ISSN: 2338 4638
Volume 4 Nomor 2 (2020)

'ADALAH
Buletin Hukum & Keadilan

Value Added Tax Enforcement Problem In Indonesia

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doi 10.15408/adalah.v4i2.18592

Abstract:
Tax proceeds are state income used for public expenditures, such as fostering the sustainability of state instruments, state administration, state institutions, state assets, state development, and so on, all of which must be financed with state income. Taxes are people's contributions to the state treasury based on the mandate of Article 23 of the Republic of Indonesia's 1945 Constitution, which can be enforced without obtaining lead services (counter-achievements), can be shown directly, and are used to pay general expenses. VAT is a tax levied by the Ministry of Finance's Directorate General of Taxes. The author employs a qualitative research methodology in this paper with the goal of educating readers about VAT, particularly taxpayers doing business in Indonesia.
Keywords: *Value Added Tax; Tax Collection; Taxes in Indonesia*

Abstrak:
Uang hasil pajak merupakan penghasilan negara yang dimanfaatkan untuk pengeluaran umum dalam rangka membina keberlangsungan alat-alat negara, administrasi negara, lembaga negara, aset negara, pembangunan negara, dan seterusnya yang harus dibiayai dari penghasilan negara. Pajak merupakan iuran rakyat kepada kas negara berdasarkan amanat Pasal 23 UUD NRI 1945 yang sifatnya dapat dipaksakan dengan tanpa mendapat jasa-timbal (kontra-prestasi), yang langsung dapat ditunjukkan dan yang digunakan untuk membayar pengeluaran umum. PPN merupakan pungutan di bawah kewenangan Direktorat Jenderal Pajak, Kementerian Keuangan. Dalam penulisan ini, penulis menggunakan metodologi penelitian kualitatif dengan tujuan penelitian untuk mengedukasi pembaca mengenai PPN khususnya bagi wajib pajak yang melakukan praktik usaha di Indonesia.
Kata Kunci: *Reformasi 98; Demokrasi; Politik Islam*

PROLOG

Taxes in Indonesia are divided into two types based on where they are collected: central taxes and regional taxes. Central taxes are those that are managed by the central government, specifically the Directorate General of Taxes within the Ministry of Finance. The proceeds of the central tax levy are used to fund state expenditures such as road construction, school construction, and health assistance, among other things. Regional taxes are levied at the provincial and district/city levels by the Regional Government (Listijo, 2020).

"Taxes are contributions to the State (which can be imposed) that are owed by those who are obliged to pay them according to regulations, with no return of achievement that can be directly appointed, and the purpose of which is to finance general expenses related to the task of the State which organizes the government," according to Waluyo (2002:4). Value Added Tax (VAT) is a tax that can be imposed on the delivery or import of taxable goods or taxable services performed by taxable entrepreneurs and can be imposed multiple times each time there is Value Added Tax (VAT) and credited (Suandy, 2003: 59)..

The Value Added Tax (VAT) was implemented in Indonesia on April 1, 1985, to replace the Sales Tax (VAT). Tax regulations are constantly updated to keep up with rapid socioeconomic and political developments in order to adapt to societal changes (Widowat, 2017). VAT is an indirect tax that can be charged or transferred to other people or third parties in the end. Taxable Entrepreneurs (PKP) in Indonesia are required to collect VAT when selling or delivering Taxable Goods (BKP) or Taxable Services (JKP).

Taxable goods are tangible goods that can be movable or immovable due to their nature, and intangible goods that are subject to VAT. Second, taxable service is any service activity based on an agreement or legal action that makes an item, facility, or right available for use, including services performed to produce goods due to orders or requests with materials and on customer instructions subject to VAT.

VAT is imposed on value added that occurs as a result of certain activities, as outlined in Law Number 42 of 2000 concerning the Third Amendment to Law Number 8 of 1983 concerning Value Added Tax on Goods and Services, as well as Sales Tax on Luxury Goods (Law Number 42 concerning VAT Article 4, Article 16 C, and Article 16 D).

All costs associated with producing, distributing, trading, or providing services constitute a value added element that serves as the foundation for the imposition of Value Added Tax (VAT). As a result, Value Added Tax (VAT) is a tax levied on the value added of taxable goods or services (Darmayanti, 2012).

This study is a legal study that adheres to the distinct character of jurisprudence as a genetically appropriate discipline. The legal approach is taken by reviewing Law 42 of 2000, which is the Third Amendment to Law 8 of 1983, which is about Value Added Tax on Goods and Services and Sales Tax on Luxury Goods (VAT Law) (Mahmud, 2017: 133).

VALUE ADDED TAX PROVISIONS (VAT)

Taxable Entrepreneurs (PKP) must collect, deposit, and report VAT. According to the provisions of PMK No. 197/PMK.03/2013, a Taxable Entrepreneur is an individual or a business entity that has sales of goods or services totaling more than Rp. 4.8 billion.

