

# Evaluation of Tax Dispute Settlement in Indonesian with the Dispute System Design Perspective

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## Abstrak

This research was conducted to evaluate the settlement of tax disputes in Indonesia using perspective Dispute System Design (DSD) and analyze the causes of high and recurring tax disputes. The method used in this study is a descriptive qualitative method to get an overview of tax dispute resolution in Indonesia with the approach dispute system design. The parameters used in this study are the DSD principles according to Ury, Brett, and Goldbreg which have been modified by Melinda Jones. The results of the research show that the tax dispute settlement system in Indonesia has followed the principles in best practice identified in the DSD literature. However, there are several records related to tax dispute resolution in Indonesia, namely related to the independence of DGT internal officials who carry out dispute resolution, issues of perception of fairness, setting targets and tax dispute resolution programs, and follow-up evaluation of tax dispute resolution. To reduce the number of high and recurring disputes, it is necessary to have a mechanism for changing tax rules quickly based on the results of evaluating tax disputes, creating a learning system based on evaluating tax dispute decisions, improving the quality of human resources in the field of examination and review of objections, evaluating rules that are often interpreted differently by court judges taxes, by using a communication forum between the DGT and the Tax Court to reduce disparities in dispute decisions.

**Keywords:** Tax Dispute, Dispute System Design, Justice, Independence

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## I. INTRODUCTION

Tax disputes over decisions issued by the DJP are increasing from year to year. In 2014 the number of tax dispute files processed at the Tax Court amounted to 7,386 files in 2020 to 14,660 files or doubled in 6 years (Tax Court Secretariat, 2021). By looking at the development pattern of the number of tax assessments issued by the DJP and the dispute resolution process at the DGT which rejects more taxpayer applications, in the coming years, the number of tax disputes in the tax court will increase.

From the data for 2014 to.d. In 2018, the number of tax assessments submitted for objections was around 3.48% (Directorate General of Taxes, 2019). From the objection process submitted by the taxpayer, almost 90% were rejected either partially or completely (Directorate General of Taxes, 2019). The appeal decision by the Tax Court on the appeal of taxpayers in the same period is known that 64% of them were granted wholly/partially.

Thus there is an indication that the settlement of tax disputes is less efficient, because there are disputes that are rejected at the DGT, but the Tax Court Judge grants them. The inefficient settlement of disputes results in a long time for dispute resolution, because they have to go through the tax court to obtain truth and legal certainty, and high administrative costs for DGT and compliance costs for taxpayers. This can reduce public trust in tax administration and can affect taxpayer compliance.

*System Design (DSD)*. This DSD evaluation has the ultimate goal of reducing costs arising from disputes. and maximizing the benefits associated with dispute resolution. *Dispute Systems Design (DSD)* involves a conscious effort by organizations to channel disputes into a series of steps or options for managing conflict. DSD concerns the design and implementation of a dispute resolution system which is a series of procedures for dealing with disputes, not dealing with individual disputes individually to *this*. The DSD was originally used by Ury, Brett, and Goldberg to analyze workplace disputes. In 2013 the DSD approach was used to evaluate tax disputes (Mookhey, 2013). In 2017, Jone developed DSD principles to evaluate the tax settlement system in Australia (Jone, 2017).

Based on the high cost of tax disputes in Indonesia, research will discuss the factors that cause high tax disputes and how to resolve tax disputes in Indonesia.

## **II. LITERATURE RESEARCH**

### **a. Tax Administration**

According to (Alink, Matthij, & Kommer, 2011), tax administration includes:

- 1) assess, collect and audit taxes imposed by the government, and prevent fraud;
- 2) supervision by the customs of import and export goods (in order to assess, collect and monitor various duties related to import and export, but also to protect public quality) assess and collect social security contributions;
- 3) menilaian dan mengumpulkan iuran jaminan sosial;
- 4) appraisal and other collection activities on behalf of other government agencies

Another opinion was put forward (Gunadi, 2016) tax administration includes three dimensions: 1) Tax management system; 2) Institutions implementing tax laws and regulations; 3) Staff and all activities and work of taxation to realize tax goals.

Tax administration is realized in a series of systems, organizations, human resources, procedures and recording manually and electronically, so that the implementation of tax rights and obligations can be recorded historically to make it easier for taxpayers and tax officials. Tax administration includes the provision of a set of rules, organization, human resources, information systems, and the provision of infrastructure needed to carry out management functions.

### **b. Tax Dispute**

Tax disputes occur when taxpayers disagree with the views of the tax authorities in relation to the taxpayer's tax obligations or rights, and take several actions regarding the disagreement (Tram-nam & Wapole, 2016). Tax disputes can arise at any stage following disputes between tax officials and taxpayers. In Australia tax disputes are classified into four broad categories:

- 1) Complaint;
- 2) Objections to decisions that can be reviewed;
- 3) Disputes about facts or application of tax laws by taxpayers as matters under assessment (by ATO)
- 4) Objection to judgment (including self-assessment and commissioner adjustments)

Another opinion regarding tax disputes was put forward (Ritonga, 2017) that tax disputes are disputes that arise in the field of taxation between taxpayers or tax bearers and authorized officials as a result of issuing decisions that can be appealed and lawsuits to the tax court based on statutory regulations apply. The emergence of a tax dispute between the taxpayer and the tax authorities if the taxpayer does not approve the tax assessment based on the results of a tax audit and other decisions made by the Directorate General of Taxes.

### **c. Dispute Systems Design**

*Dispute System Design* (DSD) involves a conscious effort by organizations to channel disputes into a series of steps or options for managing conflict. DSD concerns the design and implementation of dispute resolution which is a set of procedures for dealing with disputes, rather than handle individual disputes individually to *this*.

The origins of DSD begin in the context of workplace disputes and can be traced to the publication of Ury, Brett, and Goldberg in 1988. Ury, Brett, and Goldberg's research draws on empirical evidence in the particular context of coal industry unions. The author describes how patterns of disputes can be found in closed settings and that by instituting avenues for dealing with these disputes from before, conflict can be dealt with more effectively and satisfactorily than through action *ex post*.

DSD is aimed at reducing costs and maximizing benefits associated with dispute resolution. Ury, Brett, and Goldberg stated that the costs and benefits of dispute resolution can generally be measured by reference to four general criteria: transaction costs (including time, money, and emotional energy expended in disputes); satisfaction with results; long-term effect on the relationship of the parties; and the recurrence of disputes.

DSD is based on three related theoretical propositions. The first is that dispute resolution procedures can be categorized according to whether they are primarily an interest-based, rights-based or power-based approach. An interest-based approach focuses on the underlying interests or needs of the parties with the aim of generating solutions that satisfy as many of these interests as possible. A rights-based approach, involves determining which side is right according to some independent and objective standards. The power-based approach is characterized by the use of power, that is, the ability to coerce a party to do something he would otherwise not do.

