ADJUSTMENT OF TER RATES FOR INCOME TAX ARTICLE 21 FOR CORPORATE TAXPAYERS IN CV. KIRANA CAHAYA SEJAHTERA GUNUNGSITOLI

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Abstract

This study aims to establish the calculation, withholding, and reporting system for CV employees as per Article 21 of the ITC. Kirana Cahaya Sejahtera aims to resolve existing employee calculation, withholding, and reporting system issues under Article 21 of the Income Tax Code. This study utilised a saturated sampling technique with a population and sample size of 12 individuals. The researcher used a descriptive research methodology. The data collection methods comprised observation, interviews, and documentation. The collected data were analysed using qualitative descriptive techniques and deductive and inductive methods. The study results indicate the calculation of Income Tax Article 21 payable on Rendi's income for 2024, excluding the most recent tax period, as follows: Calculation of Income Tax Article 21 for each tax period. September = Rp 15,500,000 7% = Rp 1,085,000, October = Rp 15,500,000 7% = Rp 1,085,000, November = Rp 15,500,000 7% = Rp 1,085,000, and December = Rp 15,500,000. The total gross income is Rp 62,000,000 and the tax due under Article 21 is Rp 3,255,000. Determine income tax liability under Article 21 for the most recent tax period, which ended in December. Gross annual income is Rp 62,000,000.00. Annual office expenses deductions: 5% of Rp 62,000,000.00, with a maximum of 4 times Rp500,000.00, totalling Rp2,000,000.00. The pension contribution is 4 times Rp100,000.00, which equals Rp400,000.00. The total of Rp2,400,000.00 signifies the system's calculation, deposit, and reporting of Article 21 Income Tax for employees at CV. Kirana Cahaya Sejahtera is satisfactory. The company has been unable to deduct Article 21 Income Tax in accordance with the Tax Law. Overtime pay, as per Law No. 58 of 2023, is a component that boosts gross income. A discrepancy arises in the underpayment of Article 21 Income Tax withheld by the company and the researcher due to this consideration.

Keywords: *Calculation, Deduction, Tax, Employees*

INTRODUCTION

Based on Pancasila and the 1945 Constitution as the foundation of the Indonesian state, the goal is to achieve a just, prosperous, and equitable society, both materially and spiritually, within the framework of the Republic of Indonesia. Therefore, optimizing national development over a continuous and sustainable period is a primary and crucial issue in realizing this desired development. Implementing this national development requires adequate facilities and funding. National income is the primary factor that must be met to achieve this goal, which will then be allocated to fund the implementation of national development. National income sources can come from both domestic and foreign sources. One prominent source of domestic revenue is tax revenue.

Taxes are mandatory contributions imposed on every taxpayer on their taxable assets, the proceeds of which are handed over to the government. According to Nurmantu (2015) Taxes are contributions made by the people to the state treasury (the transfer of wealth from the private sector to the government) based on law (which can be enforced) without receiving any direct, identifiable reciprocal services (counter-performance) and are used to finance general expenditures. The types of taxes imposed in Indonesia include State Tax

(Central Tax) and Regional Tax. State Tax is a tax collected by the central government, administered by the Ministry of Finance, and the proceeds are used to finance household expenses. Examples of Central Taxes include: (a) Income Tax (PPh); (b) Value Added Tax (PPN); (c) Land and Building Tax (PBB); and (d) Stamp Duty.

Regional Tax is a tax collected by local governments in accordance with their respective regional regulations, and the proceeds are used to finance regional household expenses. Examples of Regional Taxes include: (a) Entertainment Tax; (b) Gift Tax; and (c) Parking Tax. Income Tax (PPh) is a tax levied on taxable income. Income Tax is always levied on individuals or business entities earning income in Indonesia. Article 21 of Income Tax (PPh) applies to employees and is one of the taxes that provides significant revenue to the state.

