

IMPLEMENTATION OF TAX INVOICE CRIME PREVENTION POLICY IN INDONESIA

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ABSTRACT

This research is expected to explain the factors that influence the implementation of tax invoice crime prevention policies. This research uses a qualitative method. The data collection method is done by observation and in-depth interview. The exploration process was carried out by understanding the behavior of business groups suspected of committing tax invoice crimes by examining the business processes carried out by *PKP* and the modus operandi used by *PKP* based on discussions with the management of the Law Enforcement Directorate and DJP investigators and court decisions. The results of the research on the implementation of the tax invoice crime prevention policy concluded that an integrated tax invoice crime prevention policy strategy framework is needed starting from the stage of confirming *PKP* until the tax invoice is issued and reported on the VAT periodic tax return. In addition, accuracy of information, consistency in application and clarity of feedback are required. Continuous improvement of procedures and political support from policy makers are absolutely necessary. Further steps are needed to publish the policy framework of the Tax Invoice crime prevention strategy in Indonesia in a regulation issued by the Director General of Taxes which is expected to be implemented properly.

Keywords: VAT, *Tax Invoice*, *Implementation*, *Crime Prevention*

A. INTRODUCTION

Fiscal policy has an important role in directing economic growth and maintaining inflation stability. In addition, fiscal policy increases government revenue through taxes and other sources of revenue. High fiscal gains can be used to support development policies and long-term projects. (Sipayung, 2023). The most important revenue element in the state budget is tax revenue. Based on data from the Central Bureau of Statistics (*BPS*), tax revenue has accounted for around 79% of total state revenue over the last 4 (four) years. The main components that support domestic tax revenue are income tax (*PPh*) which accounts for around 36% of total revenue, then value added tax (VAT) and luxury sales tax (STLG), which account for around 28% of total revenue. In less than fifty years, VAT has developed into one of the most dominant revenue instruments worldwide. More

than 150 countries have adopted it, accounting for about 20% of the world's tax revenue (James, 2015). VAT is one of the tax innovations and has undergone tremendous development (Ebrill, Keen, & Summers, 2001).

The Korean VAT has features of both conventional (European) and modern VATs. It was enacted in 1976, three years after the Value Added Tax (VAT) in the UK and almost ten years before the "modern" VAT. The "modern" VAT has been the model for VAT design and reform in most of the world since the late 1980s. However, the Korean VAT system stands alone for one reason. It differs from almost all evolving theories of tax administration. One of its features is its commitment to a complete VAT invoice matching system. All invoices relating to input tax credit claims are combined with invoices relating to suppliers' output tax liabilities in this system. Korean authorities claim to be able to control VAT administrative duties, which critics consider impossible. The tax authorities quickly realized the failure of the cross-matching system. In mid- 1988, procedures were changed so that only output invoices in excess of approximately £175 were entered. If the system showed discrepancies between input and output invoices or between invoices and VAT returns in excess of £2,875, taxpayers were asked to provide a detailed explanation of the transactions over the previous six months. Nevertheless, the process still presents problems. The data provided to taxpayers to explain suspicious transactions covered all transactions during the period under investigation without isolating problematic transactions, and taxpayers found it too difficult to explain or verify discrepant data. The amount of time required to verify nonconforming data increases as there is a lag of 12-18 months between the reporting of input and output data and the generation of the matching report (Krever, 2014). (Krever, 2014).

Crimes on tax invoices include not depositing the tax that has been collected as stipulated in Article 39 paragraph (1) letter i of the *Undang-Undang Ketentuan Umum dan Tata Cara Perpajakan* (KUP Law) and issuing and/or using tax invoices that are not based on actual transactions (often referred to as Fictitious Tax Invoice or Unauthorized Tax Invoice) as stipulated in Article 39A letter (a) of the KUP Law. This type of crime accounts for 35% of other criminal modes. Tax invoice crime must be avoided because it takes state money and causes other tax crimes, especially those related to notification letters (SPT). Between 2016 and 2017, the DGT Head Office handled 525 cases of Tax Invoice not based on actual transactions, resulting in state losses of IDR 1.01 trillion. 216 cases are still in the preliminary evidence examination or investigation stage. (Mustami, Adinda Ade & Winarto, 2018).

In the past, VAT-related crimes only regulated not depositing taxes that had been withheld or collected. This provision is regulated in Article 39 paragraph (1) letter f in the *Undang-Undang Ketentuan Umum dan Tata Cara Perpajakan Nomor 6 Tahun 1983*. Then it became Article 39 paragraph (1) letter g in the 2000 KUP Law and finally became Article 39 paragraph (1) letter g in the 2007 KUP Law. Since the third amendment of the KUP Law in 2007, the article on crimes concerning tax invoices stands alone as stipulated in Article 39A. However, crimes regarding tax invoices have occurred for a long time and were previously charged with the offense of Article 39 paragraph (1) letter a, namely the misuse or

unauthorized use of a Taxpayer Identification Number (*NPWP*) or Taxable Person Status (*PKP*).

