Sunset Policy in Local Tax (Vehicle Tax) Reviewed from Equity Principles and Its Impact on Tax Payers Compliance

Lisa Andayani Hasibuan*, Milla Sepliana Setyowati
Faculty of Administration Science
University of Indonesia
Jakarta, Indonesia
*lisa.andayani@ui.ac.id

Abstract—Jakarta Provincial Government has implemented Sunset Policy Program for local tax in 2015 until 2019. This policy goals is to optimize local tax revenue in Jakarta Province. On the other hand, the implementation of this policy made contradictory effects or impact for the taxpayer’s compliance. The method of the study is qualitative with depth interview among key informants in Jakarta Province. The result of this studies is: Sunset Policy Program can lead to inequality between taxpayers who have paid honestly and on time with non-complied taxpayers. This policy can influence taxpayers to refuse to comply because in equity principle tax burdens among tax subjects should be balanced with their abilities to pay and the government is not allowed to discriminate among fellow taxpayers. In the same situations the taxpayer must be treated similarly while in different circumstances the taxpayer must be treated differently. This research illustrated that sunset policy generates inequality in tax collection and lead taxpayers refuse to comply.

Keywords: equity principle, optimization of local tax revenue, taxpayer compliance, sunset policy

I. INTRODUCTION

The existence of regional autonomy has a different effect on each region. This condition is related to regional financial or fiscal capacity. Significant changes that are quite evident as a result of the existence of regional autonomy lies in financial management aspect, where previously the local government was very dependent on the central government in terms of financial management. In contrast, currently the Regional Government is demanded to be able to find ways or alternative financing to finance its government expenditures.

In accordance with Law of The Republic Indonesia Number 23 Year 2014 concerning Regional Government and Law of The Republic Indonesia Number 33 Year 2004 concerning Financial Balance between Central and Regional Governments, Regional Governments are given the authority to regulate their own regional households through the economic system or better known as the mechanism of fiscal decentralization. Every region will certainly try to fill the financial coffers set in the Regional Budget (APBD) [1].

With the growing amount of funds needed for regional financing, both in the implementation of government and in development in Regional Governments, it is necessary to utilize every effort in exploring the potential sources of revenue, including the Jakarta Provincial Government as the Regional Government.

In order to create a prosperous Jakarta citizen, the Jakarta Provincial Government needs to carry out regional development. Regional development is realized through regional expenditure, including through direct and indirect expenditure. Direct expenditure is used to build road infrastructure, buildings, and others. While indirect expenditure is used to finance employee expenditure in the context of serving the community such as providing health, education, social services and etc.

The amount of regional expenditure in the DKI Jakarta Provincial Government is shown in the table below that presents the 2019 Jakarta Provincial Government's Regional Budget of Revenue and Expenditure (APBD):

| Description | Year 2019 |
|-------------|-----------|
| Revenue     | 74,997,497.375,481.00 | 86.31% |
| Expenditure | 77,857,610.364,101.00 | 89.60% |
| Financing   | 2,860,112,988,680.00 | 3.29% |
| Revenue of Financing | 11.894,999,722,776.00 | 13.69% |
| Expenditures of Financing | 9,034,886,734,096.00 | 10.40% |
| Budget Regional Total | 86,892,497,098,197.00 | 100.00% |

Source: DKI Jakarta Province Regional Finance Management Board (BPDK) Dashboard

Based on the regional budget posture fiscal year 2019 in Table 1, it is noticeable that the composition or proportion of Jakarta Provincial Government’s regional budget or APBD posture is IDR 77,857,610.364,101.00 or 89.60% of the total 2019 APBD in the amount of IDR 86,892,497,098,197.00.
The amount of regional expenditure of the Jakarta Provincial Government is intended so that every program and activity that is a priority of the Governor of the Jakarta Province can be implemented well. In order to carry out those programs of activities, the Governor of Jakarta Province certainly requires funds to finance them. Regional funding can be sourced from the Original Local Government Revenue (PAD), the Balance Fund/Transfer and Other Legitimate Revenues.

