

## TAX AS A MEANS OF CORRUPTION PREVENTION IN INDONESIA

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Article	Abstract
<p><b>Keywords:</b></p> <p><b>Corruption, Income, Administrators.</b></p> <p><b>Tax, State</b></p> <p><b>History of Article</b></p> <p>Received: April 25, 2025;</p> <p>Reviewed: April 29, 2025;</p> <p>Accepted: May 01, 2025;</p> <p>Published: May 05, 2025;</p> <p><b>DOI:</b> 10.56282/sblr.v2i2.567</p>	<p>Corruption is very worrying, even though there are several anti-corruption laws and the obligation to report Reports State Official Assets (RSOA) to the Corruption Eradication Commission (CEC). This study uses the normative juridical method which its characteristic refers to its existence which is not based on <i>logico</i>-empiricism, but on <i>a priori</i> way of thinking which rely on the strength of values and teachings. It is concluded that taxes must be one of the main means of preventing corruption in Indonesia, given the nature of tax that reaches out to the contribution of taxpayers to the maximum welfare of the people, self-assessment system, fulfillment of the exact calculation of taxes, and income as an additional economic capacity in any name and form that is closely related to Income Tax, Value Added Tax, Land and Building Tax, Obligation Fees Land and/or Building Rights, Regional Tax, and Other Taxes. As the DGT has the duty and responsibility to always monitor closely and periodically any additional economic capacity with any name and form of any Taxpayer, it is expected that the strategic alliance between the DGT and other state institutions should be established, such as the CEC that can send all RSOA data and information from state administrators, as well as law enforcement agencies can send data and information on handling corruption cases to the DGT. Then, the DGT must submit the results of its follow-up to the CEC and other Anti-Corruption Institutions related to the sender of the data and information. This study suggest that a special Tax Office of State Official and (Civil and Military) Apparatus Administration is made specifically in Indonesia in order to supervise any additional economic capacity in any name and form in order to prevent corruption more effectively to Apparatus.</p>

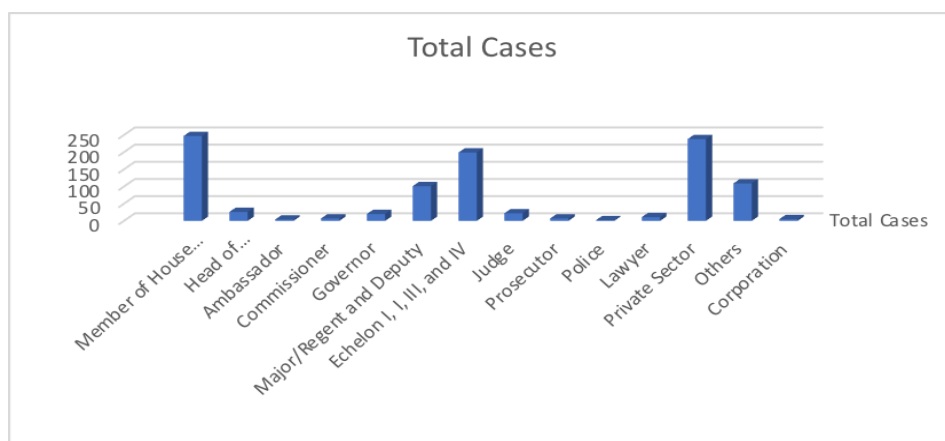
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## A. INTRODUCTION

There have been many joint efforts between the government, legislature, judiciary and the community to minimize the practice of corruption and nepotism by making various laws. The aforementioned laws include Law No. 25/2003 concerning Money Laundering, *juncto* UU no. 8 of 2010 concerning Prevention and Eradication of Money Laundering Crimes, Law No. 20 of 2001 concerning Amendments to Law No. 31 years on the Eradication of Corruption (Corruption Law), and Law No. 19 of 2019 concerning the Second Amendment to Law No. 30 of 2002 concerning the Corruption Eradication Commission (CEC) Law. However, the formation of these various laws apparently did not reduce the criminal act of corruption defined by the Black's Law Dictionary as "an impairment of integrity, virtue, or moral principle" (Garner, 2009),<sup>1</sup> as statistics on the handling of 998 cases of corruption by the CEC since its establishment in 2004 to 2018 based on the perpetrators presented in Figure 1 below.<sup>2</sup>

Chart 1

Corruption cases committed by the Corruption Eradication Commission based on Actors from 2004 to 2018



Corruption that has touched almost all types of positions in Indonesia, according to Ardisasmita cannot be separated from a conspiracy between influence, power, law, democracy, economics, and politics which clearly has injured the State of Indonesia as a state of law.<sup>3</sup> Some examples of cases of corruption caused by a conspiracy of certain positions are very detrimental to the country's finances or the country's economy. Corruption cases in the post-decentralization era have created increasingly varied patterns, motives, modus operandi, and backgrounds in causing rampant corruption cases in Indonesia, which are carried out through, among others, marking up of goods and or services, abuse of authority, bribery, giving/gratification acceptance, the use of the State/Regional Expenditure Budget is not in accordance with budget line posts.<sup>4</sup>

<sup>1</sup> Bryan A. Garner, *Black's Law Dictionary*, 9<sup>th</sup> ed. (Minnesota: West Publishing Co., 2009).