Taxes that are distinguished by the following characteristics: 1) A tax on the transfer of wealth from individuals or corporations to the government. 2) Taxes have the force of law and its implementing rules, allowing them to be enforced. 3) Taxation is used for the benefit of the public. 4) It cannot be demonstrated that there is a direct individual contravention to the government in the payment of taxes. 5) The state levies taxes through both the central and local governments. 6) Taxes are used to fund government expenditures, and if there is a surplus from income, it is used to fund public investment.

Taxes are classified according to their function as follows: 1) The function of budgetair, namely taxes, here is a tool or source to put as much money as possible into the State treasury, which in time will be used to finance routine expenses; if there is a surplus, this surplus can be used to finance government investment. 2) A regulating function, in which taxes are used as a tool to achieve goals that are not related to the financial sector.

Thus, value added arises from the use of production factors in every line of the company in the production, distribution, and trading of goods or the provision of services. All costs associated with producing, distributing, trading, or providing services constitute a value added element that serves as the foundation for the imposition of Value Added Tax (VAT). As a result, Value Added Tax (VAT) is a tax levied on the value added of taxable goods or services (Darmayanti, 2012).

According to the environment, tax law is part of public law, but some argue that tax law is an independent science separate from state administrative law for the following reasons: To begin with, the task of tax law differs from that of administrative law in general. Second, tax law can be used directly as an instrument of economic politics. Third, tax law has rules and terminology that are unique to the field.

a. VAT Journal Preparation Guidelines

The procedure for bookkeeping or creating a VAT journal consists of three factors, namely: first, the purchase of BKP/JKP, where VAT can be credited and where it cannot be credited; second, the purchase of BKP/JKP, where VAT can be credited and where it cannot be credited; and third, the purchase of BKP/JKP, where VAT cannot be credited. Second, there is the issue of sales and VAT. Third, there is VAT that has accrued and VAT that has been overpaid. Meanwhile, the VAT journal entry method is made up of three methods/methods, which are as follows: First, input and output VAT are combined into a single estimate. Second, input and output VAT are recorded separately for each tax period, with no offset procedure. Third, input and output VAT are separately recorded, with an offset procedure at the end of each tax period.

Bookkeeping is defined as the process of recording data and information on a regular basis in order to collect data and information about: first, the state of property. Second, there are obligations or debts. Capital is the third item. Fourth, let's look at income and expenses. Fifth, the cost of acquiring and delivering goods or services for which: a) Value Added Tax (VAT) is payable. b) VAT is not payable. c) Subject to zero percent VAT; and d) Subject to Sales Tax on Luxury Goods.

The VAT percentage is 10%, for example, in the VAT Journal entry for cash purchases. If A purchases a product for Rp.1.000.000, - (one million rupiah), the tax (VAT) that must be issued is Rp.100,000, - (one hundred thousand rupiah), and the nominal amount to be paid is Rp.1.100.00, -. (one million one hundred thousand rupiah). This calculation method is applicable to cash, credit, and return transactions.

b. Value Added Tax Subject

VAT subjects are those who are responsible for tax debts who are responsible for depositing taxes into the State treasury based on Law no. 18 of 2000 are: first, entrepreneurs who according to the law must be confirmed as a Taxable Entrepreneur (PKP) entrepreneur or taxpayer who automatically are: a) Manufacturers or producers including real estate entrepreneurs/industrial estates/developers or entrepreneurs who produce taxable goods. b) Entrepreneurs who import taxable goods. c) Entrepreneurs who have special relationships with manufacturers or importers. d) The main agent and main distributor of the manufacturer or importer. e) Holders of patents and trademarks of taxable goods. f) Contractors/contractors/ subcontractors of buildings and other fixed assets. Second, Entrepreneurs who are not included in the scope of tax imposition but state that they choose to be confirmed as a Taxable Entrepreneur (PKP) are: a) Exporters, b) Traders selling Taxable Goods (BKP).

VAT is an indirect tax in which the bearer of the tax burden and the person in charge of tax payments are on different parties; the buyer or recipient of the service bears the tax burden, while the seller of goods or services acts as the party responsible for VAT payment.

The Value Added Tax (VAT) plays a strategic and significant role in the taxation sector, but it is unfortunate that the potential income from taxes owned by Indonesia has not been used properly for the welfare of the nation and the state. In general, criminal acts in the field of taxation are frequently committed by taxpayers, tax authorities, and third parties, resulting in losses of state financial revenue from taxes.

