

TAX SOVEREIGNTY: STATE RESISTANCE STRATEGY FOR MAINTAINING MARKET STABILITY AND NEOLIBERALISM IMPACT IN INDONESIA

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Abstract

Neoliberalism developed rapidly in developing countries as a form of the implications of post-independence capital needs. Indonesia as a developing country is not immune from the influence of neoliberalism that leads into the world market and trade system, so that the country becomes quite weak in regulating existing economic patterns because of its dependence on capital-giving countries in the form of investment and control of strategic economic sectors. The method used is descriptive qualitative by searching manuscripts and literature about the influence of the market on the welfare of citizens and is equipped with materials regarding tax and sovereignty for the state. The results obtain that tax is a form of state resilience and firmness in suppressing hyper-exploitative market developments with the aim of welfare for all citizens. Taxes are used as a form of investor resistance in managing the economy with the hope of creating a regulation which can control the country's economy.

Keywords: tax sovereignty; state; market; neoliberalism

Abstrak

Neoliberalisme berkembang secara pesat di negara-negara sedang berkembang sebagai bentuk implikasi dari kebutuhan modal pasca kemerdekaan. Indonesia sebagai negara sedang berkembang tidak luput dari pengaruh neoliberalisme yang menuntun masuk ke dalam sistem pasar dan perdagangan dunia, sehingga negara menjadi lemah dalam mengatur pola perekonomian yang ada karena ketergantungan atas negara-negara pemberi modal dengan bentuk investasi dan menguasai sektor-sektor perekonomian strategis. Metode yang digunakan adalah deskriptif kualitatif dengan penelusuran naskah serta literatur mengenai pengaruh pasar terhadap kesejahteraan warga negara dan dilengkapi bahan-bahan mengenai pajak dan kedaulatan pajak bagi negara. Hasil yang didapatkan bahwa pajak merupakan suatu bentuk ketahanan dan ketegasan negara dalam menekan perkembangan pasar secara hiperekspliatif dengan tujuan kesejahteraan bagi seluruh warga negara. Pajak digunakan sebagai bentuk perlawanan investor dalam mengelola perekonomian dengan harapan terciptanya suatu regulasi yang dapat mengendalikan perekonomian negara.

Kata kunci: Kedaulatan Pajak; Negara; Pasar; Neoliberalisme

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INTRODUCTION

For each country, developing or developed countries, the source of capital income for development is something that should continue to be sought and utilized optimally. That importance of capital aspects in development caused several governments in a country to rehabilitate, increase and even change a particular system to achieve an effort in the context of extracting the funding sources for the country.

The country's preference to run an economic system is a challenge. The state chooses how the system in managing state capital and how the development of the economy will be built. The expected state capital is a step or initial capital for the process of moving the development to achieve prosperity and glory, similarly what being undertaken by the Indonesian state.

The case of economic development in Indonesia is facing a variety of external pressures, especially political and power. The continued pressure applied in Indonesia made the government become frustrated, so that various solutions and policies were lowered in the hope of creating good stability in a state order.

One of the policies lately seized attention is leading to the free market economy commonly known as the capitalism model. The capitalism surrenders the economy to the market in other that allows for many imbalances between the owners of capital and labor as production factors. An economy that surrenders fully to the market will also have serious impacts such as the increasing number of liberal ideologies entering the economy so that destruction and even massive exploitation are possible due to the interests of production and economic income. The capitalist state economic model causes the government to not be able to do much about the equal distribution of income and welfare, even allowing for a neo-liberalism ideology that emerges as a reaction to the overflowing the market economy system.

The sustainability of the market economy is only able to be directed by government regulations that govern the pattern and equitable distribution of income for all members of citizens. The most optimized way is by having a tax system as a regulator and balancer as well as control of the liberal economic patterns that exist in a country. Taxes are not only used as state income, but taxes also are more directed at the goal of equitable distributing income for the citizens' welfare. In this paper the author tried to highlight the importance of tax sovereignty to create a state resilience in the issue of neoliberalism which propels the market economy into prosperity.

METHOD

The method used in this article is qualitative descriptive with several resources from each literation. To describe what author will are drawn by the framing is used to find the result and discussion. The data are obtained by making several comparison from books in the library as well as several articles to strengthen understanding what the topic speaks about. This research focuses on the economic market and neoliberalism. Further data analysis was carried out by data comparison, data triangulation and conclusions.

