

Corporate Fiscal Reconciliation from the Perspective of Justice

Alvin Hamzah Nasution

Faculty of Law, Universitas Medan Area, Indonesia

Abstract: Since the tax reform that began in 2002, there have been many changes or reforms in tax administration in Indonesia. The basis for this change is the implementation of a transparent and accountable tax administration system by using information technology. The problems in this research are: What causes corporate fiscal reconciliation? How is the technique of fiscal reconciliation viewed from the perspective of justice? The research is normative legal research which discusses the legal aspects by conducting library research in terms of comparative law or legal history that is oriented to applicable laws and regulations. The normative legal research uses a legal approach that is relevant to the problems in this research. The causes of differences in commercial financial statements and fiscal financial statements are due to differences in accounting principles, differences in accounting methods and procedures, differences in the recognition of income and expenses, and differences in the treatment of income and expenses. According to the national point of view, the fiscal reconciliation technique is able to optimize state revenues from corporate taxes, and considering that tax is collected for the development of the country and the greatest prosperity of the people, the current fiscal reconciliation technique reflects the values of justice.

Keywords: Fiscal, Reconciliation, Justice, Tax, Tax Administration

I. INTRODUCTION

Indonesia is a state of law, it means that every process of national and state life must be carried out in accordance with applicable positive law. This principle applies to every level of state society, including government, society, individuals or legal entities (Sitepu et al., 2022). Development is an effort to improve conditions as well as efforts to improve the standard of living, or for certain purposes, has been going on since ancient times so that development is part of human activity. Since the idea of democracy developed and the idea of a welfare state was coined in 40s, especially when welfare was seen as the right of everyone, while resources were increasingly limited, the world was increasingly polluted, and also the population exploded. The condition transforms the goals and methodologies of development (Anggara, 2012). Improvement of human life quality, increasing and distributing the welfare of the entire community, as well as preserving the environment, are currently the absolute goals of development.

In the context of implementing development, Indonesia is divided into provincial regions and provincial regions consist of regencies and cities. Each of these regions has the right and obligation to regulate and manage their own government

affairs to improve the efficiency and effectiveness of government administration and services to the community.

To administer the government, the region has the right to impose levies on the community. Based on the 1945 Constitution, taxation was placed as one of the embodiments of the state, it is emphasized that the placement of burdens on the people, such as taxes and other levies that are coercive in nature are regulated by law.

Revenues from taxes and levies are recognized as inadequate and have a relatively small role in the Local government budget or *Anggaran Pendapatan dan Belanja Daerah* (APBD), especially for regencies and cities. Most of the APBD expenditures are funded by allocation funds from the center. In many cases, the allocation of funds from the center cannot be fully expected to cover all regional expenditure needs. Therefore, giving the opportunity to impose new levies which was originally expected to increase regional revenues, is in reality not much expected to cover the shortage of expenditure needs.

For provincial areas, the types of taxes stipulated in the law have contributed greatly to the APBD. However, because there is no provincial authority in determining tax rates, the province cannot adjust its tax revenues. The expansion of the tax base is carried out in accordance with good tax principles. Taxes and do not cause a high-cost economy and/or hinder the mobility of the population, the traffic of goods and services between regions and export-import activities. Based on these considerations, the expansion of the regional tax base is carried out by expanding the existing tax base, regionalizing the central tax and adding new types of taxes. Expansion of the existing tax base for Motor Vehicle Tax and Motor Vehicle Transfer Fee was extended to include Government vehicles, Hotel Tax was extended to cover all rentals in hotels, Restaurant Tax was expanded to include catering services. According to the Directorate General of Taxes, there are 4 (four) new types of taxes for the regions, namely Rural and Urban Land and Building Taxes and Land and Building Rights Acquisition Fees which were previously a central tax and Swallow's Nest Tax as a regency/city tax and Cigarette Tax which is a new tax for province.

According to Resmi (2014) taxes are an obligation to hand over a portion of wealth to the state treasury due to a situation, event, and act that gives a certain position, but not as a punishment, according to regulations set by the government and can be forced, but there is no direct reciprocal service

from the state. to maintain the general welfare.

