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Legal Review of Tax Dispute Resolution in the Imposition of Underpaid Income Tax

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Abstract: One type of tax is income tax, and if the taxpayer does not agree or reject the imposition of income tax, then under tax provisions, the taxpayer has the right to take legal action. The purpose of this study is to ascertain Indonesia's income tax laws and regulations, and to find out the efforts to resolve tax disputes that can be carried out by taxpayers who are declared to have underpaid income tax. The research methodology is a normative legal study approach that employs a qualitative investigation of legal regulations. The study's findings indicate that applicable statutory provisions serve as the foundation for legal rules. One such provision is the income tax included in Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax (UU PPH). Legal remedies that taxpayers can take to reject the imposition of PPH are by filing objections, appeals, lawsuits through the tax court, and if they do not agree with the tax court's decision, the taxpayer can carry out a judicial review through the Supreme Court.

Keyword: Income Tax, Tax Disputes, Legal Remedies.

INTRODUCTION

A great nation possesses economic strength and can provide prosperity for its people. A nation's economic strength and the people's prosperity can only be realized if the people are aware of the need to work together to build a great nation. This awareness of the people's commitment to building a great nation is reflected, among other things, in their willingness to pay taxes.

The head of the Ministry of Finance's Directorate General of Taxes (DGT)'s Tax Revenue Management Sub-Directorate, Muchamad Arifin, reported that tax revenue performance over the past 10 years has been relatively excellent. Despite experiencing a slowdown between 2014 and 2019, tax revenue grew significantly in 2021 and 2023, supported by economic recovery, rising commodity prices, and a mix of tax policies. In 2022, tax revenue experienced its highest growth rate, reaching 115.6%. However, in 2024, achieving the tax revenue target again faced significant pressure due to the impact of declining commodity prices and increased restitution. As of August 2024, tax revenue

reached IDR 1,196.54 trillion, or 60.16% of the 2024 State Budget, supported by positive gross VAT and Sales Tax on Luxury Goods (PPnBM) revenues, in line with maintained economic growth. Gross tax revenue remains in the positive zone. (Ministry of Finance, 2024)

Taxes are the largest source of state revenue and can be used to build the nation's economic strength and provide welfare for the people. Taxes paid by taxpayers are considered a form of active participation by the people in achieving the nation's goals, as stated in the Indonesian Constitution. The term "tax" in the Big Indonesian Dictionary is defined as "a mandatory levy, usually in the form of money, that must be paid by residents as a mandatory contribution to the state or government in connection with income, ownership, the purchase price of goods, and so on." (Language Agency, 2018; p. 999)

The philosophical existence of taxes, which is considered a form of public awareness and participation in Indonesia's implementation, is evident, among other things, in putting the self-assessment system into practice. Taxpayers can fully rely on the self-assessment system to calculate, pay, and submit their own taxes in compliance with relevant laws and regulations. The legislation governs the rights and responsibilities of taxpayers. In compliance with the rules and regulations, taxpayers who have satisfied the subjective and objective standards are required to record, compute, and pay their own taxes based on their unique circumstances. (Judiseno, 2005; pp. 24-27)

A taxpayer may face administrative and criminal penalties if they do not collect their taxes in compliance with applicable tax rules and regulations. Administrative sanctions include interest, fines, and increases. If the violation results in a loss to state revenue, criminal sanctions may be imposed, including imprisonment and fines, as stipulated in Articles 38, 39, and 39A of the General Tax Provisions Law (UU KUP).

In reality, not every tax assessment is approved by taxpayers. This can occur due to differences in the interpretation of statutory regulations regarding the amount of tax owed between the tax authorities (auditor) and the taxpayer. If, until the completion of the audit process, there is no agreement between the two parties, the tax assessment will still be issued by the auditor as the tax authority according to its calculations. Therefore, taxpayers can submit an objection to the Director General of Taxation if they disagree with the tax assessment that the tax authorities have issued. If, after the objection decision is issued for the taxpayer, the taxpayer is still not satisfied, the next process that can be taken is the Appeal process to the Tax Court. As done by PT Kayung Agro Lestari (PT KAL) by filing an appeal through the Tax Court, and has been decided in the Tax Court Decision Number: put-016423.12/2020/PP/M.XB of 2024. PT. KAL does not approve the Objection Decision Letter issued by the Director General of Taxes.

Based on the background description above, this study will discuss several research questions, including: first, what are the legal regulations governing income tax in Indonesia?; and second, what are the tax dispute resolution efforts available to taxpayers who are declared to have underpaid income tax?

