

Study on the Single Tax Identity Number in Order to Realize Dignified Justice for All Citizens of Indonesia

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Abstract. State Revenue is an important tool for Indonesia to create dignified justice for all Indonesian people but still far from ideal implementation. The main problems in state revenue is data problems. This research will review about single identity number in the taxation sector to create dignified justice for all Indonesian people. Each data owner can still have their own identity number in their respective data, but all the identity numbers of the data owner are linked into a single identity number. It is believed that integrated data linked to a single identity number will make state revenues more optimal. Integrated data will answer the concerns of tax authorities in Indonesia who have always experienced a lack of data to pursue tax targets. Integrated data can be used for both tax extensification and intensification. By link and match concept, tax authorities will be able to map all economic activities of taxpayers which can be used for tax intensification by examining taxpayers' tax reports and extensification by exploring tax potentials that have not been touched so far. The legal politics of the single identity number are complete, starting from the ideal, constitutional, instrumental and implementation levels. However, legal politics at the implementation level still does not show that it "can" be done so that the realization of a single identity number has not yet been realized.

Keyword: Single Identity Number, Tax, Corruption, Dignified Justice.

1 Introduction

1.1 Background of Study

August 17, 1945, marks a pivotal moment in the nation-building and statehood of the Republic of Indonesia. On this date, Indonesia embarked on a journey to achieve its national ideals. The Preamble of the 1945 Constitution serves as the fundamental norm of the state, outlining the aspirations of the nation-state, including the Declaration of Independence. Formulated and established by the founding fathers, the Preamble is the cornerstone for drafting the articles and clauses of the 1945 Constitution.[1]

In the context of the State of Indonesia, the 1945 Constitution encompasses the enduring vision and mission of the Indonesian nation. The eternal vision as stated in the preamble is "an independent, sovereign, just, and prosperous Indonesian nation". Its missions are, first, to protect all Indonesian people; second, to promote the general welfare; third, to enlighten the life of the nation; and fourth, to participate in enforcing global order based on independence, eternal

peace, and social justice. The elaboration of these visions and missions related to societal welfare is subsequently encapsulated in the articles of the 1945 Constitution concerning prosperity. In the Indonesian dictionary, prosperity is defined as a state of well-being; safety, security, tranquility, while prosperous is defined as peaceful and flourishing; safe (free from all kinds of disturbances). Prosperity is often associated with affluence. In this context, there exists a role of the State in fostering prosperity. The role of the state in ensuring the welfare of the people is embodied in Article 27 paragraph (2) of the 1945 Constitution, which states that every citizen has the right to work and a decent life for humanity.[2]

In pursuit of this vision, an estimation of funding needs for financing programs to fulfill these missions is developed in the form of the State Budget (APBN). The functions of the APBN are explained in various literatures as three main functions: allocation, distribution, and stabilization.[3] However, normatively for Indonesia, the functions of the APBN become normative rules in its budget policy. According to Article 3 Paragraph (4) of Law No. 17 of 2003 on State Finance, it is affirmed that it functions for authorization, planning, monitoring, allocation, distribution, and stabilization.

The APBN itself is a small scope within the state finances. The definition of state finances regulated in Law No. 17 of 2003 is derived from the welfare state theory, explicitly adopted in the 1945 Constitution of the State of the Republic of Indonesia, from its preamble to its articles. The framers of the 1945 Constitution, influenced by the welfare state theory, aspired to establish a Government of the State of Indonesia that protects all Indonesian people and is capable of advancing the general welfare and beyond.

In the context of state finances, achieving the goals of statehood requires accurate data as a fundamental basis for making crucial decisions in national life. The concept of state finances is about determining priorities in achieving government programs and activities as part of achieving state goals. This is necessary due to the limited resources of the state while the needs to be met are vast. Therefore, it requires quality and targeted state spending. However, despite the belief that state spending can have a positive effect on the economy, Indonesia still faces the challenge of limited fiscal space.

State finances are divided into state revenue and expenditure. State revenue itself is divided into tax revenue and non-tax revenue, while state expenditure is divided into the central government budget and transfers to regions and village funds.[4] Central government expenditure is grouped by function, organization, and program.

Generally, the APBN's revenue is financed from tax and excise receipts, non-tax state revenue, and debt. The issue of government debt is always a topic of interest. The value of the Indonesian government's debt has been swelling every year. The Ministry of Finance recorded that in May 2021, the government debt reached IDR 6,418.5 trillion, a significant increase from the debt value in 2019, which was IDR 4,778 trillion.[5] This indicates that the APBN cannot be financed solely from revenue from taxes, excises, or non-tax state revenues (PNBP).

