

Criminal Penalty for Billboard Tax Evaders

Retno Andarini^{1*}, Emiliya Febriyani²

*Corresponding Author

ABSTRACT

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In 2022, the Law on Financial Relations between Central and Local Governments was enacted, reaffirming the inclusion of billboard tax as part of the district/city's revenue source, similar to the Law on Regional Taxes and Levies enacted in 2009. However, this regulation did not bring significant changes in the criminal penalties for tax evaders. Consequently, there has been a lack of progress in legal developments concerning taxation crimes, specifically in the enforcement of tax laws against billboard tax evaders. This study aims to analyze the criminal sanctions imposed on billboard tax evaders using normative legal research methods. The findings of the study reveal that criminal penalties for billboard tax evaders are outlined in Article 181 of the Central and Regional Government Financial Relations Law, but they only provide options for punishment. In contrast, the Law on General Provisions of Taxation focuses more on recovering state losses and also includes penalties for tax evaders. This distinction is highlighted by the *ultimatum remedium* principle stated in Article 44B of the General Provisions of Taxation Law, which is absent in the Central and Regional Government Financial Relations Law.

Keywords: Criminal Sentencing; Financial Relationship; Billboard Tax

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¹ Faculty of Law, Universitas Internasional Batam, Indonesia, 2151049.retno@uib.edu

² Faculty of Law, Universitas Internasional Batam, Indonesia. emiliya@uib.ac.id

INTRODUCTION

Tax is an important component in supporting the running of government in Indonesia. Based on the authority to collect taxes, taxes can be classified as central and local taxes. Central tax becomes the revenue of the central government and becomes part of the State Budget/Anggaran Pendapatan dan Belanja Negara (APBN). Taxes as one of the sources of state revenue is the largest component contributing to state revenue from which the amount increases from year to year, which amounted to 980,518.10 billion rupiah in 2012, 1,077,306.70 billion rupiah in 2013, 1,146,865.80 billion rupiah in 2014, 1,489,865.80 billion rupiah in 2015, and 1,539,166.20 billion rupiah in 2016 (Cahyadi, 2017). The demand for Regional Original Revenue/Pendapatan Asli Daerah (PAD) is getting bigger along with the increasing number of government authorities delegated to the regions accompanied by the transfer of personnel, equipment, financing and documentation to the regions in large numbers. Potential sources of local revenue must be maximally explored, but of course within the corridor of the applicable laws and regulations, including local taxes and levies, which have long been the main elements of local revenue (Setiawan & Tayudin, 2019).

One of the local taxes that can be a mainstay in contributing to local revenue is billboard tax, because along with the rapid development and economy in the region certainly cannot be separated from the role of billboards as a means of promotion (Virginia & Soponyono, 2021). Whether or not billboard tax collection is effective can be seen from several indicators, one of which is the level of achievement of targets or objectives and its effect on local revenue (Fitrah, Takariawan & Muttaqin, 2021). The level of achievement or realization of predetermined targets or objectives is the main thing that shows whether a program is implemented effectively or not.

According to Djaenuri (2012) billboards are objects, tools, actions or media which, according to their form and variety for commercial purposes, are used to introduce, recommend or praise a good, service or person, or to attract public attention to a good, service or person that is placed or can be seen, read and or heard from a place by the public except those carried out by the government. The low level of taxpayer compliance, especially for billboard organizers, can be seen from several cases that have recently occurred. Last year, through the screening by the Malang City Pamong Praja Police Unit, there were 20 taxpayers with 36 billboard points with an

arrears value of IDR 540,898,500 (five hundred forty million eight hundred ninety-eight thousand five hundred rupiah) (Bapenda Kota Malang, 2022). In Kudus, there are 17 taxpayers who have not paid arrears with a total loss of Rp272,000,000 (two hundred seventy-two million rupiah) (Nazaruddin, n.d.).

A criminal case of billboard tax evasion has occurred in West Jakarta. In Decision Number 554/Pid.B/2020/PN Jkt.Brt, Andhiko Tri Setyadi alias Dhiko bin Markum Edy had committed tax evasion for billboards by not paying money belonging to PT Alleria Batik Indonesia to the West Jakarta Regional Revenue Agency in the amount of Rp898,060,215 (eight hundred ninety-eight million sixty thousand two hundred fifteen rupiah). Surprisingly, this case does not use the criminal offense of taxation, but uses the elements of embezzlement in the Criminal Code.

