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Tax Legal Remedy Model in Principles of Forming a Sense of Justice Toward the Society

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Abstract:

Purpose:
The source of state revenue comes from community participation. The tax state is one of the ways to collect taxes from its people because taxes are used as a means for the welfare of the people. (SPT), then deposit their tax obligations. The enormous trust of taxpayers in taxpayers is naturally balanced with supervisory instruments; for this purpose, the tax authorities are given the authority to carry out tax audits.

Methodology:
The type of research that will be used in this proposal is empirical legal research. This type of empirical legal research uses field data, such as the results of interviews and observations, as the primary data source. Empirical legal research is used to analyze the law, seen as patterned social behavior in people's lives that constantly interacts and relates to social aspects.

Findings:
If the inspection results show discrepancies or discrepancies, the paying tax authorities issue a Tax Assessment Letter (SKP), which functions as a Billing Letter. In practice, there are often differences in settlement between the tax authorities and taxpayers, which is one reason for tax disputes arising.

Implication:
Within the framework of a rule of law state, the taxpayer is entitled to legal protection to resolve the dispute in case of a tax dispute. The dispute resolution pathways provided include objections, appeals, and lawsuits.

INTRODUCTION

The Directorate General of Taxes currently exercises the authority to collect taxes in Indonesia, the Directorate General of Customs and Excise at the Ministry of Finance and the Regional Revenue Service at Provincial and Regency/City Regional Governments. Realizing the importance of tax levies following a sense of justice, the fundamental constitution of the Republic of Indonesia in the 3rd Amendment to the 1945 Constitution regulates taxes in a separate article, namely in Article 23 A: Taxes and other coercive levies for state needs are regulated by law.

Implementing tax collection that is different from the law can give rise to taxpayer injustice and result in disputes and tax cases arising between taxpayers and tax collectors. At the first level, tax disputes will be resolved by the tax collector. If the tax collector's decision (beschikking) does not satisfy the taxpayer, the taxpayer can submit legal action as a lawsuit and appeal to the Tax Court.

Settlement of tax cases is currently regulated in Law Number 14 of 2002 concerning the Tax Court. Previously, the settlement of tax cases was based on Stbl. 1927 No. 29 in conjunction with Law NO. 5 Years. 1959 was handled by the Tax Advisory Council (MPP), then based on Law No. 17 of 1997 by the Tax Dispute Resolution Agency (BPSP). Decisions on tax cases through the MPP and BPSP have fundamental weaknesses because the decisions of these institutions are considered to be thinking of Law No. 5 of 1986 concerning State Administrative Courts, as most recently amended by Law No. 51 of 2009, can be sued again at the High State Administrative Court. It is because the position of MPP and BPSP is not one of Indonesia's implementers of judicial power.

Taxes have a unique role in realizing state development and supporting economic recovery. One of the essential components of the APBN is taxes. Taxes are a State Power that finances all the State's needs. Therefore, the government immediately tries to develop State revenues from taxes. In realizing this, the government is working to optimize revenue from the tax sector. One effort to optimize this can be made by expanding the tax base and increasing taxpayer compliance by emphasizing the avoidance of tax payments and tax evasion. Develop a structured and measurable supervision model and carry out tax reform.

In actualizing the calculation of tax payables, problems often arise between taxpayers and the tax authorities, leading to tax disputes. Law Number 6 of 1983, last amended by Law Number 28 of 2007 in resolving tax disputes, is a Director General of Taxes mandate. In resolving tax disputes, the government has established a tax court, which is officially stated in the Law of the Republic of Indonesia Number 14 of 2002, because a tax court needs to be able, with legal certainty, to resolve tax disputes in a comprehensive manner that reflects the principles of justice.

One of the tax dispute problems that often arises in Indonesia regarding value-added tax (VAT) is the levies imposed on the delivery of taxable goods in customary areas by business actors. In this situation, there are often differences in assessments between Taxpayers and cost experts, which give rise to problems of contrast and various understandings if citizens are not happy with the choice letter the Directorate gave. Tax General, he can record the allure.

