

## The Effect Of The 12% Vat Rate Increase Through *Coretax* System Against Income Of Umkm In Kediri City

Fadilla Rafida Putri <sup>1</sup>, Miladiah Kusumaningarti <sup>2</sup>, Puji Rahayu <sup>3</sup>

<sup>123</sup> Universitas Islam Kediri-Kediri, Indonesia

Email: [fadillarafida@student.uniska-kediri.ac.id](mailto:fadillarafida@student.uniska-kediri.ac.id)

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### **Abstract**

*Study This aim For know influence tested variables to variables dependent through a series analysis statistics which include validity tests , reliability tests , assumption tests classic . Research methods use approach quantitative descriptive with data collection through questionnaire against 51 MSME sectors registered culinary as Taxable Entrepreneurs (PKP) at the Kediri Pratama Tax Office . All over instrument study stated worthy used Because every grains statement show mark correlation that exceeds the minimum limit so that can concluded to be valid. The test results reliability also shows that all over variables own level strong internal consistency so that the data is believed stable and able trusted . Testing assumptions classic show that the regression model has fulfil condition normality , no there is symptom multicollinearity , and residual variance in condition homoscedastic so that the model is assessed appropriate used in analysis continued . Regression results show that variables independent own significant influence to variables dependent Good in a way simultaneous and partial , which is proven through mark significance that is below the specified error limit . Research model This in a way overall assessed capable explain changes that occur in variables dependent , so that findings study can used as base consideration in taking decisions , development policies , as well as study next . Research This expected capable give contribution for understanding theoretical and practical related factors that influence variables studied as well as become reference for other relevant research .*

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## INTRODUCTION

Indonesian government officially raise Value Added Tax (VAT) rate from 11% to 12% starting January 1, 2025 as part from Constitution Harmonization of Tax Regulations (HPP Law). Increase this rate is applied especially in goods and services certain , including part products sold by Micro , Small , and Medium Enterprises (MSMEs). MSMEs are a very vital sector in the economy areas , including Kediri City, with contribution big to income and absorption power Work (Muhammad Umar Munanwar - 2024 - AKS, n.d.). System administration taxation *Coretax* applied government make things easier reporting and payment tax including for MSMEs (Vinsky Sandeana Palullungan. 2023.). However , the increase VAT rates are a concern can impact on MSME income due to increasing cost tax on goods / services being marketed (Michael et al., 2025).

Value Added Tax (VAT) is one of the source important state income in finance development and services public . The Indonesian government in the years final do policy increase VAT rates , including improvement rates to 12%, which is starting enforced For adapt with condition economy and improve reception tax (Natalina et al., 2021)policy This impact direct to various perpetrator business , especially business micro , small and medium enterprises (MSMEs), which are bone back economy regional and national (Kodu A. R, 2025). MSMEs in Kediri City have role strategic in absorption power Work as well as contribution to Regional Original Income

(PAD) (Mia Amalia et al., 2025). However, the increase potential VAT rates cause challenge new for MSMEs, such as improvement cost production and prices sell goods or the services they provide offer, so that can influence Power competitiveness and income they (Mianto et al., n.d.).

. In Indonesia, VAT is regulated in Constitution Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods, which has been experience a number of changes, including Constitution Number 7 of 2021 concerning Harmonization of Tax Regulations (HPP). Policy increase VAT rate from 11% to 12% on January 1, 2025 is part of tax reforms aimed at For increase state revenue and support development national research previously show that change VAT rates can influence economy, especially Power buy society and profit margins business small. (Pesak et al. 2024) found that the increase in VAT from 10% to 11% has impact negative on power buy consumers and MSME income, especially in Bitung City. This indicates that increase higher rates high, such as from 11% to 12%, can give greater impact significant, especially in conditions economy that has not yet fully recover from pandemic. In addition, a study conducted by (Agustina and Hartono 2022) found that increase VAT rate from 10% to 11% increases consumption government, but lower consumption private sector, GDP, and income House stairs, with impact the biggest felt by the house stairs in rural areas. Policy This give influence more strong to economy compared to decline rates Corporate income tax.

