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Tax Law Enforcement Policy during the Covid-19 Pandemic in Indonesia

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ABSTRACT

Domestic sources of funds that contribute greatly to development are from the tax sector. Taxes are the mainstay of the state revenue and expenditure budget (APBN)¹⁻⁴. With such a large role of taxes, it reminds taxpayers of legal awareness to pay taxes both by socializing the Tax Law and the need to apply administrative sanctions and criminal sanctions. During the Covid-19 pandemic, many taxpayers, both individuals and legal entities or corporations, experienced problems in their income. Therefore, there are obstacles in paying taxes. In such conditions, the Government has a very good policy, namely that the fiscus or the government should give sanctions to taxpayers for not being able to pay taxes, instead the Government provides incentives to taxpayers and provides relaxation or concessions in paying taxes. With the hope that in the future, when conditions are normal, they will become good taxpayers.

Keywords: law enforcement, tax, Covid 19, policy.

I. INTRODUCTION

Law occupies an essential function in society, especially in facilitating the process of social interaction among citizens. Therefore, the existence of law is needed by every society. There is a saying that where there is common life there is law. This shows how important law is for people's lives.

Law is a pattern of life in society, because society itself requires a normal social life process, which means there is a harmony between group interests and the interests of individuals, among others, manifested in the purpose of law to achieve harmony between order and justice. , so it is often said that the law aims to achieve recht vaardigeordering der samenleving ⁵. In order for the law to achieve that goal, the law must be able to process functionally in society. As part or sub-system of the social system, the law works functionally both in the publishing process or social control as well as the process of directing and forming new patterns of behavior or

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social engineering.

Law can function as a tool of social engineering ((Satjipto Rahardjo, 1980 undated: 118 – 120) (Baharudin Lopa, 1987:32). Law is a power to change society (change agent), not a law that only functions as a night watchman. Then the law can function as a tool of justification, namely as a tool to check whether or not a behavior is correct (Satjipto Rahardjo, 1980 undated: 32). By knowing the characteristics of the truth that are desired by the public, it is quickly easy to see if there is an act that deviates from the truth. Furthermore, the law also functions as a tool of social control, namely controlling thoughts and steps so that they are always maintained from committing acts that violate the law (Baharudin Lopa, 1987: 32-33). People who have relatively high legal awareness make them reluctant or ashamed to violate the law, or if they have done so, a reaction will quickly arise from the community. Regarding the functioning of law in society, the problem that stands out is whether the law can really apply and be utilized by citizens. For this reason, the law is required to really apply juridically, philosophically and sociologically.

Law grows, lives and develops in society. Law is a means of creating order and peace for peace in the lives of fellow citizens. The law grows and develops when the citizens themselves realize the meaning of law in their lives. The purpose of law is to achieve a peace in society. Therefore, in addition to the law protecting human interests, it is also to prevent and further resolve conflicts or disputes that occur in society.

During the COVID-19 pandemic, there have been many changes in terms of social, economic and political conditions as well as security. What is most dominantly felt by community members is economic change, if people or companies find it increasingly difficult to develop the economy. To maintain the necessities of daily life is very difficult, any human movement that gathers people is not allowed. Meanwhile, in order for the economy to run, humans must interact with each other to meet their daily needs. Humans have the rights and obligations of fellow creatures, fellow humans or society and the state. Under such conditions, problems will arise, including in this case the relationship with the state, namely the obligation of citizens or taxpayers to pay taxes.

The COVID-19 pandemic period began in March 2020 until now it is still felt not safe. From such conditions, it will affect various kinds of problems in human life, including the obligations imposed by members of the taxpayer community in Indonesia. Enforcement of tax law has encountered several obstacles or obstacles ⁸(Djamaaludin Antok,1995)This happens because many activities of individuals and legal entities do not work as expected, they should work to

produce something but because many days are off so that individuals and legal entities do not work well, so they do not produce anything. During this pandemic, there will be a negative impact on the condition of the national economy. This is marked by a decline in economic growth and an increase in poverty in Indonesia. Many companies are experiencing problems in their production, this causes the company's income to experience a significant decline, finally there are efforts to reduce labor or lay off workers. The next impact is that efforts to pay taxes which are the obligation of taxpayers, namely companies and individuals, have problems. In the Taxation Law, sanctions have been regulated for taxpayers who do not pay taxes. Furthermore, what about conditions like this (a disaster that hit our country and even the whole world) for companies or individuals who cannot afford to pay taxes? will be sanctioned as in the Taxation Act. In this case the government must take policies that are not burdensome to taxpayers. This government policy serves as a guideline or legal basis in solving problems related to taxation during the COVID-19 pandemic.

