



## Identification of Statement Ambiguity in the HPP Law: Tax Consultant Perceptions

Ismayantika Dyah Puspasari<sup>1</sup>; Heri Pratikto<sup>2</sup>; Puji Handayati<sup>2</sup>

<sup>1</sup> Program Doktor Ilmu Manajemen Universitas Negeri Malang, Indonesia

Email: ismayantika.dyah.2104139@students.um.ac.id, ismayantika@unpkediri.ac.id<sup>1</sup>; heri.pratikto.fe@um.ac.id<sup>2</sup>; puji.handayati.fe@um.ac.id<sup>3</sup>

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### **Abstract**

This study aimed to measure how much tax consultants understand about each of the changes in the six clusters contained in the Draft Legislation of HPP. This study uses a positivism paradigm with a quantitative approach. The variables of this study consist of six clusters of changes and/or additions to the HPP Law, including (1) General Tax Provisions, (2) Income Tax, (3) Value Added Tax, (4) Voluntary Disclosure Program, (5) Carbon Tax, and (6) Excise. Analysis using Confirmatory Factor Analysis (CFA) with AMOS statistical tool. The KUP1 manifest, namely "Use of NIK as an Individual NPWP", and the CUK1 manifest, namely "Changes in article 4 regarding the confirmation of additional types of excisable goods" are poorly understood by tax consultants.

**Keywords:** *Harmonization of Tax Regulations; Tax Consultant*

### **Introduction**

Indonesia is a legal state that regulates all aspects of life through laws, including those regulating sources of state income and expenditure. Even though, as a rich country in natural resources, it has not been able to make Indonesia only depend on income that utilizes all aspects of its wealth. The Ministry of Finance Performance Report 2017 – 2019 (Keuangan, 2017, 2018, 2019) reports that taxes are the most significant contributor to state revenue for three years, more than 95%. In Indonesia, several other countries also have the same situation where the size of the state's income depends entirely on the source of tax revenue (Shin, 2016). Hence, all regulations and decisions issued by the government are one of the main reasons that lead to an increase in state revenue. According to the law, the tax itself is a mandatory contribution from an individual or entity to the state that is coercive under the law. Taxers will not receive direct compensation, and tax proceeds are used for the people's prosperity (Susunan Dalam Satu Naskah Undang-Undang Perpajakan, 2013).

The word 'based on the law' implies that all tax provisions are regulated in law, but there are also tax regulations that govern them. The increasing complexity of tax law in Indonesia, directly or indirectly, certainly worries taxpayers in carrying out their obligations. Various new regulations are passed every time, and it is not uncommon for taxpayers to be left behind with information on these provisions so that it can provide the possibility of unintentional non-compliance. In taxation, there are three subjects that have an important role in it, namely the tax authorities (representing the government), taxpayers, and tax consultants as bridging parties between the tax authorities and taxpayers. In every rule change (UU, PP, KMK), tax consultants are expected to be the 'long arms' of the tax authorities to provide a good understanding to taxpayers so that taxpayers in carrying out their obligations in accordance with applicable regulations, one of which is the current Law -Harmonization of Taxation Regulations (UU HPP).

The HPP Law is a law designed based on the objectives of increasing growth, optimizing state revenues, providing the principle of justice for all people, providing a simpler tax system, expanding the tax base and increasing voluntary compliance with taxpayers (Undang Undang Harmonisasi Peraturan Perpajakan, 2021) (Bradley, 2015). Harmonization is often referred to as the right solution for a country; this is not only for Indonesia but also for other countries, especially related to two types of taxes, namely VAT and Corporate Income Tax, because they are considered a fairly large source of income (Aujean, 2010). The government, through the Directorate General of Taxes during the transition period, continued to disseminate the HPP Law to the public at all levels. Of course, with this socialization, DGT cannot work alone without assistance from other parties. Tax consultants as bridging parties between the tax authorities and taxpayers have an important role in increasing taxpayer compliance because tax consultants are considered as someone or a party who is an expert in the field of taxation and mediates for both parties. DGT continues to socialize the HPP Law, especially tax consultants, in the hope that they can provide direction to their clients regarding the existence of this HPP Law.

The consultant is the first subject who must understand the HPP Law so that it can truly become a bridge for taxpayer compliance (Puspasari et al., 2017). IKPI Malang branch is one of the official tax consultant associations and is recognized by the DGT. IKPI Malang, in its activities, is always active and continues to support the government in achieving its goals in the field of taxation by always being active in various socialization and other development programs. One of the current activities that support the DGT program is the socialization of the HPP Law for all members of IKPI Malang, which consists of 100 registered tax consultants. In the socialization that has been carried out at IKPI Malang, it turns out that there are still many points in the HPP Law that have not been fully understood by tax consultants due to time constraints and the existence of several articles in certain clusters for which there is no further PP or KMK.