<sup>2</sup> Komisi Pemberantasan Korupsi, 'Lampiran Bidang Penindakan Laporan Tahunan 2018', 2018, <https://www.kpk.go.id/images/Integrito/LampiranLaptah2019/PENINDAKAN.pdf>, accessed on 17 January 2020.

<sup>3</sup> M.S. Ardisasmita, 'Definisi Korupsi Menurut Perspektif Hukum dan E-Announcement untuk Tata Kelola Pemerintahan yang Lebih Terbuka, Transparan dan Akuntabel', 2006, [www.kppu.go.id/docs/Artikel/SeminarPBJ.pdf](http://www.kppu.go.id/docs/Artikel/SeminarPBJ.pdf), accessed on 17 January 2020.

<sup>4</sup> D. Sumaiyanto, *Pembalikan Beban Pembuktian Tindak Pidana Korupsi Dalam Rangka Pengembalian*

Many of these cases involved unscrupulous members of the House of Representatives, such as the corruption case of the 26th Sea Games Athlete Atlet Games, one of which was committed by Nz,<sup>5</sup> corruption cases projects in the Ministry of National Education and the Ministry of Youth and Sports, one of which is carried out by the US,<sup>6</sup> and cases of prizes or promises in cases of setting beef import quotas and committing money laundering, one of which was carried out by LHI.<sup>7</sup>

As for a number of cases committed by state officials in the legislative ranks, such as the MN case related to corruption in the construction of the 26th Sea Games Athlete's Games in Palembang, South Sumatra, cases of officials in the Upstream Oil and Gas Implementation Work Unit, RR who received bribes from Singapore's oil trader company, KO Pte, Ltd, and unscrupulous cases of employees/officials at Bank Indonesia (BI), MSG for being proven to bribe other actors in his election as senior deputy governor of BI and BM in the Century Bank bailout.<sup>8</sup> As for several cases that have been committed by state officials in the judiciary, such as the bribery case of Social Assistance funds related to ST Judges and bribery case cases in the Constitutional Court related to AM. ST Judge is a former Bandung District Court judge who was arrested by the KPK in his office through Operation Catching Hands (OCH) in March 2012. The Bandung Corruption Court sentenced 12 years in prison to ST defendants related to a case and was also fined Rp 200 million and 3 months subsidiary. Whereas in the case of AM who is the Chair of the Constitutional Court (CC) which has been deactivated, at the moment is a suspect because CEC Investigators caught AM's hand at his official home in Jakarta in early October 2013 when he was about to receive money. AM is also suspected of playing several election cases.<sup>9</sup>

Judging from the variety of corruption cases that have arisen so far in Indonesia, according to Atmasasmita there are estimates of money laundering from 2003 to 2009 which reached Rp. 600 trillion (including Rp.5 trillion comes from corruption), there is a connection that refers to the economic motivated crimes that can cause financial or economic harm to the country both directly and indirectly.<sup>10</sup> Crimes with these economic motives are all very closely related to income, as Bambang Subianto has stated that there are still much-unreported income especially from informal income, especially from fraudulent practices of various leaks.<sup>11</sup> Of course, this corruption cannot ignore the role of taxes, as the study of Khlif and Amara of 35 countries found that political connections were positively related to tax avoidance and this relationship was

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*Kerugian Keuangan Negara*, (Jakarta: Prestasi Pustaka Raya, 2009).

<sup>5</sup> Komisi Pemberantasan Korupsi, 'Lampiran Bidang Penindakan Laporan Tahunan 2018', 2018, <https://www.kpk.go.id/images/Integrito/LampiranLaptah2019/PENINDAKAN.pdf>, accessed on 17 January 2020.

<sup>6</sup> Komisi Pemberantasan Korupsi, 'MA Perberat Angie', 2014, <http://www.kpk.go.id/id/berita/berita-sub/1525-ma-perberat-angie>, accessed on 11 April 2014.

<sup>7</sup> Komisi Pemberantasan Korupsi, 'Luthfi Divonis 16 Tahun Penjara dan Denda Rp. 1 Miliar', 2014, <http://www.kpk.go.id/id/berita/berita-sub/1557-luthfi-divonis-16-tahun-penjara-dan-denda-rp-1-miliar>, accessed on 12 April 2014.

<sup>8</sup> R.Z. Ul-Haq, *Kapan Kapok?* (Yogyakarta: IRCiSoD, 2013).

<sup>9</sup> Komisi Pemberantasan Korupsi, KPK Sudah Sita Aset Akil Mochtar Sekitar Rp. 200 Miliar', <http://www.kpk.go.id/id/berita/berita-sub/1647-kpk-sudah-sita-aset-akil-mochtar-sekitar-rp-200-miliar>, accessed on 13 April 2014.

<sup>10</sup> Romli Atmasasmita, 'Globalisasi dan Kejahatan Bisnis', in *Peran Hukum Dalam Pembangunan di Indonesia*, Idris (ed.), (Bandung: Remaja Rosdakarya, 2013).