For the subject of VAT, it is almost the same as the subject of PPn-BM, namely there are two categories: first, Taxable Entrepreneurs (PKP) which include: Manufacturer Manufacturers, Entrepreneurs Real Estate Industrial Developers, Importers, Indentors, Entrepreneurs who have special relationships with manufacturers and importers, The main agent, and main distributor of manufacturers or importers, holders of patents and trademarks, contractors 1 contractor 1 sub contractor for buildings and other fixed assets. Second, Entrepreneurs who choose to become Taxable Entrepreneurs, which include: Exporters and Traders who sell Taxable Goods to Taxable Entrepreneurs.

Meanwhile, those who are exempt from VAT are, first and foremost, those who work in agriculture, animal husbandry, fisheries, forestry, and plantations. Second, Small Entrepreneurs, defined as entrepreneurs with a gross annual turnover of less than or equal to Rp.240,000,000.00 or Taxable Services with a gross annual turnover of less than Rp.120,000,000.00. If these two types of Non-Taxable Entrepreneurs do not report their business to be designated as Small Entrepreneurs, they will be treated similarly to other Taxable Entrepreneurs.

c. Value Added Tax Object

According to Helmy (2005: 63), the entrepreneur's delivery of Taxable Goods within the customs area is the object of the Value Added Tax. The delivery of taxable goods must meet the following criteria: first, the delivered tangible goods must be Taxable Goods. Second, the delivered intangible goods are intangible Taxable Goods. Third, the delivery is made within the customs zone. Fourth, the delivery is carried out in the context of business or activity (Helmy, 2005).

Mining or drilling products (crude oil, asbestos, coal, natural gas, and so on), basic necessities (rice, corn, milk, meat, soybeans, vegetables, and so on), food and beverages served in restaurants or restaurants, money, gold bars, medical services, social services, financial services, insurance, education, and so on are not all subject to VAT or Value Added Tax.

According to Pohan (2016: 68), according to article 1 number 15 of the 1984 VAT Law, a Taxable Entrepreneur (PKP) is an entrepreneur who submits BKP or JKP that is taxed, excluding small entrepreneurs, unless the small entrepreneur chooses to be confirmed as PKP according to article 3 (PMK 68/PMK.03/2013) (Pohan, 2016).

Some of these can be used as tax items: The first step is to import taxable goods. second, Taxable Entrepreneurs' Export of Tangible or Intangible Taxable Goods and Taxable Services (PKP). Third, entrepreneurs deliver Taxable Goods (BPK) and Taxable Services (JKP) within the Customs area. Fourth, use of Intangible

Taxable Goods from outside the Customs Zone within the Customs Zone. Fifth, use of taxable services from outside the Customs Zone within the Customs Zone.

In general, the object of VAT is first and foremost the delivery of taxable goods by the taxable entrepreneur to any party, where the tax base is the total selling price. Taxable Goods are tangible goods that can be in the form of movable or immovable goods as a result of processing, whereas Taxable Entrepreneurs are persons or entities in whatever form within the company or work that produces goods, imports goods, exports goods, conducts trading business, or conducts service business. Second, the Taxable Goods are delivered by the Entrepreneur who chooses to become the Taxable Entrepreneur to the Taxable Entrepreneur, whose tax base is based on the total selling price. Exporters and traders who sell Taxable Goods to Taxable Entrepreneurs are defined as Entrepreneurs who choose to be confirmed as Taxable Entrepreneurs (PMPKP).

Third, the provision of services by contractors/contractors/ subcontractors for the manufacture, restoration, and repair of construction buildings and other immovable goods to any party within the Republic of Indonesia whose tax base is the replacement of the wholesale price or the term of payment of the wholesale price. Only services for construction buildings and other immovable goods carried out by contractors/contractors/sub-contractors are taxable and subject to VAT, including the definition of service delivery for their own interests.

Fourth, anyone whose tax base is the value of the import is allowed to import taxable goods. The delivery of luxury goods at the time of import or at the manufacturer level will be subject to Luxury Goods Sales Tax in addition to VAT (PPn-BM). Fifth, there are other submissions, such as "still being planned" for VAT on land that falls under the category of abandoned land (land that is not used for business or economic activities).

Sixth, the delivery of Taxable Goods within the Customs Area of the Republic of Indonesia, including Wholesalers, within the company or work environment. A wholesaler is defined as an entrepreneur with any name and form in a trading business who, within his company or work environment, delivers Taxable Goods to any party other than a retail trader, as defined in Government Regulation No. 28 of 1988.

Seventh, the delivery of taxable services within the company or work environment by a taxable entrepreneur, except for health services and regulations, social services, postal and checking services, banking services, insurance, non-bank financial institutions, religious services, educational services, non-commercial arts services, radio and television broadcasting services, sea and land transportation services, foreign air transportation services, labor services and manpower provision, hotel and lodging services, public telephone services/coin box as regulated in PP No. 28 of 1988.

d. Value Added Tax (VAT) Rates

Each country will determine its own tax rate system that will be applied in their respective countries. In Indonesia for Income Tax, the tariff uses a progressive rate, Value Added Tax uses a proportional rate, Land and Building Tax uses a bentham rate, and others.