Darmin Nasution representing DGT during the Special Committee (*Pansus*) and Working Committee (*Panja*) Meeting said "the formulation of criminal sanctions in Taxation is important," because this is crediting input tax that should not be credited is fictitious invoices, it is already criminal because this is robbing money, as a result the taxpayer is reduced because there is input tax or if the input tax is greater the taxpayer takes money from the government. Restitution. It will be in Article 39A of Draft the *Undang-Undang Ketentuan Umum dan Tata Cara Perpajakan Nomor 28 Tahun 2007*, List of Issues (*DIM*) Number 337. "Any person who intentionally issues or uses or issues and uses tax invoices and or tax collection receipts and or tax withholding receipts or tax deposit receipts that are not based on actual transactions shall be punished with imprisonment for a minimum of two years and a maximum of six years and so on." (Simon Nahak, 2014).

Although DGT has developed measures to carry out its main functions, namely issuing regulations, supervision, audit, assessment and law enforcement. (Directorate General of Taxes, 2022). However, it is expected that these functions are expected to mitigate risks related to the prevention of tax invoice crime. For example, the regulation on the provision of Tax Invoice only explains and provides examples related to the application of administrative sanctions related to Tax Invoice and does not explain or provide examples of criminal acts. In addition, the supervision, audit and assessment function is also expected to be able to conduct profiling of taxpayers at risk of committing tax invoice crimes, including conducting visits to taxpayer addresses, examining business processes, business reasonableness and ability to pay.

Based on the VAT problem as described above, the problem studied was formulated, namely why the implementation of the Tax Invoice crime prevention policy has not been optimal. This research is expected to explain the factors that influence the implementation of the Tax Invoice crime prevention policy.

B. LITERATURE REVIEW

There are several previous studies related to the implementation of tax invoice crime prevention policies, which are explained as follows:

1. Mohammad Djufri's research in 2023 entitled *Implementation of Value Added Tax Incentive Policies as a Supporting Instrument for the Proud Indonesian National Movement Program* (Djufri, 2023). The research uses a qualitative method and the implementation of the VAT incentive policy is studied with a combination of the George Edward III Model and the Van Meter and Van Horn Model, which includes four dimensions, namely communication, bureaucratic structure, policy standards and objectives and the economic, social and political environment. The dimensions and indicators studied are only those directly related to the policies received or felt by MSME actors, while dimensions that are fully related to the government domain, including policy implementers from government elements, are not carried out. The results of the study of the four dimensions obtained an overview of incentive policies that can support the

Gernas BBI program, namely the factors of regulatory clarity, simplicity of procedures and ease of requirements. These three factors are strengthened by the socialization of regulations to tax officers and to taxpayers. The research conducted has applied the steps of public policy research, but the researcher did not explain the reasons for choosing the method of combining the George Edward III Model and the Van Meter and Van Horn Model as the best method used in the study.

2. Romlih Marzuki's research in 2022 entitled *Analysis of the Implementation of Input Tax Crediting Policy in Unequal Tax Periods* (Marzuki, 2022). This research was conducted with an exploratory descriptive qualitative research approach. Two new findings are obtained that support each other, namely the legal construction of Input Tax crediting using paired legal norms and the findings of the legal basis that applied in the era before the amendment of the *UU PPN 1984* which was the forerunner of the policy of crediting Input Tax with Output Tax in an unequal tax period, Article 9 paragraph (9) of the *UU PPN*. In this research, the theory of public policy implementation as mentioned in the research title is explained, but there is no discussion or application of the policy implementation method applied in the discussion.
3. Kristin Angelina Simatupang and Timbul Dompak's research entitled *Implementation of the E-Filing Program in an Effort to Improve the Quality of E-Government at the South Batam Primary Tax Service Office* (Simatupang & Dompak, 2022). The research uses Qualitative research methods with a descriptive approach. The implementation theory used is the Metland implementation approach, but researchers did not explain the reasons for choosing the Metland implementation method as the best method used in the study.
4. Research by Asep Nugraha, et al in 2020 entitled *Implementation of the Peraturan Direktur Jenderal Pajak Nomor Per-24/PJ/2012 concerning Procedures for Making Tax Invoices* (Nugraha, Rahmat, Hendayani, & Ramadhan, 2020). The research conducted is a type of descriptive research, which provides a specific description of the actual state of a social situation and relationship. The results showed that the implementation of the *Peraturan Direktur Jenderal Pajak Nomor Per-24/PJ/2012* met the criteria as a policy failure, namely unsuccessful policy implementation, which occurred due to unfavorable external conditions so that the policy did not succeed in realizing the desired impact or end result. Policies that include data that must be included in tax invoice documents for the purpose of increasing tax compliance can be assessed as having a risk of failure due to ill-fated policy factors due to factors such as: 1) a view of conflict of interest between administrators and policy targets; 2) considered contrary to the interests of policy objectives; 3) triggering actions that can be categorized as fraud; and 4) prone to unlawful misuse by taxpayers. The research explains the theory of public policy implementation quite well, but does not select the implementation theory in analyzing the case and only concludes the impact of not implementing the policy without formulating the existing problems and analyzing the public policy.