Since the tax reform that began in 2002, there have been many changes or reforms in tax administration. The basis for this change is the implementation of a transparent and accountable tax administration system, using information technology. The change is essentially a bureaucratic reform program within the Directorate General of Taxes or Direktorat Jenderal Pajak (DJP) which is part of the Bureaucratic Reform of the Ministry of Finance or Reformasi Birokrasi Kementerian Keuangan (Kemenkeu).

The President of the Republic of Indonesia stipulates Presidential Regulation Number 81 of 2010 concerning the Grand Design of Bureaucratic Reform 2010-2025 which was followed up by the issuance of Minister of State Apparatus Empowerment and Bureaucratic Reform Regulation Number 20 of 2010 concerning Road Map of Bureaucratic Reform 2010-2014 and Minister of State Apparatus Empowerment and Reformation Regulations Bureaucracy Number 11 of 2015 concerning the Road Map of Bureaucratic Reform for 2015 – 2019. With the support of these regulations, the Bureaucratic Reform movement of the Ministry of Finance can be integrated with the National Bureaucratic Reform movement.

The targets of bureaucratic reform, as stated in the Grand Design of Bureaucratic Reform 2010-2025, cover 3 (three) aspects, namely:

1. The realization of a clean and free government of corruption, collusion and nepotism;
2. The realization of improving the quality of public services to the community; and
3. Increased capacity and accountability of bureaucratic performance.

Tax laws and regulations continue to be refined in line with economic, information technology, social and political developments with economic and social developments. Amendments to tax laws, especially the Law on General Provisions and Tax Procedures, are intended to provide more justice, improve public services to taxpayers, increase certainty and law enforcement, and anticipate advances in information technology and changes in material provisions in the taxation sector. These changes are also intended to increase the professionalism of the tax apparatus, increase the transparency of tax administration, and increase the voluntary compliance of taxpayers (Resmi, 2014).

A simple system of mechanisms and procedures for the implementation of taxation rights and obligations are the characteristics and features of changes to the tax law while still adhering to the self-assessment system. These changes are specifically related to increasing the balance of rights and obligations for the taxpayer community so that the taxpayer community can carry out their tax rights and obligations better.

By adhering to the principles of legal certainty, justice, and

simplicity, the direction and purpose of the amendment to the Law on General Provisions and Tax Procedures refers to the following main policies:

1. Improving the efficiency of tax collection in order to support state revenues;
2. Improving the use of services, legal certainty, and justice for the community, increasing competitiveness in the investment sector, while still supporting the development of small and medium enterprises;
3. Adjusting to the demands of society's socio-economic development as well as developments in the field of information technology;
4. Improve the balance between rights and obligations;
5. Simplify tax administration procedures;
6. Improve the application of the principle of self-assessment in an accountable and consistent manner; and
7. Supporting a more conducive and competitive business climate.

The government's efforts are in line with the increasingly dominant revenue from the tax sector in the Draft of State Budget or *Rancangan Anggaran Pendapatan dan Belanja Negara* (RAPBN) and the State Budget or *Anggaran Pendapatan dan Belanja Negara* (APBN) in recent years. This is done considering that the source of oil and gas revenue is no longer reliable because the amount is running low and cannot be renewed. With the implementation of these basic policies, it is expected to increase state revenues in the medium and long term along with the increase in state revenues in the medium and long term in line with increasing voluntary compliance and improving the business climate.

To support this program and increase tax revenue, fiscal reconciliation is carried out to determine the size of taxpayers, especially corporate taxpayers. Thus, the problems in this research are:

1. What causes corporate fiscal reconciliation?
2. How is the technique of fiscal reconciliation viewed from the perspective of justice?