Today, the world has entered the era of the Fourth Industrial Revolution. The Fourth Industrial Revolution is the fourth phase of the industrial revolution process. The first industrial revolution occurred in England in the 18th century, marked by the dominance of the steam engine. The second industrial revolution occurred in the 19th century, marked by the discovery of electric energy, and the third industrial revolution in the 1970s, characterized by rapid technology in sensors, interconnection, and data analysis that eventually integrated all industrial technologies. This has driven the occurrence of the Industrial Revolution.

The Fourth Industrial Revolution has fundamentally changed human life and work. Unlike previous industrial revolutions, the Fourth Industrial Revolution has a wider scale, scope, and complexity. The advancement of new technologies that integrate the physical,

digital, and biological worlds has impacted all disciplines, economics, industry, and government.[6]

Ironically, data issues are like an endless tangled thread. Nearly all administrative lines create their own data. As evidence, in the wallets of Indonesian citizens, there are various cards containing data, such as BPJS cards, KTP, passports, NPWP, and others. One example of problems arising from the spread of data is the issue of double land certificates. Research shows that the problem of double land certificates or known as disputed land remains prevalent and is an old problem that has not yet been resolved.[7] Contributors to the occurrence of double certificates include the invalid database of the National Land Agency, making the issuance of second and subsequent certificates not selective.

Society continues to be presented with case after case caused by data invalidity. From all these cases, the implementation of a single data policy emerges as the primary solution. The application of single data can be used as a Single Identity Number, which is a single identity number for citizens containing all data, both financial and non-financial.[8] This data can be used for all citizen interests, both administrative and non-administrative. Realizing this, Indonesia, having entered a digital era with the enactment of several laws and regulations, one of which is the law concerning electronic information and transactions. However, despite the regulation mandating the creation of integrated data having been in place since the APBN Law 2002, its serious implementation only materialized through Presidential Regulation Number 39 of 2019 concerning Single Data Indonesia.

Data scattered in various places has led to relatively low data literacy in Indonesia. This subsequently prompted President Joko Widodo to ratify Presidential Regulation Number 39 of 2019 concerning Single Data Indonesia to realize integrated planning, implementation, evaluation, and control of development. The considerations of Presidential Regulation Number 39 of 2019 on Single Data Indonesia state that to achieve integrated planning, implementation, evaluation, and control of development, it is supported by accurate, up-to-date, integrated, accountable, accessible, shareable data, managed carefully, integrated, and sustainably. Accurate data plays a crucial role in decision-making. Decision-making is a systematic approach to a problem faced. This systematic approach involves knowledge about the nature of the problem faced, collection of relevant facts and data, analysis of the problem using facts and data, searching for alternatives, analyzing each alternative to find the most rational one, and evaluation of the results achieved as a consequence of the decision taken.

1.2 Problem Statement

Based on the explanation above, the issues that will be discussed in the study of the Single Identity Number for tax in order to achieve dignified justice for all Indonesian people are:

1. What is the concept of the Single Identity Number for Tax?
2. How can the Single Identity Number for Tax realize dignified justice for all Indonesian people?
3. What is the legal policy of the Single Identity Number for Tax?

2 Theoretical Review

2.1 Theory of Justice

The discussion of law invariably involves the concept of justice, as law enforcement and judicial processes are crucial to legal certainty. However, legal certainty alone does not guarantee the fulfillment of justice seekers' needs or the broader society's interests. According to Mertokusumo[9], focusing solely on legal certainty in law enforcement sacrifices other important elements, such as utility, which, in turn, compromises both certainty and justice. Notohamidjoyo (1975) defines law as all written and unwritten rules that typically compel human behavior within and between nations, oriented towards justice and utility for order and peace. Societies require not only regulations that ensure legal certainty but also justice and utility to serve their interests. Law aims to establish societal order supported by legal certainty, devoid of moral and ethical concerns, although this often means sacrificing some aspects of justice for clarity and predictability in legal guidelines. Justice, from a formal-judicial perspective, must be based on applicable legal provisions rather than external notions of fairness to achieve legal certainty. The essence of law is grounded in human interactions within societal dynamics, emphasizing the ideas of justice and moral strength. The theory of dignified justice articulates equitable treatment that elevates human dignity, aligning with the principles of Pancasila, which stress respect for human worth and rights.

