

THE URGENGE OF ENFORCEMENT OF ADMINISTRATIVE LAW ON THE IMPLEMENTATION OF TAXATION IN THE CONTEXT OF WELFARE STATE COUNTRIES DURING THE COVID-19 PANDEMIC

Dina Aryanti¹, Nuria Enggarani²

¹ Muhammadiyah University of Surakarta (dinaaryanti043@gmail.com)

² Muhammadiyah University of Surakarta (nse178@ums.ac.id)

Abstract

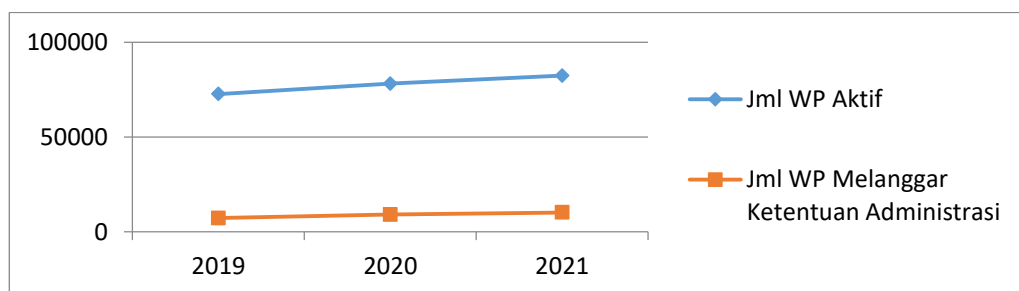
Administrative violations at the KPP Pratama Surakarta during the Covid-19 pandemic experienced an increase, so to overcome these problems it was necessary to enforce administrative law enforcement by implementing administrative sanctions in the taxation sector. This is due to reduce non-compliant behavior of taxpayers, as well as provide protection and certainty for taxpayers where the collected tax funds will be used to realize people's welfare. This research is a normative-empirical legal research using the legal approach and the sociology of law. This study uses primary and secondary data. Then the data obtained is processed and analyzed by analyzing the data qualitatively. The results of this study indicate that the application of administrative sanctions during the Covid-19 pandemic at KPP Pratama Surakarta is the last solution in enforcing administrative law and has been applied according to the applicable tax regulations. And the urgency of the enforcement of administrative law on the application of taxation in the context of the welfare state during the Covid-19 pandemic at KPP Pratama Surakarta, namely if the compliance of both formal and material taxpayers is met, the collected tax funds will be used to realize the welfare of the people.

Keywords: Covid-19, Taxes, Administrative Sanctions, Welfare State

PRELIMINARY

The rise of non-compliance by taxpayers during the Covid-19 pandemic is the result of all restrictions on community activities. One of the non-compliance behavior of taxpayers is done by committing administrative violations in the field of taxation, especially at KPP Pratama Surakarta.

Graph 1. Administrative Violations at KPP Pratama Surakarta



Source: Statistical data processed by the author from KPP Pratama Surakarta, 2022

Based on the data above, there has been an increase in the number of active taxpayers as well as an increase in the number of taxpayers violating administrative provisions at KPP Pratama from 2019-2021. As many as 72,591 active taxpayers in 2019, 9.92% of taxpayers committed administrative violations or as many as 7,203 taxpayers. In 2020, 11.61% of taxpayers or as many as 9,071 taxpayers from 78,131 active taxpayers. Meanwhile, in 2021 out of 82,342 active taxpayers as many as 10,155 taxpayers committed administrative violations or 12.33% of taxpayers.

The spread of Covid-19 not only has an economic and social impact, but also has an impact on law enforcement(1). Regarding administrative law enforcement, P. de Haan defines administrative law enforcement as the application of administrative sanctions. The application of this sanction is carried out by the tax authorities(2). The application of administrative sanctions regulated in Law no. 28 of 2007, namely if a person subjectively and has a tax object but he does not register as a taxpayer, then the tax office will issue a NPWP accompanied by administrative sanctions in the form of interest, fines, or increases. However, if someone has the status of a taxpayer but he does not report the SPT, he will be subject to administrative sanctions in the form of fines or interest through the STP(3).

