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## SELF ASSESSMENT IN TAX LAW

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### ABSTRACT

#### KEYWORDS

Self Assessment System,  
Taxes, Taxpayers

Indonesia has changed the tax collection system several times, starting from the official assessment system, semi-self assessment system, withholding system to the self-assessment system. In the self-assessment, the taxpayer will be given confidence in calculating, calculating the tax payable independently and then depositing and reporting to the registered tax service office. This study aims to determine how the implementation of the self-assessment system to taxpayers. This research method uses normative juridical, namely the study of library materials which include primary legal materials, secondary legal materials and tertiary legal materials, both in the form of documents and statutory regulations. The results of the study show that the self-assessment system applied has not been able to change taxpayers in carrying out tax activities independently and honestly. The law gives trust to taxpayers with a self-assessment system, but is not accompanied by good legal awareness by taxpayers. Supervision and application of sanctions that are not optimal result in high violations committed by taxpayers.

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### INTRODUCTION

National development is strongly influenced by tax revenues obtained from citizens to be able to maximize various infrastructure and national economic developments. This aims to improve the welfare of the Indonesian people both materially and spiritually (Edy, Putra, & Riyanti, 2017).

As a source of state revenue, taxes greatly support national development and meet state spending (Novitaningsih et al., 2019). Tax revenue is a source of income that is obtained periodically and can be optimal according to the needs of the government and the conditions of society (Hutagaol, 2007).

Law of the Republic of Indonesia Number 28 of 2007 concerning General Provisions and Procedures for Taxation which has been merged into Law Number 7 of 2021 concerning Harmonization of Tax Regulations defines taxes as a mandatory contribution to the state owed by individuals or entities that are coercive under the Law - Act, by not getting compensation directly and used for the needs of the state for the greatest prosperity of the people.

According to Soemitro, who defines that tax is an agreement that arises because of a law that causes the obligation of citizens to deposit a certain amount of income to the state, the state has the power to force, and the tax money must be used for government administration (Sutedi, 2008).

Soeparman Soemahamidjaja also defines taxes as mandatory contributions, in the form of money or goods, which are collected by the authorities based on legal norms, in order to cover the costs of producing collective goods and services to achieve common prosperity (Brotodihardjo, 1998).

According to Mardiasmo, taxes are people's contributions to the state treasury based on law (which can be enforced) by not receiving lead (contra-achievement) services

that can be shown directly and used to pay public expenses (MARDIASMO, 1987).

Tax is one of the biggest sources of funding for the state. Taxes in Indonesia are a crystallization of people's contributions to the state treasury based on the law so that they can be imposed without receiving direct remuneration (Thohari, 2018).

Taxes are a source of state revenue, thus requiring serious attention from both the government and the public, especially regarding tax procedures and processes and mechanisms in the tax collection system in Indonesia (Suastika, 2021).

The public as taxpayers have a negative perception of the tax authorities regarding tax procedures as explained by Sumantri as follows (Sumantry, 2011).

1. Taxpayers consider that the tax collection procedure is full of bureaucracy and difficult administration.
2. A complicated administrative process that aims to benefit the tax authorities.
3. Thinking that "the tax authorities are king" makes taxpayers afraid to pay taxes independently.

Indonesia's applicable tax collection system has undergone several changes in the implementation of the tax collection system starting from the official assessment system, semi-self assessment system, withholding system and self assessment system (Nisa, 2017). The self-assessment system is the latest system implemented in Indonesia.

Tax reform in Indonesia in 1983 began to improve the tax collection system, which originally used the official assessment system to become a self-assessment system (Sakinah, 2018). This self-assessment system was put into effect on January 1, 1984 based on Law Number 6 of 1983 concerning General Provisions and Tax Procedures. Then it underwent 5 (five) amendments, namely Law Number 9 of 1994, Law Number 16 of 2000, Law Number 28 of 2007, and finally Law Number 7 of 2021 concerning Harmonization of Tax Regulations.

It is hoped that this self-assessment system can be carried out in a neater, controlled, simple and easy way for members of the Taxpayer community to understand and with this system it is hoped that the implementation of tax administration which was originally convoluted and bureaucratic will be eliminated (Misman, 2016).

In this self-assessment system, taxpayers are entrusted with calculating and calculating their own taxes owed and then depositing and reporting them to the tax service office where the taxpayer is registered. Further explanation regarding the self-assessment system is contained in article 12 of Law no. 28 of 2007 concerning General Provisions and Tax Procedures, namely:

1. Every taxpayer pays the tax owed based on the provisions of the tax laws and regulations, without taking into account the existence of a tax provision letter.
2. The amount of tax payable according to the notification letter submitted by the taxpayer is the amount of tax payable according to the provisions of the tax laws and regulations.
3. If the director general of taxes obtains evidence that the amount of tax payable according to the notification as referred to in paragraph (2) is incorrect, the director general of taxes determines the amount of tax payable.

