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**John Curtin Distinguished
Professor Dale Pinto, Jim McMillan
and Stephanie Bruce**

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The *Curtin Law and Taxation Review* ('CLTR') is a scholarly general law journal which also publishes articles that deal with taxation law and articles and case notes as well as book reviews in both general law areas and in taxation law. The Review's scholarly works are directed to academic staff, legal scholars, practitioners, justice professionals and postgraduate researchers who have to deal with different aspects of the law.

This volume has been edited at the Curtin Law School, Perth, Western Australia. The Editor-in-Chief for the Review is Professor Dale Pinto from the Curtin Law School. The Review also comprises an International Editorial Board of eminent national and international scholars from the European Union, United States, Australia and Asia which has been ably supported by its Student Editorial Board.

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FOREWORD

This Volume of the *Curtin Law and Taxation Review* contains four articles written by Indonesian tax scholars about contemporary Indonesian tax issues. The authors were all participants in the inaugural Indonesian Tax Research Symposium, which was organised by the Curtin Law School in conjunction with Intact-Aus (the Indonesian Tax Centre in Australia) and held in Perth on 22 and 23 July 2024. The Symposium attracted more than twenty participants, with some attending in person in Perth and others joining online. Fourteen presentations were made over the course of the two days. Most of the Symposium participants were Indonesian “Higher Degree by Research” (HDR) Graduates and Students whose research is focused on Indonesian taxation, and who have studied with Australian universities.

The success of the Symposium reflects the rise in Indonesian tax scholarship over the past decade, with the Indonesian Government providing funding and support for high-achieving civil servants and academics to complete Masters and Doctoral degrees abroad. The Australian Government also provides scholarship support to some Indonesia tax researchers, as do the Governments of several other countries. The impetus for further research about Indonesian taxation lies in the on-going struggle of the Indonesian Government to achieve its revenue collection targets, with the most recent data (for the 2022 year) indicating that Indonesia has achieved a Tax to GDP ratio of 11.6%, which is well short of the 16% Tax to GDP ratio target recently set by the new Indonesian President Subianto Prabowo.

Academic research can play a significant role both in developing the analytical skills of Indonesia’s future tax administration and academic leaders, and also by providing opportunities to generate ideas about how the effectiveness of the Indonesian tax system can be improved and eventually lead to the implementation of new revenue generating initiatives. This is reflected in the four articles featured in this Volume of the Review.

The first article, by Zulkarnain, concerns Indonesia’s historical practice of periodically granting tax amnesties, to promote the voluntary disclosure of previously undisclosed assets and income, by reference to the comprehensive tax amnesty in 2016 and 2017. Zulkarnain’s focus is on the motivation of taxpayers for participating in the amnesty, and the research used semi-structured interviews with 25 amnesty participants to address two key questions: Why did taxpayers participate in the tax amnesty program? How did taxpayers perceive the tax amnesty

in general? The article explores a range of perspectives and notes that most of the amnesty participants were registered taxpayers. The article also challenges whether the amnesty should be considered to have been a success, noting that Indonesia's revenue collection performance (measured by its Tax to GDP ratio) remained static over the period from 2007 to 2022, and that the amnesty did not lead to any subsequent improvement in overall levels of tax compliance in Indonesia.

The second article by Efendi et al examines the efficacy of final taxes in Indonesia, which apply to a range of industry sectors and taxpayer types. The final tax is imposed based on gross transaction value rather than on net profit, as is the case for other taxpayers subject to Indonesia's comprehensive income tax system. The article concludes that final taxes are not the preferred way to tax business profits and that there are better ways to provide fiscal incentives to particular industry sectors.

The other two papers consider the role that taxation can play in addressing two of Indonesia's pressing environmental challenges: the pollution caused by the over-use of plastics, and climate change resulting from greenhouse gas emissions.

Prasteyo's article on plastic tax policy notes that Indonesia is one of the world's largest producers of plastic waste, which in an archipelagic country such as Indonesia is especially problematic due to the impact of plastic pollution on coastal areas and its effect on marine life, which in turn leads to human health impacts through the widespread consumption of fish. Prasteyo considers whether a tax on plastic is justifiable to help mitigate the impact of plastic pollution in Indonesia, and also considers the way in which such a tax can be designed and implemented. Prasteyo concludes that Indonesia should introduce such a tax, in the form of an excise on plastic products, acknowledging that while the revenue to be generated from a such a tax is important, the primary objective should be to encourage a reduction in plastic pollution.

Santo's article examines the context and rationale for Indonesia's introduction of carbon tax legislation in 2021, in line with its commitments under the Paris Agreement on the United Nations Framework Convention on Climate Change. As Santo notes, notwithstanding the original intention that the carbon tax would apply from 2022 onwards, it has not yet been implemented, although it is now intended that it will commence in 2025. Indonesia faces unique challenges with the implementation of a carbon tax, due to its heavy reliance on fossil fuel-based energy, and its status as a developing economy. Santo considers a broad range of

issues relevant to the design of a carbon tax in Indonesia and makes a series of recommendations about the future design of an excise-based carbon tax in Indonesia, and also recommends the adoption of policies to promote alternative energy sources and renewable energy, to enable Indonesia to meet its carbon emission reduction commitments.

All the authors are to be commended for their effort in writing each of these articles. One of the main objectives of the Indonesian Tax Research Symposium in July 2024 was to promote and encourage the publication of tax research findings by Indonesian scholars, and this Volume of the *Curtin Law and Taxation Review* is a step in that direction. It is hoped that in future, more Indonesian tax-related journal articles will be published. This is a meaningful way in which scholarly contributions can foster greater debate about Indonesia's tax challenges and assist in developing ideas about how improvements to the Indonesian tax system can be made. A greater volume of Indonesian tax literature can only assist future scholarship addressing Indonesia's tax challenges.

J.F. McMILLAN
Guest Editor

TABLE OF CONTENTS

FOREWORD

GUEST EDITOR J.F. McMILLANi

THE INDONESIAN TAX AMNESTY AND COMPLIANCE

FEBRUARY LEONARDO ZULKARNAIN1

FINAL INCOME TAXES AS INSTRUMENTS OF FISCAL INCENTIVES IN INDONESIA, ARE THEY MEANINGFUL?

SUBAGIO EFENDI, MARTHA TRISAN ULIBASA PANGARIBUAN AND ALVAN CHAQIQI.....21

DESIGNING PLASTIC TAX POLICY IN INDONESIA: BRIDGING ENVIRONMENTAL, INDUSTRIAL, FISCAL, AND CONSUMER INTERESTS FOR THE SUSTAINABLE FUTURE

SENO ANDRI PRASETYO.....48

CARBON TAX THEORY AND DESIGN IN INDONESIA

DANIEL ALBERT SANTO.....70