



REVIEWING THE IMPLEMENTATION OF THE VOLUNTARY DISCLOSURE PROGRAM AS A DATABASE PROVIDER IN EXPLORING THE POTENTIAL OF INCOME TAX ARTICLE 25/29 FOR HIGH-WEALTH INDIVIDUALS. CASE STUDY: KPP MADYA DUA MEDAN

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Abstract

This research is conducted to determine the role of the Voluntary Disclosure Program (PPS) in providing a database to the Directorate General of Taxes in extracting the potential of Income Tax Article 25/29 on Individual Taxpayers with the High Wealth Individual (HWI) category. This study also aims to determine the condition of income tax Article 25/29 of Individuals at KPP Madya Dua Medan and the obstacles in the application of PPS in extracting the potential of Income Tax Article 25/29 of Individuals. The method used in this research is qualitative method by conducting interviews, documentation and literature study. Interviews were conducted with employees of the Directorate General of Taxes and academics. Documentation is done on the data provided by KPP Madya Dua Medan. The reference sources used were obtained from journal provider platforms on the internet. The results of this study indicate that PPS can provide a database for the activities of extracting the potential of ITA 25/29 of HWI WPOP. The obstacles to the use of PPS data are the misalignment of information on the use of data between the DGT head office unit and the vertical unit, the communication between tax officers and taxpayers, the exploration of the potential of HWI which is still partial, and the tax planning of HWI taxpayers.

Keywords: Extracting Potensial, High Wealth Individual, Income Tax, Individual Taxpayers, Voluntary Disclosure Program

INTRODUCTION

The sustainability of an independent and sustainable fiscal policy is significantly influenced by the continuing growth of tax revenue (Lubis, 2015). According to the 2023 Central Government Financial Report (LKPP), the tax revenue in 2023 accounted for 77.38% of the total APBN revenue, or IDR 2,154 trillion. The tax revenue was realized at 101.69% of the target. The Directorate General of Taxes (DGT) is responsible for the collection of tax revenue in the LKPP, whereas the Directorate General of Customs and Excise (DGCE) is responsible for the collection of revenue from Customs and Excise. In 2023, DGT achieved a tax revenue collection of IDR1,867.87 trillion, which is 103.1% of the designated target.

Income Tax Article 25/29 is one form of tax revenue. Income Tax Article 25/29 is a tax provision established by Law Number 7 of 1983 concerning Income Tax 1984, as amended by Law Number 7 of 2021 concerning Harmonization of Tax Regulations, commonly known as the Income Tax Law. This provision regulates the tax payments of taxpayers, which may result from underpaid taxes at the end of the period or tax year, or from tax installments due in the current year. Income Tax Article 25/29, in contrast to Income Tax Article 21, is a direct self-assessment method for taxpayers and does not result from withholding or collection from other parties. Consequently, DGT is responsible for the provision of services, the conduct of research and supervision, and the provision of guidance to guarantee that taxpayers have fulfilled their self-assessment obligations.

The main source of tax revenue in the 2023 annual report of the DGT is non-oil and gas income tax (PPH), which amounts to IDR 992.46 trillion. The largest income tax revenue, IDR 409.77 trillion, is supported by corporate taxpayers through Income Tax Article 25/29. Income tax revenue from individual taxpayers (WPOP) is comprised of Income Tax Article 21 and Income Tax Article 25/29. Income tax Article 25/29 for individuals nationwide decreased by -



6.29% from 2021 to 2022, but it experienced a slight increase of 5.91% from 2022 to 2023. The object of study, KPP Madya Dua Medan, also undergoes the same experience. The deposit of Article 25/29 Individual Income Tax in 2022 decreased by -22.18% and only attained the target of 72.45%, as determined by data obtained from the Apportal Directorate General of Taxes server at KPP Madya Dua Medan. The decline was not limited to 2022; it also occurred in 2021. In 2021, the realization of Income Tax 25/29 OP was only 74.47%, a -24.43% decrease from the previous year. In 2023, a substantial shift occurred; the national tax revenue reached 102.73%, while the income tax revenue for PPh 25/29, OP, reached 100.77%. In accordance with this, the income tax revenue for the 25/29 OP at KPP Madya Dua Medan achieved 100.77% of the target; however, the actual achievement decreased by -22.8% in comparison to the previous year. Prior research conducted by Alamanda (2022) demonstrated that the deposit of Income Tax 25/29 by individuals continues to generate a relatively low amount of income tax revenue. Alamanda (2022) also asserts that an additional 11.79% of tax potential can be derived from WPOP, as estimated by the proportion of income tax revenue from individuals to corporations in OECD countries. It is evident that there is still potential for PPh 25/29 OP in KPP Madya Dua Medan, as evidenced by the target's successful completion in accordance with apportal data.