Great freedom and responsibility is given to taxpayers in carrying out their tax obligations accordingly. The self-assessment system will be implemented successfully if it fulfills several requirements that are expected to exist in every taxpayer, namely

1. Awareness of the taxpayer (tax consciousness)
2. Taxpayer honesty.
3. Willingness or desire to pay taxes (willingness to pay).

#### 4. Discipline of the taxpayer (tax discipline) in implementing tax regulations.

This self-assessment system that is implemented allows taxpayers to manipulate data on their income, because the tax authorities do not interfere in the process of calculating the taxpayer's income tax. Therefore, in order to make it easier for the tax authorities to carry out their work, in 2013 the Government passed Government Regulation Number 46 of 2013 concerning Income Tax on Income from Business Received or Earned by Taxpayers Who Have Certain Gross Turnover.

So taxpayers who work as business actors and have gross income below IDR 4.8 billion, then these taxpayers will be subject to a final tax of 1% of gross income every month, this is based on article 2 paragraph (2) of Government Regulation Number 46 2013. This regulation came into force in July 2013.

Many taxpayers do not yet have awareness of the importance of fulfilling tax obligations both for the state and for themselves as good citizens. In these conditions the existence of a self-assessment system allows taxpayers to commit tax fraud such as the occurrence of tax evasion which is based on several reasons such as the lack of government socialization to the reluctance of taxpayers who feel they are not getting any compensation from the government, for example the procurement of public facilities. Giving great trust to taxpayers is naturally balanced with monitoring instruments, for this purpose the tax authorities are given the authority to carry out tax audits.

Taxpayers in Indonesia lack awareness of the obligation to pay taxes, this is caused by various things such as high tax rates, responses regarding the importance of taxes, and thinking that taxes are only a burden for taxpayers. In accordance with Article 2 of Law Number 7 of 2021, taxpayers greatly influence the self-assessment system on tax revenue as a source of income (Maulida & Adnan, 2017).

Various studies conducted also state that the level of leakage in taxes results from the implementation of the current tax collection system (Novitaningsih, Diana, & Afifudin, 2019). This low awareness causes taxpayers to continue to look for ideas or ways so that taxpayers can pay their taxes as little as possible so as to avoid large tax collections (Purnawan, 2011).

Tax sanctions are needed to be able to provide lessons for tax offenders as a result of non-fulfillment of tax obligations by taxpayers as mandated in the Tax Law (Arifin & Nasution, 2017). Sanctions as a guarantee that the provisions set out in the Law will be complied with (Kusnadi, 2019). It can be said that sanctions are a deterrent so as not to violate tax norms.

This sanction will have an impact on fulfilling tax obligations by taxpayers. Taxpayers will comply due to severe sanctions due to illegal actions in their efforts to smuggle taxes (Devano & Rahayu, n.d.).

Based on this description, the authors are interested in conducting research on self-assessment in tax law to find out how the self-assessment system is implemented and the sanctions given to taxpayers.

#### **Definition of Tax**

The government has hopes for all taxpayers regarding tax payments without fraud. So people should be aware of their obligation to pay taxes. Communities must pay taxes correctly in accordance with applicable laws and regulations.

Tax is a collection of contributions collected from the public as taxpayers with an imposing nature in accordance with applicable regulations (Sulistyowati & Sabila, 2018). The tax will be included in the state treasury which is used for the benefit of the community again.

Taxes are mandatory contributions in the form of money or goods collected by the authorities based on legal norms in order to cover the cost of producing collective goods and services in achieving general welfare.

According to the official Siti who quoted Djajadiningra as expressing her opinion that tax is an obligation to surrender part of the state's assets due to an event, condition, and action that gives a certain position. This levy is not a law, but based on the laws and regulations set by the government it can be enforced (Resmi, 2016).

Waluyo added that taxes are mandatory contributions in the form of money or goods collected by employers based on legal norms (Waluyo & Sc, n.d.). Based on various definitions of tax, it can be concluded that the characteristics of tax (Sinaga, 2018) are as follows.

1. Taxes are collected based on the Law, where this is stated in Article 23A of the 1945 Constitution which states that "Taxes and other levies that are coercive for state needs are regulated in the Law."
2. Do not get reciprocal services.
3. Tax collection is intended for general purposes by the government in order to carry out government functions, either routinely or not.
4. Tax collection can be forced.
5. Having a function as a budgetary or budgetary and regulatory function.