The government in terms of formulation has actually issued General Provisions of Taxation, namely through Law Number 6 of 1983 concerning General Provisions and Procedures for Taxation, as amended and perfected through Law Number 9 of 1994, Law Number 16 of 2000, Law Number 28 of 2007, Law Number 16 of 2009, Law Number 11 of 2020, and Law Number 7 of 2021 (hereinafter all of these laws are referred to as the General Provisions of Taxation Law) which also regulates criminal sanctions. Criminal enforcement of taxation for billboard tax has also been clearly regulated in Law Number 28 of 2009 concerning Regional Taxes and Levies (hereinafter referred to as the Regional Taxes and Levies Law), and most recently in Law Number 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments (hereinafter referred to as the Financial Relations Between the Central Government and Regional Governments Law). However, since its enactment in 2020, criminal enforcement for billboard tax evaders has never been carried out using this law.

The low level of taxpayer compliance, especially for billboard operators in terms of legal aspects, can actually be minimized by formulating a criminal law policy in the field of taxation. The low level of taxpayer compliance encourages the birth of legal policies as an effort to overcome existing problems. This scientific work is prepared to describe the criminalization of billboard tax evaders after the enactment of the Law on Financial Relations Between the Central Government and Regional Governments and to seek solutions so that enforcement can be more effective.

METHOD

The problem taken in this research is a legal problem, which sees that the applicability of a law (*das sollen*) is not optimal (*das sein*) as happened in Malang and Kudus Districts. For this reason, the research method used is normative legal research method. Doctrinal legal research is basically an activity that will examine the internal aspects of positive law. This is done as a consequence of the view that law is an autonomous institution that does not have any relationship with other social institutions (Disemadi, 2022). This research uses legislation as the main material, as well as literature as secondary material, especially related to criminal enforcement of billboard tax in Indonesia. The approaches used are legislative approach and theoretical approach.

DISCUSSION AND ANALYSIS

Tax is a mandatory contribution that must be paid to the state without getting a direct reward but is imposed based on the Law (Febriyani & Santoso, 2022). While Tax Law is the law that regulates the procedures for paying taxes. Taxes function as budgeter or budget and regulerend in the form of regulation. So that, it should be realized that the State Budget is entirely sourced from taxes of 80%. Therefore, it must be maintained and maintained so as not to be misused. According to Resmi (2004) there are several features or characteristics of taxes, namely: 1) Tax collection is based on the law or its implementing regulations; 2) There is no direct reward for tax payments; 3) Taxes are collected by the state, both central and local governments; and 4) The proceeds of tax revenue are used to finance government expenditures, both routine and development expenditures, and if there is an excess, the remainder is used for public investment.

The budgeter function (source of state finance) means that tax is one of the sources of government revenue to finance both routine and development expenditures and the government seeks to put as much money as possible into the state treasury (Ketaren, Syahrin, Ablisar & Hamdan, 2013). While the tax regulerend function as a tool to regulate or implement government policies in the social and economic fields, as well as achieve certain goals outside the financial field (Setiawan & Tayudin, 2019).

According to Mardiasmo (2016), so that tax collection does not cause obstacles, tax collection must meet the following conditions, *First*, The tax collector must be fair (fairness requirement). Fairness in legislation includes imposing taxes generally and evenly, and adjusted to their respective abilities. Meanwhile, fairness in its implementation is by giving taxpayers the right to file objections, delays in payment and appeal to the Tax Advisory Panel. *Second*, Tax collection must be based on law (juridical requirement). In Indonesia, taxes are regulated in Article 23 of the 1945 Constitution. This provides a legal guarantee to state justice, both for the state and its citizens. *Third*, Does not disrupt the economy (economic requirements). Levies must not interfere with the smooth running of production and trade activities, so as not to cause economic downturns in the community. *Fourth*, Tax collection must be efficient (financial requirement). In accordance with the budgetair function, the cost of collecting taxes must be reduced so that it is lower than the results of the collection. *Fifth*, The tax collection system should be simple. A simple collection system should facilitate and encourage people to fulfill their tax obligations.

Based on the tax collection authority, taxes can be divided into 2 types, namely central taxes and local taxes. Central taxes are taxes levied by the central government and used to finance the State's household, while local taxes are taxes levied by the local government to finance regional development. Local tax is a mandatory contribution to the region owed by individuals or entities that are compelling, with no direct reward and used for regional purposes for the greatest prosperity of the people (Pudjatmoko, 2005).