(A) Problem Statement

Based on the description above, the formulation of the problem that can be raised is how is the Government Policy on Law Enforcement in the Taxation sector during the COVID-19 pandemic in Indonesia?.

(B) Methodology

This research is a normative juridical research. The data used in this study are primary data and secondary data. Primary data were obtained directly from the field by means of observation. However, primary data is only to support secondary data. Secondary data is the main data in this study. Secondary data is data that is indirectly obtained by researchers or data that has been processed by other people, which includes:

1. Primary legal materials⁹

Primary legal materials are legal materials that are binding and include regulations related to the problem under study, namely;

- i. Law No. 28 of 2007 concerning General Provisions and Tax Procedures.¹⁰
- ii. Law no. 17 of 2000 concerning the third amendment to Law no. 7 of 1983 concerning Income Tax.¹¹
- iii. Government policy in this case the Minister of Finance, more specifically the Directorate General of Taxes.¹¹
- iv. Policy for Regional Offices of the Directorate General of Taxes throughout Indonesia.¹²

2. Secondary legal material

Secondary legal materials are legal materials that provide an explanation of primary legal materials, research results, works of legal experts in the form of writings and so on, which are relevant to this research.

3. Tertiary legal materials

Tertiary legal materials are legal materials that provide instructions and explanations of primary and secondary legal materials, such as legal dictionaries and encyclopedias.

II. RESULT AND DISCUSSION

Taxes have an important role in development in Indonesia. If we look at the state budget in Indonesia from year to year, a lot of it relies on the tax sector. The sources of national development financing, especially those that rely on domestic resources, apart from oil and gas, exports of non-oil and gas goods and from the tourism sector, the tax sector is increasingly playing a very large and decisive role. This can be seen from the 2019 State Revenue and Expenditure Budget of Rp. 2,165.1 trillion. Of this income from the Taxation sector, Rp. 1,786.4 trillion, from the non-tax state revenue sector of Rp. 378.3 trillion and receipts from grants of Rp. 0.4 trillion (2019 State Budget). Then the 2020 State Revenue and Expenditure Budget, state revenues amounting to Rp. 1,699.9 trillion. Of that income from the tax sector of Rp. 1,404.5 trillion, from non-tax state revenues of Rp. 294.1 trillion and from grant receipts of Rp. 1.3 trillion (2020 State Budget). Then in the 2021 State Revenue and Expenditure Budget, state revenue is Rp. 1,743.6 trillion. From the income from the tax sector, Rp. 1,444,2 trillion, from non-tax state revenues of Rp. 298.2 trillion and from the sector of grant receipts, Rp. 0.9 trillion (State Budget 2021). By looking at the State Revenue and Expenditure Budget from the last three years and even previous years, it shows that the tax sector is very dominant in determining the budget for development in Indonesia. This shows that the tax functions as a budgetary, which is a tool or a source to put as much money as possible into the state treasury. In addition to the budgetary function, taxes have other functions, namely regulating or regulatory or non-budgetary functions, namely taxes can be used as a tool to regulate or implement state policies in the economic and social fields (Munawir 2015) ¹³. With this function, taxes are used as a tool to achieve certain goals that are outside the financial sector and are mostly aimed at the private sector. Some examples of the implementation of regulating or regulatory functions are as follows:

1. The application of high import duty rates on certain imported goods because these goods can be produced domestically, or vice versa, the imposition of low export taxes in order to assist the development or protect domestic industries that promote exports.
2. Implementation of the regulatory function in the social sector, in order to reduce the luxury lifestyle or high consumption patterns, the government imposes a tax on the consumption of luxury goods by imposing a sales tax on luxury goods at a high enough rate so that people who want to live in luxury (by consuming luxury goods) must bear the burden of higher taxes and will eventually reduce their luxury and return to a simple lifestyle.

Given the important tax function, especially the budgetary function, it is necessary to increase public awareness to pay taxes. Paying taxes is an obligation for the people or society in order to support the continuity of national development. Development and funds/costs are two things that are mutually binding and cannot be separated from one another. Experience shows that many developing countries cannot carry out their development smoothly due to lack of funds/costs. Given the huge role of taxes, taxpayers, both individuals and legal entities or corporations, must pay taxes under any circumstances. Under normal circumstances, taxpayers can file objections about paying this tax, because the tax collection system is known as a self-assessment system, which is a tax collection system that gives full authority to taxpayers to calculate, calculate, deposit and report their own tax debts. . Taxpayers must be active themselves in carrying out all these activities without any interference from the tax authorities or tax officers.

