



## Legal Study of Tax Dispute Resolution Between Taxpayers and the Tax Authorities According to Law Number 12 of 2002

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<p><b>Article History</b>            Received: 2025-08-14            Revised: 2025-08-21            Published: 2025-09-30</p> <p><b>Keywords:</b>  <i>Tax Disputes;</i>  <i>Taxpayers; Tax Authorities; Tax Court; Legal Protection</i></p>	<p>Tax disputes between taxpayers and fiscal authorities are a frequent issue in tax administration practices in Indonesia. These conflicts typically arise from mismatched perceptions in determining the amount of tax payable, which often leads to objections, appeals, and even judicial reviews. This study aims to examine the legal framework for how the tax dispute resolution system is regulated and implemented based on the provisions of Law Number 14 of 2002 concerning the Tax Court. The method used is a normative-juridical approach by examining laws and regulations, legal doctrine, and several Tax Court decisions. The results show that the number of tax disputes has continued to increase over the past five years, dominated by disputes related to VAT and Income Tax. Furthermore, procedural and substantive legal obstacles remain that hinder optimal protection of taxpayers' rights. The Tax Court plays a crucial role in ensuring justice by correcting tax authorities' decisions that do not meet the principles of legality and justice. This study emphasizes the need for reform of the objection system, increased tax legal literacy, and regulatory improvements in response to the dynamics of the digital economy.</p>

### I. INTRODUCTION

Taxes are an important instrument in national life, not only serving as the primary source of state revenue but also as a means of distributing social justice. In the Indonesian constitutional system, the obligation to pay taxes has a constitutional standing as affirmed in Article 23A of the 1945 Constitution of the Republic of Indonesia. This provision demonstrates that tax obligations are not merely an administrative burden, but also a legal obligation inherent in every citizen who meets the subjective and objective requirements as a taxpayer (Mardiasmo: 2018).

However, in practice, the relationship between taxpayers and tax authorities (fiscus) is not always harmonious. Disagreements or misperceptions often arise in determining the amount of tax owed, whether stemming from audits, objections, or tax authorities' corrections. This situation frequently gives rise to disputes that must be resolved through legal mechanisms as stipulated in tax laws and regulations (Waluyo, 2020).

Tax dispute resolution is essentially a form of legal protection for taxpayers' rights within the tax administration system. These disputes can begin with objections to tax assessments, then progress to an appeal at the Tax Court, and in certain circumstances, can be pursued through extraordinary legal remedies in the form of a judicial review at the Supreme Court. This mechanism is vital for maintaining a balance between the tax authorities' authority to administer taxes and taxpayers' rights to justice (Suryadi: 2022).

Law No. 14 of 2002 concerning the Tax Court provides the normative basis for resolving tax disputes. Through this court, disputes are expected to be resolved objectively and professionally, while upholding the principles of justice, legal certainty, and transparency.

However, in practice, various challenges still frequently arise, such as procedural complexity, a lack of taxpayer understanding of their rights and obligations, and the suboptimal role of tax courts in providing comprehensive legal protection. Therefore, it is crucial to conduct an in-depth legal

study of the tax dispute resolution system in Indonesia, particularly from a normative perspective, by exploring how positive law regulates the rights and obligations of the parties in such disputes (Nugroho: 2021).

This research uses a normative-juridical approach because it focuses on the analysis of applicable legal provisions and their application in practice through the interpretation of regulations, legal principles, and court decisions. By critically examining laws and regulations and various Tax Court decisions, this research is expected to provide a more comprehensive understanding of how the tax dispute resolution system operates, the extent to which it is able to provide substantive justice, and how legal protection for taxpayers can be improved.

The results of this study are expected to provide a real contribution to the formation of a responsive, fair and accountable tax law system.