The imposition of administrative sanctions is carried out not only to increase state revenues but to reduce taxpayers' non-compliance behavior in taxation. In other words, the imposition of sanctions is directed at establishing taxpayer compliance. And the imposition of these sanctions on voluntary tax payments can have an influence on public perception(4).

Enforcement of administrative law looks simple and the sanctions given are relatively light. However, if this law enforcement is ignored, it will have a big impact on state revenue. So, government activities will be hampered in realizing people's welfare(2). Thus, law enforcement in the field of taxation is not only about the imposition of sanctions but also to provide legal protection and certainty for taxpayers.

Based on the description above, the formulation of the problem can be drawn, namely: (1) How is administrative law enforcement by applying administrative sanctions during the Covid-19 pandemic at KPP Pratama Surakarta? And (2) What is the urgency of enforcing administrative law on the application of taxation in the context of the welfare state during the Covid-19 pandemic at KPP Pratama Surakarta?

This study aims to determine the enforcement of administrative law by applying administrative sanctions during the Covid-19 pandemic at KPP Pratama Surakarta and to determine the urgency of enforcing administrative law on the application of taxation in the context of the welfare state during the Covid-19 pandemic at KPP Pratama Surakarta.

METHOD

This research is a normative-empirical research, namely research that examines the law as a rule and the application of the rule of law in society. This research uses the approach method law and the sociology of law. Data collection techniques in this study include primary data obtained through interviews and secondary data obtained through library research(5). The data analysis is

qualitative which is then described comprehensively into an orderly, logical, effective, and non-overlapping sentence so that it can be easily understood(6).

RESULTS AND DISCUSSION

1. **PEnforce administrative law by implementing administrative sanctions during the Covid-19 pandemic at KPP Pratama Surakarta**

According to Asep Warlan, administrative law enforcement in the field of taxation is carried out by applying administrative sanctions, including administrative legal efforts that are repressive in nature.(7). The application of administrative sanctions is a form of administrative violations committed by taxpayers in the field of taxation.

The following are the types of administrative sanctions in the field of taxation, namely:(8):

- a. Interest, is a sanction for violating obligations in paying taxes.
- b. Fines are sanctions for violating obligations in tax reporting.
- c. Increase, is a sanction for violation of obligations in material provisions.

During the Covid-19 pandemic, the implementation of administrative law enforcement at KPP Pratama Surakarta experienced obstacles, namely the economy of taxpayers who were affected by Covid-19. This is because the economy is the biggest obstacle so that it is difficult for them to comply in carrying out their tax obligations.

To be able to encourage taxpayer compliance during the Covid-19 pandemic, the government issued several policies, one of which was related to administrative sanctions. Administrative sanctions are a tool to enforce the law in the field of taxation. This sanction is not aimed at the taxpayer physically but only regarding the amount of tax owed by the taxpayer that must be paid(9). There is a change in administrative sanctions in the Job Creation Law on the Taxation Cluster, namely:(10):

- Taxpayers voluntarily disclose the untruth of the data in the SPT and the investigation has not been carried out, is subject to a fine of 100% of the underpaid tax (Article 8 paragraph (3a))
- PKP who do not make invoices or make tax invoices but are not on time are subject to a fine of 1% of the tax base (Article 14 paragraph (4))
- termination of the investigation by the Attorney General at the request of the minister of finance is subject to a fine of 3 times the amount of tax that is not or underpaid or which should not be returned (Article 44B paragraph (2))
- If the audit has been carried out but the SKP has not been issued, the taxpayer with his own awareness can disclose in a separate report the incorrect filling of the SPT that has been submitted and the disclosure will result in an underpaid tax being subject to a sanction of as much as interest per month at the reference rate + *uplift factor* 10% divided by 12 (max 24 months) (Article 8 verse (5a))

- Taxpayers due to negligence do not submit SPT or submit SPT but the contents are not correct/complete, or attach information whose contents are not correct so that it can cause loss to state income in the Job Creation Law, it is deleted
- With regard to interest sanctions, the amount of interest penalties per month uses a flexible rate percentage instead of a fixed rate. That is, referring to the reference interest rate determined by the Minister of Finance, not the rate of 2% which is then added to the uplift factor and divided by 12 (max 24 months).