5. Research by Dhian Adhetiya Safitra in 2019 entitled *Implementation of E-Tax Invoice: A Comparative Study* (Safitra, 2019). The research method used a literature study with comparative implementation theory. The results showed that the implementation of e- Tax Invoice in Indonesia has similarities with the implementation of e-Tax Invoice in Korea, Chile, and Thailand. Similarities are found both in terms of form and channel of issuance. There are several fundamental differences in the implementation of e-Tax Invoice in Indonesia, including: [1] the use of invoice id for documents equated with Tax Invoice as implemented in Chile, [2] the format of electronic documents in the form of XML as implemented in South Korea, Chile, and Thailand, and [3] the existence of an *Automatic Response System (ARS)* *call service* channel or coming to the nearest tax office as in South Korea. The concept of e-Tax Invoice in Indonesia is highly dependent on internet connection. From this dependence, there is a challenge that internet penetration in Indonesia is not optimal. In addition, from APJI data (2018), it is known that the dominance of internet usage that is not optimal is still dominated by the use of the internet for entertainment purposes, not for accessing public service online portals. In the research, there is no discussion or application of the policy implementation method applied as stated in the title regarding implementation.
6. Research by Ahmad Hidayat, et al in 2017 entitled *Analysis of the Implementation of Value Added Tax Collection Policy by Treasurers at the Ministry of Public Works and Public Housing in 2016* (Hidayat, Ramdan, & Ramadhani, 2017). The research method is a qualitative approach using interview guidelines to obtain data and then describe it. The results showed that the government treasurer had carried out the fulfillment of value-added tax obligations in accordance with the law but there were still obstacles experienced such as depositing and reporting in the implementation of value-added tax fulfillment. The conclusion of the study is that the implementation of the fulfillment of tax obligations by the treasurer is in accordance with the law. The study used the George Edward III implementation theory approach, but the researcher did not explain the reasons for choosing the George Edward III implementation method as the best method used in the study.

A policy is considered a public policy if the policy concerns a public problem. According to Charles O. Jones, a problem can be considered a public problem if it meets two categories, namely the problem is the concern of organized groups and communities and aims to take action and the problem cannot be solved individually / personally but is less organized and has less support (Jones cited in (Winarno, 2016). Thomas R. Dye said public policy is a government decision to do or not do something. Public policy regulates conflicts, provides various symbolic rewards and material services to the community, and takes money from the community, especially taxes. (Dye, 2017). Public policy addresses how problems are conceived, defined, and put on the policy and political agenda (Parsons, 2011). (Parsons, 2011).

An issue is considered a public issue if it has a wide impact and affects people who are not directly involved. (Winarno, 2016). Problem formulation can be viewed as a process with 4 (four) interdependent phases, namely *problem*

search, problem definition, problem specification and problem sensing. (Dunn, 2003). Based on this, the problem formulation is grouped as follows:

Table 1. Stages of Problem Formulation According to William Dunn

Stages	Explanation
Problem Situation (Problem Search)	Tax Tax invoice clerks impact on tax avoidance and tax crime
Meta Problem (Problem Definition)	<ol style="list-style-type: none"> 1. <i>Faktur Pajak</i> crime is the issuance and/or use of <i>Faktur Pajak</i> that is not based on actual transactions where the transaction does not actually occur or does not match the facts but a tax invoice is issued as the <i>underlying</i> and does not deposit the VAT collected from the issued <i>Faktur Pajak</i>; 2. Understanding of the VAT system along with the procedures for issuing Tax Invoice and its reporting; 3. Changes in regulations and systems related to Tax Invoice and Periodic VAT Return Reporting are quite fast; 4. Technical issues related to <i>Faktur Pajak</i> and Reporting system disruptions; 5. Verification of <i>PKP</i> and <i>Faktur Pajak</i> which requires time and resources; 6. Accuracy in calculation and reporting; 7. Management of <i>Faktur Pajak</i> data and Reporting of damage and/or loss of electronic devices; 8. VAT restitution (refund) which requires detailed Tax.
Substantive Issues (Problem Specification)	<ol style="list-style-type: none"> 1. A legal perspective: The issuance and/or use of <i>Faktur Pajak</i> that is not based on actual transactions and not depositing VAT collected from the issued <i>Faktur Pajak</i> is a criminal offense regulated by the <i>KUP</i> Law. The Tax Invoice Regulation does not include criminal offenses and changes too quickly. 2. An economic perspective: Tax invoice crime has an impact on state revenue losses. The crime also harms victims who do not understand VAT. In addition, the verification of <i>PKP</i> and <i>Faktur Pajak</i> requires time and resources. 3. Technology perspective: Understanding the VAT system along with the procedures for issuing <i>Faktur Pajak</i>, reporting, managing the <i>Faktur Pajak database</i> and technicalities related to system disruptions requires capable and stable technology with attention to data integrity aspects.

Formal Issues (Problem Introduction)	Based on the problem situation, meta-problem, substantive problem as described above, the problem of why the implementation of the Tax Invoice crime prevention policy is not optimal is formulated.
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Based on the problem formulation framework as described above, which is an identification of problems in the Thomas R. Dye policy process, it is determined that the policy agenda to be discussed is why the implementation of the Tax Invoice crime prevention policy is not optimal.

This research aims at the implementation of policies to prevent tax invoice crime in Indonesia. The discussion begins with the current prevention strategy for tax invoice crime and its implementation. The theory that is considered the most relevant in measuring the level of implementation success is the model introduced by the duo of Donal Van Meter and Carl Van Horn. The model is a classic model that runs linearly from public policy, implementers, and public policy performance.