The High Wealth Individual (HWI) WPOP classification is a factor in the payment of Income Tax Article 25/29. Individuals who possess liquid assets of at least \$1 million are classified as HWIs (Hayes, 2023). In 2019, Sovita and Firsta (2019) reported that there were 54,000 HWIs in Indonesia, while The Wealth Report 2022 stated that the number of HWI individuals in Indonesia was 82,012. This data suggests a substantial rise in the number of individuals with HWI in Indonesia. This is in direct opposition to the negative development of individual revenue under Income Tax Article 25/29.

DGT has implemented a variety of policies to oversee the compliance of HWI taxpayers. One of DGT's policies for supervising HWI taxpayers is delineated in the Circular Letter of Director General of Taxes Number 5 Year 2022, also known as SE-05/2022. The preparation of the Supervision Priority List (DPP) is regulated by the Circular Letter. One of the variables that must be considered when developing the DPP is the impact of HWI taxpayers.

The Voluntary Disclosure Program is one of DGT's most recent initiatives for revenue collection. The Voluntary Disclosure Program (PPS) was implemented by the DGT, which is a policy that enables taxpayers to voluntarily disclose their net assets. The disclosure period for 2022 is from January 1, 2022, to June 30, 2022 (Secretariat General of the Ministry of Finance, 2022). The implementation of the Taxpayer Voluntary Disclosure Program (PPS) is regulated by Minister of Finance Regulation Number 196/PMK.03/2021, also known as PMK-196/2021. Two policies comprise PPS. The initial policy is intended for individuals who have previously participated in tax amnesty but still possess unreported assets. WPOPs who desire to disclose their assets from the acquisition year 2016-2020 as of December 31, 2020, will receive the second policy. As a result of the Harmonization of Tax Regulations Law and its implementing rules, all vertical divisions of DGT are required to provide Voluntary Disclosure Program services.

According to the 1983 Law on General Provisions and Tax Procedures, taxpayers are required to maintain organized books or records. The taxpayer compiles the bookkeeping or documentation for all financial activities related to their business or income and attaches it to their annual tax return (SPT). The tax authorities will investigate potential tax opportunities by utilizing the data from the tax return. In the same vein, the tax authorities anticipate that PPS, a form of asset disclosure that is not disclosed in the tax return, will establish itself as a new database for DGT, particularly through the second scheme that provides opportunities to individual taxpayers.



The subsequent research is cited by the author:

Table 1 Relevant Previous Research

No.	Title and Name	Sudy Focus	Relevance to This Article	Difference with this Research
1.	Implementation of Voluntary Disclosure Policy at KPP Pratama Depok Cimanggis in 2022 in order to Increase Potential Tax Revenue, (Firda Oktafiyani and Selvi, 2022)	The implementation of the PPS Policy at KPP Pratama Depok Cimanggis has been running well.	Implementation of PPS Policy at KPP	This research discusses the implementation of PPS as an effort of the Tax Office in exploring the potential of WPOP income tax with HWI segmentation.
2.	Utilisation of AEOI to Improve the Compliance of High Wealth Individual Taxpayers in Voluntary Disclosure Program, (Era Widi Astuti and Yulianti Abbas, 2023)	The utilisation of AEOI data is effective in increasing the compliance of HWI taxpayers in the PPS period	Data utilisation in exploring tax potential	This research is a review of the implementation of PPS as a database to explore the potential of HWI taxpayers at KPP Madya Dua Medan.
3	Tax Amnesty and Political Participation Torgler, Schaltegger (2003)	There is anticipation of a tax amnesty in the future front has a negative effect on tax compliance.	Implementation of tax amnesty policy	The tax amnesty policy has a wider area than PPS policy

Source: processed by the author

In this context, the research will address the following issues: (1) The condition of the potential revenue of Income Tax Article 25/29 for HWI Individuals at KPP Madya Dua Medan; (2) Tax officers at KPP Madya Dua Medan utilize the PPS result data to be used in exploring the tax potential of HWI taxpayers.

