

# The Application of Self Assessment System Principles In Provincial Tax Collection (Study Of Motor Vehicle Tax Collection And Transfer Of Motor Vehicle Title Fee)

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**Abstract :** *The application of Self Assessment System principles in taxes collection in Indonesia regulated in general explanation of article 12 Law number 28 Year 2007 about General Provision of Taxation. The conditions regulated in previous law is not loaded in technical regulation of implementation of Provincial Tax Collection in this case which are Motor Vehicle Tax Collection and Transfer of Motor Vehicle Title Fee in Regional regulation number 6 Year 2010 about Motor Vehicle Tax and Regional regulation number 4 year 2010 about Transfer of Motor Vehicle Title Fee. Because of the absence of enforcement base in region, and lack of awareness from the taxpayers to pay taxes, then Provincial Government of Maluku in this case through Board of Management of Regional revenue, finance and assets as the authorized institution to collect taxes is still incapable to apply self assessment system principles in the collection of regional taxes in this case Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee.*

**Keywords :** *Self Assesment System, Motor Vehicle Tax Collection, Transfer of Motor Vehicle Title Fee*

## 1. INTRODUCTION

The objective of the State of the Republic of Indonesia as an independent and sovereign Country in running its governmental wheels, as written in the principles of Pancasila and the 1945 Constitution of the State of the Republic of Indonesia in paragraph IV, namely: to protect the whole Indonesian nation and the entire motherland of Indonesia, promoting public welfare, educating the nation and participating in world order. The purpose of the establishment of the Republic of Indonesia is to provide prosperity, increase the dignity and dignity of all the people of Indonesia, encourage development in all fields in order to form a just and prosperous society. Based on those efforts to achieve the objectives of the State, then the supportive elements that vital is necessary which is the sources of country income that are reliable.

The sources of State income are very important to be able to run various activities in the process of running a government. Without adequate sources of state revenues, government programs can not run optimally. One source of state revenues that can be seen is the source of state revenues derived from areas that are very potential and always relied upon in meeting the target of Local government Budget (APBD) is the revenue of the region sourced from the tax sector.

Paying taxes is a public obligation as a form of participation in the financing and development of the State, as proposed by Rochmat Soemitro<sup>1</sup> that: "Taxes are the duty of the Indonesian population in supporting the development in a planned, directed and orderly manner, and taxes are used to finance regular upgrades, and if there is a residual commonly called surplus, then this surplus can be used to finance development investment".

Law Number 28 Year 2009 on Regional Taxes and Regional Retribution in its implementation is part of the effort to encourage decentralization principles as well as better regional autonomy. Starting from there, the Provincial Government of Maluku stipulates the Regional Regulation (PERDA) as the juridical basis for the implementation of tax collection in the regions based on Article 283 paragraph (1) and Article 285 paragraph (1) Law Number 23 of 2014 on Regional Government.

Article 283 paragraph (1) states: "Management of Regional finance is an integral part of the implementation of Government Affairs which is the authority of the Region as a result of the handover of Government Affairs"

Article 285 paragraph (1) states:

Sources of Regional revenue consist of:

- a. Local own-source revenue includes:
  1. local taxes;
  2. regional retribution;
  3. the result of separated regional wealth management; and
  4. other legal local own-source revenue;
- b. transfer revenue; and
- c. other legitimate Regional income.

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<sup>1</sup> Rochmat Soemitro, *Tax and Development*, Eresco, Bandung, 1986, page: 109

Provision of Regional Autonomy itself in writing gives the government the right to collect local taxes and retribution based on prevailing Regional Regulations (PERDA).

The Tax Reform in 1983 has brought changes to the National taxation system, where the tax collection system which is carried out according to the principle of the Official Assessment System then becomes the Self Assessment System. Wirawan. B. Ilyas<sup>2</sup> points out that: "Self Assessment System is tax collection that gives authority, trust and responsibility to Taxpayer to calculate, measure, pay and self-report the amount of tax to be paid". This means, Self Assessment System is a tax collection system that replaces the original tax collection system is Official Assessment System. In the Official Assessment System, the authority to tax collection lies in the hand of the Tax Administration officer (Fiskus). Official Assessment System is deemed incapable of inviting enthusiasm of Taxpayers from all layers to play a role in increasing state revenues in order to support the national development therefore the Government through Law Number 28 Year 2007 on General Provisions and Procedures of Taxation, establishing the National Taxation system as Self Assessment System.

