

Analysis of Tax Collection with Reprimand and Forced Letters at the North Makassar

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ABSTRACT

This study examines the efficacy of tax collection using reprimand letters and forced letters at KPP Pratama Makassar Utara to discharge tax arrears. This study is based on the fact that the desired amount of tax income and collection varies yearly, implying that many taxpayers fail to meet their tax responsibilities, resulting in tax arrears. This study uses a descriptive analysis method to provide an overview of whether tax collection with a reprimand and forced letters have been effective at KPP Pratama Makassar Utara. The source of data used in this study is in the form of secondary data. Namely, the data obtained is processed data from the relevant agency and the data used to support the study's results. The research data obtained were analyzed using descriptive ratio analysis. The ratio analysis used is the effectiveness ratio. The results of this study show that the effectiveness of tax collection with reprimand letters in 2014-2017 is classified as ineffective and forced letters in 2014-2017 are classified as effective. This study relied on secondary data as its source of information. Specifically, the data gathered is processed data from the appropriate agency, and the data is utilized to support the study's findings. The collected research data were examined using descriptive ratio analysis. The effectiveness ratio was employed in the ratio analysis. According to the results of this study, the efficacy of tax collection with reprimand letters in 2014-2017 is categorized as ineffective, whereas the effectiveness of tax collection with forced notes in 2014-2017 is classed as effective.

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1. INTRODUCTION

Tax collection is one of the main concerns of parties in the government, both at the central and regional levels. In line with this, various laws and legal products have been established and undergone improvements or refinements to create a tax collection system that can meet the different demands and needs of the community [1]–[3]. Tax collection is a series of efforts or actions

taken to ensure that taxpayers pay their tax debts and collection costs by arranging or warning, immediately carrying out tax collection while notifying forced letters, proposing prevention, carrying out seizures, taking hostages, and selling confiscated goods [4], [5].

It must be admitted that public awareness of paying taxes is still very lacking. That is demonstrated by the high number of

tax arrears that arise. Which continually rises year after year [1]. Taxes not returned on time by taxpayers pile into tax arrears, potentially limiting tax income. So it tends to be risky for reduced state revenues which can result in indirect state budget deficits [1]–[3].

Tax arrears indicate that people do not fully understand the benefits and functions of taxes. Furthermore, many persons willfully commit fraud and fail to fulfill their duties in making tax payments that have been decided, resulting in tax arrears. That can be seen from the amount of tax revenue at the North Makassar Kantor Pelayanan Pajak (KPP) Pratama as follows.

Table 1. Target Development and Realization of Tax Revenue at KPP Pratama Makassar Utara in 2013-2017

Year	Target (In millions of rupiah)	Realization (In millions of rupiah)	Achievement
2014	83.518	.73.87	88,45%
2015	119.520	103.648	86,13%
2016	531.675	490.716	92,29%
2017	946.552	732.206	77,35%

Source: KPP Pratama Makassar Utara (2023)

Table 1 above shows that the target amount of tax revenue and tax collection fluctuates yearly, which means that many taxpayers still do not comply with their tax obligations, so tax arrears occur.

Seeing the increasing tax arrears in KPP Pratama Makassar Utara, it is necessary to carry out tax collection actions with legal force that force taxpayers to pay off the taxes owed. Tax collection with reprimand letters and forced letters is an action the government takes to increase taxpayer awareness in carrying out their obligations to pay off taxes owed.

Paying taxes is one of our obligations as good citizens. Taxes are one of the main potential revenues for our country to run the wheels of government and carry out national development. Many government efforts have been made to improve taxpayer compliance in fulfilling their obligations, including tax socialization, enhancing the quality of tax services, etc. Indonesia has carried out a lot of

modernization in the taxation system. This is done to make it easier for taxpayers to report and pay taxes, which will ultimately have an impact on increasing income in the tax sector. Tax modernization follows technological advances like e-SPT, e-Filing, e-Payment, and e-Registration. In addition, this also reduces time consumption, as previously taxpayers had to come to the tax office to report because this system is online based, so the time is very accurate and always updated. In addition, this is also the right target because it is directly used by taxpayers whose goal is to fulfill their tax obligations.

But still, quite a lot of taxpayers whose tax debts are delinquent. That is very detrimental to the Indonesian nation, which is indeed carrying out development. A collection action with the force of force law is needed. As a result, the government created Law No. 19 of 1997, addressing tax collection by forced mail, and tax collection has been carried out under Law No. 19 of 2000 since January 1, 2001. This tax-collecting law should also give legal clarity and fairness. It can boost taxpayer knowledge and compliance to meet their tax duties, reducing tax arrears. State revenues from the tax sector can be more optimal for financing national development, and implementing government wheels can run well.

There are two types of tax collection: tax collection with a letter of reprimand and tax collection with a forced letter. For tax collection to be achieved, a series of actions can be taken by the Tax Bailiff, starting from the act of issuing a Reprimand Letter or the like, then the submission of forced letters, the compliance of seizure warrants, and the implementation of confiscation, the sale of confiscated goods, to preventive measures of foreign travel and hostage-taking.

