



# The Effectiveness of Active Tax Billing with Reminder and Letter of Force in the Optimization of Tax Revenue at the Pratama Tax Service Office, South Makassar

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**Abstract.** Initially, the people of Indonesia gave it as a gift or tribute to the monarch or other supreme authority figure. However, this homage serves exclusively the interests of the people. As a result, the assets that the people have liberated will also be used for the good of the people, such as to preserve public safety, construct roads, develop social infrastructure, and so forth. This study aims to identify the elements that affect the effectiveness of tax revenue and the level of effectiveness of tax revenues using a letter of compulsion at the south Makassar tax service office. The south Makassar KPP Pratama provided the data for this. All data were analyzed qualitatively and presented in descriptive form. Taxes are one of the largest sources of income for the state. The test results show that the effectiveness of tax collection with letter of reprimand and forced letters in 2019 and 2020 is classified as ineffective and has a very small impact on tax revenues at the south Makassar primary tax office. Therefore, the head of the Makassar small taxpayer service needs to make efforts both internally and externally to increase the effectiveness of tax collection in the work area.

**Keywords:** Tax · Forced letter of reprimand · Optimazion

## 1 Introduction

At first, the tax was not a levy, but a voluntary gift given by the people to the king who had taken care of the interests of the state, guarded the country from enemy attacks, financed royal servants, and so on. Usually, citizens who do not make deposits in kind are required to do work related to the public interest within the specified period. Meanwhile, people who have a higher social status and have sufficient assets can be freed from these obligations by paying compensation.

In the beginning, taxes in Indonesia were paid by the populace as a gift or tribute to the monarch. However, this homage serves exclusively the interests of the people. Therefore, the resources provided by the people will also be used for their benefit, such

as to maintain public safety, construct water routes, construct social facilities, and so forth.

In its development, giving which was previously free and more towards coercion was also made a better rule by paying attention to the element of justice. Therefore, the people are also involved in making tax collection rules because the tax proceeds will be used for the benefit of the people themselves.

Optimizing tax revenue, however, still confronts a number of challenges. The high rate of tax arrears, which includes both pure tax avoidance and the incapacity to pay tax debts, is one of the challenges in the short term. The act of collecting is one way to distribute tax arrears, but when billing is implemented, attention must be paid to the balance between the cost of billing and the receipts received because disbursing tax arrears involves significant financial outlays. Based on the justification of the aforementioned efforts at tax collection.

For the implementation and enhancement of national development to attain wealth and public welfare, taxes are a crucial source of state revenue. This concept developed as a result of the rising need for acceptable public services and the improvement of community welfare via the provision of suitable facilities and infrastructure. The revenue from taxes is one way to raise income. Indonesian people are required to pay taxes, which are one of the duties that can be enforced. The Official Assessment System of Indonesia's taxation was replaced with the Self Assessment System in 1983. In the self-assessment system, taxpayers are given the authority to determine, deposit, and report their own tax liabilities. Based on the provisions established in the tax laws and regulations, the government, in this case the Directorate General of Taxes (Fiscus), is required to carry out guidance, service, supervision, and application of tax sanctions on the implementation of taxpayers' tax duties.

In tax collection activities, not all taxpayers obey and comply with all tax regulations. Because collection activities are not an easy job, their implementation is very difficult in the field, because they have to deal directly with taxpayers whose characters are diverse. The high percentage of tax arrears, which includes both outright tax evasion by the community because individuals feel cheated when they pay taxes and the community's incapacity to pay tax debts, is one of the challenges facing tax revenue optimization. In order to limit the amount of tax arrears that either directly or indirectly damage tax collections, the tax authorities play a significant role as a supervisor for taxpayers in reporting and paying their tax responsibilities.

Diana and Setiawan claim that taxpayers are people or organizations, including people who pay taxes, people who avoid paying taxes, and those who collect taxes, who have financial responsibilities within the terms of tax laws and regulations.

If the tax has been regulated by law, it means that the tax law must be implemented properly and must not be violated considering that the tax law has been deemed known by the taxpayer as paying taxes and the state represented by a tax official as a tax collector.

## **2 Material and Method**

This study is qualitative in nature. Secondary data sources were used in the study, including data from the pertinent agencies and data from the literature to back the research

findings. Articles and a variety of additional sources pertinent to the research issue. Observation, specifically direct observation to the field to observe the data needed, and document study, in which researchers rely on documents as a source of data to assist research, are the data gathering techniques employed in this study. Data reduction, data exposure, and data inference are the three types of data analysis used in this study.

### 3 Result and Discussion

#### 3.1 Active Tax Collection With a Letter of Warning and a Letter of Coercion at the South Makassar Kpp Pratama

An order to settle tax debts and tax collection costs is what Mardiasmo defines as a “forced letter.” Forced letters have the same legal status and executive authority as court rulings that have already been given legal effect.

##### 1. Tax Collection With Warning Letters and Forced Letters at KPP Pratama Makassar

Tax Collection at the South Makassar Pratama Tax Service Office with Warning Letters. A qualitative descriptive method, namely one that was stated descriptively by describing the collection of tax arrears with warning letters and forced letters, was utilized for the analysis of tax collection with a warning letter at the South Makassar KPP Pratama. The tax bailiff will send a warning letter to the taxpayer demanding payment of the tax debt and the collection charge as part of the collection action known as collection of tax arrears. Tax collection after receiving a warning letter typically rises over the nominal amount mentioned in the letter.