The second DSD proposition is that interest-based procedures have the potential to be more cost-

effective than rights-based procedures, which in turn may be more cost-effective than powers-based procedures. The third proposition is that the costs of disputes can be reduced by creating systems that are 'interest-oriented', ie systems that emphasize interest-based procedures, but also recognize that rights-based and power-based procedures are necessary and desirable components. Management Models in DSD

1) Ury, Brett, and Goldberg

practitioners starting with Ury, Brett, and Goldberg. *Book Getting Disputes Resolved:*

*Designing Systems to Cut the Costs of Conflict*, written by Ury, Brett, and Goldberg in 1988, is credited with being the first book

written about DSD. Through case studies of the author's experience working with coal miners, unions and their management, Ury, Brett, and Goldberg define the classic DSD model consisting of three main dispute resolution methods (interest, rights, and power-based). There are six basic principles for setting up a dispute resolution procedure and the four stages of DSD (organizational diagnosis, system design, implementation, exit, evaluation, and diffusion). Ury, Brett, and Goldberg's six DSD principles are outlined below:

- a) *Put the focus on interest*
- b) *Build in loop back to negotiation*
- c) *Provide low-cost right and power backup*
- d) *Build in consultation before, feedback after*
- e) *Arrange procedures in low cost to high sequence*
- f) *Provide the necessary motivation, skill and resources*

**d. Prinsip Dispute System Design Used In This Research**

In the DSD literature, six conflict management models have been identified that have been developed by DSD practitioners starting with Ury, Brett, and Goldberg. DSD practitioners have developed this DSD concept cumulatively based on previous research. In this study, the DSD principle used is the DSD principle according to Jones in her research in 2016. Melinda Jones modifies the DSD principle into 14 principles as follows:

- 1) *Stakeholders are included in the design process.* Stakeholders should have an integral role in creating and updating the systems they use
- 2) *The system has multiple options for addressing conflict including interests, rights, and power-based processes.* This system has several options for dealing with conflicts including interest, rights, and power-based processes. Systems should include low-cost interest-based and Rights-based processes and power-based processes should be offered if interest-based resolutions fail to resolve disputes.
- 3) *The system should provide loops backward and forward.* This system provides a loop backward and forwards. This system must include a mechanism loop-back which allows disputing parties to return from rights or power-based options back to interest-based options as well as mechanism loop- forward which allows disputants to move directly to rights-based or power-based option settlements without first going through all interest-based options beforehand.
- 4) *There is notification and consultation before and feedback after the resolution process.* There is notification and consultation before and feedback after the dispute resolution process. Notification and consultation before taking any proposed action affecting others can prevent disputes arising through misunderstandings or miscommunication and can identify points of difference early on making it possible to diagnose. Post-dispute analysis and feedback can help parties to learn from the dispute to prevent similar disputes in the future
- 5) *The system has a person or persons who function as internal independent confidential neutral(s).* This system has a person or persons who function as an independent and neutral party. Disputing parties should have access to neutral independent secrets so they can receive coaching, reference, and problem solving.
- 6) *Procedures are ordered from low to high cost.* To reduce the cost of disputes in dispute resolution, the existing procedures in the DSD system must be arranged in successive steps from low-cost to high-cost options. The system has multiple access points. The DSD system must allow disputants to submit dispute requests through several channels.
- 7) *The system includes training and education.* Training on Stakeholder those involved are also educated regarding the dispute system and how to access it is very much needed.
- 8) *Assistance is offered for choosing the best process.* Assistance is offered to select the best process. This includes using guides or coordinators and advisors to ensure the use of an appropriate dispute process.
- 9) *Disputants have the right to choose a preferred process.* Disputing parties have the right to choose their preferred process.
- 10) *The system is fair and perceived as fair.* The dispute resolution system is fair and is perceived as a fair system. The system must be fair to parties and foster a culture that welcomes dissent in good faith.

- 11) The system is supported by top managers. The Dispute Resolution System is supported by top management.
- 12) The system is aligned with the mission, vision and values of the organisation. The dispute resolution system must be integrated with the organization and reflect the vision, mission and values of the organization.
- 13) *There is evaluation of the system.* Terdapat evaluasi terhadap sistem penyelesaian sengketa. Tindakan ini untuk mengidentifikasi kekuatan dan kelemahan DSD yang ada dan mendorong pengembangan berkelanjutan.

**Research Method**

The focus of this research is, firstly, to evaluate the tax dispute resolution system in Indonesia, and secondly to examine the causes of high and recurring tax disputes. The results of this study are expected to provide policy alternatives that can increase the efficiency and effectiveness of tax dispute resolution to be in line with the DSD evaluation objectives, namely reducing the cost of disputes.

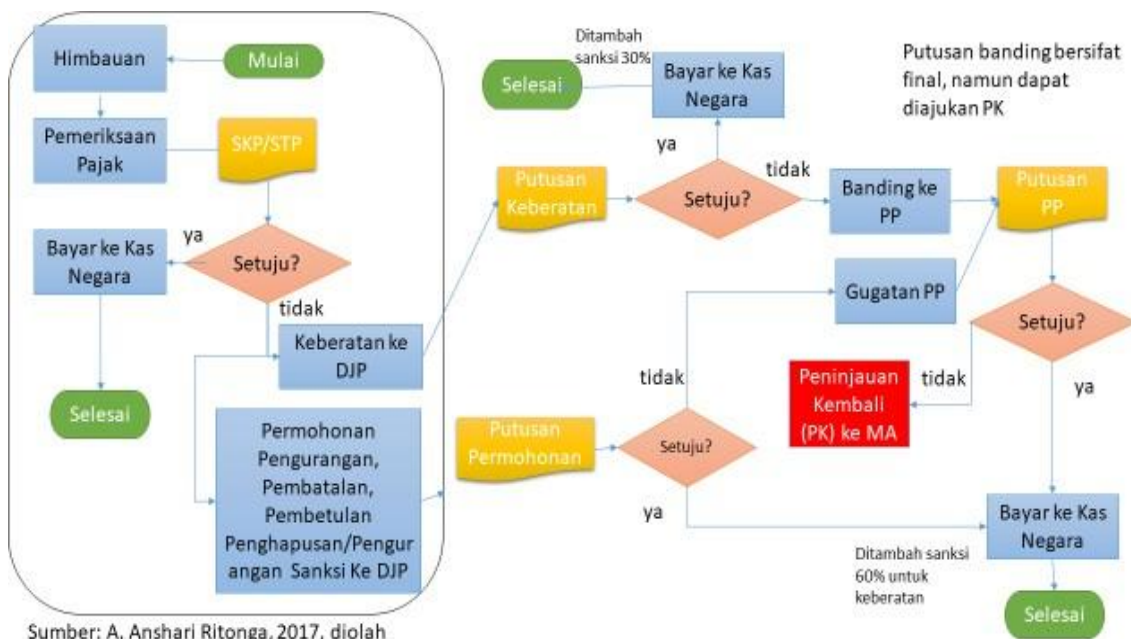
This study used a qualitative method, with sources from academics, DGT employees from both examiners and objection reviewers, and tax consultants from the secretariat of the Tax Court. In addition, the data used comes from data from the Secretariat of the Tax Court and the Review of the Secretariat of the Tax Oversight Committee

**III. RESEARCH RESULTS AND DISCUSSION**

**Tax Dispute Resolution System in Indonesia**

Tax disputes according to Tran-Nam and Wapole (2016; 323), occur when the taxpayer disagrees with the view given by the tax authorities concerning the taxpayer's tax obligations or rights, and take some action regarding this disagreement. Tax disputes can arise at any stage after the dispute between the tax officer and the taxpayer. The tax dispute resolution process can be seen in the chart below:

Gambar3. Tax Dispute Resolution Process



Tax laws and regulations framework (framework) regarding the emergence of disputes and settlement of tax disputes at the DJP are as follows:

- a. In the taxation system with the system self-assessment, the tax obligations reported by the Taxpayer to the DGT through the SPT are considered correct, unless the DGT has other data that proves otherwise, submitted by the WP to the DGT.
- b. If the DGT has other data, the DGT can determine the amount of tax payable based on the existing data. In the process of determining this tax, it is preceded by submitting clarifications to the Taxpayer regarding



the data that is owned by the DGT.