According to Soemarso who stated that the tax function in government consists of two, namely as follows.

(1) Function of Budgetair (Source of State Finance)

Taxes are a source of government revenue to finance both routine and development expenditures.

Example: tax revenue for the State Revenue and Expenditure Budget (APBN)

(2) Regularend Function (Controller)

Tax as a tool to regulate or implement government policies in the social and economic fields, as well as achieve certain goals outside the financial sector. An example is as follows.

1. Provision of tax incentives to increase domestic and foreign investment.
2. Imposition of export tax for certain products.
3. Imposition of import duty and sales tax on luxury goods.

The general tax functions that will be imposed on the public are grouped into four functions (Soemitro, 1988), namely as follows.

1. Financial function (budgeter)

Taxes are a source of funds for the government to finance government expenditures.

2. Regularend function

Tax as a tool to regulate or implement government policies in the social and economic fields.

Example: high taxes on liquor in order to reduce consumption of liquor.

3. Stability function

The government has funds to carry out policies related to price stability so that inflation can be controlled. This can be done, among others, by regulating the circulation of money in society, collecting taxes, using effective and efficient taxes.

4. Funding redistribution function

Taxes that have been collected by the state will be used to finance all public interests, including also to finance development, so as to open up employment opportunities which will ultimately be able to increase people's income.

So that based on the tax function, Tax is defined according to Article 1 of Law Number 7 of 2021 concerning Harmonization of Tax Regulations the fifth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures namely

"Every Taxpayer who has fulfilled the subjective and objective requirements in accordance with the provisions of the tax laws and regulations must register himself at the office of the Directorate General of Taxes whose working area includes the residence or domicile of the Taxpayer and to him be given a Taxpayer Identification Number."

### **Tax Collection System**

According to Mardiasmo stated that in collecting taxes there are several tax collection systems known, namely as follows.

#### *(1) Official Assessment System*

Suatu A tax collection system that authorizes tax collectors (in this case the government) to determine the amount of tax that must be paid by a person. The amount of a person's tax debt is only known after a tax assessment letter is issued.

The characteristics of this system are the authority to determine the amount of tax payable to the tax authorities (government), the taxpayer is passive, the tax debt arises after a tax assessment letter is issued by the tax authorities

#### *(2) With Holding Tax System*

A tax collection system that authorizes a third party (not the tax authorities or the taxpayer concerned) to deduct or collect the amount of tax owed. The third party that has been determined then deposits and reports it to the tax authorities.

The feature of this system is that the authority to determine the amount of tax owed rests with third parties, parties other than the tax authorities and the taxpayer himself.

#### *(3) Self assessment System*

The taxpayer self-assessment system is given the trust to calculate, calculate the tax owed by themselves and then pay it off and report it to the Tax Service Office where the taxpayer is registered.

In accordance with the principle of self-assessment that applies in Indonesia, taxpayers must know and understand the procedures for calculating income tax and also know the process of depositing and reporting their income tax. The procedures for calculating regulated taxes have been merged into nine chapters which have six scopes of regulation namely General Provisions and Tax Procedures (KUP), Income Tax (PPH), Value Added Tax (PPN), Voluntary Disclosure Program (PPS), Carbon Tax , as well as Excise in Law Number 7 of 2021 Concerning Harmonization of Tax Regulations. The characteristics of this self-assessment system are as follows:

- 1) The authority to determine the amount of tax payable rests with the taxpayer himself.
- 2) Active taxpayers, starting from calculating, depositing and self-reporting the tax owed.
- 3) Fiskus does not interfere and only supervises. However, if the taxpayer is late in reporting or paying taxes, the tax authorities (government) can issue a tax assessment letter.

This self-assessment can only be applied to types of taxes with the category of



central tax such as Value Added Tax (VAT) and Income Tax (PPH). It aims in the calculation process until the reporting can run well.

According to Wirawan and Richard Richard, the tax collection system also includes a semi-self assessment system in addition to the three things mentioned above. semi-self-assessment system is a tax collection system that authorizes the tax authorities and taxpayers to determine the amount of tax one owes (Ilyas & Burton, 2007). In this system, at the beginning of each tax year, the taxpayer determines the amount of tax payable for the current year, which is an installment for the taxpayer who must pay it himself. Only then at the end of the tax year does the Fiskus determine the actual amount of tax payable based on data reported by taxpayers.

### Principles of Tax Collection

The principle of tax collection or better known as The Four Maxims (four principles) of tax collection is described as follows.

#### 1. *Equality*

The principle of balance or fairness means that the tax collection carried out by the tax authorities must be in accordance with the income and ability of the taxpayer, therefore the state may not act discriminatory against the taxpayer.