A tax consultant is a profession that has full responsibility for consulting practices related to taxpayers' tax obligations starting from calculating and paying, depositing, and reporting (Sutanto & Tjondro, 2013). As a profession that has considerable responsibilities, it is very important to ensure that tax consultants must understand and understand the HPP Law that has been enacted. It is necessary for all stakeholders to know and identify which clusters in this latest law are not fully understood by tax consultants so that further education and understanding can be carried out regarding the HPP Law. The purpose of this study is to measure how much the tax consultant understands about each of the changes in the six clusters contained in the HPP Law so that it can be seen from each of the six clusters of the HPP Law which changes are well understood by the tax consultant.

**Method**

This study uses a *positivism paradigm* with a quantitative approach that originates from the curiosity of researchers in the six clusters in the HPP Law that have been socialized by the DGT to tax consultants, which points of change or addition represent the tax consultant's understanding. The variables of this study consist of six clusters of changes and/or additions to the HPP Law, including (1) General Tax Provisions, (2) Income Tax, (3) Value Added Tax, (4) Voluntary Disclosure Program, (5) Carbon Tax, and (6) Excise. From the six clusters, it will be known which manifest will represent the tax consultant's understanding of the HPP Law in each cluster. The data used are primary data as a source of data obtained from distributing questionnaires to tax consultants who are members of the Malang branch of IKPI, totally 100 people. The sampling technique used is non-probability sampling, which is a saturated sample where the entire population that has been determined, namely 100 people, is used as a research respondent. (Hair et al., 2010). The distribution of the questionnaires was carried out through google form which was distributed to tax consultants. After the data is obtained from the respondents, several testing steps will be carried out, including (a) Testing the validity and reliability of the data and (b) testing each variable using *Confirmatory Factor Analysis (CFA)*. With the aim of testing variables or clusters that can represent manifests (Nahriyah, 2015) by using the AMOS 21 statistical test.

**Table 1 Research Variables**

<b>Latent Variables (Cluster UU HPP)</b>	<b>Manifest/Indicator of Tax Consultant Understanding</b>
General Provisions of Taxation (KUP)	KUP1 Use of NIK as a Personal NPWP
	KUP2 Changes in sanctions at the time of examination and sanctions in legal remedies
	KUP3 The meaning of the HPP Law statement on the power of the Taxpayer
	KUP4 Addition of the authority of the Tax Investigator to block and/or confiscate assets as a guarantee for the recovery of losses in state revenue
	KUP5 Tax criminal law enforcement
	KUP6 Article 44D of the HPP Law concerning the regulation of criminal justice in the field of taxation in absentia
Income Tax (PPh)	PPh1 Changes in the provisions of fiscal corrections for in-kind and/or enjoyment
	PPh2 Changes in rates and brackets for Personal Income Tax in the HPP Law
	PPh3 Determination of the corporate income tax rate, which will take effect in the 2022 fiscal year
	PPh4 There is a limit on the non-taxable gross turnover (up to 500 million) and a calculation system for individual entrepreneurs
Value Added Tax (VAT)	VAT1 changes regarding the exception of VAT objects and VAT facilities
	VAT2 changes to the general VAT rate and its provisions
	VAT3 new provisions for 'final' VAT rates for certain types of goods, services and/or business sectors
Voluntary Disclosure	PPS1 Voluntary Disclosure Program in the HPP Law

Latent Variables (Cluster UU HPP)		Manifest/Indicator of Tax Consultant Understanding
Program (PPS)	PPS2	Period of implementation of the Voluntary Disclosure Program
	PPS3	Provisions of PPS Policy 1, whose scope includes tax subjects, asset base, and Final PPh rates
	PPS4	Provisions of PPS Policy 2, whose scope includes tax subjects, asset base, and Final PPh rates
Carbon Tax	KAR1	Purpose and objectives of the Carbon tax in the HPP Law
	KAR2	Total carbon tax rate
	KAR3	The time period for the start of implementation of the carbon tax
	KAR4	The subject of the carbon tax in the HPP Law
Excise	CUK1	Changes in article 4 regarding the confirmation of the addition of types of excisable goods
	CUK2	A new article in the HPP Law concerning the authority of Customs and Excise Officials to conduct research on alleged violations in the field of excise.
	CUK3	Changes to fines during investigations in the HPP Law

RMSEA value as an informative index in SEM. RMSEA value 0.05 indicates *close fit*, while 0.05 < RMSEA 0.08 indicates *good fit* (Efendi & Purnomo, 2012).