**C.** If there is no meeting point for this clarification between the DGT and the taxpayer, an examination will be carried out and then an SKP or STP will be determined for the underpayment of taxes. In the inspection process, a final examination discussion is carried out on the audit findings, and when WP still does not agree it can still be done Quality Assurance (QA) by involving the discussion team at the Kanwil. Material that can be carried out by QA is disputed material related to regulations, while non-judicial disputes cannot be submitted for discussion at QA. Furthermore, based on the final results of the examination, SKP and/or STP are issued.

**d.** If the Taxpayer does not agree with the results of the audit the Taxpayer can:

1. Submit an objection to the SKP issued by the DGT within three months of the SKP being sent by the provisions of Article 25 of the KUP Law or submit an application for a reduced cancellation of said tax assessment by the provisions of Article 36 of the KUP Law.

2. Submitting a reduction or abolition of the sanctions listed in the SKP/STP as stipulated in Article 36 of the KUP Law.

**e.** Upon filing the dispute, the DGT issued a decision letter on objection, a decision on cancellation/reduction/deletion.

**f.** Regarding the objection decision, if the taxpayer agrees to pay the amount stated in the objection decision plus a penalty of 30% of the tax to be paid, but if he does not agree, he can make an appeal to the Tax Court. Regarding the decision on the application for reduction/cancellation/abolition of administrative sanctions, if the Taxpayer does not agree, then he can file a lawsuit with the Tax Court against the DGT's decision. The Court's decision is a final decision that is binding and can be directly executed by the parties.

**g.** If the taxpayer does not submit a PK attempt against the Tax Court's appeal decision, then the taxpayer must pay the amount of tax owed based on the tax court's decision plus a penalty of 60% of the total tax to be paid.

**h.** If the WP still does not agree with the decision of the Tax Court, then it can take extraordinary legal action in the form of a judicial review to the Supreme Court. Likewise, if the DGT disagrees with the Tax Court's decision, the DGT can submit a judicial review to the Supreme Court.

**i.** *Stakeholder in Tax Dispute Settlement*

Stakeholder according to Freeman and McVea (2001) defined any group or individual that can affect or be affected by the achievement of organizational goals. In the settlement of tax disputes Stakeholder involved include: Taxpayers, as parties to the dispute, tax consultants are parties who can represent taxpayers in resolving tax disputes. Third is Tax Court. The Tax Court is an institution tasked with resolving tax disputes that cannot be resolved at the DGT. Fourth is the Tax Oversight Committee whose job is the Tax Oversight Committee is tasked with assisting the Minister of Finance in supervising tax policies and implementing tax administration, including handling complaints and mediation. In addition, there is the Inspectorate General of the Ministry of Finance, business associations and the DPR which are members of the Ministry of Finance stakeholder indirect.

## **IV. Research Result**

### **1. Evaluation of the Dispute Resolution System in Indonesia**

#### *a. Stakeholders are included in the design process*

Taxes are coercive state levies whose collection is regulated by law. With system self assessment adopted in Indonesia, DGT as the party appointed to carry out the administration of tax collection, can correct the SPT reported by the Taxpayer based on the data obtained. This correction can cause an increase in the tax liability of a taxpayer. If the Taxpayer whose tax burden is corrected disagrees with the actions taken by the DGT, the state provides a tax dispute settlement design as a means to facilitate Taxpayers in defending their tax rights and obligations. The design is broadly regulated in the Law on General Provisions and Tax Procedures (UU KUP). In its implementation, it is then regulated in the provisions under the law in the form of Government Regulations, Regulations of the Minister of Finance, and Regulations of the Director General of Taxes.

Based on the interview above, it is known that Stakeholder In preparing the dispute, it is known several things (coding) as follows: First that Stakeholder in the settlement of tax disputes at the DGT consists of Taxpayers (which are also represented by the DPR), Employers' Associations (such as KADIN), Tax Consultants, Inspectorate General of the Ministry of Finance, Tax Oversight Committee, Tax Court Judges, and Units in the Ministry of Finance: Legal Bureau. Second, Stakeholder These parties have played an active role in drafting tax dispute regulations, which are usually carried out in a representative manner, such as through the DPR and associations. Prof. Haula specifically stated that the community (WP) is actively involved pressure group in drafting legislation. Because there are articles which are the aspirations of the Taxpayer community. In drafting

systems/regulations related to disputes under laws, there is a role for the WP but not as intense as in drafting laws. Thus the criteria Stakeholders are included in the design process has been fulfilled.

*b. The system has multiple options for addressing conflict including interests, rights and power-based processes.*

According to Ury, Brett, and Goldberg, dispute resolution can be done through a rights approach (interests-based), a rights approach (rights-based), and the power/power approach (power-based). The interest approach is carried out through negotiations and in tax settlement, it is carried out through discussions in the audit stage objection, as well as tax court level. Dispute resolution through the rights approach (interests-based) is carried out through the completion of the legal process to a higher stage such as objections or filing an appeal to the tax court. Meanwhile, the settlement of disputes with a powerful approach or power base among others through demonstrations, threats, and others.

Based on the sources, the discussions in the examination can be categorized as negotiations in the dispute process. Tax determination must be based on evidence and an adequate legal basis. With the above conditions, there is an opportunity for taxpayers to respond to tax determinations and objection decisions, where the response is one part of the interaction. serve as the basis for the examiner's correction. However, if there is no agreement at the examination or objection stage, the WP can submit a dispute to the next level based on rights. For settlement of disputes based on power (power-based) optionally it can be done, however, this is rarely done. Thus, the tax dispute settlement system in Indonesia has fulfilled the second criterion that the system has multiple options for addressing conflict including interests, rights, and power-based processes.

