

## LITERATURE REVIEW: LAW ENFORCEMENT'S ROLE IN ACCELERATING TAXPAYER COMPLIENCE ESCALATION

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**Abstract:** *This research aims to find out how far the effectiveness of law enforcement in Indonesia can increase taxpayer compliance so that it can increase state revenues in the field of taxation, and find out more about the law enforcement process that occurs in Indonesia. The existence of consistent tax law enforcement is one way for taxpayers to comply with tax regulations so that it can influence the state's income from the tax sector. The type of research used by researchers in this research is descriptive research. This type of descriptive research is used to describe the relationship between taxpayer compliance, tax audits, and tax collection on tax revenues in Indonesia. The method used in the data collection stage is literature study. Literature studies are carried out by collecting and analyzing data from various relevant literature sources such as scientific journals, books, research reports and tax regulations. The conclusion from this research is that taxpayer compliance and tax audits have a positive effect on tax revenues*

**Keywords:** *Law Enforcement, Tax Audit, Tax Revenue, Tax Payer*

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### 1. Introduction

Fundamental sources of income the largest obtained the Indonesian government comes from from sector taxation. Government capable to finance development state infrastructure and state expenditure in order to realize achievement welfare together with existence reinforcement tax. Tax becomes source acquisition the biggest a country compared with income others (Ainul & Susanti, 2021). Levies taxes paid government to public nature force and with No accept reward in a way direct. Levy the become source main state revenue in Budget State Revenue and Expenditure (APBN). In 2023, state revenues reached 2,155.42 trillion reported from the Committee website Supervisor Taxation which states that until with end December 2023 realization reception taxation reached Rp 2,155.42 trillion (101.75 percent) from the target in Presidential Decree 75/2020) grew 5.94 percent year-on-year (yoy). The taxation sector in Indonesia contributed by 75%, customs and excise contribute by 10%, and acceptance no tax contribute by 15% (Ministry of Finance, 2016).

Government will keep going make an effort for increase reception tax. Efforts made government for increase reception the tax through tax reform, where government carry out reforms to regulations and laws taxation as well as system Indonesian taxation (Widodo et al., 2010).



Source : Ministry of Finance , 2024

Regulatory reform taxation occurred in 1983 which caused shift in collection model tax from the official assessment system becomes system self assessment. Causes done change in the voting model tax because system self assessment allow the occurrence scheme collection tax in a way voluntary collection where taxpayers are given authority for calculate alone magnitude taxes that must be paid paid to the country (Rizka Lutfi Novalistia, 2016). The approach taken government use make it easier for taxpayers to do payment tax through convenience administrative in a way electronic with apply matching NPWP with NIK. Efforts made government use increase image good taxation in the eyes public obstructed with existence concern related action corruption in body government tax Where officer tax involved in it.

History of blasphemy image taxation in Indonesia occurs when the revelation Gayus Tambunan case in April 2010. Image of the sector taxation that has not been recover consequence from Gayus Tambunan's case is getting worse eroded with a series case corruption involving officer tax in the same period. In 2018, the head of the Ambon Pratama Tax Service Office together with two officers tax arrested on suspicion reception bribe from a Taxpayer with Meaning reduce bill taxes that must be paid paid by the Taxpayer. In 2019 four employee Directorate Tax General arrested on suspicion accept bribe For agree submission restitution tax a company run by car dealer owners luxury. In 2023, Rafael Alun as Head of General Affairs of the South Jakarta II Regional Tax Office was arrested on reason gratification amounting to Rp. 1.3 billion through company consultant tax his. Phenomenon case corruption involving officer tax the impact no only on image sector taxation only, will but in a way direct influence public general, especially Taxpayers (Yenni Wiranti, 2020).