If observed from the composition of the regional revenue budget consisting of Original Local Government Revenue (PAD), Balance Funds/Transfers and Other Legitimate Revenues in the 2019 in Jakarta Provincial Government Regional Budget, it is recognized that Regional Original Revenues have a significant influence as presented in the table below this:

### TABLE II. REGIONAL REVENUE BUDGET COMPOSITION JAKARTA PROVINCIAL GOVERNMENT, FISCAL YEAR 2019 (IN RUPIAH-IDR)

| Revenue Source | Year 2019 | |
|----------------|-----------|-----------|
|                | Budget    | Composition |
| **1**          |           |            |
| Locally-generated revenue | 50,845,081,891,466.00 | 67.80% |
| Balance/Transfer Funds | 21,309,064,176,015.00 | 28.41% |
| Other Legal Revenues | 2,843,351,308,000.00 | 3.79% |
| **Regional Revenue Total** | 74,997,497,375,481.00 | 100.00% |

Source: DKI Jakarta Provincial Finance Management Board (BPKD) Dashboard

As illustrated from Table 2, it is apparent that locally generated revenue or PAD has an important role in Regional Revenue in the DKI Jakarta Province. This can be viewed from the large contribution of PAD to regional revenue total that is equal to 69.04% which contributes significantly when compared to other regional revenue components such as the Balancing/Transfer Fund and Other Legitimate Revenues which only contributed 25.73% and 5.23%.

If examined further, the main contributors in Original Local Government Revenue comes from local tax revenues. As it is acknowledged that Jakarta as the State Capital is a barometer of economic activity in Indonesia, it has a large income potential and will certainly have an impact on the magnitude of tax potential in Jakarta Province.

The following table presents the composition of Original Local Government Revenue Budget of Jakarta Province in 2019 below:

### TABLE III. COMPOSITION OF LOCALLY-GENERATED REVENUE BUDGET JAKARTA PROVINCIAL GOVERNMENT, FISCAL YEAR 2019 (IN RUPIAH-IDR)

| Revenue Source                  | Year 2019 | |
|---------------------------------|-----------|-----------|
|                                | Budget    | Composition |
| **1**                           |           |            |
| Local Tax                       | 44,540,000,000,000.00 | 87.60% |
| Regional Retribution            | 710,131,000,000.00 | 1.40% |
| Wealth Management Results Separated Area | 618,380,216,460.00 | 1.22% |
| Other PAD                       | 4,976,570,675,006.00 | 12.43% |
| **Locally generated revenue**   | 50,845,081,891,466.00 | 100.00% |

Source: DKI Jakarta Provincial Finance Management Board (BPKD) Dashboard

As displayed in Table 3, the local tax revenue contributed IDR 44,540,000,000,000 or 87.60% of the total Regional Original Revenue of Jakarta Province in 2019.

Jakarta Provincial Tax and Retribution Agency as the tax authority at the regional level is making efforts to optimize tax revenue both through intensification and extensification of tax collection. The main objective is so that the tax revenue target is achieved in order to meet the expenditure needs of local governments and development in the Jakarta Province. The local tax revenue target in DKI Jakarta Province has increased annually and it is illustrated from the following table of revenue plans:

### TABLE IV. GROWTH LOCAL TAX REVENUE TARGET FROM 2015 TO 2019 (IN RUPIAH-IDR)

| Year | Tax Revenue Target | Growth (%) |
|------|--------------------|------------|
| 2015 | 32,581,650,000,000 | 6.72% |
| 2016 | 33,100,000,000,000 | 1.59% |
| 2017 | 35,359,500,000,000 | 6.83% |
| 2018 | 38,125,000,000,000 | 7.82% |
| 2019 | 44,540,000,000,000 | 16.72% |

Source: DKI Jakarta Provincial Tax and Retribution Agency Development Agency

At Table 4, there was an increase in the target of local tax revenue from 2015 to 2016 by 1.59%, from 2016 to 2017 by 6.83%, from 2017 to 2018 by 7.82% and the highest target increase occurred in 2019 namely by 16.72%.

However, the optimization of tax revenue in DKI Jakarta Province is not only determined by how much effort has been made by the DKI Jakarta Provincial Tax and Retribution Agency in the context of achieving tax revenue targets, but there are other external factors, namely taxpayer compliance. Taxpayer compliance is the willingness/awareness of taxpayers in fulfilling their tax obligations.

In the Taxation Law it is explained that the taxpayer has the obligation to pay taxes, if the Taxpayer does not fulfill the obligation then there are administrative tax sanctions to be received. The imposition of sanctions is intended to increase taxpayer compliance in carrying out its tax obligations. However, these sanctions contradict with the policies issued by the Jakarta Provincial Tax and Retribution Agency.