METHOD

Law Number 16 of 2009 concerning General Provisions and Tax Procedures, Law Number 19 of 2000 concerning Amendments to Law Number 19 of 1997 concerning Tax Collection by Distress Warrant, Law Number 14 of 2002 concerning the Tax Court, Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax, and Tax Court Decision Number: put-016423.12/2020/PP/M.XB of 2024 were the legal principles that were analyzed in this study using a normative legal study method.

The research was conducted through an examination of positive legal principles and an evaluation of relevant legal principles (statutory regulations). This positive law evaluation

research is conducted by evaluating the aspect of conformity between one legal rule and another, or with the legal principles recognized in existing legal practices, which is done by examining library materials as primary data, (Marzuki, 2017) which consists of primary legal materials, namely legal materials that have authority (authoritative) consisting of statutory regulations, official records or minutes in the creation of a statutory regulation, judge's decisions (Ali, 2019). Secondary legal materials, namely all publications on law which are unofficial documents (Soekanto & Mamudji, 2015; pp. 33-37). Tertiary legal materials or supporting legal materials such as dictionaries, encyclopedias, journals, newspapers, and non-legal publication materials (Soekanto & Mamudji, 2015).

RESULTS AND DISCUSSION

Legal Regulations Governing Income Tax in Indonesia

Since taxes are legally mandated payments provided by the populace to the state, they may be imposed without payment. In order to pay for the costs of creating common products and services and to promote general welfare, taxes are collected in accordance with a number of legislative requirements. The phrase "taxes for state purposes" indicates the government's legal goal of collecting taxes to create a just and prosperous society. The legal meaning implies that the statement in this article meets the formal requirements according to the hierarchy of legal norms. The 1945 Constitution, as the state constitution, is the highest positive law, with the authority to translate legal ideals from legal norms into positive and concrete statutory provisions. Taxes are levied to finance the provision of public goods, but they can also be levied to finance specific objectives established by the government. (Mertokusumo, 2003; p. 95)

According to the legislation, taxes are required payments given by taxpayers to the state, which are then utilized for public initiatives aimed at maximizing the prosperity of the populace. By virtue of Law Number 5 of 2008 concerning the Fourth Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures into Law, as well as Law of the Republic of Indonesia Number 16 of 2009 concerning the Stipulation of Government Regulation, tax is a mandatory contribution to the state that is owed by individuals or entities and is enforceable under the law, without receiving direct compensation, and is used for state purposes for the greatest prosperity of the people.

Rochmat Soemitro claims that taxes are a contribution made by the public to the state treasury in accordance with the law (which is enforceable) without any direct physical reciprocal service (counter-performance) and that they can be used to cover general expenses. Sugianto, on the other hand, claims that a tax is a levy or required payment given to an area by people or organizations without receiving direct payment that is appropriate and enforceable under the relevant laws, which is then used to organize government and for regional development. (Khalimi & Prawira, 2022; p. 3)

Taxpayers' direct and collective fulfillment of their tax obligations for state funding and national development is reflected in their payment of taxes. In order to optimally inject funds into the state treasury, taxes serve as a tool or instrument. In this instance, taxes serve primarily as a tool to draw in money from the general public and deposit it into the state treasury. (Lilyas & Suhartono, 2011; p. 2)

Based on applicable statutory provisions, According to Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax (PPH Law), income tax is one kind of tax. According to the legislation, income is defined as any additional financial resources received by a taxpayer, whether domestically or outside, and used for either consumption or just to boost their wealth. (Khalimi & Prawira, 2022; p. 5)

Taxpayers are taxed on transactions that generate income. Thus, The taxpayer's income, not his wealth or consumption expenses, is the subject of taxation (Markus &

Yujana, 2002; p. 100). According to Article 4 paragraph (1) of the Income Tax Law, the goal of taxation is income, specifically any additional financial resources that the taxpayer receives or acquires, whether they come from inside or outside of Indonesia, and that they can use for their own consumption or to increase their wealth. These resources can take any name or form, including:

1. Compensation or compensation in connection with work or services received or obtained, including salary, wages, allowances, honorariums, commissions, bonuses, gratuities, pensions, or other forms of compensation, unless otherwise specified in this law.
2. Prizes from lotteries, work or activities, and awards.
3. Business profits.
4. Profits from the sale or transfer of assets, including:
 - a. Profits from the transfer of assets to corporations, partnerships, and other entities in exchange for shares or capital participation.
 - b. Profits from the transfer of assets to shareholders, partners, or members acquired by corporations, partnerships, and other entities.
 - c. Profits from liquidation, merger, amalgamation, expansion, split-up, takeover, or reorganization in any name or form.
 - d. Gains from the transfer of assets in the form of grants, aid, or donations, with the exception of those given to blood relatives in one degree of direct lineage and religious organizations, educational institutions, social organizations, such as foundations, cooperatives, or individuals operating micro and small businesses, the terms of which are further governed by the Minister of Finance's Regulation, provided that there is no connection between the parties in question with regard to business, labor, ownership, or control.
 - e. Profits from the sale or transfer of part or all of a mining right, a sign of participation in financing, or capital in a mining company.
5. receipt of additional tax refund payments as well as tax payments that have been billed as expenses.
6. Interest on debt repayment guarantees, including premiums, reductions, and reimbursement.
7. Any type of dividend, includes payments made by insurance firms to policyholders and the allocation of cooperatives' remaining profits.
8. Payments for the use of rights, such as royalties.
9. Rent and additional revenue from the usage of assets.
10. Receipt or acquisition of periodic payments.
11. Profits from debt relief, unless there is a cap imposed by government regulations.
12. Gains from foreign exchange differences.
13. Surplus due to asset revaluation.
14. Insurance premiums.
15. contributions that an association receives or accumulates from its members, who are taxpayers who own their own businesses or work for themselves.
16. Increases in net assets derived from untaxed income.
17. Income from sharia-based businesses.
18. Interest compensation as defined by the legislation governing general taxation rules and processes.
19. Bank Indonesia surplus.

According to Muda Markus and Lalu Hendry Yujana, for the purposes of calculating or imposing Income Tax, the Income Tax Law distinguishes three types of income:

1. Income subject to general taxation (global taxation).
2. Income subject to final taxation (scheduled taxation).

3. Income exempt from taxation. (Markus & Yujana, 2002; p. 181)

Tax subjects, or anyone who has the ability to make income and is liable to income tax, are another name for taxpayers in the context of income tax. The Income Tax Law's Article 2, paragraph (2) highlights that there are two categories of tax subjects, namely:

1. Domestic tax subjects, which include people who live in Indonesia, people who visit the country for more than 183 days in a 12-month period, people who visit Indonesia during a single tax year, and entities that are established or domiciled in Indonesia, such as limited liability companies, limited partnerships, other businesses, state-owned or regionally-owned enterprises in any name or form, firms, joint ventures, cooperatives, associations, foundations, mass organizations, socio-political organizations, or similar organizations, institutions, and other types of bodies.
2. Foreign taxpayers are people who do not live in Indonesia, people who visit the country for no more than 183 days in a 12-month period, and entities that are not based and domiciled in Indonesia but conduct business or engage in permanent business activities there. They also include people who do not live in Indonesia, people who visit Indonesia for no more than 183 days in a 12-month period, and entities that are not based and domiciled in Indonesia but are able to receive income from Indonesia without doing business or undertaking permanent business activities there.

Related to income tax objects, which are goods, services, or activities that are subject to tax. Any additional economic capability that a taxpayer receives or acquires, whether from inside or outside of Indonesia, and that can be utilized to grow their wealth under any name or in any form, is the subject of income tax. (Resmi, 2013; p. 75)

Tax Dispute Resolution Efforts That Can Be Taken by Taxpayers Declared to Have Underpaid Income Tax

According to the tax assessment letter based on Indonesian tax legislation, tax debt is a duty of the taxpayer and can take the form of administrative punishments, fines, interest, or increases. Additionally, it might be understood that a taxpayer is a person or organization that, in accordance with the terms of tax laws and regulations, has been determined to fulfill tax obligations, including tax collectors or certain tax withholding agents. Essentially, this tax debt arises because of regulations. The government can enforce payment of the debt on any taxpayer. The state and its citizens have no underlying obligation regarding this debt. The rights and obligations of the state and its citizens are not the same. (Mulkan & Aprita, 2023; p. 57)

Tax debt is defined as a tax that must be paid, including administrative sanctions in the form of fines, interest, or increases specified in a tax assessment letter or similar document based on tax laws and regulations, as per Article 1, paragraph 8 of Law Number 19 of 2000, which addresses Tax Collection by Distress Warrant.

