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Analysis of Citizens' Tax Avoidance Actions Based on Tax Laws in Indonesia

Eriyan Rahmadani Dianova
Law Studies, Faculty of Law, Tarumanagara University, West Jakarta, Province of DKI Jakarta, Indonesia
Email: eriyan.205210009@stu.untar.ac.id

Abstract

Tax avoidance is an effort to avoid taxes that are carried out legally and safely to taxpayers in accordance with applicable tax regulations. This is because the methods and techniques used are based on exploiting the weaknesses contained in the tax laws and regulations. This type of written research method is qualitative depending on the type of document. Qualitative research is a type of research whose results are not based on statistics or other calculations. Application of high tax rates is also an obstacle because it burdens taxpayers. Other disabilities include: Regulations that apply the law are often inconsistent with the law. There are many formal and informal taxes at the central and regional levels. Weak law enforcement, complicated bureaucracy, and so on, will certainly help achieve good governance in the form of clean and authoritative government, if done properly. Indonesia does not yet have strong enough regulations to regulate tax avoidance. This is because Article 18 of Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax only regulates one taxpayer effort to avoid taxes, namely the only application of the concept of transfer pricing. On the other hand, other forms of tax avoidance are not regulated. Therefore, the state needs to reform its tax system.

Keywords: Tax, Tax Avoidance, Law

INTRODUCTION

Self Assessment System This is a method used in the Indonesian tax system to increase taxpayer compliance. In general, a self-assessment system is a way of paying taxes that gives freedom to taxpayers in calculating, paying and reporting their taxes (Herlina & Toly: 2013). This method shows that the Indonesian tax system is based on the trust of taxpayers to pay their taxes. The self-report regime regulated in Article 12 of Law Number 6 of 1983 concerning General Regulations and Tax Procedures, as amended by Law Number 16 of 2009 (UU KUP), essentially has one meaning, which includes: all taxpayers can proactively fulfill their tax obligations without waiting for a tax determination by the tax authority (fiscal). Tax calculations are temporarily considered as calculations based on applicable regulations. The tax authority has the authority to calculate the amount of tax reported by the taxpayer as long as the tax authority has data that the taxpayer has made an incorrect calculation. A tax assessment letter will be issued after the audit procedures are regulated in the tax law.

Naturally, countries apply this self-assessment system based on their desire to involve their citizens in government-led national development. Because development requires large amounts of funds, citizens are expected to make a significant contribution to the state-sponsored development process through the payment of taxes. This aims to increase taxpayer compliance by taxpayers. However, in practice this does not work as expected. In fact, taxpayers interpret this method as a loophole for tax evasion, because there is no excessive enforcement or oversight from the tax authorities. Efforts to minimize the tax burden for taxpayers. This is known as creating a tax plan, or more generally tax planning. The tax planning system is implemented in various ways, namely by complying with applicable law or violating any legal provisions (Suandy: 2008). In the event that an act violates the provisions of the law, it is carried out by means of tax evasion or tax evasion. This time, we will focus on tax avoidance for taxpayers to realize a low tax burden.

Tax Avoidance This is an effort to avoid taxes that are legally and safely administered to taxpayers in accordance with applicable tax laws, and the methods and techniques used rely on exploiting weaknesses in tax laws and regulations. The purpose of corporate tax avoidance is to minimize taxes paid and maximize company profits. Therefore, tax avoidance is a unique and complex problem, because tax avoidance is not against the law and is not wanted by the government (Faizah & Adhivinna: 2017).

Tax evasion by taxpayers can have a severe impact on government revenue, with the government suffering losses or a lack of revenue from the tax department. Declining government revenues can hinder a country's development because government revenues are used for things like improving education and building public infrastructure. State development is used for the welfare of society. Currently, the Indonesian people are also aware of the importance of paying taxes and believe that avoiding the tax burden can result in state losses. However, for taxpayers, entrepreneurs or business actors, tax evasion still occurs. According to him, tax avoidance must be done because the tax burden is too large.

Many companies in Indonesia do tax avoidance. This is evidenced by tax revenues falling below the government's revenue target due to tax evasion, where shareholders expect multiple returns on their investment in the company. Reducing the tax rate means more profits for businesses and less tax revenue for the government (Yanti & Rusung: 2018). Currently, the regulations regarding income tax in Indonesia have more or less explained about regulations that are almost the same, for example tax avoidance. The regulation is contained in Article 18 of Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax. The regulation regulates the specific anti-avoidance rule. From the explanation of the background above, the formulation of the problem in this writing includes: Is the Tax Law System in Indonesia optimal? What are the government's efforts in dealing with cases of tax avoidance?

RESEARCH METHODS

This type of written research method is qualitative depending on the type of document. Qualitative research is a type of research whose results are not based on statistics or other calculations (Basrowi & Nasrowi: 2008). The qualitative research tool is the researcher himself. One of the data sources used was a literature survey, and the research results were obtained without field work using library materials. We used a qualitative description method.

RESEARCH RESULTS AND DISCUSSION

Problems of the Tax Law System in Indonesia

Even though the tax law has been promulgated and implemented in Indonesia, there are still many fundamental problems and obstacles in its implementation. This has a significant impact on the performance of tax revenues as a source of state revenue. The various limitations caused by various factors are described below. The government does not reach the general public as taxpayers about the importance of paying taxes, the benefits of paying taxes, and the sanctions faced by taxpayers. neglect their duties. In addition to low awareness of Human Resources (HR) knowledge, taxpayers do not understand the importance of paying taxes and do not know how to own, register, calculate and own tax objects used in management reports.