RESULT AND DISCUSSION

Neoliberalism in Indonesia

The neoliberal project began after the 1998 crisis. Since 1997 the neoliberal policies led by the IMF through the Memorandum of Economic and Financial Policies (MEFP) or better known as Letters of Intent

(LOI) have been more apparent (Gie, 2003: 328). Under the pretext of providing economic assistance to overcome the balance of payments, the IMF proposed conditions including reducing import tariffs, and opening up the business sector for foreign investment. In the field of agriculture, Indonesia must open itself to the import of fertilizer and agricultural seeds, which is then accompanied by a policy of privatization of fertilizer companies. Indonesia must also gradually release BUMN to become private companies (Wibowo, 2003: 266). This is what commonly known as the Structural Adjustment Program (SAP), which includes liberalization, privatization, and deregulation.

Trade liberalization begins when the North America region was in a NAFTA (North America Free Trade Area), then the Southeast Asia region has also something similar. The ASEAN free market applied to Indonesia in 2015 to integrate itself into world free trade in 2020. This is on a macro scale, there are many things that must be fulfilled so that free trade can run, which includes policies related to trade liberalization, for example the liberalization of the financial sector which is more liberal as if competition becomes tighter so that it increases efficiency. This policy was accompanied by exchange rate liberalization where the exchange rate of the rupiah against the dollar and other foreign currencies was released freely. By this policy it is also expected to increase the level of competition of the rupiah against other currencies as one of the parameters where the exchange rate can be said to be credible. There was no government intervention in determining the exchange rate that occurred during the Suharto era by tight money policy, even though it later experienced a crisis (Wibowo, 2003: 120)

To support trade liberalization, it is also necessary to have restrictions on barriers which limit the operation of the free trade system, for example the abolition of import duty tariffs. That way foreign goods will easily enter Indonesia without going through complicated procedures and at a low cost. In the end these goods are easy to compete with domestic goods. Most of these imported goods are cheaper than domestic products. However, if you look further, the phenomenon of the cheapening of these goods occurs due to the policies of the exporting countries, for example through counter-politics, as practiced by Japan and China, or by subsidizing the costs of producing goods.

The agricultural and industrial entrance from outside has killed many agricultural and similar industries in Indonesia. For example, the policy of importing rice from Vietnam, this has resulted in a fall in rice prices which has caused domestic farmers to lose. Prices in terms of production costs have experienced a deficit, especially after importing rice. In addition, the rice import policy does not take into account the dynamics of the domestic market which is likely to cause ups and downs in rice prices. The price of rice in the market is not always caused by the scarcity of rice in the market, but it is closely related to the game of rice traders who hoard rice, causing scarcity of circulating rice.

In the next section, as an absolute part of what is privatization. The program targets are government assets, such as companies managed by the government (BUMN). BUMN privatization itself is assumed to start from the thesis that so far the companies managed by the government cannot run effectively and efficiently. There are many indications of waste and many cases of KKN which have led to the destruction. Unlike the case with Petras and Veltmeyer's explanation (Wibowo, 2003: 206), the main purpose of the privatization of SOEs as a company owned by all the people of Indonesia is not to take over the company, but to rearrange the economic structure of a country and pave the way for the neoliberal economic agendas to be international organization.

Without being associated by SAP at the IMF, Indonesia had previously privatized it during the Orde Baru in 1988. However, the ongoing privatization agenda was in the context of national deregulation and bureaucratization. The focus of BUMN privatization at that time was the improvement of BUMN financial performance which hoped that BUMN performance would be more effective and efficient, so a gradual change in BUMN status was carried out. Companies with the status of a company and a public company are converted into a company (Persero).

Based on the experience, it can be compared and corrected that the privatization policy as part of SAP in the context of changing BUMN ownership to private or foreign parties which refers to neoliberal interests. Even the implementation of the privatization agenda was driven by the interests of multinational capital (MNC's) hiding behind the IMF to rob BUMN at very low prices (Wibowo, 2003: 209). An easy and fresh case is the sale of Indosat's shares to the Singapore telecommunications company, Singapore Technologies Telemedia (STT).

The practice of privatization of BUMN is quite alarming because there are no considerations on the externalities of BUMN and the strategic value of BUMN itself for the community. Externality aspects should be taken seriously with regard to the mandate of Pasal 33 UUD 1945 and the interests of the wider community towards the existence of the BUMN in functioning to fulfill the lives of many people.

An agenda that is no less important in SAP is deregulation. Deregulation is related to the rules or laws of government products that are felt to economic growth and cause inefficiency. It is clearly the neoliberal agenda, that the rules made later are rules that will facilitate the entry of transnational capital into Indonesia. Then came what was called the Oil and Gas Law, the Electricity Law (which was later canceled by the Constitutional Court), and the Water Resources Act (SDA). Through the Oil and Gas Law which was passed in 2001, for example, Pertamina, as a BUMN whose existence is to meet the needs of the Indonesian people for oil and gas, is no longer a single player in the management of Oil and Gas in Indonesia. it must compete with multinational oil and gas companies such as Shell, ExxonMobil, and so on.