<sup>11</sup> Anggito Abimanyu, *Era Baru Kebijakan Fiskal*, (Jakarta: PT. Kompas Media Nusantara, 2009).

especially true in countries with high levels of corruption<sup>12</sup> and the study of Liu and Mikesell concluded that countries with more corrupt officials tend to have more complex tax structures and are more likely to rely on indirect tax systems, so that the corruption effect makes the tax burden heavier on the general public and should be citizens in democracies must know all information relevant to taxation, including government service costs, the actual tax burden of taxpayers, tax adoption and administration procedures, and so on.<sup>13</sup> Given that corruption is a dynamic process and difficult to stop because it has become part of daily routine, so many studies have argued that corruption is "best done through prevention",<sup>14</sup> and the opinion that efforts to prevent corruption are carried out by characterizing and explaining the pattern of tax non-compliance based on the integration of tax enforcement at various levels of government,<sup>15</sup> hence this study seeks to address the main problem which questions why taxes become a means of preventing corruption in Indonesia.

## B. RESEARCH METHODS

Because the object of this research is law, this study uses a qualitative approach<sup>16</sup> by using the normative juridical method. This normative legal research is also called the adequate doctrinal legal research used in this study because of its characteristic which refers to its existence which is not based on logico-empiricism as developed by the philosophy of positivism, but on a priori way of thinking, which does not depend on social facts (empirical) but rely on the strength of values and teachings<sup>17</sup> adopted by the conception and/or the developer<sup>18</sup>.

This library-based study seeks to find 'one right answer' for a particular legal question or set of questions by investigating into tax legislation in Indonesian jurisdictions and analyzing and unpacking legal issues to identify problems or issues that need further investigation.<sup>19</sup> Normative legal research is carried out by examining library materials or secondary data, which consists of primary legal materials, secondary legal materials, and tertiary legal materials.<sup>20</sup> Primary legal materials are binding legal materials, secondary legal materials are legal materials that can provide an explanation of primary legal materials, while tertiary legal materials are legal materials that provide instructions as well as explanations of primary and secondary legal materials. In connection with the type of research used in the form of normative legal

<sup>12</sup> H. Khlif, and I. Amara, 'Political connections, corruption and tax evasion: a cross-country investigation', *Journal of Financial Crime*, 26.2 (2019), 401-411 <<https://doi.org/10.1108/JFC-01-2018-0004>>.

<sup>13</sup> Cheol Liu, and John L. Mikesell, 'Corruption and Tax Structure in American States', *The American Review of Public Administration*, 49.5 (2019), 585-600 <<https://doi.org/10.1177/0275074018783067>>.

<sup>14</sup> Li-Hwa Hung, 'Prevention and Identification of Organizational Corruption', in *Organizational Immunity to Corruption: Building Theoretical and Research Foundations*, A. Stachowicz-Stanusch (Ed.), (Charlotte: Information Age Publishing, Inc., 2010), 287-296.

<sup>15</sup> James Andreoni, Brian Erard, and Jonathan Feinstein, 'Tax Compliance', *Journal of Economic Literature*, 36.2 (1998), 818-860.

<sup>16</sup> B. Ashshofa, *Metode Penelitian Hukum*, (Jakarta: Penerbit Rineka Cipta, 2007).

<sup>17</sup> Adjie Samekto, *Pergeseran Pemikiran Hukum dari Era Yunani Menuju Postmodernisme*, (Jakarta: Konstitusi Press, 2015).

<sup>18</sup> Soetandyo Wignjosoebroto, *Hukum Paradigma, Metode dan Dinamika Masalahnya*, (Jakarta: Elsam & Huma, 2002).

<sup>19</sup> A.K. Singhal, I. and Malik, 'Doctrinal and socio-legal methods of research: merits and demerits', *Educational Research Journal*, 2.7 (2012), 252-256.

<sup>20</sup> Soerjono Soekanto, *et al. Penelitian Hukum Normatif: Suatu Tinjauan Singkat*, (Jakarta: PT. Rajagrafindo Persada, 2007).

research, this study uses a statute approach, conceptual approach, analytic approach, and comparative approach.<sup>21 22</sup>

## C. ANALYSIS AND DISCUSSION

### 1. Nature taxation in preventing corruption in Indonesia

Tax law is part of the State Administrative Law which cannot be separated from other legal parts such as civil law and criminal law<sup>23</sup> which includes administrative sanctions (in the form of interest and/or fines) and criminal sanctions.<sup>24</sup> The existence of administrative sanctions and criminal sanctions shows that the legal regime is very concerned with efforts to recover and overcome the losses suffered by victims (in this case the state) through one of the most important mechanisms,<sup>25</sup> that is the mechanism of accountability, as the concept of legal liability should extend to the concept of legal liability for "everyone" deemed capable of a certain act so that any illegal acts that occur must have consequences for those who commit a direct violation and for anyone legally related to it.<sup>26</sup> The expansion of the meaning of this responsibility must be understood that the similarity of criminal acts of corruption and tax crimes lies in the emergence of losses on financial/economic or state revenues that cannot be separated from collective illegal acts, as this corruption as collective illegal acts is concluded from the thought of Frost and Tischer which confirms that the nature of corruption as an illegal, hidden, and collective practice makes it a routine that forms a pattern of organizational action that consists of rules as a basic pattern of actors, interpretation of these rules by actors and actual performance patterns,<sup>27</sup> and Persson *et al* who revealed that the failure of anti-corruption reforms in highly corrupt countries occurred in part as a consequence of the problem of collective action<sup>28</sup>.