#### 2. *Certainty*

The principle of legal certainty which determines that all tax collections must be adjusted to the law which if the taxpayer violates it can be subject to legal sanctions.

#### 3. *Convenience of payment*

The timely principle requires that taxpayers must be collected at the right time, such as when the taxpayer receives their income.

#### 4. *Efficiency*

The principle of efficiency requires that the costs for tax collection be as economical as possible, where the levy is not greater than the income of the taxpayer.

Other principles used by various countries including Indonesia consist of four principles which will be explained as follows.

#### 1. Domicile/residence principle

On this principle the state will impose a tax on an income received or earned by an individual and/or entity, where the interest of the individual person is as a resident or domiciled in that country.

This principle does not question where income is subject to tax because this principle combines the principle of domicile (residence) with the concept of taxation on income..

#### 2. Source principle

The state will impose a tax on an income received or earned by individuals and/or entities where the income originates from that country.

This principle does not question who or what the status of the person and/or entity receiving the income is because the basis for taxation is the tax object originating from that country.

#### 3. *Nationality*

This principle will be based on citizenship to collect income tax of persons and/or entities. In this case, it does not matter where the income to be taxed comes from.

#### 4. The principle of nationality

This principle is not concerned with the origin of the income that is the object of tax. Tax will be imposed on income derived from anywhere and income is subject to tax only limited to income derived from sources in the country concerned.

## RESEARCH METHOD

This research is included in the type of normative juridical research in the scope of legal effectiveness. Juridical approach (law is seen as a norm or *das sollen*), because in discussing the problems of this research using legal materials (both written law and unwritten law or both primary legal material and secondary legal material).

The legal research method is carried out by examining library materials or mere secondary materials (Muchtari, 2015). This research is a Normative Juridical Research on issues related to self-assessment in tax law.

The data analysis method is carried out by collecting data through a review of library materials or secondary data which includes primary legal materials, secondary legal materials and tertiary legal materials, both in the form of documents and applicable laws and regulations relating to normative juridical analysis (Benur & Azhar, 2020).

To analyze the legal material that has been collected, this study uses qualitative data analysis methods, namely normative juridical which are presented descriptively, namely by describing a policy related to the tax collection system.

## RESULTS AND DISCUSSION

### *Self Assessment dalam Hukum Pajak*

The main function of taxes is to finance state expenditures, in this case taxes function as budgeters, namely those whose function lies in the public sector and taxes as a source of income for the state treasury (Radjijo, 2007).

Tax reform in Indonesia, which previously adopted an official assessment system, has changed to a self-assessment system. Where originally the tax collection authority was given to the government (*fiskus*) the tax collection authority was given to taxpayers. The function of the government in this case is only as a coach, guide, service, and supervisor.

The function of taxes is to control state policy where the public as taxpayers have a role in controlling various state policies through their representatives in the People's Representative Council (DPR) (Yulistia, 2019). This function is described in two functions, namely the budgetary function and the regular end function.

The outline of the tax is the tax subject and the tax object. The tax subject is the party that is introduced to the tax and the tax object is everything that will be taxed. Taxpayers as tax subjects who have met the objective tax requirements.

According to Law Number 28 of 2007 Article 2 states that taxpayers who have met the subjective and objective requirements are in accordance with the provisions of the applicable laws and regulations. The condition of the taxpayer is reflected in his ability to pay taxes, namely the carrying capacity to take into account as the main basis for determining how much tax is charged to him (Wutung, 2013).

The obligations of the taxpayer contained in the Law are as follows.

1. Must register to get a NPWP as a sign of a taxpayer.
2. Must pay taxes.
3. Obligation to collect PPh.
4. Required to submit a notification letter.
5. Obligation to keep bookkeeping (consisting of records regarding assets, liabilities,

capital, income, and expenses as well as sales and purchases).

6. Obligation to provide information to the tax officials during the inspection

In fulfilling tax obligations, taxpayers must comply with their obligations in carrying out their tax obligations. There are two types of tax compliance (Susena et al., 2018), namely as follows.

1. Formal Compliance

A situation where the taxpayer fulfills his tax obligations formally in accordance with the Tax Law.

2. Material Compliance

A situation in which the Taxpayer substantively fulfills all material provisions on taxation, namely according to the content and spirit of the Tax Law.

Self assessment system as a modern tax collection system. Implementation of a self-assessment system in the tax collection system, one of which is Income Tax (PPH), is to give confidence to taxpayers to calculate, calculate, deposit and report the amount of tax owed themselves.