In his research, he found that the impact of tax collection with reprimand letters and forced letters are a reduction in value-added tax receivable bills due to tax repayment, which will also affect the level of compliance and receipt of KPP Pratama Bitung as a whole [9]. In contrast, similar research results found that reprimand and

forced letters were ineffective in disbursing tax arrears [3], [10].

Based on the review of previous research above, it is known that there is a research gap in the form of inconsistencies in research results. Not only letters of reprimand and forced letters are effective instruments in collecting tax arrears. Based on this, researchers are motivated to re-examine reprimands and forced letters in tax collection.

2. LITERATURE REVIEW

2.1 Tax Arrears

Tax arrears disbursement is an effort made by the fiscus to disperse taxes owing that have not been paid by taxpayers by something. Steps have been taken, among other things, to minimize the quantity of tax arrears.

Repayment of Arrears

Taxpayers repay arrears before or after the Tax Bill (STP) due date, etc.

Improve the Implementation of Billing Activities

Since the enactment of tax law, the Directorate General of Taxes has improved the implementation of activities through the collection by issuing STPs, etc.

Improved Resolution of Objection Requests

The objection settlement process is closely related to the disbursement of arrears because if the objection is not accepted, it will delay the payment of taxes owed.

Write-off of Tax Receivables

The purpose of writing off tax receivables is to effectively estimate the receivables that can still be collected or disbursed [4], [5].

Several things cause tax arrears because of the presence:

Tax Determination

By Law No.16 of 2000, as an amendment of Law No.6 of 1983 concerning General Provisions and Tax Procedures, the product of tax determination is STP / SKPKB / SKPKBT [6], [7].

2.2 Tax Collection

Tax collection is defined as the final action taken by the government or tax authorities in forcing taxpayers to immediately fulfill their tax obligations, in this case, paying the owed taxes they have. This billing is the last resort if previously the taxpayer has been given a warning and notification regarding the fulfillment of his tax obligations. This tax billing is in the form of a warning and collects all at once. The forms are by submitting forced letters, filing for prevention, carrying out confiscations, holding hostages, and selling confiscated goods [8].

2.3 Tax Collection with Reprimand Letter

An official sends a letter of reprimand, warning letter, or another similar letter to reprimand or warns the taxpayer to settle his tax arrears. If a taxpayer fails to pay his tax bill by the due date, he will receive a reprimand, warning letter, or similar letter [9].

The definition of other similar letters includes letters or other forms whose functions are the same as a letter of reprimand or warning letter to collect taxes before a forced letter is issued. A letter of reprimand is not given to the approved taxpayer to pay in installments or defer the payment of his taxes. If within 30 days the tax debt is still not repaid, then seven days after maturity will begin active tax collection with a letter of reprimand [4], [5].

2.4 Tax Collection by Forced Mail

The tax bailiff notifies the taxpayer of the forced vein with a statement and the production of a copy of the fake letter. Based on the law, a forced letter has strong legal power and standing. So this can be said to be the same as a civil court decision. Taxpayers are notified by reading the contents of the forced letter, and both parties sign the minutes as an agreement that the forced letter has been delivered to the taxpayer.

3. METHODS

3.1. *Research Location*

The investigation was conducted at the North Makassar Primary Tax Service Office at Jl. Urip Sumohardjo km 4 State Finance Building 1 Makassar. This place was packed with the idea that the data and information required are easily obtained and related to the main aim of the research.

3.2. *Analysis Methods*

The descriptive analysis approach was employed to analyze the data. The descriptive analysis addresses data and research participants by presenting data methodically and not concluding study outcomes. Researchers used descriptive ratio analysis approaches in this investigation. The effectiveness ratio and contribution ratio were employed in the ratio analysis.

To determine whether an organization is effective, an indicator must be needed as a benchmark to determine an object's effectiveness level. The level/ratio of the effectiveness of the issuance of Reprimand and Forced Letters:

$$\text{Publishing Effectiveness} = \frac{\text{Amount of Billing Paid}}{\text{Amount of Billing Issued}} \times 100\%$$

Table 2. Classification of Effectiveness Measurement

Percentage	Criterion
>100%	Highly Effective
90% – 100%	Effective
80% – 90%	Quite Effective
60% – 80%	Less Effective
<60%	Ineffective

Source: Kemendagri (2023)

It was concluded that if the percentage achieved is more than 100 percent, it means very, and if the ratio is less than 60 percent, it is ineffective.

4. RESULTS AND DISCUSSION

4.1. *Result*

The calculation of the effectiveness of the reprimand letter is analyzed using a comparison formula between the amount of billing issued and the amount of billing paid.