The Regional Tax and Retribution Law explains that Regional Taxes are mandatory contributions to the Region owed by individuals or entities that are compelling based on the Law, with no direct reward and are used for Regional purposes for the greatest prosperity of the people. According to the provisions of the Law on Financial Relations Between the Central Government and Local Governments, the types of local taxes based on the authority to collect them are divided into two parts, namely: 1) Taxes levied by the provincial government, and 2) Taxes levied by the regency/city government

Billboard tax is included in the taxes levied by the Regency/City. Reclame itself is defined as objects, tools, actions, or media whose forms and patterns are designed for commercial

purposes to introduce, advocate, promote, or attract public attention to something. The organization of this billboard is included in the tax object. In the Law on Financial Relations Between the Central Government and Regional Governments, billboard taxpayers are individuals or entities that use billboards. The basis for the imposition of billboard tax is the rental value of the billboard. The rental value of billboards is calculated by taking into account the factors of type, material used, placement location, display time, period of operation, number, and size of billboard media and is stipulated in the Regulations of the Head of the Regency / City Region.

Taxpayers who fulfill tax obligations based on the determination of the Regional Head are paid using the Regional Tax Assessment Letter/Surat Keterangan Pajak Daerah (SKPD), which is a tax assessment letter that determines the amount of the principal amount of tax owed. Taxpayers who fulfill their own tax obligations are paid using: 1) Local Tax Notification Letter/Surat Pemberitahuan Pajak Daerah (SPTPD), is a letter used by taxpayers to report the calculation and / or payment of taxes, tax objects and / or non-tax objects, and / or assets and liabilities in accordance with the provisions of local taxation laws and regulations; 2) Underpaid Local Tax Assessment Letter/ Surat Ketetapan Pajak Daerah Kurang Bayar (SKPDKB), is a tax assessment letter that determines the amount of tax principal, the amount of tax credit, the amount of tax principal underpayment, the amount of administrative sanctions, and the amount of tax accrued; and 3) Additional Underpaid Local Tax Assessment Letter/ Surat Ketetapan Pajak Daerah Kurang Bayar Tambahan (SKPKBT), is a tax assessment letter that determines the addition to the amount of tax that has been determined.

If there is misuse, it will harm state revenue and the perpetrators of misuse, in addition to being prosecuted with administrative sanctions in the form of fines, can also be punished as stipulated in both the Criminal Code (KUHP) and the Law on General Provisions and Tax Procedures.

Legal Aspects of Tax Crime

The definition of Criminal Offenses in the field of Taxation is not regulated in this law but is regulated in the explanation of Article 33 paragraph (3) of Law Number 25 Year 2007 on Capital Investment (hereinafter referred to as the Capital Investment Law) specifies: "*Taxation crime means*

false information regarding reports related to tax collection by submitting a notification letter, but whose contents are untrue or incomplete or attaching false information so as to cause losses to the state and other crimes regulated in the law governing taxation".

According to Pudjatmoko (2005) aspects of criminal offenses in the field of taxation include the following: *First*, Absence of required acts, such as not filing tax returns, or prohibited acts, such as presenting false books of account; *Second*, Being in relation to tax issues; *Third*, Carried out intentionally or unintentionally; *Fourth*, Unlawfully: failing to fulfill a legal obligation, or doing something prohibited by law; and *Fifth*, May cause losses to state revenue.

Criminal law enforcement in the tax sector is inseparable from criminal provisions, both those stipulated in the Law on taxation and in other laws, such as the Criminal Code (Sofian & Hasibuan, 2021). From the perpetrator's side, the imposition of criminal sanctions in the tax sector can be imposed on tax authorities, taxpayers or taxpayers, and third parties. Criminal law in the field of taxation is related to the existence of criminal acts in the field of taxation. Therefore, it is important to know what criminal offenses exist in the field of tax and the scope of criminal law enforcement in the field of tax (Pudyatmoko, 2007).

Taxation criminal law is included in economic crimes (Nursadi, 2018). Criminal offenses in the economic field do not have a firm and clear definition, both at the national and international levels. In criminal law doctrine, tax criminal law is referred to as *ius singulare* because it has its own system of norms and sanctions. The character of tax criminal law is very particular. In addition to having legal norms and sanctions that contain administrative and criminal characteristics, tax criminal law is also based on economic and fiscal principles (Hiariej, 2021). Tax criminal law is essentially an administrative law with criminal sanctions in it.

