

Tax Crimes Reviewed from the Perspective of Corruption Eradication

Chairuni Nasution, Alfriz Hutabarat

Abstract

This study examines tax crimes from the perspective of corruption eradication, with a focus on law enforcement in Indonesia. Tax crimes not only cause financial losses to the state but also erode public trust in the taxation system and governance. On the other hand, efforts to eradicate corruption have become a global agenda aimed at improving the integrity and accountability of public institutions. This study examines tax crimes from the perspective of corruption eradication, focusing on the study of decision No. 29/Pid.Sus/2024/PN Jkt.Pst. This study also highlights the importance of collaboration between the government, the community, and anti-corruption agencies in eradicating corruption in the taxation sector. This study uses a descriptive-analytical approach with a normative legal research type. The data used is sourced from primary, secondary, and tertiary legal materials that are analyzed qualitatively. The results show that there is a close relationship between tax crimes and corruption, where weak legal accountability can create loopholes for corrupt practices. Thus, strict and transparent law enforcement is necessary to improve the accountability of perpetrators of corruption and irregularities in the context of taxation, which are often interrelated. Collaboration between government agencies and the community is essential in monitoring and eradicating corrupt practices in the field of taxation. The conclusion of this study is that strengthening the legal accountability of perpetrators of tax crimes is a crucial step in the effort to eradicate corruption in Indonesia, thereby creating a more equitable and effective taxation system. Increased tax accountability is directly correlated with more effective efforts to eradicate corruption.

Keywords: Tax Crimes, Corruption, Corruption Eradication, Taxation, Law Enforcement.

Chairuni Nasution

¹Master of Law, Universitas Pembangunan Panca Budi, Indonesia
e-mail: chairuni@dosen.pancabudi.ac.id¹

Alfriz Hutabarat

²Master of Law, Universitas Pembangunan Panca Budi, Indonesia
e-mail: chairuni@dosen.pancabudi.ac.id²

2nd International Conference on Islamic Community Studies (ICICS)

Theme: History of Malay Civilisation and Islamic Human Capacity and Halal Hub in the Globalization Era

Introduction

Eradicating corruption is one of the top priorities in creating a clean and accountable government. Corruption disrupts the development process, undermines public trust, and leads to inefficient use of resources. Corruption remains one of the biggest obstacles to economic and social development. Eradicating corruption is essential to upholding the rule of law and ensuring social justice. An analysis of the root causes of corruption, such as weak oversight systems, lack of transparency, and minimal sanctions for violators, can help in formulating effective strategies. Education about corruption is also an important step in fostering collective awareness. Tax crimes are often correlated with corruption.

In decision-making, the judiciary plays an important role in enforcing the law. This case demonstrates the balance between law enforcement and the protection of perpetrators' rights, which must be upheld in every judicial process. In addition, educating the public about tax obligations and the legal consequences of violations is crucial to raising collective awareness. The accountability of perpetrators of tax crimes must be integrated into the framework of corruption eradication in order to create a fair and accountable taxation system.

Corruption is a serious problem because this crime endangers socioeconomic and political development and can undermine democratic values. The difficulty of combating corruption is evident in the many acquittals of defendants in corruption cases or the minimal penalties imposed on defendants that are not commensurate with their crimes. This is very detrimental to the country and hinders national development.[1]

By undergoing the appropriate legal process, it is hoped that a deterrent effect will be created, encouraging tax compliance and supporting sustainable development efforts for the nation. The Function of Taxation in Economic Development Taxation serves as a source of funds to finance public needs, such as infrastructure, education, health, and other public services.

With funds from taxes, the government can improve public welfare, create jobs, and promote economic growth. According to Article 1 paragraph 3 of Law Number 30 of 2002, eradicating corruption is "a series of actions to prevent and eradicate corruption through coordination, supervision, monitoring, investigation, prosecution and examination in court, with the participation of community-based regulations. In the context of taxation, "eradication" includes the prevention of corruption arising from tax crimes . [2]

Tax Compliance Theory explains several factors that influence taxpayer compliance, such as attitudes, subjective norms, behavioral controls, and perceptions of fairness and legal certainty. Low tax compliance has the potential to lead to tax crimes such as tax evasion and tax avoidance[3] .

Court Decision Number 29/Pid.Sus/2024/PN Jkt.Pst is an important reference in understanding the accountability of perpetrators of tax crimes. In this decision, the court emphasized that perpetrators must be held accountable for their actions, not only to the state, but also to the affected community. Strict law enforcement is expected to have a deterrent effect and encourage legal awareness among taxpayers.