As a case, in handling oil projects in the Blok Cepu located on the border of Central Java and East Java, Pertamina must be willing to share profits equally (45:45) with ExxonMobil. Even though many energy observers judge that Pertamina is actually capable of managing the oil field itself, without having to work with ExxonMobil, besides there is no logical reason for the government to extend the contract with ExxonMobil.

From various government policies with neoliberal nuance, it has deep and broad implications. The policies issued by the government turned out to be felt directly by the small people. That the liberalization, privatization and deregulation policies necessitated the lack of social security for small people in the form of withdrawing subsidies for them. Subsidies are considered as government spending that is not important, even unnecessary. Government spending should be prioritized for economic development in accordance with the neoliberal agenda in general.

The emergence of government policies such as increasing fuel oil (BBM) rates, basic electricity tariffs (TDL), water tariffs, and telephone tariffs, almost every year increases. In 2005, there were two increases, namely on March 1 and October 1, 2005. The increase in fuel prices was carried out so that domestic fuel prices were the same as international prices, although ironically, in terms of the quality of fuel (premium gasoline qualification) it was still below international standards. That increase was accompanied by an increase electricity tariff. Water and telephone tariffs are also experiencing, but the thing that gets the most attention

and strong reaction from many parties is the increase in fuel and electricity, because this is what is felt by the small people as victims.

Tax and State Revenue

Indonesia as a developing country which was proclaimed on August 17, 1945, has politically proven itself as an independent and full sovereign state. The political consequences are followed by other consequences, such as economy, culture, security and so forth. As a result, Indonesia must be able to provide development funds in accordance with its capabilities. It is clear that building in the economy will determine the shape and nature of the state which in turn will determine the content of independence.

As one of the sectors of state revenue from the community itself, taxation is a special form of state revenue based on public law. Tax at first only has a small role as extraordinary financing for special and incidental expenditure which gradually develops into the most important form of state revenue along with the development of collective provision by the state (Efendi, 2006: 16). The increasing need for sources of state revenue is in line with the emergence of productive businesses so that taxable capacity also increases.

The definition of tax according to the general encyclopedia is stated as dues from the people to the typical country based on the law without retribution directly to the people as a form of the submission. Whereas Sommerfield (as an American economist), said that tax is a transfer of resources that must be made from the private sector to the government based on regulations without getting a direct and balanced return, so that the government can carry out tasks in carrying out the wheels of government (Salamun, 1985: 5).

In a taxation system, various terms are known as listed in Law No. 6 of 1983 concerning General Provisions and Tax Procedures. The terms that are standard in taxation are: (1) Taxpayer, is a person or entity that according to the provisions of the taxation laws and regulations is required to carry out taxation. (2) Agency, is a limited liability company, limited liability company, state-owned or regionally owned business entity with any name and form, partnership, company or other association, firm, partnership, cooperative association, foundation or institution and permanent establishment. (3) The tax period, is a certain period of time used as a basis for calculating the amount of tax owed. (4) Fiscal year, is the period of one calendar year or term often referred to as one fiscal year. (5) The part of the tax year, is part of a period of one financial year. (6) Forced letters, are orders to pay taxes and bills related to taxes, in accordance with Law No. 19 of 1959 concerning State Tax Collection and Forced Letter.

Taxation has special rules that must be obeyed by all members of the community either as the private sector or civilians. The adoption of a tax regulation system for the compliance of taxpayers in the pattern of public legal relations. The drafting of tax regulations requires economic, juridical and financial conditions so that in the implementation process there are not many obstacles. Juridical conditions are met when tax regulations have fair criteria, while economic conditions can be met with taxes must be paid from people's income and may not reduce people's wealth. Financial conditions will be met when taxes are levied in order to meet some of the state's expenses which should not take too large a collection fee.

The tax function is regulated and as a form of government effort in intervention to regulate and if it necessary change the composition of revenue and wealth in the private sector. Looking at the tax system can be seen in other contexts when juxtaposed with the political economy in terms of self-view on saving tax benefits (Syahrir, 1985: 31), are: (1) Taxation as economic policy is seen from the context of the prevailing political

system. (2) Taxation as a political decision is seen from the current economic conditions. (3) Synthesizing efforts from the first and second views in the form of a review and projection of the economic and political possibilities of the implementation of the tax law.

