

Legal politics regulation of *self assessment system* principles for taxpayer property reporting in general provisions and taxation procedures

Regulamentação da política jurídica dos princípios do sistema de autoavaliação para relatórios de propriedade do contribuinte em disposições gerais e procedimentos fiscais

Política legal Regulación de los principios del sistema de autoevaluación para la declaración de propiedades del contribuyente en disposiciones generales y procedimientos tributarios

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Abstract

At the level of taxpayer obligations (tax consciousness), there must be an awareness of every taxpayer to calculate, pay, and report assets which are the obligation of every citizen and taxpayer compliance with tax laws and regulations. In addition, every taxpayer has a willingness for someone's desire and desire to pay taxes that can be interpreted as a value contributed through regulations by not obtaining direct (contra-achievement) services. This

research is holistically the duty of the Directorate General of Taxes to carry out guidance and supervision in cutting or collecting taxes, due to inaccuracies that have resulted in administrative sanctions in the form of a 200% fine from the lack of tax deductions or collection. The human resources possessed by the tax authorities are actually not ready to implement the self-assessment system and certain interests have emerged to do tax avoidance, tax evasion, and tax mindedness.

Keywords: Political law; Indonesian taxation; Self assessment system.

Resumo

Ao nível das obrigações do contribuinte (consciência fiscal), deve haver a consciência de cada contribuinte para calcular, pagar e reportar ativos que são obrigação de cada cidadão e contribuinte o cumprimento das leis e regulamentos fiscais. Além disso, todo contribuinte tem uma disposição para o desejo e desejo de alguém de pagar impostos, o que pode ser interpretado como um valor contribuído por meio de regulamentos por não obter serviços diretos (contra-realização). Esta investigação incumbe de forma holística a Direção-Geral dos Impostos de realizar orientação e fiscalização no corte ou cobrança de impostos, devido a imprecisões que resultaram em sanções administrativas na forma de multa de 200% por falta de deduções ou arrecadação de impostos. os recursos humanos possuídos pelas autoridades fiscais não estão realmente prontos para implementar o sistema de autoavaliação e certos interesses surgiram para a evasão fiscal, evasão fiscal e mentalidade fiscal.

Palavras-chave: Direito político; Tributação da Indonésia; Sistema de autoavaliação.

Resumen

A nivel de las obligaciones del contribuyente (conciencia tributaria), debe existir una conciencia de cada contribuyente para calcular, pagar y reportar los activos que son obligación de todo ciudadano y contribuyente en el cumplimiento de las leyes y regulaciones tributarias. Además, todo contribuyente tiene una disposición por el deseo y el deseo de alguien de pagar impuestos, lo que puede interpretarse como un valor aportado a través de regulaciones al no obtener servicios directos (contra-logro). Esta investigación es holísticamente deber de la Dirección General de Tributos de llevar a cabo la orientación y supervisión en el recorte o recaudación de impuestos, debido a inexactitudes que han derivado en sanciones administrativas en forma de multa del 200% por la falta de deducciones o recaudación tributaria. Los recursos humanos que poseen las autoridades fiscales en realidad

no están preparados para implementar el sistema de autoevaluación y han surgido ciertos intereses para la evasión fiscal, la evasión fiscal y la mentalidad fiscal.

Palabras clave: Derecho político; Tributación de Indonesia; Sistema de autoevaluación.

1. Introduction

Political law talks about the purpose of law in a simple way. The politics of law in the formation of Indonesian tax laws and regulations have a legal objective to characterize and reform Indonesian taxation. The legal politics of the taxation system in Indonesia has become a paradigm of changing the character of how to pay taxes and the awareness of implementing a tax collection system, namely a change in the taxation system from an *official assessment system* to a *self-assessment system*.

There is a legal political paradigm why in 1967 the official assessment system was changed to a *self-assessment system* in 1983.(Hofmann et al., 2014) The basic assumption of the researcher confirms that why it is changed, and it needs to be changed as well as at that time it does not mean that geographic location is the basis for the change, especially the fiscal and monetary policy crisis during the old order and tax officials had difficulty in determining the tax collection system at that time, so that a new policy system is made regarding the implementation of the *self-assessment system*.(Solikin, 2018) If you look more deeply, the *self-assessment system* is based on giving trust to each registered taxpayer to carry out his own tax obligations, starting from registering himself, then calculating, depositing and reporting the tax owed. The *self-assessment system* provides serious consequences for taxpayers who do not fulfill the tax obligations imposed on them. The legal consequences that must be accepted by each taxpayer are administrative sanctions, namely fines, interest and an increase in the amount of tax payable.(Dormontt et al., 2015)

