

## Research Article

## Effect of Tax on Price Determination in Minimarkets in South Sulawesi Bone Regency

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Received: 18.01.2020

Accepted: 30.01.2020

Published: 05.02.2020

**Journal homepage:**<https://www.easpublisher.com/easjebm>**Quick Response Code**

**Abstract:** Taxes are the obligations of citizens to the country, not least for the owners of companies in carrying out their business. This study discusses the effect of tax on pricing in minimarkets in Bone Regency. This study is an explanatory study with a quantitative approach using descriptive statistical analysis and inferential statistics using the application AMOS version 23. This study shows that there is no significant effect of tax on pricing. This means that taxes are not a consideration in setting prices. The tax is applied after the price is set by the company. Taxes are based on income from minimarkets.

**Keywords:** Minimarkets, pricing, taxes.

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### INTRODUCTION

Determination of the price of goods and services is a key strategy as a result of various things such as deregulation, increasingly fierce competition, low and high economic growth, and opportunities for an effort to strengthen its position in the market. Consumers are faced with the needs and various tax burdens that must be paid specifically when making purchases at various shopping centers (Leal *et al.*, 2009). Tax is the contribution of taxpayers to the state owned by individuals or entities that are coercive based on the Law, with no direct compensation and is used for the country's needs for the greatest prosperity of the people (Sugiarta *et al.*, 2018).

Taxes are the obligation of citizens to the country, not least for the owners of companies in running their businesses so that business owners generally apply taxes on every product sold to consumers. Errors in pricing and applying taxes on products sold will have long-term consequences for (Roin, 2000; Everest-Phillips, 2008).

As research conducted by Amiruddin (2012) revealed based on the results of his research that revealed the effect of changes in the income tax law in

2008 on stock prices and dividend policies. The results showed that investors responded positively to the announcement of changes in tax rates on the announcement date and no information was leaked before the announcement. But the investor's reaction to the announcement was rather excessive because the price increase continued until a few days later followed by a decline. This shows that high taxes will affect stock prices so investors will react to price increases.

The same thing was also stated by Ika Purnama that it turns out that tax is very influential on sales which always increases the price of the goods offered, so it only affects the bid function. While the demand function has not changed at all (Purnama, 2016). Likewise with Jasmine (2018) that Tax significantly affected significantly on the transfer pricing decision. Both of these studies show that price changes occur due to tax changes. This means that the price of goods offered will increase due to the tax.

In contrast to research conducted by Ginting & Fauzia, (2013) that export taxes have no significant effect on the domestic price of North Sumatra cocoa beans. And also the average price of dried beans of North Sumatra before the export tax is equal to the average after the export tax. This means that taxes do

not have a significant effect on price changes, especially for products that are exported. This means that the export tax does not have any effect on the prices prevailing in the market. This research contradicts previous research which stated that tax has a significant effect on price determination.

The purpose of this study was to uncover the tax system of minimarkets in Bone Regency, the system of determining the price of sales at the minimarket in Bone Regency and the effect of taxes on the determination of sales prices at the minimarket in Bone Regency. The research hypothesis is that there is a significant indirect effect of tax on the determination of sales prices at the minimarkets in Bone Regency.

## METHODS

This type of research is explanatory research (explanatory research). Based on these types, the research is included in associative research. Associative research is research that aims to determine the relationship between two or more variables (Sugiyono,

2009). The location of this study was in Bone Regency of South Sulawesi and the population of this study was 36 minimarkets consisting of 211 respondents.

Methods of data collection using questionnaires and observation. The instruments used were questionnaires, observation guidelines, and interview guidelines. Technical data analysis uses descriptive statistics and statistical statistics. Descriptive statistical techniques to analyze the tax system and tax determination in minimarkets in Bone Regency. While inferential statistical techniques use the AMOS 23 application.

## RESULTS AND DISCUSSION

### The tax system on Minimarkets in Bone Regency

The tax system that applies in Minimarkets in Bone Regency is generally imposed on companies, although there are some that impose it on consumers. The following table illustrates the tax system for Minimarket in Bone Regency.

**Table 1.** Imported Taxes Become Corporate Tax Considerations

Statement	Respondents' Answers	Total	Percentage (%)
Imported Goods Tax is a consideration in determining the Corporate Tax Burden	SS	37	17,50
	S	87	41,20
	N	44	20,90
	KS	33	15,60
	TS	10	4,74
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 1 shows that the tax on imported goods is a consideration in determining the corporate tax burden on minimarkets in Bone Regency. This is generally for products in a franchise minimarket that has many products from outside, so the import tax

burden is a consideration in pricing. Based on the results of interviews that include the tax on imported goods in the price of goods, especially goods imported from abroad. But not many products come from abroad.

