing
- h) Shrinkage of the Luxury Vehicle Marke

CONCLUSION

According to the previous discussion, it can be inferred that the category of Taxable Goods is regarded as luxury items that fall under PPnBM, as specified by the Minister of Finance's Decree (PMK). The PPnBM significantly influences the buying capacity of customers in the motor vehicle market; as the price of a vehicle subjected to Luxury Goods Sales Tax increases, which carries a higher tax rate compared to VAT, it increasingly impacts what consumers can afford. This indicates that consumers are indeed influenced. Conversely, Value Added Tax (VAT) has a minimal impact on the affordability of motor vehicles, since people rely on vehicles routinely, and the VAT imposed is relatively low. Consumers who buy luxury vehicles are often influenced by social prestige and strong purchasing power, so they continue to buy even though there is a PPnBM imposition.

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