In terms of tax collection, the Ministry of Finance, specifically the Directorate of Taxation, implements several taxation systems, including the Withholding System and Self-Assessment. The Withholding System is a tax collection system that authorizes a third party to determine the amount of tax owed by the taxpayer. This system is characterized by the authority to determine the amount of tax owed rests with the third party, as stipulated in Article 21 of Law Number 58 of 2023 concerning Income Tax. Income tax on salaries, wages, honoraria, allowances, pensions, activities, and remuneration related to work or services is collected through a withholding system at the time the income is paid. The withholding system is carried out by the income provider, and the calculation must comply with the Tax Law and all applicable Government Regulations to serve as guidelines for tax calculations. In accordance with the provisions of Article 23 paragraph (2) of the 1945 Constitution, tax collection in Indonesia must be based on the Taxation Law drafted by the government and approved by the people, where the instructions for implementing the deduction, payment and reporting of Article 21 Income Tax in connection with work, services and activities of individuals are through the Decree of the Director General of Taxes Number: KEP-545/PJ/2000 dated December 29, 2000 by amending the provisions of Article 21 paragraph (8) of Law No. 7 of 1983 concerning Income Tax which has undergone four amendments and the last one is Law No. 58 of 2023.

Meanwhile, the self-assessment income tax collection system grants taxpayers full authority to calculate, pay, and report their own tax payable. This system aims to streamline and streamline income tax collection. Therefore, the concept of the withholding system differs from the self-assessment system. In the withholding system, taxpayers are obligated to withhold, remit, and administer their taxes to another party, whereas in the self-assessment system, taxpayers are obligated to calculate, remit, and report their own tax obligations. To pay the tax payable, employers use a Tax Payment Slip (SSP), while to report the tax payable, employers use a Tax Return (SPT).

Government policy governing Income Tax (PPh) Article 21 includes the issuance of Law Number 7 of 1983, as amended by Law Number 10 of 1994, and most recently by Law Number 58 of 2023. PPh Article 21 is a tax payable on income that is a taxpayer's obligation to pay. In this case, income includes salaries, wages, honorariums, allowances, and other income earned from work, services, or activities of any kind performed by individual taxpayers within the country, as stipulated in applicable tax laws. Every individual or entity required by tax laws is entitled to withhold PPh Article 21. According to the Tax Law, the obligation to withhold income from individual or corporate taxpayers, complete data, deposit taxes in banks, and report to the Tax Service Office is the responsibility of employers and government treasurers.

Companies, as tax withholding agents, play a significant role in the government's role. Considering that many companies currently implement tax deductions that do not comply with applicable regulations, this is because companies view taxes as a cost and therefore minimize these costs to optimize profits. Therefore, to ensure smooth tax deductions, good cooperation between the government and companies is essential. In this era, many companies are attempting to minimize or evade taxes. Therefore, companies are expected to continue to comply with existing tax regulations and avoid any legal violations that could negatively impact the company.

While existing literature extensively documents the theoretical frameworks and administrative efficiency of TER (Tarif Efektif Rata-rata / Average Effective Tax Rate) implementation across Indonesia (Kurniyawati & Info, 2025; Ningsih et al., 2025; Waskita & Safira, 2026), significant gaps remain in empirical understanding of TER adjustment mechanisms for specific corporate contexts. Most research emphasizes broad compliance frameworks and simplification benefits (Aprilia & Sofianty, 2026; Santioso et al., 2024) rather than the detailed financial and operational mechanics of how individual organizations—particularly medium-sized companies in secondary cities—navigate TER rate adjustments under PP 58/2023. The literature predominantly features studies from major urban tax offices and large corporations in Jakarta and metropolitan areas (Chandra & Sari, 2025; Melfianti & Abbas, 2025; Syafriel et al., 2025), leaving underrepresented insights from provincial regions like Gunungsitoli. Additionally, while pharmaceutical-sector research exists, it typically focuses on VAT and regulatory compliance rather than PPh Article 21 withholding adjustments for medium-sized distributors and producers (Putri & Andhaniwati, 2024). Although practical guidance on post-adjustment procedures is limited—particularly regarding month-to-month recalculations, irregular income handling, and December correction periods (Fatmawati et al., 2025; Sulastri et al., 2025)—there is also insufficient documentation of corporate taxpayer perspectives on implementation challenges and system integration requirements (Cahyo et al., 2025; Rahmah et al., 2025; Rufi et al., 2025; Sony et al., 2025). This study addresses these convergent gaps by providing a detailed case analysis of TER rate adjustments at CV. Kirana Cahaya Sejahtera, a medium-sized pharmaceutical company in Gunungsitoli, contributing localized, industry-specific, and practical empirical evidence that complements existing macro-level policy and compliance literature.