The principle of Self Assessment System applied in Indonesia is based on Law Number 28 Year 2007 regarding General Provisions of Tax Procedure (UU KUP) is the third amendment of Law Number 6 Year 1983. In the General Explanation of Article 12 states that The taxpayer is obliged to calculate, pay and report on his tax debt through the Notice Letter (SPT), so that Tax Administration officer does not intervene or does not participate in the determination of the tax payable of a Taxpayer. In this system, Taxpayer is more active when compared with the tax administration officer, which serves to conduct supervision of any action taken by the Taxpayer.

Motor Vehicle Tax and Transfer of Motor Title Vehicle Fee (PKB and BBNKB) which is a part of Regional Taxes in which the Provincial Tax in accordance with the provisions of Article 2 of Law Number 28 Year 2009 and Government Regulation of the Republic of Indonesia Number 91 Year 2010 concerning Types of Regional Tax which is collected on the basis of the determination of the Head of Region or paid by the Taxpayer himself is a compulsory contribution of the Provincial Head in this case the Governor, owed by the Personal or the Coercive Body under the Act, by not obtaining direct remuneration and used for the purposes of the region for the greatest prosperity of the people.

In the Province of Maluku, the Provincial Regulation of Maluku Number 06 Year 2010 on Motor Vehicle Tax and Regional Regulation of Maluku Province No. 04 Year 2010 on Transfer of Motor Vehicle Title Fee is the operational legal basis in the technical implementation of the imposition and collection or collection of Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee (PKB and BBNKB).

Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee is imposed on an individual or a business entity for ownership or control of a motor vehicle. Wheeled vehicles along with trailers, operated in all types of road and motorized vehicles operated in water with gross GT 5 (five Gross Tonnage) to GT 7 (seven Gross Tonnage) gross.

The implementation of Self Assessment System to every type of tax in Indonesia as regulated in Article 12 paragraph (1), (2) and paragraph (3) of Law Number 28 Year 2007 concerning KUP, including Provincial Tax as part of Regional Tax, but in fact , The Regional Tax of Maluku Province in general has not applied Self Assessment System principle. In the Provincial Regulation of Maluku Number 06 Year 2010 and Regional Regulation of Maluku Province Number 04 Year 2010 (as the implementation of rule of law) that regulate the technical implementation of the imposition and collection of Vehicle Tax Motorized and Transfer Title Fee of Motor Vehicle , not regulated about the principle of Self Assessment System. Thus the Regional Government of Maluku Province through the Regional Revenue Service (DISPENDA) Maluku Province which is now known as the Board of Revenue, Financial Management and Regional Assets abbreviated as BPPKAD Maluku Province as the Institution of Revenue Management Area at the provincial level, has no legal basis to carry out collections of Motor Vehicle Tax and Motor Vehicle Title Transfer Fee based on Self Assessment System mechanism as the taxation base, as regulated in Law Number 28 Year 2007 regarding KUP.

### **1. Formulation of the Problem**

Referring to the description above, the problems in this paper is formulated as follows: Is the Self Assessment System Principle could be applied in Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee?

### **2. Purpose of The Research**

This research aim to find out the implementation of Self Assessment System in tax-collecting process of Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee in Maluku Province.

## **2. RESEARCH METHOD**

Based on the problems posed in this study which used empirical juridical approach method which means to analyze and asses the workings of law in society. Empirical legal research method is a legal research method that serves to see the law in the real sense and examine how the law works within the community. Because in this study that examine people in living relationships in society therefore the method of empirical legal research can be regarded as research sociological law. It can be said that legal research is derived from the facts that exist within a society, legal entity or government agency.

## **3. RESULTS AND DISCUSSION**

### **1. Legal base for Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee**

Paying Taxes as a liability at the same time symbolize the participation of the Society (Taxpayer) in the development of the State, which essentially contains the element of 'coercion' (by law) in its collection process, it is fittingly based on a legal

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<sup>2</sup> Wirawan B. Ilyas, *Indonesia Taxation*, Salemba Empat, Jakarta, 2002, page: 18

provision (legal basis) that guarantee the fairness and convenience of each Taxpayer. Similarly, the legal basis for the collection of Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee. With clear legal basis, the collection of Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee to Taxpayer will run well and smoothly.