In the term of optimizing regional tax revenue, the DKI Jakarta Provincial Tax and Retribution Agency issues a Policy for Eliminating Local Tax Administration as known as sunset policy program in vehicle tax. In addition, the policy is also used as a tool to ease the burden of taxpayers, improves services to the public and encourages taxpayers to pay tax debt in order to organize tax administration.

Sunset policy in vehicle tax is a form of discretion of the Governor of DKI Jakarta Province as the Regional Head who has been delegated to the Head of the Regional Tax and Retribution Agency (formerly known as the DKI Jakarta Provincial Tax Service) or a designated official in accordance with its authority based on Governor Regulation 34 Year 2019 concerning Tax Reduction and Sunset Policy.

During 2015 to 2019, the DKI Jakarta Provincial Tax and Retribution Agency issued 10 (ten) times sunset policy to
eliminate vehicle tax’s administrative sanctions as presented in the matrix of eliminating vehicle tax sanctions that had been implemented in the DKI Jakarta Province:

| No. | Year | Legal Basis | Type of Sunset Policy related to Vehicle Tax |
|-----|------|-------------|--------------------------------------------|
| 1   | 2015 | Circular Note (SE) of Head of Jakarta Provincial Tax Agency No. 15 / SE / 2015 Date 13 February 2015 | Elimination Sanctions of Administration Payment of Vehicle Tax and Acquisition Tax due to Flood (Force Majeure). |
| 2   | 2015 | Decrease (SK) of Head of Jakarta Provincial Tax Agency No. 1044 Year 2015 Date 25 June 2015 | Elimination Sanctions of Administration Payment of Vehicle Tax Acquisition Tax. |
| 3   | 2015 | Decrease (SK) of Head of Jakarta Provincial Tax Service No. 2952 of 2015 dated 12 November 2015 | Elimination Sanctions of Administration Payment of Taxes Vehicle Motor and Customs Behind the Name Vehicle Motor. |
| 4   | 2016 | Decrease (SK) Head of Jakarta Provincial Tax Service No. 1495 of 2016 dated July 1, 2016 | Elimination Sanctions of Administration of Taxation Vehicle Motor and Customs Behind the Name Vehicle Motor. |
| 5   | 2016 | Decrease (SK) Head of DKI Jakarta Provincial Tax Service No. 2571 of 2016 dated 31 October 2016. | Elimination Sanctions of Administration Payment of Taxes Vehicle Motor and Customs Behind the Name Vehicle Motor. |
| 6   | 2017 | Decrease (SK) Head of Jakarta Provincial Tax Service No. 1594 Year 2017 Date 19 July 2017 | Elimination Sanctions of Administration of Taxation Vehicle Motor and Customs Behind the Name Vehicle Motor. |
| 7   | 2017 | Decrease (SK) Head of Jakarta Provincial Tax Service No. 3052 Year 2017 Date 29 November 2017 | Elimination Sanctions of Administration of Taxation Vehicle Motor and Customs Behind the Name Vehicle Motor. |
| 8   | 2018 | Decrease (SK) Head of Jakarta Provincial Tax Agency And Retribution No. 1180 Year 2018 Date 26 June 2018. | Elimination Sanctions of Administration of Taxation Vehicle Motor and Be a Behind the Name Vehicle Motor and Tax Earth and Building Rural and Urban. |
| 9   | 2018 | Decrease (SK) Head of Jakarta Provincial Tax Agency And Retribution No. 2315 Year 2018 Date 14 November 2018. | Elimination Sanctions of Administration of Taxation Vehicle Motor and Be a Behind the Name Vehicle Motor and Tax Earth and Building Rural and Urban Year 2018. |
| 10  | 2019 | Letter Decision (Pergub) Jakarta Provincial Governor Number 90 Year 2019 dated September 12, 2019 | Giving sanctions of Administration Receivable Tax Regions. |

Sunset policy program in vehicle tax that are issued regularly every year attracts the author’s interest to conduct an analysis of the policy whether it is in accordance with the principle of fairness of tax collection and how it impacts on the compliance of taxpayers in fulfilling their obligations.