**Table 2.** Direct tax becomes a corporate tax burden

Statement	Respondent's Answer	Total	Percentage (%)
Income Tax considerations in the corporate tax burden	SS	59	28,00
	S	102	48,30
	N	36	17,10
	KS	14	6,64
	TS	0	0,00
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 2, this shows that the consideration of income tax and sales tax such as the reclamation tax and others is a tax burden for minimarket companies in Bone Regency. So consumers will get an impact from the increase in selling prices of products offered. Direct tax here is income tax paid to the state. Based on the results of interviews with companies that this direct tax is charged to companies based on the turnover obtained fewer costs. Of course,

based on the income tax law, the company is burdened but indirectly included in the company's costs.

Based on this, the tax system that is applied in minimarkets in Bone Regency, import duty is applied to certain products sold in minimarkets. The tax on imported goods includes the price of goods, especially goods imported from abroad. But not many products come from abroad. Direct tax, namely income and billboard, is paid directly by the minimarket based on

the turnover, minus costs. The amount of the taxable income is determined based on the income tax law and is borne by the company but indirectly included in the company's costs. This tax is based on company income for one year based on taxation regulations.

### Sales pricing system in Minimarket in Bone Regency

The pricing system that applies in the minimarket varies based on the policies issued by the minimarket.

Determination of prices is based on the type of price used, the purpose of pricing, pricing methods, and pricing strategies. The following is a description of pricing at minimarkets in Bone Regency.

**Table 3.** Product Pricing is for Sustainability

Statement	Respondent's Answer	Total	Percentage (%)
Penetapan harga produk bertujuan untuk bertahan	SS	50	23,70
	S	103	48,80
	N	51	24,20
	KS	7	3,32
	TS	0	0
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 3, it shows that product pricing carried out by minimarkets one of which is aimed at survival. So that minimarkets are no less competitive with other minimarkets, generally determining prices to

survive, meaning that if the price of the product being applied is too low compared to prices elsewhere, then the minimarket in order to maintain relationships with consumers to maintain customer satisfaction.

**Table 4.** Product Pricing Determined to Maximize Profit

Statement	Respondent's Answer	Total	Percentage (%)
The product price determination is carried out with the aim to maximize profits	SS	50	23,70
	S	106	50,20
	N	42	19,90
	KS	9	4,27
	TS	4	1,90
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 4, it shows that product pricing is done by minimarkets aimed at maximizing profits. The price of goods is determined based on the

consideration of the percentage of profit set by the minimarket.

**Table 5.** Product Pricing with Consideration to Maximize Sales

Statement	Respondent's Answer	Total	Percentage (%)
Determination of product prices is done by weighing up sales	SS	71	33,60
	S	86	40,80
	N	41	19,40
	KS	11	5,21
	TS	2	1,00
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 5 shows that product pricing is done with consideration of maximizing sales. This means that when minimarket sales have decreased, minimarkets give discounts or give vouchers as a form of strategy to increase sales. Based on the results of the interview to set the price of the minimarket do a long

analysis process. The purpose of minimarkets is to meet the needs of consumers by maximizing sales by giving gifts to consumers and discounts. Not infrequently the minimarket provides shopping rewards. This is one that is attractive to consumers.

**Table 6.** Product Pricing with Prestige Consideration

Statement	Respondent's Answer	Total	Percentage (%)
Pricing of products is done with prestige considerations	SS	10	4,74
	S	42	19,90
	N	88	41,70
	KS	25	11,80
	TS	46	21,80
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 6 shows that product pricing is done with the consideration of prestige (prestige) is almost not done because of the answers of respondents who answered neutrally. This means that so far it has

not been an important consideration when determining prices on the basis of the special prestige of the products sold at the minimarket.

**Table 7.** Product Pricing Is Done for Development of Investment

Statement	Respondent's Answer	Total	Percentage (%)
The product pricing is done for the development of investment	SS	26	12,30
	S	68	32,20
	N	69	32,70
	KS	36	17,10
	TS	12	5,69
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 7 shows that the purpose of determining the price of a minimarket is to survive so that the minimarket remains the consumer's choice,

besides it aims to maximize sales, increase profits, even though it is sometimes concerned with the importance and balance of investment value.

**Table 8.** Companies Use the Pricing Method By Considering Costs

Statement	Respondent's Answer	Total	Percentage (%)
Companies use the pricing method by weighing costs	SS	59	28,00
	S	92	43,60
	N	34	16,10
	KS	10	4,74
	TS	16	7,58
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 8 shows that the company uses the pricing method by considering costs. This means that when determining the price of the product the

minimarket considers the costs incurred due to the production process up to the hands of consumers, the cost burden will result in price increases.