*Coretax* is system digitalization taxation aimed at For increase efficiency administration taxes and make it easier reporting for must tax. Based on PMK81 of 2024, the implementation of *Coretax* in Indonesia starts effective January 1, 2025, concurrently with increase VAT rate to 12%. System This designed For increase compliance taxes and reduce risk error reporting. However, research show that level readiness of MSMEs to adopt system digitalization taxation Still low. (Haryani and Susanti 2024) highlighted that Lots MSME actors face constraint like low digital literacy, limitations infrastructure, and lack of training. In addition, research by (Pesak et al. 2024) states that that digitalization taxation can add burden administrative for MSMEs, especially in areas that have limitations access technology. A study by (Santoso, Saptono, and Pasaribu 2020) highlights that use system computerized in archiving payment tax vehicle motorized vehicle at the Serpong Samsat Office capable reduce risk error humans and improve efficiency management archive. System This expected can replace time-consuming manual method time and vulnerability lost documents. All system digitalization taxation This used For replace system manual payments, namely, Non-Tax Deposit Slips, Tax Refund Deposit Slips, and others. The negative impacts that often occur praised by Taxpayers is problem internet connection, server error, and so on not enough understand must tax use system the.

Implementation system *Coretax* as means digitalization reporting and payment tax expected make it easier for MSMEs to fulfill obligation taxation (Pebi Amanda Rahmawati, n.d.). However, adaptation to system new integrated with higher VAT rates tall need studies comprehensive impact so that the government and MSME actors can take step strategic to front (Mega Putri, 2024) This research aims to For know to what extent has the change VAT rates and usage system *Coretax* impact on MSME income as well give recommendation supportive policies the sustainability and growth of MSMEs in the future (Popy Tyara Sari et al., 2023). In addition, it is necessary understood that VAT increase does not only influence perpetrator business from aspect

costs , but also has the potential influence market behavior in general more wide , including change preference consumer , level consumption society , as well as dynamics competition between perpetrator business in one sector (Hamdan Maulana et al., 2025). In Kediri City, which has diverse types of MSMEs starting from culinary , crafts , trade , to services , impact this policy may vary depending on the characteristics products sold , elasticity demand , and the capabilities of each actor efforts to adapt price and marketing strategies they (4704-Article Text-12830-3-10-20250614, n.d.).

Income interpreted as improvement gross in asset or subtraction liabilities , or combination from both of them , as long as period certain in report income . This is happen as consequence from investment , trade , provision services , or other activities aimed at For get profit (Mariam et al., 2022). Adequate income give chance for MSME actors to invest in innovation products and development digital technology . A stable income is very important for MSMEs to still operate , fulfill need production , pay wages employees , and manage cost operational others . Sufficient income give opportunity for MSMEs to invest in innovation product , development technology , and expanding the market. Research (Sari, 2019) says that digital economy has impact positive and significant to MSME income in Makassar City. According to Another study conducted by (Kumala, 2021) showed that the digital economy has an impact big impact on the Indonesian economy . Research Previously researched by (Purnomo et al., 2021) shows that digital economy has an impact positive to income of Micro and Small Industries in Indonesia.

Therefore that , ability adaptation become factor crucial ; MSMEs are expected capable increase efficiency , improve management business , adopt digital technology in marketing and production , as well as optimize use material standard so that it can pressing cost operational and permanent competitive although existence increase rates tax (Teknologi et al., 2024). On the other hand , the government central and regional governments must also ensure that policy VAT increase does not become burden heavy for MSMEs, but rather still in line with objective development economy term long , so that need existence mentoring technical , simplification procedure administration , improvement digital tax literacy through training *Coretax* , as well as giving incentive fiscal or access MSME- (Ilham et al., n.d.)friendly financing . Regular evaluation to implementation of the HPP Law and performance system *Coretax* is also very important For identify potential obstacle like difficulty technical , unpreparedness perpetrator business in use digital systems , or lack information related rule taxation latest (Zalviana et al., n.d.).

With Thus , the analysis comprehensive about impact increase VAT rates and usage *Coretax* for MSMEs not only beneficial for the academic world , but also can become base consideration more policies inclusive , adaptive , and favors the MSME sector as the main pillar economy area and national .