CV. Kirana Cahaya Sejahtera, a pharmaceutical company in Gunungsitoli City, has achieved the highest level of customer satisfaction by providing high-quality pharmaceutical products registered with the Food and Drug Authority (BPOM). To achieve this satisfaction, CV. Kirana Cahaya Sejahtera requires qualified employees to achieve its goals. Therefore, as a token of appreciation for the services rendered by its employees, the company provides compensation in the form of salaries, allowances, and additional bonuses tailored to their performance. Therefore, CV. Kirana Cahaya Sejahtera is required to withhold Income Tax (PPh) Article 21 from its employees' salaries, in accordance with applicable tax regulations. Given that CV. Kirana Cahaya Sejahtera is a relatively large business entity in Gunungsitoli City and has a significant number of employees, the researcher was interested in conducting a study on the company's procedures for withholding, depositing, and reporting income tax on employees, entitled "Adjustment of TER Rates for Income Tax Article 21 for Corporate Taxpayers in CV. Kirana Cahaya Sejahtera Gunungsitoli."

METHODS

This study employs a descriptive research design using an Applied Tax

Compliance Audit approach to analyze TER rate adjustments at CV. Kirana Cahaya Sejahtera. The population comprises documentary evidence, including audited financial reports, salary summaries, and employee compensation records for the 2025 fiscal year (January–December). Data collection involved three techniques: observation of payroll processes, interviews with company finance and HR personnel, and documentation of financial statements and withholding certificates (Form 1721-A1). Primary payroll data sourced from the company's HRD/Finance department included employee master data (name, NIK, PTKP status) and monthly income components (basic salary, allowances, overtime, bonuses, THR, and employer-paid premiums) to determine TER categories (A, B, or C). The observation period covered a full tax year to encompass both the TER calculation period (January–November) and the Article 17 recalculation period (December). TER adjustments were recalculated using two stages: monthly calculations applying the formula Monthly Gross Income × TER percentage for the relevant PTKP category, and year-end calculations using (Annual Gross Income - Position Expenses - Pension Contributions - PTKP) × Article 17 tax rate to determine December correction amounts. Data validation employed five rigorous steps: cross-checking payroll totals against the Profit and Loss Statement, verifying PTKP status against supporting documents, testing threshold sensitivity for income classification boundaries, reconciling recalculation results with DJP e-Bupot reports, and confirming system output accuracy. Compliance with PMK 168/2023 was assessed across five criteria: proper PTKP categorization, accurate monthly TER application, correct year-end Article 17 recalculation, timely December correction payments, and full e-Bupot reporting compliance.

RESULTS AND DISCUSSION

The calculation mechanism for Article 21 Income Tax for Kirana Cahaya Sejahtera is essentially the same as for general Income Tax. Furthermore, the rates set vary, depending on Article 17 of the Income Tax Law or the rates stipulated in Government Regulations or other implementing regulations. The tax system used for withholding Article 21 Income Tax is a withholding system. A withholding system is a tax deduction system in which the authority to determine the amount of tax owed rests with a third party, not the tax authorities or the taxpayer. CV. Kirana Cahaya Sejahtera, as the employer, withholds Article 21 Income Tax. The amount of the deduction depends on the income received by each employee. The calculation of Article 21 Income Tax withholding refers to the Periodic Income Tax Return (SPT Masa PPh Article 21) form 172.

The complete and detailed calculation of Income Tax withholding is presented in tabular form in Appendices 3 and 4 (according to CV. Kirana Cahaya Sejahtera's calculations), while Appendices 5 and 6 show the researcher's Income Tax calculations, referring to Law No. 58 of 2023. The following table summarizes a comparison simulation between the old method (company estimate) and the latest TER regulation (PP 58/2023) for an employee with K/0 status (Category B) and a gross salary of IDR 10,000,000 per month.