Decrease trust public to official public is a problem that is not can considered trivial, therefore without realized distrust public impact on increasing privatization in sharing aspect power government where government at risk lost role dominant as player main in organizing service Public (Mériade, 2018). Taxpayer compliance in carry out obligation payment tax influenced by the attitude and service provided by the officers taxes so far this role tax officer more focused as examiner, although For ensure taxpayer compliance with his/her obligations, role tax officer required more wide Again than just do examination (Asfa I. & Meiranto, 2017). Taxpayer compliance leads to the readiness, desire, and capability of Taxpayers to obey the regulations applicable taxation, reporting his income, and pay tax in accordance provision with accurate and precise time. Implementation policy taxation Taxpayers are expected to do so in a way voluntary without existence inspection, investigation, warning, threat, or sanctions criminal and also administration.

Scope compliance taxation covers 2 aspects, namely intentional non-compliance and unintentional non-compliance intentional. Unintentional non-compliance intentional appear because lack of knowledge or Taxpayer understanding of regulation tax so that result in constraint for Taxpayers in fulfil obligation its taxation. Intentional non-compliance happen when the Taxpayer with intentional violate regulation taxation for avoid not quite enough answer

taxation. Examination tax is the right step for evaluate Taxpayer compliance (Kasper & Rablen, 2023). Enforcement law criminal tax started with Preliminary Evidence Examination (Bukper) or in term law criminal general is investigation. Enforcement action law criminal tax started with proposal Inspection Bukper from existence IDLP documents (Information, Data, Reports, and Complaints ). IDLP documents can made by the community general or internal DJP which is made by the Account Representative (AR) or Functional Tax Auditor (FPP).

Effectiveness enforcement law criminal can produce sufficient state revenue significant (Cahyono & Budiarto, 2020). Examination and billing tax are two actions enforcement important law done in optimization reception taxation in Indonesia. The purpose of inspection tax for test compliance to obligation taxation and provide effect deterrent to Taxpayers who do not obedient, whereas billing aiming for send reprimand, do blocking, and confiscating goods to ensure payment of tax debt.

Examiner tax have authority for do action testing of the SPT that has been reported by the Taxpayer. The basis of filling out the Notification Letter started from bookkeeping carried out by Taxpayers. Audit actions the is role important as means enforcement Law. Actualization in the field show that in the process of inspection Still there is misappropriation that occurred. This marked with existence manipulation inspection tax to violation regulation legislation, height dispute tax from activity examination and weakness enforcement law tax in implementation inspection taxes in Indonesia (Susilo et al., 2018). Factors that can influence quality inspection including: 1) competencies possessed examiner tax in do inspection tax influential positive (Ruth Novita Andriani, Vince Ratnawati, 2020), 2) utilization technology information also has an effect positive to quality inspection tax because help in do examiner in support smoothness auditing and output. This matter can make it easier in to document all activity transaction data recording financial and non-financial digitally (paperless).

A number of study previous has done for to study factors that influence action enforcement law, taxpayer compliance, and revenue tax. Research conducted by (Teri & Rura, 2023) concluded that inspection tax own influence positive to reception tax. Another study conducted by (Widati et al., 2022) indicated importance billing effective tax in increase reception tax. Based on phenomena taxation that has been delivered on researcher interested for lift title "Literature Review: Law Enforcement's Role in Accelerating Taxpayer Compliance Escalation".

Based on description on background back above, then can concluded a formulation problem namely 1) How effectiveness enforcement law in Indonesia for increase compliance must tax so that influence state revenue in the field of taxation, and 2) How is the enforcement process ? law to act criminal taxation.

The purpose of study this is to 1) know how much far effectiveness enforcement law in Indonesia can increase Taxpayer compliance so that can increase state revenue in the field of taxation, and 2) knowing more carry on regarding the enforcement process laws that occur in Indonesia.

## **2. Research Method**

### **2.1 Types of Research**

Types of research used researcher in research this is study descriptive. Type of research descriptive used for describe connection between compliance must tax, audit taxes, and billing tax to reception tax in Indonesia. Methods in study this also illustrates the design used for finish problem study.

**2.2 Data Collection Techniques**

Methods used in stage data collection is studies library research. Library study done with collect and analyze data from various source relevant literature like journal scientific, books, reports research, and regulations taxation. The data obtained from studies literature become base for identify and understand factor affecting reception tax.