##### 2. Receipt of tax arrears with a warning letter at the South Makassar Primary Tax Service Office

In terms of the effectiveness of the issuance of a warning letter, it is measured by the amount of disbursement of tax arrears through collection with a warning letter with the potential for disbursing tax arrears with a warning letter, assuming that the potential for disbursing tax arrears with a warning letter is that all tax arrears issued by a warning letter are expected to be collected.

The following is a table showing the issuance of a warning letter, payment of a warning letter for tax collection with a warning letter.

Table 1 shows that tax collection after receiving a warning letter typically rises above the notional figure mentioned in the warning letter. In 2020, there were 35,696 thousand reprimands with a nominal value of Rp. 43,049,194,246. In 2021, there were 30,072 thousand reprimands with a nominal value of Rp. 45,844,599,471. This indicates a rise in the determination’s worth of Rp. 2,750,405,226 in nominal terms. Due to the fact that the majority of taxpayers continue to be disobedient in paying taxes, fewer people will receive warning letters in 2020 than in 2021. This is the reason why the number of reprimands collected in 2020 is lower than in 2021.

**Table 1.** Tax Collection with South Makassar KPP Pratama Warning Letter 2020 and 2021

Year 2020		Year 2021		the increase/ decrease	
amount of precision	Score	amount of precision	Score	amount of precision	Score
35.696	43.049.194.246	30.072	45.844.599.471	5.629	2.750.405.225

Source: South Makassar Primary Tax Service Office

**Table 2.** Tax Collection with Coercive Letter of KPP Pratama South Makassar 2020 and 2021

Year 2020		Year 2021		the increase /decrease	
amount of precision	Score	amount of precision	Score	amount of precision	Score
4417	67.552.636.148	4162	54.594.338.235	255	12.958.297.913

In 2020, there were 35,696 thousand reprimands with a nominal value of Rp. 43,049,194,246. In 2021, there were 30,072 thousand reprimands with a nominal value of Rp. 45,844,599,471. It denotes an increase in the determination's value by a nominal sum of Rp. 2,750,405,226. Due to the fact that the majority of taxpayers continue to be disobedient in paying taxes, fewer people will receive warning letters in 2020 than in 2021. This is the reason why the number of reprimands collected in 2020 is lower than in 2021.

The Tax Bailiff will take collection action for tax arrears by sending the taxpayer a Forced Letter demanding payment of the tax obligation and the collection fee. In general, the nominal amount provided in the forced letters as well as the quantity of forced letter determinations have decreased revenue collection by forced letters. The number of statutes for the collection of forced letters decreased by 225 pieces in 2021 from 4417 total provisions with a nominal value of Rp. 67,552,636,148 in 2020 to 4162 total provisions with a nominal value of Rp. 54,594,338,235. This is evident from the fact that the nominal amount also decreased by Rp. 12,958,297,913 in 2021. Due to the fact that the majority of taxpayers are still disobedient with their payments, fewer people will collect forced letters in 2021 than in 2020. The collection of compelled warrants is lower in 2021 than it was in 2020 because of this.

The number of forced warrant provisions and the notional value specified in the compelled letter have both decreased, according to Table 2. In 2020, 4417 total provisions totaling Rp 67,552,636,148 were collected using forced letters; in contrast, in 2021, fewer provisions were collected through forced letters than in 2020.

### 3.2 Factors that Cause the Ineffectiveness of Active Tax Collection at the South Makassar KPP Pratama

The factors that cause the ineffectiveness of tax collection at the South Makassar KPP Pratama, namely:

1. Limited human resources owned by KPP Pratama South Makassar. There are only 2 (two) bailiffs at the South Makassar KPP Pratama while until the end of January 2022 there are 58,263 taxpayers who still have tax debts that have not expired.
2. Taxpayers are unable to pay off their tax debts due to the taxpayer's low economic capacity.
3. The address of the taxpayer cannot be found because the address contained in the system is incomplete and clear or the taxpayer has moved but the taxpayer does not submit the data change to the KPP.
4. For corporate taxpayers, sometimes it is difficult to meet the tax underwriters, especially corporate taxpayers who are no longer operating but still have tax debts.
5. Some heirs of taxpayers who have died and have inherited, are not willing to pay the taxpayer's tax debt.

## 4 Conclusion

The authors can come to several conclusions based on the data analysis and discussion described in chapter V, including: This is because the tax underwriters are careless in paying off tax debts, refuse to acknowledge the existence of tax debts, are unable to pay off tax debts, and file objections to the amount of tax arrears.

Factors that cause ineffective tax collection at South Makassar KPP Pratama, namely: Limited human resources owned by South Makassar KPP Pratama. There are only 2 (two) bailiffs at the South Makassar KPP Pratama while until the end of January 2022 there are 58,263 taxpayers who still have tax debts that have not expired. Taxpayers are unable to pay off their tax debts due to the low economic capacity of the taxpayer. The address of the taxpayer cannot be found because the address contained in the system is incomplete and clear or the taxpayer has moved but the taxpayer does not submit the data change to the Tax Office. For corporate taxpayers, sometimes it is difficult to meet the tax underwriters, especially corporate taxpayers who are no longer operating but still have tax debts. Some heirs of taxpayers who have died and have inherited, are not willing to pay the taxpayer's tax debt.

## 5 Suggestion

It is hoped that the South Makassar KPP Pratama can improve performance in billing. For the future, it is better if the South Makassar KPP Pratama is able to provide comprehensive counseling to all levels of society in the city of Makassar. KPP Pratama South Makassar can improve supervision and guidance on the collection of tax arrears with letters of warning and letters of compulsion so that the optimization of tax revenues can increase.

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