LITERATURE REVIEW

State Finance

State Finance in Indonesia is regulated in Law No. 17 of 2003 concerning State Finance, hereinafter referred to as the State Finance Law. Based on the State Finance Law, State Finance is all state rights and obligations that can be valued in money and everything in the form of money and goods that can be used as state property in connection with the implementation of these rights and obligations. Referring to this regulation, it is explained that the President holds the highest power in managing state finances and is delegated to the Minister of Finance as a fiscal manager and several other matters related to state finances are delegated to local governments such as the Governor and / or Mayor. Widayati (2014) explains that State Finance is defined as the government's way of raising funds that will be needed in the provision of public goods that can be accessed by the wider community in order to meet the needs of life.



Article 11 paragraph (1) of the State Finance Law states that the APBN is a form of state financial management that is implemented annually by law. The state budget posture includes state expenditure and revenue. State expenditure includes expenditure incurred by the central government and transfers to regions and village funds. State revenue consists of taxation consisting of taxes and customs, non-tax state revenue (PNBP), and grants.

Definition, Principles, and Tax Collection System

A tax is a mandatory contribution to the state that individuals or entities are obligated to pay without receiving a direct reward, as stated in Article 1 paragraph (1) of the KUP Law. This contribution is used for state purposes that are designed to promote the utmost prosperity of the people. Mardiasmo (2002, cited in Anggraini et al., 2021) defines tax as public money that is legally collected to fund public purposes, with the reciprocity that cannot be directly perceived by the public.

Adam Smith articulated four principles of tax collection, according to Quickeconomics (2023).

1. The principle of justice dictates that the tax payable from each individual or entity should be proportionate to the income they receive. This means that income and tax are directly proportional.
2. Under the principle of certainty, the collection must be clear and transparent in the process. This means that everyone must know quickly and precisely how much, when, and how they pay taxes.
3. The principle of convenience ensures the timely and efficient collection of taxes, thereby providing comfort to taxpayers.
4. The Economical Principle dictates that the collected tax should incur minimal costs.

Zulvina et al. (2017) state that in Indonesia there are three tax collection systems, namely *the self-assessment method, official assessment, and withholding tax*. In the self-assessment system, taxpayers have an active role while tax officials play a passive role. Tax officials serve and supervise the implementation of taxpayers' rights and obligations, while taxpayers have the right and/or obligation to calculate and report on the tax payable. Examples of taxes that use self-assessment are income tax, value-added tax, and sales tax on luxury goods. The official assessment system gives an active role to the tax officer. The tax officer determines the tax payable and its sanctions. Examples of taxes from this system include the land and building tax.

A withholding system is another form of self-assessment. The withholding system gives the right to third parties to deduct and collect taxes payable. The tax officer maintains a passive position during the payment process. The taxpayer, who bears the economic burden of the tax, will pay the tax payable and report it. The taxpayer uses the withheld or collected tax payable as a tax credit.

The principle of carrying force

The basis of this theory is the principle of justice, namely that people who are taxed must be equally taxed. The tax that must be paid is based on a person's style, the size of which is the amount of income and the amount of expenditure made. The principle of carrying force explains that the first thing that must be carried is the weight of the bridge itself and then the weight of the bridge itself. This means that what is necessary in a person's life is not included in the definition of carrying force.

Income Tax

Tax subjects are required to impose income tax on the income they receive or earn during the tax year, as outlined in Article 1 of the Income Tax Law. Ardianti (2020) conducted a study that determined that taxpayers are required to pay income tax on their earned income, regardless of whether it originates from a domestic or foreign source.



Two of the most significant attributes of income tax are revealed by these two definitions. Initially, income tax is a subjective levy. A subjective tax is a tax category that considers the subject's circumstances when fulfilling its taxation rights and obligations, as Fitriya (2023) explains in Klikpajak.id. Secondly, income tax is a direct tax. Pranoto (2016) demonstrates that the taxpayer inherently endures the direct characteristics of taxes, specifically the tax burden.