**Table 9.** Companies Use Price Strategies for New Products with high prices

Statement	Respondent's Answer	Total	Percentage (%)
The company uses a pricing strategy for new high-priced marketing products	SS	75	35,50
	S	47	22,30
	N	73	34,60
	KS	0	0
	TS	16	7,58
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 9 shows that companies use a pricing strategy for new products with high pricing.

This strategy is set for certain products, by determining the highest product prices, especially for new products.

**Table 10.** Companies Use Price Strategies for New Products Marketing for Low Pricing

Statement	Respondent's Answer	Total	Percentage (%)
Companies Use Price Strategies for New Products Marketing for Low Pricing	SS	57	27,00
	S	55	26,10
	N	51	24,20
	KS	12	5,69
	TS	36	17,10
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 10 this shows that the company is using a pricing strategy for new marketing products at low price determination. However, some respondents answered that they did not agree because if a low price strategy was carried out, the company

would experience a revenue decline. Similar to the pricing strategy based on the highest price, the pricing strategy is based on the lowest price for certain products.

**Table 11.** Companies Perform Pricing Strategies By Determining Prices Based on Product Type.

Statement	Respondent's Answer	Total	Percentage (%)
Companies Perform Pricing Strategies By Determining Prices Based on Product Type.	SS	11	5,21
	S	86	40,80
	N	74	35,10
	KS	4	1,90
	TS	36	17,10
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 11 shows that the company implemented a pricing strategy by determining prices based on the type of product. Based on observations, some mini-markets implement each product using a different strategy, even household products such as

cooking oil, detergent soap and shampoo are always given bonuses in the form of other goods. Children's equipment products use a discounted or discounted strategy. Food products usually offer cheap redemption for certain products.

**Table 12.** Pricing strategies based on complementary products

Statement	Respondent's Answer	Total	Percentage (%)
The company adopts a pricing strategy by determining the price of complementary products	SS	35	16,60
	S	92	43,60
	N	54	25,60
	KS	6	2,84
	TS	24	11,40
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019

Based on Table 12 shows that the company implemented a pricing strategy by determining the price of complementary products. Generally, a minimarket into a certain product becomes a bonus so buyers are

interested. For example, every time you buy soap products at a certain price, you will get a bonus package for clothes deodorizers.

**Table 13.** Pricing Strategies Offering Other Products As Bonuses

Statement	Respondent's Answer	Total	Percentage (%)
The company adopts a pricing strategy by determining selling prices and offering other products as bonuses	SS	79	37,40
	S	67	31,80
	N	56	26,50
	KS	9	4,27
	TS	0	0
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 13 shows that the company implemented a pricing strategy by determining the selling price by offering other products as a bonus. As the interview results show that this strategy is often

used by minimarkets, packages that often use this system in the form of personal care, such as soap, shampoo, and oil from the same company.

**Table 14.** Pricing Strategies Considering Secondary product

Statement	Respondent's Answer	Total	Percentage (%)
The company has a pricing strategy for considering Secondary product	SS	22	10,40
	S	98	46,40
	N	73	34,60
	KS	18	8,53
	TS	0	0
<b>Total</b>		<b>211</b>	<b>100,00</b>

Source: Primary Data Processed, 2019.

Based on Table 14 shows that the company has a pricing strategy considering side products. Related to pricing in minimarkets in Bone Regency, basically using pricing strategies by considering various things, namely setting prices based on the highest prices for certain products, setting the lowest prices for certain products, product line mix, fixing prices by including other goods as bonuses and based on the balance of byproducts.

#### The effect of tax on the determination of sales prices on Minimarket in Bone Regency

Taxes are obligations that must be paid by taxpayers to the state according to the rules contained in the law. There are many types of taxes imposed on each taxpayer, for example; income tax, land and building tax, value-added tax, and so forth. One type of tax that

is in direct contact with the business world is Value Added Tax. Generally, consumers pay taxes when buying products at a convenience store.

Based on the results of the analysis it appears that there is not enough evidence to state that there is a significant influence of tax on sales pricing. This indicates that the higher the tax set on the goods offered will not lead to an increase in prices.

This result is in accordance with the first hypothesis ( $H_0$ ) which proves that tax has no significant effect on price determination. Empirically how many previous studies have proven that tax has no influence or positive relationship with pricing. The probability value is greater than 0.05 which is 0.07.

**Tabel 15.** Interpretation of results

Independent Variable	Dependent variable	SEM coefficient	p-value	Description
Tax (X2)	Pricing (Y)	0.713	.070	Not Significant

This study found no significant effect, this can be interpreted that the minimarket set a higher price due to the application of sales tax on the minimarket and other taxes. Tax is one of the obligations that must be paid by the company based on income but does not significantly influence the pricing.