II. LITERATURE REVIEW

A. Tax Revenue Sharing

The results of tax revenues are state revenues which are divided between the Central Government and Regional Governments with a balanced distribution of at least 90% (ninety percent) for Level II Regional Governments and Level I Regional Governments as the relevant regional revenues. The share of regional government revenue is mostly given to the second level regional government. Because this tax revenue is directed to the interests of the community in the concerned Level II Regional Government, the majority of this tax revenue is given to the Level II Regional Government (Rusjdi, 2008). Land and Building Tax receipts are divided between the Central and Regional Governments in a balanced manner as follows:

1. 10% (Ten Per Hundred) for Central government
2. 90% (Ninety Per Hundred) for regions

The amount of 90% (Ninety Per Hundred) which is part of the Region is detailed as follows:

1. 16.2% (sixteen-point two percent) for the province concerned;
2. 64.2 & (sixty-four-point two percent) for the relevant Regency/City area;
3. 9% (nine percent) for the collection fee.

B. Corporation

In general, law does not only regulate people (natural humans) as legal subjects, but besides individuals, other legal subjects are also known, namely legal entities (corporations) to which legal rights and obligations are attached like individuals as legal subjects.

On that basis, to find out what is meant by a corporation, it cannot be separated from the field of civil law. This is because the term corporation is closely related to the term "legal entity" which is known in the field of civil law. "The word corporation is a term commonly used among criminal law experts to refer to what is common in other fields of law, especially in the field of civil law, as a legal entity", or what in Dutch is referred to as *rechtspersoon*. or in English called legal entities or corporations. Meanwhile, when viewed etymologically, the notion of corporation which in other terms is known as *corporatie* (Dutch), corporation (English), *korporation* (Germany), comes from the Latin word *corporatio* (Kristian, 2014).

The definition of a corporation in the field of civil law is a "legal entity", while in criminal law the definition of a corporation is not only a legal entity, but also a non-legal entity. However, it should be realized that some of the definitions of corporations as stated above are corporate definitions conveyed by legal experts, while the formulation of definitions as positive law does not yet exist. This situation, of course, in practice will create legal uncertainty because the interpretation of what is meant by "corporation" will depend on whose opinion we are departing from. When viewed from the point of view of Indonesian criminal law, the term "corporation" has not been defined explicitly. This is a natural thing considering that in Indonesian criminal law, which is a legacy of the Netherlands, each adheres to individual responsibility. However, in several special laws such as Law Number 31 of 1999 as amended by Law Number 20 of 2001 concerning the Eradication of Criminal Acts of Corruption and in Law Number 08 of 2010 concerning Prevention and Eradication of Criminal Acts Money Laundering, which has strictly regulated corporations as legal subjects, stated that what is meant by corporations is an organized collection of people and/or assets, both legal entities and non-legal entities (Resmi, 2014).

III. RESEARCH METHOD

This research is normative legal research which is research that discusses legal aspects, by conducting library research in terms of comparative law or legal history that is oriented to applicable laws and regulations. This normative legal research uses a legal approach that is relevant to the problems in this research. Data were collected using library research methods by documenting the relevant literature and statutory provisions related to the problems to be answered in this study.

IV. DISCUSSION

A. Tax Policy

In analyzing the formulation of tax policy, it must be through the political system approach presented by David Easton. The model/concept of the political system has the meaning of a number of political institutions and activities in society that function to change demands, supports and resources, all of which are inputs. become authoritative decisions or policies for all members of society (outputs). In short, it can be said that the political system functions to convert inputs into outputs (Resmi, 2014).

Demands (demands) arise when individuals or groups after receiving a response from the events and conditions that exist in their environment try to influence the state policy-making process.

These demands can come from within the political system itself (e.g. from members of the bureaucracy or government officials) or from outside the political system (e.g. from community members, interest groups) (Resmi, 2014).

A political system will absorb various kinds of demands (both from inside and outside), and it can happen that among these demands are irrelevant or contradict each other. In such cases, it is necessary to regulate these demands and impose these arrangements on the parties involved or have an interest so that their demands can be confirmed (processed) in the political system so as to produce decisions or policies (Resmi, 2014).