High Wealth Individual (HWI)

According to Kerr (2022), the financial industry uses the term HWI, or HNWI, to categorize individuals with a net worth of more than \$1 million. The financial industry categorizes individuals with net worths of more than \$1 million because they receive different services within the financial or banking industry.

Curry and Adams (2023) say that most financial professionals categorize HNWIs into three groups. The first is HNWI, with a wealth of \$1 million to \$5 million. The second group is known as Very-HNWI, and their wealth ranges from \$5 million to \$30 million. The third is Ultra-HNWI, with a wealth of more than \$30 million.

OECD (2009, cited in Waskita 2015) said that some countries, including Indonesia, established a special unit to handle the tax administration of taxpayers with HWI categories. According to the OECD, tax authorities consider four factors when paying special attention to HWI taxpayers: the complexity of business processes, the potential tax revenue at stake, the tendency to engage in aggressive tax avoidance, and compliance with the entire tax system.

Taxation Data/Information Analysis in Exploring Tax Potential

The data will be analyzed by the DGT to ascertain the tax disparity or tax potential of taxpayers. SE-05/2022 exIn accordance with SE-05/2022, Tax Data Analysis entails the identification of emerging modes of non-compliance, the estimation of potential unfulfilled tax obligations, and the formulation of follow-up recommendations to facilitate the implementation. Financial statement analysis and equalization analysis are commonly employed by tax officers.

The analysis of financial statements can be conducted using five instruments, as per Subramanyam (2014). Comparative financial statement analysis, common size financial statement analysis, ratio analysis, cash flow analysis, and valuation analysis are among the instruments that are employed for financial statement analysis. Furthermore, equalization analysis integrates a variety of analytical methodologies, such as comparative analysis and ratio analysis. An illustration of this equalization analysis is the comparison of the rent expense in the financial statements with the taxpayer's Income Tax Article 23 withholding, or the comparison of the gross profit ratio in the financial statements with the tax return.

Voluntary Disclosure Program

Law Number 7 of 2021 on Harmonization of Tax Regulations, also known as the HPP Law, was enacted by the government, which subsequently established the Voluntary Disclosure Program (PPS). The regulations concerning the PPS are outlined in Chapter V of the HPP Law, which spans from Article 5 to Article 12. Further arrangements for the PPS are regulated by Minister of Finance Regulation Number 196 of 2021, also known as PMK-196/2021. The PPS offers taxpayers the opportunity to disclose unfulfilled tax obligations by paying income tax as a ransom for asset disclosure, as per Suhendar and Setyorini (2023).

Article 2, Article 3, Article 5, and Article 6 of PMK-196/2021 regulate two policies of PPS. The target audience for Policy I is corporate or individual taxpayers who participated in the Tax Amnesty Program in 2016. Policy II is exclusively applicable to individual taxpayers.

The provisions for taxpayers who wish to participate in Policy II are in accordance with Article 5 paragraph (1), which specifies that the net assets that can be disclosed are assets that



were acquired between January 1, 2016, and December 31, 2020, were still owned on December 31, 2020, and were not reported in the 2020 Annual Income Tax Return for individuals.

METHODS

The author employs qualitative methods and literature studies to acquire the necessary data for this investigation. Qualitative methodologies, including interviews and documentation, will be implemented by the author.

To supply more structured responses during data processing, this investigation implemented semi-structured interviews. Additionally, we conduct interviews in a one-on-one format, which enables both informants to focus on interrogating one another. Interviews were conducted in person.

The author conducted interviews with two parties: the technical and academic parties. The author conducted interviews with the account representative and the director of the supervision section from a technical perspective. The author conducted an interview with Widyaiswara at the Tax Education and Training Centre, Ministry of Finance, from an academic perspective.

The documentation approach was employed to gather secondary data. We obtained secondary data on the number of HWI taxpayers at KPP Madya Dua Medan and the Directorate General of Taxes. Our research also included information on tax revenue. Data was obtained from the Data Quality Assurance Section at KPP Madya Dua Medan and the Performance Report of the Directorate General of Taxes. Secondary data is collected through the documentation technique. We acquire secondary data regarding tax revenue at the Directorate General of Taxes and KPP Madya Dua Medan, as well as the quantity of HWI taxpayers at KPP Madya Dua Medan. The data was obtained from the Data Quality Assurance Section at KPP Madya Dua Medan and the Performance Report of the Directorate General of Taxes.