II. RESEARCH METHOD

This paper is resulting data research. The research method used is descriptive method with a qualitative approach. The reason researchers use qualitative research approaches is because researchers obtain answers from in-depth interviews analyzed by the researchers themselves, not from questionnaires or statistical results. Researchers also go directly to the field so they can conduct research directly. The researcher is interested in exploring how the public's perception of sunset policy programme in vehicle tax and obtaining the data needed from in-depth interviews is then analyzed by researchers. The problem discussed by researchers is analyzing whether the Sunset Policy Programme in vehicle tax is in accordance with the principle of tax collection, especially equality principle and how the impact of the policy on the level of taxpayer’s compliance. Data collection techniques used by the researchers through interviews with key informants and literature studies. Where the key information is someone who is directly or indirectly involved in the preparation and implementation of Sunset Policy Programme in Vehicle Tax, with the location of the study limited to the sunset policy of vehicle tax in the Jakarta Provincial Tax and Retribution Agency.

III. THEORETICAL FRAMEWORK

A. Definition and Purpose of Taxation Policy

Based on Mansury’s opinion in his book “Fiscal Policy” [2], tax policy is fiscal policy in the narrow sense. Fiscal policy in the broadest sense is a policy to influence public production, employment opportunities and inflation, using tax collection instruments and government expenditure. While the definition of fiscal policy in the narrow sense is a policy relating to the determination of what will be used as a tax base, anyone who is taxed and who is excluded, what will be used as an object of tax and anything that is excluded from being a tax object, how to determine the procedure for carrying out the tax liability. A country's fiscal policy has a very strategic role to drive the country’s economic growth. Therefore, fiscal policy determination must go through a carefully crafted process.

The purpose of taxation policy is the same as public policy in general, which has a main objective namely, improvement of welfare and prosperity, a more equitable distribution of income and stability [3].

B. Tax Collection Principle

According to Adam Smith in his book entitled "Wealth of Nations" with a concept known as The Four Maxims, he mentioned that there are 4 (four) principle of tax collection, namely [4]:

1) The principle of equality (balance or fairness): This principle requires the state to adjust to the ability to pay and incomes of its citizens when they collect taxes. Therefore, the state is not allowed to act discriminatively in tax collection.
for taxpayers. Equity principle does not necessarily mean that all parties pay tax equally but it must be in accordance with their ability to pay, for example when the taxpayer has more assets, automatically the tax is also higher, in contrast to taxpayers who have lower assets, automatically imposed taxes has to be lower. This is what is referred as equity principle in tax collection.

2) The principle of Certainty (the principle of legal certainty): all taxation should be based on law, so for those who violate the law will be subject to disciplinary action.

3) The principle of conviction of payment (the principle of tax collection that is on time or the principle of pleasure): must also be collected at the right time for the taxpayer (the best time), for example when the new taxpayer receives his income or when the taxpayer receives a gift.

4) The principle of efficiency (the principle of efficient or economic principle): the cost of tax collection is managed as economically as possible, lest the cost of tax collection be greater than the results of tax collection.

C. Taxpayer Compliance

According to Machfud Sidiq, quoted by Siti Kurnia rahayu Taxpayer Compliance is compliance with complying with tax obligations voluntarily is the backbone of the self-assessment system, where taxpayers are responsible for setting their own tax obligations and then accurately and timely pay and report the tax [5].

According to the Indonesian General Dictionary, the term obedience has the meaning to obey or obey the teachings or rules. Compliance in taxation means obedience, submission and compliance and implementing tax regulations. Compliant taxpayers are taxpayers who obey and fulfill and carry out tax obligations in accordance with the provisions of tax legislation.

While tax compliance according to Norman D. Nowak as quoted by Siti Kurnia Rahayu [5,6] explains that:

“Taxpayer compliance as a climate of compliance and awareness of fulfillment of tax obligations, is reflected in situations where:

- Taxpayers understand or try to understand all the provisions of the tax laws and regulations;
- Fill in tax forms completely and clearly;
- Calculate the amount of tax owed correctly;
- Paying the tax due on time.”

Safri Nurmantu as quoted by Siti Kurnia Rahayu explains that tax compliance can be defined as a condition where taxpayers fulfill all tax obligations and carry out their tax rights [5].

According to Gunadi the definition of taxpayer compliance is [7]:

“In this case, it means that the taxpayer has the willingness to fulfill his taxation obligations in accordance with applicable regulations without the need for examination, careful investigation, warning or threat and the application of sanctions both law and administration”

According to Siti Kurnia Rahayu There are two types of compliance, including formal compliance and material compliance [5]:

- Formal compliance is a condition where taxpayers fulfill formal obligations in accordance with the provisions in the Taxation Law.
- Material compliance is a condition in which the taxpayer substantively or essentially fulfills all the material provisions of taxation that is in accordance with the contents and soul of the Tax Law.