This policy is (Output) in the form of a series of actions to solve problems or to achieve certain goals as desired by the policy itself. Based on the political system approach, the impact of policies, both positive (intended) and negative (unintended) will function as feedback and be included as inputs in the next state policy formulation process. In the formulation of taxation policies in the settlement of tax disputes must including (Resmi, 2014):

1. Input, tax policy issues in tax dispute resolution;
2. Process, Making taxation policies in the settlement of tax disputes;
3. Output, taxation policy in tax dispute resolution;
4. Impacts.

B. Basis for Collection of Taxes by the State

1. Bearing Force Theory

This theory states that the basis of fairness in tax collection lies in the services provided by the state to its citizens, namely the protection of life and property. For this purpose, there are costs that must be borne by all those who enjoy the protection, namely in the form of taxes. This theory emphasizes the principle of justice, that taxes must be equally heavy for everyone. Taxes must be paid according to one's carrying style. A person's carrying style can be measured based on the amount of income by taking into account the amount of one's expenses or expenditures. In the income tax for individual taxpayers, the burden of expenses or expenditures is stated by a certain amount of income that is not taxed.

2. Absolute Tax Obligation Theory (Devotional Theory)

This theory is based on the understanding of the *Organische Staatsleer*. This understanding teaches that because of the nature of a country, there is an absolute right to collect taxes. People do not stand alone, without fellowship there can be no individual. Therefore, the alliance (which became a state) is entitled to one and the other. Finally, everyone realizes that it becomes an absolute obligation to prove his mark of service to the state in the form of tax payments.

C. Theory of Justice

According to the theory of justice put forward by Gustav Radbruch (1932), the law is the bearer of the value of justice and is a measure of the unfairness of the legal order. Not only that, the value of justice is also the basis of law and becomes law. Thus, justice has both a normative and constitutive nature for law. It is normative because it functions as a transcendental conditional that underlies every dignified positive law.

It becomes the moral basis of law and at the same time the benchmark of a positive legal system. It is to justice that positive law originates. While constitutive because justice must be an absolute element for the law as law. Without justice, a rule does not deserve to be a law (Said & Nurhayati, 2021).

According to Radbruch, the idea of law as a cultural idea cannot be formal. Instead, it focuses on *rechtsidee*, namely justice. Justice as an ideal, as pointed out by Aristotle, cannot say anything other than: "Those who are treated the same, and those who are not the same are treated unequally". To fill this ideal of justice with concrete content, we must look at its finality. And to complete justice and finality, certainty is needed. So according to Radbruch, law has three aspects, namely justice, finality, and certainty. The aspect of justice refers to equal rights before the law. The aspect of finality points to the goal of justice, which is to promote goodness in human life. This aspect determines the content of the law. While certainty refers to the assurance that the law (which

contains justice and norms that promote goodness), actually functions as a rule that is obeyed. It can be said that the first two aspects are an ideal framework of law. While the third aspect (certainty) is the legal operational framework (Said & Nurhayati, 2021).

The demands for justice and certainty, according to Radbruch, are permanent parts of the law. While finality contains an element of relativity because the purpose of justice (as the content of the law) is to grow the value of goodness for humans, more as an ethical value in law. The value of justice for goodness for humans can be related to three subjects (whose goodness is to be promoted), namely individuals, collectivities, and culture. The first subject whose goodness is to be promoted is the individual human being. Laws drawn up for this purpose are individualistic (Said & Nurhayati, 2021).

If the goal of law is the progress of the State, then that goal produces a collective legal system. This is seen in socialist countries. Another possibility is that the intended subject is not individual or collective human beings, but culture. If so, then the legal system created is a transpersonal legal system. At an early age, aspects of culture or the results of civilization receive special attention, such as issues of democracy, human rights, and the environment, which are the concerns of all human beings which are guaranteed by international law (Said & Nurhayati, 2021).

D. Corporate Fiscal Reconciliation

Fiscal reconciliation is carried out by taxpayers because there are differences in the calculation, especially profit according to accounting (commercial) and profit according to taxation (fiscal). Commercial or business financial reports are intended to assess the economic performance and financial condition of the private sector, while fiscal financial reports are intended to calculate taxes. For commercial or business purposes, financial statements are prepared based on generally accepted principles, namely Financial Accounting Standards (SAK); while for fiscal purposes, financial statements are prepared based on tax regulations, namely the Income Tax Law (UUPPH).