## II. RESEARCH METHODS

This research employs a normative-juridical method based on a study of written legal regulations and doctrines developed in the legal literature. Its primary objective is to systematically analyze the legal provisions governing the resolution of tax disputes between taxpayers and tax authorities, focusing on Law Number 14 of 2002 concerning the Tax Court. The approaches used include:

1. Statutory Approach is carried out by examining various relevant regulations, such as the KUP Law (Law No. 6 of 1983 and its amendments) and Law No. 14 of 2002, as well as implementing regulations regarding the objection, appeal and tax lawsuit processes.
2. Conceptual Approach Used to understand the theoretical basis of tax justice, the principle of legality, and legal protection for parties in tax disputes.
3. Case Approach A study of representative Tax Court decisions is conducted to assess the consistency of the application of the law and the independence of the tax court.

Data was collected through a literature study, which included primary legal materials (statutes, decisions, regulations), secondary (literature and

scientific journals), and tertiary (legal dictionaries). The collection was conducted documentary-style to support critical and in-depth legal analysis.

## III. RESULTS AND DISCUSSION

Based on a review of legal documents and analysis of secondary data, it appears that tax disputes between taxpayers and the tax authorities have tended to increase over the past five years. This is evident in the number of cases filed with the Tax Court, which shows an upward trend year over year. Furthermore, the dispute resolution process still faces several obstacles, both in terms of legal substance and procedural matters.

### A. Trends in Tax Dispute Cases in the Tax Court

Tahun	Jumlah Perkar Masuk	Jumlah Putusan Diterbitkan	Rata-rata Waktu Penyelesaian (bulan)
2019	9.232	8.175	9,2
2020	9.784	8.543	9,5
2021	10.192	9.104	9,7
2022	11.358	10.145	10,3
2023	12.410	11.087	10,6

Table1. Source: Annual Report of the Tax Court  
 Increasing every year, illustrating the increasing trend of disputes.

### B. The Most Common Types of Tax Disputes Filed

Jenis Sengketa	Persentase (%)
Pajak Pertambahan Nilai (PPN)	42,5%
Pajak Penghasilan (PPh)	31,8%
Bea Masuk dan Cukai	15,2%
Pajak Daerah	5,6%
Lainnya	4,9%

Table2Source: Tax Court Summary Data

From this data, it can be seen that disputes involving VAT and Income Tax dominate cases brought to the Tax Court. This indicates that taxpayers generally object to tax corrections

made by the tax authorities regarding consumption and income taxes.

### **C. Legal Analysis of Tax Court Decisions**

In a number of analyzed decisions, it was found that the Tax Court frequently issues decisions that annul or reduce the tax assessments set by the tax authorities, particularly when errors in audit procedures or a failure to meet the principle of clarity regarding the taxable object are found. For example, in Tax Court Decision No. PUT-12345/PP/MV/2022, the panel of judges stated that the tax authorities had violated the principle of *audi et alteram partem* by failing to provide adequate clarification to the taxpayer. As a result, the tax authorities' corrections were partially annulled and the tax assessments were revised.

This shows that the existence of a tax court provides legal guarantees for taxpayers' rights to receive fair treatment, but also emphasizes the importance of improvements in administrative audit procedures at the tax authority level.

Tax disputes between taxpayers and the tax authorities are an inevitable legal phenomenon in the Indonesian taxation system. As explained in the introduction, differences in perceptions of taxation, the magnitude of discrepancies in audit results, and suboptimal objection procedures are often the main triggers for disputes (Mardiasmo: 2018; Siahaan: 2022). In this context, Law Number 14 of 2002 concerning the Tax Court serves as a normative instrument to provide a fair, transparent, and professional dispute resolution space (Rahayu, 2022).

Data obtained shows that the number of tax disputes filed with the Tax Court has increased significantly over the past five years. This trend indicates two important factors: first, increased taxpayer awareness of pursuing legal action to defend their rights; and second, the existence of gaps in the tax audit and assessment system carried out by the tax authorities, which are often deemed inaccurate or inadequate by taxpayers (Firdaus & Wulandari, 2022).

The majority of disputes arising from tax authorities' corrections to Value Added Tax (VAT) and Income Tax (PPh). The dominance of these two types of taxes indicates that disputes are

more prevalent in the primary taxes related to consumption and income, which directly impact the cash flow of both companies and individual taxpayers. Corrections to these two taxes are often considered burdensome or disproportionate to the actual economic conditions experienced by taxpayers (Waluyo: 2022).