The *self-assessment* model in a taxation system is considered more appropriate than the official assessment model, this is because the taxpayer knows accurately and in detail about the amount of assets and assets they own and are eligible to become tax objects. The weakness of the *self-assessment system* can be seen from the accuracy of the amount of tax collected by the government, which is highly dependent on the honesty of paying taxes for each taxpayer.(Musadieq & Nurtjahjono, 2015)

Other weaknesses in the self-assessment system are due to weak legal certainty, which results in inconsistencies in tax calculation reports and pending tax assessments (tax assessments). However, if there is a mismatch within 5 (five) years, the Taxpayer will be

subject to administrative sanctions in the form of fines and interest. If at the level of tax administration action, the state is better off using the tax authority in exercising power and authority and it is more appropriate to use the determination system by means of the *official assessment system*, where the tax authorities determine and determine the amount of tax administration rates and the taxpayer is passive, even the authority *Fiscus* is dominant enough to calculate and determine tax debt.(Siat & Toly, 2013).

At a philosophical level, the state should be firm in applying the taxation system to every taxpayer owed, but the state chooses not to be firm so that taxpayers who have not reported their assets will immediately voluntarily report it. In the context of the constitutional state of Indonesia, there is a recognition of human dignity which in general attaches the source of the state philosophy.

Based on this background, the researcher formulated the problem, namely why there was a change in legal politics in a taxation system in the official assessment system being changed to a *self-assessment system* ; and why the Indonesian state uses the basis of the tax system regulation based on the principle of *self assessment system* for reporting the assets of taxpayers.

2. Methods

This dissertation research is normative legal research. Normative legal research is research that examines legal issues from a legal perspective in depth on established legal norms. The normative legal research method is intended to study the regulation of *self-assessment systems* in Indonesia.(Michael, 2019).

3. Research Results and Discussion

The Political Rationale of Taxation Law on the Construction of the Self-Assessment System in the Positive Dimensions of Indonesian National Law.

There are 3 (three) main aspects when there is a lack of tax officers in carrying out this tax collection activity, causing obstacles in implementing this system(James & Alley, 2002), including the sending of Annual Notification Letter, especially on taxpayer inspection and counseling.

The sending of an annual notification letter by the tax office brings consequences to the work of tax officers, because this annual tax return is only sent by the tax office after the tax year ends. At that time, in order for this Annual Notification Letter to be received by the taxpayer before maturity, the delivery must be made early.

There are several things that must be sent an Annual Notification Letter for all taxpayers, if they already have a Taxpayer Identification Number, both individual and corporate taxpayers. Audit and checking of Annual Notification Letter that have been filled in by each Taxpayer. If you look back at the audit stages, then in implementing the tax collection system, of course using the *official assessment system* because it takes precision and accuracy for the tax authorities in viewing and analyzing the tax database, whether the Annual Notification Letter is in accordance with what was reported or outside of other assets, still there is income that has not been disclosed, so it must be reported again after there is a follow-up report on the correction of the Annual Notification Letter.

The limited number of extension personnel at the Tax Counseling Office, due to the lack of extension personnel, also results in a lack of information received by taxpayers and as a result, in filling out the Annual Notification Letter, there are many mistakes. In addition, there is no clear information delivery, database of each taxpayer through the form of mass outreach and it is necessary to worry about using a tax consultant to compile tax reports which will later be reported to the Tax Office in certain areas.

There needs to be an adjustment between a written law and the development of a society's life. This adjustment is intended to provide a greater sense of justice for the community in accordance with the situation and conditions. Teleological interpretation is expected to shape certain behavior in society, however, do not let the judges of the tax court interpret the law subjectively, so that it creates injustice.

The conditions for filing an objection as referred to in Article 25 paragraph (2) and paragraph (3) of the General Tax Provisions Law or the terms of appeal as referred to in Article 27 paragraph (3) of the Law on General Tax Provisions, which shall not be carried out by the Obligatory Taxes who are illiterate or illiterate in Latin, then the tax officer in charge of it and the Secretary of the Tax Court must act as a clerk who writes down the intent of the taxpayer and reads it out before the taxpayer gives his fingerprint.

Several things that need to be considered in examining in depth the tax laws and regulations regarding the enactment of the *self assessment system* are the active resistance of the Taxpayer in all tax actions and actions which can complicate direct tax collection by addressing the tax authorities in order to avoid taxes.