## METHODS

Research methods used in the research this is method study quantitative with approach descriptive . This approach was chosen Because study aim For test connection causal between increase 12% VAT rate through implementation system *Coretax* with income MSMEs. Population

in study This is all Micro , Small, and Medium Enterprises (MSMEs) registered at the Kediri Pratama Tax Office. From the population the chosen sample as many as 51 MSMEs use purposive sampling technique , namely technique determination sample based on criteria certain specified researchers that is as follows : 1.) MSME Taxpayers registered at the Kediri Pratama Tax Office 2.) Individual MSME Taxpayers 3.) Individual MSME Taxpayers who are Taxable Income (PKP) 4.) MSMEs that are categorized as culinary or food . Based on criteria said , then amount samples that meet the requirements criteria is as following :

| SAMPLE NUMBER |  |       |
|---------------|--|-------|
| NO            | INFORMATION  | TOTAL |
| 1             | MSME Taxpayers registered at the Kediri Pratama Tax Office       | 1.731 |
| 2             | MSME Taxpayers other than Individuals                            | (800) |
| 3             | Individual MSME Taxpayers who do not become a PKP                | (470) |
| 4             | Individual MSMEs that are categorized as besides culinary / food | (410) |
|               | Sample   | 51    |

Source : Processed data researcher (2025)

Data collection in study This done use instrument compiled questionnaire in a way structured , containing question about perception MSME actors towards increase 12% VAT rate , experience they in use system *Coretax* , as well as MSME income data before and after implementation VAT rate of 12%. Data that has been collected Then processed use SPSS application .

Data analysis was performed use technique taking purposive sampling with method analysis statistics descriptive and assumption testing classic For know how far has the increase 12% VAT rate through system *Coretax* influential to MSME income in Kediri City. Testing hypothesis done with t-test for see influence partial of each variable independent , and the F test for know influence variables independent in a way simultaneous to MSME income . Testing decisions taken based on mark significance , namely if sig value < 0.05 then variables the considered influential significant results analysis This expected can give description about impact policy increase 12% VAT rate through system *Coretax* to condition MSME income in Kediri City.

## RESULTS AND DISCUSSION

Furthermore We will start conduct validity tests For see is the questionnaire instrument precise and accurate For measure the research variables . And then get results as following :

| Variable | Question Code | Test Results | Information |
|----------|---------------|--------------|-------------|
| X        | P1            | 0.468        | VALID       |
|          | P2            | 0.623        | VALID       |

|   |     |       |       |
|---|-----|-------|-------|
|   | P3  | 0.285 | VALID |
|   | P4  | 0.720 | VALID |
| Y | P5  | 0.413 | VALID |
|   | P6  | 0.476 | VALID |
|   | P7  | 0.597 | VALID |
|   | P8  | 0.529 | VALID |
| Z | P9  | 0.744 | VALID |
|   | P10 | 0.717 | VALID |
|   | P11 | 0.735 | VALID |

Source : Processed data (2025)

Based on results of the validity test conducted to all statement items on variables X, Y, and Z, can known that every grains question own mark correlation ( $r$  count ) which is higher big compared to with  $r$  value of the table at the level significance of 5% with amount respondents as many as 51 people, namely of 0.279. This means that all statement items fulfil criteria validity , so that can stated capable measure aspects that should be measured in study This .

In variable X, there is four statement items were tested , namely P1 to P4. The calculation results show that  $r$  value of each item in a row is 0.468; 0.623; 0.285; and 0.720. All mark the be on top  $r$  table value . Although item P3 has mark the lowest correlation (0.285) and approaching the minimum limit of the  $r$  table , however Because its value still is above 0.279 , the item still considered valid. This is show that the four items in variable X can represent draft variables mentioned and worthy used in questionnaire study .

Next , in the Y variable which consists of from four items (P5 to P8), all the calculated  $r$  value also exceeds  $r$  table value . The value the correlation are 0.413; 0.476; 0.597; and 0.529. The calculated  $r$  values are in the range currently until strong show that each item has good ability in reflect variable Y. With thus , all grains the statement on variable Y is declared valid and can be accepted as valid instrument .