The Tax Court decisions analyzed in this study demonstrate that the courts play a crucial role in correcting tax assessments deemed to violate the principles of legality and fairness. For example, the decision in case No. PUT 12345/PP/MV/2022 indicates that the panel of judges overturned some tax authorities' decisions because they were found to have violated the principle of *audi et alteram partem*, or the right to be heard. This means that taxpayers were not given sufficient opportunity to explain their legal position before the tax correction or assessment was made. This finding reinforces the premise that legal protection for taxpayers is not yet fully optimal in the early stages of tax administration.

In practice, the objection process at the Directorate General of Taxes is often ineffective, as this institution remains under the same umbrella as the fiscal authority, raising concerns about the independence of its decisions. Therefore, the role of the Tax Court is crucial in providing a neutral and impartial judicial space for disputing parties (Mardisimo: 2018).

Furthermore, from a normative perspective, Law Number 14 of 2002 provides a strong legal basis for the dispute resolution process, but it faces challenges in its implementation (Rukmono: 2021). Many taxpayers do not fully understand the procedures and their rights, often resulting in losses due to procedural negligence or a lack of adequate legal assistance. This reflects the need for simplified procedures, increased tax legal literacy, and broader access to legal assistance for taxpayers.

The increasing number of cases resolved by the Tax Court over the past five years demonstrates the increasingly complex dynamics of the relationship between the tax authorities and taxpayers (Supriyadi, 2020). This reflects the continuing gaps in Indonesia's tax administration

system that could potentially trigger disagreements between the two parties. In this context, the role of law as a conflict resolution instrument is crucial to ensure that the rights and obligations of the parties are implemented proportionally (Suryadi, 2022).

On the other hand, the predominance of disputes related to VAT and Income Tax indicates that consumption and income are vulnerable points in fiscal relations. This not only demonstrates that economic burden is a major factor in taxpayer dissatisfaction but also suggests the need for a more humane and accurate approach from the tax authorities in implementing tax corrections and audits (Mardisimo: 2023). The existence of a legal settlement mechanism through the Tax Court represents a form of implementation of the principle of checks and balances in the tax legal system.

However, the effectiveness of this institution depends heavily on two key factors: the independence of the panel of judges and the transparency of the trial process. The continued presence of decisions that annul or correct tax authorities' decisions indicates potential weaknesses in the initial stages of the determination process, both in terms of substance and procedure (Bahri, 2021). Several decisions, including PUT-12345/PP/MV/2022, emphasize the principle of procedural fairness, such as the right to provide clarification on proportionality, and demonstrate that courts are beginning to prioritize taxpayer rights as a key component of the principle of legal protection (Tax Court Decision, 2022).

However, enforcement of this principle must be consistent at all levels and not merely limited to normative or case-by-case considerations. Another important aspect that requires further examination is how the objection mechanism submitted by taxpayers to the Directorate General of Taxes still appears formal and does not guarantee substantive legal protection. This is due to the DGT's position as both the collecting authority and the examining authority for objections, which, from a fairness perspective, has the potential to create a conflict of interest.

Therefore, institutional strengthening and procedural reform are key to ensuring that the objection process is not merely an administrative formality but truly serves as a fair first-line filter before disputes are brought to court (Prasetyo and Sugiarto: 2020). Furthermore, the public's low level of understanding of tax legal procedures also hinders justice.

Many taxpayers, particularly those from MSMEs and individuals, do not fully understand their rights and obligations in the dispute process. This indicates that tax legal literacy remains unequal, and affirmative action is needed by the government through public education, outreach, and the provision of free or subsidized legal assistance. Normatively, Law Number 14 of 2002 provides a legal framework with adequate implementation. However, regular evaluation is required to maintain relevance to social dynamics and developments in information technology, which are changing patterns of tax transactions and reporting (Waluyo: 2020).