Calculating means that the taxpayer calculates the overall income that the taxpayer earns and then determines the amount of PKP and PTKP of each of these taxpayers so that the amount of tax to be paid is obtained. Furthermore, taking into account means that taxpayers have the right to pay their income tax directly at the end of the tax year or by paying it every month. Then reporting, reporting means that the taxpayer comes to the office to fill out and submit the SPT PPh, filling out the SPT must be done truthfully because in this case the tax authorities have given full confidence to the taxpayer to calculate the amount of tax to be paid himself. After reporting, the next thing to do by the taxpayer is to deposit, deposit or pay taxes, which can be done directly by coming to the tax office, or it can also be done using the e-billing system.

The legal basis for implementing this self-assessment system is Law Number 7 of 2021 Concerning the Harmonization of Tax Regulations. However, if in practice the tax authorities find discrepancies from the data submitted by the taxpayer, the tax authorities will examine and cross-check the correctness of the tax data that has been reported by the taxpayer.

We can see self-assessment in Law Number 7 of 2021 Concerning Harmonization of Tax Regulations which is described in 3 paragraphs which will be explained as follows.

1. Every Taxpayer is obliged to pay the tax owed in accordance with the provisions of the tax laws and regulations, without relying on the existence of a tax assessment letter.
2. The amount of tax payable according to the notification letter (SPT) submitted by the Taxpayer is the amount of tax payable in accordance with the provisions of the tax laws and regulations.
3. If the Director General of Taxes obtains evidence that the amount of tax payable according to the SPT as referred to in paragraph (2) is incorrect, the Director General of Taxes determines the amount of tax payable.

Even though the taxpayer has carried out his obligations according to the self-assessment system, it does not mean that it is no longer possible for the taxpayer to be examined (Imron Rizki, 2018). That is, the government, in this case represented by the Directorate General of Taxes, can carry out tax audit actions against taxpayers if it is known that the taxpayer is not correct in carrying out his tax obligations. Incorrect fulfillment of tax obligations is certainly known based on data obtained by the Directorate General of Taxes from third parties.



In the context of supervising compliance with the implementation of tax obligations as a consequence of implementing a self-assessment system, data and information related to taxation originating from government agencies, institutions, associations, and other parties is urgently needed by the Directorate General of Taxes. This data and information is data that describes the activities or business, circulation of business, income, and wealth of a person or business entity.

In the implementation of this self-assessment system, of course, there are many problems. There are many acts of taxpayers who violate the rules in force in the field of taxation, these violations are usually in the form of embezzlement, fraud, forgery and so on.

The law has regulated several articles which explain matters relating to the occurrence and sanctions for tax crimes/crimes, which reveal several tax crimes/crimes that may occur due to the following.

a. There is an element of negligence

As an accident, negligence, carelessness, lack of heed of its obligations in taxation, this is still a tax violation.:

The elements of negligence in taxation occur in the following cases:

- 1) Failure to submit a notification letter (SPT) to the Directorate General of Taxes.
- 2) Submitting an SPT, but the contents are incorrect/incomplete/attaching a statement whose contents are incorrect for negligence which causes losses to the state, the perpetrator can be punished with imprisonment for a maximum of 1 year, and/or a fine of up to 2 times the amount of tax owed.

b. There is an element of intent

Where intentionally violates the provisions of the tax law, this is already a crime/criminal taxation.

- 1) Not registering as a WP/PKP or abusing/using without the right to have an NPWP/PKP confirmation.
- 2) Failure to submit SPT.
- 3) Submitting an SPT/information whose contents are incorrect or incomplete.
- 4) Refuse to be examined.
- 5) Showing fake/falsified books, records, or other documents as if they were true.
- 6) Not keeping bookkeeping/recording, not showing or not lending books, notes, other documents.
- 7) Not depositing taxes that have been deducted/collected. For the above intentional elements that cause state losses, the perpetrators can be punished with imprisonment for a maximum of 6 years, and or a maximum fine of 4 times the amount of tax owed.

The suboptimal local government in realizing the tax collection system policy is a serious problem in public policy management. The tax collection system that uses the self-assessment system still has problems that hinder the implementation of the tax collection system policy that uses the self-assessment system where the awareness level of taxpayers in paying their taxes is still low.

Taxpayers are reluctant to pay taxes, there is no awareness to pay taxes to the tax office and even taxpayers have been proven to manipulate income results. In addition to the dishonesty of taxpayers, there is also taxpayer indiscipline in paying taxes. In addition, tax officers cannot carry out additional activities due to the absence of strict regulations such as sanctions for taxpayers who do not want to pay taxes.

There are several problems related to the implementation of tax law self-assessments, namely as follows.

1. Low awareness of taxpayers (tax consciousness) in paying debts.
2. Low willingness and desire to pay taxes (willingness to pay) of taxpayers to visit the tax office.
3. Discipline of taxpayers is still low on the grounds that the tax burden is too heavy.
4. The sanctions applied are not optimal so that taxpayers are still reluctant to make payments.