2.2 Principles of Justice in Tax Collection

According to Adam Smith in "The Wealth of Nations," the principles guiding just tax collection include equality and equity, certainty, convenience of payment, and efficiency. These principles are essential for lawmakers and enforcers to ensure effective tax collection. Equality implies that individuals in similar circumstances should face similar tax burdens, reflecting a balance based on each taxpayer's ability to pay. Certainty in tax law ensures clarity and unambiguity, facilitating compliance and confidence in tax obligations. The convenience of payment principle states that taxes should be collected at a time most suitable for the taxpayer, typically when they have earned income. Efficiency relates to minimizing the costs of tax collection and maximizing the revenue generated. Additionally, Rochmat Soemitro[10] outlines other principles such as domicile, source, citizenship, and a mixed basis for tax authority, each defining how and where taxes should be levied based on factors like residency, income source, and citizenship.

3 Results and Analysis

3.1 Concept of the Single Identity Number for Tax (SIN)

The idea of a Single Identity Number (SIN) in Indonesia aims to consolidate multiple identity numbers into one, addressing issues related to security and practicality. With each government and private entity issuing unique identity numbers, the integration of these into a single system (SIN) would streamline transactions and enhance data security. The current system where citizens have multiple identity documents (up to 29 issued by 24 different agencies) leads to inefficiencies and potential misuse, such as identity fraud.

Table 1. Ownership of Unique Identity Numbers in Indonesia

UNIQUE IDENTITIES IN INDONESIA			
Information Basis	Document	Identity	Institute
Personal (residence)	ID Card	ID card number	Local Government
Personal (residence)	Family Card	KK number	Local Government
Personal	Passport	Passport number	Immigration
Personal	Driver License	Driver's license number	Police
Personal	BPKP	BPKP number	Police
Personal	NPWP	NPWP number	Directorate General of Taxes
Personal	N.I.P	Employee ID number	BAKN
Personal	N.R.P	Soldier Registration Number	Department of Defense/TNI
Personal	Banking	Credit card number	Bank
Personal	Insurance	Policy Number	Insurance company
Personal	Insurance	Health Insurance Number	Department of health
Personal	Insurance	Astek Number	Department of Manpower and Transmigration
Personal	Birth certificate	No. Birth certificate	Registry office
Personal	Marriage certificate	No. Marriage certificate	Ministry of Religion
Sector	H.A.T. Certificate	Certificate number	BPN
Sector	IMB	IMB number	Local Government
Sector	SPPT	SPPT Number (INOP)	Directorate General of Taxes
Sector	Electricity bills	Customer number	PLN
Sector	Phone bill	Customer number	Telkom
Sector	PDAM bill	Customer number	PDAM
Sector	Gas Bill	Customer number	Gas Corporation
Sector	Regional assets	No. Invent. Regional assets	Local Government
Sector	State Assets	No. Invent. State Assets	Central government
Sector & Personal	Census	Census Number	BPS
Sector & Personal	Company	SIUP number	Department of Trade
Sector & Personal	Company	No. Business Place Permit	Local Government
Sector & Personal	Company	Deed of Incorporation	Justice Dept

Single Identity Concept in Public Administration

1. Rationale: To simplify citizen interactions with government and private sectors, reduce identity fraud, and improve service delivery.
2. Challenges: Lack of coordination among agencies, redundant data collection, and the need for repeated registrations.
3. Solution: Implement a unified identity number (SIN) that encapsulates all individual data, thereby simplifying identity verification and improving security.

Technology and Identity Management

1. Current State: Fragmented identity management systems lead to inefficiencies and security vulnerabilities.
2. Potential of SIN: By linking various data domains (e.g., banking, telecommunications, education) under one identity number, it simplifies user access and enhances privacy protection.
3. Implementation: The Indonesian government has legislated the use of a National Identity Number (NIK) through the Population Administration Law, which underpins the move towards a broader application of SIN.

3.2 Single Identity Number and its Role in Achieving Dignified Justice

The implementation of SIN in the taxation system is seen as a critical step towards improving tax collection efficiency and ensuring equitable treatment of all taxpayers. The declining trend in tax revenue relative to GDP highlights the need for more robust and integrated systems to capture economic activities and enforce tax laws.[11]

Taxation and Revenue Collection:

1. Current Challenges: Volatility in commodity prices, changing economic structures, and low compliance levels have undermined tax revenue.
2. Role of SIN in Taxation: By providing a singular reference point for all taxpayer information, SIN helps in identifying tax evasion and improving compliance.
3. Benefits: Enhanced ability to profile taxpayers, better assessment of tax liabilities, and reduced opportunities for tax evasion.