**a. Legal Basis for Tax on Motor Vehicle**

Tax collection on Motor Vehicle is based on several regulations as follows:

- 1) Law Number 28 Year 2007 about General Provisions on Tax Procedures
- 2) Law Number 28 Year 2009 about Regional Tax and Regional Retribution;
- 3) Law Number 32 Year 2004 as amended by Law Number 23 Year 2014 regarding Regional Government;
- 4) Government Regulation Number 91 Year 2010 about Types of Local Taxes Withheld Based on Stipulation of the Head of Region or Paid by Owner by Taxpayer;
- 5) Regional Regulation of Maluku Province Number 06 Year 2010 about Motor Vehicle Tax

**b. Legal Basis for Transfer of Motor Vehicle Title Fee**

Collection of Motor Vehicle Title Fee is based on the rule of law among others:

- 1) Law Number 28 Year 2007 about General Provisions on Tax Procedures;
- 2) Law Number 28 Year 2009 about Regional Tax and Regional Retribution;
- 3) Law Number 32 Year 2004 about Regional Government as amended by Act Number 23 of 2014;
- 4) Government Regulation Number 91 Year 2010 about Types of Local Taxes Withheld Based on Stipulation of the Head of Region or Paid by Owner by Taxpayer;
- 5) Regional Regulation of Maluku Province Number 04 Year 2010 about Transfer of Motor Vehicle Title Fee

**2. Self Assessment Principle in Collection of Motor Vehicle Tax and Transfer on Motor Vehicle Title Fee**

The legal basis for the implementation of the Self Assessment System is contained in Article 12 of Law Number 28 Year 2007 about General Provisions and Tax Procedures stipulating that the Self Assessment System applies to every type of tax in Indonesia. Self Assessment System is a system of taxation that gives trust and responsibility to the Taxpayer to:

- a. initiated to register himself to obtain a Taxpayer Identification Number hereinafter abbreviated as NPWP.
- b. Counting, calculating, paying and reporting your own tax payable.

According to the explanation of Law Number 28 Year 2007 about General Provisions and Tax Procedures explain that the collection system means that the determination of the amount of tax payable is entrusted to the Taxpayer himself and to regularly report the amount of tax payable and paid as determined in the legislation about tax. The media or letters used by the Taxpayer to report the calculation and payment of tax shall be called the Notice Letter hereinafter abbreviated as SPT.

Principles of Self Assessment system that currently used by Indonesia gives freedom and responsibility to Taxpayers to carry out their tax obligations. In implementing the Self Assessment system, the government issued several policies such as providing tax dissemination, tax service, and law enforcement on taxation. It should be optimally implemented in order to create voluntary compliance of the Taxpayer in fulfilling his taxation obligations and his right in taxation. Taxation counseling needs to be done to provide an explanation of the procedures for implementing this self assessment system.

The characteristics of tax collection system based on Self Assessment System principle are:

- a. The existence of legal certainty
- b. Simple and easy calculation that is understandable to the Taxpayer
- c. Easy implementation
- d. Reflecting more the principle of justice and equality
- e. Minimize the possibility of taxpayers unable to pay taxes due to too large a calculation.<sup>3</sup>

Services in the field of taxation is done to provide comfort, security and certainty for the Taxpayer in the fulfillment of his obligations and rights in the field of taxation. To make sure the Self Assessment system is well implemented, Law enforcement is required in the implementation. The role of supervision is conducted by Tax administration officer in the form of examination (tax audit) with the intention of testing taxpayer compliance in carrying out its tax obligations, then tax investigation and tax collection.

Inspection in its function is one of the necessary tools in implementing taxation management. Especially in the Self Assessment System there is a provision that the reporting of the Taxpayer in the Tax Notification Letter (SPT) must be considered true, unless it can be proved wrong. The verification is done through a series of research and examination activities. In principle, examination is an activity to collect evidence / materials to be used as basis for issuing assessment letters and other purposes related to tax administration.

Tax investigation is conducted as one of the efforts of the Director General of Taxes to crack down on Taxpayers who have committed criminal acts in the field of taxation. According to the tax law about General Provisions and Tax Procedures, it is mentioned that there is a criminal action in taxation if the Taxpayer does things such as negligence, intentional, probation and repetition in carrying out his tax obligations. Therefore required an investigation action to seek and collect evidence and clarify the tax crime that has been done Taxpayer.