For this reason, efforts are needed to overcome obstacles so that they can influence taxpayers with a self-assessment system policy. One of these efforts is to socialize taxpayers regarding the importance of paying taxes and implementing a self-assessment system to increase taxpayer awareness in paying taxes.

In Indonesia, even though there are laws that regulate taxation, there are still many problems, this is caused by various factors, namely as follows.

1. Lack of socialization by the tax authorities (government) to taxpayers (community) about the importance of taxpayers, the benefits of paying taxes, and the sanctions that will be received if they do not pay taxes.
2. The economic level in Indonesia is still low, so that some taxpayers prioritize basic needs compared to paying taxes.
3. Databases in Indonesia are still far from international standards, this causes taxpayer compliance to be uncontrolled and information submitted by taxpayers to be inaccurate or data correct.
4. Implementing regulations for the law that are inconsistent with the law, causing many official and unofficial levies and weak tax law enforcement.

Some of the resistance of taxpayers in efforts to collect taxes consists of two (Sinaga, 2016), namely as follows.

1. Passive Resistance.

This passive tax resistance is closely related to the socio-economic conditions of the people in the country concerned. In general, society does not make a systematic effort in order to hinder state revenues, but rather because of the habits prevailing in that society.

2. Active Resistance.

Active tax resistance is a series of efforts made by taxpayers not to pay taxes or reduce the amount of tax that should be paid.

The government carried out tax reforms to achieve a tax ratio or ratio of taxes to Gross Domestic Product (GDP) of 14 percent. Previously in 2019 Indonesia's tax ratio was 9.76 percent which included taxes, customs and PNB (Non-Tax State Revenue). A ratio of 14.4 percent is very realistic because it reduces the potential for untapped taxes by 3.6 percent or 20 percent from Indonesia's ratio which should be 18 percent.

Indonesia will close the gap by reforming tax administration and policies which must go hand in hand. The goal of tax reform is to achieve a broad tax base, high tax compliance, and healthy and sustainable tax revenues. Law Number 7 of 2021 Concerning Harmonization of Tax Regulations as one of the keys to encouraging better tax revenue. So that it will encourage tax revenue which in the RAPBN targets IDR 1,262.9 trillion in 2022 which will be carried out through improved tax administration.

### **The Role of Administration in the self-assessment system and its advantages**

The taxation system using self-assessment functions to foster, provide services,

supervise taxpayers, and carry out sanctions for violators in accordance with legislation. Because without maximum supervision and sanctions (law enforcement), it will not be possible for taxpayers to comply with applicable regulations (Rusnan, Koynja, & Nurbani, 2020).

Coaching can be done in various ways, one of which is counseling about knowledge of taxation either through online media or directly to the public as taxpayers.

The key to the success of this system is the implementation and sanctions imposed in the Tax Law. Supervision can be carried out by overseeing compliance in submitting annual SPT or SPT period for taxpayers, accuracy in paying taxpayers and issuing warning letters if taxpayers do not comply.

Supervision is carried out by the Directorate General of Taxes on compliance in fulfilling the obligation to pay taxes based on a self-assessment system by carrying out two main functions, namely as follows.

1. *Audit function*

Aims to monitor and oversee taxpayer compliance to carry out obligations in paying taxes payable in accordance with the provisions in force in the Act.

2. *Collection function*

Aims to examine and record the payment of tax payable either in part or in whole in accordance with the applicable laws and regulations.

This self-assessment system has several advantages compared to other tax collection systems, namely as follows.

1. Able to accommodate the dynamics of increasing taxpayers in line with the country's economic growth.
2. Provide opportunities or opportunities for taxpayers to pay their own tax payable without waiting for a tax assessment letter.
3. Tax can be paid when the tax object arises which means that the taxpayer can make payments when the condition is able to pay taxes and is not burdensome.
4. Cause continuous state cash flow without the need for tax administration intervention.
5. Provide support for active participation from the community in collecting national development funds.
6. This activity prioritizes coaching so that taxpayers can fulfill their obligations in paying taxes.
7. Can reduce the tax burden gap.

However, in the implementation in the community this system also has several weaknesses in its application, namely as follows.

1. The trust given to taxpayers to calculate, pay and report their own taxes is still in doubt.
2. There are still many taxpayers who find it difficult to calculate the tax payable because the law does not specify in detail the type of tax to be charged.

To realize a good self-assessment system in Indonesia, it is necessary to delegate the authority of the Directorate General of Taxes to create a control system so that it does not cause abuse of authority. This system will also minimize transactional activities between taxpayers and tax authorities. Taxpayers' incomprehension with this system also causes them to manipulate tax payable (tax evasion).