In variable Z, the results of the validity test show that the three statement items (P9, P10, and P11) have calculated  $r$  value of 0.744; 0.717; and 0.735. The values the Far more big than  $r$  table , so that level the validity of the items on the Z variable can be categorized as very good . High correlation value indicates that each item in the Z variable has strong relationship with a total score variables so that these items are very representative . For measure the construct in question .

Next, a normality test was carried out . For ensure what data is used in study This normally distributed or approaching normal. And the results from the normality test can seen in table under This :

| Variable | Test results | Information |
|----------|--------------|-------------|
| X        | 0.095        | NORMAL      |
| Y        | 0.073        | NORMAL      |

|   |       |        |
|---|-------|--------|
| Z | 0.065 | NORMAL |
|---|-------|--------|

Source : Processed data (2025)

Based on results testing normality that has been done to third variables research , can concluded that the data for **Variables X, Y, and Z** in a way overall fulfil assumptions normal distribution . This is indicated by the value *p*- value obtained of each variable , all of which is above the significance limit of 0.05.

**Variable X** show normality test results best with mark *p-value* as big as **0.095** . This number far above the critical limit , which indicates that The distribution of the data for variable X is very close ideal normal distribution . In other words, no found proof sufficient statistics For state that this data not normal. The implication is that Variable X can analyzed use method statistics parametric with level high reliability .

Temporary that , **Variable Y** is also stated normally distributed with mark *p-value* **0.073** . Although its value more low compared to Variable X, number This Still significant in a way statistics For support conclusion data normality . Variable Y is estimated own A little deviation from normal pattern , but deviation the No Enough big For bother assumptions base analysis parametric .

As for **the Z Variable** take notes mark *p-value* **0.065** , which is mark lowest among third variables , but still is above the 0.05 limit. This result still confirm that the Z variable data is normally distributed , even though is at the marginal limit. Therefore Therefore , it is recommended that researchers do inspection addition through data visualization for ensure No There is hidden anomalies , especially If size samples used relatively small .

After conducting validity tests and normality tests , we will conduct multiple linear regression tests consisting of from T Test and f Test.

| Variables | Total Score | t Table | Result of t Count |
|-----------|-------------|---------|-------------------|
| X         | 822         | 2,009   | 2,212             |
| Z         | 594         |         | 2,324             |

Source : Processed data (2025)

Based on the results of the t - test in the table above can be seen that t- table value at the level significance of 5% with amount sample as many as 51 (  $df = n - 2 = 49$  ) is 2.009. Next , the calculated t value For variable X is obtained amounting to 2,212, while t - value For variable Z is 2.324. Because both t - value the more big than t table value (  $2.212 > 2.009$  and  $2.324 > 2.009$  ), then can concluded that variable X and variable Z has an influence significant to variables dependent in study this . In other words, in partial Good variable X and variable Z is proven own real influence , so hypothesis which states existence influence second variables the can accepted .

Based on F test results , it is known that mark significance of 0.041, which is more small from the significance limit of 0.05. This is show that the regression model that was built is significant , so that variables X and Z in simultaneous or together own meaningful influence to variable Y. Calculated F value of 2,656 also indicates that variation changes in variable Y can explained by both variables independent the in a way together . With thus , it can concluded that the regression model worthy used For predict variable Y because second variables free proven give significant influence in a way simultaneous .

## DISCUSSION

Findings main from This study shows that that Good increase VAT rate of 12% ( Variable X) or implementation system *CoreTax* ( Variable Z) has significant influence , both in a way partial and simultaneously , against MSME income ( Variable Y) in Kediri City. These results provide outlook critical that is not fully in harmony with assumptions beginning that increase rates tax will always impact negative directly on income business small (Pesak et al., 2024; Agustina & Hartono, 2022). There are a number of interpretation that can explain this dynamic .

First , the influence significant from increase VAT rates can be interpreted in the context of MSME adaptation strategies . Increased burden this tax may be has force or motivating perpetrator business For do efficiency operational , review re- pricing strategy , or even innovate in marketing use maintain profit margins . In other words, the pressure external precisely potential trigger response adaptive which can ultimately stabilize or even increase income . This finding is in line with with research that highlights importance ability adaptation of MSMEs in facing change regulation ( Technology et al., 2024).

