

# General Provisions and Tax Procedures

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## Abstract

Tax is a mandatory contribution to the state. Where tax is one of the state revenues. The purpose of writing this article is to provide information about taxation in general and get basic reasoning about taxation procedures and general provisions as a useful knowledge base for implementing tax laws. Writing is done using qualitative methods with sources obtained by means of literature studies. The result of this research is that there is a system for collecting taxes, tax rates, principles, arising and eliminating tax debts, and obstacles to tax collection. So it is found that in taxation there is a collection system, as well as principles and rates that are adjusted to the tax subject and tax object. And there are obstacles in tax collection, as well as the reasons for the emergence and abolition of taxes.

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## 1. INTRODUCTION

Based on Law Number 28 of 2007 concerning General Provisions and Tax Procedures, it is explained that taxes are contributions of taxpayers to the state that are owed by individuals or entities that are coercive based on law, with no direct reciprocity and are used for state needs. for the greatest prosperity of the people.

Taxes are contributions that are needed by the state for state revenues to finance government expenditures. In the collection of taxes that are coercive, the method of collection has been regulated in the law that has been promulgated.

The reason for this research is to get basic reasoning about tax procedures and general provisions as a useful knowledge base for implementing tax laws.

## 2. LITERATURE REVIEW

### 2.1 Tax

Tax is an obligation in the form of debt owed to the state and is obligatory to be paid by taxpayers in the form of individuals or entities. Taxes function in state development,

starting from purchasing state expenditures to building state infrastructure and facilities (Samarsan, 2017). Tax can also be interpreted as a mandatory contribution that has an impact that cannot be directly felt by the taxpayer .

### 2.2 Tax Function

#### a. Budget function (Budgetair)

The budget function is a function of taxes as funds that can be used by the state in carrying out state duties and prospering its people through the development of infrastructure and facilities in the regions.

#### b. Regulating function (Regular)

The governing function is the function of the tax in carrying out the stability of excellence within a country. Taxes function as regulators of money circulation to carry out policies in the social and economic fields.

#### c. Redistribution function

The function of taxes is to improve the quality of social development so that it can increase the number of jobs which can increase employment opportunities and income in the community

#### d. Democracy Function

The function of taxes in democracy in question is the function of taxes in uniting all elements of the state, from the government to the people, so that they can unite and contribute to the development of the country.

### 3. METHODOLOGY

The research method used is a qualitative method. Qualitative research is a research procedure that produces descriptive data in the form of written or spoken words from people and observable behavior Bogdan, Taylor (1955). The length of time the research was conducted was 2 (two) months and was sourced from articles, *Google books* and books. As well as reviewing existing updates according to the Directorate General of Taxes.

## 4. RESULTS AND DISCUSSION

### 4.1 Tax System

The tax system is a system for calculating the amount of tax payable that must be paid by individual and corporate taxpayers, namely as follows.

#### a. Real Stelsel ( *riël stelsel* )

Collections imposed on real objects or real income are known so that they are more realistic and collection can only be made at the end of the year. Example: PPh articles 21, 22, 23, 4 paragraph (2) and article 26

#### b. Presumption Stelsel ( *fictieve stelsel* )

Collection is based on a presumption that is regulated by law. Where, for example, one year's income is considered the same as the previous year, so that at the beginning of the year the amount of tax that must be paid can be determined. However, the taxes paid are unrealistic. Example: monthly installments of Income Tax Article 25

#### c. Mixed System

Is a combined system  
real with presumption system, when the beginning of the year is calculated based on an assumption and at the end of the year it is adjusted based on reality. If the amount based on reality is greater than an

assumption, then it is required to pay underpayment. Conversely, if the amount of an assumption is greater than the reality, it can make a return (restitution).

### 4.2 Principles of Tax Collection

#### a. Domicile Principle (place of residence)

Imposition of tax on all income of taxpayers residing in their territory, whether income from within the country or abroad. This principle only applies to domestic taxpayers.

#### b. Source Principle

Imposition of tax on income originating in an area without regard to the place of residence of the taxpayer.

#### c. National Principles

The principle associated with nationality in a country and this principle only applies to foreign taxpayers.

### 4.3 Tax Collection System

#### a. *Official Assessment System*

The tax collection system which has full authority is in the hands of the tax authorities to determine the amount of tax that must be paid by the taxpayer. With the following characteristics.