*c. The system provides for loops backward and forward.*

According to Jones, loopbacks in the tax dispute process are reflected when the ADR option is theoretically available at each stage of the dispute resolution process. In this case, according to Melinda Jones who quoted Inspector General of Taxation, Australia, a variety of ADR processes may be available in the process of examination and appeal, this is an example of loop-backs from rights-based processes to Loop-backs in forms such as ADR dispute processes in Indonesia occur processes quality Assurance at the Kanwil at the time of inspection, discussion by the objection discussion team at the time of objection. Taxpayers if they do not agree with the results of the final discussion with the examiner, can submit Quality Assurance to Kanwil.

mechanism for loopbacks. When viewed from every dispute resolution process, loop-forward occurs when the WP can pass one of the processes in the settlement of tax disputes. In the tax dispute system in Indonesia, as explained by the informant above, each stage in inspection procedures has been regulated by a set of rules that must be followed by the DGT. If one of the processes is not passed, such as the final discussion of the audit is not carried out, then the DGT will be blamed and the legality of the related DGT decision or decision can be questioned. Thus it is concluded that the tax dispute resolution system in Indonesia already has a loop-back process, but does not accommodate the mechanism loop-forward, so the criterion the system provides for loops backward and forward, is not fully fulfilled. There is notification and consultation before and feedback after the resolution process

Notifications and consultations are already in the process of resolving tax disputes in Indonesia. Notification and consultation meant that in the process of resolving disputes before a decision is issued, the Taxpayer receives notification regarding the correction made by the DGT. With the explanation above, it can be concluded that there is a notification before dispute resolution and there is feedback in the form of an opportunity for the WP to respond to the notification. Thus the criteria there is notification and consultation before and feedback after the resolution process has been fulfilled.

*d. The system has a person or persons who function as internal independent confidential neutral(s).*

In the settlement of tax disputes in Indonesia, there are internal parties outside the dispute, who are involved in the settlement of tax disputes, are under examination and objections. In the inspection, there is a QA process, where the QA Team as a party outside the examiner and the WP, will assess the examiner's findings and objections and the WP. This team was formed by the Kanwil whose members are employees of the Kanwil. The results of the discussion will be recommended according to the opinion of the QA Team. While in the objection process, this independent party

In the context of tax dispute resolution, there is generally no neutral internal party facilitating tax authorities and taxpayers in resolving disputes. This is usually related to the fact that tax disputes occur between tax authorities and taxpayers as opposed to disputes. This position is not like a dispute between company management and employees.

Based on the above information, several conclusions can be drawn as follows:

1) In the process of resolving tax disputes, there are internal parties outside the parties involved in the dispute; namely the QA Team during the examination and the Objection Discussion Team in the objection settlement process.

2) Regarding independence, according to the informant who is an employee of the DGT, he believes that they are already independent, on the grounds that the WP has been given sufficient opportunities to provide evidence and the team is outside the examiner or objection researcher. On the other hand, academics and consultants/taxpayers are of the opinion that they are not independent. This second opinion is based on historical experience from existing tax court decisions, as well as experience in the objection settlement process. However, there were respondents with consulting backgrounds who stated that for the objection settlement process at the LTO Regional Office and Special Jakarta Regional Office is quite independent. Based on the description above it is concluded that the criteria the system has a person or persons who function as internal independent confidential neutral(s) not fully fulfilled.

*e. Procedures are ordered from low to high cost.*

Tax dispute procedures in Indonesia are structured from low to high costs, where the first procedure is during the appeal and examination stage where there are direct negotiations, then followed by objections/applications for cancellation/reduction of sanctions, then followed by appeals/lawsuits in the tax court. And if the Tax Court is still not finished, extraordinary legal remedies can be taken in the form of Judicial Review to the Supreme Court. These sequences in general result in increased costs at every level, especially when the dispute goes to the tax court. The higher cost of disputes when the dispute level rises, can be described as follows:

1) The higher the level of dispute, the higher the sanctions that will be borne by the WP. In accordance with tax provisions, when taxpayers resolve disputes when appealed, they are only subject to late sanctions. When the WP resolves the dispute at the inspection stage, it is subject to interest sanctions for late delays, plus a 5% penalty. When the WP resolves the objection dispute, and the objection is rejected, but the WP does not appeal to the tax court, the WP will be subject to sanctions in the form of a fine of 30% of the amount of tax owed by the objected. If the WP appeals to the tax court and the tax court rejects the WP's application, then the WP is subject to a fine of 60% of the amount of tax that was appealed and rejected by the tax court.

2) The higher the level of dispute, the higher the costs that will be borne by taxpayers, for example the time consumed in handling audit disputes, objections and in tax courts, as well as costs for paying tax consultants for each level of dispute (*cost of compliance*).

3) The higher the level of dispute, the higher the costs borne by the DGT for administering and serving examinations, objections and appeals. With the accumulation of appeal cases in the Tax Court, a greater number of DGT staff are needed as appeals as well as a greater number of judges. Of course this will result in an increase in the amount of human resources and budget that must be provided by the government (*cost of administration*).

Based on the explanation above, it is concluded that the criteria procedures are ordered from low to high cost in the tax dispute system in Indonesia has been fulfilled.

*f. The system has multiple access points.*

Based on the provisions, an objection can only be submitted to the Director General of Taxes and an appeal against a decision on an objection can only be submitted to the Tax Court. Thus, structurally, when a taxpayer submits an objection or appeal, there is only one entrance to the DGT and to the Tax Court. However, procedurally, based on the provisions of Article 9 of Minister of Finance Regulation No. 9/PMK.03/2013 concerning Procedures for Submitting and Settlement of Objections and their amendments, and Article 3 of Regulation of the Minister of Finance Number 8/PMK.03/2013 concerning Procedures for Reducing or Abolishing Sanctions Administration and Reduction or Cancellation of Tax Assessment Letters or Tax Collection Letters stipulates that objections or requests for reduction of sanctions/reduction or cancellation of tax assessments can be filed through several channels/access point as follows:

1) Directly

2) By post;

3) Through another way, namely through an expeditionary or courier service company or via e-filing/electronic.

The various ways of filing disputes provide opportunities and convenience for taxpayers with their respective problems to choose the method of filing objections according to the wishes and various backgrounds of the WP. Based on the description above, the criteria system has multiple access points has been fulfilled.

*g. The system include training and education.*

Taxes are collected by law. The tax dispute resolution system has also been included in the tax laws and regulations. When the law is enacted, the public is deemed to know the provisions of the orders and prohibitions as well as the procedures for carrying out the rights and obligations in the tax law and its implementing regulations. In the dispute resolution system in Indonesia, there is an element of education related to this system for members Stakeholder. This educational function is carried out, among others, by:

- 1) The presence of the [djp.go.id](https://www.djp.go.id) page which, among other things, provides information on procedures for disputes and the rights and obligations of taxpayers in examinations, objections, reduction of sanctions, reduction/cancellation of incorrect decisions, appeals and judicial reviews. For objection disputes, for example, on a page <https://www.pajak.go.id/id/keberatan> explained about the scope of the objection, what can be objected to, the conditions that must be met, when the objection is filed, the flow or procedure for settling the objection, the period for settling the objection and the objection being withdrawn. On the [djp.go.id](https://www.djp.go.id) page, information with similar content is also available for information on other disputes such as reduction of sanctions, reduction/cancellation of incorrect decisions, appeals and judicial review
- 2) The vertical unit in the KPP includes AR functions, an extensification section, and extension functions.
- 3) Through examiners and reviewers of objections during the dispute process.

Based on the description above, it is concluded that in the tax dispute system in Indonesia, there has been training and education for taxpayers, the public, and DGT employees. Thus the criteria system includes training and education has been fulfilled.

*h. Assistance is offered for choosing the best process*

In the dispute system at DGT, several forms of assistance can be utilized by taxpayers. Among other things, by obtaining information from AR, tax extension officers, as well as from examiners, and PK.