Table 1 Company Calculation vs. TER Regulation

Analysis Components	Company Calculation (Old/Expected)	In accordance with Regulation (TER 2024)	Difference / Impact
Calculation Basis	Net Annual (after office expenses)	Monthly Gross (without deduction of office expenses)	Method: TER is much simpler but less precise on a monthly basis.

Applicable Rates	Article 17 (Progressive) Estimate	TER Category B: 2% (for gross 10 million)	Efficiency: Admins do not need to calculate office costs every month.
Income Tax Article 21 Deduction (Jan-Nov)	± Rp. 183,750 / month	Rp200.000 /month	Higher: TER monthly deductions tend to be slightly larger.
Undercut Value (December)	Relatively Small (due to precise installments)	Recalculated (Article 17)	Adjustment: In Dec, total TER (Jan-Nov) minus original year's tax.
Proportion of Employees Affected	0% (Ideal Condition)	100% Permanent Employees	Applies comprehensively to all fixed income recipients.

Additional Analysis:
1. Under/Over Withholding Value: Under the TER method, tax deductions from January to November are "provisional." In December, companies are required to calculate the total annual tax using the Article 17 (original) rate. The difference between the total TER paid and the original tax becomes the tax payable in December.
2. "Borderline" Effect (Sensitivity): TER is highly sensitive to the gross threshold. For example, in Category B, a small salary increase that exceeds the threshold rate can cause tax deductions to spike dramatically, resulting in the employee's take-home pay (net salary) actually being lower despite the increase in gross salary.
3. Proportion: This policy impacts all employees, but is most felt by employees who frequently receive overtime or irregular bonuses, because each additional rupiah in gross is directly multiplied by the percentage of that month's TER rate.
Would you like me to calculate a specific simulation for employees receiving bonuses/THR to demonstrate the spike in rate sensitivity? Just state the bonus amount.

The following are some examples of calculations applied by CV. Kirana Cahaya Sejahtera. a. Calculation for permanent employees whose net income exceeds the PTKP. Hendra Zebua, a permanent employee with K/3 status, works at CV. Kirana Cahaya Sejahtera and earns an annual salary of Rp. 36,000,000, overtime allowance of Rp. 143,000, transportation allowance of Rp. 3,120,000, meal allowance of Rp. 3,120,000, position allowance of Rp. 3,000,000, and attendance allowance of 10% of base salary. The amount of tax imposed in one year is: 1) Calculation of Article 21 Income Tax according to CV. Kirana Cahaya Sejahtera. Annual gross income: Rp. 48,840,000 Deductions: Operational Expenses (5% x Rp. 48,840,000) Rp. 2,442,000 - Annual net income: Rp. 46,398,000 PTKP (K/3) Rp. 72.000,000 - Annual VAT-Registered Taxable Entity: Rp. 0

From the results of the PPh 21 calculation above, the deduction for individual taxpayers is zero. 2) Rendi began working at CV. Kirana Cahaya Sejahtera on September 1, 2024. Rendi is single and has no dependents. Rendi receives a salary of Rp15,500,000.00 (fifteen million five hundred thousand rupiah) per month and pays a pension contribution through the company of Rp100,000.00 (one hundred thousand rupiah) per month. Based on Rendi's Non-Taxable Income (TK/0) status, the amount of Article 21 Income Tax withholding on Rendi's income is calculated based on the effective monthly rate in category A.