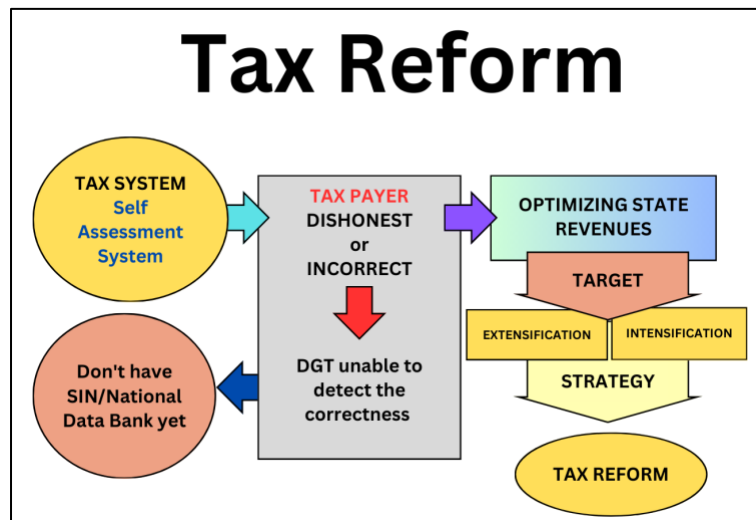


Figure 1. Tax Data Bank as a Manifestation of Tax Reform

3.3 Legal Policy Framework for the Single Identity Number

The adoption of SIN within legal frameworks involves considerations of privacy, data protection, and the alignment with national law. The political and legal discourse around SIN

focuses on its potential to support e-government strategies and reduce bureaucratic inefficiencies.

The declining trend in state revenue, especially tax revenue, presents a significant challenge that Indonesia must face. It is projected that tax revenue will become the main source of funding for development in the future. However, as seen in Figure 1, there has been a declining trend in tax revenue over the past few years. In 2012, the tax ratio was 11.4 percent. This was driven by a commodity boom that indirectly boosted business earnings from the private sector. Nonetheless, after 2012, the tax ratio in Indonesia began to decline, reaching only 9.9 percent by 2017. In nominal terms, tax revenue was IDR 490.9 trillion in 2007 and increased to IDR 1,343.6 trillion by 2017.

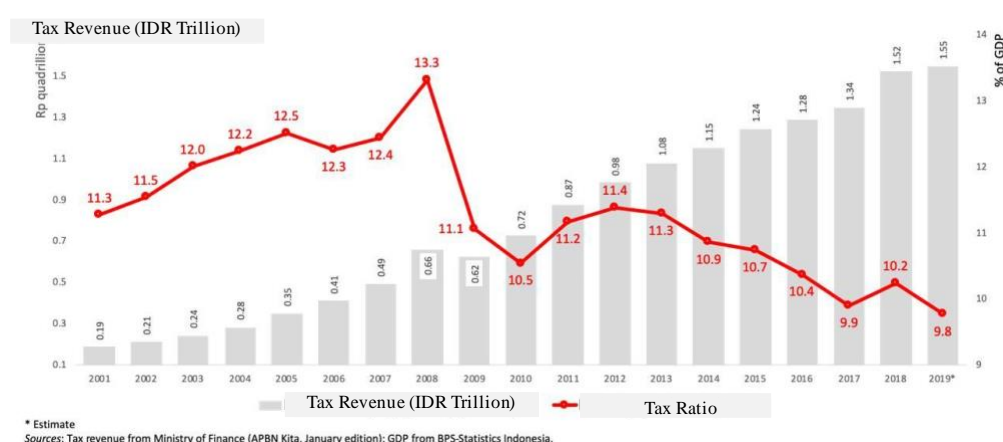


Figure 2. Indonesia Tax Ratio Graph 2001-2019

3.4 Legal and Political Aspects

1. Compliance with International Standards: Ensuring SIN implementation aligns with global data protection and privacy standards to avoid creating a digital divide.
2. Legislative Support: Necessary amendments in national legislation to support the implementation and integration of SIN across different sectors.
3. Public Policy and Administration: SIN facilitates better governance by enabling more informed decision-making and efficient public service delivery.

4 Closing

4.1 Conclusion

The Single Identity Number (SIN) system presents a transformative opportunity for Indonesia, promising enhancements in public administration efficiency, taxation, and legal compliance. It is poised to simplify bureaucratic processes, enhance the accuracy of government data, and improve the overall citizen experience with public services.

4.2 Recommendations

1. Regulatory Harmonization: Align existing laws and regulations to support the effective implementation of SIN, ensuring it does not conflict with privacy rights and data protection standards.
2. Cross-sectoral Coordination: Enhance cooperation among various sectors to ensure seamless integration of SIN in all areas of public and private administration.
3. Public Awareness and Engagement: Educate the public on the benefits and implications of SIN to garner support and mitigate resistance based on privacy concerns.

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