The change in the administrative sanctions policy in the taxation sector in the Job Creation Law is a form of the government's seriousness in realizing a better tax administration system which is carried out by increasing the element of professionalism and providing justice.(8).

There are changes or additions to tax regulations in the Harmonization of Tax Regulations (UU HPP) which later will also have an impact on the Act No. 2 Year 2020 and Law Job Creation (11).

In the implementation of the HPP Law, it is related to the KUP arrangement which includes tax sanctions and the integration of NIK-NPWP which has been effective since its promulgation (12). There is a change regarding sanctions from the KUP Law, namely audit sanctions and taxpayers not submitting SPT and sanctions after legal action with a decision to strengthen the DGT Decree (13), namely:

- Underpaid income tax is subject to monthly interest penalty at the reference rate + *uplift factor* 20% divided by 12 (max 24 months) (Article 13 paragraph (3) letter a clarified Article 13 paragraph (3c))
- Less deducted income tax is subject to a monthly interest penalty equal to the reference interest rate + *uplift factor* 20% divided by 12 (max 24 months) (Article 13 paragraph (3) letter b clarified Article 13 paragraph (3c))
- Underpaid PPN & PPnBM are subject to a 75% increase sanction (Article 13 paragraph (3) letter c)
- Income tax withheld but not deposited is subject to a 75% increase sanction (Article 13 paragraph (3) letter d)
- Objections are subject to a fine of 30% (Article 25 paragraph (9))
- The appeal is subject to a fine of 60% (Article 27 paragraph (5d))
- The review is subject to a fine of 60% when the PK decision causes the amount of tax to be paid to increase (Article 27 verses (5f))

Based on the HPP Law there is a reduction in sanctions given to taxpayers. According to Suryo Utomo, the HPP Law has a dual function and role in improving tax regulations and to support national economic recovery due to the Covid-19 pandemic.(14).

The application of administrative sanctions during the Covid-19 pandemic at KPP Pratama Surakarta is the last solution in enforcing administrative law. And the enforcement of administrative law by applying administrative sanctions during the Covid-19 pandemic at KPP Pratama Surakarta has been implemented as regulated in applicable tax regulations, such as the KUP Law, which was later updated in the Job Creation Law, and finally in the HPP Law.

Although during the Covid pandemic, many taxpayers were affected, but law enforcement must still be carried out as it should. Enforcement of administrative law by applying administrative sanctions aims to encourage taxpayer compliance so that it can provide great benefits in the implementation of development related to collected tax funds, if this law enforcement is implemented properly then the community will feel welfare for them.(15).

2. Uthe urgency of enforcing administrative law on the application of taxation in the context of the welfare state during the Covid-19 pandemic at KPP Pratama Surakarta

The basis for enforcing administrative law is Law no. 28 of 2007 concerning the Third Amendment to Law no. 6 of 1983 concerning General Provisions and Tax Procedures, UU no. 36 of 2008 concerning the Fourth Amendment to Law no. 7 of 1983 concerning Income Tax, UU no. 42 of 2009 concerning the Third Amendment to Law no. 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods, UU no. 19 of 2000 concerning Amendments to Law no. 19 of 1997 concerning Collection of Taxes by Forced Letter, Law no. 11 of 2020 concerning Job Creation in Taxation Clusters, and Law no. 7 of 2021 concerning Harmonization of Tax Regulations.

Administrative law enforcement is carried out with the aim of establishing compliance from taxpayers. Taxpayer compliance is one of the assessments or performance measures of taxpayers that is considered by the DGT in supervising, fostering, and other efforts towards taxpayers.

In law enforcement in the field of taxation during the Covid-19 pandemic, according to Abdul W., the government expanded the tax base by issuing policies in the form of providing incentives and relaxing tax administration. During the Covid-19 pandemic, with law enforcement in the field of taxation, the government must be able to maintain the productivity of certain sectors, the stability of economic growth, and the purchasing power of the people affected by the Covid-19 pandemic, not only suppressing the public through tax collections.(16).