Taxes and corruption can be interrelated because perpetrators of corruption will find it difficult to report income obtained from corrupt activities for tax purposes. Based on World Bank data on 25,000 companies in 57 countries, it was found that companies that engage in more bribery also tend to evade more taxes (World Bank Policy Research Working Paper in OECD, 2018). From a broader perspective, where corrupt practices have become commonplace in society, this condition can encourage tax evasion (OECD, 2018)[3] .

Tax crimes include various illegal practices, such as tax evasion, document forgery, and tax avoidance, which harm the state's finances and undermine social justice. The increase in tax crime cases in Indonesia demonstrates the need for stricter law enforcement. Court

Decision Number 29/Pid.Sus/2024/PN Jkt.Pst illustrates efforts to enforce regulations by punishing perpetrators who seek to enrich themselves through illegal means.

Literature Review

The Concept of Tax Crimes

Tax crimes are violations of tax regulations committed by taxpayers or other parties involved in tax administration, with the aim of avoiding tax obligations that should be paid. According to [7], tax crimes can include tax evasion, misuse of tax documents, and tax avoidance through manipulation of financial data or information. These crimes can cause losses to state revenue, which should be used to finance development and public services.

Tax crimes are crimes related to tax obligations that are not fulfilled by taxpayers, both individuals and business entities. These crimes include tax evasion, tax fraud, and misuse of tax documents. Low levels of tax compliance can increase the likelihood of tax crimes such as tax fraud and tax evasion [10].

Corruption in the taxation sector occurs when tax officials or other parties with authority in the taxation system abuse their power for personal gain or for the benefit of certain groups. Corruption can take the form of bribery between tax officials and taxpayers, as well as collusion to reduce tax liabilities or conceal income. Corruption in taxation not only harms the state but also creates injustice in society because those who comply with paying taxes have to bear a greater burden [1].

Corruption in taxation involves the abuse of power by tax officials or other individuals with an interest in the tax collection process. Research by Aceng (2017) shows that tax corruption does not only occur in the form of bribery, but also collusion between taxpayers and tax officials to manipulate financial data. This undermines the credibility of the taxation system and reduces the level of compliance among law-abiding taxpayers.

The Relationship Between Corruption and Tax Evasion

Corruption and tax evasion are often interrelated, where tax evasion practices can be carried out by using power or connections to reduce tax obligations or even hide income. Countries with high levels of corruption tend to experience greater tax evasion, as tax evaders feel that they can manipulate the system without facing severe legal consequences [7]. Therefore, efforts to eradicate corruption in the taxation sector are very important to create a fair and transparent taxation system.

Corruption and tax evasion are often interrelated. According to Matabean and Juwono (2019), tax officials who accept bribes or engage in collusion with taxpayers can reduce the amount of tax payable, thereby harming the state and society. This undermines the integrity of the tax system and reduces state revenue that should be used for development.

The Importance of Proper Law Enforcement

Strict and consistent law enforcement in combating tax crimes is essential to create justice and improve taxpayer compliance. Tianto (2018) states that even though the law exists, the sanctions imposed on perpetrators of tax crimes are often not proportional to the amount of loss caused. This study also shows that many cases of tax evasion are not followed by sufficiently severe sanctions, so that perpetrators are not afraid to repeat the same actions. In the context of combating tax corruption, criminal sanctions imposed on perpetrators of tax crimes must be able to provide a deterrent effect. The enforcement of sanctions against tax corruptors needs to be strengthened to create a stronger deterrent effect. Imposing long prison sentences and significant fines can be an effective deterrent to reduce the level of tax evasion and corruption in this sector [9].

Criminal sanctions against perpetrators of tax crimes need to be increased to provide a deterrent effect. Research by Rahmayanti (2017) reveals that the sanctions imposed on

perpetrators of tax crimes involved in corruption are often not commensurate with the losses incurred. Therefore, there needs to be a review of the applicable sanctions policy to provide a more effective deterrent against corrupt practices.

Transparency in Tax Administration

Anderson (2021) explains that transparency in tax administration can reduce opportunities for tax officials to abuse their authority. Better information technology can increase transparency, speed up administrative processes, and reduce tax data manipulation.

Transparency and accountability are fundamental principles in the taxation system that can reduce the potential for abuse of power. Based on research by Rosidah (2019), effective supervision can minimize manipulation in tax reporting. Therefore, a transparent and accountable taxation system will increase public trust in the government and ensure optimal tax revenue for national development.

International Collaboration in Tax Oversight

According to Anderson (2021), international collaboration in tax oversight is also important to prevent cross-border tax evasion. Countries need to cooperate in the exchange of tax information to reduce tax evasion practices that are detrimental to the state.