VAT Policy

VAT is an objective tax, which is a tax based on its object, without considering the taxpayer's circumstances. In contrast, income tax is a subjective tax, which is based or based on the subject, taking into account the personal circumstances of the taxpayer. As stated by Richard M. Bird from the Rotman School of Management at the University of Toronto, VAT is considered the fiscal innovation of the two taxes, according to a review of the book *The Modern VAT* written by Liam Ebrill, et al, published by the International Monetary Fund (IMF) in 2001, namely:

“every once in a long while, an institutional innovation comes along that conquers the fiscal world. The value-added tax is such an innovation. Over the last few decades, VATs have been put into place all around the world. Those countries that do not yet have one seem usually to be considering adopting one soon” (Ebrill et al., 2001).

the other Bird, Kathryn James also said:

“Within less than half a century, the value-added tax (VAT) has become one of the most dominant revenue instruments across the world. From relatively inauspicious beginnings in the early twentieth century, the VAT has been adopted by more than 150 countries and accounts for approximately 20 per cent of worldwide tax revenue.¹ In population terms, it is estimated that more than 4 billion people, or 70 per cent of the world’s population, live in countries with a VAT (James, 2015).

To understand VAT, there are three main things that must be understood, namely PKP, tax invoices, and the mechanism for calculating and reporting VAT.

PKP

In VAT, the term PKP (personal subject to tax) is used to distinguish from the term personal in the sense of taxpayer. This is because the two terms have different meanings and functions for VAT purposes. In other words, the terms PKP and Taxpayer are not interchangeable. According to Article 9 paragraph (1)

of the VAT Regulation, a VATable Person is any person who carries out economic activities independently, regardless of the purpose or outcome of such activities. Article 9 paragraph (2) of the VAT Regulation sets out a list of what activities are considered economic activities, including all manufacturing, sales, and service activities, as well as mining, agricultural, and factory activities. In some cases, the VAT Regulation also stipulates exemptions from taxability. For example, governmental authorities or bodies governed by public law are not taxable persons if their activities are related to public activities. (Darussalam, Septriadi, & Dhora, 2018).

Tax Invoice

Article 1 point 23 of the VAT Law defines Tax Invoice as evidence of tax collection made by Taxable Entrepreneurs (*PKP*) who deliver Taxable Goods (*BKP*) or Taxable Services (*JKP*). VAT collection is carried out using the indirect deduction method (indirect deduction method) when calculating the VAT payable to be deposited into the state treasury. (Sukardji, 2018). Article 13 paragraph 1 states that *PKP* is obliged to make a Tax Invoice for each delivery of taxable goods within the Customs Area carried out by the Entrepreneur or export of Tangible Taxable Goods by *PKP* and/or delivery of taxable goods in the form of assets which according to their original purpose are not for sale by *PKP*, except for the delivery of assets whose Input Tax cannot be credited because it has no direct relationship with business activities. In addition, Tax Invoice must also be made for every delivery of *JKP* within the Customs Area made by Entrepreneur, export of Intangible Taxable Goods by Taxable Entrepreneur and export of *JKP* by Taxable Entrepreneur. Tax invoices do not need to be made specifically or differently from sales invoices. Tax Invoice can be a sales invoice or a certain document determined by the Director General of Taxes as a Tax Invoice.

VAT calculation and reporting mechanism

The calculation of VAT can be seen in Article 8A paragraph 1 of the VAT Law which states that the VAT payable is calculated by multiplying the rate as referred to in Article 7 by the Tax Imposition Base which includes the Selling Price, Replacement, Import Value, Export Value or other values. Then paragraph 3 states that Input Tax on the acquisition of taxable goods and/or services, import of taxable goods, and utilization of taxable goods and/or services from outside the Customs Area in the Customs Area which in calculating the VAT payable using the Tax Imposition Base in the form of other values can be credited. Continued with Article 9 paragraph 2 of the VAT Law states that Input Tax in a Tax Period is credited with Output Tax in the same Tax Period. In the explanatory memory, it is stated that the buyer of taxable goods, the recipient of taxable services, the importer of taxable goods, the party utilizing taxable goods from outside the customs area or the party utilizing taxable services from outside the customs area must pay VAT and is entitled to receive proof of tax collection. The VAT that should have been paid is an Input Tax for the buyer of taxable goods, the recipient of taxable goods, the importer of taxable goods, the party utilizing taxable goods from outside the Customs Area or the party utilizing taxable services from outside the Customs Area who has the status of *PKP*. The Input Tax that must be paid by *PKP* can be credited with the Output Tax collected in the same Tax Period.

Thus, if the creditable Input Tax is greater than the Output Tax, the difference can be compensated to the next Tax Period or a refund can be submitted at the end of the fiscal year (except for Taxable Person for VAT Purposes conducting export of tangible Taxable Goods, delivery of Taxable Goods and/or Taxable Service to VAT Collector, delivery of Taxable Goods and/or Taxable Service for which VAT is not collected, export of Taxable Goods and/or Taxable Service and export of Taxable Service. Conversely, if the Output Tax is greater than the Input Tax in a Tax Period, the VAT must be deposited to the State Treasury no later than the end of the following month after the end of the Tax Period and before the VAT Monthly Return is sent. SPT Masa PPN is used to report and account for the calculation of the amount of VAT actually payable.

Policy Implementation

Mazmanian and Sabatier define policy implementation as the execution of basic policy decisions, usually incorporated in legislation but also taking the form of important executive orders or court decisions. Ideally, the decision identifies the problem to be addressed, sets the objectives to be achieved, and in various ways, 'structures' the implementation process. (Hill & Hupe, 2002). Policy implementation is principally the means by which a policy can achieve its objectives. Nothing more and nothing less. To implement public policies, there are two options available, namely direct implementation in the form of programs or through the formulation of derivative policies. (Nugroho, 2017).

