The Relationship between Tax Law and Other Laws: A Review of Problems in Tax Collection

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Info Articles	Abstract
	Tax law, a collection of regulations governing the relationship between the government as tax collector and the people as taxpayers, defines taxes as mandatory contributions to the state owed by individuals or entities that are coercive under the law, without receiving any direct compensation and are used for state purposes for the greatest prosperity of the people. Tax compliance is a major issue that requires greater attention in the era of private system evaluation. Several key factors affecting tax collection are taxpayer trust in tax institutions, complex regulations, low public awareness of taxes, and tax administration. It is hoped that improvements in organizations, human resources (HR), information technology, business processes, and tax laws and regulations will help overcome tax administration problems and increase taxpayer compliance.

I. INTRODUCTION

With modernization, tax collection has been implemented in developing and advanced societies, both in Indonesia and other countries. However, it is important to remember that before society developed to its present state, there were simple, primitive, and small groups formed in the form of tribes, regional units, and ancestral units. There was a shared interest in society as a human group. Unlike in simple societies, tax administration was supervised and regulated by individuals appointed within the community, such as tribal chiefs. Taxes were originally a form of tribute, an enforceable obligation that had to be fulfilled by the community. At that time, people paid tribute to kings or rulers in kind, such as rice, livestock, or agricultural products like bananas and coconuts.(Masyhur, 2013).

Initially, this tax collection experienced many abuses and the tax burden was not distributed evenly. One abuse in this area was granting privileges to collect taxes or even burdening taxes to certain individuals or groups on the grounds that they have rendered services to the state or the king. Law No. 28 of 2007 concerning General Provisions and Tax Procedures is based on the philosophy of Pancasila and the 1945 Constitution, which upholds the rights of citizens and places tax obligations as a state obligation. In principle, this law applies to material tax laws, except for the relevant tax laws.(Sinaga, 2016).

The amendment to Law Number 28 of 2007 introduces a simplified system, mechanism, and procedures for implementing tax rights and obligations, while still adhering to the Self-Assessment system. The purpose of this amendment is to improve the balance between the rights and obligations of taxpayers, enabling them to better exercise their tax rights and obligations. It is recognized that the Law on General Provisions and Tax Procedures needs to be amended as a result of developments in the economic, information technology, social, and political sectors. This amendment aims to influence and improve services to taxpayers, increase legal certainty and enforcement, and anticipate advances in information technology and material tax provisions. Furthermore, this amendment also impacts society as a whole.(Diamastuti, 2016).

II. RESEARCH METHODS

This research was conducted using a normative juridical approach. The normative juridical research method is a legal research method that focuses on the analysis and study of the norms applicable within a legal system. Normative juridical research aims to understand

and analyze law as a system of norms that regulate human behavior in society. This research is expected to provide an explanation of the study of laws and regulations related to the development of the tax legal system and tax collection over time in Indonesia.(Rizkia & Fardiansyah, 2023).

III. RESULTS AND DISCUSSION

A. Definition and Purpose of Tax Law

There are various definitions of tax provided by experts, particularly those in the fields of public finance, economics, and law. Law Number 16 of 2009 concerning General Provisions and Tax Procedures (UU KUP) states that tax is a mandatory contribution to the state owed by individuals or entities that is mandatory under the law without receiving direct compensation and is used for state purposes for the greatest prosperity of the people.

According to CF Bastable, tax is a compulsory contribution of the wealth of a person or body of persons for the service of the public powers. Meanwhile, according to HC Adams (1851-1921), an American economist and philosopher, tax is defined as a contribution from the citizen to the support of the state. Indonesian tax experts also provide definitions of tax that are not much different from the previous definition. Among them, Prof. Dr. PJA Andriani describes tax as a compulsory contribution to the state owed by the party responsible for paying it according to the regulations, without receiving any directly demonstrable results. According to him, taxes are intended to finance general expenses related to the state's responsibility to organize government.(Khalimi & SH, 2020).

Taxes play a crucial role in national life, particularly in development implementation, as they are a source of state revenue to finance all costs, including development costs. Tax collection policies in a state governed by the rule of law must be legally based. Otherwise, the collection carried out by the state does not fall into the category of tax collection but rather resembles extortion. Every country requires tax functions, namely the state treasury and regulatory functions, to protect and serve its citizens. Therefore, the state creates taxes to raise funds to protect and serve its citizens. Thus, Indonesia, from Sabang to Papua, has enormous potential to improve the national economy through tax collection. However, tax law is a regulation that governs the legal relationship between the state (the tax authority) as the tax

collector and the public (the taxpayer). This indicates that two legal entities will face each other in the field of taxation: the state and the public. Because both have legal status, they have rights and obligations regulated by tax laws.(Hidayatullah, 2016).

