



Analysis of the Effectiveness of Tax Amnesty Policy Implementation According to Law Number 11 Year 2016

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ABSTRACT

Tax amnesty is a tax write-off that is actually owed without being subject to tax administrative sanctions or criminal sanctions in the field of taxation. Based on Law Number 11 of 2016, tax amnesty is the elimination of taxes that should be owed, not subject to tax administrative sanctions and criminal sanctions in the field of taxation, by declaring assets and paying ransom. The research method used is normative juridical research. The data in this research emphasizes statutory norms that are relevant to the problems of this research. The results of this study indicate that the non-compliance of tax coverage in paying taxes does not escape the sense of public trust in the government. The author argues that the government must be able to be more solutive to increase public tax payments from year to year, where the success of tax payments can effectively accelerate national development by considering the mandate of Pancasila related to social justice for all Indonesian people.

A. INTRODUCTION

The main revenue of the Indonesian state comes from taxes, according to Law Number 28 Year 2007 Article paragraph (1). Taxes are mandatory contributions to the state by individuals or entities that are compelling based on law, with no direct reward and are used for state purposes for the benefit of the community (Permana, 2020). Taxes as state revenue must be considered positively, because through taxes the independence of a country in financing its development and government can be achieved. All costs needed for the development and development of the country come from the community itself, not from the help of other countries (Pravasanti, 2018).

Through taxes, the government can utilize economic resources to solve various economic problems. In addition, taxes are also used to build infrastructure and public facilities to support the progress of a country. Taxpayer compliance is a major problem in hampering state revenue in the taxation sector because Indonesia implements a self-

assessment system. Changes in the taxation system from official assessment to self-assessment give tax coverage the confidence to register, calculate, pay, and report their own tax obligations. This makes taxpayer compliance and awareness a very important factor in terms of achieving successful tax revenue (Rosyida, 2018).

Tax amnesty is a tax write-off that is actually owed without being subject to tax administrative sanctions or criminal sanctions in the field of taxation. The government's objective in making this tax amnesty policy is to repatriate assets from tax coverage that have not been reported in previous tax returns and to restructure tax objects. This tax amnesty policy is driven by the increasingly small possibility of tax coverage hiding their wealth outside the territory of the Unitary State of the Republic of Indonesia. The purpose of this study is to determine the level of effectiveness of the implementation of tax amnesties. The problem studied in this research is what causes the target not to be achieved in the implementation of tax amnesty and how the government's efforts to overcome these obstacles.

B. METHOD

The research method used in this research uses a type of normative legal research in which this legal research places the law as a building system of norms. The system of norms in question is about principles, norms, rules from laws and regulations, court decisions, agreements and doctrines (teachings). Normative legal research is a process for finding legal rules, legal principles, in order to answer legal problems, normative legal research is carried out to produce new arguments, theories or concepts as an assessment in the problem at hand (Marzuki, 2017).

The data in this research focuses on the norms of legislation, decisions of the constitutional court, and theories relevant to the problems of this research.

C. RESULTS AND DISCUSSION

Legal validity means that legal norms are binding, that people should do what legal norms require, and that people should obey and apply legal norms. Legal effectiveness means that people actually act in accordance with the legal norms as they are required to act and that the norms are actually applied and obeyed (DM et al., 2022).

Effectiveness is the main element to achieve predetermined goals or objectives in every organization, activity or program. It is called effective if it achieves the goals or objectives as specified (Mamonto et al., 2022). The effectiveness of a law is determined by five factors, namely:

- 1) The legal factors themselves, in other words the law;
- 2) Law enforcement factors, namely those who form and apply the law;
- 3) Facility factors that support law enforcement;

- 4) Community factors, namely the environment in which the law applies or is applied; and
- 5) Cultural factors, namely as a result of the work of copyright and taste based on human charisma in the association of life.

The five factors are interrelated with each other, because they are the essence of law enforcement, and also a measure of the effectiveness of law enforcement. The measure of effectiveness in the first factor is:

- 1) Existing regulations on certain areas of life are systematic enough;
- 2) Existing regulations regarding certain areas of life are quite synchronized, hierarchically and horizontally there is no conflict;
- 3) Qualitatively and quantitatively the regulations governing certain areas of life are sufficient; and
- 4) The issuance of certain regulations is in accordance with the existing juridical requirements.

On the second factor, that the problems affecting the effectiveness of written law in terms of the legal apparatus will depend on the following:

- 1) The extent to which officers are bound by existing regulations;
- 2) To what extent officers are allowed to exercise discretion;
- 3) What kind of example should officers set for the community; and
- 4) To what extent does the degree of synchronization of assignments given to officers provide firm limits on their authority.