Tax debt can arise if the underlying regulations exist and the taxation target has been fulfilled, or a taxation target has occurred, consisting of certain circumstances/, events, or actions. However, it often occurs due to circumstances, such as significant taxes (i.e., on income or wealth), imposed based on the economic circumstances of the taxpayer concerned (although in most cases, such circumstances arise from the taxpayer's actions). (Mulkan & Aprita, 2023; p. 58)

When considering the emergence of tax debt, two teachings regulate the emergence of tax debt, namely:

1. Formal Principle, which states that tax debt arises due to the issuance of a Tax Assessment Letter by the tax authorities. Therefore, even if the requirements for a tax assessment letter have been met, there is no tax debt until a tax assessment letter is issued.

2. Material Principle, which states that tax debt arises if there is a cause (tatbestand), namely a series of actions, circumstances, and events that can give rise to tax debt, as follows:
 - a. Actions, for example: a businessman importing goods;
 - b. Circumstances, for example: owning movable and immovable assets;
 - c. Events, for example: winning a lottery prize. (Suandi, 2011; p. 126)

The timing of the tax debt plays a determining role in matters such as tax payment/collection, filing objection letters, determining the start and end of the statute of limitations, issuing The process of creating and distributing Tax Underpayment Assessment Letters. (Mulkan & Aprita, 2023; p. 59) As we know, there are basically three tax collection systems in effect:

1. The government (the tax authorities) can calculate the amount of tax that taxpayers must pay using the Official Assessment System, a tax collection tool. Within this system, taxpayers are passive, awaiting the tax assessment by the tax authorities and then paying the tax due according to the tax assessment determined by the tax authorities.
2. The Self-Assessment System, a type of tax collection system that empowers people to determine, account for, pay, and report their own taxes. Under this method, taxpayers are required to actively compute, account for, pay, and report their own tax due, while the tax authorities are only responsible for providing guidance, counseling, coaching, services, and supervision to taxpayers so they can fulfill their obligations properly.
3. The Withholding System is a method of tax collection that permits a third party to take out or collect taxes from taxpayers. Under this system, the person who is legally designated as the tax collector or withholder has the power and responsibility to withhold or collect the tax that is due from the taxpayer and to promptly deposit it into the state treasury within the allotted time frame. The third party will face penalties in line with the terms of the relevant tax laws if they commit an error or deviate from the rules.. (Siahaan, 2020; p. 170)

Regarding these three tax collection systems, regardless of which system is used, the principle is that taxpayers must pay the specified amount of tax due, given that the proceeds of the tax collection will ultimately benefit the public. However, in practice, not every Taxpayer is aware of this, often resulting in problems arising from public tax compliance.

A tax dispute is defined as a disagreement that arises in the taxation sector between a taxpayer or tax payer and an authorized official as a result of an appealable decision being issued or a lawsuit filed with the Tax Court based on tax laws and regulations, including lawsuits against collection under the Law on Tax Collection with Compulsory Warrants, as stated in Article 1, number 5 of Law Number 14 of 2002 concerning the Tax Court.

The characteristics and attitudes of people who fall into the compliance category are closely related to tax disputes. It means that the level of awareness regarding tax payments is very low, so that when the amount of tax due determined by the tax authorities is deemed inappropriate, it can trigger a tax dispute. Furthermore, the inaccurate application of tax laws and regulations creates a sense of injustice (Mulkan & Aprita, 2023; p. 89).

Under Indonesian Tax Law, taxpayers can resolve tax disputes through several channels/institutions, namely objections, appeals, lawsuits, and judicial reviews. Provisions regarding specific institutions for resolving these tax disputes are expressly regulated in the formal Tax Law. The resolution of tax disputes through objections, appeals, lawsuits, and judicial reviews is conducted by specific institutions determined by tax law.

In the case of income tax, taxpayers can file objections to tax assessments. It is a taxpayer's right guaranteed by law to ensure fairness in fulfilling tax obligations. Taxpayers can file objections if they are dissatisfied with the tax assessment made by the tax authority. The right to file objections creates a balance between taxpayers and the tax authority and ensures taxpayers are protected from tax authority arbitrariness. Then, the objection decision

letter issued by the Director General of Taxes for the type of central tax or issued by the regional head or appointed official is submitted to the Taxpayer to be implemented properly. If the Taxpayer disagrees with the contents of the Objection Decision Letter they received, they have the right to file an appeal to the tax court appointed or determined by tax law.