The position of the tax law will explain the nature of the tax, one of which is attached to the definition stipulated in Article 1 number 1 of Law Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times, the last being with Law Number 16 of 2009 concerning Establishment of Government Regulations In lieu of Law Number 5 of 2008 concerning the Fourth Amendment to Law Number 6 of 1983 concerning General Provisions and Procedures for Taxation into Law which formulates taxes as compulsory contributions to states that are coercive based on the Act without receiving direct compensation. Then, the most important tax nature is the collection system and certainly tax in Indonesia.<sup>29</sup>

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<sup>21</sup> Johnny Ibrahim, *Teori dan Metodologi Penelitian Hukum Normatif*, (Malang: Bayumedia Publishing, 2006).

<sup>22</sup> Peter Mahmud Marzuki, *Penelitian Hukum*, (Jakarta: Prenada Media Group, 2008).

<sup>23</sup> C.S.T. Kansil, and C.S.T. Kansil, *Latihan Ujian: Pengantar Hukum Indonesia*, (Jakarta: Sinar Grafika, 2007).

<sup>24</sup> Rochmat Soemitro, *Pengantar Singkat Hukum Pajak*, (Bandung: Eresco, 1992).

<sup>25</sup> Henry D.P. Sinaga, 'Vicarious Liability in Indonesian Tax Law', *Masalah-Masalah Hukum*, 46.3 (2017), 206–217.

<sup>26</sup> Henry D.P. Sinaga, F.X.A. Samekto, and J. Emirzon, 'Ideal Corporate Criminal Liability for the Performance and Accreditation of Public Accountant Audit Report in Indonesia', *International Journal of Economics and Business Administration*, 7.4 (2019), 451–46.

<sup>27</sup> Jetta Frost and Sarah Tischer, 'Unmasking Collective Corruption: The Dynamics of Corrupt Routines', *European Management Review*, 11. 3–4 (2014), 191–207.

<sup>28</sup> Anna Persson, Bo Rothstein, and Jan Teorell, 'Why Anticorruption Reforms Fail—Systemic Corruption as a Collective Action Problem', *Governance*, vol. 26.3 (2013), 449–471 <<https://doi.org/10.1111/j.1468-0491.2012.01604.x>>.

<sup>29</sup> Henry D. P. Sinaga, 'Loss ( of Revenue ) of State Within Taxation Crimes in Indonesia', *Mimbar Hukum*, 28.1 (2018), 141–155 <<https://doi.org/10.22146/jmh.27136>>.

The tax collection system in Indonesia has experienced major changes since 1983, namely the change in the tax collection system from the "Official Assessment" to the "Self Assessment" system. Self-assessment in the context of the Law Number 16 of 2009 is a tax collection system that applies in Indonesian legal jurisdictions, which requires that all taxpayers who have met the subjective and objective requirements must register themselves at the office of the Directorate General of Taxes (DGT) as stipulated in Article 2 paragraph (1) and Article 4 paragraph (1) of the Law Number 16 of 2009, must fill Tax Notification Letter (TNL) correctly, completely, and clearly and sign and submit it to the tax office as stated in Article 3 paragraph (1) of the Law Number 16 of 2009, must take the TNL itself in a place determined by the DGT as regulated in Article 3 paragraph (2) of the Law Number 16 of 2009, and is obliged to pay or self-pay tax owed by using a Tax Deposit by not relying on a tax assessment letter as regulated in Article 10 paragraph (1) *juncto* Article 12 paragraph (1) of the Law Number 16 of 2009, and henceforth to obtain a Taxpayer Identification Number (TIN). Then, it is certain that the tax calculation in Indonesia if it fulfills matters in the form of having obtained a court decision that has permanent and binding legal force (*inkracht*), has fulfilled the expiration of the tax assessment letter as stipulated in Article 13 paragraph (4) of the Law Number 16 of 2009 and or the expiration of prosecution for tax crime as regulated in Article 40 of the Law Number 16 of 2009.<sup>30</sup>

The violation of state administrators and state (civil and military) apparatuses that have met the subjective and objective requirements as taxpayers for self-assessment formulated in taxation laws in Indonesia shows the similarity of acts as illegal acts against the untrue of self-filling and reporting Reports State Official Assets (RSOA) which must be carried out by state administrators to the CEC, as Sinaga, Samekto, and Emirzon interpret illegal acts as "is not only limited to acts that violate the law but also acts that violate morals, propriety, thoroughness, and caution that should be owned by someone in social life"<sup>31</sup>. That is, an identical "Self Assessment" system with TIN ownership and certainly, the calculation of the tax can be an effective means of reducing corrupt behavior because state administrators and state (civil and military) apparatuses self-fill, self-report, self-sign, and depositing their own taxes correctly, completely, and clearly will interact with DGT officials who are accountable and DGT's effective internal control system<sup>32</sup> and integrated with institutions and/or other relevant parties. One legal basis is seen in Article 35 paragraph (2) of the Law Number 16 of 2009 which has confirmed that in the case of parties, such as banks, public accountants, notaries, tax consultants, administrative offices, and/or other third parties, who have a relationship with the Obligatory Taxes that are subject to tax audits, tax collections, or criminal investigations in the field of taxation are bound by confidentiality obligations, then these confidentiality obligations are removed, except for banks where the obligation to keep such secrecy will be removed at the written request of the Minister of Finance. In fact, strengthening the tax as one of the prevention of corruption will be more effective when a single identity number (SIN) has been realized and integrated, even though SIN is based on the Population Identification Number (PIN) as mandated in Article 1 number

<sup>30</sup> Henry Dianto Pardamean Sinaga, 'Reorientation of Tax Legal Certainty in Indonesia: An Exploration of Transcendental Law', in *Advances in Social Science, Education and Humanities Research*, 192 (2018), 1st International Conference on Indonesian Legal Studies (ICILS 2018), 282–287.