## Results and Discussion

### a. Validity and Reliability

**Table 2** Test of Validity and Reliability

Latent Variable (Cluster of HPP Law)		Validity	Reliability
General Provisions of Taxation (KUP)	KUP1	0.611	Valid
	KUP2	0.628	Valid
	KUP3	0.687	Valid
	KUP4	0.814	Valid
	KUP5	0.775	Valid
	KUP6	0.618	Valid
Income Tax (PPh)	PPh1	0.708	Valid
	PPh2	0.786	Valid
	PPh3	0.827	Valid
	PPh4	0.936	Valid
		0.774	Reliable
		0.834	Reliable

Latent Variable (Cluster of HPP Law)		Validity		Reliability	
Value Added Tax (VAT)	VAT1	0.869	Valid	0.796	Reliable
	VAT2	0.867	Valid		
	VAT3	0.796	Valid		
Voluntary Disclosure Program (PPS)	PPS1	0.689	Valid	0.643	Reliable
	PPS2	0.754	Valid		
	PPS3	0.608	Valid		
	PPS4	0.815	Valid		
Carbon Tax	KAR1	0.777	Valid	0.805	Reliable
	KAR2	0.879	Valid		
	KAR3	0.861	Valid		
	KAR4	0.653	Valid		
Excise	CUK1	0.861	Valid	0.825	Reliable
	CUK2	0.892	Valid		
	CUK3	0.860	Valid		

An item is said to be valid if the value of validity and reliability is above the r-table, namely 0.361. In the sample questionnaire that has been distributed by the researchers, all the data obtained have met the valid and reliable requirements, meaning that the questionnaire is feasible to be distributed (Table 2).

#### b. Unidimensionality Test of Latent Variable

Table 3 Overall Model Fit Test Results

Model Fit Size	Cut off value	Model Fit Value	Benchmark	Model Fit to Data
$\chi^2$	160,788	179.58		Well
Probability	0.259	0.05		Well
RMSEA	0.027	< 0.08		Well
TLI	0.985	> 0.9		Well
CFI	0.990	> 0.9		Well
AGFI	0.799	> 0.9		Marginal
GFI	0.881	> 0.9		Marginal

In table 3, it can be seen that the value of  $\chi^2$  of 160,788 (< 179.58) and probability 0.259 > 0.05, which means  $H_0$  is accepted. However, we need to assess using another model fit measure where the RMSEA value is 0.027 < 0.1, which means good, TLI 0.985 > 0.9, which means good, and CFI value 0.990 > 0.9, which means good, so it can be said that this model is fit or meets *good of a fit*.

**Table 4 Standardized Regression Weights before Modification Indices**

	Estimate
KUP6 <--- COUP	.632
KUP5 <--- COUP	.802
KUP4 <--- COUP	.774
KUP3 <--- COUP	.613
KUP2 <--- COUP	.567
KUP1 <--- COUP	-.347
PPh4 <--- PPh	.684
PPh3 <--- PPh	.633
PPh2 <--- PPh	.505
PPh1 <--- PPh	.545
VAT3 <--- PPN	.849
VAT2 <--- PPN	.906
VAT1 <--- PPN	.596
PPS1 <--- PPS	.769
PPS2 <--- PPS	.768
PPS3 <--- PPS	.860
PPS4 <--- PPS	.680
KAR1 <--- CARBON	.670
KAR2 <--- CARBON	.783
KAR3 <--- CARBON	.836
KAR4 <--- CARBON	.715
CUK1 <--- TAXES	.493
CUK2 <--- TAXES	.746
CUK3 <--- TAXES	.785

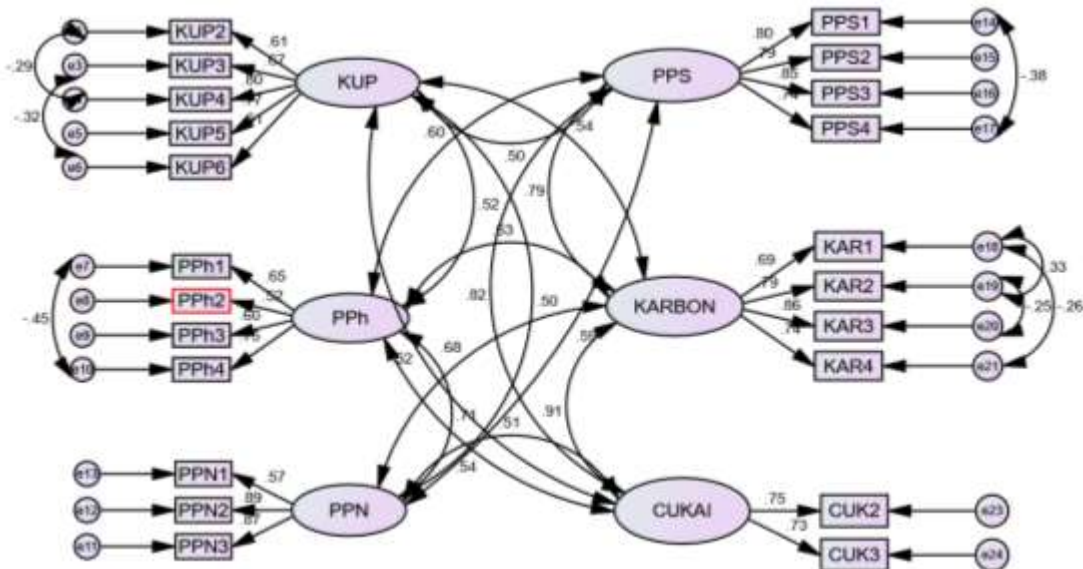
In the unidimensionality test that has been carried out, one of the standardized regression outputs shows that almost all manifests in each cluster show estimates > 0.5. In contrast to the two manifests that have estimates <0.5, the KUP1 manifest has a value of -0.348, and the CUK1 manifest has a value of 0.493. Because the estimate requirements do not meet, the two manifests are omitted in the next calculation or in the sense that *indices are modified*. After modification, the output of *standardized regression* is obtained in table 5.