As a special criminal offense, taxation offenses contain deviations from general criminal offenses, especially from the aspect of criminal sanctions adopting a pure cumulation *stelsel*. There are also deviations from the rules on recidivism, probation and provisions on expiration. Various specificities that exist in taxation criminal offenses reflect the budgetary function, thus contributing to the state's financial income (Yoserwan, 2020). In the court stage, the secondary function can be carried out by prioritizing the imposition of criminal fines, so as to optimize revenue for state finances by repaying state losses by taxpayers as well as to realize the budgetary

function of taxes. To the extent that state financial losses cannot be recovered through administrative mechanisms, settlement through criminal law must be implemented in order to enforce and ensure legal certainty and prevent violations of tax obligations (Yoserwan, 2020).

Regarding the definition of tax evader, it has not been widely discussed in the tax literature. Tax evader refers to the subject, while the criminal act is known as tax evasion. According to Mardiasmo (2016), tax evasion is an attempt to reduce the tax burden by violating existing laws. Meanwhile, according to Farouq (2018), tax evasion is an act of tax evasion or tax evasion that aims to reduce or eliminate the amount of tax obligations from what should be owed which is carried out against the law.

According to Transparency International (2020), the definition of tax evasion is: “illegal non-payment or under-payment of taxes, usually by deliberately making a false declaration or no declaration to tax authorities – such as by declaring less income, profits or gains than the amounts actually earned, or by overstating deductions. It entails criminal or civil legal penalties. Tax avoidance is the legal practice of seeking to minimise a tax bill by taking advantage of a loophole or exception to the rules, or adopting an unintended interpretation of the tax code. It usually refers to the practice of seeking to avoid paying tax by adhering to the letter of the law but opposed to the spirit of the law. Proving intention is difficult; therefore, the dividing line between avoidance and evasion is often unclear.”

When formulated in Indonesian, tax evaders are individuals who engage in activities contrary to the law by not paying, or underpaying taxes payable by deliberately making false or non-existent statements to tax authorities/tax collectors - such as by declaring less income, profit or gain than the amount actually earned, or by exaggerating deductions. Tax evaders commit such acts to take advantage of legal loopholes for personal or corporate gain.

If related to billboard tax, billboard tax evaders are individuals or entities that organize billboards but do not pay or underpay their outstanding taxes to the Regency / City Government as the tax collecting authority. Prior to the enactment of the Law on Financial Relations between the Central Government and Regional Governments, the punishment of billboard tax evaders was regulated in District/City Regulations as mandated in the General Tax Provisions Law. However,

after the Financial Relations Law, criminal arrangements are simultaneously regulated in the law, not regional regulations.

Criminal Penalties for Reclamation Tax Offenders: A Look at the Post-Enactment of the Law on Financial Relations between the Central and Regional Governments

Criminalization in Indonesian law is a way or process to impose sanctions or punishment for someone who has committed a crime or offense. Criminalization is another word for punishment. Punishment is an action against a criminal, where punishment is aimed not because someone has committed a crime but so that the perpetrator of the crime no longer commits a crime and other people are afraid of committing similar crimes (Muladi & Arief, 2010). So, from the above statement we can conclude that punishment or punishment is an action against the perpetrators of a crime where the aim is not to give revenge to the perpetrators but the perpetrators are given guidance so that later they do not repeat their actions again. The theory of punishment can be classified into three main groups, namely the retaliation theory group, the goal theory group, and the combined theory group. *First*, Retaliation Theory. The theory of retaliation or can also be called the absolute theory is that the basis of punishment must be sought from the crime itself, because the crime causes suffering to others, the perpetrator of the crime of retaliation is to be given suffering as well (Marpaung, 2005). So, in this theory, retaliation is intended to provide a punishment to the perpetrator of the crime which will have a deterrent effect and fear of repeating the criminal act.

Second, Theory of Purpose. Based on this theory, punishment is carried out to provide the purpose and objective of a punishment, namely to correct the dissatisfaction of the community as a result of the crime. In this case, this theory can also be interpreted as a prevention of crime and as a protection of society. Only by holding the threat of criminal punishment alone will not be sufficient, but it is necessary to impose punishment on the criminal (Effendi, 2011).

Third, Joint Theory. This combined theory was born as a way out of the absolute theory and relative theory which have not been able to provide satisfactory results. This school is based on the integrated goals of retaliation and maintaining public order (Suparni, 2007). This means that

the imposition of punishment is based on two reasons, namely as a retaliation and as an order for the community.

In tax law, in addition to administrative sanctions, there are also criminal sanctions. Administrative sanctions are imposed for minor violations. Criminal law is a threat to taxpayers who act dishonestly. The existence of criminal taxation can be seen in the provisions of the Law on General Provisions and Procedures for Taxation, as well as the Law on Financial Relations between the Regional Government and the Central Government.