The calculation of Article 21 Income Tax payable on Rendi's income during 2024 is as follows:
Calculation of Article 21 Income Tax for each tax period other than the last tax period. September = Rp 15,500,000 x 7% = Rp 1,085,000 October = Rp 15,500,000 x 7% = Rp 1,085,000 November = Rp 15,500,000 x 7% = Rp 1,085,000 December = Rp 15,500,000 Total gross income = Rp 62,000,000 Total income tax Article 21 = Rp 3,255,000 Calculation of Income Tax

Article 21 for the last tax period (December) Annual Gross Income Rp 62,000,000.00 Deductions: Annual Office Expenses: 5% x Rp 62,000,000.00 (max (4 x Rp500,000.0 = Rp2,000,000.00 Pension Contribution: 4 x Rp100,000.00. = Rp 400,000.00 - Total Rp 2,400,000.00 Annual Gross Income Rp 62,000,000.00 Total Deductions Rp 2,400,000.00 - Annual Net Income Rp 59,600,000.00 Annual Non-Taxable Income For Individual Taxpayers Rp 54,000,000.00 - Annual Taxable Income Rp 5,600,000.00 Article 21 Income Tax Payable for the Year 5% x Rp 5,600,000.00 = Rp 280,000.00 Article 21 Income Tax withheld until November 2024 Rp 3,255,000.00 Article 21 Income Tax overwithheld (Rp 2,975,000.00) Note: 1. CV Kirana Cahaya Sejahtera will refund the excess Article 21 Income Tax withholding to Rendi, along with proof of Article 21 Income Tax withholding for the last tax period, no later than the end of the following month after the last tax period, which is the end of January 2025. 2. Rendi is required to report the income received or earned from CV Kirana Cahaya Sejahtera in his 2024 Annual Income Tax Return. 3. The Article 21 Income Tax withheld by CV Kirana Cahaya Sejahtera for the tax period September to December 2024, amounting to Rp280,000.00 (two hundred and eighty thousand rupiah), is a tax credit in the 2024 Annual Income Tax Return. Income Tax Article 21 Payment and Reporting System

Based on research conducted by researchers, the system used by CV. Kirana Cahaya Sejahtera employees to remit Income Tax Article 21 collected on employee income is as follows:

a. After all Income Tax Article 21 has been calculated and collected each month by the company's Tax Department, the Finance Department then remits the tax to the Gunungsitoli Tax Counseling and Consultation Service Office (KP2-KP) as the tax payment or remittance point. b. The deadline for payment or remittance of Income Tax Article 21 collected by CV. Kirana Cahaya Sejahtera employees is: 1) For periodic Income Tax Article 21 payments, the deadline is the 10th of the following calendar month after the end of the tax period. 2) Any underpayment of tax due based on the Annual Income Tax Article 21 Return must be paid in full no later than the 25th of the third month after the end of the tax year or portion of the tax year, before the return is submitted. c. The method used to pay and deposit Article 21 Income Tax payable is through a Tax Payment Slip (SSP). The SSP must be filled in with the total amount of Article 21 Income Tax payable or payable. d. The SSP consists of five copies: 1) Sheet 1 for CV. Kirana Cahaya Sejahtera employees; 2) Sheet 2 for the Gunungsitoli Tax Counseling and Consultation Service Office (KP2-KP); 3) Sheet 3 for CV. Kirana Cahaya Sejahtera employees to report to the Gunungsitoli Tax Counseling and Consultation Service Office (KP2-KP); 4) Sheet 4 for the Bank Sumatera Utara Branch Office as the location for depositing Article 21 Income Tax; 5) Sheet 5 for the Tax Collector's archives (Finance department).

After Article 21 Income Tax has been calculated and deposited by CV. Kirana Cahaya Sejahtera, CV. Kirana Cahaya Sejahtera reports the calculation and payment of Income Tax Article 21 payable in accordance with the provisions of Tax Laws and Regulations. The procedures required by CV. Kirana Cahaya Sejahtera to report the calculation and payment of Income Tax Article 21 are as follows: a. CV. Kirana Cahaya Sejahtera reports its taxes using a Tax Return (SPT), which must be picked up in person at the local Tax Service Office where CV. Kirana Cahaya Sejahtera is registered with the Gunungsitoli Tax Counseling and Consultation Service Office (KP2-KP). b. CV. Kirana Cahaya Sejahtera uses two types of SPTs to report Income Tax Article 21: 1) Periodic Income Tax Article 21 Return, which is used by CV. Kirana Cahaya Sejahtera to report the calculation and/or payment of tax payable for a tax

period. 2) Annual Income Tax Article 21 Return, which is issued by CV. Kirana Cahaya Sejahtera is used to report the calculation and payment of taxes owed in a tax year, using Form 1721.