Provisions regarding appeals are regulated in the KUP Law, as was done by PT. KAL, which filed an appeal and was decided in Tax Court Decision Number: put-016423.12/2020/PP/M.XB of 2024. The taxpayer initiates the appeal submission process by submitting an appeal application solely to the tax court body in response to an Objection Decision Letter. Within three months of receiving the Objection Decision Letter, the appeal application must be filed in writing in Indonesian, with specific justifications and a copy of the letter attached, and the amount of tax unpaid at the time of filing the appeal application is not yet tax payable until the Appeal Decision is issued. If the appeal application is rejected or partially granted, the Taxpayer is subject to administrative sanctions or a fine of 100% (one hundred percent) of the tax amount according to the Appeal Decision minus the tax payment that has been paid before filing the objection as regulated in the KUP Law, Article 27 paragraph (5) letter d, and if the objection or appeal is partially or completely granted, which results in an overpayment of tax, the overpayment is returned plus interest compensation of 2% (two percent) per month for a maximum of 24 (twenty four) months with the provisions for: Underpayment Tax Assessment Letter and Additional Underpayment Tax Assessment Letter calculated from the date of payment that causes the overpayment of tax until the issuance of the Objection Decision Letter, Appeal Decision, or for Nil Tax Assessment Letter and Overpayment Tax Assessment Letter calculated from the date of issuance of the tax assessment letter until the issuance of the Objection Decision Letter, Appeal Decision. Tax appeals in the Tax Court can be processed in two ways: the first is a regular appeal procedure, and the second is an appeal with a fast procedure.

In general, except for expedited proceedings and lawsuits, the Tax Court must issue a decision on the appeal within 12 (twelve) months from the date the appeal letter is received. If this period has elapsed and the Tax Court has not issued an appeal decision, the taxpayer's appeal is deemed granted, and the Tax Court will issue an Appeal Decision in accordance with the taxpayer's appeal request. The Tax Court's appeal decision on an appeal request may be to grant the appeal in whole or in part, reject it, or increase the amount of tax still owed.

The tax objection process is often referred to as a doleant court or administrative court because it is conducted within the tax authority, which acts as both the objector and the party considering the objection in the form of a tax objection, thus differing from a tax appeal. If the taxpayer still does not accept or agree with the contents of the appeal decision and still disagrees, the taxpayer can still pursue further legal action by submitting the process to the Supreme Court and/or the Directorate General of Taxes, as described above. It is hoped that the process of seeking justice to resolve these multi-level tax disputes will achieve justice in tax matters.

In addition to appealing the objection letter's ruling, if the taxpayer still disagrees with the objection letter's outcome, the taxpayer can file a lawsuit with the Tax Court. Generally, lawsuits are filed by taxpayers who feel aggrieved by the tax authorities' actions in collecting taxes against them or their guarantors. Lawsuits are expressly regulated in Indonesian Tax Law to protect taxpayers' interests from tax authorities' actions that the taxpayer believes are inconsistent with applicable tax laws. The taxpayer's right to file a lawsuit is regulated by the General Tax Procedures Law (KUP) for all types of central taxes. Furthermore, because this lawsuit is filed by a taxpayer in connection with the implementation of tax collection, it is also regulated by the PPSP Law. Given that the PPSP Law also serves as the legal basis for regional tax collection, regional taxpayers who feel aggrieved by the tax authorities in their regional tax collection process can also file a lawsuit.

Based on Law Number 14 of 2002, Examining and resolving tax issues is the responsibility and power of the Tax Court. Unless otherwise specified by applicable rules and regulations, the Tax Court solely considers and renders conclusions on appeals pertaining to objection decisions. Additionally, if applicable laws and regulations let it, it can review and evaluate appeals against judgments or rulings made by authorized officials. When it comes to reviewing and resolving tax issues, the Tax Court is the first and last court.

The contesting parties may request a judicial review of the Tax Court's ruling from the Supreme Court if they are unhappy with the ruling rendered by the panel of justices. One possibility is that the Judicial Review Decision will be granted, either in part or in full. This will naturally result in the tax payable being lower than the tax assessment letter issued by the tax authorities.

In Tax Court Decision Number: put-016423.12/2020/PP/M.XB of 2024, PT. KAL appealed the tax authority's decision, which set the tax at Rp 554,308,932. PT. KAL stated that the tax bill required to be paid was only Rp 299,016,000, thus giving rise to a tax dispute with a disputed amount of Rp 255,292,932.

The panel of judges concluded that the subject of the dispute was the respondent's correction to the income tax object of Rp 255,292,932. This positive correction in interest costs resulted from a loan interest rate correction made by the respondent due to a special relationship between the parties to the transaction, a matter the Appellant disagreed with.