Donald Van Meter and Carl Van Horn offer a method very similar to Presman and Wildavsky's point of departure. They focus on studying whether implementation outcomes relate to the objectives set out in the original policy decision, not interested in advising policymakers on successful implementation but rather focused on providing a solid basis for scientific analysis. (Fischer, Miller, & Sidney, 2020).. Van Meter and Van Horn's model aims to direct the attention of people studying implementation rather than providing prescriptions for policymakers. This makes the Van Meter and Van Horn Model considered a system-building model (Hill & Hupe, 2002). (Hill & Hupe, 2002). The basic model presented by Van Meter and Van Horn places six variables that make up the relationship between policy and performance. The included linkages implicitly represent hypotheses that can be empirically tested, assuming that satisfactory indicators can be constructed and appropriate data can be collected. By approaching the problem in this way, there is a greater hope of explaining the process by which policy decisions are implemented than by simply correlating independent and dependent variables in a relatively thoughtless manner. (Van Meter & Van Horn, 1975). The six variables referred to by Van Meter & Van Horn are:

Policy Standards and Objectives

Essentially, performance indicators assess the extent to which policy standards and objectives are realized. Standards and objectives outline the overall purpose of the policy decision. They move beyond the generalities in legislative documents to provide concrete and more specific standards for assessing program performance. These standards and objectives are self-evident and easy to measure in some cases. In determining standards and objectives, one can use the statements

of policymakers, as reflected in various documents such as regulations and program guidelines that lay out criteria for evaluation of policy performance. However, in some cases, policy standards and objectives should be inferred by individual researchers. And one may even want to use criteria for policy performance evaluation provided by client groups. Ultimately, the choice of performance measures depends on the purpose for which the research is conducted.

Policy Resources

Policies provide more than just the standards and objectives used to assess implementation, they also provide the resources that facilitate its administration. These resources may include funds or other incentives in the program that can encourage or facilitate effective implementation. Four additional factors are included in our model: interorganizational communication and enforcement activities; characteristics of the implementing agency; the economic, social and political environment affecting the jurisdiction or organization where implementation takes place; and the disposition of implementers. Each of these factors consists of several variables, some of which will be identified here.

Interorganizational Communication and Enforcement Activities

Effective implementation requires that program standards and objectives are understood by those responsible for their achievement. Therefore, it is critical that we pay attention to the clarity of standards and objectives, the accuracy of their communication to implementers, and the consistency (or uniformity) of their delivery by different sources of information. Standards and objectives cannot be implemented unless they are stated clearly enough so that implementers know what is expected of them. In the context of interorganizational (or intergovernmental) relations, two types of enforcement or follow-up activities are most important. First, advice and technical assistance can be provided. High-level officials can often do much to facilitate implementation by assisting subordinates in interpreting federal regulations and guidelines, drafting responses to policy initiatives, and obtaining the physical and technical resources necessary to carry out a policy. Second, superiors (or federal officials) can rely on a variety of sanctions, both positive and negative.

The Characteristics of the Implementing Agencies

Characteristics that may affect organizational capacity to implement policies: (a) the competence and size of agency staff; (b) the degree of hierarchical control over subunit decisions and processes within the implementing agency; (c) the political resources of an agency (e.g., support among legislators and executives); (d) the vitality of an organization; (e) the degree of open communication (i.e., communication networks with free horizontal and vertical communication, and a relatively high degree of freedom in communication with people outside the organization) within an organization; (f) the agency's formal and informal relationships with policy-making or policy-enforcing bodies.

Economic, Social and Political Conditions

The impact of economic, social and political conditions on public policy has been the focus of attention over the past decade. Students of comparative state politics and public policy are particularly interested in identifying the influence of

these environmental variables on policy outcomes. Although the impact of these factors on the implementation of policy decisions has received less attention, they can have a major impact on the performance of implementing agencies. For illustrative purposes, we propose that consideration be given to the following questions regarding the economic, social and political environment affecting the jurisdiction or organization where implementation takes place: (a) Are the economic resources available within the implementing jurisdiction (or organization) sufficient to support successful implementation? (b) To what extent (and how) will prevailing economic and social conditions be affected by the implementation of the policy in question? (c) What is the nature of public opinion; how prominent are the policy issues? (d) Do elites support or oppose policy implementation? (e) What is the partisan character of the implementing jurisdiction (or organization); is there partisan opposition or support for the policy? (f) To what extent are private interest groups mobilized to support or oppose the policy.

The Disposition of implementors

Each of the components of the model discussed above must be filtered through the perceptions of implementers in the jurisdiction where the policy is delivered. Three elements of the implementers' response can affect their ability and willingness to implement the policy: their cognition (understanding, comprehension) of the policy, the direction of their response to it (acceptance, neutrality, rejection), and the intensity of that response. Implementers' understanding of the general intent, as well as the specific standards and objectives of the policy, is important. In addition, successful implementation can fail when officials do not realize that they are not fully complying with the policy. The goals of a policy can be rejected for many reasons: they may offend the implementer's personal value system, extra-organizational loyalties, sense of self-interest, or existing and preferred relationships.

Based on the advantages of the Van Meter and Van Horn model which is considered a system development model and directs the attention of people studying policy implementation as stated by Hill & Hupe, the framework will use the implementation model by Van Meter and Van Horn which includes:

1. Policy standards and objectives which include dimensions of target clarity, quality, time.
2. Inter-organizational communication which includes message understanding, consistency and feedback.
3. Characteristics of implementing agencies that include procedural dimensions.
4. Social, economic and political conditions covering the dimensions of socio-economic issues and political support.

