

## Evaluation of Tax Compliance Supervision Policy through the issuance of a Request for Explanation of Data and/or Information (SP2DK)

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### ABSTRACT

**Keywords:** tax compliance, SP2DK, policy evaluation.

This study aims to evaluate tax compliance supervision policies through the issuance of a Request for Explanation of Data and/or Information (SP2DK) with a case study approach. This research uses the theory of policy evaluation developed by William N. Dunn, which includes six dimensions of evaluation, namely effectiveness, efficiency, adequacy, fairness, responsiveness, and appropriateness. The case study used focuses on the issuance of SP2DK to PT MD for the 2020 tax year. This study identifies the challenges and successes that arise in the implementation of the SP2DK policy, as well as its impact on improving tax compliance. The results of this study are expected to provide more in-depth insight into the implementation of tax compliance supervision policies in Indonesia and provide recommendations for improving these policies.



### Introduction

Taxes are mandatory contributions to the state that are owed by laws and regulations. In Indonesia, taxes are the main source of revenue. In the last three years, no less than 75% of Indonesia's current state revenue has come from the tax sector. The role of tax revenue has always sought to be improved because it is a more stable and dynamic source of state revenue. The role of taxes for development costs in Indonesia has been very dominant in exceeding the portion of revenue from the oil and gas sector (Braithwaite, 2017). This condition reflects the expectation that future development is determined by the awareness of taxpayers in fulfilling their tax obligations, one of which is in the form of tax payments and the effectiveness and efficiency of tax collections carried out.

One of the important tools to achieve the success of the implementation of tax policies is tax administration. The key to the success of effective and efficient tax administration is the existence of complete and accountable information (Corbin & Strauss, 2014). Mansury added that tax revenue in the context of tax administration is certainly one of the indicators of its achievement. A good tax administration system will certainly have a positive impact on taxpayer compliance which ultimately leads to optimal tax revenue (Newman et al., 2016). Taxpayer compliance is generally defined as a situation when taxpayers carry out all their tax obligations by applicable provisions. There are two types of compliance, namely formal compliance and material compliance (Saifudin & Rahmawati, 2020).

Formal compliance is associated with administrative fulfillment such as the submission of a Notification Letter (SPT) (Holton, 2018). In this case, an easy way to measure the level of formal compliance is by comparing the number of taxpayers who must report tax returns with the number of tax returns received by the tax authorities in a certain period. Meanwhile, material compliance is usually related to the correctness of filling out the tax return, including the amount of tax that must be paid (Bandiyono & Utami, 2021). It is also usually used to measure the size of the tax gap, the difference between the amount of tax that should be received by the government and the amount of tax paid by the taxpayer.

CRM analytics tools classify taxpayers based on their respective levels of compliance risk (Saptono & Khozen, 2022). This analysis is based on each taxpayer's track record of tax compliance. Stricter supervision can be applied to taxpayers with poor compliance records, while looser supervision can be applied to consistently compliant taxpayers. Thus, the implementation of CRM is expected to increase tax revenue and provide fairer treatment for taxpayers.

In line with that, (Alamien et al., 2023) have previously examined the influence of service quality and the effectiveness of supervision on taxpayer compliance with competence as a moderating variable at the Polonia Primary Tax Service Office in Medan. The results of the study show that the quality of service and the effectiveness of supervision have a positive influence on taxpayer compliance. In addition, this influence is also significant in increasing taxpayer compliance (Charmaz & Thornberg, 2021).

Another study conducted by (Hutauruk et al., 2019) on 179 medium-sized companies in East Kalimantan Province shows that tax supervision has a positive and significant influence on tax payments. In this case, tax supervision can strengthen the self-assessment system and tax revenue.

## **Method**

This research uses a qualitative approach with the aim of not extending to other discussions outside the scope of analysis, then at the end of this research, a conclusion will be made that is expected to provide an answer to each question on the subject matter accompanied by suggestions or recommendations on the results of the research. This research is directed to explore and understand phenomena that have not been fully known or explained. The researcher draws conclusions based on the findings that emerge from the data that has been collected.