Each tax consists of a tax object, tax base and tax rate. The object of tax is anything that can be taxed which can be in the form of income, goods, wealth and the transfer of ownership of the goods. The target of being taxed is increasingly growing along with the complexity of the capacity that tax can have.

Indonesia as a developing country receives routine revenues from the tax sector as the largest revenue. However, it is different from countries that have a higher income per capita, and a number of developed countries that are often found with various models of resistance or reaction to mismatches to the implementation of the tax system. Passive reactions due to tax pressures are manifested in the form of forced adjustments of expenditures and savings resulting in reduced purchasing power, while active reactions occur in the form of sensing, compensating or multiplying tax pressures in other sectors. This form of compensation is usually in the form of tax payments in the face of the obligation to pay, but will still try to divert them as a form of tax-free compensation exchange.

If there is a tax pressure on both the regional and national scope, it results in tax avoidance in the form of emigration of people or positions and even companies that are included in the case of running taxes. From various studies on taxes and the taxation system, taxes can be positive or negative. There is no doubt that taxation and taxation will establish interactions between systems, institutions and implementing agencies and taxpayers in the end which will make the tax image in accordance with existing conditions.

Tax as a Control of the Free Market and Neoliberalism Impact

Economic development in developing countries is a form as well as an example of the development of the world development economy due to the many changes in the orientation of development that are carried out. Development orientation in developing countries is always looking for the right model and suitable to be developed as an effort to achieve prosperity for the state and citizens.

The change in development orientation is aimed at the direction of national development which prioritizes the strengthening of the regional economy with community empowerment (Sumodiningrat, 2001: 68). Development orientation is also reflected in the authority and order of taxation in a country. Tax as the operational capital of the country should be the focus and attention of the government and the people in promoting taxpayers for the sake of the state life.

The authority to collect taxes is not only for citizens but also for foreign companies doing business in Indonesia. In order to attract the interest of foreign companies and invest in Indonesia both in fields that cannot be managed yet, natural resources are closely related to the market system as a rapidly developing neoliberal influence in Indonesia.

The spreading of neoliberalism in Indonesia has greatly impacted the stability of the economy which made Indonesia a form of market and foreign companies in investing which led to hyper-exploitation. Hyperexploitation is used as an excuse to catch up with Indonesia's economy to rise up quickly which refers to the world economy and often results in weak regulation and national resilience in the country. As the case of the IMF and World Bank which made Indonesia as one of the countries above the average dependency. Indeed, initially there were negotiations and agreements for capital lending as the initial formation of the economy

during independence, but this agreement was accompanied by a significant investment in Indonesia's strategic sectors, such as mining and agriculture. Currently developing countries are weak and unable to fight because of the dependence that is deliberately created by developed countries in the form of investment in economic development.

According to C. Goedhart (Efendi, 2006: 31) taxpayers are things that can be done in an effort to reduce the pressures exerted on the economic impact of the neoliberal system by creating a free market. By the tax, the state can suppress the illegal process carried out by some economic activities because of the strict data collection and the existence of strict control with regulations and agreements that have been made before. In addition to controlling illegal activities, taxpayers can also be used as income compensation efforts that lead to cases of hyper-exploitation that adversely affect nature and the surrounding community.

Tax regulation is a policy that will suppress economic activities, especially for private parties and foreign investors. Taxes are used to control over the equal distribution of the welfare of citizens in undergoing the economic wheel which is expected to be a state regulation and firmness in controlling economic turnover in a country. With the strictness of the Indonesian government regulations on tax suppression and its implementation, it will have an impact on investor control as a market controller that gives rise to economic inequality. Taxes and a strong taxation system make the stability of a country's economy safeguarded from fraud and cunning by investors in controlling the market. Taxes are a pressure on the market in the efforts of the welfare and resilience of the state in maintaining sovereignty as a form of protection for all members of the citizens.

CONCLUSION

Indonesia as a developing country is not immune from the influence of the rapidly developing neoliberalism as the implications of the beginning of independence which requires financial support for economic development capital. Neoliberalism in the form of a free market makes some developing countries have an extraordinary dependence on loan funds, and the logical implication is that there are many foreign investors who control the strategic economic sector which has an impact on the state's weakness in ensuring the welfare of citizens.

Taxes and taxation have a vital role in the economy of developing countries as regulations and forms of state resilience in regulating the economic patterns of the neoliberal model of foreign investment on a large scale. The tax function is one of state efforts in suppressing economic processes that lead to hyper-exploitation activities as an implication of the weak position of the government towards the market system presented by neoliberalism. In other words, taxation is a form of state resilience in regulating the implementation of the economy as an effort to create prosperity for all citizens.

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