<sup>31</sup> Henry D.P. Sinaga, F.X.A. Samekto, and J. Emirzon, *Ibid*.

<sup>32</sup> Iwan Djuniardi, 'Reformasi Birokrasi Dalam Tubuh Direktorat Jenderal Pajak', *Buletin Kinerja Biro Komunikasi dan Layanan Informasi Pusat Analisis dan Harmonisasi Kebijakan Sekretariat Jenderal Kementerian Keuangan Republik Indonesia*, XVI (2013), 5–6.

12 and Article 3 of Law No. 23 of 2006 concerning Population Administration which confirms that PIN is a Population identity number that is unique or unique, single and attached to someone who is registered as an Indonesian Population, where each resident is required to report Population Events and Important Events they have experienced to the Implementing Agency by fulfilling the requirements required in Resident Registration and Civil Registration.

## **2. Income in the Context of Taxes which Prevent Corruption in Indonesia**

Related to the word income, this word is very closely correlated with the term in taxation. Income in the taxation field is identical to Income in the terminology of tax law as stated in Article 4 of Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 Concerning Income Tax (hereinafter referred to as Income Tax Law) which states there are 3 (three) types of income namely Income which are the Income Tax Object, Income that is subject to final income, and Income that is not Income Tax Objects for a brief explanation as described below:

1. Income which is the object of income tax is income as referred to in Article 4 paragraph (1) of the Income Tax Law which states that "The object of the tax is income, that is, any additional economic capability received or obtained by the Taxpayer, both from Indonesia and from outside Indonesia, which can be used for consumption or to add to the wealth of the Taxpayer concerned, by name and in any form. "
2. Income that is subject to tax is final as regulated in Article 4 paragraph (2) of the Income Tax Law. The income can be in the form of income in the form of deposit and other savings, interest on bonds and government debt securities, interest on deposits paid by cooperatives to members of private cooperatives, income in the form of lottery prizes, income from stock transactions and other securities, derivative transactions traded on the exchange and share sale transactions or transfer of equity participation in a partner company received by a venture capital company, income from the transfer of assets in the form of land and/or buildings, construction service business, real estate business, and leasing of land and/or buildings; and certain other income which is regulated by or based on Government Regulations.
3. Income exempted from taxable objects as regulated in Article 4 paragraph (3) of Income Tax Law. Such income can be in the form of assistance or donations, including *zakat* received by *amil zakat* bodies or *amil zakat* institutions whose provisions are governed by or based on Government Regulations, hibahan assets received by blood relatives in one-line straight lineage, religious bodies, educational bodies, bodies social, including foundations, cooperatives, or individuals who run micro and small businesses, the provisions of which are governed by or based on the Minister of Finance Regulation, inheritance, assets including cash deposits received by the agency as a substitute for shares or as a substitute for capital investment, compensation or compensation in connection with work or services received or obtained in-kind and/or enjoyment from the Taxpayer or the Government, except those provided by non-taxpayers, taxpayers who are subject to final tax, and other income.

The term "income" other than as an object for the type of Income Tax is also closely related to other types of taxes such as the types of Value Added Tax (VAT) and Sales Tax on Luxury Goods (STLG), Land and Building Tax (LBT), Obligation Fees Land

and/or Building Rights (OFLBR), Regional Taxes and other taxes whose relationship can be described as follows:

- a. The relationship between income and VAT and STLG can be seen in Act Number 8 of 1983 concerning VAT of Goods and Services and STLG as amended by Law Number 18 of 2000 and finally amended by Act Number 42 2009 (hereinafter referred to as the VAT and STLG Law). Article 4 paragraph (1) of the VAT and STLG Law firmly states that VAT is subject to the supply of Taxable Goods/Taxable Services within the Customs Area carried out by Businessmen, importation of Taxable Goods, utilization of Intangible Taxable Goods/Taxable Services from outside the Customs Area within the Customs Area, exports of Tangible Taxable Goods/Intangible Taxable Goods by Taxable Entrepreneurs, or exports of Taxable Services by Taxable Entrepreneurs. Whereas in Article 5 paragraph (1) of the VAT and STLG Law it is stated that in addition to the imposition of VAT, STLG is also subjected to the supply of Taxable Goods classified as luxury carried out by the Businessman who produces the goods in the Customs Area in his business or work, and imports of Goods Taxable as a luxury.
- b. The relationship between Income and the United Nations can be seen in Law Number 12 of 1985 concerning Land and Building Tax as amended by Law Number 12 of 1994 (hereinafter referred to as UN Law) which in Article 2 states that the tax object island and/or building, whereas in Article 4 paragraph (1) and paragraph (2) it is stated that those who are subject to tax are subject to the obligation to pay taxes are people or entities that actually have a right to the earth, and/or obtain benefits over the earth, and/or owning, and/or obtaining benefits for buildings.
- c. The relationship between Income and the United Nations can be seen in Law Number 12 of 1985 concerning Land and Building Tax as amended by Law Number 12 of 1994 (hereinafter referred to as UN Law) which in Article 2 states that the tax object island and/or building, whereas in Article 4 paragraph (1) and paragraph (2) it is stated that those who are subject to tax are subject to the obligation to pay taxes are people or entities that actually have a right to the earth, and/or obtain benefits over the earth, and/or owning, and/or obtaining benefits for buildings.
- d. The relationship between Income and Regional Taxes can be seen in Law Number 28 of 2009 concerning Regional Taxes and Regional Levies which in Article 1 number (10) is defined that Local Taxes are mandatory contributions to Regions that are owed by individuals or coercive entities based on the Law, by not getting a direct reward and used for the needs of the Region for the maximum prosperity of the people. Whereas in Article 1 number (44) it is regulated that the Regional Tax Subject is an individual or an Entity subject to tax.