- 1) Taxpayers are passive
- 2) Authority rests with the government (fisku)
- 3) Tax debt arises after the tax authorities issue a tax assessment letter

#### b. *Self Assessment System*

A collection system in which taxpayers are entrusted with calculating, depositing and reporting their own taxes. With the following characteristics.

- 1) Taxpayers are active
- 2) Authority is fully in the hands of taxpayers
- 3) Fiskus just watching

#### c. *Withholding System*

A system in which the authority is not in the hands of the government (fiskus) or the taxpayer himself, but a third party who deducts, collects and deposits the tax. So that the big role is in third parties.

#### 4.4 Arises and Write-Off Tax Debt

The emergence of tax debt has an important role because:

- a. Payment of taxes;
- b. Entering an objection letter;
- c. Specifies the start and end expiration;
- d. Issuance of Underpaid Tax Assessment Letters, Additional Underpaid Tax Assessment Letters and other letters;
- e. Determination of fines or sanctions.

There are 2 (two) teachings regarding the emergence of tax debt, namely:

- a. The emergence of Tax Debt
  - 1) Formally  
The emergence of tax debt due to the enactment of the law, is determined in *the self-assessment system*.
  - 2) Materially  
The emergence of tax debt due to the issuance of a tax assessment letter by the tax authorities, is determined in the *official assessment system*.
- b. Elimination of Tax Debt
  - 1) Payment  
Payments made by taxpayers themselves to tax recipient offices (perception banks or post offices) or can be collected by other parties or through foreign tax credits.
  - 2) Compensation  
Compensation scheme for losses or overpayment of taxes.
  - 3) expired  
Taxes payable that are not collected/collected within a certain period of time are considered paid off and cannot be billed again. Taxes payable can expire after 10 (ten) years from the time they are owed, the end of the tax period, part of the tax year or the tax year concerned.
  - 4) Exemption/Removal  
Elimination of tax debt if it has been determined by the tax authorities due to an investigation, stating that the taxpayer is no longer able to fulfill obligations. It is common for taxpayers to go bankrupt.

#### 3.5 Barriers to Tax Collection

##### a. Active Resistance

Acts committed by taxpayers to avoid taxes.

- 1) *Tax evasion*  
Attempts to lighten the tax burden by violating the law or also known as tax evasion.
- 2) *tax avoidance*  
Efforts to ease the tax burden without breaking the law.

##### b. Passive Resistance

People who are reluctant to pay taxes can be caused by the following

- 1) Difficult tax system to understand
- 2) Intellectual and moral development of society
- 3) The control system is not done properly .

#### 3.6 Tax Rates

##### a. Fixed Rates

A tax rate whose rupiah value does not change even if the amount subject to tax increases. For example, stamp duty of IDR 3,000 and IDR 6,000

##### b. Progressive Rates

The tax rate increases in percentage if the tax object increases. Progressive tax rates on PPh have undergone changes which were passed on January 1, 2022 with the existence of the Law on Harmonization of Tax Regulations (UU HPP), which contains layers of taxable income and their rates, as follows:

- 1) IDR 0 to IDR 60,000,000 5%
- 2) IDR 60,000,000 to IDR 250,000,000 at 15%
- 3) IDR 250,000,000 to IDR 500,000,000 at 25%
- 4) IDR 500,000,000 to IDR 5,000,000,000 at 30%
- 5) More than IDR 5,000,000,000 at 35%

##### c. Proportional/Comparable Rates

The tax rate whose percentage remains the same regardless of the number of tax objects. For example, the property tax is 0.5% and the value added tax.

##### d. Regressive Tariff

The percentage tax rate decreases if the number of tax objects increases. In Indonesia, this rate has never been used. Examples as follows.

- 1) The number of tax objects between 0 and Rp. 25,000,000 is 15%.
- 2) The amount of the tax object is between Rp. 25,000,000 to Rp. 50,000,000, with a percentage of 12.5%.
- 3) The amount of the tax object is between IDR 50,000,000 and IDR 1,000,000,000, the percentage is 10%

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## 5. CLOSING

In conclusion, taxes are contributions to the state that are obligatory and coercive, where the reciprocity is not felt directly. In the collection process, there is a system that is run with rates that are adjusted to the tax subject or object. As well as the existence of obstacles in the collection and the emergence and elimination of tax debts.

In the end, taxes are income for the state which will be reused for the prosperity of its people and as a taxpayer, it is ensured that they always carry out taxation according to the rules. Due to the times that have caused changes regarding taxation, it is advisable to always stay abreast of tax updates so that they carry out taxation properly according to the regulations.

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