CHAPTER I

INTRODUCTION

1.1 Background of the Study

Tax law in Indonesia has a long history, dating back to 1816, and continues to play a crucial role in the country's governance. Its primary purpose is to ensure that all taxpayers, whether individuals or corporations, fulfill their legal obligations to contribute taxes. Taxes are a vital source of government revenue, used to fund public services and development. According to (Khalimi et al., 2020), in the book *HUKUM PAJAK Teori dan Praktik*, the objectives of tax law go beyond mere compliance. Khalimi consolidates viewpoints from various experts who suggest that tax law serves two fundamental purposes, namely creating order and achieving justice. Tax laws provide a structured framework that governs how taxes are collected and managed. This structure ensures predictability, reduces disputes, and promotes smooth interactions between taxpayers and the government. Tax laws aim to distribute the tax burden fairly among taxpayers, ensuring equity. The principle of justice in tax law ensures that everyone contributes according to their income or capacity, which is fundamental for social fairness.

The general definition of tax law refers to a system of rules and regulations that govern the tax collection process. These rules are designed to ensure that the government collects taxes efficiently and equitably from the public. By doing so, tax law aims to balance the rights and responsibilities of taxpayers while securing the financial resources needed for the nation's development and welfare. In essence, tax law functions as both a regulatory tool and a means to uphold fairness in the relationship between the government and its citizens.

Indonesia employs three primary taxation systems: the self-assessment system, official assessment system, and withholding assessment system. But in this paper, author focuses on the self-assessment system, which is particularly significant as it places the responsibility of tax compliance largely in the hands of the taxpayers themselves. The self-assessment taxation system is a mechanism where the taxpayer is responsible for calculating, reporting, and paying their taxes without direct intervention from the tax authorities, hence the imporance of tax accounting in Indonesia. As cited from (Isaev, 2022), the origin of tax accounting is the result of the intersection of accounting (financial) accounting and the taxation system, that is, their interdependence.

According to Desdyandi Pratama & Azis (2023), this system operates under the principle of trust. Taxpayers are expected to independently determine their tax liabilities in accordance with existing tax laws and regulations. Taxpayers carry this out by assessing their own income, expenses, and applicable deductions to calculate the amount of tax they owe based on the relevant tax rates, reporting their tax obligations by completing and submitting an annual or periodic tax return (*Surat Pemberitahuan Pajak* or SPT). The SPT serves as a formal declaration of their income and tax liabilities. And after determining their obligations, taxpayers are required to pay the calculated taxes directly to the government through designated payment channels.

Under this system, taxpayers—whether individuals or businesses—are responsible for accurately calculating and reporting their own tax liabilities. This requires them to apply the relevant tax laws that best fit their specific financial situation, income sources, and eligible deductions. By interpreting and choosing regulations that align with their particular circumstances, taxpayers can more effectively manage their tax obligations within the framework of prevailing tax laws. Thus, it can be said that taxpayers are allowed to choose and use regulations according to their specific situations and criteria. This flexibility is based on the principle that every taxpayer has the right to take advantage of the most favorable regulations, as long as they are accountable and in accordance with applicable laws. This flexibility recognizes the diversity of taxpayers' circumstances and ensures they are not obligated to follow one rigid approach, as it exists to facilitate taxpayers and provide space for them to make the best choice according to their needs. The idea also emphasizes accountability. While taxpayers are given the possibility to select the most beneficial options, they must ensure that their calculations and choices comply with legal requirements.

However, this flexibility often leads to discrepancies between how tax laws are written in theory and how they are applied in practice. While taxpayers have the right to select the regulations that best suit their needs when fulfilling their tax obligations, this choice does not exempt taxpayers from auditing because differences in interpretation or implementation can raise questions about compliance, which have their own consequences and may lead to investigations by tax authorities.

Therefore, in this writing, the author will discuss in more detail related to corporate taxpayers regarding the impact of changes in tax rates on the calculation of income tax article 25. Previously, it should be noted that income tax article 25 according to (Fauziah, 2020) is a tax that can be imposed on both for individual taxpayers and corporate taxpayers on income. Income tax article 25 is a tax installment that must be paid every month for the tax year in question. In 2020, there was a change in the corporate income tax rate from 25% to 22%, which could have an impact on the calculation of Income tax article 25 in the current year.

Therefore, the purpose of this writing is to examine the impact of differences in corporate taxpayers' decisions in taking advantage of the regulations in the calculation of income tax. Based on this research, the author will write a research title with the title " Analysis of Tax Planning on Calculation of Income Tax Article 25".

1.2 Problem Formulation

How is the implementation of PER-08/PJ/2020 for tax planning in income tax article 25?

1.3 Research Focus

Changes related to the corporate taxpayer tax rate from 25% to 22%, therefore the DGT issued PER-08/PJ/2020 which is useful for taxpayers to be able to carry out calculation of income tax installments for the current tax year in connection with the adjustment of the corporate taxpayer income tax rate.

Several questions observed in this research are as follows:

a. What is the impact of the change in tax rates on the calculation of tax installments if not utilizing PER-08/PJ/2020?

b. What is the impact of the change in tax rates on the calculation of tax installments if utilizing PER-08/PJ/2020?

c. What is the impact of submitting the annual income tax return after the deadline?

d. Is there an impact that can be caused if you do not take advantage of PER-08/PJ/2020?