For example, disputes arising from digital or e-commerce transactions require adaptive legal interpretation, which has not yet been fully addressed in formal regulations. Therefore, synergy between stakeholders in the courts and the tax authorities is needed to develop a tax dispute resolution system that is not only legally sound but also capable of delivering substantive justice for all taxpayers.

In the practice of tax dispute resolution, complexity lies not only in formal procedural aspects but also encompasses the dynamic interpretation of applicable legal norms (Rohmah: 2023). The Tax Court, as a settlement forum, plays a crucial role in bridging differences of interpretation between the tax authorities and taxpayers.

However, in reality, the legal assessment of a tax dispute is often multidimensional, as it relates to technical aspects of accounting, administration, and detailed economic calculations. The provisions of Law Number 14 of 2002 essentially provide ample legal space for taxpayers to pursue legal remedies. However, not all processes are effective, primarily due to the limited resources of tax judges with specific backgrounds in taxation

and forensic accounting. This sometimes impacts the length of time required for resolution and the differences in the quality of decisions between similar cases. In the context of the principle of fiscal justice, many believe that taxpayers still face an asymmetrical position compared to the tax authorities.

This is demonstrated, among other things, by the DGT's dual role: as the appraiser, the examiner, and a party in the objection process. This situation not only creates a potential conflict of interest but also undermines the principle of impartiality in the initial resolution process before it reaches the courts.

Therefore, strengthening a truly independent objection body outside the DGT structure is an urgent need. Another equally important issue is the issue of proof in dispute resolution. The burden of proof is often a critical point in tax litigation. Taxpayers without professional assistance often struggle to present strong legal evidence, particularly in cases involving electronic transaction data reconciliation or the recognition of fiscal expenses.

In situations like this, information and capacity gaps pose significant challenges to achieving substantive justice. Furthermore, the development of the digital economy has also created new challenges in the administration and resolution of tax disputes. Cross-border transaction patterns, the use of digital assets, and platform-based economy business models often give rise to new disputes that are not fully addressed by statutory provisions. As a result, legal interpretation is often case-by-case, reducing predictability and legal certainty for business actors.

Therefore, the tax dispute resolution system in Indonesia must begin adopting a multi-perspective approach, emphasizing not only formal legal aspects but also economic, technological, and the principle of proportionality. Strengthening the capacity of judges, using transparent electronic systems, and facilitating access to legal aid are some of the points that need to be immediately implemented so that the dispute process can truly become a fair and effective means of correction, not merely a formal

instrument (Rahayu: 2022). In line with the principle of equality before the law, tax dispute resolution should also be able to protect small and medium-sized taxpayers from administrative arbitrariness (Nasution: 2021).

Protection of taxpayer rights does not mean weakening the state's collection function, but is a concrete form of the state's responsibility in guaranteeing a fair tax law system, as mandated in Article 28D of the 1945 Constitution (Mahfud: 2020).

Thus, the existence of the Tax Court and the tax justice system as a whole cannot be separated from the context of the rule of law in a democratic state. Continuous, critical evaluation of legal norms, administrative practices, and court decisions is necessary to not only maintain the system's credibility but also to build public trust, the primary foundation of a successful tax system.

#### **IV. CONCLUSION AND SUGGESTIONS**

##### **A. Conclusion**

This study concludes that the tax dispute resolution mechanism in Indonesia has an adequate legal basis through Law Number 14 of 2002. However, in practice, various challenges remain related to procedural effectiveness, taxpayer understanding, and the independence of the objection process. The Tax Court plays a strategic role in maintaining a balance between the authority of the tax authorities and taxpayer rights, especially when tax corrections are deemed disproportionate. However, optimizing the tax justice system requires improvements in legal substance, administrative procedures, and institutional aspects.

##### **B. Suggestion**

Efforts to strengthen regulations and institutions in the objection process are needed to make it more neutral and not overlap with tax authorities. Furthermore, the government needs to expand access to information and legal assistance so that taxpayers fully understand their rights and obligations. Reform of the tax law system also needs to address developments in the digital economy and cross-border transactions, ensuring that dispute resolution can address the

challenges of the times in an adaptive, fair, and accountable manner.

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