Eradicating corruption in taxation is not only the responsibility of the Indonesian government, but also requires international cooperation. Research by Anderson (2021) reveals that cooperation between countries in the exchange of tax information can narrow the scope for cross-border corruption. This cooperation is important to prevent global tax avoidance, which is detrimental to the economies of developing countries.

Tax Reform and Law Enforcement

Amrullah et al. (2022) explain that reforming the tax system is essential to strengthen oversight, improve compliance, and reduce tax avoidance practices that can develop into corruption.

Effective law enforcement is a key factor in reducing tax crimes. Research by Tianto (2018) shows that although tax laws in Indonesia are clear, weak law enforcement has resulted in low tax compliance rates. Strict supervision and the application of appropriate sanctions are expected to create a deterrent effect for perpetrators of tax evasion and corruption in the field of taxation.

Eradicating corruption in the taxation sector requires a comprehensive approach involving various institutions and related parties. According to Sinaga and Nasution (2020), strengthening collaboration between the Corruption Eradication Commission (KPK), the Directorate General of Taxes, and the public can accelerate the monitoring of corrupt practices in the taxation system. In addition, strict law enforcement against corruptors in the tax sector is very important to prevent abuse of authority.

Research Methodology

This study uses a descriptive-analytical approach with a normative legal research type. The data sources used are primary legal materials (laws, court decisions), secondary materials (books, journals), and tertiary materials (legal dictionaries, encyclopedias). Data was collected through literature study and analyzed qualitatively, focusing on identifying legal regulations related to tax crimes and corruption eradication in Indonesia.

Results

1. Tax Crimes and Corruption: A Fundamental Connection

The results of the study show that tax crimes in Indonesia not only cause financial losses to the state, but are often closely related to corrupt practices. Many perpetrators of tax crimes

are also involved in corruption-related crimes, either in the form of bribing tax officials to reduce tax liabilities or even in the form of collusion to conceal tax information that is detrimental to the state. A review of court decision No. 29/Pid.Sus/2024/PN Jkt.Pst is an important reference in this analysis, which shows the link between tax evasion and attempts to manipulate tax obligations through abuse of authority by tax officials.

Corruption in the tax system, such as tax evasion, is not only a violation of the law, but also undermines the integrity and public trust in the tax system itself. As explained by Matabean and Juwono (2019), weak supervision by tax authorities opens opportunities for tax officials and taxpayers to collaborate in manipulating tax data for personal gain, which directly harms state finances.

In addition, low taxpayer compliance driven by corruption also leads to social injustice. Taxpayers who comply with the law must bear a heavier burden due to the loss of revenue that should have been received by the state. Corrupt practices in taxation create injustice because taxpayers who comply with the rules tend to have to pay more, while those involved in tax evasion reap illegal profits.

2. Law Enforcement and Sanctions: Evaluation and Challenges

Although there are a number of regulations governing tax crimes, such as Law No. 28 of 2007 concerning General Provisions and Tax Procedures and Law No. 31 of 1999 concerning Eradication of Corruption Crimes, the implementation of the law in the field is often inconsistent. One of the main challenges found in this study is legal uncertainty, which leads to the enforcement of sanctions that are not firm and effective against perpetrators of tax crimes involved in corruption. Based on research by Lindo (2015), even though the law exists, the application of sanctions is often not proportional to the amount of loss caused by these crimes.

Inconsistent law enforcement creates a "gray area" that allows perpetrators to escape punishment or receive only light sanctions that do not serve as a deterrent. In this case, the existence of the Corruption Eradication Commission (KPK) and tax authorities is crucial. This study also shows that despite efforts by the KPK to pursue major cases involving tax evasion and bribery, the weak legal framework for internal oversight at the Directorate General of Taxes (DJP) remains a challenge that must be addressed.

Penalties for tax evasion or abuse of authority should be more than just imprisonment; offenders should also face administrative sanctions in the form of revocation of business licenses or operating bans, in order to have a stronger deterrent effect. These severe penalties should be a driving factor in reducing the level of corruption in the taxation sector.

3. Transparency and Accountability: Solutions in Eradicating Corruption

As stated by Anderson (2021), transparency in the taxation system is a key measure to prevent corruption. This study found that the lack of transparency in Indonesia's taxation system opens the door to tax avoidance practices involving collusion between taxpayers and tax officials. One way to reduce opportunities for corruption is to implement a more open and technology-based tax reporting system, which can minimize direct interaction between taxpayers and tax officials.

Information technology and digitalization systems in tax administration can improve accountability and facilitate oversight of tax obligations submitted by taxpayers. With the advancement of technology-based information systems, every tax transaction will be clearly recorded, making it easier to detect abuse or fraud. This system will not only encourage taxpayer compliance, but also reduce the possibility of corruption involving tax officials. This study recommends the application of this technology as part of broader tax reform.