1.4 Research Objective

In the objective of this research is to find out about the Impact of Corporate Taxpayers' Decisions in Utilizing Tax Regulations. These are some of the objectives of the research that will be used to solve the problems that have been found which are:

a. To explain about the impact caused if taxpayers take advantage of PER-08/PJ/2020 regulation,

b. To explain about the impact caused if taxpayers do not take advantage of the PER-08/PJ/2020 regulation,

c. To explain the impact of submitting annual income tax returns related to the grace period,

d. To explain the changes to the calculation of income tax installments for the current tax year in connection with the adjustment of the income tax rate of corporate taxpayers.

1.5 Benefits of the Research

Based on the objectives of the researcher, this study is expected to provide both theoretical and practical benefits.

1.5.1 Theoretical Benefit

This research aims to provide a comprehensive understanding and expand knowledge, particularly concerning Income Tax Article 25 and PER-08/PJ/2020 in Indonesia’s taxation system. Income Tax Article 25 governs the installment payments of annual income tax liabilities, requiring taxpayers to make periodic payments throughout the year. PER-08/PJ/2020, on the other hand, offers procedural guidelines for the calculation, reporting, and payment of taxes. By focusing on these elements, the study seeks to explore their implications on compliance behavior among businesses and to uncover how these provisions function within the broader tax system.

One of the key objectives of the research is to examine the relationship between existing tax laws and the compliance of business entities. This involves assessing how effectively the current tax framework promotes voluntary compliance among taxpayers. The study seeks to provide insights into whether these regulations make it easier for businesses to meet their tax obligations or whether they create unnecessary complexities that may hinder compliance. In particular, the research delves into whether Income Tax Article 25's installment mechanism and PER-08/PJ/2020's guidelines are clear, practical, and supportive of businesses in adhering to their obligations.

The study also identifies several critical factors that can influence compliance. These include the clarity of tax rules, where well-structured and easily interpretable regulations are more likely to encourage compliance. Another factor is the level of flexibility allowed to taxpayers, as adaptable provisions can accommodate diverse taxpayer circumstances and reduce compliance burdens. Additionally, the research evaluates the role of enforcement mechanisms, such as audits and penalties, in deterring tax evasion and promoting adherence to the law. By analyzing these factors, the study aims to highlight both the strengths and potential weaknesses of the current tax framework.

Beyond its immediate findings, this research contributes to the broader field of tax law by offering a deeper understanding of how legal structures shape economic behavior. It emphasizes the critical role that well-designed tax regulations play in balancing revenue collection with taxpayer compliance and satisfaction. By shedding light on the interplay between regulatory frameworks and taxpayer behavior, the study enhances the discourse on creating effective and equitable taxation systems.

Furthermore, this research provides a foundation for future studies in related areas. Researchers interested in exploring topics such as the evolution of tax compliance, comparative analyses of taxation systems, or the impact of regulatory changes on business behavior can use this study as a valuable reference. It also opens avenues for investigating the integration of technology in simplifying tax compliance processes. In essence, the research not only contributes to the understanding of specific tax laws but also informs the development of policies that foster transparency, efficiency, and economic growth.

1.5.2 Practical Benefit

This research has the potential to significantly benefit tax authorities by guiding the development of more effective policies, enforcement strategies, and taxpayer support systems. By analyzing the relationship between tax regulations and compliance behavior, the study provides valuable insights into areas where current policies may be falling short or where improvements can be made. Tax authorities can use these findings to design regulations that are not only easier to understand but also better tailored to encourage voluntary compliance. Additionally, insights into enforcement mechanisms can help refine auditing and penalty systems, ensuring they are fair and act as effective deterrents against non-compliance without being overly punitive.

For businesses, this research offers practical value by helping them navigate the complexities of tax laws more effectively. By understanding the intricacies of specific regulations, such as Income Tax Article 25 and PER-08/PJ/2020, businesses can ensure they meet their tax obligations accurately and on time. This can reduce the risk of errors that lead to penalties, audits, or other legal issues. Moreover, the study highlights opportunities for businesses to leverage new or updated tax regulations to optimize their compliance processes and minimize financial burdens. By fostering greater awareness and understanding, the research supports businesses in building more robust tax management practices.

The research also aims to enhance taxpayers' sensitivity to changes in tax regulations. In a dynamic regulatory environment, staying informed about updates is essential for both individuals and businesses. By shedding light on how taxpayers can adapt to and benefit from changes in tax laws, the study encourages proactive compliance and strategic planning. This heightened awareness can lead to better decision-making and reduce the potential for misunderstandings or unintentional non-compliance.

Furthermore, the findings of this research can assist policymakers in crafting tax regulations that balance fairness and efficiency. Policies informed by data and behavioral insights are more likely to address the practical needs of taxpayers while ensuring equitable tax collection. Clear and well-structured regulations can foster trust between taxpayers and authorities, creating a more transparent and cooperative relationship. This collaborative dynamic not only supports compliance but also contributes to improved revenue collection, benefiting the broader economy. Ultimately, the research provides a foundation for a more sustainable and harmonious taxation system, aligning the interests of all stakeholders involved.