Tax collection is conducted if there is a difference in the calculation of tax payable in the tax return reported by the Taxpayer with calculations according to Tax Administration Officer so that taxes arising underpaid. Therefore, the Director General of Taxes shall issue a Tax Underpayment Assessment Letter (SKPKB) for the Taxpayer concerned. Tax collection is also conducted to the tax administration sanction in the form of interest and penalty incurred due to the taxpayer's negligence in performing his tax obligations, which has not been paid by the Taxpayer concerned.

<sup>3</sup> Indra Ismawan, *Understanding the Tax Reform 2000*, PT. Elex Media Computindo Gramedia Group, Jakarta, 2001, page : 11

Another feature of the principle of Self Assessment System is Taxpayers pay taxes by not relying on the existence of Tax Assessment Letter. The Self Assessment System tax collection will work best if people have high knowledge and tax discipline. However, since the Self Assessment gives the Taxpayer the flexibility to calculate the tax, it creates a great opportunity for the Taxpayer to commit the act of cheating, manipulation, or the fraud counting of his tax calculation. The possibility of cheating the actual tax calculation has been anticipated in Law Number 28 Year 2007 about General Provisions and Procedures of Taxation, this can be traced from the provisions of Article 12. Initially Article 12 of the Law provides that every Tax Payer pays the tax payable in accordance with the provisions of the tax laws and regulations, without relying on the existence of Tax Assessment Letter. But that does not mean the Director General of Taxes will not issue a Tax Assessment Letter. In the explanation of Article 12 of the Act stipulates that the Tax Assessment Letter shall still be issued but only limited to certain Taxpayers caused by unfairness in the filling of Notice or due to the discovery of fiscal data not reported by the Taxpayer.

In the principle of Self Assessment System the role of data is incredibly important. The Director General of Taxes can not issue tax assessment letters without any evidence (in this case fiscal data). Therefore, in Law Number 28 Year 2007 about the Third Amendment to Law Number 6 Year 1983 about General Provisions and Procedures of Taxation, Article 35A stipulates that every government institution, agency, association, and other party must provide data and information which relates to taxation to the Directorate General of Taxes whose provisions are regulated by Government Regulation No. 31/2012 about Granting And Collection of Data And Information Relating to Taxation. The purpose of granting and collecting data and information relating to taxation is to build tax data as the basis of supervision to:

- a. Increase Taxpayer compliance,
- b. Minimize the contact between the tax apparatus and the Taxpayer
- c. Increasing professionalism for tax apparatus and Taxpayer.

Related to the Implementation of Self Assessment System in every type of tax in Indonesia is based on Article 12 of Law Number 28 Year 2007 about General Provisions and Tax Procedures which stipulates that Self Assessment System applies to every type of tax in Indonesia. Regional Regulation No. 06/2010 about Motor Vehicle Tax which is the operational legal basis in the technical implementation of Vehicle Tax Imposition and Collection in the Province of Maluku suggests that the current collection system of Motor Vehicle Taxes is using Official Assessment System, not Self Assessment System. Because if it is reviewed from the provisions in the Regional Regulation of Maluku Province Number 06 Year 2010 about Motor Vehicle Tax in Article 10 paragraph (2) and Regional Regulation of Maluku Number 04 about Transfer of Motor Vehicle Title Fee Article 9 paragraph (4) stipulates that the authority of Tax Implementation as meant in paragraph (1) shall be implemented by the Maluku Provincial Revenue Service. It is clear that what is regulated is the Authorized Agency in the collection of Motor Vehicle Tax.