In the third factor, the measure of effectiveness in the facilities and infrastructure or facilities factor is:

- 1) Existing infrastructure, whether it has been well maintained;
- 2) Infrastructure that does not yet exist, needs to be procured by considering the number and timing of its procurement;
- 3) Infrastructure that is lacking, needs to be completed immediately;
- 4) Damaged infrastructure, needs to be repaired immediately;
- 5) Infrastructure that is stalled, needs to be made functional immediately; and
- 6) Infrastructure that has deteriorated in function, needs to be upgraded.

In the fourth factor related to community factors, there are several measures of effectiveness, namely:

- 1) Factors causing people to disobey the rules, even if they are good rules;
- 2) Factors causing people to disobey the rules even though the regulations are very good and the officials are very authoritative; and

- 3) Factors causing people to disobey the rules even though the rules are good, the officers or officials are authoritative, and the facilities are sufficient.

In the fifth factor related to culture, it has a very large function for humans and society, namely regulating so that humans can understand how they should act, act and determine their attitude when they relate to other people. Thus, culture is a basic line of behavior that sets rules about what to do, and what is prohibited. Indonesian culture is based on customary law. This customary law is the common law that prevails among the majority of the people. In addition, there is also legislation arising from certain groups in society that have official power and authority. These laws and regulations must reflect the values that are the basis of customary law so that the laws and regulations can be applied effectively.

Effectiveness theory refers to a view of how a system, organization, or process can achieve its desired goals and outcomes. Although effectiveness theory has several advantages, such as providing guidance for achieving success and expected results.

Overall, effectiveness theory provides a useful framework for organizations to achieve their desired goals and outcomes. By focusing on results, measurement, and evaluation, organizations can improve their performance and better cope with change. However, keep in mind that effectiveness theory should also be tailored to the specific needs and context of the organization in order to provide maximum benefits.

Tax amnesty was carried out by the Indonesian government in the midst of national economic growth which in recent years has tended to experience a slowdown, which has an impact on the decline in tax revenue and also causes a decrease in domestic liquidity which is needed to increase economic growth in Indonesia.

Law Number 11 Year 2016 states that tax amnesty is the elimination of taxes that should be owed, not subject to tax administrative sanctions and criminal sanctions in the field of taxation, by declaring assets and paying ransom. Tax amnesty is one of the government's efforts in advancing the fairness and effectiveness of the tax system and also sensitizing tax coverage who often fight back ([Hadistiyah & Putra, 2022](#)).

In the tax collection system, Indonesia adopts a self-assessment system in which tax coverage are given full rights in calculating, paying and reporting their own tax obligations. The self-assessment system is regulated in Article 12 of the General Provisions of Taxation Law. This system of implementing tax collection has the advantage that the tax office will not be difficult in calculating and recording the amount of tax that should be paid by tax coverage. However, on the other hand, the application of this system seems to provide an opportunity for tax coverage, to reduce the amount of tax to be paid by reducing the tax burden ([Jamil, 2017](#)).

The problem is that the assets located in the territory of Indonesia have not been reported by the owner of the assets in the income tax return, so that it can cause tax consequences that arise when comparing with assets that have been reported in the annual income tax return concerned. This is one of the factors that cause the owners of these assets to hesitate to bring back or transfer their assets to invest them in economic activities

in Indonesia (Putra, 2017).

The level of tax coverage compliance plays an important role in the success of the government in determining the amount of revenue from the tax sector. The Directorate General of Taxes records the tax coverage compliance ratio in submitting the Annual Tax Return (SPT) Taxpayer compliance in Indonesia has increased every year along with the increase in the number of taxpayers. The increase in the number of taxpayers is not directly proportional to the increase in tax revenue (Dewi, 2016).

Until 2015, the tax coverage registered in the administrative system of the Directorate General of Taxes (DGT) reached 30,044,103 WP, consisting of 2,472,632 Corporate WP, 5,239,385 Non-Employee Individual WP (OP), and 22,332,086 Employee OP WP. This is quite alarming considering that according to data from the Central Statistics Agency (BPS), until 2015, the number of working Indonesians reached 102 million people, meaning that only around 29.4% of the total number of working and earning individuals in Indonesia have registered themselves or registered as taxpayers. On the other hand, BPS also noted that as of 2015, there were 23,941 Large and Medium Industry companies, 531,351 Small Industry companies, and 2,887,015 Micro Industry companies operating in Indonesia. This means that not all companies are registered as Corporate Taxpayers. This proves that both residents and companies in Indonesia, tax compliance is still low. The low level of tax compliance in Indonesia is what prompted the Indonesian government, in this case the Directorate General of Taxes, to decide to re-treat the tax amnesty policy in 2016. Tax Amnesty is expected to increase the amount of tax coverage, increase public obedience in tax payments, and undeniably with the existence of Tax Amnesty is expected to increase in state revenue (I Nyoman Putra Yasa & I Putu Wahyu Mandala, 2016).