C. METHOD

This study uses qualitative methods. Qualitative research involves exploring and understanding the meaning of individual and group behavior, describing social or humanitarian issues (Creswell, 2014). The exploration process was carried out by understanding the behavior of business groups suspected of committing tax invoice crimes by examining the business processes carried out by

PKP, the fairness of VAT payments, and the modus operandi used by *PKP* based on discussions with the management of the Law Enforcement Directorate and DJP investigators and court decisions.

D. DISCUSSION

Steven P. Lab says that crime prevention is eliminating crime before it occurs or before criminal activity develops further, while crime control is maintaining the level of existence and managing the amount of such behavior (Lab, 2016). Prevention policies against tax invoice crimes in the form of not depositing taxes that have been collected as stipulated in Article 39 paragraph (1) of the *KUP* Law and issuing and / or using tax invoices that are not based on actual transactions (often referred to as Fictitious Tax Invoices or invalid Tax Invoices) as stipulated in Article 39A letter (a) of the *KUP* Law really need to be done with the aim:

1. To protect buyers and sellers from VAT-related fraud;
2. Ensure that tax obligations to the state are well implemented so as to contribute to the country's development;
3. Security of transaction data from being misused;
4. Maintain the integrity of the VAT collection system;
5. Maintaining healthy competition among entrepreneurs (Fahmi, 2024).

VAT prevention policy has been carried out by DGT by the *Surat Edaran Direktur Jendral Perpajakan (SE) Nomor SE-15/PJ.5/2001* concerning Handling of Tax Invoices Issued by Entrepreneurs who have not been Confirmed as Taxable Entrepreneurs. The policy regulates the steps related to tax invoices that have not been confirmed by *PKP* without being related to the issuance of tax invoices that are not based on actual transactions. Then *SE-15/PJ.5/2001* was refined with *SE-29/PJ.53/2003* on Handling Steps for the Issuance and Use of Unauthorized (Fictitious) Tax Invoice. The improvement was made due to the increasing number of responses to requests for confirmation of Tax Invoice stating that the Tax Invoice requested for confirmation is indicated as an invalid (fictitious) Tax Invoice. In the provision, it is stated that fictitious Tax Invoice is among others:

- a. Tax invoice issued by an entrepreneur who has not been confirmed as a taxable entrepreneur (*PKP*).
- b. Tax invoice issued by an entrepreneur using the name, *NPWP* and *PKP* confirmation number of another individual or entity.
- c. Tax invoice used by *PKP* that is not issued by the issuing *PKP*.
- d. Faktur Pajak that formally fulfills the provisions of Article 13 paragraph (5) of the VAT Law, but does not fulfill materially, namely there is no delivery of goods and or money or goods are not delivered to the buyer as stated on the Faktur Pajak.
- e. Tax invoice issued by *PKP* whose identity does not match the actual situation.

The regulation stipulates that taxpayers who need to be vigilant and indicated as issuers or users of unauthorized tax invoices include:

- a. A taxpayer who submits a Periodic VAT Return, but the VAT Return data elements and attachments cannot be recorded because the taxpayer is not registered as a Taxable Person for VAT Purposes in the Local Master File.
- b. Taxpayers who frequently move address or always apply for a change of address or domicile or application for a change of location of the registered place (Tax Office).
- c. Non-Effective Taxpayers (NE) are suddenly active and have a sizable amount of remittances each month.
- d. Newly established taxpayers immediately have a large number of deliveries, but the underpayment is relatively small.
- e. Taxpayers whose management and commissioners consist of the same person.
- f. Taxpayers whose legal entity's Deed of Establishment is authorized by the same Notary and its establishment at the same time or close together, as well as the Deed Number.
- g. Taxpayers who report the amount of transfer that is not proportional to the amount of capital or assets of the company.
- h. Taxpayers who make corrections to the Periodic VAT Return resulting in the amount of VAT payable delivery (Output Tax) to be large and or the amount of Input Tax to be large. Case example: The Tax Invoice that was originally declared void through the Periodic VAT Return is used again for transactions to other parties so that the Output Tax becomes high, to compensate, the Taxpayer increases the value of creditable Input Tax in such a way that the final result does not change the value of the underpaid Value Added Tax that has been reported.
- i. The Taxpayer conducts trading business activities and delivers Taxable Goods that are so diverse that the Taxpayer's core business is not known with certainty.
- j. Taxpayers whose underpaid tax amount is relatively small compared to the amount of delivery that is subject to Value Added Tax.
- k. Taxpayers are not orderly or never report their tax obligations for Income Tax Articles 21, 23 and 25.
- l. Taxpayers who conduct bookkeeping engineering.
- m. Taxpayers whose addresses were not found, as well as the addresses of their administrators.
- n. Taxpayers whose amount of delivery is large, but their Income Tax Article 21 is small.
- o. Taxpayers whose VAT Monthly Return is overpaid and compensated continuously, and upon audit, no inventory is found.

Policy of *SE-29/PJ.53/2003* was revoked and replaced with *SE-132/PJ/2010* on Handling Steps for the Issuance and Use of Unauthorized Tax Invoice. The regulation states that invalid tax invoices only include tax invoices that are not based on actual transactions and/or tax invoices issued by Taxable Person for VAT Purposes. The regulation also regulates taxpayers who need to be aware and indicated as issuers or users of invalid tax invoices as stipulated in *SE-29/PJ.53/2003*.