Based on the provisions, there is a taxpayer's right to obtain an explanation of the correction made by the examiner in writing. Orally the explanation has been given in the examination process. From this information, the taxpayer can consider the next legal action against the tax assessment he receives, whether to file an objection, reduce sanctions, or apply for a reduction/cancellation of incorrect tax assessment.

Thus, it is known that there has been assistance offered to taxpayers to choose the best dispute process, so that criterion assistance offered for choosing the best process has been fulfilled.

*i. Disputants have the right to choose a preferred process.*

Taxpayer's rights related to this dispute have been regulated in the dispute resolution system as follows:

- 1) Regarding the SKP issued by the DGT, if the WP does not agree with the amount of tax payable according to the examiner, the WP can submit an objection by following the mechanism of article 25 of the KUP Law. If the period for filing an objection has passed, the taxpayer can still submit a request for a reduction or cancellation of the tax assessment with the mechanism set out in article 36 of the UUKUP. Even though the period for filing objections has passed, taxpayers can choose to use Article 36 of the KUP Law to apply for a reduction/cancellation of incorrect tax assessments.
- 2) If the WP only wants the tax sanctions to be reduced or abolished, then the WP can apply for a reduction or abolition of administrative sanctions to the DGT using the mechanism of Article 36 paragraph (1) letter a of the KUP Law.
- 3) If the WP considers that the inspection procedure is not correct, a final discussion is not held with the WP, then the WP can apply for cancellation of the inspection results using the mechanism of Article 36 paragraph (1) letter d.

The above system is sufficient to accommodate alternative WPs if they feel that their rights have not been obtained in the process of law enforcement (law enforcement) conducted by DGT, so that criterion disputants have the right to choose a preferred process has been fulfilled.

*j. The system is fair and perceived as fair.*

The dispute system must comply with the principle of fairness whereby the tax determined must be under the actual capabilities and conditions of the WP. The state may not act discriminatory against WP.

Based on the above information, the following matters are known:

- 1) From the perspective of the DGT, the settlement of tax disputes at the DGT has been fair, because the WP system has given the opportunity to provide data, information and information in the audit and objection process. Dispute settlement has been carried out in accordance with applicable regulations.



2) From an academic point of view, tax consultants/taxpayers state that the settlement of tax disputes at the audit and objection level has not provided justice. From the results of the interview, it is known that the causes of this injustice include: first, the position of the objection reviewer is under the Regional Office of DGT which is considered not independent, so it is difficult to provide justice for WP. Second, in some cases, there is a risk that certain decisions that grant the WP's objections may be challenged by law enforcement agencies. Third, there are job demands for KPP and Regional Offices, which are burdened with revenue targets the system is fair and perceived as fair in tax disputes at the DGT is not fulfilled.

**k.** *The system is supported by top managers.*

Top management support has been provided in resolving this objection, including through several policies. As quoted on the DDTC news page dated 21 November 2021, the Director of Objections and Appeal conveyed several efforts made by the DGT to approve the level of tax disputes. First, DGT has increased the capacity of human resources through training, in-house training (IHT), and sharing knowledge, and in the future, there will be objection review functionalization. Second, pressing disputes with taxpayers in the field of regulation. The Directorate of Objection and Appeal DGT conduct evaluation activities on dispute decisions. Third, an improvement on the business process side. Currently, DGT is actively making improvements at every stage of the business process related to tax disputes. Fourth, efforts to suppress disputes with taxpayers on the side of the tax authority system where the dispute-handling process is currently not fully integrated.

From the description above it is known that the top leadership of the DGT has provided support to the DGT. From the Director of Objection and Appeal as well as the Directorate of Taxes who follow up on the evaluation of tax decisions by issuing policies in the form of changes to rules, issuance of Diren Circular Letters, as well as Office Notes as directions in solving tax disputes. Likewise, there are opinions of informants who appreciate the Directorate General of Taxes who have followed up the evaluation of the tax court decision by making changes to the rules. Although in practice, it has not been in accordance with the expectations of the taxpayer. WP's opinion is related to the opposite, it is still related to the issue of justice above. Thus it was concluded that because the top leadership has provided support in resolving disputes the criteria system supported by top managers has been fulfilled.

**l.** *The system is aligned with the mission, vision and values of the organisation.*

Dispute Design System in tax disputes integrated in the provisions of the rights and obligations of taxpayers. The rights and obligations of taxpayers as well as tax authorities are regulated in the KUP Law and its implementing regulations. In the elucidation of the KUP Law, the main policies related to this dispute include:

- 1) increase the efficiency of tax collection in order to support state revenue;
- 2) improve services, legal certainty, and justice for the community to increase competitiveness in the field of investment, while continuing to support the development of small and medium enterprises;
- 3) improve the balance between rights and obligations;
- 4) simplify tax administration procedures;

In the DGT Strategy Plan 2021-2024 book, there is a program related to objection disputes with code 1660; Fostering and implementing objections and appeals with the aim of implementing effective handling of objections and appeals activities. The indicator used is the percentage of the number of decisions that retain the objects of appeal and lawsuits.

Based on the policy as mentioned in point I, and DGT's vision and mission above, it is known that the tax dispute system is in accordance with DGT's vision and mission, but the target of the dispute resolution system is not complete and clear so that the criteria the system is aligned with the mission, vision, and values of the organization less fulfilled.

**m.** *There is evaluation of the system.*

resolution to increase the efficiency and effectiveness of tax dispute services. Structurally, there is a unit that evaluates the inspection and objection process. In the Directorate of Examination and Billing, DGT, there is a Sub-Directorate of Engineering and Audit Control that exercises control in the implementation of inspections, evaluates inspection techniques and methods, and regulations related to inspections, as well as reviews audit results. Meanwhile, in the Directorate of Objections and Appeals, there is a Sub-directorate of Review and Evaluation that evaluate the settlement of objection and non-objection disputes at the DGT and evaluate the Tax Court's decision. Evaluation of this tax court decision can be used for internal improvement, both business processes and regulations as well as for business purposes. Based on the description above, the following matters are known:

- 1) There is already a unit that evaluates the settlement of tax disputes at the DGT, both in the inspection

process and the objection process.

2) An evaluation has been carried out to improve objection disputes related to inspection procedures and procedures, procedures and procedures for handling objections and non-objections, and regulations that are in dispute. Evaluation is also carried out to submit a Judicial Review to the Supreme Court on the Tax Court Decision.

3) Follow-up evaluation includes improving regulations and policies. There was a follow-up by issuing a Director General of Taxes Circular Letter and the Director's Service Memorandum.

4) Follow-up evaluation for regulatory changes by issuing SE Director General of Taxes and Office Notes, complained by some DGT employees and WP/Tax Consultants. They argue that follow-up should be made to changes in regulations in the form of rules that bind WP and DGT, under the order of laws and regulations.

Thus, it is concluded that there has been an evaluation function in the tax dispute settlement system at the DGT and the evaluation process has been carried out, so that the criteria there is evaluation of the system not fulfilled.