Material compliance can also include formal compliance. According to Chaizi Nasucha as quoted by Siti Kurnia Rahayu, taxpayer compliance can be identified from [5,8]:

- Taxpayer compliance in registering;
- Compliance with reporting back notification;
- Compliance with the calculation and payment of tax payable; and
- Compliance with payment in arrears.

D. Tax Sanction

Sanction is an action in the form of punishment given to people who break the rules. Rules or laws are signs for someone to do something about what should be done and what should not be done. Sanctions are needed so that regulations or laws are not violated. Tax sanctions are guarantees that the provisions of tax legislation (tax norms) will be obeyed / obeyed / complied with, in other words tax sanctions are a means of preventing taxpayers from violating tax norms.

In the taxation law two types of sanctions are known, namely Administrative Sanctions and Criminal Sanctions. Threats to violation of a taxation norm are threatened with administrative sanctions, some are threatened with criminal sanctions, and some are threatened with administrative sanctions and criminal sanctions [9].

The public has assumed that tax penalties would be imposed if they did not pay taxes. In fact, in reality many things that make people or taxpayers taxable sanctions, both in the form of administrative sanctions (interest, fines, and increases) and criminal sanctions.

IV. RESEARCH RESULTS

The analysis of sunset policy in vehicle tax administration sanctions begins with understanding the essence and basic philosophy of sanctions in taxation. In essence and philosophy of taxation, the administrative sanctions to taxpayers is intended to provide penalties to taxpayers who do not carry out their tax obligations. Policy Makers design administrative sanctions in such a way that taxpayer compliance increases, as Gordon states that [10]:

“Sanctions are perhaps one of the most overplied-upon and poorly understood tools for enhancing tax compliance”.
In general sanctions have two main objectives, namely to prevent people from taking undesirable or infringed actions. Therefore, according to Gordon sanctions must be subjected only to conducts that seem preventable. Gordon mentioned that [10]:

"Sanction should be applied only to behavior that is reasonably capable of being deterred."

 Whereas the second goal is to uphold justice.

"Sanction must be fair under this general jurisprudential criterion in effect a particular jurisdiction”.

Sunset policy in vehicle tax carried out by the Jakarta Provincial Tax and Retribution Agency from 2015 to 2019 is not in accordance with the essence and philosophy of giving sanctions in taxation. Sanctions in taxation are used as collateral so that the compliance of tax legislation is obeyed. A law will not work properly without sanctions imposed on people who violate the law (law enforcement). Sanctions are designed to provide a deterrent effect to taxpayers who do not comply with regulations that have been made.

If observed from the principle of tax collection, especially the equity principle, sunset policy adopted by the Jakarta Provincial Tax and Retribution Agency in the context of optimizing regional tax revenue does not reflect fairness in tax collection. The Equity Principle requires the state to adjust to the ability and income of its citizens when they collect taxes. Therefore, the state is not allowed to act discriminatively in tax collection for taxpayers. Equity here does not mean that all parties pay the same tax but must be in accordance with what they have. Elimination of administrative sanctions does not provide fairness to taxpayers because for taxpayers who comply and pay on time are not given an incentive. On the other hand, taxpayers who are not complied in carrying out their tax obligations are given relief in the form of omission of vehicle tax administration sanctions. For example, the policy to eliminate sanctions that occurred in 2019, which gave relief to taxpayers who made payments before 2012 a 50% tax base relief and for taxpayers who paid tax between 2013 and 2016 would receive a relief of 25%. This certainly reflects the unfairness of taxpayers who have carried out their tax obligations in a timely manner.

The consequences that must be faced with sunset policy is the number of taxpayers, who used to be obedient, changed their stance to become non-compliant because it was based on the idea that more benefits or impacts would be obtained if they did not pay their vehicle tax obligations in a timely manner, which would be given the omission of administrative sanctions and tax base relief up to 50%. In addition, taxpayers will assume that sanction removal policy will be issued in the future. As a result, sunset policy may imply in decreasing the level of compliance in tax obligations.