Table 3. Results of Calculation of Tax Collection Effectiveness through Reprimand Letters (in millions of rupiah)

Year	ST Terbit (IDR)	ST Pay (IDR)	Effect Activity	Criterion
2014	30.188	12.264	40,62%	Ineffective
2015	50.271	23.228	46,20%	Ineffective
2016	45.470	18.369	43,39%	Ineffective
2017	12.145	4.101	33,76%	Ineffective

Source: Data processed (2023)

Table 4. Results of Calculation of Tax Collection Effectiveness by Forced Mail (in Millions of Rupiah)

Year	SP Terbit (Rp)	SP Pay (Rp)	Effect Activity	Criterion
2014	13.330	5.609	42,08%	Ineffective
2015	59.605	21.786	36,55%	Ineffective
2016	36.233	28.347	78,23%	Less effective
2017	3.447	5.104	148,05%	Highly effective

Source: Data processed (2023)

4.2. *Discussion*

Tax Collection with Reprimand Letter

An official sends a letter of reprimand, warning letter, or another similar letter to reprimand or warns the taxpayer to settle his tax arrears. If a taxpayer fails to pay his tax bill by the due date, he will receive a reprimand, warning letter, or similar letter.

Tax collection with a reprimand letter at KPP Pratama Makassar is known to be ineffective. That is demonstrated by calculating the effective tax collection rate with a reprimand letter to be less than 60% due to taxpayers' lack of understanding of their tax duties. On the other hand, tax collection instruments in the form of reprimand letters have not shown optimal results.

As stipulated in law, tax collection defines that a reprimand letter will be issued after 7 days of tax arrears are due, but the taxpayer has not paid off the tax debt. That is intended to remind taxpayers to carry out their obligations and is only persuasive because there have been no legal sanctions. There is no legal sanction for issuing this reprimand letter, making taxpayers reluctant to disburse their tax arrears. That is why the reprimand letter is ineffective in tax collection.

Several technical obstacles, such as unclear taxpayer addresses, cause the reprimand letter's ineffectiveness in tax collection. The undefined address of the taxpayer resulted in the reprimand letter never reaching the taxpayer's hands. In addition, other causes of the ineffectiveness of reprimand letters are lack of taxpayer awareness and inability to pay taxes.

The results of this study are in line with the results of previous research from [5], [7] found that reprimand letters were not effective in disbursing tax arrears.

Tax Collection by Forced Mail

A forced letter is issued if the taxpayer does not pay off the tax debt and to him has been given a letter of reprimand or warning letter or another similar letter. The taxpayer does not satisfy the requirements mentioned in the installment approval decree, or delay of tax payment, and prompt and lump amount collection has occurred. The tax bailiff notifies the taxpayer of the forced letter with a declaration and the submission of a copy of the fake letter. Given that the forced letter has the same executory power and legal position as the gross deed, namely a civil court decision with permanent legal force, the taxpayer is notified by reading the contents of the forced letter, and both parties sign the minutes as a statement that the forced letter has been notified.

Tax collection by forced mail at KPP Pratama Makassar is known to have an increasing trend. In 2014 and 2015, KPP Pratama obtained the "ineffective" category. Meanwhile, in 2016, tax collection by forced mail was in the "less effective" class. In 2017, KPP Pratama Makassar Utama increased tax

collection by forcing mail to be "very effective".

In 2017, forced mail was in the "highly effective" category in tax collection as the amount of face value of the group in 2017 decreased from the previous year. In addition, the effectiveness of tax collection by forced mail is also caused because forced letters are a continuation of reprimand letters that do not get a response. Tax letters also have executory power, forcing taxpayers to fulfill tax obligations at once.

The purpose of issuing a forced letter, as defined in the law, is to collect tax debts. After the forced letter issuance, the taxpayer is expected to pay off his tax debt immediately. If a taxpayer has been issued a forced letter but has not paid off his tax debt within 2 x 24 hours, confiscation will be made. Usually, taxpayers will feel afraid, so they will pay off their tax arrears either directly or in installments which will certainly affect the disbursement of tax arrears.

A theoretical basis also supports the results of the study that states that tax collection is one element of law enforcement in the field of taxation where the purpose of the collection itself is to increase taxpayer compliance which, of course, with compliance is expected to secure or moreover can increase revenue from the tax sector. Forced letters are used to collect tax debts and collection costs, whereas, with forced letters, taxpayers are forced to pay tax arrears to increase tax revenue.

The results of this study support the results of previous research from [3], which found that tax collection by forced letter can be said to be good because every year, the disbursement of tax arrears using forced letters always increases both in terms of issuance of forced notes and assignments of nominal tax debt.

5. CONCLUSION

The research finds that tax collection via a letter of reprimand at the North Makassar Primary Tax Service Office is unsuccessful based on the research findings and discussion in the preceding chapter. Tax

collection by forced letter is applicable at North Makassar. Based on the research findings, KPP Pratama Makassar Utara should enhance the number of tax bailiffs to optimize the realization of tax arrears payout.

The Directorate General of Taxes needs to intensify tax socialization to taxpayers about tax regulations packed with interesting entertainment so that taxpayers are interested in participating in the

socialization and taxpayer awareness in paying taxes increases.



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