Violations of tax obligations committed by taxpayers insofar as tax administration actions are subject to administrative sanctions, while those involving criminal acts in the field of taxation are subject to criminal sanctions. And to determine the occurrence of a criminal offense in the field of taxation, it is necessary to conduct an examination to search, collect, process data and / or other information to test compliance with the fulfillment of tax obligations and for other purposes in the context of implementing the provisions of tax legislation (Hartini, 2012).

Criminal arrangements for billboard tax evaders can be seen in Article 181 of the Law on Financial Relations Between the Central Government and Regional Governments, namely: Paragraph (1) Taxpayers who due to their negligence do not fulfill their tax obligations as referred to in Article 5 paragraph (5), resulting in losses to the Regional Finance, shall be punished with a maximum imprisonment of 1 (one) year or a maximum fine of 2 (two) times the amount of Tax payable that is not or underpaid. Paragraph (2) Taxpayers who deliberately do not fulfill their tax obligations as referred to in Article 5 paragraph (5), to the detriment of the Regional Finance, shall be punished with imprisonment for a maximum of 2 (two) years or a maximum fine of 4 (four) times the amount of Tax payable that is not or underpaid.

Article 5 of the Law on Financial Relations Between the Central Government and Regional Governments stipulates that: 1) Types of Taxes as referred to in Article 4 paragraph (1) letter a, letter b, letter c, and letter e as well as Article 4 paragraph (2) letter a, letter d, letter e, letter h, and letter I are types of Taxes levied based on the stipulation of the Regional Head; 2) Types of Taxes as referred to in Article 4 paragraph (1) letter d, letter f, and letter g as well as Article 4 paragraph (2) letter b, letter c, letter f, and letter g are types of Taxes levied based on self-calculation by the Taxpayer; 3) Documents used as the basis for the collection of the type of tax

as referred to in paragraph (1) include a local tax assessment letter and tax notification letter payable; 4) Documents used as the basis for the collection of the type of tax as referred to in paragraph (2), among others, are regional tax notification letter; and 5) The local tax notification letter document as referred to in paragraph (4) must be filled out correctly and completely and submitted by the taxpayer to the Local Government in accordance with the provisions of laws and regulations.

Billboard tax is included in the provisions of Article 4 paragraph (2) letter d of the Law on Financial Relations Between the Central Government and Regional Governments. Therefore, the formulation of criminal offenses for tax evaders in the Law on Financial Relations Between the Central Government and Regional Governments is for a taxpayer, both personal and corporate, who organizes billboards, does not fill in correctly and completely and is submitted to the Regional Government, intentionally or negligently, is punishable by a maximum imprisonment of 2 (two) years or a maximum fine of 4 (four) times the amount of tax payable.

The punishment for billboard tax evaders in Article 181 of the Law on Financial Relations Between the Central Government and Regional Governments is final in nature where the threat of punishment is alternative, it can be sentenced to imprisonment or a fine only. In this law, it appears that the imposition of punishment is intended only for retaliation because it only contains punitive provisions. It is different when compared to the General Provisions of Taxation Law which is more oriented towards punishment as well as order for taxpayers in paying taxes payable.

To increase state revenue at this time, criminal sanctions in taxation should be ultimum remedium, meaning that in enforcing violations of tax law, administrative sanctions are prioritized, while the application of criminal sanctions is carried out if the methods used are no longer effective to make taxpayers comply with tax provisions. One example of the ultimum remedium principle in taxation is the Government issuing a Tax Amnesty policy, namely the elimination of taxes that should be owed, not subject to tax administrative sanctions and criminal sanctions in the field of taxation, by disclosing assets and paying ransom which is expected to increase tax revenue (Ningrum et al., 2016).

According to Lamintang et al., (2014) Criminal law experts are of the view that the provision of punishment as suffering for the perpetrator should be seen as an *ultimum remedium* or the last resort that must be used to improve human behavior. This is also the opinion expressed by Van Bemmelen in Abidin (1987), that what distinguishes Criminal Law from other fields of law is that Criminal Law sanction is a deliberate threat of suffering and often also the imposition of suffering, which is also done even though there is no victim of crime. Such difference is the reason to consider Criminal Law as the *ultimum remedium*, which is the last effort to improve human behavior, especially criminals, and to provide psychological pressure so that others do not commit crimes. Because the sanction is a special suffering, the application of criminal law is limited as much as possible, in other words, its use is carried out if other legal sanctions are no longer adequate.