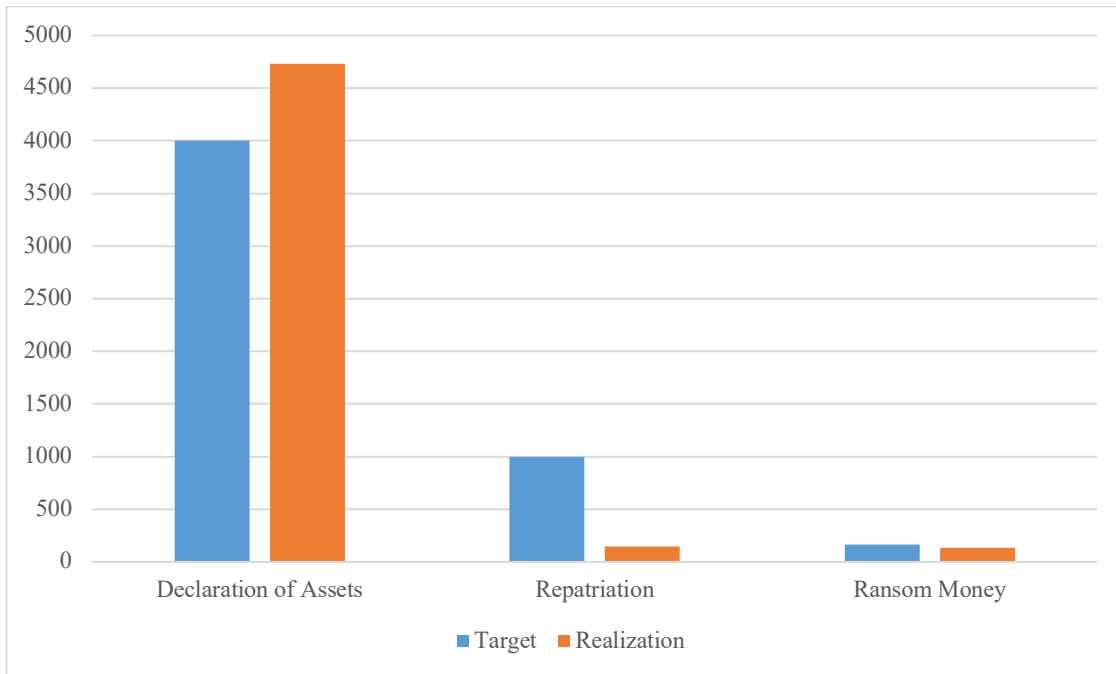
The tax coverage compliance ratio in Indonesia is still relatively low when compared to the ratio in developed countries. There are many factors that cause the low ratio, including: the low level of public awareness in carrying out tax payment and reporting obligations, the minimum number of tax authorities or tax auditors, and so on.

One of the factors affecting the low compliance of tax coverage is suspected in a condition of individuals or entities that have wealth derived from tax avoidance or evasion, they will make every effort to hide or store the wealth either inside or outside the country. The emergence of a tax amnesty policy through Law Number 11 of 2016 concerning Tax Amnesty is expected to increase tax subjects and tax objects. Tax subjects can be in the form of the return of funds located abroad, while in terms of tax objects in the form of increasing the amount of tax coverage (Gerungan, 2020).

The purpose of the Indonesian government re-enacting the Tax Amnesty policy is firstly repatriation or to attract funds of Indonesian citizens abroad. And secondly to increase the national tax base where the assets submitted in the tax amnesty application can be utilized for future taxation which will have an impact on the effectiveness of tax revenue. The effectiveness of tax revenue is the ability of the tax office to meet the tax revenue target based on the realization of tax revenue. This means how far the tax office can achieve the tax revenue target (Adam et al., 2017).

Based on these objectives, the government runs the Tax Amnesty program as a form of effort so that the community has a role in the program which aims to realize the effectiveness of the Tax Amnesty program which will help the role of the Director General of Taxes in the context of national economic development.