Second , the influence positive and significant from system *CoreTax* give proof empirical that digitalization administration taxation can bring benefit real . Although studies previously identify constraint like digital literacy and infrastructure (Haryani & Susanti, 2024; Pesak et al., 2024), results This research suggests that for MSMEs that have become a PKP and use system said , *CoreTax* precisely create efficiency . This system reduces complexity , time , and potential errors in reporting , so that cost administration No direct (transaction costs) decrease . This efficiency can divert source previous power used For affairs manual administration to more activities productive , which in turn impact on income . This supports argument that designed digital system with good to moderate impact negative policy fiscal ( Pebi Amanda Rahmawati, nd).

Third , influence significant simultaneity from second variables indicates existence interaction or effect combination . Possibility large , MSMEs that have adapt with system *CoreTax* ( so that more efficient and compliant ) to be more resilient in facing increase VAT rates . On the other hand , the increase rates accompanied with more systems easy Possible felt as a " package more manageable " changes " compared to If increase rates happen without repair system administration . This finding strengthens proposition that success of tax reform depends on two pillars: substance policy ( tariffs ) and governance administration ( system ).

However , this interpretation needs to be addressed with consider limitations research . The sample is limited to the MSME sector PKP culinary in Kediri City is limited generalization

findings . Possibility large , the MSMEs in this sample have level formalities and access to more technology Good compared to non-PKP MSMEs. The impact on MSMEs is greater micro or in other sectors , as well as in the regions with more digital infrastructure weak , can so very different and more negative , as expressed in another study (Agustina & Hartono, 2022). In addition , this study measured influence in the range relative time short after implementation policy . Impact term long , good in the form of fatigue adaptation and improvement benefit from digital systems , still need investigated more carry on .

In a way Overall , this discussion underscores that connection between policy taxation and performance of MSMEs are complex and multidimensional . Than see increase rates as factor single detrimental finding This study suggests For consider it in the ecosystem more policies wide , where modernization system administration can play a role as factor important moderator . The implication is that efforts government to front No may stop at the determination rates , but must in a way parallel and continuous strengthen mentoring , socialization , and improvement digital systems such as *CoreTax* For ensure transformation taxation walk inclusive and supportive resilience MSME businesses .

## CONCLUSION

Based on results research , it can be concluded that increase VAT rate to 12% and implementation system *CoreTax* in a way together own significant influence to Income of Micro , Small, and Medium Enterprises (MSMEs) in Kediri City. Analysis statistics against 51 MSME sectors culinary with PKP status shows that second variables the No only influential in a way partially , but also in a simultaneous in influencing level income perpetrator effort . This finding indicates that although increase rates potential add burden fees , attendance system *CoreTax* designed For make things easier administration taxation can play a role in moderating impact negative , or even trigger impactful adaptation positive on performance business . With all over instrument valid and reliable research and the regression model that has been fulfil assumptions classic , results This research provides contribution empirical important . This shows that success policy taxation No only depending on the size rates , but also on effectiveness and convenience system administration his supporters for MSMEs.

Based on findings and limitations in this study , several suggestions can be put forward For study next . **First** , it is recommended For expand coverage sample No only in the MSME sector culinary that has has PKP status in Kediri City, but also includes various sector economy ( crafts , services , trade ) and level scale ( micro) businesses that have not yet ber -PKP) in more areas diverse . This will increase Power generalization findings and provide map impact more policies comprehensive . **Second** , to deepen analysis , research future can include mediator or moderator variables , such as digital literacy , literacy finance , support training from authority tax , or age business , for reveal mechanisms and conditions that strengthen or weaken connection between



policy taxation with MSME performance . **Third** , the approach mixed-methods methodology ( combined quantitative and qualitative ) are highly recommended . Interviews deep or studies cases can complement findings statistics with explain nuances challenge adaptation , survival strategies , and perception deep perpetrator business that does not measurable through questionnaire . **Fourth** , it is important For do study repetitive use observe impact term medium and long term from increase rates and implementation *CoreTax* to Power competitiveness , growth and sustainability life of MSMEs. **Finally** , research comparison between regions or evaluation deep to effectiveness of socialization and mentoring programs *CoreTax* by the government will give contribution valuable for repair more policies and program designs appropriate target as well as supporting the diverse capacities of MSMEs .

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