RESULTS AND DISCUSSION

Condition of Potential Income Tax Article 25/29 of HWI Individuals in KPP Madya Dua Medan

The target for each form of tax was initially established by the APBN Law. The APBN Law was designed to divide the targets by tax type to provide each unit with the most effective strategy for collecting tax revenue. The High Wealth Individual (HWI) category as a reflection of carrying force theory. The principle of carrying force theory is the principle of justice, namely that people who are taxed must be equally taxed.

The target and potential of Individual Income Tax 25/29 are the primary topics of this discussion. Tax personal subjects are required to impose income tax on the income they receive or earn during the tax year. The following is the target of KPP Madya Dua Medan for the past three years, as determined by the data obtained:

Table 2 Revenue Target of KPP Madya Dua Medan for the Last Three Years

Year	Revenue Target	Individual Income Tax 25/29 Target	Proportion of Income Tax 25/29 to office target
2021	Rp4.028.936.096.000,00	Rp35.468.321.000,00	0,88%
2022	Rp6.507.000.000.000,00	Rp80.980.750.000,00	1,24%
2023	Rp8.114.166.136.000,00	Rp45.687.653.000,00	0,56%

Source: processed from approweb KPP Madya Dua Medan

Corporate income tax and VAT are the primary sources of revenue for KPP Madya Dua Medan, as indicated by the interview. Consequently, the primary emphasis of the potential exploration at KPP Madya Dua Medan remains on these types of taxes.



Additionally, the interview disclosed that DGT parameters categorize each registered individual at KPP Madya Dua Medan as HWI, with a particular emphasis on those with the largest deposits in the region. The limited number of HWI taxpayers registered at KPP Madya Dua Medan is also a contributing factor to the low potential of Income Tax 25/29 for individuals. Conversely, KPP Madya Dua Medan is unable to expand its operations, in contrast to KPP Pratama. This is the result of the annual analysis and evaluation of each taxpayer at KPP Pratama who has the highest deposit and other pertinent indicators. The taxpayers registered at KPP Madya Dua Medan are selected as a result.

The number of HWI Individual Taxpayers at KPP Madya Dua Medan for the past three years has been ascertained through interviews and data requests:

Table 3 Number of HWI Individual Taxpayers at KPP Madya Dua Medan

Year	Number of Individual Taxpayers (HWI)
2021	169 Taxpayer
2022	175 Taxpayer
2023	173 Taxpayer

Source: processed from Master File WP KPP Madya Dua Medan

AR interviews have revealed that the most promising sources of revenue for individuals are passive income, such as dividends from their own companies, and employees. The subsequent greatest sector is comprised of his own business operations.

Dividends are not subject to income tax, as stipulated in Article 4 paragraph (3) of the Income Tax Law. It is also known that many HWI taxpayers use the dividends as a substitute for their salary to avoid paying taxes, as indicated by the interview results. This is also one of the contributing factors to the limited potential revenue from Income Tax 25/29 for Individuals.

Actions of KPP Madya Dua Medan in using the PPS result data to extract potential tax revenue from HWI

Various activities related to the PPS are conducted by KPP Madya Dua Medan, such as PPS socialization, PPS services at the office, and a tax corner. The participation rate of PPS at KPP Madya Dua Medan is quite satisfactory, as indicated by the data that was collected. Of the individual taxpayers (HWI) who participated in the PPS, 137 had PPS Final Income Tax deposits aggregating Rp189.193.951.207.

PPS has the potential to generate state revenue through Final Income Tax payments, as well as to provide new data for ongoing compliance monitoring actions and potential extraction, according to an interview with the Directorate of Taxable Persons for VAT Purposes. The initial action that AR can take in relation to PPS data is to monitor the increase or decrease in assets, according to the Directorate of Taxable Persons for VAT purposes. An increase in assets suggests that the taxpayer has additional income to purchase them. A reduction in assets suggests that taxpayers are experiencing income from the transfer of assets and other prospective taxes, such as VAT Article 16D or Final Income Tax Article 4 paragraph (2).