The policy related to the prevention of tax invoices has been upgraded from a Circular Letter of the Director General of Taxes to a Regulation of the Director General of Taxes, namely *PER-19/PJ/2017* on the Treatment of the Issuance and/or Use of Unauthorized Tax Invoices by Taxpayers. The rationale for the issuance of the regulation is that there are still activities of issuance and/or use of invalid tax invoices by taxpayers and in order to prevent and stop further losses in tax revenue and restore tax revenue losses, it is necessary to regulate the treatment of the issuance and/or use of invalid tax invoices by taxpayers. The definition of invalid tax invoice follows the definition as stipulated in *SE-132/PJ/2010*. The provision tries to prevent as early as possible by applying a suspension status, which is a situation where the Electronic Certificate owned by the Taxpayer is temporarily deactivated by the Directorate General of Taxes so that the Taxpayer cannot issue Tax Invoices.

In the provisions of *PER-19/PJ/2017*, it is stated that the basis for considering the regulation is that there are still activities of issuing and/or using Unauthorized Tax Invoices by taxpayers and in order to prevent and stop further losses in tax revenue and recover losses in tax revenue, it is necessary to regulate the treatment of the issuance and/or use of Unauthorized Tax Invoices by taxpayers. The regulation explicitly states that the basis for issuance is to prevent crimes related to Unauthorized Tax Invoice. Unlike the previous provisions, namely *SE-15/PJ.5/2001*, *SE-29/PJ.53/2003* and *SE-132/PJ/2010* or its amendment, *PER-16/PJ/2018*, which did not explicitly mention the prevention of crime related to invalid tax invoices.

In addition to these provisions, DGT also tries to prevent the crime but not in a single prevention regulation. There are several derivative rules of the Law on Taxation related to Tax Invoice that have been issued by DGT which can be interpreted as prevention of Tax Invoice crime, namely:

1. DGT Regulation Number *PER-04/PJ/2015* on Securing Electronic Transactions of Online Tax Services which basically introduces electronic transactions, DGT *Online* services, e-fin (identity number issued by DGT), user identity (*username*), *password*, electronic signature, electronic certificate, token, electronic tax return. The provision explains that taxpayers conducting electronic transactions through DGT Online must use a User Identity (*username*) and Password. DGT determines electronic transactions that must use Electronic Certificates as an authentication tool. DGT determines electronic transactions that must use tokens as a validation tool for electronic transactions conducted by taxpayers in using DGT Online. The token is given to the taxpayer through short message service and/or taxpayer's e-mail registered in the DGT information system. If the Taxpayer changes the mobile phone number (cellphone) and/or e-mail address that will be used as the destination for sending the token, the Taxpayer can change the mobile phone number (cellphone) and/or e-mail address that will be used for the purpose of sending the token through the DJP Online service available on the Directorate General of Taxes website.
2. Regulation of the Minister of Finance Number 147/PMK.03/2017 on Procedures for Registration of Taxpayers and Elimination of Taxpayer

Identification Number (*NPWP*) as well as Confirmation and Revocation of Taxable Person for VAT Purposes, which basically states that based on the results of the research of Entrepreneurs who meet the completeness and suitability of documents, the Head of the Tax Office or *KP2KP* makes a decision to accept the Entrepreneur's application to be confirmed as a Taxable Person for VAT Purposes and provide an Electronic Certificate or reject the Entrepreneur's application to be confirmed as a Taxable Person for VAT Purposes no later than 1 (one) working day after the application is received completely. The 1 (one) working day decision is none other than as a form of DGT's excellent service to the Entrepreneur and supports the *ease of doing business* (EoDB). The electronic certificate provided is only valid for 2 (two) years calculated from the date the DGT is given and *PKP* is allowed to request the Electronic Certificate again before it expires. To prevent misuse of Faktur Pajak, *PKP* is required to be activated by the Tax Office or *KP2KP* where *PKP* is confirmed. For requests for activation of Electronic Certificates, *KPP* or *KP2KP* officers conduct field research in order to test the suitability of the information contained in the required documents, no later than 10 (ten) working days after the Entrepreneur is confirmed as *PKP*, in the event that the request is submitted together with an application for confirmation of *PKP* or a separate request for activation of Electronic Certificates. Based on the results of field research, the Head of the Tax Office or *KP2KP* makes a decision in the form of activating the Electronic Certificate or revoking the confirmation of *PKP*. In addition, for security and administrative order, the Head of the Tax Office or *KP2KP* revokes the confirmation of *PKP*, in the event that *PKP* does not submit a request for activation of the Electronic Certificate within a period of 3 (three) months. The Director General of Taxes is authorized to temporarily deactivate the Electronic Certificate against *PKP* with the following criteria:

- a. Taxable Person for VAT Purposes who do not submit Value Added Tax Periodic Notification Letter for 3 (three) consecutive Tax Periods
- b. *PKP* that is indicated to abuse or use without right the confirmation of *PKP*; and/or
- c. *PKP* does not carry out its obligations in accordance with the provisions of tax legislation in accordance with the criteria set by the Director General of Taxes

3. The *Peraturan Direktur Jendral Perpajakan Nomor PER-04/PJ/2020* concerning Technical Guidelines for the Implementation of *NPWP* Administration, Electronic Certificates and Confirmation of Taxable Person for VAT Purposes which essentially introduces Electronic Taxation Services. DGT can provide Electronic Certificates to Taxpayers to obtain Electronic Taxation Services, which include requests for Tax Invoice serial numbers and making Tax Invoices in electronic form (e-invoices). Application, request, submission, and Electronic Documents submitted through Electronic Taxation Services are deemed to have been signed by the Taxpayer in the event that the Electronic Signature used by the Taxpayer can be verified and authenticated by the DGT system.