If you want to understand the purpose of tax law, you must also understand the general purpose of law, which serves as a basis. Aristotle, in his book Rhetoric, stated that the purpose of law is to create justice. However, other experts believe that another purpose of law is to create order and certainty, thus achieving happiness.(Pratama et al., 2024).

The general objective of tax law is to create fairness in tax collection by the government (state) towards the people as taxpayers. The value of fairness varies from country to country, for example, in Japan, where civil servants are exempt from income tax, which is considered fair because they directly contribute their energy and thoughts to the government. Fairness in tax collection is very difficult to implement practically, but with the principles underlying each tax law, tax collection is expected to be carried out properly and appropriately.(Harisman et al., 2023).

B. The Relationship between Tax Law and Other Laws

Tax law falls under public law, or state law. Tax law in Indonesia is based on an important principle, namely, that tax collection cannot be deferred. When a taxpayer designated by the government files an objection to a tax, before the decision of the Director General of Taxes (DGT) is received, the taxpayer must first pay the tax in accordance with the stipulated provisions. Tax law is considered part of State Administrative Law (HAN), which is the entire legal regulation governing all working methods and implementation, as well as the apparatus in carrying out state administrative duties.(Sulistyowati et al., 2021).

1. Tax Law with Constitutional Law
   a. Tax Law concerns State Administrative Law (HTN) because it collects taxes through implementation by the government to finance the entire state.
   b. In the State Budget Bill, state revenue is tax as the main source.
   c. The main source of the RAPBN is taxes.
2. Tax Law with State Administrative Law
   a. Collecting taxes from taxpayers is part of the government's duties.

b. Laws stipulated by state administrative officials as subjects of state administrative law.

c. laws that give rise to disputes.

d. Violations committed by tax office officers are tried by the State Administrative Court or State Administrative Court.

e. If the stamp duty used on agreements, deeds, securities, or powers of attorney is less than the specified amount, an administrative fine of one hundred times the actual stamp duty will be imposed, regardless of whether the act was intentional or not.

f. An employer is required to pay employee wage taxes and remit them to the state. If they neglect or intentionally fail to remit these taxes to the state treasury, they will be subject to administrative penalties and their business licenses will be revoked. This is to prevent taxpayers from violating tax laws and regulations.

3. Tax Law with Criminal Law

Tax law concerns criminal penalties because if a taxpayer (WP) avoids paying taxes by improperly recording sales records, they will be subject to criminal penalties based on applicable provisions, as criminal penalties are also regulated in tax law. As is known, criminal penalties are not only contained in the Criminal Code but also include criminal provisions in other laws covering various fields, one of which is tax law. In the explanation of Article 13A of the KUP Law, the imposition of criminal tax sanctions is a last resort in increasing taxpayer compliance.(Maxuel & Primastiwi, 2021).

4. Tax Law with Civil Law

a. Legal acts in taxation are in the civil sphere such as income, wealth, agreements, transfers, transfer of rights due to inheritance, debt relief compensation, and so on.

b. There are many civil law terms in tax law. For example, the term "domicile" in civil law refers to a person's central place of residence, but in tax law, "domicile" refers to tax laws determined by circumstances.

c. Tax law makes events (death, birth), conditions (wealth, foreigners), incidents (sale and purchase, lease) in civil law as tax targets.

d. In Tax Law, those who are subject to tax are adults, as stated in Article 330 of the Civil Code.

C. Problems in Tax Collection in Indonesia

In Indonesia, tax laws have been established and implemented, but many fundamental problems and obstacles remain in their implementation. This has a significant impact on tax revenue as a source of state revenue. These obstacles are caused by various factors, including the lack of education provided by the government to the public as taxpayers about the importance of paying taxes, the benefits of paying taxes, and the sanctions faced if taxpayers fail to fulfill their obligations. In addition to low levels of human resource awareness, taxpayers may not understand the importance of paying taxes and the procedures for registering, calculating, and reporting their own taxable assets. With the very low economic level of some taxpayers, taxpayers still prioritize basic expenses such as school and healthcare over paying taxes.(Sulistyowati et al., 2021).