The data collection methods for this research are literature studies and case studies. Literature study is a research method by deepens the discussion of cases by studying related theories and connecting them. The Hai aims to make the research results more complete and comprehensive and have relevant theories or legal bases that support this research. The case study method is carried out through in-depth observation and data tracing on cases based on available data sources and information.

## **Results and Discussion**

The Request for Explanation of Data and/or Information (SP2DK) is a supervisory step carried out by the Directorate General of Taxes through the Head of the Tax Service Office (KPP) to ensure taxpayers' tax compliance (Afe et al., 2022). This process begins with the issuance of SP2DK which is carried out using the Supervisory Information System. After issuance, SP2DK must be submitted to the taxpayer within a maximum of three working days. This delivery can be done through various methods, including facsimile, courier services, in-person visits, or electronically through the DGT Online account.

Taxpayers who receive SP2DK are given up to 14 calendar days to provide an explanation. This explanation can be delivered face-to-face, through audiovisual media, or in writing. If the Taxpayer takes longer, the Head of the KPP has the authority to accept the explanation submitted after the deadline by considering compliance risks, good faith, and other conditions.

PT MD is a company engaged in trading and registered with the PMA Tax Service Office (KPP). Every year, PT MD is often inspected by the tax authorities for submitting an Annual Income Tax Return (SPT) for Corporate Income Tax (PPh) that shows overpayment status. However, in 2020, the results of the calculation of PT MD's Corporate Income Tax showed an underpayment status. Until 2024, the company has not undergone a tax audit.

### **Effectiveness**

The effectiveness dimension in the context of the SP2DK policy aims to assess the extent to which this policy has succeeded in achieving its objectives, namely increasing the supervision of taxpayer compliance and optimizing tax revenue. The issuance of SP2DK for PT MD in 2020 serves as an in-depth supervision mechanism for the company's tax reporting data. AR is in charge of identifying indications of non-compliance, such as inconsistencies in transaction data, tax calculations, and non-compliant tax reporting. This step shows that the SP2DK policy is effective as a tool to map the risk of non-compliance of taxpayers. This is to the theory of policy effectiveness, where the main indicator is the achievement of supervisory objectives through accurate identification of potential violations.

One of the main objectives of tax administration is to encourage taxpayer compliance, which is reflected in the four obligations of taxpayers mentioned by Alink and Kommer (2011), namely registration, document return, tax calculation, and accurate tax reporting. The issuance of SP2DK to PT MD illustrates one of the ways tax authorities encourage this compliance. When PT MD responds by providing documents and correcting tax returns, it shows that the SP2DK policy supports tax compliance through the identification of non-compliance, by the principles of effective tax administration.

### **Efficiency**

The efficiency dimension in the context of the SP2DK policy focuses on the extent to which this policy can achieve the goal of monitoring taxpayer compliance by using resources and in the most efficient time possible. This efficiency measures not only how

quickly the supervision process can be completed, but also how optimally resources, both human and material, are used in the process.

One of the efficiency indicators in the SP2DK policy is the minimal use of resources in the process of monitoring and resolving non-compliance issues. Based on the annual report of the Directorate General of Taxes (DGT), the number of tax auditors available is less than AR which has similar tasks in supervising tax compliance. This shows that there are challenges in terms of human resource capacity to handle a large number of taxpayers, including PT MD.

### **Justice**

The justice dimension in the SP2DK policy focuses on the extent to which this policy provides fair treatment for all taxpayers, both in providing opportunities to correct tax returns and in enforcing administrative sanctions.

The SP2DK policy provides an opportunity for taxpayers to detect early if there is an error in the process of fulfilling tax obligations and correct it if there is an error in tax reporting through tax return correction. This is an important step to ensure fairness, as taxpayers are given time and opportunity to improve their tax obligations. This provides space for taxpayers to correct administrative errors that may occur without bad intentions. Correction of tax returns due to self-awareness and good faith of taxpayers is subject to lighter administrative sanctions than errors found based on the results of tax audits.