**3. Results and Discussion**

**3.1.Results**

<b>4. Source Receipts - Finance</b>	<b>Realization State Revenue ( Billion Rupiah)</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>1. ACCEPTANCE</b>	<b>2,006,334.00</b>	<b>2,435,867.10</b>	<b>2,443,182.70</b>
<b>Reception Taxation</b>	<b>1,547,841.10</b>	<b>1,924,937.50</b>	<b>2,016,923.20</b>
Domestic Tax	1,474,145.70	1,832,327.50	1,960,582.50
Income tax	696,676.60	895,101.00	935,068.60
Added Tax and Sales Tax on Luxury Goods	551,900.50	680,741.30	740,053.60
property tax	18,924.80	20.903.80	31,311.00
Habit Acquisition Fees for Land and Buildings	0.00	0.00	0.00
Excise	195,517.80	224,200.00	245,449.80
Other Taxes	11,126.00	11,381.40	8,699.50
Trade Tax International	73,695.40	92,610.00	56,341.10
Import duty	39,122.70	43,700.00	47,528.50
Export Tax	34,572.70	48,910.00	9,012.70
<b>Reception Not Tax</b>	<b>458,493.00</b>	<b>510,929.60</b>	<b>426,259.10</b>
Reception Natural resources	149,489.40	218,493.10	188,744.80
Income from Separated National Assets	30,496.80	40,405.30	44,068.10
Reception Not Other Taxes	152,504.00	149,013.40	110,429.80
Public Service Agency Admissions	126,002.80	103,017.70	83,016.40

Source : Central Statistics Agency , 2024, processed writer

Data obtained from BPS about reception state finances in period 2021 to with 2023 in relation with effectiveness compliance tax, audit taxes, and billing tax to reception tax,

**3.2.Discussion**

**Effectiveness Tax Compliance, Tax Audits, and Tax Collection Against Tax Receipts**

Based on the data so can described become as following:

- a. Related with Taxpayer compliance data show that existence improvement amount reception taxation from year to year. This is can interpreted as sign that level compliance must increasing taxes good so reception taxation will also experience improvement in a way

significant. Taxpayer compliance is in line with Taxpayers carrying out payment and reporting tax in a way appropriate time and accurate so that can contribute positive to reception tax.

- b. There is an inspection tax, revenue tax from 2021 to with 2023 experiencing improvement. Research results the previous also indicates that inspection tax influential positive to reception tax. Inspection tax become factor supporting determinant improvement reception tax.
- c. Data from BPS does not reflect existence information in a way details about billing tax, will but reception taxation in 2023 experienced decline compared to receipts that occurred in 2021 and 2022. This can become material evaluation for government for can do more effort effective in do billing tax.

Based on the above interpretation so can concluded that compliance must tax, audit taxes, and billing tax hold role important in reception tax. High level of compliance supported by effective auditing and efficient billing which contributes to the improvement reception tax.

### **Mechanism Law Enforcement Against Action Criminal in the Field Taxation**

Enforcement process law act criminal taxation begins from stage investigation. According to Article 1 point 2 of the Criminal Procedure Code (KUHAP), the definition of from investigation is a series action investigator in things and according to the way it is arranged in constitution this for look for as well as gather evidence that with proof that make bright about act crimes that occur and their use determine the suspect. While according to Article 1 number 31 of the Law Number 28 of 2007 concerning General Provisions and Tax Procedures, definition from investigation is a series actions taken by investigators for look for as well as gather evidence that with proof that make bright act criminal in the field taxation that occurs as well as find the suspect. The main objective the investigation process is carried out is for find the suspect who committed act criminal in taxation .