The provisions of Law Number 42 of 2009 are as follows: First, the Value Added Tax Rate is 10%. Second, the value added tax rate on taxable goods exported is 0%. (zero percent). Third, through government regulation, the tax rate can be reduced to a minimum of 5% (five percent) and a maximum of 15%. Fourth, the value added tax for manufacturers is 10% for the purpose of calculating the output tax (UU No. 42 Tahun 2009).

Fairness, both in principle and in practice, is one of the requirements for tax collection. The government can achieve social balance through justice, which is critical for the well-being of society as a whole. One way to achieve justice is to set tax rates.

The amount of the tariff determines the amount of tax that is the burden of the taxpayer as well as the amount of state revenue from taxes. But the amount of tax is not always the burden of the taxpayer, because in indirect taxes, the tax burden can be transferred/ shifted to other people (tax shifting). Tax shifting can be divided into two, namely forward shifting and backward shifting.

e. Calculation of Value Added Tax

Bookkeeping or recording can be used to calculate taxable income. If the taxpayer keeps accurate records, the net income can be calculated by deducting the gross income from the expenses. For corporate taxpayers and permanent establishments, net income equals taxable income, whereas for individual taxpayers, taxable income equals net income less non-taxable income (PTKP).

Tax costs can be divided into two categories: deductible expenses and non-deductible expenses from gross income when calculating taxable income. How to calculate VAT is formulated as: VAT collected = Tax Imposition Base (DPP) X Tariff.

The difference between the tax collected at the time of sale or delivery of a taxable good or service and the amount of Value Added Tax (VAT) can be used to calculate the amount of VAT. Receipt of taxable goods or services or importation of taxable goods (input tax). If the output tax exceeds the input tax during a tax period, the difference is the Value Added Tax (VAT) that the Taxable Entrepreneur must pay. If the amount of input tax that can be credited in a tax period exceeds the amount of output tax, the difference is an excess tax that can be made up in the next tax period (Darmayanti, 2012).

In Indonesia, an e-Faktur, or electronic tax invoice, is required as a prerequisite for reporting the VAT Period SPT. To create an e-invoice, a person must also have an electronic certificate, which can be obtained directly from the Director General of Taxes' office, which is also where a person is confirmed as a PKP. Following that, it must ensure that the tax invoice received is an e-invoice and that the information contained therein is accurate.

The following example demonstrates the VAT imposition process: In carrying on his business, a taxable entrepreneur will be subject to VAT on goods and services purchased for business purposes. Input Tax refers to VAT on goods and services purchased for business purposes. If the Taxable Entrepreneur sells the purchased goods and services to third parties, the Taxable Entrepreneur may collect Value Added Tax from the person who purchased the goods and services. Outputs are the goods or services provided by the Taxable Entrepreneur to the other party, and the VAT collected is the Output Tax.

To calculate the Value Added Tax payable, the Taxable Entrepreneur must subtract the Output Tax from the Input Tax, which can be easily calculated as follows: VAT is an abbreviation for Value Added Tax. If the Output Tax is less than the Input Tax, the difference is the Taxable Entrepreneur's Rights, which can be reclaimed or compensated with the amount of tax due in the following tax period.

f. Value Added Tax (VAT) Reporting

According to Law Number 42 of 2009, the Value Added Tax Period Tax Return must be submitted no later than the end of the month following the end of the tax period. If the Company fails to report the VAT Period SPT on time, the company will be fined Rp. 500,000.00 in accordance with Article 7 paragraph 1 of Law Number 28 of 2007 on General Provisions and Tax Procedures.

How to Deposit VAT by the 15th of the month following the year. If the 15th falls on a holiday, the deposit will be made the following business day. Deposits for imports are made on the next working day, with the exception of those collected on March 31st, which must be deposited on the same day.

EPILOG

Tax collection in Indonesia is based on the Constitution, specifically Article 23A of the 1945 Constitution, which states: "Taxes and other levies that are coercive for the purposes of the state are regulated by law." There are various definitions, as there are in other social sciences. However, the various interpretations will eventually lead to the same meaning, or the meaning of the word will have the same core meaning.

In a manufacturing process, value added is the difference between the costs incurred and the expected level of profit. This means that the value added process always arises as a result of the costs incurred, beginning with raw materials and progressing to semi -finished goods and finally to finished goods ready to be sold at the expected profit level.

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'Adalah; Buletin Hukum dan Keadilan merupakan berkala ilmiah yang diterbitkan oleh Pusat Studi Konstitusi dan Legislasi Nasional (POSKO-LEGNAS), Fakultas Syariah dan Hukum UIN Syarif Hidayatullah Jakarta.