Another obstacle is the database's failure to meet international standards, even though it is crucial for ensuring the accuracy of tax payments through the self-assessment system. This situation complicates empirical research aimed at assessing taxpayer compliance. This is because taxpayers may provide reports that do not reflect the actual situation. The effectiveness of law enforcement and taxpayer compliance are influenced by complete and accurate data. Furthermore, tax revenue is influenced by taxpayer compliance. Resistance stems from a lack of public awareness of the obligation to pay state taxes. Taxpayers perceive that regular tax payments will be used wastefully and inappropriately, and some tax officials may even steal funds. High-income taxpayers tend to be more conservative in reporting their tax obligations, and they tend to be more compliant than low-income taxpayers. Consequently, low levels of taxpayer compliance can lead to a larger difference between the amount of tax paid and the amount that should be paid. Furthermore, the implementation of high tax rates presents a challenge because it increases the burden on taxpayers.(Masyhur, 2013).

In addition, there are other issues such as implementing regulations that are often inconsistent with the law; numerous official and unofficial levies at both the central and regional

levels; weak law enforcement; a chaotic bureaucracy, and so on. These issues should contribute to the creation of good governance in the form of a clean and strong government. Known as "tax resistance," tax resistance can be divided into two parts:(Aprilianti, 2021):

1. Passive Resistance: This passive tax resistance is closely related to the socioeconomic conditions of the people in the country concerned. In most cases, people do not systematically attempt to impede government revenue; instead, it is more due to societal habits. For example, villagers often keep their money at home or buy gold to avoid interest income tax, not because they are unfamiliar with banking.

2. Active Resistance: Taxpayers make various efforts to avoid paying taxes or reduce the amount of tax they should pay. Active resistance can be divided into two types, as follows.

   a. Tax avoidance. Tax avoidance is an attempt to legally reduce taxes by exploiting tax provisions such as permitted exemptions and deductions, as well as taking advantage of unregulated tax regulations and weaknesses.

   b. Tax evasion. Tax evasion is the reduction of tax payments by violating tax regulations, such as providing false information or concealing information, which can result in criminal penalties.

D. Efforts Made to Overcome Tax Problems in Indonesia

To address tax collection issues, the government needs to broaden the tax base by increasing the number of registered taxpayers with a Taxpayer Identification Number (NPWP) and their compliance. The government will continue to strive to maximize tax coverage and improve taxpayer compliance. The government is implementing what is known as tax reform to address these issues. To do this, various efforts are being made, including issuing various laws to amend existing laws to enhance justice and legal security. The goal of improving tax laws is to expand tax imposition and collection and improve the fairness of the tax burden by eliminating legally unfounded tax incentives that endanger the national economy and closing loopholes for tax avoidance. Therefore, in general, it can be said that the tax system must function to encourage

business and national economic growth by encouraging foreign investment and guaranteeing state revenues. This is in line with the regulatory function, which expands the scope of tax subjects and objects, reduces the possibility of transfer pricing, and limits the imposition of final Income Tax, enabling the state to carry out its budgetary function as a key pillar of state revenue. To achieve independence in development financing, this policy is expected to improve tax compliance, investment, and state revenues.(Diamastuti, 2016).

Furthermore, the government is obliged to promote tax education, which is carried out to increase taxpayer knowledge. It is hoped that with greater knowledge, people will become more aware of paying taxes. As a result, the tax sector is expected to generate more revenue for the state and also improve the legal culture for tax officials and taxpayers. Both parties are expected to fulfill their respective obligations in accordance with applicable tax regulations. The government is obliged to strictly monitor the funds collected from taxes. Misconduct must also be strictly punished to provide a deterrent effect for those responsible for taxes and tax officials.

IV. CONCLUSION AND SUGGESTIONS

A. Conclusion

It can be concluded that the success of the tax system is greatly influenced by taxpayer compliance, which is influenced by various factors such as the level of public trust in tax institutions, regulatory complexity, and low public awareness of the importance of paying taxes. Education and outreach regarding the benefits and sanctions associated with taxes are crucial to increasing voluntary taxpayer participation in the national tax system. Furthermore, strict law enforcement and tax policy reform, including improvements to legislation, are necessary to make the tax system fairer, more transparent, and more effective in increasing state revenue.

Furthermore, the implementation of information technology and improvements to administrative processes are crucial for increasing the efficiency and accuracy of tax enforcement. The use of digital systems and increased human resource competency in the tax sector are expected to resolve various administrative obstacles and reduce the level of tax resistance, both passive and active. Therefore, the success of tax reform depends not only on the legislative aspect but also on the government's

readiness and commitment to building a better, more transparent system that reaches all levels of society.

B. Suggestion

There needs to be improved service delivery and more outreach and education for taxpayers about the importance of paying taxes and providing an understanding of the causes of non-payment. This is hoped to reduce the level of tax arrears.

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