Avoidance of self by changing the packaged product. Actually, in regulating clean water that is free from Value Added Tax, it is clean water that flows through pipes by drinking water companies. The regulation is the implementation of Article 16 letter b paragraph (1) of Law of the Republic of Indonesia Number 42 of 2009 concerning Value Added Tax.

Many companies still impose this tax on the public. Usually, those who collect the fees are companies that sell water not through pipes. Water companies distribute clean water through tank cars and supply drinking water refills. This arrangement can be done for tax avoidance when taking mineral water directly from the source.

Although this evasion of taxes is generally inappropriate, it cannot be said to violate the law, so it is still possible for the community to do so without bearing responsibility and sanctions.

Legal Implications of the Taxation System in Indonesia on the Enactment of the Principle of *Self Assessment System* for Reporting the Assets of Taxpayers.

A resistance to taxes is the obstacles that exist or occur in efforts to collect taxes. (Suandy, 2016) characteristics and types of tax resistance include:

1. Passive Resistance, this passive resistance to taxes is closely related to the socio-economic condition of the people in the country concerned. In general, the community does not make a systematic effort in order to inhibit state revenue, but rather because of the habits that apply in society.

2. Active resistance, active tax resistance is a series of attempts by taxpayers to not pay taxes or reduce the amount of taxes that should be paid.

Some of the things mentioned above, it is necessary to have an effective tax audit on each taxpayer when carrying out a tax fight. Many taxpayers are audited to avoid taxes in the form of increasing the amount of costs, not recognizing purchases, so that sales are not reported, however many taxpayers do not fight back taxes after being audited, but there are still some taxpayers who have not been deterred after being examined. (SOFIYA, 2019) In large companies or other entities, tax audits can be deterrent, and rarely do they repeat themselves. In contrast to small taxpayers, including individual taxpayers. If you look at its effectiveness, the tax audit is quite effective for Taxpayers who do *Tax Avoidance* (Gallemore & Labro, 2015) and *Tax Evasion* (Alm et al., 2016) not to fight against taxes.

On a philosophical point of view, paradigmatic occurs through John Stuart Mill, the most influential British utilitarian figure. In his book *Principles of Political Economy*, Mill says that although the government aims to protect its citizens, it is also responsible for protecting citizens who are socially unable to help themselves. (Mussey et al., 1911) Thus the benefits approach has a conceptual flaw.

Mill said that everyone thinks to carry out their obligations *fairly* when each person has contributed according to what they have, namely equal sacrifice for common objects. Even so, Mill agrees with the *ability-to-pay* principle, but he does not agree with a form of tax such as a progressive income tax.

Self-assessment system is applied based on the trust of the authority of power given to taxpayers where taxpayers are given the freedom to carry out their tax obligations. (Kusuma et al., 2016) Taxpayer Compliance is an act of taxpayers on their tax obligations which are regulated by applicable laws. (Muehlbacher et al., 2011).

The taxpayer compliance framework can be seen from the trust of taxpayers and tax authorities as the tax authorities. This is related to tax morale, tax discipline, knowledge, fines, tax audits, tax rates, attitudes, norms and fairness referring to the strength of tax authorities and the trust of taxpayers. (Johan et al., 2019)

With the implementation of the taxation system currently in use, namely *self-assessment*, where its use requires public participation in tax payments. In order for this system to run well, high tax compliance from taxpayers is required.

Compliant taxpayers are automatically aware that they have an obligation to pay taxes without having to be forced, because when taxpayers do not comply and do not fulfill their obligations, they must be prepared to accept the consequences. Such as the application of administrative sanctions in the form of interest, fines and tax increases. (Arliman S, 2017).

4. Conclusion

Changes in legal politics in a taxation system in the *official assessment system* were changed to a *self-assessment system* because the Indonesian tax laws and regulations in the Dutch Colonial Era had not been able to perfect and adapt all policies in improving the tax system and what the Indonesian people aspired to do and national development which touches on taxation; on the taxation system and mechanism, the perspective of each taxpayer must be provided with guidance, awareness and supervision by tax officials in carrying out tax obligations necessary for state financing and national development; and the interests of the

authorities in implementing taxation policies in the colonial era until the reformation was directed at pursuing the maximum tax revenue target into the state treasury without being followed up by reforms in the bureaucracy or the tax collectors themselves.

Taxpayers must understand that they are legal subjects and not legal objects. With this understanding, legal justice will be achieved.

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