The Covid-19 pandemic is still a problem in tax revenue in Indonesia. However, the government still carries out two tax functions, namely as a budgeter and a regular end. In such conditions, the authority of the Directorate General of Taxes regulates the tax policy strategy in 2021. Acting Head of the State Revenue Center Fiscal Policy Agency of the Ministry of Finance (Kemenkeu) said that taking into account the dynamics and support of the national economy, the need for optimization of state revenues in 2021 , the tax policy is focused on six aspects, namely:

- i. Provide more precise and measurable fiscal incentives;
- ii. Relaxing procedures to accelerate economic recovery;
- iii. Improving tax regulations;
- iv. Provide incentives for vocational and R&D, and protection for society and the environment;

- v. Optimizing tax revenue through the expansion of the tax base through increased voluntary compliance, fair supervision and law enforcement, as well as organizational reform, human resources (HR), IT, and business process and regulatory databases;
- vi. Develop digital-based customs and excise services and carry out extensification of excisable goods. In this case the fiscal authority plans to impose an excise duty on plastic bags this year. With the COVID-19 pandemic which began in March 2020 until now, it has had quite a heavy impact on taxpayers, both personal taxpayers and corporate or corporate taxpayers. In view of this, the Government through the Ministry of Finance has issued several policies in the field of taxation, the policies are in the form of tax incentives and tax relaxation policies for taxpayers affected by the Covid 19 outbreak (IKHAPI, 2021).

The tax incentives that the Government temporarily imposes during the Covid-19 Pandemic are:

1. Income Tax Incentives (PPH) Article 21¹⁴

Income Tax Article 21 is borne by the Government for the tax period from January 2021 to June 2021. This incentive has been extended until December 2021. This incentive only applies to Employees with certain criteria, including those who have a Taxpayer Identification Number and receive permanent and permanent gross income. regularly annualized not more than Rp. 200,000,000, - (two hundred million rupiah).

2. Article 22 Import Income Tax Incentives ¹⁴

The government exempts PPh Article 22 Import on taxpayers who:¹⁰

- i. Have a business field classification code as listed in the attachment of PMK 82/2021;
- ii. Has been designated as an Export Destination Import Facility (KITE); or
- iii. Has obtained a bonded zone operator permit or a bonded zone entrepreneur permit or an entrepreneur permit in the bonded zone and concurrently operator in the bonded zone (PDKB) at the time of releasing goods from the bonded zone to another place in the customs area.

The exemption from the collection of Article 22 Import Income Tax is valid until June 30, 2021. This exemption is granted through a Certificate of Free Collection of Article 22 Imports and is effective from the date the letter is issued. To obtain the certificate, the taxpayer submits an application through certain channels on the www.pajak.go.id page. If the exemption has been obtained, the taxpayer must submit a report on the realization of the exemption every month using the available form no later than the 20th of the following month after the end of

the tax period.

3. Income Tax Installment Incentive Article 25

The government has also issued a policy of granting a reduction in the installments of PPh Article 25 by 50% of the installments that should have been stated, which is given for the tax period from January 2021 to June 2021. And it is extended until December 2021. Taxpayers who take advantage of the reduced installments of PPh Article 25 must submit a report realization every month using the available form no later than the 20th of the following month after the end of the tax period.

4. Value Added Tax Incentive

Taxable Entrepreneurs (PKP) can be given a preliminary refund of tax overpayments as a low-risk PKP, which is given for the tax period from January 2021 to June 2021. And it is extended until December 2021.

PKPs that meet the criteria can be given a preliminary refund of tax overpayments as low-risk PKPs with the following conditions:

- i.** PKP does not need to submit an application for determination as a low-risk PKP;
- ii.** The Director General of Taxes does not issue a decision to determine in office as a low-risk PKP; and
- iii.** PKP has a classification of Business Fields in accordance with the attachments contained in Attachment PMK 82/2021, KITE facilities or Bonded Zone Operator Permits, Bonded Zone Entrepreneurs Permits, or PDKB Permits granted to PKPs are still valid at the time of submission of the notice of overpayment of restitution.

In addition, PKP must submit a VAT (PPN) overpayment restitution Notification Letter with an overpayment amount of a maximum of IDR 5 billion rupiah, which includes a VAT (PPN) Period Tax Return including the correction of the VAT (PPN) Period Tax Return which is submitted no later than the end of the month after the end of the tax incentive period.

The existence of this tax incentive is designed to help the community and the business world. The Ministry of Finance (Directorate General of Taxes) is the backbone of our country's state budget in handling the Covid 19 pandemic and economic recovery. However, in the midst of economic uncertainty, taxes, which should be a source of revenue, are actually dedicated as incentives to help the community and the business world. The government helps with this incentive, it is hoped that when the economy returns to normal, people can pay taxes again, so that they can be used again for development. In supporting the national economic recovery

program, fiscal policies such as tax incentives are very helpful to maintain cash flow through income taxes borne by the Government. The money that used to be used to pay taxes was used for working capital, for daily needs. And the hope is to survive along with the improving economy. So that after the economy recovers, you can pay taxes even more strongly.