Taxes are vital in improving the welfare and development of the people's economy because taxes are one source of state treasury revenue. According to Law Number 16 of 2009 concerning the fourth Amendment to Law Number 6 of 1983 concerning General Provisions and Procedures for Taxation in Article 1 Paragraph 1, it is stated that tax is a mandatory contribution to the state owed by an individual or entity that is coercive based on the law does not receive direct compensation and is used for state needs for the greatest prosperity of the people. According to Soemitro1, taxes are people's contributions to the state treasury based on law (which can be enforced) without receiving reciprocal services (contra-performance) that can be directly addressed and used to pay for general expenses. Taxes are the primary source of domestic revenue funds. With taxes, it would be possible for this country to develop. A country's economic growth influences tax revenues because it will increase people's income so that they have the financial ability to pay taxes. Awareness of paying taxes will have a very significant influence on the progress of development because it is known that state revenues are small. For the government, there is no other way that the tax revenue sector will be the basis for carrying out development. Apart from increasing state revenues, taxes also aim to grow and foster awareness and responsibility of citizens.

Taxpayer compliance is an essential factor in influencing tax revenue targets. The higher the level of taxpayer compliance, the greater the tax the state receives. Vice versa, the lower the level of taxpayer compliance, the lower the tax the state receives. Non-compliance with taxes can be done either intentionally or unintentionally. In order to produce sustainable tax revenues and meet the optimal tax ratio objective, a tax compliance basis based on voluntary compliance is required (Setiawan, 2019). Despite this, many taxpayers still still need to comply with paying taxes.

Taxpayer compliance refers to fulfilling tax obligations to contribute to the State, which is expected to be fulfilled voluntarily (Serem et al., 2017). MSMEs are a substantial potential taxpayer. The number of MSMEs reached 64.2 million units or 99.9 percent of the business population, contributing to a GDP of 61.7 percent. "However, even though the number of taxpayers has increased, the tax contribution of MSMEs is still recorded to be very low. " One of the causes of less tax contribution from MSMEs is their need for more ability to carry out bookkeeping and tax administration. It makes it difficult for MSMEs to carry out their obligations as taxpayers.

In addition, many micro-scale businesses in Indonesia need to understand financial reports and taxation, so the contribution of MSMEs to taxes still needs to be made more prominent. The low number of MSMEs registered in the DJP system is also one of the causes of the low contribution of MSMEs to taxes.

Of the many MSMEs circulating in Indonesia, only a few are registered, so only some MSME taxpayers deposit and report taxes (Tommy, 2021). It is supported by the results of research conducted by Sormin (2022) that the increase in the number of taxpayers and the income generated from these taxpayers is still within the criteria of being insufficient and only contributes a little to overall tax revenue. However, the increase in the number of taxpayers should also encourage an increase in income.

Companies as tax withholding agents are required at the end of each year to recalculate, deposit and report taxes owed in the past year. If the tax owed is greater than the tax withheld and reported, the tax shortfall must be paid by the 25th of the third month after the end of the tax year, while for annual Income Tax Article 21 reporting, use the annual tax return.

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Article 21 income by the third month after the end of the tax year. It follows the self-assessment system implemented in the taxation system in Indonesia, where the tax authorities hand over or give authority to individual or corporate taxpayers to calculate, deposit and report their taxes. Even though individual or corporate taxpayers have been entrusted to carry out their tax obligations, the tax authorities still have the authority to carry out audits to fulfill their tax obligations.

Taxes are one source of State Budget and Expenditure Revenue, which is very important. With tax revenues, the government increases its development capacity and expands the space to fund various activity programs to improve people's welfare. In order to enhance the well-being of the populace, the community and government must engage in constructive collaboration to yield reciprocal benefits. The government can fulfill its obligations as a facilitator in serving the public. For the community itself, it can obtain something expected from the government's public services. Tax collection activities are a form of government and community collaboration.

State revenue is the primary source of state expenditure in addition to the financing component of the State Revenue and Expenditure Budget (APBN), including implementing taxation and non-tax revenue. Tax revenues are the safest and most reliable because they are springy or flexible and are easier to influence than non-tax revenues.