The economic level of some taxpayers is very low, and this will have a strong impact if taxpayers still prioritize basic expenses such as tuition and medical fees over paying taxes. The database is still far from international standards. The database is very important for checking the legitimacy of tax payments in a self-disclosure system. This situation makes empirical studies aimed at testing tax compliance difficult. Taxpayers can make statements and reports that are not in accordance with the actual situation. A complete and accurate database has an impact on the effectiveness of law enforcement and tax compliance.

In addition, taxpayer compliance has an impact on tax revenues. The lack or lack of public awareness that taxpayers pay their taxes to the state is a form of resistance. The taxpayer's perception that paying taxes properly is pointless is ultimately pointless, aimless, and even abused by some tax authorities. The level of taxpayer compliance that is still low creates a large gap between the amount of tax payable and the amount of tax payable. High-income taxpayers tend to be more conservative in reporting their tax obligations and are thus more likely to comply than low-income taxpayers.

Application of high tax rates is also an obstacle because it burdens taxpayers. Other disabilities include: Regulations that apply the law are often inconsistent with the law. There are many formal and informal taxes at the central and regional levels. Weak law enforcement; If the bureaucracy is done well, it will certainly help achieve good governance in the form of a clean and authoritative government. The existence of tax barriers is an obstacle that exists or arises in efforts to collect taxes. The control resistance can be divided into two parts, Here are the parts:

1. Passive Resistance. This passive tax resistance is closely related to the socio-economic situation of the people in each country. In general, communities do not make concerted efforts to block government revenues, due to common practice in the community. Example: Indigenous Village Community Savings You buy a house or gold not because you want to avoid income tax on interest, but because you are new to banking.
2. Active Resistance. Active tax resistance is a series of attempts by taxpayers not to pay taxes or reduce the taxes they pay. Active resistance can be divided into two parts: tax avoidance and tax evasion.
3. Tax Avoidance. Tax avoidance (tax avoidance) This is an effort to reduce the law by using clauses of the Best Rules in the field of taxation, such as allowable exclusions and deductions, and the advantages of unregulated matters and losses that exist in the current tax rules.
4. Tax evasion. Tax evasion Tax deductions made in violation of tax laws, such as providing false information or withholding information. Therefore, tax evasion can be prosecuted.

Government Efforts in Handling Cases of Tax Avoidance Actions

Indonesia does not yet have regulations that are strong enough to regulate tax avoidance. Because Article 18 of Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax only regulates one of the efforts made by taxpayers to avoid paying taxes, namely by only applying the concept of transfer pricing. Meanwhile, other ways of tax avoidance have not been regulated. Therefore, it is necessary for the state to reform the tax system. Because taxes are an important sector for state revenues. With the tax reform carried out by the government, it is hoped that taxes can become the main source of income for the state. Until now, the tax system in Indonesia has been changed or updated 5 (five) times since the government introduced the tax reform in 1983. However, these reforms still have not reached the ideal and strong regulations. This can be seen from the many tax avoidance actions recently carried out by taxpayers.

In terms of improving regulations on tax avoidance practices in Indonesia, the author wants to provide a solution in the form of reforming or updating the tax system. This renewal can be carried out by rediving the tax authority and establishing new laws and regulations under one legal umbrella. The redivation of the tax authority is a reform of the tax authority institution and its human resources as an effort to tackle tax avoidance practices that are carried out by individuals or companies. Redivation needs to be done because the role of the Directorate General of Taxes in collecting taxes is decreasing from time to time. This can be seen from two indicators, namely the trend of decreasing tax ratios for ten years (Sihombing: 2020). The Tax Ratio is a measure of the efforts made by the government in terms of absorbing taxes from the total GDP (Gross Domestic Product).

This redivation is carried out by giving authority to the tax authorities and forming tax authority employees to be more competent by providing related knowledge. This was done to be able to overcome tax avoidance practices by taxpayers. Furthermore, in terms of renewing tax regulations in Indonesia, this can be done by establishing new laws using a fast method (simplification). The substance must be able to deter tax avoidance perpetrators, namely by imposing criminal sanctions of confinement. Because so far the law governing taxes only contains fines criminal sanctions. Not only that, the substance of the new tax law must also contain strict prohibitions on tax avoidance practices along with the concepts of action. In Law Number 12 of 2011 concerning Formation of Legislation (hereinafter referred to as UUP3) explains the process of forming statutory regulations is carried out in 5 (five) stages, namely, planning, preparation, discussion, stipulation/approval, and finally promulgation.

CONCLUSION

Tax avoidance (tax avoidance) is a legal reduction effort that is carried out by optimally utilizing the provisions in the field of taxation such as exemptions and deductions that are allowed as well as benefits of matters that have not been regulated and weaknesses that exist in regulations applicable taxation. The application of high tax rates is also an obstacle, because it is burdensome for taxpayers. Other obstacles are: Regulations implementing laws are often inconsistent with laws; the large number of official and unofficial levies both at the central and regional levels; weak law enforcement (law enforcement); convoluted bureaucracy and so on which should, if done well, certainly help in realizing good governance in the form of a clean and authoritative government.

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