

**UNIVERSITY OF INDONESIA
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SPECIALTY IN ADMINISTRATION AND TAX POLICY**

ABSTRACT

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Deterrent Effect of Tax Investigation of Asian Agri Group on Improvement of Taxpayers Compliance in Palm Plantation and Industry Sector
viii + 117 pages, 16 tables, 3 pictures, 1 chart, 3 appendixes
Bibliographies : 35 books, 25 journals, 2 articles, 1 regulation

Growth in palm plantation and industry sector should be followed by the increase of tax payment by taxpayers engaged in the sector. With reference to the statement made by the Directorate General of Taxes, Darmin Nasution in a national mass media, it is only 10 % from 600 taxpayers engaged in the palm plantation and industry sector who have reported their tax obligations correctly. Non-optimal fulfillment of tax obligations in the palm plantation and industry sector primarily attributed to legal and illegal efforts done by taxpayers in minimizing the tax obligations, among others, through tax avoidance and tax evasion. These practises in the palm plantation and industry sector is reported by Tempo Magazine, January 15-20, 2008 edition on tax evasion committed by Asian Agri through three ways, namely fictitious expenditure, fictitious hedging and transfer pricing.

These research is aimed at identifying the taxpayers compliance in the palm plantation and industry sector before and after the tax investigation is done against Asian Agri Group, the deterrent effect of the tax investigation against Asian Agri Group on the tax payers compliance in the palm plantation and industry sector, and the average performance of each regional office of Directorate General of Taxes especially palm plantation and industry sector since 2004 until 2007. The research applies all population as the sample. The population of the research is taken with reference to the national taxpayers data which is classified by the regional office of the Directorate General of Taxe. The analyzed data includes two classifications of business which are dominant in the Asian Agri business group, namely 01134 (palm

plantation) and 15141 (natural crude oil industry). The compliance indicator used is the amount of Income Tax Article 25 payment as from 2004 to 2007. The research applies the quantitative approach by using the statistical analysis through Wilcoxon test and F test (multivariate anova).

The result of the research indicate that there is a deterrent effect of tax investigation against Asian Agri Group on the improvement of the taxpayers compliance in the palm plantation and industry sector. The deterrent effect can be evidenced by the increase amount of the Income Tax Article 25 payment by taxpayers in the sector at all regional offices of Directorate General of Taxes. Despite of the increase amount of the Income Tax Article 25 payment at each regional office of Directorate General of Taxes, the general performance of each regional office is varied. It indicates that there is different impacts of the extra efforts for each regional office due to the enactment of some regulations following the tax investigation against Asian Agri Group.

Based on the results of the research as above indicated, tax investigation has proved to be one of the effective way in improving law enforcement in tax sector, to help secure the state revenue as well as create deterrent efect to others taxpayers of the same kind. The quality of the tax investigation needs to be improved and the objective of the punishment in tax needs to be clarified, so the criteria of tax crime investigation and punishment can be disseminated an therefore the legal certainty can be upheld. In addition, the Directorate General of Taxes is deemed necessary to establish a uniform socialization pattern on each tax regulation which is issued at each work unit of the Directorate General of Taxes, so the distribution of tax revenue for each business sector can be optimized and the assesment process of each work unit of Directorate General of Taxes can be directed to the achievement of each work unit in collecting and securing the state revenue. It is expected that subsequent researches will discuss the deterrent effect aspects with regard to the tax investigation in more comprehensive way based on different point of view, so the ideal format and system of tax investigation can be corrected from time to time on a sustainable basis.