According to Mrs. Emy Ardiana, that when administrative law enforcement is applied, it will lead to taxpayer compliance, both formal and material. If material compliance is met, the taxpayer has filled out the SPT report completely, clearly, and correctly. And if formal compliance is met, the taxpayer will pay taxes according to their obligations. As explained by Nurmantu, namely(17):

- a. Formal compliance means that taxpayers fulfill their obligations such as submitting tax returns on time.
- b. Material compliance is that the taxpayer fulfills his obligations such as filling out his tax return correctly, completely, and clearly.

Mrs. Emy Ardiana expressed the urgency of enforcing administrative law on the application of taxation in the context of the welfare state during the Covid-19 pandemic at KPP Pratama Surakarta, namely if the taxpayer's compliance is fulfilled, the collected funds can be used for welfare for the people. As it is known that taxes have a budgetary function and a regular function, namely:

- a. Budgetary Function

During the Covid-19 pandemic, it is undeniable that taxes are a determining factor for sustainability in national development. As a function of the budgetary, taxes are used to finance the APBN, where the APBN is one of the sources of state revenue. During the Covid-19 pandemic, tax funds were used by the public, one of which was taxes used to buy vaccines. In addition, the government will return tax funds to its people in the form of public facilities.

In line with Inge Diana R.'s opinion that taxes are a fiscal instrument in the source of the APBN which has an important role in financing the state budget for national development. He also said that in its function as a budgetary, during the current Covid-19 pandemic, taxes were used by the government to spend a budget of 58 trillion to finance vaccine medical devices and treatment of patients affected by Covid-19.(18).

b. Regular Function

The impact of the Covid-19 pandemic that attacks the joints of life in various sectors. In carrying out its tax function as a regular, the government provides various stimuli such as tax incentives. This incentive is like relaxation but more tax reduction or tax relief.

During the Covid-19 pandemic, the government issued a fiscal policy, namely the provision of tax incentives. In relation to the regulatory function, this incentive aims to assist in moving the wheels of the country's economy⁽¹⁹⁾. According to John Hutangaol, that the provision of tax incentives can provide relief for taxpayers affected by the Covid-19 pandemic so that they can survive and survive. In addition, it is also expected to guarantee the availability of medicines and medical devices in handling Covid-19⁽²⁰⁾.

During the Covid-19 pandemic, taxes have a crucial role in national development through these two tax functions. The state which is the organizer of the people's welfare state has the responsibility for equitable distribution of national development and economic distribution. In this case, the government has responsibility for implementing national development and distributing funds collected in the tax sector for the implementation of public services and the distribution of people's welfare.⁽²¹⁾

In the context of the welfare state, during the Covid-19 pandemic which is included in an emergency, the government must be active or not passive to participate in community activities so that the welfare of its people can be guaranteed. The government as the administration of people's welfare, the government has expanded duties to ensure public interests such as issues regarding people's health, housing, distribution of educational land, and so on.⁽¹⁶⁾

In line with what was stated by Esping-Anderson who explained that in a welfare state, the state has an active role in managing and organizing the economy, including the form of responsibility carried out by the state in providing guarantees for the availability of welfare services for its people at a certain level.⁽²²⁾ Thus, the welfare state is a democratic government system that is fully responsible for the welfare of the people. In this case, the state has an obligation to regulate the distribution of state wealth so that it is used to provide a decent life for its people.

In realizing public welfare, the government as the executor of executive power requires funds from tax revenues and state assets. State revenue originating from tax revenues and state assets which will later be used to finance the interests of its implementation which is also one of the means in realizing welfare for the people.

CLOSING

The application of administrative sanctions during the Covid-19 pandemic at KPP Pratama Surakarta is the last solution in enforcing administrative law and has been applied according to the applicable tax regulations. And the urgency of the enforcement of administrative law on the application of taxation in the context of the welfare state during the Covid-19 pandemic at KPP

Pratama Surakarta, namely if the compliance of both formal and material taxpayers is met, the collected tax funds will be used to realize the welfare of the people.

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