Having confirmed the term "income" as the object of income taxation and the close relationship of income with other types of taxes such as VAT, LBT, OFLBR, Regional Taxes, and Other Taxes, it cannot be denied that tax legislation has a very important role in minimizing illegal acts, especially in preventing the occurrence of criminal acts of corruption through increased voluntary compliance of taxpayers. The central role of legislation in tax reinforcement as a means of preventing corruption refers to its definition as any written decision issued by an official or official position that contains generally binding rules (behavior), bearing in mind that legislation has two functions at once, that is, the internal function which is the function of legislation as a legal sub-



system of the rule of law in general (which includes the function of law creation, the function of legal reform, the function of integrating the legal system pluralism and the function of legal certainty) and the external function (or can be called the social function of the law, which includes: the function of change, the function of stabilization, and the function of convenience) which is the relationship of legislation with the environment.<sup>33</sup> It is hoped that DGT will continuously monitor closely and periodically every additional economic capability with whatever name and form of each Taxpayer, including every state operator, in Indonesia through the mandate of tax legislation.

### 3. Tax Implementation in Corruption Prevention in Indonesia

Even though there are assumptions that corruption and tax compliance are separate meaning and separate issues, the two issues can easily become interrelated and reinforcing. This has been stated by Alm, Martinez-Vazquez, and McClellan who emphasize that in a more corrupt society it is more likely to occur a lot of tax evasion because corrupt officials seek more money through bribery, and vice versa, higher tax evasion rates can encourage corruption by offering more opportunities for bribes,<sup>34</sup> the results of the empirical study of Amoh and Ali-Nakyee in Ghana show that corrupt activities significantly cause tax avoidance activities as it is an indication that most developing countries tend to have,<sup>35</sup> and the results of Imam and Jacobs's study which shows that government revenue from taxation can rise if corruption falls.<sup>36</sup> So that the state (in this case, the DGT and other law enforcement agencies) must understand the relationship between the two issues and at the same time imply that the tax authority must establish a modern tax administration so that it can closely monitor tax collection.

Supervision of the structure of income in Indonesia, both from the private sector and the public sector, must be followed by law enforcement in the field of taxation which will make corruptors more aware that there is a very relationship between the era of tax law and anti-corruption behavior. As in Article 1 number (1) and number (2) of Law no. 28 of 1999 concerning State Administration that is Clean and Free of Corruption, Collusion and Nepotism has affirmed that the meaning of State Administrators is "State Officials who carry out executive, legislative or judicial functions, and other officials whose main functions and duties are related to the administration the state is in accordance with the provisions of the prevailing laws and regulations "where the State Operator must be" clean in the sense of obeying the general principles of state administration and free from corrupt, collusion and nepotism practices, as well as other despicable acts ". Then Article 2 of Law No. 28 of 1999 further elaborates the matters of State Administrators consisting of State Officials in the Supreme State Institutions and State Higher Institutions, Ministers, Governors, Judges, other State Officials in accordance with the provisions of the prevailing laws and regulations, and other Officials who have strategic functions. in relation to the administration of the country in accordance with the provisions of the applicable laws and regulations. All state administrators in Indonesia are required to submit their RSOA to the CEC, must be willing to inspect their

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<sup>33</sup> Maroni, *Pengantar Hukum Pidana Administrasi*, (Lampung: CV. Anugrah Utama Raharja, 2015).