**Table 5 Standardized Regression Weights after Modification Indices**

	Estimate
KUP6 <--- COUP	.612
KUP5 <--- COUP	.770
KUP4 <--- COUP	.796
KUP3 <--- COUP	.669
KUP2 <--- COUP	.606
PPh4 <--- PPh	.748
PPh3 <--- PPh	.599

	Estimate
PPh2 <--- PPh	.525
PPh1 <--- PPh	.648
VAT3 <--- PPN	.868
VAT2 <--- PPN	.893
VAT1 <--- PPN	.570
PPS1 <--- PPS	.803
PPS2 <--- PPS	.786
PPS3 <--- PPS	.848
PPS4 <--- PPS	.738
KAR1 <--- CARBON	.688
KAR2 <--- CARBON	.785
KAR3 <--- CARBON	.858
KAR4 <--- CARBON	.738
CUK2 <--- TAXES	.747
CUK3 <--- TAXES	.734

After *modification indices* were carried out, by eliminating the KUP1 and CUK1 manifests, all estimates of each manifest were above 0.5, which means that these manifests are acceptable.



Gambar 1 Model and Value of Standardized Estimates Cluster Understanding of HPP Law

From the CFA test that has been carried out, there are two variables where the points in these variables cannot be understood properly by tax consultants. The two manifests or statements in the HPP Law that have not been understood include KUP statement 1 and Excise statement 1.

- 1) Manifest KUP1, namely "Use of NIK as an Individual NPWP", that this statement as KUP 1 is the result of a representation of Chapter II General Provisions and Tax Procedures Article 2 paragraph 1(a), which reads "Taxpayer Identification Number as referred to in paragraph (1) for

individual taxpayers who are residents of Indonesia, use the identification number. With the value on the CFA dimensionality test  $< 0.5$ , it is concluded that the tax consultant does not understand this change, in the sense that the tax consultant does not fully understand the clear provisions on how to implement this provision, how is the system automatic, what about the old NPWP whether to report it first or has it been done automatically. Automatically through the system. There are many understandings that sometimes still make ambiguity over the implementation of this article because there are still many stakeholders, especially taxpayers, who view that the adoption of a NIK as an NPWP makes some people who want to continue to avoid taxes and this is what must be straightened out regarding tax perceptions (Deb & Chakraborty, 2017).

- 2) The CUK1 manifest, namely "Changes in article 4 regarding the confirmation of the addition of types of excisable goods", that this statement as CUK1 is the result of a representation of Chapter VII Excise changes article 4 in paragraphs 1 and 2 with the sound "Addition or reduction of types of excisable goods is regulated by Regulation the Government after being submitted by the Government to the House of Representatives of the Republic of Indonesia to be discussed and agreed upon in the preparation of the Draft State Revenue and Expenditure Budget". With the value of the CFA dimensionality test  $< 0.5$ , it is concluded that the tax consultant does not understand this change in the sense that the tax consultant does not fully understand the clear provisions on how to implement this provision because there has been no Government Regulation passed to clarify the changes to this article and paragraph.

### **Conclusion**

The tax consultant's understanding of the contents of each of the changes in the six clusters contained in the HPP Law is seen from each of the six clusters of the HPP Law, which changes are well understood by the tax consultant. The results of this study indicate that of all six HPP clusters, there are two clusters that are not fully understood by tax consultants. The KUP cluster in point 1 regarding the use of NIK as an Individual NPWP is poorly understood by tax consultants. The Excise Cluster in point 1 regarding changes in article 4 regarding the affirmation of additional types of excisable goods is not understood by tax consultants. By knowing several points in the HPP Law cluster that are poorly understood, it is hoped that there will be better socialization in the future where all PPs and KMKs should also be made to complement the new law.

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