On July 1, 2021, the Government has stipulated Regulation of the Minister of Finance Number 82/PMK.03/2021 concerning Amendments to Regulation of the Minister of Finance Number 9/PMK.03/2021 concerning Tax Incentives for Taxpayers Affected by the Covid 19 Pandemic. 82 that the community and the business world can take advantage of incentives until December 2021. The existence of this incentive is to be used by the community, so that it is helped, helped, business will also be better and in the future we can rise up together for a more advanced Indonesia.

In addition to providing incentives, the Government also establishes several relaxations, including:

1. Decreasing Corporate Income Tax Rates¹⁵

Meets 2020 and 2021 taxes, then becomes 20% in the 2022 tax year. As for companies in the form of a Public Company (Go public) with a total number of shares traded on the stock exchange in Indonesia at least 40%, and fulfilling certain conditions, can get a tariff 3% lower than the general corporate income tax rate. So the Go Public Corporate Income Tax rate is 19% for the 2020 and 2021 tax years, then 17% starting for the 2022 tax year.

2. Extension of Time in Tax Administration¹⁰

- i.** The period of filing an objection by the taxpayer as referred to in Article 2 point 6 of Law no. 7 of 2021 which amends Article 25 paragraph (3) of Law no. 28 of 2007 concerning the Third Amendment to Law no. Article 11 paragraph (2)6 of 1983 concerning General Provisions and Tax Procedures is extended for a maximum of 6 months.
- ii.** The period of issuance of the tax assessment letter in connection with the application for refund of the tax overpayment as referred to in Article 113 point 8 of Law no. 11 of 2020 concerning Job Creation which amends Article 17 B paragraph (1) of Law no. 6 of 1983 concerning General Provisions and Tax Procedures was extended for a maximum of 6 months.
- iii.** The period of giving the decision on the objection as referred to in Article 26 paragraph (1) of Law no. 28 of 2007 was extended for a maximum of 6 months.

- iv. The period of application for reduction or elimination of administrative sanctions, reduction or cancellation of incorrect tax assessments, reduction or cancellation of audit results, as referred to in Article 36 paragraph (1) of Law no. 28 of 2007, extended for a maximum of 6 months.
- v. The period of overpayment of tax returns as referred to in Article 113 point 3 of the Job Creation Law which amends Article 11 paragraph (2) of Law no. 6 of 1983, extended for a maximum of 1 month.

3. Provision of Customs Facilities¹⁶

The Minister of Finance has the power to provide exemption or relief from import duties in the context of handling the Covid 19 pandemic, and/or facing threats that endanger the national economy as regulated in Minister of Finance Regulation Number 34/PMK.04/2020 of 2020 concerning Provision of Customs Facilities and/or or Excise and Taxation on the Import of goods for the purposes of Handling the Covid 19 Pandemic and its changes.

4. Taxes on Electronic Transactions¹⁷

The government will collect VAT (PPN) on the utilization of intangible Taxable Goods and/or Taxable Services by foreign Platforms through Trading Through Electronic Systems. In addition to VAT (PPN), the Government also collects income tax or electronic transaction taxes on PMSE activities by foreign tax subjects who have a significant economic presence in Indonesia.

During the Covid-19 pandemic, the Government helped one of the business world, namely by providing Tax Relaxation. The purpose of this gift is to ease cash flow. If it eases cash flow, it means that some types of payments that should be made monthly are postponed. The government carries out Tax Relaxation by assuming Article 21 PPh and relaxation of Article 22 Import PPh. With the hope that the business world can continue to produce, run a business and recruit workers. During Covid 19, first, the company was trying to survive. The government helps by not having to pay taxes first to help cash flow. Both encourage demand. The government provides relaxation of sales tax on Luxury Goods (PPnBM) for motorized vehicles and Value Added Tax (VAT)/PPN for government-borne housing (DTP). By not having to pay taxes, consumers will be able to buy cars at lower prices. The demand for cars is increasing. With the increase in car sales, we expect the company to restart the production process so that it employs more workers. Because this relaxation is temporary and has a time limit, the Government expects public participation to make the best use of this stimulus to restore the national economy. All segments of the business world, both micro, small, medium

and large are welcome to use this tax relaxation.

III. CONCLUSION

During the Covid-19 pandemic, taxpayers, both individuals and legal entities or corporations, had difficulty paying taxes. Given these conditions, the Government or the Directorate General of Taxes takes a policy, namely by providing tax incentives to certain taxpayers and providing relaxation or convenience in paying taxes.

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