

CHAPTER ONE

INTRODUCTION

A. Background

Nowadays, the world has entered to digital era. In daily life, everyone utilizes technology and the internet for information sharing activities. The level of internet and social media use reach a fairly high number and increased significantly. According to research presented by We Are Social¹, Indonesian people spend around 23 minutes each day accessing the internet and social media.² The final percentage of social media and internet use in Indonesia in 2018 reached 49% or 130 million out of a total of 265.4 million Indonesians.³ This data shows a very high number of interests in using social media and the internet in Indonesia.

Social media is considered as very much needed in today's digital era. Social media is defined as a collection of applications based on web 2.0 and it allows the user to fill its content.⁴ There is a lot of content in social media that can be accessed by everyone. It aims to connect one person to another even though it stretches a great distance. Mark Zuckerberg argues that “People influence people. Nothing influences people more than a recommendation from a trusted friend. A trusted referral influences people more than the best

¹ We Are Social is the company that Hootsuite collaborated with in conducting research into the use of the internet and social media in several developing and developed countries.

² Wahyunanda Kusuma Pertiwi, 2018, Riset Ungkap Pola Pemakaian Medsos Orang Indonesia, <https://tekno.kompas.com/read/2018/03/01/10340027/riset-ungkap-pola-pemakaian-medsos-orang-indonesia>. Accessed on 3rd January 2019, at 07.28 PM.

³ We Are Social, 2018, Essential Insights Into Internet, Social Media, Mobile, and E-Commerce Use Around The World.

⁴ Hansel Bagus Tritama, Riswan Effendi Tarigan, 2016, “The Effect of Social Media to the Brand Awareness of A Product of A Company”, *International Journal of Communication & Technology (CommIT)*, Vol. 10 No.1, P. 10.

broadcast message”. This statement means that friendships on social media can influence each other significantly and make individual development faster. Examples of social media that are already in use and are used daily are Facebook, Twitter, Line, WhatsApp, Google+, YouTube, Instagram, and Tumblr.⁵

One of the most popular social media today is YouTube. YouTube is a video sharing website that occupies the second position as the most frequently accessed website by people all over the world.⁶ YouTube provides many genres of videos, ranging from videos of comedy, games and challenges, music, daily activities, educations, and common knowledges, until conspiracy theories and hoaxes.

As social media in the form of Video Sharing, YouTube utilizes a party called content creators. This party comes from anywhere since YouTube gives freedom for every user to become content creators. The benefits obtained by YouTube content creators are royalties or money for advertisements that have been displayed on every content of the content creator. According to various survey media in Indonesia, content creators in Indonesia does not only occupy a small piece of income. Some of the objects that were surveyed were channel owners with the name JessNoLimit that could generate income in the range of IDR 137.2 million to IDR 569.4 million in a month.⁷ Besides JessNoLimit,

⁵ S. D. Kularathne, R.B. Dissanayake, N.D. Samarasinghe, L.P.G. Premalal, S. C. Premaratne, 2017, “Customer Behavior Analysis for Social Media”, *International Journal of Advanced Engineering, Management and Science (IJAEMS)*, Vol. 3, p. 11.

⁶ Adil Jamil Zaru, 2016, “Effect of Social Media in Society”, *International Journal of Technology and Research (IJNTR)*, Vol. 2, Issue-11, p. 39.

⁷ Socialblade, 2018, JessNoLimit YouTube Channel, <https://socialblade.com/youtube/channel/UCvh1at6xpV1ytYOAzxmqUsA>, Accessed on 3rd January 2019, at 07.43 PM.

there are other content creators such as Atta Halilintar, Ria Ricis, Ericko Lim, Kemal Pahlevi, Kimi Hime, Gadgetins, and DylandPros who obtain a quite similar income. This high-income figure makes content creators continue to work and even buy luxury properties such as houses, luxury cars, and even set up businesses.

YouTube content creator income is not a small amount of income. This is because the income received by monetization is income with a large enough number. This very large income figure is actually the thing that is included in the object of income tax. Tax is one source of state revenue. Another definition of tax is also stated in other perspectives such as, taxes are compulsory citizenship contributions owed by those who are obliged to pay according to applicable regulations with no direct return that can be appointed and the point is to finance expenses general related to the duty of the state to organize the government.⁸ As state revenue is one of the three main functions of tax. In addition, taxes also consist of various types such as Building Land Taxes, Income Taxes, Value Added Taxes and Luxury Goods Taxes.

Based on Law No. 17 of 2000 on Income Tax, determine things that are categorized as objects of income tax. The object of the tax is any additional economic capability received or obtained by taxpayers that can be used for consumption or increase the taxpayer's wealth.⁹ But in its implementation, the application of taxes to YouTube creators is very difficult to calculate because

⁸ R. Santoso Brotodihardjo, 1989, *Pengantar Ilmu Hukum Pajak*, Bandung, Penerbit PT Eresco, p.2.

⁹ Kautsar Riza Salman, 2017, *Perpajakan PPh dan PPN*, Jakarta, Penerbit Indeks, p. 9.

of various aspects. This is the reason for the government to create a tax calculation and collection system for YouTube content creators.

This study focused on a tax collection system that can be applied to YouTube content creators by mixing general principles of good governance so as not to injure the rights of YouTube creators themselves. This collection will be poured into a concrete system that will be implemented in the form of legal instrument.

B. Statement of Problem

From the background explained above, there are 2 (two) statements of problem in this research, namely:

1. Can YouTube content creators be subject to income tax by Indonesian law?
2. What are government plan for taxation of YouTube content creators?

C. Objectives of Research

The objectives of this research are:

1. To understand the concept of taxation in digital era.
2. To evaluate while the Income Tax Law is currently still relevant if applied in the digital era.
3. To propose suggestion and recommendation to the government through this undergraduate thesis on the tax collection especially, the application of income tax for content creators of YouTube in Indonesia.

D. Benefits of Research

1. Theoretically

This research gives benefit to the implementation of taxation and tax collection in the digital era.

2. Practically

This research gives a benefit to the government and related organizations for regulating better laws, regulation, and policy related to taxation and tax collection in the digital era.