After examining the documents/evidence, reviewing the statements and explanations presented by the disputing parties during the trial, and considering applicable laws and regulations, the Tax Court is of the opinion that this dispute falls within the legal realm, namely, related to the application of tax laws and regulations, and also has evidentiary aspects related to supporting documents and evidence.

The Tax Court further argued that the Respondent's correction of Article 23 Income Tax Object of Rp. 255,292,932.00 arose because the Respondent calculated the interest subject to Article 23 Income Tax on affiliated debt at a reasonable interest rate based on the Appellant's 2015 Financial Statement.

Based on the financial statement data, it was obtained that on April 23, 2014, the Appellant obtained a loan from PT Austindo Nusantara Jaya Agri Siais (ANJAS) amounting to Rp. 53,328,000,000 with a loan interest rate of 3%. Based on the financial statement data, it was also obtained that on June 24, 2015, the Appellant obtained a loan from PT Austindo Nusantara Jaya Agri (ANJA) with an annual loan interest rate of 10%. According to the Tax Court, the Respondent had conducted a reasonableness test of the interest rate using comparative figures for reasonable interest rates as an Independent Party, in this case, the January–December 2015 loan interest rates offered by Bank Indonesia, State-Owned Banks, National Private Banks, Foreign Banks, and Commercial Banks.

The Tax Court was of the opinion that the Respondent's correction of the Article 23 Income Tax Object of Rp. 255,292,932.00 was inappropriate because there was no competent evidence and facts presented by the Respondent that could prove that the Appellant had expensed the interest paid to affiliated parties at the amount as stated in the Appellant's correction. The Tax Court considered the Respondent's correction based solely on analysis.

The panel of judges at the Tax Court was of the opinion that the legal basis of Article 18 paragraphs (3) and (4) used by the Respondent was inappropriate in the domestic transfer pricing case, namely the loan transaction between the Appellant and PT. ANJAS. The Tax Court interprets the statutory provisions, both literally and purposively, as a legal instrument to prevent tax avoidance practices that may arise due to special relationships. According to Article 18 of the Income Tax Law in the Tax Regulation Harmonization Law, tax avoidance practices are efforts by taxpayers to reduce, avoid, or delay the payment of taxes that should

be owed, which are contrary to the intent and purpose of the provisions of tax laws and regulations.

That, based on Article 29 paragraph (2) of the KUP Law, states that in conducting an examination and then making corrections, opinions and conclusions must be based on strong and related evidence and based on the provisions of tax laws and regulations. The Panel of Judges of the Tax Court Decision Number: put-016423.12/2020/PP/M.XB of 2024, granted the entire appeal filed by PT. KAL as the Applicant, with a decision stating that PT. KAL still has a tax debt that must be paid in the amount of Rp. 299,016,000.

In the author's opinion, regarding the issuance of the SP2PK, PT. KAL has taken legal remedies that have been provided by the provisions in taxation applicable in Indonesia, specifically as regulated in Article 23 of the KUP Law in conjunction with Article 40 and Article 41 of the Tax Court Law. Then, the Tax Court Decision Number: put-016423.12/2020/PP/M.XB of 2024 has provided an appropriate and acceptable decision because it has carefully examined the documents submitted by the parties and has used legal bases as material for its considerations, clearly and in detail.

CONCLUSION

The aforementioned description leads to the following deductions. First, the provisions of the relevant statutes have been used to govern income tax. According to Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax (UU PPH), income tax is one kind of tax. As per the legislation, income is defined as any additional financial resources that a taxpayer receives, whether from domestic or foreign sources, and uses for their own consumption or to supplement their holdings. Transactions that bring in money for taxpayers are subject to taxation. Therefore, the taxpayer's income—rather than their wealth or consumption—is the subject of taxation.

The UU PPH's Article 4 Paragraph 1 highlights that the goal of taxation is income, specifically any additional financial resources that a taxpayer receives or acquires, whether from inside or outside of Indonesia, and that can be used for consumption or to increase the taxpayer's wealth in any way. Second, in general, an appeal is filed by a taxpayer who feels aggrieved by the tax authorities' actions in collecting taxes against them or their taxpayers. Appeals are expressly regulated in Indonesian tax law to protect taxpayers' interests from tax authorities' actions that the taxpayer deems inconsistent with applicable regulations. The taxpayer's right to file a lawsuit is regulated by the KUP Law. Because this appeal is filed by a taxpayer regarding the implementation of tax collection, the appeal is regulated by the PPSP Law. Second, in accordance with Article 38 of the PPSP Law.

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