For example, PT MD that receives SP2DK corrects the tax return after there is a discrepancy in the tax calculation. With this policy, taxpayers are not immediately subject to large sanctions. However, if the taxpayer does not respond well to the SP2DK or ignores the opportunity to improve his tax reporting, then heavier administrative sanctions may be imposed. This shows that fairness in the SP2DK policy also depends on proportional law enforcement, where taxpayers who have lower tax awareness or do not make improvements will be subject to greater sanctions, while those who make corrections due to their awareness will be subject to lighter sanctions.

### **Responsiveness**

The responsiveness dimension aims to assess the extent to which the SP2DK policy is able to respond to public needs and expectations, as well as how quickly the tax authority can respond to conditions or situations that arise related to the policy. In this case, the main indicator is the public's response and/or attitude towards the policy, especially the attitude of taxpayers towards the issuance of SP2DK.

### **Accuracy**

The accuracy dimension in the SP2DK policy aims to assess whether this policy achieves the right target, namely taxpayers who need clarification regarding their tax reporting. In this context, the accuracy of the target measures whether the issuance of SP2DK is applied to taxpayers who do have indications of non-compliance.

This dimension focuses on how appropriate the tax authorities are in selecting taxpayers who receive SP2DK, with the aim of ensuring that this policy is effective in monitoring and identifying taxpayers who have potential non-compliance. In the case of PT MD, the SP2DK is issued after an analysis of data showing potential non-compliance

in terms of income tax and VAT, so the issuance of SP2DK to PT MD is the right step to verify and correct incorrect tax reports.

The accuracy of the target in the issuance of SP2DK also depends on the quality of the data used by the tax authorities. A proper verification process must be carried out to ensure that SP2DK is only issued to taxpayers who have administrative or tax calculation problems that must be clarified immediately. Accuracy in the selection of taxpayers who receive SP2DK will increase the effectiveness of this policy, reduce administrative burden, and prevent the issuance of unnecessary letters.

The risk management system used by the tax authorities greatly determines the accuracy of the targets in the SP2DK policy. By utilizing integrated data and analyzing non-compliance patterns, tax authorities can target the most at-risk taxpayers, as well as reduce the likelihood of SP2DK issuance to taxpayers who have a good track record of compliance (Alink and Kommer, 2011). It is also related to the principle in effective tax administration, where risk management and early detection of violations are the main focus in focusing surveillance efforts on taxpayers who need attention.

The accuracy of the target also includes the extent to which taxpayers who receive SP2DK can actively participate in the problem-solving process. In the case of PT MD, their activeness in responding to the SP2DK and submitting supporting documents shows that the issuance of the SP2DK is right on target.

## **Conclusion**

Based on the five dimensions of the SP2DK policy evaluation, namely effectiveness, efficiency, adequacy, fairness, and responsiveness, it can be concluded that this policy has had a positive impact on tax compliance supervision and optimization of state revenue. The SP2DK policy has proven effective in identifying tax non-compliance and encouraging taxpayers, such as PT MD, to make corrections to their tax returns through in-depth supervision and accurate verification. In terms of efficiency, this policy allows for optimal use of tax resources by focusing supervision on high-risk areas without requiring extensive inspections, as reflected in PT MD's quick response to SP2DK. In the adequacy dimension, SP2DK supports accurate information management through data verification, assisting taxpayers in ensuring compliance with tax regulations. This policy also reflects fairness by providing opportunities for taxpayers to improve their tax reporting before being subject to severe sanctions, providing equal treatment and proportionate sanctions. In addition, policy responsiveness can be seen from the ability of tax authorities to guide taxpayers, as well as the quick response of taxpayers such as PT MD in correcting tax returns, so that the problem-solving process becomes faster and more effective.

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