Based on data obtained from the Regional Tax and Retribution Agency, there is a decrease in compliance and public awareness to report and pay vehicle tax. This is evidenced by high number of motorized vehicles that have not yet re-registered (registered and identified) their motorized vehicles. The following data describes Motorized Vehicles that have not yet re-registered from 2015 to 2019:

| Years | Increasing Vehicle | Growth |
|-------|--------------------|--------|
| 2015  | 365,258            | -      |
| 2016  | 421,914            | 15.51% |
| 2017  | 455,934            | 8.06%  |
| 2018  | 635,943            | 39.48% |
| 2019  | 1,098,148          | 72.68% |

Source: Processed by researchers

In the Table 6 shows that there is a trend in decrease of taxpayers who re-register their motor vehicles in order to carry out their vehicle tax payment obligations. In 2016 there was an increase in the number of motor vehicle BDU compared to 2015 which amounted to 15.51%. Similarly, the number of motorized vehicles in 2017, 2018 and 2019 that did not register and identify their motorized vehicles increased by 8.05%, 39.58% and 72.68% respectively compared to last year. In addition, the table illustrates the behavior of taxpayers which tend to postpone their vehicle tax payment. This is reflected in delay of the realization of PKB revenues in 2015 until 2019, which is described in the following table:

| Years | Delayed Revenue of Vehicle Taxes |
|-------|----------------------------------|
| 2015  | 493,602,644,200                 |
| 2016  | 550,583,382,900                 |
| 2017  | 573,089,818,600                 |
| 2018  | 486,158,725,800                 |
| 2019  | 955,797,407,600                 |

Source: Processed by researchers

The table 7 describes that by not registering and identifying motorized vehicles from 2015 until 2019 resulted in delay of vehicle tax revenue in 2015 with an amount of IDR493,602,644,200, in 2016 with an amount of IDR550,583,382,900 in 2017 with an amount of IDR573,089,818,600, in 2018 with an amount of IDR486,158,725,800 and in 2019 with an amount of IDR955,797,407,600.

Noncompliance of motor vehicle taxpayers in meeting their tax obligations is reflected in the high amount of tax payable in 2016 compared to 2015. This is a sign that there are still taxpayers who do not meet their tax obligations in the current year and choose to postpone payment. As of December 31, 2015, the amount of vehicle tax payable in the DKI Jakarta Province was Rp. 50,386,395,845.00 and an increase of Rp. 28,677,030,309.00 which resulted in the value of vehicle tax payable on December 31 2016 Rp. 79,063,988,854.00 or an increase of 56.91%. This is because there were many taxpayers who did not carry out their tax obligations in a timely manner.

Although the essence and philosophy of taxation, sunset policy does not meet the aspect of equity principle. However, in the realization of local tax revenue, the existence of such a policy provides a stimulus to taxpayers who have not met their tax obligations to pay base tax which resulted in an increase vehicle tax revenue as illustrated in the following table:

| Years | Number of Motorized Vehicles that Yet to be Registered and Identified in the DKI Jakarta Region 2015 to 2019 |
|-------|-------------------------------------------------------------------------------------------------|
| 2015  | 1,098,148                                                                                        |
| 2016  | 1,098,148                                                                                        |
| 2017  | 1,098,148                                                                                        |
| 2018  | 1,098,148                                                                                        |
| 2019  | 1,098,148                                                                                        |

Source: Processed by researchers
TABLE VIII. TARGET AND REALIZATION OF VEHICLE TAX REVENUE YEAR 2015-2018 (IN RUPIAH)

| Years | Target          | Realization       | % Target achievement |
|-------|-----------------|-------------------|----------------------|
| 2014  | 5,150,000,000,000,000 | 4,070,110,607,650,000 | 96.68% |
| 2015  | 6,050,000,000,000,000 | 6,090,200,500,774,000 | 100,66% |
| 2016  | 7,050,000,000,000,000 | 7,143,530,355,999,000 | 101,33% |
| 2017  | 7,750,000,000,000,000 | 8,065,898,498,574,000 | 103,30% |
| 2018  | 8,350,000,000,000,000 | 8,553,632,204,643,000 | 102,44% |

The Table 8 shows an increase in the percentage of target achievement in 2015, where there was an increase from 96.68% to 100.66% in 2014, whereas to 101.33% in 2016 and exceeded the target in 2017 and 2018 by 103.30% and 102.44% respectively.