Furthermore, the AR will compare the WP's living expenses with the increase or decrease in assets. The quantity of income that the taxpayer's living expenses will deduct from the increase in net assets is final and not a tax object. This will result in income that is subject to income tax at the general rate:

1. Financial Statements and Tax Returns undergo analysis, which can take the form of vertical and horizontal analysis, estimated figures, and financial ratios. This analysis is used to find early indications of taxpayer non-compliance and
2. Potential excavation techniques include equalization, confirmation, and observation.

Techniques are used to find the value of potential revenue.

The increase and decrease of assets are analyzed by KPP Madya Dua Medan using PPS data. The PPS data on asset additions, according to all resource personnel at KPP Madya Dua



Medan, will disclose the increase and decrease in taxpayers' assets, as well as income that was not disclosed in the previous year's Annual Tax Return. Nevertheless, we do not directly extract the data for analysis or later availability from the Asset Disclosure Notification Letter (SPPH). Rather, we obtain it from the Annual Tax Return that accompanies the PPS. This is to preserve the fundamental principle of the PPS, which is confidentiality. For instance, if a taxpayer reports SPPH in 2021, the taxpayer will disclose their assets in the Annual Tax Return for the tax year 2022 in accordance with the SPPH. The SPT will evaluate the fluctuations in assets.

Additionally, we will evaluate the SPPH data reported in the SPT with data from internal and external sources. Our objective is to further investigate the material truth of the SPT to optimize the tax potential that arises from asset growth. Internal sources utilized by ARs at KPP Madya Dua Medan include the tax return of the counterparty, withholding receipt, tax invoice, and ILAP. ARs at KPP Madya Dua Medan will request data from banks, insurance providers, car vendors, and other external sources.

The interview results indicate that asset utilization analyses are conducted by ARs. ARs can ascertain the tax potential of supplementary assets that taxpayers report by conducting this analysis. For instance, interest income is undoubtedly generated when taxpayers report assets in the form of receivables. A potential tax in the form of Final Income Tax Article 4, paragraph 2 is imposed on this income.

Obstacles Faced in Using PPS Result Data

Utilizing the PPS data presented numerous challenges. Both explicit and implicit information regarding the obstacles encountered is provided by the interviews. The initial challenge is the lack of consistency in the understanding between the DGT main office and the AR's implementation in the field. The ARs at KPP Madya Dua Medan operate under the premise that excavation activities can only commence if the trigger and examiner data are already available in Approweb. Consequently, they generally wait for the data to be downloaded before proceeding. The DGT executive office has verified that this measure was implemented during the app launch. Nevertheless, the data in Approweb began to diminish as time progressed. It is for this reason that the DGT headquarters has initiated a campaign to motivate ARs to conduct their own analyses and reviews of taxpayers' business processes. As a result, we expect ARs to actively pursue opportunities in addition to passively utilizing PPS data.

The current excavation of HWI taxpayers, which is still incomplete, is the second obstacle. At present, the procedure of releasing the full potential of HWI WPOP is limited to the WPOP itself. Conversely, the HWI WPOP is widely acknowledged as the primary force behind the extensive WP-WP Group. The process of identifying the beneficial owner of income and/or assets pertaining to the HWI WPOP is further complicated by the WP Group, which has a multitude of subsidiaries and associates. The tax potential is underutilized due to the complexity of identifying the beneficial proprietor.

The third obstacle is the fact that the majority of HWI taxpayers are conversant with tax regulations. This incentivizes these taxpayers to participate in tax planning as a strategy for circumventing taxes. Additionally, these taxpayers may implement PPS as a method of tax planning. The taxpayer's prospective tax liability may surpass the final income tax they have paid on asset disclosure in the event of an audit. If the DGT uncovers new data or information that is not disclosed in the PPS, it may apply Article 9 of PMK-196/2021, which allows the DGT to impose Final Income Tax at a rate of 30% and impose sanctions in accordance with the KUP Law. To confirm the formal and material accuracy of the taxpayer's PPS reporting, tax officers must conduct thorough investigation on PPS data.

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challenge is the lack of consistency in the understanding between the DGT main office and the AR's implementation in the field. The ARs at KPP Madya Dua Medan operate under the premise that excavation activities can only commence if the trigger and examiner data are already available in Approweb. Consequently, they generally wait for the data to be downloaded before proceeding. The DGT executive office has verified that this measure was implemented during the app launch. Nevertheless, the data in Approweb began to diminish as time progressed. It is for this reason that the DGT headquarters has initiated a campaign to motivate ARs to conduct their own analyses and reviews of taxpayers' business processes.