The results of the research on the implementation of the tax invoice crime

prevention policy can be concluded as follows:

1. Policy standards and objectives in the form of target clarity and quality

To measure the standards and objectives in terms of clarity of quality and targets set out in the tax invoice crime prevention policy, we used the definitions of crime prevention and crime control according to Steven P. Lab. The results of the study show that the standards and objectives of the policy have not been fully understood, as there is an interpretation that the policy has been about control rather than prevention, while another interpretation states that the policy is preventive when compared to the situation before the e-invoice policy was issued. Effective implementation requires that the standards and objectives of the program be understood by those responsible for achieving them. Understanding the standards and objectives of a policy is very important so that the policy can be implemented properly by policy implementers and to observe the attitudes of policy implementers. Based on the results of the study, it was concluded that the standards and objectives of policies related to crime prevention have not achieved their goals, and most informants stated that the policy is a crime control measure and only relates to fictitious tax invoices. Therefore, the prevention policy needs to be revised into a unified policy by explaining the standards and objectives, accompanied by *standard operating* procedures related to tax invoice crimes, so that it can achieve its goals.

2. Communicability in terms of accuracy, consistency and feedback.

Communication was measured by conducting research on message comprehension, consistency, and feedback. To measure message comprehension, the extent to which messages related to Tax Invoice provisions and prevention could be understood was measured. The results of the study show that communication feedback related to the policy of confirmation until the issuance of Tax Invoices has been understood with by policy implementers, but the level of message comprehension and consistency of communication related to the implementation of VAT policies and the prevention of Tax Invoice crimes has not been carried out properly. There are still differences in interpretation among policy implementers.

3. Characteristics of implementing agencies in the form of procedures

For the characteristics of implementing agencies in the form of procedures, measurements were taken to determine how easy it is to documents, procedures, and systems that must be fulfilled when applying for *PKP* confirmation, obtaining E-Faktur Pajak (E-Tax Invoices) and the E-SPT Masa PPN (E-VAT Return) system to be fulfilled, understood, and implemented. Based on the results of the study, it was found that although the documents, procedures, and systems that must be fulfilled when confirming *PKP*, obtaining E-Tax Invoices and the E-SPT Masa PPN system are easy to fulfill, understand, and implement, the policy implementation cannot be carried out properly because there are additional procedures that are applied, thereby complicating *PKP*. In addition, the existing procedures in the regulations have not addressed the issues that need to be resolved, namely those related to the prevention of tax invoice fraud, as there are still procedures that need to be changed and improved while continuing to provide the best and fastest service.

4. Social, economic and political conditions in the form of socio-economic problems and political support

Social, economic, and political conditions in the form of political support dimensions were explored by asking questions related to the collaboration that must be carried out by the DGT and the expected policy support. Based on the results of the study, it was found that the DGT must collaborate with institutions/ministries that handle data related to identity, exports, imports, and oil and gas. In addition, it must collaborate with tax observers and practitioners, including optimizing *Tax Centers* on various campuses and cooperating with tax consultant associations in Indonesia. Based on the results of this study, it is clear that political support is still needed, both internally and externally, from the DGT to implement policies to prevent tax invoice fraud. Internal political support from the DGT is needed to create business processes related to fraud prevention. Meanwhile, external political support is needed in relation to the procurement of facilities and infrastructure, as well as collaboration on data utilization to support the effective prevention of tax invoice fraud.

E. CONCLUSION

Fiscal policy plays an important role in directing economic growth and maintaining inflation stability. In addition, fiscal policy increases government revenue through taxes and other sources of revenue. VAT has evolved into one of the most dominant revenue instruments worldwide. More than 150 countries have adopted it, accounting for about 20% of the world's tax revenue. VAT is one of the tax innovations and has undergone tremendous development. Tax invoice crimes include not remitting tax that has been collected and issuing and/or using tax invoices that are not based on actual transactions (often referred to as Fictitious Tax Invoice or Unauthorized Tax Invoice). A policy is considered a public policy if the policy concerns a public issue. A problem can be considered a public problem if it meets two categories, namely the problem is the concern of organized groups and communities and aims to take action and the problem cannot be solved individually / personally but is less organized and has less support. Policy implementation is principally a way for a policy to achieve its objectives. Ideally, the decision identifies the problem to be addressed, sets the objectives to be achieved, and in various ways, 'structures' the implementation process. Crime prevention is eliminating crime before it occurs or before criminal activity develops further, while crime control is maintaining the level of existence and managing the amount of such behavior. The results of the research on the implementation of the tax invoice crime prevention policy concluded that an integrated tax invoice crime prevention policy strategy framework is needed from the stage of registration of *PKP* until the tax invoice is issued and reported on the VAT periodic tax return. In addition, accuracy of information, consistency in application and clarity of feedback are required. Continuous improvement of procedures and political support from policy makers are absolutely necessary.

Based on this, further steps are needed to issue a policy framework for the prevention strategy of Tax Invoice crime in Indonesia in a regulation issued by the Director General of Taxes which is expected to be implemented properly.

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