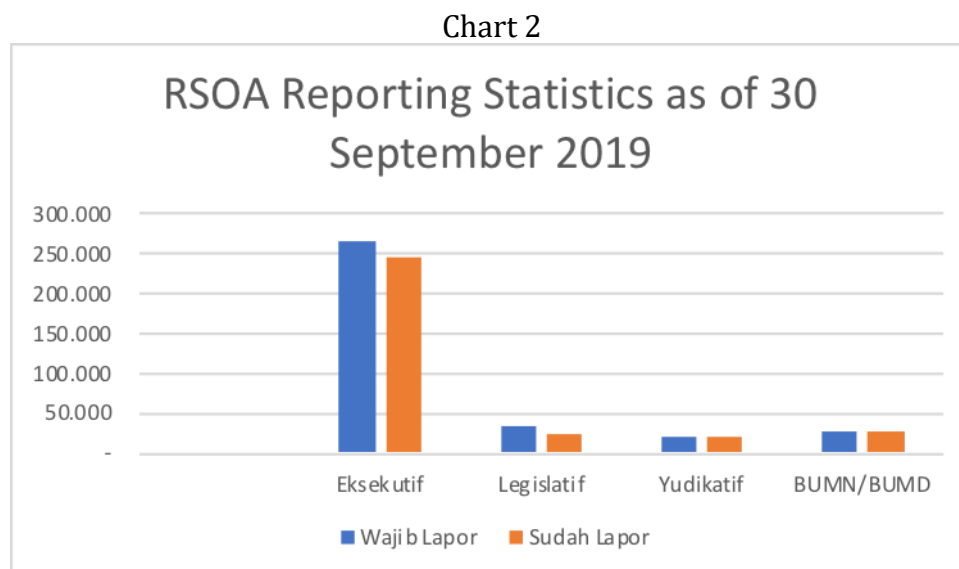
<sup>34</sup> James Alm, Jorge Martinez-Vazquez, and Chandler McClellan, 'Corruption and Firm Tax Evasion', *Journal of Economic Behavior & Organization*, 124 (2016), 146–163.

<sup>35</sup> John Kwaku Amoh, and Abdallah Ali-Nakyee, (2019), 'Does corruption cause tax evasion? Evidence from an emerging economy', *Journal of Money Laundering Control*, 22.2 (2019), 217–232 <<http://doi.org/10.1108/JMLC-01-2018-0001>>.

<sup>36</sup> Patrick Amir Imam, and Davina Jacobs, 'Effect of Corruption on Tax Revenues in the Middle East', *Review of Middle East Economics and Finance*, 10.1 (2014), 1–24 <<http://doi.org/10.1515/rmeef-2014-0001>>.

wealth (before, during and after taking office), must report their assets at the first time in office, transfer, promotion and retirement, and must declare their assets.<sup>37</sup>

As the State Organizers who are required to report RSOA as of September 30, 2019, have totaled 347.85 thousand people, it turns out that there are still a number of 31.77 thousand State Administrators who have not yet reported their RSOA, or the level of RSOA reporting compliance is still at 90.87%, as the statistics stated. each agency in the form of executive (*eksekutif*), legislative (*legislatif*), judicative (*yudikatif*), and state/regional owned-entreprises (*Badan Usaha Milik Negara/Badan Usaha Milik Daerah* or *BUMN/BUMD*) is illustrated in Figure 2 below.<sup>38</sup>



Of course, a number of 347,853 State Administrators who are required to report RSOA as of 30 September 2019 should have fulfilled subjective obligations and objective obligations as taxpayers in Indonesia. Thus, compliance with laws (which should be equally attached to tax laws and anti-corruption laws) of state administrators as well as taxpayers is an absolute thing that must be obeyed and in line considering that every state organizer in Indonesia is required to submit RSOA, must be willing to examine their wealth, must report their assets, and must announce their assets, while as taxpayers who adhere to the self-assessment system, state administrators who are required to report tax returns correctly, completely, and clearly, and sign and submit it to the tax office must be willing to be tested for compliance by the TNL considering The Director General of Taxation has the authority to conduct audits to examine compliance with taxpayers' tax obligations and/or other objectives as stated in Article 29 paragraph (1) of the Law Number 16 of 2009. Furthermore, Government Regulation Number 74 of 2011 concerning Procedures for the Implementation of Rights and Fulfillment of Tax Obligations confirms that in testing the compliance of taxpayers, the Fiskus is authorized to conduct research, verification, examination, the examination of preliminary evidence, or investigation. What is meant by Fiskus is the state in carrying out the function of tax collection and all related activities, including control and supervision of tax revenue.<sup>39</sup>

<sup>37</sup> Komisi Pemberantasan Korupsi, 'Pelaporan LHKPN per 31 September 2019', 2019, <https://www.kpk.go.id/id/statistik/lhkpn/statistik-pelaporan-lhkpn>, accessed on 17 January 2020.

<sup>38</sup> *Loc.cit.*

<sup>39</sup> T.M. Tuanakotta, *Mendeteksi Manipulasi Laporan Keuangan*, (Jakarta: Salemba Empat, 2013).

Related to tax compliance, there are 3 (three) categories related to non-compliance in the form of (1) reporting less than they should (underreporting), in which there is the amount of lost tax revenue on the tax return reported less than the tax owed that should be reported by taxpayers; (2) deposit is smaller than it should be (underpayment), which is the difference between the reported tax that should be owed and the amount paid by the taxpayer when reporting the tax return; and (3) do not report tax returns (nonfiling), which is the amount of lost tax revenue that comes from the tax return that is not reported to the Tax Service Office (TSO).<sup>40</sup> There is a potential tax due to non-compliance of taxpayers, the obligation of taxpayers to keep books or records (Article 28 paragraphs 1 and 2 of the Law Number 16 of 2009) and the taxation system in Indonesia that adopts a self-assessment system, so the audit role carried out by the *DJP* is absolutely carried out to improve tax compliance in Indonesia and in order to meet the expectations of stakeholders in achieving goals in the form of building a strong and effective taxation system. The construction of a tax audit with a strong and effective taxation system cannot be separated from the existence of a reliable information system application that is needed in risk management always related to various changes in the organizational environment both internal and external. This is reinforced by the opinion of DeBacker et.al who concluded that the audit affects tax compliance through a deterrent effect that affects all TNL reporters. An audit also has a direct effect on the person being audited. First, there is static revenue when auditors find non-compliance. Second, audited taxpayers tend to report higher taxable income in the following years, resulting in further income gains. This study produces a careful evaluation of the effectiveness of tax audits in reducing tax evasion, in the short and long term.<sup>41</sup>