The SPT is completed based on the calculations and payments made by CV. Kirana Cahaya Sejahtera during the relevant tax period or year. 1) Employee payroll at CV. Kirana Cahaya Sejahtera; 2) Tax Payment Slip, page 3. To illustrate whether CV. Kirana Cahaya Sejahtera is a registered taxable company, the following documents must be submitted:
3) A list of CV. Kirana Cahaya Sejahtera's employees; 4) A copy of the Tax Payment Slip (page 3). 5) A copy of the Tax Payment Slip (page 3). 6) A copy of the Tax Payment Slip (page 3). 7) A copy of the Tax Payment Slip (page 3). 8) A copy of the Tax Payment Slip (page 3). 9) A copy of the Tax Payment Slip (page 3). 10) A copy of the Tax Payment Slip (page 3) is required to be submitted or reported to the Gunungsitoli Tax Counseling and Consultation Service Office (KP2-KP). Kirana Cahaya Sejahtera has made payments/deposits of its taxes owed for 2024 and submitted its SPT correctly. c. The SPT must be submitted or reported by CV. Kirana Cahaya Sejahtera no later than the 20th of the following month after the end of the tax period for Periodic Income Tax Article 21 and no later than.

DISCUSSION

The following is an analysis that connects the research findings (implementation of PPh 21 TER) with tax literature and technical explanations regarding the risk of overtime errors:

Table 2 Relationship of Findings with Taxation Literature

Literatur	Hubungan dengan Temuan PPh 21 TER
Compliance Cost	Penggunaan TER secara teori menurunkan *cost of compliance* (biaya kepatuhan) karena perhitungan bulanan menjadi sangat instan. Namun, bagi perusahaan, biaya ini bergeser ke **investasi sistem IT** dan pelatihan staf untuk menyesuaikan rumus baru di awal tahun.
Information Asymmetry	Terjadi asimetri informasi antara pemberi kerja dan pegawai. Pegawai sering kali tidak memahami mengapa potongan pajak mereka tiba-tiba melonjak saat menerima lembur sedikit saja. Tanpa edukasi yang baik, ini memicu ketidakpuasan dan kecurigaan terhadap transparansi perusahaan.
Administrative Burden	TER berhasil mengurangi beban administratif perhitungan manual bulanan (tidak perlu hitung biaya jabatan & PTKP tiap bulan). Namun, beban ini menumpuk di bulan Desember karena perusahaan harus melakukan rekalkulasi total menggunakan skema Pasal 17 yang lebih kompleks.
Tax Morale	Moralitas pajak pegawai dapat terganggu jika mereka merasa "dihukum" oleh tarif yang lebih tinggi hanya karena bekerja lebih keras (lembur). Ketidaktahuan bahwa kelebihan potong akan dikembalikan di Desember dapat menurunkan motivasi kerja dan kepatuhan sukarela.
SME Governance	Bagi UMKM (SME), TER adalah solusi tata kelola yang baik karena menyederhanakan administrasi yang sebelumnya sering salah. Namun, keterbatasan SDM akuntansi di UMKM berisiko gagal melakukan rekalkulasi Desember secara akurat, yang dapat memicu sanksi denda.

Why Do Overtime Errors Often Occur in the TER Scheme? In the TER scheme, overtime is the primary "trigger" for deduction errors due to its threshold-sensitive nature. Here are the main causes:
The Jump Effect:
Unlike Article 17, which is progressive (only the excess is subject to the high rate), TER multiplies the entire gross amount by a single rate. For example, a Category A employee with a gross amount of IDR 5,390,000 receives a 0% rate. If they work only IDR 20,000 in overtime, bringing their gross amount to IDR 5,410,000, the rate jumps to 0.25%. Consequently, the IDR 20,000 in overtime actually decreases their net salary because they have to pay tax on the entire IDR 5.4 million.