Therefore, we expect ARs to not only passively utilize PPS data but also actively pursue opportunities. The second obstacle is the current excavation of HWI taxpayers, which is still partially completed. At present, the procedure of releasing the full potential of HWI WPOP is limited to the WPOP itself. Conversely, the HWI WPOP is widely acknowledged as the primary force behind the extensive WP-WP Group. The process of identifying the beneficial owner of income and/or assets pertaining to the HWI WPOP is further complicated by the WP Group, which has a multitude of subsidiaries and associates. The tax potential is underutilized due to the complexity of identifying the beneficial proprietor.

The communication barrier between tax officials and taxpayers is the fourth of the four obstacles. During the AR's supervision procedure, numerous taxpayers remain inaccessible. This is due to the ambiguous distinction between audit actions and supervision. Supervision serves solely to clarify taxpayer compliance. This implies that supervision is a process that entails the exchange of data and discussion, particularly when the AR validates the addition or reduction of assets in the SPT because of PPS. Nevertheless, the audit action is designed to reveal evidence of noncompliance, which will result in the issuance of a tax assessment. Tax officers must establish trust with taxpayers to guarantee their satisfaction during supervision. The number of taxpayers joining the audit pool decreases because of the effective implementation of supervisory actions, which in turn improves taxpayer compliance. Consequently, the audit force is not overburdened with work that is behind schedule.

CONCLUSION

Numerous conclusions may be deduced from the discourse of the preceding chapters. Initially, the Head of the DGT Regional Office of North Sumatra I issued a Decree that classified WPOP at KPP Madya Dua Medan as HWI. The number of taxpayers at KPP Madya Dua Medan has fluctuated over the past three years, but the fluctuations have not been substantial. The rise in the number of WPOP in KPP Madya Dua Medan is not due to an increase in the number of new taxpayers who have signed up. Rather, it is due to the evaluation and analysis of formal and material compliance and net asset value conducted by KPP Pratama.

Subsequently, the Income Tax 25/29 OP at KPP Madya Dua Medan does not make a substantial contribution to the organization's overall tax revenue. The contribution to the total revenue is less than 2%. This is because most taxpayers at KPP Madya Dua Medan are employees of their own company, and their primary source of income is dividends from the company, in addition to their salary. There are only a handful of taxpayers who are employed by multiple companies, resulting in underpayments that are converted to Income Tax 25/29 deposits. Additionally, dividends are classified as non-tax objects as a return on investment in the company.

Third, the data analyzed is not directly sourced from the SPPH reported by taxpayers in 2021, but rather from the annual tax return data for the tax year 2022, with the intention of extracting potential. This is to ensure that taxpayer confidentiality is preserved in accordance with the PPS's essence. The assets in the SPPH will be recorded in the tax returns of participants in the PPS, which will allow DGT to monitor asset growth from previous years. The information



regarding the increase in assets will be further analyzed by comparing it to internal sources such as withholding tax receipts and tax invoices, as well as external sources such as data from banks and securities.

Fourth, the analysis evaluates the utilization and modifications to assets. The value of assets becomes income subject to income tax if an increase occurs after deducting living expenses, final income, and non-tax objects, as stipulated in Article 4 paragraph (1) of the Income Tax Law. There is a prospective tax on the transfer of assets in the event of a decrease.

Fifth, AR encounters numerous challenges when attempting to derive potential from PPS data. Initially, there is a lack of consensus between the DGT headquarters and the field implementation. Secondly, the current process of identifying HWI taxpayers is still inadequate, which presents a challenge in determining the beneficial owner of their income. Third, the majority of HWI taxpayers are acquainted with tax regulations, which permits aggravation. Fourth, the process of elucidating supervisory actions and maximizing potential is impeded by the absence of open communication between tax officers and taxpayers. extracting potential.

Suggestion

Based on the above conclusions, the suggestion for this article is that there are still many forms of implementation of using PPS as a database in extracting potential income tax 25/29 for HWI individuals. Therefore, we need to conduct further research to uncover alternative implementation methods beyond those outlined in this article.

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