4. The Role of the Community in Tax Supervision

One important finding in this study is that eradicating corruption in the taxation sector cannot be done by the government and law enforcement agencies alone, but also requires the active involvement of the community. Research by Lindo (2015) shows that communities with a high awareness of the importance of tax obligations and the impact of tax evasion will be more proactive in monitoring corrupt practices in tax administration.

The public needs to be empowered to participate in identifying and reporting any corrupt practices related to tax evasion. In addition, better tax education should be provided to the public so that they understand not only their rights and obligations as taxpayers, but also their role in supporting the eradication of corruption. Awareness campaigns on the dangers of tax evasion and its impact on social and economic development are also important to increase public participation.

5. Recommendations for Strengthening Legal Accountability

Based on the results of this study, there are several recommendations that can be made to strengthen the legal system related to tax crimes. First, there needs to be clearer and more explicit regulations regarding the penalties that must be imposed on perpetrators of tax evasion and abuse of authority in the taxation sector. Heavier and more consistent penalties will have a greater deterrent effect. Second, the tax supervision system must be strengthened, particularly through the use of more efficient information technology, to ensure that every tax transaction is accurately recorded and can be easily monitored by the authorities. Finally, there needs to be closer collaboration between law enforcement agencies, the government, and the public to improve accountability and transparency in Indonesia's tax system.

Conclusion

Tax crimes are closely related to corruption, and stricter law enforcement is essential to reduce the negative impact of both crimes. Strengthening legal accountability for perpetrators of tax crimes, both individuals and business entities, as well as enhancing collaboration between law enforcement agencies, the public, and the government, is crucial to prevent and eradicate corruption in the taxation sector.

References

- [1] R. Matabean and V. Juwono, "Cooperation between Tax Authorities and Anti-Corruption Authorities," Vol. 1, No. 1, 2019, pp. 87-91.
- [2] Rahmayanti, "Legal Sanctions against Perpetrators of Corruption Based on Positive Law and Islamic Law," Vol. 10, No. 1, 2017, pp. 61-65.
- [3] M. Kholis Amrullah, et al., *Qualitative Research Methods*, Literasi Nusantara Abadi, Malang, 2022.
- [4] W. T. Anderson, "Tax Evasion and Corruption: A Global Perspective," *Journal of Economic Studies*, 2021, pp. 210-225.
- [5] J. Sinaga and C. Nasution, "Collaboration Between the Government and Anti-Corruption Institutions in Combating Corruption in the Tax Sector," *Journal of Law and Policy*, vol. 15, no. 2, 2020, pp. 143-159.
- [6] Lindo, "The Role of Society in Combating Corruption in the Tax Sector," *Indonesian Law Journal*, vol. 5, no. 3, 2015, pp. 120-135.
- [7] R. Wijanarko and A. Syauket, *Legal Accountability in Tax Crimes*, Pustaka Pembangunan, Jakarta, 2022.
- [8] W. T. Anderson, "Technological Innovations in Tax Enforcement," *Tax Compliance Journal*, vol. 12, no. 1, 2021, pp. 76-89.
- [9] Rahmayanti, "Corruption in the Tax Sector and Its Impact on National Development," *Journal of Law and Economics*, vol. 8, no. 2, 2017, pp. 35-49.

- [10] M. L. Maris, "Tax Fraud and Corruption: Impacts on National Revenue," *Journal of Tax Studies*, vol. 1, no. 2, 2024, pp. 199-212.
- [11] Chairuni, Nasution, "Legal Study of Media Literacy Models in Analyzing Fake News (Hoaxes) on Social Media." *Jurnal Hukum Responsif*, 2019
- [12] Gea Yusran Ali, "[of Philosophical , and Juridical Foundations in the Formation of Laws in Indonesia](#) ," *Unes Law Review Journal*, vol. 6, no. 4, 2024
- [13] Ismaidar, Annur Mailiza Rahmi, "Legal Politics in the Formation of Legislation," *Innovative Journal of Social Science Research*, vol. 3, no. 6, 2023
- [14] Irawan Andrie, Yulio Iqbal, and Cahyo Arsetyo, "Optimizing the Enforcement of Criminal Law on *Illegal Fishing* in Indonesian Waters," *Das Sollen Journal*, Vol. IV (2), 2023, p. 782.
- [15] Sembiring, Tamaulina, "The Influence of Legal Politics in the Formation and Enforcement of Law in Indonesia," *Jurnal Media Hukum Indonesia*, Vol. 2, No. 4, 2024