There are often delays in reporting overtime hours from the operational

department to the payroll department. If last month's overtime is only input this month, this month's gross amount will increase, risking a disproportionate increase in the TER rate percentage. Some payroll administrators are sometimes unsure whether overtime meal allowances or overtime transportation allowances are included in the TER. According to regulations, anything that increases gross income must be included in the TER multiplier. Failure to include even one overtime component can lead to underpayments that can escalate at the end of the year. Many companies simply calculate taxes according to a table without simulating the impact on employees' net pay. This causes "culture shock" for employees who work a lot of overtime but receive disproportionate net pay due to the increased TER rate layer. Accounting Records at CV. Kirana Cahaya Sejahtera Research shows that the accounting records maintained by the Accounting Department of CV.

Kirana Cahaya Sejahtera are as follows: a. At the time of employee salary deductions Salary Expense Rp 25.878.000 Salary Payable Rp. 201.000 Article 21 Income Tax Payable Rp 26.079.000 b. At the time of employee salary payments (at the end of the month) Salary Payable Rp 25.878.000 Cash Rp 25.878.000 c. At the time of employee income tax payments (before the end of the tax period) Article 21 Income Tax Payable Rp 201.000 Cash Rp 201.000

The accounting records for Article 21 Income Tax at CV. Kirana Cahaya Sejahtera comply with Financial Accounting Standards, namely PSAK No. 9, concerning liabilities to be settled within one year within a company's operating cycle. This is due to the company's Accounting Department's thorough understanding of accounting theories. The weakness in accounting records experienced so far is only the carelessness of employees, namely errors in research or recording of nominal rupiah and these errors can be resolved as soon as possible.

Solutions to Errors Related to the Calculation, Payment, and Reporting of Article 21 Income Tax, and Company Bookkeeping At CV. Kirana Cahaya Sejahtera, errors were found in the calculation of Article 21 Income Tax for employees, although the company correctly implemented the payments, reporting, and bookkeeping. The following is a solution to the error in calculating Article 21 Income Tax for CV. Kirana Cahaya Sejahtera's employees, specifically regarding the calculation and withholding of tax payable for permanent employees. This involves correcting the Article 21 Income Tax calculation formula in accordance with the Tax Law by accommodating employee overtime pay to avoid state losses.

CONCLUSION

This study contributes to the taxation and accounting literature by providing empirical evidence regarding the implementation of the Average Effective Rate (TER) scheme for Article 21 Income Tax at CV. Kirana Cahaya Sejahtera Gunungsitoli. The findings demonstrate that the company has generally implemented appropriate mechanisms for the calculation, payment, reporting, and bookkeeping of PPh Article 21 in accordance with prevailing tax administration procedures. However, the study reveals that the exclusion of overtime pay from gross income calculations resulted in discrepancies and underwithholding of taxes under the TER system. This study, therefore, contributes practical insights into the operational challenges faced by medium-sized companies in adapting to PP 58/2023 and PMK 168/2023.

The practical implications of this study are important for corporate taxpayers, payroll administrators, and tax authorities. Companies are encouraged to improve payroll integration systems, strengthen employee tax literacy, and ensure that all income components, including overtime and irregular compensation, are incorporated into TER calculations. For

policymakers and tax authorities, the findings indicate the need for clearer technical guidance and more intensive socialization regarding the implementation of TER-based withholding mechanisms, particularly for companies outside major urban areas.

This study has several limitations. First, the research was conducted only in one company, which limits the generalizability of the findings to other sectors or regions. Second, the study relied primarily on descriptive qualitative analysis and company payroll documentation without broader comparative statistical testing. Third, the research focused mainly on permanent employees and did not comprehensively analyze non-permanent employees or other categories of taxpayers affected by TER implementation.

Future studies are recommended to expand the scope of research by involving multiple companies from different industries and regions in Indonesia. Further research may also apply quantitative or mixed-method approaches to evaluate the financial impact, employee perceptions, and compliance effectiveness of TER implementation. In addition, future researchers may investigate the integration of digital payroll systems and Coretax applications in improving the accuracy and efficiency of PPh Article 21 withholding under the TER scheme.

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