On the other hand in the provisions of the Regional Regulation does not regulate the Implementation of Self Assessment System in the Implementation of the Imposition and Collection of Motor Vehicle Tax and Transfer Motor Vehicle Title Fee. Because there is no basis for its enforcement, the Regional Government of Maluku Province is not allowed to impose Self Assessment System in the Tax Collection of Motor Vehicle and Transfer of Motor Vehicle Title Fee, whereas when viewed from the Juridical point of view the Implementation of Self Assessment System in Tax Collection: Law Number 28 Year About General Provisions and Tax Procedures. From the Sociological side, Self Assessment System has several advantages such as:

- a. Increase taxpayer's compliance and awareness of tax obligations, minimize the contact between tax apparatus and Taxpayer, and increase professionalism for tax apparatus and Taxpayer in order to provide comfort, security and certainty for Taxpayers in fulfillment of their obligations and rights in taxation.
- b. Provide additional costs (in a broad sense) to Taxpayers because Taxpayers will sacrifice more time and effort as well as fees to pay for tax consultant services. In addition, Self Assessment shows a smaller proportion than predetermined, so in accordance with the reality, the amount of taxes budgeted will decrease as well.
- c. Can improve productivity and cheap. The Government shall no longer be liable to the administrative duty of calculating the tax payable of the Taxpayer and issuing a Tax Assessment Letter to notify (at the same time ordering the payment) the amount to the Taxpayer, so that the time, personnel and expenses associated with it may be saved or diverted for other governmental activities. In addition, Self Assessment System will encourage Taxpayers to understand well of the tax system applicable to it.
- d. Taxpayers better understand the obligations of taxation, Self Assessment System has met the needs of Taxpayers and Tax Administration Officer, where the system should be able to streamline tax administration and tax management which is not difficult for the government in collecting taxes and facilitate the Taxpayer in performing tax obligations.
- e. For the government, Self Assessment System is more profitable because the cost of collection is relatively small.<sup>4</sup>

Therefore, related to the Implementation of Self Assessment System Principle in every type of Tax in Indonesia as stipulated in Law Number 28 Year 2007 about General Provisions and Procedures of Taxation, the Regional Regulation of Maluku Province Number 06 Year 2010 about Motor Vehicle Tax and Regional Regulation Number 04 Year 2010 about Transfer of Motor Vehicle Title Fee and Technical Implementation Regulations need to be reviewed because they are contradictory to the Laws because they have not fully implemented the Self Assessment System principles, constituting the principles contained in the Laws.

#### 4. CONCLUSIONS AND RECOMMENDATION

##### Conclusions

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<sup>4</sup>*Ibid*, page : 61-63

Principle of Self Assessment System is a trust given by the Law to every Taxpayer to be able to estimate, calculate, determine, deposit and can self-report the tax payable to the State treasury. The provisions on the implementation of Self Assessment System shall be stipulated in the General Elucidation and Article 12 of Law Number 28 Year 2007 about General Provisions on Tax Procedures.

Implementation of the principle of Self Assessment System has not been applied in Motor Vehicle Taxation and Transfer of Motor Vehicle Title Fee precisely in the Region of Maluku Province because there is no provision in Regional Regulation of Maluku Province Number 06 Year 2010 about Tax of Motor Vehicle and Regional Regulation of Maluku Province Number 04 Year 2010 about Transfer of Motor Vehicle Title Fee that should regulate or contain the implementation of the Self Assessment System as the taxation principle embraced in the collection of taxes in the region does not stipulate the matter, but only regulates the agency that has the authority to execute the Tax on Motor Vehicle and the Transfer of Motor Vehicle Title Fee which is the Financial and Regional Asset Management Revenue Board (BPPKAD). Whereas in Article 12 of Law Number 28 Year 2007 about General Provisions and Tax Procedures regulate or contain that Self Assessment System applies to every type of tax in Indonesia.

### **Recommendation**

The Provincial Government of Maluku shall review the Regional Regulation of Maluku Province Number 06 Year 2010 about Motor Vehicle Tax and Regional Regulation No. 04/2010 about Transfer of Motor Vehicle Title Fee, which is based on Law No. 28/2007 on General Provisions and Procedures Taxation is related to the implementation of Self Assessment System in the Provincial Tax Collection especially the Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee. The next recommendation is to optimize the implementation of the Self Assessment System principle in the Provincial Tax collection especially (Motor Vehicle Tax and Transfer of Motor Vehicle Title Fee), Provincial Government through the Regional Financial and Asset Management Board (BPPKAD) as the institution authorized to collect Provincial Taxes may make new breakthroughs by further exploiting technological advances, by opening tax payment services through an online system (e-tax) or (e-samsat), whereby the Taxpayer can more easily pay the amount of tax payable, not just to pay but Taxpayer will also be easier to report the amount of tax payable that must be paid.

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