## **2. Causes of High Tax Disputes in Indonesia and Disputes repeated**

Based on the results of the interviews, it is known that some of the causes of high tax disputes and recurring tax disputes are as follows:

a. The large number of tax disputes that occur is partly due to the characteristics of VAT disputes which are determined per tax period. VAT disputes that dominate disputes that occur in the tax court are issued per tax period so that in one year 12 disputes can occur.

b. Awareness examiner in making corrections increases. Due to an increase in the examiner's knowledge, for example with increased awareness of knowledge related to TP, there have been many corrections related to TP.

c. The amount of data that has been obtained by DGT has been used as a trigger in making corrections. The amount of data is then followed up with appeals and inspections. Some of the results of the audit became a tax dispute.

d. There is mirroring for the corrections that have been made. Corrections in the previous year will be carried out in the next tax year, or even other taxpayer obligations in the same case.

e. Taxation rules that are not in line with the basic certainty so ambiguous, incomplete rules and multiple interpretations. Some disputes occur due to out of sync between the rules governing the tax administration.

f. The length of time for policy makers (changing rules) in responding to the evaluation of the Tax Court's decision. For example, disputes related to Domicile Certificates, which occurred quite a lot in tax courts, lasted more than five years, and after the regulation was changed, these disputes do not appear anymore.

g. The absence of jurisprudence in tax disputes.

h. Problems with the quality of Human Resources for Objection Reviewers (PK) that need to be improved. Among other things: first, before PK was a former examiner, he used to see it comprehensively. PK from AR cannot eliminate exploring potential. They forget PK's function as a quasi-judicial court. Second, the competence of the objection reviewers in analyzing facts, data and evidence and compiling them in the objection review report.

i. In deciding tax disputes, the DGT is more of an executor of the tax law and its implementing provisions, while judges often make decisions based on the principle of justice in substance. Judge in The Tax Court does not only consider tax laws and regulations, but also based on justice based on rules, evidence, and the judge's conviction. (Article 78 UU No. 14 of 2004). For example, the provisions of Article 26 A ayat (4) which limit the use of evidence in examining objections, that evidence that has been requested for examination, but not fulfilled by the WP, cannot be considered in the western process. However, very few judges use the provisions of Article 26 A paragraph (4) of the KUP Law.

j. Interpretation regarding the adequacy of evidence. In proof, it is often evidence submitted by the Taxpayer in the examination and objection was considered insufficiently convincing, but the same evidence in the Tax Court was considered sufficient by the judge.

k. There are trial and error efforts from the WP/tax consultant. Even though the WP knows that their position in the dispute is weak, they still submit objections, appeals, and even PKs, to try every opportunity. Settlement of tax disputes that are approaching maturity/deadline. This resulted in the data submitted by the WP not being considered by the examiner or the objection reviewer.

n. Blocked communication between the Taxpayer/Tax Consultant and the Examiner or objection reviewer in the dispute resolution process.

## V. Discussion of Research Results

### 1. Analysis of the Tax Dispute Resolution System in Indonesia

Evaluation of the tax dispute system above indicates that Indonesia's dispute resolution system has followed the principles in its practice identified in the DSD literature, among others, have involved stakeholder in the process of drafting a dispute resolution design; provide several options in dispute resolution; provide mechanisms loop-back; provide notification prior to the issuance of a dispute decision and feedback after the dispute resolution process; formal procedures have been arranged in a low cost-to-cost sequential. Offers assistance with selecting the best process. The key strength of this system is that it is monitored and supported by senior management. The design system for dispute settlement in Indonesia is also in accordance with the vision, mission, values and organizational goals of the Directorate General of Taxes. There is already an evaluation mechanism for the internal and external dispute resolution system at DGT which provides input for continuous improvement of tax dispute resolution procedures.

There are several notes in the evaluation of the dispute resolution system in Indonesia. First, engagement stakeholder in preparing the design of the tax dispute settlement has been carried out actively. This involvement is especially in regulations that are at the level of law. Meanwhile for PMK and regulations under PMK, involvement is not as intense as in drafting laws. This can affect the level of stakeholder, especially taxpayers and tax consultants in understanding and implementing implementing regulations related to dispute resolution.

The tax dispute settlement system in Indonesia already has a loop back process, but does not accommodate the mechanism loop-forward, so the criterion the system provides for loops backward and forward, not completely covered. This is because in the provisions of dispute resolution, the stages of a dispute must be passed in accordance with the applicable steps. For example, an appeal to the tax court must be preceded by an effort to object, it cannot be from the issuance of an SKP directly appealed to the tax court.

As for the criteria system has a person or persons who function as internal independent confidential neutral(s) not fulfilled because internal parties who are expected to be independent are judged not to be an independent stakeholders. This party is the QA team in the inspection process and the discussion team in objections. There is something interesting, that the DGT internal party considers that this party has acted independently, but outside DGT parties such as academics, tax consultants/WP attorneys view that these parties are not independent.

Regarding this independence, it is necessary to conduct further studies on efforts to increase the independence of QA units and units that carry out the objection and non-objection dispute resolution. It needs to be studied further whether it is necessary to place the Directorate of Objection and Appeal unit outside the DGT structure to increase independence, or whether it is sufficient to make adjustments in the objection settlement business process. Similar to the independent party problem, the criteria for the system are fair and perceived as fair and received a different response from the informants. Informants from internal DGT, assess whether the dispute system and

implementation have been fair or considered fair. They argue that in the process of resolving disputes, taxpayers have been allowed to submit proof of the correctness of their SPT, and the decision given by the DGT is in accordance with the applicable regulations. They think that it is fair if the dispute resolution process has been carried out in accordance with the established procedures and the dispute is decided based on the applicable provisions. Meanwhile, informants from outside the DGT, such as academics and consultants/taxpayers' attorneys, are of the opinion that the implementation system is not fair. This is due to the independence of the DGT employees involved, the problem of performance targets for DGT employees, and historically many disputes were rejected at the DGT even though according to the WP the correction was weak, and the Tax Court granted it. This difference in perception in terms of the character of tax disputes is still reasonable in the dispute system with the tolerance court. However, this is important to discuss, because when these differences in perceptions are not resolved, it will be difficult to create an effective and efficient dispute system.

Regarding the vision, mission, programs, and activities, DGT needs to make a program that is more complete and directed. Vision and mission, a complete, clear, directed program will have implications for every process in examination, objection, or appeal. As an example as cited by Melinda Jones, at The Australian ATO has "Dispute Management plan in the tax dispute system. In this program, the ATO has the following goals in tax dispute resolution:

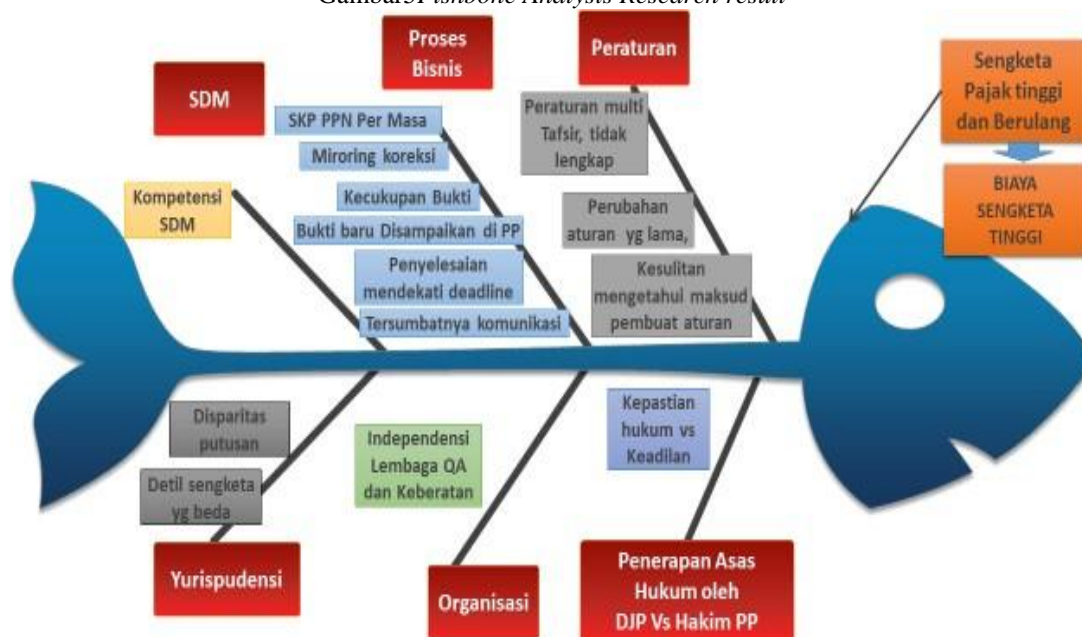
- a. Resolve disputes faster and earlier;
- b. Reducing the number of disputes;
- c. Reducing WP costs (compliance costs) and ATO costs (administrative costs)
- d. Improving relations with the community;
- e. Makes relationship with ATO easier.

DGT needs to make clear measurable targets related to programs to resolve disputes earlier, faster, and cheaper, reduce the number of disputes and facilitate access to justice seekers. Regarding the evaluation of tax disputes, structurally there are already internal and external units that perform an evaluation. Some of the evaluation results were then followed up by issuing a Director General Circular Letter, Director General Office Notes, and Director Office Notes. From the DGT and from outside the DGT, it is hoped that the follow-up of this evaluation, if it is related to regulations, will be issued in accordance with the order of the applicable tax legislation so that it can serve as a guideline in carrying out their respective rights and obligations and provide legal protection for DGT employees in carrying out their duties.

## 2. Analysis of the Causes of High Tax Disputes in Indonesia

Associated with high and recurring disputes can be analyzed and described fishbone analysis as follows:

Gambar5 Fishbone Analysis Research result



Based on the pictures fishbone analysis above it can be explained that in the current conditions, there are high tax disputes both in the DGT and in the tax court. From the results of in-depth interviews, it is known that the causes of high and repeated disputes can be classified into six categories as follows:

### a. Rules

1) There is still taxation that is not aligned with the principles certainly so it is ambiguous, and has multiple interpretations, there is even a legal vacuum or the rules have not yet been regulated but are too rigid which results in repeated disputes. Need to evaluate the rules which is often a dispute that must be corrected. The length of time for policymakers to change the rules in response to the evaluation of the Tax Court's decision. For example, disputes related to domicile certificates, which occurred quite a lot in tax courts, lasted more than five years, and after the regulation was changed, these disputes now no longer occur.

2) Difficulty in knowing the intent of the rule maker. Disputes that are juridical or evidentiary disputes caused by juridical problems are often caused by different interpretations. This difference in interpretation is often caused by a lack of clear information related to the intent of the regulator. In the process of making regulations at the low level, discussions and debates that occur are documented in well-known documents Explanatory Memorandum. This document has been administered at the DPR secretariat and is open to access. Meanwhile, the documentation of tax regulations under the law has not been well documented by the DGT. This creates difficulties if the employee involved in the process of making the rules has moved and not questioned regarding the purpose of making the regulation if there are multiple interpretations.

According to Informant 2, for juridical disputes over rules that have multiple interpretations, where the regulatory documentation can be traced and the intentions of the rule makers known, DGT usually wins over disputes like this. Therefore, it is necessary to document efforts in debates or discussions during the formulation of these rules, so that the intent of making the rules becomes clear.



b) Business process

1) The large number of tax disputes that occur is partly due to the characteristics of VAT disputes which are often determined per tax period. A policy is needed regarding the issuance of VAT-type SKP, to be issued for each tax period if the audit covers several tax periods. Needthere is a policy regarding the issuance of SKP VAT so that it is not issued per VAT period so that the number of VAT disputes is not high.

2) There is mirroring for the corrections that have been made before. *Mirroring* is a duplication of the assessment of the tax liability of the same WP in a different tax year or part of a tax year or against another WP. Oftentimes, it is the decree that becomes the reference mirroring this, legal efforts are being carried out both at the level of objections, the level of appeal, and the level of review. In carrying out mirroring, usually, the examiner will follow the correction pattern according to the correction that occurred in the previous determination. If the tax assessment becomes the basic mirroring disputed and does not have permanent legal force, the same disputes will occur a lot and accumulate in the tax court. Facing this, it is better to periodically evaluate cases of mirroring corrections from the time of examination, so that recurring disputes will be avoided. The settlement of tax disputes that are approaching fall time/*deadline*, according to informants, often happens. In this condition, often the data submitted by the WP is not considered because there is not enough time to examine the data provided. Settlement of disputes both in examination and in objections that were resolved ahead of the time deadline can happen because the WP submits the document before the dispute is due, or it can also happen because of the high workload so that the dispute file is only resolved before the due date. It is necessary to increase the supervision of superiors in managing time and increase the supervision of the implementation of dispute resolution procedures/stages. Besides that, the workload needs to be adjusted to the capacity of the existing examiners and reviewers of objections.

3) Sufficiency of evidence.

Interpretation regarding the adequacy of evidence is also a factor in the high rate of tax disputes. In the settlement of tax disputes, the DGT considers the evidence presented by the WP in examinations and objections to be insufficiently convincing, but the same evidence is considered quite convincing by the Judge of the Tax Court. For example, when there is a correction in business circulation based on the results of testing the flow of receivables, proof related to transactions that are corrected as income, often the evidence submitted by the WP is not sufficient because the examiner considers it less reasonable/logical. For example, related to payments for transactions with large rupiah values, made through cash. This cash transaction was deemed inappropriate by the objection examiner/reviewer. Meanwhile, the Judge was of the opinion that the evidence had sufficiently proven the WP's argument. In this case, it is necessary to have a special evaluation of the relevant tax court decision professional judgement in assessing the adequacy of evidence. The evaluation results can then be used as a guideline for the DGT to improve the tax dispute settlement business process and the competence of examiners and objection reviewers in obtaining, analyzing and disclosing evidence in tax dispute examinations.

4) New evidence presented at the Tax Court

According to Respondent 8, with the condition of the dispute that bottleneck in the tax court, WP tends to try all out in the inspection process. In the objection process, many taxpayers did not provide the necessary evidence. This is because WP is more trusting

or more hoping for justice in the tax court rather than being objected to. This was also conveyed by Informant 4 who stated that Taxpayers were often more comfortable giving evidence at the Tax Court. Evidence that has just been presented at the tax court can still be considered by the judge as evidence in making a decision. Even so, according to Informant 7, there were also judges who did not consider the evidence that had just been presented at the tax court, in the WP it was too much to respond to the objection examiner/reviewer's request. Related to this, it is necessary to have good communication between the DGT and the taxpayers who are in dispute so that the trust of the taxpayers arises to convey Documents required for dispute resolution at DGT.