Procedures investigations carried out by Tax Investigators can mentioned as following :

- a. Investigator tax must show the warrant the investigation that has been signed by the Director General of Taxes or Head of Regional Office
- b. To inform the beginning investigation to Investigator Police and Public Prosecutor
- c. Delivering investigation results to the Public Prosecutor through Investigator Indonesian National Police
- d. When the Investigator do search or confiscation , especially formerly must there is permission from Chairman Local District Court , except in condition urge
- e. In doing search or foreclosure must there are 2 witnesses
- f. Making a minutes of confiscation and signed by the Taxpayer and Tax Investigator
- g. If the suspect worrying will leaving Indonesian territory then investigator tax can quick request help to Attorney General's Office for do ban
- h. Investigation finish compilation file the matter consists of from :
  - 1) Minutes of the meeting opinion / resume
  - 2) Compilation Contents file
  - 3) Filing

A number of stages that will be implemented in do investigation act criminal law in the field of taxation, including:

- a. Stage Observation. Definition from observation is a series activities carried out by officers Directorate General of Taxes for match with reality, discuss and develop more carry on will information, data, reports, and/ or complaint that gives instruction existence suspicion has happen act criminal law in the field of taxation.

- b. Preliminary Evidence Examination. Intended for get proof the beginning about existence suspicion has happen act criminal law in the field of taxation. The basis of he did inspection proof the beginning where guidelines and procedures referring to the applicable provisions regarding procedures inspection in the field taxation. After finished inspection proof the beginning furthermore made Preliminary Evidence Report with accompanied by conclusions and suggestions act continued.
- c. Investigation Stage including the preparation of minutes and filing. If the examination of initial evidence is then followed up with an investigation, then the tax examiner's supervisor after assessing and providing considerations or suggestions from the examiner, proposes to the Directorate General of Taxes or Officials to conduct an investigation through the Director of Tax Audit. After that, the Director General of Taxes studies and considers the proposal of the Director of Tax Audit, then gives instructions to continue the investigation. The Investigation Order Letter is signed by the Director General of Taxes or an official appointed by him. After the tax investigator receives the Investigation Order Letter, the initial obligation that must be carried out is to notify the data on the commencement of the investigation to the Prosecutor/Public Prosecutor through the Police Investigator. Furthermore, the Tax Investigator begins to carry out investigative actions in the field of taxation while still paying attention to and being guided by the provisions of the applicable Criminal Procedure Code, namely the Criminal Procedure Code.

Termination investigation to violation tax every action investigations carried out by Tax Investigators, can stopped in things as following:

- a. There is no sufficient evidence, or
- b. Incident no is incident act criminal law in the field of taxation, or
- c. Suspect died, or
- d. The event has expired, or
- e. For interest state revenue , on request of the Minister of Finance, the Attorney General can stop investigation act criminal law in the field of taxation. Law No. 28 of 2007 concerning General Tax Provisions, stated that for interests state revenues from request of the Minister of Finance, the Attorney General can stop investigation act criminal law in the field of taxation with condition:
  - 1) Taxpayers pay off taxes that are not or not enough paid or not should returned
  - 2) Taxpayers pay sanctions administration in the form of with as much as 4 (four) times the amount taxes that are not or not enough paid, or not should returned.

In terms of investigator stop investigation Because reasons as above, then obligation Investigator is to inform matter that to Investigator Indonesian National Police to the Public Prosecutor, and to suspect or his family.

#### **4. Conclusion**

Based on research that has been done there is connection positive between Taxpayer compliance, audit taxes, and revenues tax. The more tall level Taxpayer compliance, increasingly high acceptance tax generated. Examination tax own role important in increase compliance tax with identify non-compliance and taking step for ensure fulfillment obligation taxation. That for follow up actions carried out by Taxpayers in the form of Notification Letters and/ or information containing no correct or no complete with do inspection proof beginning. Enforcement process law in principle referring to the Criminal Procedure Code where executor investigation first given authority to Investigator. Examination strategy effective tax focus on usage technology adequate information, selection of Taxpayers with risk low compliance, and selection method proper examination. Implementation of examination strategy taxes and billing

tax need approach in a way holistic and sustainable. Efforts to optimize reception tax required collaboration between government, authority taxes, and society become factor the key that must be attention. Education and socialization related obligation taxation to public become part important in increase Taxpayer Compliance. Evaluation in monitoring of audit and billing strategies tax need done in a way periodic use do improvement and development more methods effective.

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