Based on the description above it cannot be denied that there is a very strong tax role in preventing corruption in Indonesia. It is the responsibility of every citizen to get together and work for hand in hand to repair the tangled threads of corruption and tax evasion and evasion that continue to plague the nation and the State of Indonesia. In view of Article 34 of the Law Number 16 of 2009, it has been formulated that every tax officer and who performs duties in a taxation midwife is prohibited from disclosing the confidentiality of the Taxpayer, Article 35 and Article 35 A and to prevent, detect and overcome deficiencies or untruthful reporting of TNL of state administrators as taxpayers, the DGT and other state institutions must partner with each other,<sup>42</sup> and cooperate, especially in the exchange of data, information, and information, such as the CEC which is willing to send all data and information on RSOA of state administrators, data and information on handling corruption cases that have been convicted in the first decision, either through the request process or not from the DGT, so that can be immediately followed up by the DGT regarding the fulfillment of tax obligations and compliance testing of state administrators and related parties as taxpayers in Indonesia, as well as other institutions that handle corruption cases. On the contrary, it is the obliga-

<sup>40</sup> Jeffrey A. Dubin, *The Causes and Consequences of Income Tax Noncompliance*, (New York: Springer, 2012).

<sup>41</sup> Jason DeBacker, Bradley T. Heim, Anh Tran, and Alexander Yuskavage, 'Legal Enforcement and Corporate Behavior: An Analysis of Tax Aggressiveness after an Audit', 2013, [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2262586](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2262586), accessed on 22 March 2016.

<sup>42</sup> Arifin Rosid, Chris Evans, and Binh Tran-Nam, 'Perceptions of Corruption and Tax Non-compliance Behaviour: Policy Implications for Developing Countries', *Bulletin of Indonesian Economic Studies*, 2017, [https://www.researchgate.net/profile/Christopher\\_Evans7/publication/318985283\\_Perceptions\\_of\\_Corruption\\_and\\_Tax\\_Non-compliance\\_Behaviour\\_Policy\\_Implications\\_for\\_Developing\\_Countries/links/5a7910eca6fdcc4ffe90bf64/Perceptions-of-Corruption-and-Tax-Non-comp](https://www.researchgate.net/profile/Christopher_Evans7/publication/318985283_Perceptions_of_Corruption_and_Tax_Non-compliance_Behaviour_Policy_Implications_for_Developing_Countries/links/5a7910eca6fdcc4ffe90bf64/Perceptions-of-Corruption-and-Tax-Non-comp), accessed on 02 March 2020.

tion of the DGT to submit to the CEC and the Institution related to the sender of data and information on the results of follow-up actions that have been carried out on such data and information. Even efforts to prevent corruption through tax compliance will be more efficient when SIN is implemented immediately, considering SIN, which is in line with Article 35A and 41C of the Law Number 16 of 2009, will be automatically integrated with financial and non-financial data beyond the data held by DGT into the Tax Data Bank centralized nationally, then there is a process of matching data against transactions with taxpayer tax returns, making it even easier to detect fraud automatically,<sup>43</sup> such as cheating income, cheating property, cheating debt, cheating assets, cheating capital, and cheating charging of living expenses, which in the end, according to Poernomo, will create honesty in a system that is able to free Indonesia from systemic corruption.<sup>44</sup>

#### D. CONCLUSION

This paper concludes that taxes should be one of the main means of preventing corruption in Indonesia. Nature tax (which consists of mandatory contributions to the maximum welfare of the people, self-assessment system, the fulfillment of the criteria for the exact calculation of taxes, and the term "income" as the object of Income Taxes and the existence of a close relationship of income with other types of taxes such as VAT, LBT, OFLBR, Regional Taxes, and Other Taxes) shows that taxes, which are based on the mandate of the applicable laws and regulations must monitor closely and continuously every income in any name and form in each tax period and tax year, has a very important role and strategy in preventing corruption in Indonesia. In view of Article 34, Article 35, and Article 35 A. and Article 41C of the Law Number 16 of 2009, it is hoped that the DGT and other state institutions will partner with each other, collaborate and cooperate, especially in exchanging data, information, and information, for example, the CEC can send all data and RSOA information of state administrators, as well as law enforcement institutions dealing with corruption in Indonesia can send data and information on handling corruption cases that have been sentenced in the first decision to the DGT, and vice versa DGT must submit the results of its follow-up to the CEC and the other anti-corruption Institution sending data, information, and the statement. in addition, in order to prevent corruption carried out by DGT to be more effective, it is necessary to accelerate the application of SIN and the establishment of a State Official and Apparatus (including Military and Civil personnel) Tax Service Office.

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<sup>44</sup> D. Dahuri, 'Single Identity Number Dorong Transformasi Kepatuhan Wajib Pajak', *Media Indonesia*, 2019, <https://mediaindonesia.com/read/detail/277454-single-identity-number-dorong-transformasi-kepatuhan-wajib-pajak>, accessed on 2 March 2020.

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