5) Regarding the blockage of communication between the Taxpayer/Tax Consultant and the Examiner or objection reviewer in the dispute resolution process, it is necessary to provide training to improve communication skill for examiners, AR, and objection reviewers.

c) SDM

Human Resources for Objection Reviewers (PK). According to Informant 2, this was reflected in the objection review report studied by one of the informants, some PKs were less competent in disclosing facts, analyzing problems and drawing conclusions in preparing reports. In this regard, further arrangements are needed regarding the requirements for becoming reviewing objections, appropriate and sufficient training, and realizing the functionalization of the position of PK.

d) Organization

Objection reviewers are considered less independent and less objective in making objections. One of the informants stated that objection reviewers often forgot that their position was as dolence judge. Often they have not been able to take off their clothes as parties who carry out supervision and exploration of tax potential.



Therefore, it is necessary to further study the option of placing the objection settlement function not under the DGT so that the handling is more independent.

e) Differences in the application of legal principles by the DGT and the Tax Court

In deciding tax disputes, the DGT is more of an executor of the tax law and its implementing provisions, while judges at the Tax Court do not only consider tax laws and regulations but also based on justice based on regulations, evidence, judge's conviction (Article 78 UU No. 14 of 2004). One of the causes of this problem, among other things, is that there are rules whose purpose is for taxpayers to comply with procedures or procedures for fulfilling rights and obligations. The purpose of the taxpayer's obligation to fulfill this procedure is so that the tax administration system runs smoothly governance the good one. A good taxation system will improve control and cross-check the implementation of tax obligations, which is very important in efforts to supervise taxpayers. However, these rules, in substance, do not provide justice, just because of a formal violation, taxpayers must pay higher taxes or sanctions. These provisions include the provisions of Article 26A paragraph (4) of the KUP Law, Provisions related to Domicile Certificates (SKD), where taxpayers must attach an SKD in their SPT if they want to get tariff benefits tax treaty lower, the formal input tax requirements that must be met to be credited. These provisions have routinely become the object of tax disputes in tax audits, objections, and courts. In implementing these provisions, DGT will always apply these articles, as provisions that must be implemented. If the DGT does not implement it, then it has the potential to be considered as violating the rules with consequences, and sanctions from law enforcement officials. On the other hand, the Tax Court Judge will grant the WP's request, by adhering to the principle of justice. Related to this, it is necessary to evaluate the formal rules that are considered not to provide justice in substance. Apart from that, it needs a forum as a forum for communication between the DGT and the tax court by involving academics.

f) Jurisprudence Issues

Court decisions do not necessarily become a reference in the dispute resolution process. This is because; first, the tax law system does not adhere to the principle of jurisprudence/ precedent. Second, the disparity of decisions in tax audits, objections, and court decisions, so that The examiner will also be less interested in following the court's decision. Third, the details of conditions, facts, data, and information for each dispute are often different, both in terms of type and completeness. Regarding the absence of jurisprudence on tax law, according to Informant 1, it is not a problem with civil law or common law. But the problem is political will. Therefore, the role of evaluating tax disputes needs to be optimized. The tax settlement system in Indonesia must be based on learning organizations even knowledgeable organizations. Evaluation of decisions in tax disputes needs to be made *capita selecta* which can be accessed by employees who need it, as well as the wider community as a learning tool.

## **VI. Conclusions and suggestions**

### **Conclusions**

1. Evaluation of the design of the tax dispute system and its implementation above indicates that the tax dispute resolution system in Indonesia has partly followed the principles in best practice identified in the DSD literature. There are several records in evaluations of Indonesia's dispute resolution system regarding engagement Stakeholder in preparing the design of tax dispute resolution at the level of PMK and below is less intense; There is already a process for the tax dispute settlement system in Indonesia loop-back, but does not accommodate mechanisms loop-forward; there is no independent internal party. There are differences in the perception of independence in the examination and objection dispute process between the WP and the DGT; there are different perceptions regarding fairness in the settlement of tax disputes according to WP and DGT; and follow-up evaluation of tax disputes that have not been optimal.

2. The causes of high and recurring tax disputes include regulatory issues that need to be fixed and regulatory changes that are not fast enough; several business processes that need to be improved in the audit and objection process related to obtaining and processing evidence, communication, independence of the objection agency, differences in the application of legal principles by the DGT and the Tax Court, and regarding the use of jurisprudence related to the Tax Court's decision.

### **Suggestion**

1. There are several policy suggestions proposed based on research this is:

a. The need for efforts to increase the independence of objection institutions,

b. Evaluation of tax dispute settlement policies needs to be optimized with fast follow-up related to regulatory changes, which have multiple interpretations which often become disputes; the need for clear and directed policies to resolve disputes earlier, faster, and more effectively and efficiently.

C. There is a need for a special study of regulations that are perceived differently by policy implementers and the Tax Court so that tax disputes can be prevented earlier.

2. Regarding the high number of disputes and recurring disputes, suggestions are made as follows:

a. Rules

1) There needs to be a mechanism for responding to changes in regulations quickly, based on the evaluation results of objections and decisions of the Tax Court to prevent recurring tax disputes.

2) Good administration is needed for documentation in debates or discussions during the formulation of tax regulations so that the intentions of the regulators become clear.

b. Business process

1) There needs to be a policy regarding the issuance of SKP VAT so that it is not issued per VAT period, so that the number of VAT disputes is not high.

2) Tax disputes that occur as a result mirroring determination of the tax period or other tax year, in order to pay attention to similar cases that are disputed in the Tax Court.

3) Related to the settlement of tax disputes that are approaching maturity/deadline, it is necessary to increase the supervision of superiors in managing time and increase the supervision of the implementation of procedures/stages of dispute resolution.

4) Need standard in doing professional judgement on the adequacy of evidence in tax disputes, taking into account the evaluation of the tax court's decision.

5) A strategy for obtaining evidence is needed, and good communication to increase the trust of the taxpayer regarding the request for evidence of a dispute.

6) Regarding the blockage of communication between the Taxpayer/Tax Consultant and Examiners or objection reviewers in the dispute resolution process need to be given the training to improve communication skills examiners, AR, and objection reviewers.

c. SDM

Regarding this matter, further arrangements are needed regarding the requirements to become objection reviewers, appropriate and sufficient training, and the realization of the functionalization of PK positions.

d. It is necessary to further study the option of placing the objection settlement function not under the DGT so that the handling is more independent.

e. It is necessary to evaluate regulations that are considered not to provide justice in substance, such as the provisions of Article 26A of the KUP Law. In addition, it needs a forum that serves as a forum for communication between DGT and the tax court by involving academics.

f. The tax settlement system in Indonesia must be based on learning organizations even knowledgeable organizations. Evaluation of decisions in tax disputes needs to be made *capita selecta* which can be accessed by employees who need it, as well as the wider community as a learning tool.

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