Law Number 7 of 2021 Concerning the Harmonization of Tax Regulations which was promulgated by the government on October 29, 2021 is a combination of nine chapters which have six scopes of tax regulation where each scope has a different policy implementation period. Laws were drafted to promote sustainable economic growth and

support the acceleration of economic recovery, there is a need for a fiscal consolidation strategy that focuses on improving the budget deficit and increasing the tax ratio which among others is carried out through implementing policies to increase tax revenue performance, tax administration reform, increase the tax base, create a system taxation that prioritizes the principles of justice and legal certainty, as well as increased voluntary compliance by taxpayers.

In accordance with Law Number 12 of 2011 concerning the Formation of Legislation which states that the making of Legislation is the making of laws and regulations which include the stages of planning, drafting, discussing, validating or stipulating, and enacting. Law Number 7 of 2021 Concerning Harmonization of Tax Regulations is in accordance with Law Number 12 of 2011.

The surplus of tax revenue every year is apparently not matched by the tax potential. When compared with the tax potential, the performance of tax revenues so far is still not optimal. The cause of the difference in taxes (tax gap) is the majority due to weak tax administration. Therefore it is necessary to reform the tax administration.

The causes of the high gap between potential and reality are the gap between the number of taxpayers (WP) who are potentially registered and those who are actually registered, the gap between registered taxpayers and those who submit their SPT, the difference between taxes based on objects reported by WP and potential taxes according to regulations, and differences between taxes that should be reported or determined by the government and those that are paid.

Tax administration reform must be carried out in order to achieve sound (effective and efficient) tax administration by prioritizing world-class public services. The goal of reform should be towards a tax administration capable of generating sufficient revenue. Flexible, sustainable and based on legal tax provisions. Therefore, in line with the era of good governance, tax administration reform must also lead to the establishment of a participatory tax administration. Maintain equality, be responsive, have quality, have a professional strategic vision, be accountable, and rely on supervision.

### **Application of Sanctions in Tax Law**

Tax law will regulate the interests of the parties in carrying out tax payments, namely taxpayers, tax collectors, and third parties who have direct involvement with taxation. Tax law is included in the realm of public law which specifies sanctions against administrative sanctions.

Law without sanctions has no power, so sanctions against the law must be enforced. Sanctions on public law, in this case including tax law as the main tool to force someone to comply with the provisions of the tax law.

Paying taxes is an obligation for citizens in order to participate in financing development in order to achieve common prosperity. For citizens who already have a high level of legal awareness in the sense that they have behaved in accordance with the law or (legal behavior) (Soekanto, 1984).

Sanctions and coercive instruments are needed to force taxpayers to comply with applicable laws. Taxpayers who are afraid of sanctions will comply with applicable regulations. According to Herbert Kelman, who states that if a taxpayer complies with tax rules or pays a lot, he has several motives are as follows.

1. Fear of being punished (compliance).
2. Pleasure and respect for the government, especially tax officers (identification)
3. Awareness of taxpayers that taxes have benefits for individuals and the wider community (internalization).

The use or imposition of sanctions is indeed not the only best way, but at least it will be able to influence or make aware of taxpayers, tax officers or third parties who have committed negligence or intentionally committed acts that deviate from applicable laws. Criminal sanctions are the final tool or legal bastion used by the tax authorities so that legal norms are complied with (Mardiasmo, 2018).

Taxes contain a lot of administrative sanctions compared to criminal sanctions. Administrative sanctions are a tax authority that will be imposed by the Directorate General of Taxes while criminal sanctions will be carried out in accordance with the authority of the criminal court through a criminal judge. Violations committed by taxpayers where if they involve administrative violations, they will be subject to tax administration sanctions and if they involve criminal acts in taxation, they will be subject to criminal sanctions in accordance with applicable regulations (Sumarsan, 2015).

Administrative sanctions in tax law are payments for losses suffered by the state due to negligence in paying taxes. There are three types of tax administration sanctions that can be given to taxpayers in accordance with the tax law, namely as follows.