Prodjodikoro (2003) said that in the settlement of the legal system relating to state administrative law and state administration that must be applied in its enforcement is to use administrative sanctions with civil sanctions. Furthermore, if these sanctions are deemed to have not or even cannot straighten the balance sheet at the societal level, then criminal sanctions are present as the ultimate effort. *Ultimum remedium* cannot be interpreted the same as the rules governing terrorism and narcotics crimes in which the principle of *primum remedium* is applied.

The *ultimum remedium* principle is reflected in Article 44B of the General Provisions of Taxation Law which reads as follows: Paragraph (1) In the interest of state revenue, at the request of the Minister of Finance, the Attorney General may terminate the investigation of criminal offense in the field of taxation for a maximum period of 6 (six) months from the date of the request letter; Paragraph (2) Termination of investigation of criminal offense in the field of taxation as referred to in paragraph (1) shall only be conducted after the Taxpayer or suspect has paid off: a) losses to state revenue as referred to in Article 38 coupled with administrative sanctions in the form of a fine of 1 (one) times the amount of losses to state revenue; b) losses to state revenue as referred to in Article 39 coupled with administrative sanctions in the form of a fine of 3 (three) times the amount of losses to state revenue; or c) the amount of tax in the tax invoice, tax collection slip, tax withholding slip, and/or tax deposit slip as referred to in Article 39A is added with an administrative sanction in the form of a fine of 4 (four) times the amount of tax in the tax invoice, tax collection slip, tax withholding slip, and/or tax deposit slip; Paragraph (2a) In the

event that the criminal case has been submitted to the court, the defendant can still pay off: a) loss to state revenue coupled with administrative sanctions as referred to in paragraph (2) letter a or letter b; or b) the amount of tax in the tax invoice, tax collection slip, tax withholding slip, and/or tax deposit slip plus administrative sanctions as referred to in paragraph (2) letter c; Paragraph (2b) Repayment as referred to in paragraph (2a), shall be a consideration for prosecution without imprisonment; and Paragraph (2c) In the event that the payment made by the taxpayer, suspect, or defendant at the investigation stage up to the trial has not fulfilled the amount as referred to in paragraph (2), such payment may be calculated as payment of the fine imposed on the defendant.

Seeing the formulation of these provisions, the application of *ultimatum remedium* is carried out in the interest of state revenue with several conditions, namely the repayment of tax payable accompanied by a fine which is imposed proportionally. Unlike the Law on General Provisions of Taxation, the Law on Financial Relations between the Central Government and Regional Governments does not contain any provisions on the termination of investigation or prosecution. This law only contains provisions for the expiration of the prosecution of tax criminal offenses within a period of 5 (five) years from the time the Tax is payable or the Tax period ends or part of the Tax Year ends or the relevant Tax Year ends.

This expiration arrangement provides a loophole for unscrupulous law enforcers not to carry out the law enforcement process against taxpayers who evade billboard tax with the aim that the case will expire. This is certainly contrary to the spirit and purpose of tax law in Indonesia, namely optimal state financial revenue. As previously discussed, billboard tax is a local tax collected by the Regency / City Government, which is also included in state finances. If the enforcement of local taxation criminal law only contains the expiration period, it is feared that it will cause a lot of tax arrears.

CONCLUSION

Punishments for tax evaders have been stipulated in Article 181 of the Law on Financial Relations Between the Central Government and Regional Governments. This article outlines the criminal consequences for taxpayers, whether individuals or corporations, who deliberately or negligently fail to accurately and completely organize billboards and submit them to the Regional Government. Offenders can face a maximum prison sentence of 2 years or a fine up to 4 times the

amount of tax payable. The penalties for billboard tax evasion, as stated in Article 181, are final in nature. The law provides an alternative threat of punishment, allowing for either imprisonment or a fine. However, it seems that this law primarily focuses on punitive measures, indicating a retaliatory purpose behind the imposition of punishments. This differs from the General Provisions of Taxation Law, which not only emphasizes punishment but also encourages taxpayers to fulfill their tax obligations in an orderly manner. To enhance state revenue, it is essential to consider criminal sanctions in taxation as the last resort. This means that in enforcing tax law violations, administrative penalties should be prioritized, reserving the application of criminal sanctions for situations where other methods have failed to ensure taxpayer compliance. It is necessary to harmonize or amend the Law on Financial Relations Between the Central Government and Regional Governments by incorporating the provisions stated in Article 44B of the Law on General Provisions of Taxation.

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