A self-assessment system is a tax collection system that allows taxpayers to determine the amount of tax owed each year following applicable tax laws and regulations. The influence of the self-assessment system on taxpayer compliance by Hutauruk et al. (2021) shows that the self-assessment system has a positive and significant impact on Tax Compliance. Therefore, implementing the self-assessment system used by the government so that taxpayers have the freedom to carry out their tax obligations causes the level of taxpayer compliance to tend to increase. From this, taxpayers have an excellent opportunity to be more active in carrying out their tax obligations.

As one of the instruments used to regulate a country's economy, government policies can influence tax revenues. Taxes are collections by the state from its residents based on the Tax Law, are enforceable, and for payment, there is no direct reward for performance or services. Tax imposition has three functions: as a source of state finance or budgetary, a tool for regulating or implementing government policies in the social and economic fields (Regular rent), and a distribution function.

METHODS

The type of research that will be used in this proposal is empirical legal research. This type of empirical legal research uses field data, such as the results of interviews and observations, as the primary data source. Empirical legal research is used to analyze law, seen as patterned social behavior in people's lives that constantly interacts and relates to social aspects. Researchers use this type of empirical legal research because they will go directly to the research location to look for primary data, as empirical legal research relies on primary data sources. Primary data sources are data sources that already exist in the field or that have been found directly in the field.

RESULTS AND DISCUSSION

Principles of Forming a Sense of Justice towards Society. Income is one of the tax objects. Income tax is imposed on tax subjects on the income they receive or earn in the tax year. Income tax is classified as a subjective tax, which considers the taxpayer's circumstances as the main factor in tax imposition. The taxpayer's condition is reflected in his ability to pay taxes, namely his burden capacity, which is the primary basis for determining how much tax he charges. Following Tax Law No. 28 of 2007 article 2 (1), Taxpayers who have fulfilled the subjective and objective requirements by the provisions of applicable laws and regulations must register at the office of the Director General of Taxes whose work area includes their residence. Or the place of residence of the taxpayer.

Some companies use the Gross Method because, in this method, all income tax article 21 is borne by the worker/employee, so the income received by the worker/employee has been deducted by income tax article 21. In some companies, there is no difference between (3) the three methods, including net, gross, and gross-up. Income Tax is a type of tax levied at the national level so that it can be categorized in the central tax group. With

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the issuance of this law, the government has provided many conveniences for taxpayers, giving them confidence and freedom in calculating the tax they owe on revenues.

Companies as tax withholding agents are required at the end of each year to recalculate, deposit and report taxes owed in the past year. Suppose the tax owed is greater than the tax that has been withheld and reported. In that case, the tax shortfall must be paid no later than the 25th of the third month after the end of the tax year, while for annual reporting of Income Tax Article 21, use the annual SPT Income Tax Article 21 no later than the third month after the end of the tax year.

It is by the self-assessment system implemented in the taxation system in Indonesia, where the tax authorities hand over or give authority to individual or corporate taxpayers to calculate, deposit and report their taxes. Even though individual or corporate taxpayers have been entrusted to carry out their tax obligations, the tax authorities still have the authority to carry out audits to fulfill their tax obligations.

Taxes, in general, are mandatory contributions to the state owed by individuals or entities that are coercive based on the law, without receiving direct compensation, and are used for state needs for the greatest prosperity of the people. Tax payments manifest state obligations and taxpayers' role to directly and jointly carry out tax obligations for state financing and national development. Following the philosophy of tax law, paying taxes is not only an obligation. However, it is the right of every citizen to participate in the form of participation in state financing and national development. As with the economy in a household or family,

Taxes are the primary source of state revenue. With taxes, most state activities are more accessible to carry out. The use of tax money includes everything from employee spending to financing various development projects. The construction of public facilities such as roads, bridges, two schools, hospitals/health centers, and police stations is financed using money from taxes. Tax money is also used to finance security for all levels of society. Every citizen, from birth until death, enjoys facilities or services from the government, all financed with money from taxes. Taxes are also used to subsidize goods that society needs and pay the state's debt abroad. Taxes are also used to help MSMEs in terms of development and capital. Thus, it is clear that the role of tax revenues for a country is dominant in supporting the running of government and financing development.