This study is consistent with previous research, research conducted by Ginting & Fauzia (2013) explains that the export tax has no significant effect on the domestic price of North Sumatra cocoa beans. And also the average price of dried beans of North Sumatra before the export tax is equal to the average after the export tax.

Likewise, research conducted by Kamaruddin in his book on management accounting states that the factors that influence the determination of selling prices are the desired profit factor, product factors or product sales, cost and product factors and factors from outside the company (consumers) (Ahmad, 2013). Kamaruddin classified the factors that influence the determination of earnings, sales, cost, and consumer prices. Taxes are not considered a consideration in setting prices, this is in line with Litna Nurjannah's research that export taxes have no significant effect on the price of goods.

However, this research is different from the research conducted by Amiruddin revealed based on the results of his research that revealed the effect of changes in the income tax law in 2008 on stock prices and dividend policies. The results showed that investors responded positively to the announcement of changes in tax rates on the announcement date and no information was leaked before the announcement. But the investor's reaction to the announcement was rather excessive because the price increase continued until a few days later followed by a decline (Amiruddin, 2012). This means that when the tax is raised it will respond to changes in the price of goods, will affect, but not significant in determining the price of goods.

The same thing was also stated by Ika Purnama that it turns out that tax is very influential on sales which always increases the price of the goods offered. So that only affects the bid function. While the demand function has not changed at all (Purnama, 2016). Likewise with Jasmine (2018) that Tax has a significant positive effect on transfer pricing decisions. Tax gives a direct and significant influence on transfer pricing. However, in this analysis, it looks from the perspective of consumers, so that prices seem to

increase even though the additional tax charged is only collected by the minimarket and then deposited to the state.

However, when viewed from the application of taxes on minimarkets, a direct tax is the most important factor in shaping the pricing (0.722), even the entire tax variable (3.7) also does not provide the level of prices desired by the minimarket. (4,3), even though the tax set by the minimarket is a burden that must be paid by the minimarket to the state.

Import duties have no effect on pricing. This means that the entry tax does not affect the pricing done by the minimarket. This is consistent with the opinion of Litna Nurjannah which shows that the export tax does not significantly influence the domestic price of North Sumatra cocoa beans. The average price of dry beans of North Sumatra cocoa before the implementation of export taxes is the same as the average after the imposition of export taxes (Ginting & Fauzia, 2013). This means that no matter how large the import duty tax does not affect the selling price of the product on the minimarket, because the products sold are generally primary needs products. Unlike the case in the price of products including tertiary needs which tend to be greatly influenced by taxes, for example; luxury watches and motorized vehicle products. The context will be different from the thought of Ibn Khaldun which states that tax is one of the determining factors of price. This is because at the time of Ibn Khaldun dominating foreign trade so that the applicable taxes were import duties and other taxes in the form of *jjzyah* and *kharaj*. The current context of the applicable tax is the import duty on imported goods. Almost all products sold in the minimarket are domestic products.

Direct tax consisting of income tax does not have an effect on price-fixing. This means that income tax is not a determining factor in setting prices. The total tax paid depends on the total income. The tax value will be paid after total income is reduced by non-taxable income. No matter how much tax is determined does not matter in pricing. This is in accordance with the Taxation Law, every sale and purchase transaction must obtain profits and profits obtained by entrepreneurs, that is what is an income. So that the subjective conditions of individuals and entities (entrepreneurs) and objective conditions are (profits/income) have been fulfilled. Seeing from the subjective and objective conditions which are requirements to become taxpayers in the income tax law, then individual entrepreneurs and domestic entities that conduct trade can be subject to income tax if the income exceeds the stipulated non-taxable income (PTKP) In Article 7 paragraph (1) of Law No. 36 of 2008 concerning Income Taxes (Makalalag, 2016).

This means that tax has no influence on pricing. No matter how big the tax paid by consumers will not affect the price determination. This tax is only collected by the minimarket then submitted to the state. Directly and indirectly, this tax has no effect on determining sales prices on minimarkets.

## CONCLUSION

Based on the results of the study it can be concluded that there is no significant effect of tax on pricing. This means that taxes are not a consideration in setting prices. The tax is applied after the price is set by the company. Taxes are based on income from minimarkets. Price becomes a measure for consumers when they have difficulty in assessing the quality of complex products and are offered to meet the needs and desires of consumers. Besides that, taxes become the obligation of citizens to the country, not least for the owners of companies in running their businesses. So generally business owners apply tax on every product sold to consumers. So, mistakes in pricing and applying taxes on products sold will have long-term consequences.

## Acknowledgment

This research is expected to contribute to the determination of policies in minimarkets in Bone Regency. Thank you to the minimarket in Bone Regency and UIN Alauddin Makassar for providing an opportunity to research more deeply the tax system and pricing in the minimarket.

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