V. DISCUSSION

However, an increase in revenue is not a valid reason for the Regional Tax and Retribution Agency to regularly issue sunset policy. The author considers that the policy as an unwise decision by the Regional Tax and Retribution Agency in optimizing tax revenue. Sunset policy should be issued in a random and in irregular manner. There are several alternatives that can be applied in optimizing vehicle tax revenue, such as actively conduct debt collection with bailiffs for taxpayers who have a significant amount of tax payable. Another example is by developing an online system that accommodates debt collection activities.

Another thing to consider is that sunset policy may encourage citizens who have been obedient in meeting their taxes obligation to become noncompliant due to social envy. The policy may harm the principle of fairness in tax collection.

If sanctions are upheld against taxpayers who violate regulations, other taxpayers who have not fulfill their tax obligations will consider their decision in violating said regulation due to fear of experiencing similar treatment. However, if sanctions are no longer enforced, the taxpayers' compliance levels will decrease due to the absent of punishment.

However, sunset policy only results in a short-term increase vehicle tax revenue. In fact, it will harm the level of tax compliance if applied in long-term.

VI. CONCLUSION AND SUGGESTIONS

Sunset policy program in vehicle tax which was issued by Jakarta Provincial Tax and Retribution Agency does not reflect equity principle in tax collection. The policy can lead taxpayers who have paid honestly and on time to be a noncompliant taxpayer. While one of the main principles in tax collection is fairness, the burden of taxation between tax subjects should be balanced with their ability to pay. In the case of fairness, a State is not allowed to discriminate among taxpayers. In the same situation, the taxpayer must be treated similarly while in different circumstances the taxpayer must be treated differently. There, the equity principle is not fulfilled by the sunset policy.

One of the possible options to optimize tax revenue and improve taxpayer compliance without harming the equity principle from sunset policy program may be applied by the Jakarta Provincial Tax and Retribution Agency through the followings:

- Policy administrative sanctions must be accompanied with law enforcement. For example, by doing passive tax debt collection followed by active collection through utilizing bailiffs. It is hoped that these activities will become a trigger for taxpayers to comply with tax regulations (increasing tax compliance in the long run);
- Improvement of services to the community and maintaining public trust because tax compliance is related to institutions and political trust. Ultimately, the government does not only issue policies in the interest of achieving tax revenue target in the short term, but also strive to improve compliance with paying sustainable taxes and tax principles;
- Transparency in utilizing tax allocation in order to build public trust;
- A fair tax distribution in order to increase the people’s welfare.

Voluntary compliance will only be built if the functions of tax collection are carried out seriously so that the principles of good governance are created. Basically, no one is willing to be a taxpayer, however awareness and understanding of the importance of taxes and the existence of positive evidence from governments in the form of security, better public services, the availability of public goods, the creation of welfare will make people more willing to pay taxes.

Thus, voluntary compliance will only be truly created if development of good image of tax has been formed.

REFERENCES

[1] Law of The Republic Indonesia Number 33 Year 2004 concerning Financial Balance between Central and Regional Governments
[2] R. Mansury, Kebijakan Perpajakan, Jakarta : Yayasan Pengembangan dan Penyebaran Ilmu Perpajakan, 1999.
[3] R. Mansury, Pembahasan Mendalam Pajak Atas Penghasilan. Jakarta: Yayasan Pengembangan dan Penyebaran Ilmu Perpajakan, 2000.
[4] A. Smith, An Inquiry into the Nature and Causes of the Wealth of Nations. Modern Library, New York, 1776.
[5] R.S. Kurnia, Perpajakan Indonesia: Konsep dan Aspek Formal. Yogyakarta: Penerbit Graha Ilmu, 2010.
[6] M. Zain, Manajemen Perpajakan. Edisi Pertama, Cetakan Kedua. Jakarta: Salemba Empat, 2003.
[7] G. Gunadi, Panduan Komprehensif Pajak Penghasilan. Jakarta: Bee Media Indonesia, 2013.
[8] C. Nasucha, Reformasi Administrasi Publik Teori dan Praktek. Jakarta: PT.Grasindo, 2005.
[9] M. Mardiasmo, Perpajakan, Edisi Revisi . Yogyakarta: Andi, 2011.
[10] F.A. Cowell and P.F.G. James, “Tax Evasion and Public Good Provision,” Journal of Public Economics, no. 36, pp. 305-321, 1988.