1. Administrative Fines
  - a. If the notification letter (SPT) is not submitted or submitted not according to the specified time
    - 1) Periodic SPT, no later than 20 days after the end of the tax period.
    - 2) Annual SPT, no later than 3 months after the end of the tax period.
    - 3) Annual SPT, no later than 4 months after the end of the tax year.
  - b. Taxpayers can correct their SPT at their own will by submitting a written statement after the tax period, provided that the Directorate General of Taxes has not conducted an investigation.
  - c. Taxes payable at maturity are not paid or underpaid, subject to a penalty of 2% per month.
  - d. Taxpayers who do not submit a tax object letter (SPOK) within 30 days of receiving the SPOK will be subject to a fine of 25% calculated from the tax principal.
  - e. Taxpayers filling out tax object notification letters are not in accordance with the actual situation.
  - f. The document maker or holder who is subject to stamp duty but the document in question is not properly paid or not properly paid stamp duty will be charged 200% of the unpaid stamp duty.
2. Administrative Sanctions in the Form of Interest
  - a. Taxpayers who pay taxes not in accordance with the provisions or are late paying taxes will be subject to interest of 2% per month.
  - b. Underpaid tax assessments are still justified to be disciplined, then sanctions in the form of interest of 48% of the amount of unpaid or underpaid taxes.
3. Administrative Sanctions in the Form of Increases
  - a. Taxes that are underpaid as a result of disclosing incorrect filling of the SPT will be subject to administrative sanctions in the form of an increase of 50% of the underpaid taxes.
  - b. Administrative sanctions are imposed in the form of an increase if 50% of unpaid income taxes in a tax year.
    1. 100% of income tax that is not deducted or underdeducted.
    2. 100% of the unpaid or underpaid value added tax on goods and services and sales tax on luxury goods.



- c. Subject to a 100% increase in the amount of tax shortfall payable.

However, in accordance with Law Number 7 of 2021 Concerning Harmonization of Tax Regulations which states that if a taxpayer feels that the amount of tax and collection is not as it should be, then the taxpayer can report objections to the Directorate General of Taxes.

Based on Law Number 7 of 2021 Concerning Harmonization of Tax Regulations, the criminal sanctions provided for in Articles 38, 39, 39A, 41, 41A, 41B, and 41C as a result of negligence or intentional.

1. Criminal Sanctions against Taxpayers

- a. If you fail to submit your SPT, causing a loss of state revenue, you will be fined at least 1 time of the amount of tax owed and a maximum of 2 times of the amount of tax owed or criminal with imprisonment for a minimum of 3 months and or a maximum of 1 year.
- b. Deliberately not registering to be given an NPWP so that it causes a loss of state revenue, you will be subject to imprisonment for 6 months and a maximum of 6 years with a fine of at least 2 times the amount of tax payable that is not paid and a maximum of 4 times the amount of tax that is not paid.
- c. Any person who intentionally issues or uses a tax invoice but has not been confirmed as a taxable entrepreneur shall be subject to imprisonment for a minimum of 2 years and a maximum of 6 years and a fine of at least 2 times the amount of tax in the tax invoice.
- d. Attempt to commit a criminal act of misusing or using without the right a NPWP or validation of a taxable entrepreneur

2. Fiscal Criminal Sanctions

- a. Officials due to negligence do not fulfill the obligation to keep confidential as referred to in Article 34, they will be subject to imprisonment for a maximum of 1 year and a maximum fine of Rp. 25,000,000.00.
- b. Officials who deliberately do not fulfill their obligations or someone who causes the obligations of officials to not be fulfilled as referred to in Article 34 will be subject to imprisonment for a maximum of 2 years and a fine of up to Rp. 50,000,000.00.

The criminal sanctions applied in the tax law are ultimum remedium, which means that the new criminal law or criminal sanctions will be applied if other efforts that have been made have no effect on the taxpayer at all.

And the main focus of sanctions in tax law is the return of the amount of losses suffered by the government as a result of not paying taxes or paying taxes late.

## CONCLUSION

The conclusion is that the tax system that applies in Indonesia, namely the self-assessment system, has not been fully implemented. Since the enactment of Law Number 6 of 1983 concerning General Provisions and Tax Procedures as the basis for implementing the self-assessment system as stated in Article 12 that Every Taxpayer is obliged to pay the tax owed based on the provisions of the tax laws and regulations, without relying on any Tax assessments.

The government then realized and for this reason tried to perfect the KUP, PPh, PPN, PPS, Carbon Tax, and Excise Laws by repairing or strengthening the existing system by issuing Law Number 7 of 2021 concerning Harmonization of Tax Regulations. The law is considered effective in improving the taxation system in Indonesia.

The problems that exist regarding the taxation system that applies in Indonesia are caused by the low legal awareness of the Indonesian people, taxpayers take advantage of the opportunities that exist in this self-assessment system. The trust given by law to taxpayers with a self-assessment system is not accompanied by good legal awareness by taxpayers, then supervision is still not optimal, and the application of sanctions given to taxpayers who violate it is not optimal. Supervision is not running optimally and the application of sanctions given to taxpayers who are proven to have violated or committed tax crimes is still very weak

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Devotion - Journal of Research and Community Service



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