Table 1. Target and Realization of Tax Amnesty 2016 (IDR Trillion)



The tax amnesty target set by the government is IDR4,000 trillion in declaration, IDR1,000 trillion in repatriation and IDR165 trillion in ransom. In terms of target achievement, the government succeeded in achieving the declaration target of IDR4,734 trillion (exceeding the target of IDR4,000 trillion). While the other two sides, did not reach the target, namely ransom of IDR135 trillion from the target of IDR165 trillion, and repatriation of IDR147 trillion from the target of IDR1,000 trillion. In other words, tax amnesty from the declaration side was successful because it exceeded the target of IDR4,000 trillion, but repatriation was considered a failure because it only reached less than 15% of the target of IDR1,000 trillion. Based on the amount of redemption money that came in at 135 trillion, it is the largest income among countries in the world that have participated in tax amnesty. There are several reasons why ransom and repatriation have not met the target, namely, because:

- 1) The lack of socialization and coordination between the parties involved in the tax amnesty program is one of the triggers, and the Directorate General of Taxes does not explain to the tax coverage about the fund management instruments prepared in Indonesia so that tax coverage may prefer to invest their assets abroad rather than repatriate them to Indonesia due to more attractive investment reasons or higher profit potential in other countries and are reluctant to repatriate their assets (Arie Firdaus, 2017).
- 2) Bureaucratic constraints make the asset repatriation process may also be hampered by bureaucratic constraints or complicated procedures, some tax

coverage argues because the regulations in the country where they store assets abroad still make it difficult to withdraw their assets so that they can be invested domestically. Some others, because it turns out that the reported repatriation funds are not liquid funds, so they are waiting for the process to be converted into cash, or waiting for disbursement/maturity for those in the form of deposits, which makes some people reluctant to involve themselves in this program (Kominfo, 2017).

- 3) Some people may choose to continue avoiding tax obligations despite the tax amnesty program. They may decide to keep their assets hidden or transfer them to other countries that have more favorable tax provisions. This leads to a lack of participation as many citizens may not be interested or reluctant to participate in the tax amnesty program. They may not be aware of the benefits of the program, or prefer to take the risk of not disclosing their assets and hope not to be detected by the tax authorities.

Overcoming the tax amnesty problems faced can be done with the following steps and solutions:

- 1) The socialization of the tax amnesty program must be accessible to all potential tax coverage. If information is only available in certain forms, such as printed media or websites, then tax coverage that does not have access or the ability to access it may miss the opportunity to understand and participate in the program. To improve the effectiveness of the socialization of tax amnesty, the government should actively seek to address the above issues. This includes providing clear and accessible information about the program, conducting a strong marketing campaign, providing guarantees and protections for tax amnesty participants, and improving transparency and fairness in its implementation.
- 2) Simplification of repatriation procedures can increase tax coverage participation in the program. The government should strive to reduce bureaucratic red tape and remove unnecessary administrative barriers to overcome the bureaucratic bottleneck of repatriation in the implementation of tax amnesty. The easier and more transparent the repatriation process is, the more likely people are to follow it. To address concerns regarding the disclosure of sensitive financial data, the government should ensure that there is a strong and rigorous security system in place to manage tax coverage financial information. Thus, tax coverage will feel more comfortable in engaging in repatriation.

The government and related institutions need to implement several strategies and approaches to improve tax coverage compliance, perhaps by increasing supervision and inspection of tax coverage that is fraudulent or has a high risk of non-compliance. This can be a prevention effort and also provide a deterrent effect to potential violators and make sure there are strict sanctions for violators of tax regulations. Consistent and firm law enforcement will help prevent and crack down on willful violations.

D. CONCLUSION

Tax amnesty, or tax amnesty, is a program offered by the government to give tax coverage the opportunity to declare and pay previously unreported or unpaid tax liabilities, in exchange for the elimination or reduction of sanctions and penalties that may be imposed. Although the concept is attractive and could be a way to address some taxation issues, there are several reasons why tax amnesty does not always run effectively. Based on the description above, the implementation of the tax amnesty policy in Indonesia conducted in 2016, can be said to be successful, especially from the receipt of ransom derived from declarations, but not successful from repatriation. Regarding the number of participants who participated in the tax amnesty program, it did not reach the number of participants expected by the government due to the lack of socialization carried out by the government, as well as the complexity of administrative issues causing a sense of non-compliance with tax coverage. To improve its effectiveness, it is necessary to have a careful program design, and a comprehensive approach in addressing tax issues, and strict law enforcement to encourage compliance in the future.

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