The difference between the two bases for preparing the financial statements results in differences in the calculation of the profit (loss) of an entity (taxpayer). If an entity (taxpayer) has to compile two different financial statements, besides being a waste of time, energy and money, it will also not achieve the goal of avoiding tax manipulation (Resmi, 2014).

The causes of differences in commercial financial statements and fiscal financial statements are due to differences in accounting principles, differences in accounting methods and procedures, differences in the recognition of income and expenses, and differences in the treatment of income and expenses (Resmi, 2014).

To overcome this problem, several approaches are used in the preparation of fiscal financial statements, namely (Resmi,

2014):

1. Fiscal financial statements are prepared concurrently with commercial financial statements. This means that although commercial or business financial statements are prepared based on business accounting principles, tax provisions are very dominant in the underlying process of preparing financial statements.
2. *Extra-combatable* fiscal financial statements with business financial statements. This means that disal financial statements are an additional product, outside of business financial statements. Companies/corporations are free to maintain books of account based on business accounting principles. Fiscal financial statements are prepared separately off the books (*extra-combatable*) through the adjustment of the reconciliation process.
3. Fiscal financial statements are prepared by inserting tax provisions in the business financial statements. This means that the bookkeeping held by the company is based on business accounting principles, but if there are tax provisions that are not in accordance with business accounting principles, the priority is the tax provisions.

To bridge the differences between the objectives of the commercial financial statements and the fiscal financial statements and to achieve efficiency objectives, it is more likely to apply the second approach. The company only maintains bookkeeping according to commercial accounting, but when it is going to prepare fiscal financial statements, then prepare a reconciliation against the commercial financial statements (Resmi, 2014).

E. Fiscal Reconciliation Techniques from the Perspective of Justice

Fiscal reconciliation techniques are carried out in the following ways:

1. If an income is recognized according to accounting but not recognized according to fiscal, reconciliation is done by subtracting the amount of income from income according to accounting, which means reducing profit according to accounting.
2. If an income is not recognized according to accounting but is recognized according to fiscal, reconciliation is done by adding a certain amount of income to income according to accounting, which means increasing profit according to accounting.
3. If a cost/expenditure is recognized according to accounting but not recognized as a deduction from gross income according to fiscal, reconciliation is carried out by subtracting the amount of the cost/expenditure from the cost according to accounting, which means increasing profit according to accounting.
4. If an expense/expense is not recognized according to accounting but is recognized as a reduction in gross

income according to fiscal, reconciliation is done by adding the amount of the cost/expenditure to the cost according to accounting, which means reducing profit according to accounting.

According to the theory of justice, fiscal reconciliation techniques can be viewed from two perspectives, namely the corporate point of view, and the state's point of view. From the corporate point of view, the fiscal reconciliation technique is considered impartial to the corporation, especially because the fiscal reconciliation can increase the tax burden and cost of calculating the financial statements of the company. However, if viewed from the state's point of view, the fiscal reconciliation technique is able to optimize state revenues from corporate taxes, and considering that the purpose of collecting taxes is for the development of the country and for the greatest prosperity of the people, the current fiscal reconciliation technique already reflects the values of justice.

V. CONCLUSIONS

The causes of differences in commercial financial statements and fiscal financial statements are due to differences in accounting principles, differences in accounting methods and procedures, differences in the recognition of income and expenses, and differences in the treatment of income and expenses. Viewed from the state's point of view, the fiscal reconciliation technique is able to optimize state revenues from corporate taxes, and considering that the purpose of collecting taxes is for the development of the country and the greatest prosperity of the people, the current fiscal reconciliation technique reflects the values of justice.

The government must revise the issuance of a regulation that regulates the implementation of equalization of accounting systems, both commercial accounting and fiscal accounting. Fiscal reconciliation must aim to optimize state revenues through corporate taxes so that they can be used to carry out development aimed at the greatest prosperity of the people.

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