Model of Tax Legal Efforts in Principle of Forming a Sense of Justice for Society. There are many sources of state revenue from the tax sector. One is corporate income tax (corporate PPh), namely income tax imposed on a business entity on its income or business profits from domestic and foreign income. One of the obligations of taxpayers, especially corporate taxpayers, is to keep bookkeeping as a process carried out regularly to prepare financial reports.

The company follows generally accepted accounting principles in preparing financial reports, namely Financial Accounting Standards.

Financial reports prepared based on SAK are known as commercial financial reports. Meanwhile, companies, as corporate taxpayers, must prepare financial reports based on Tax Regulations (UU PPh) in fulfilling their tax reporting. Meanwhile, in recognizing income and expenses, there are differences between commercial accounting and tax accounting due to differences in scope and recognition time in determining profit before tax.

These differences in the basis for preparation result in differences in a tax-paying entity's profit and loss calculation. Several strategies are employed in the preparation of fiscal financial reports in order to address this issue. However, companies as taxpayers do not need to carry out double bookkeeping to fulfill both financial reporting objectives. To bridge the differences in interest objectives in preparing commercial, financial reports and fiscal financial reports, companies only need to maintain bookkeeping according to commercial accounting. However, when a company prepares a fiscal financial report, the commercial financial report is reconciled.

Fiscal reconciliation (correction) is adjusting accounting profits that differ from fiscal provisions to produce four net incomes or profits following tax provisions. Sukrisno and Estralita further explained that the causes of differences that occur between income before tax according to commercial and income before tax according to tax could be categorized into permanent differences (permanent differences) and temporary differences (temporary differences) or time differences (timing differences).

Permanent differences arise due to different regulations relating to the recognition of income and costs between Financial Accounting Standards and General Provisions and Tax Procedures. Thus, corporate taxpayers must prepare a Financial Accounting Standards financial report to calculate their income tax and correct income and expenses. This fiscal correction can cause taxable profits to decrease (negative correction) or taxable profits to increase (positive correction).

Tax is a contribution of taxpayers, both individuals and entities, to the state that is coercive without receiving direct compensation and is used for the prosperity of society. Every country must have revenues and expenditures that vary in size, and countries expect state revenues to be greater than their expenditures, but the opposite often happens. Indonesia is a country whose expenditure is more significant than its income. Therefore, every year, the government tries to maximize tax revenues to finance all state expenditures, aiming to improve people's lives.

To optimize tax revenues, the government needs to carry out tax reform. Tax reform is a significant and comprehensive change to the tax system, including improving tax administration, regulations, and base. Tax reform is necessary, and the Director General of Taxes (DJP) must always follow current conditions. Through this reform, tax revenues and the tax ratio can increase. The existence of DGT tax reform can give confidence to the public to help maximize state revenues and can also increase taxpayer compliance. State revenues originating from within the country consist of Income Tax (PPh), Value Added Tax (VAT), Value Added Tax on Luxury Goods (PPnBM),

PTKP to increase tax revenue. During the government's tax reform from 1983 to 2008, the Income Tax Law was amended four times, meaning that Non-Taxable Income (PTKP) within 25 years was only amended four times. Starting in 2008, the government was more active in changing Non-Taxable Income 3 (PTKP) using the Minister of Finance Regulation (PMK). Income Tax Law Number 36 of 2008 implemented the latest Non-Taxable Income (PTKP), which came into effect in 2009, and in 2012, Minister of Finance Regulation Number 162/PMK.011/2012 appeared.

CONCLUSION

To optimize tax revenues, the government needs to carry out tax reform. Tax reform is a significant and comprehensive change to the tax system, including improving tax administration, regulations, and base. Tax reform is necessary, and the Director General of Taxes (DJP) must always follow current conditions. Through this reform, tax revenues and the tax ratio can increase. The existence of DGT tax reform can give confidence to the public to help maximize state revenues and can also increase taxpayer compliance. State revenues originating from within the country consist.

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