



TAX COLLECTION OBSTACLE RESOLUTION STRATEGY AND TAXPAYER PROFILE VALIDITY (CASE STUDY: KPP MADYA PALEMBANG)

Nadya Diti Fenta ¹⁾; Rd. Tatan Jaka Tresnajaya ²⁾

¹⁾ nadya_3032230040@pknstan.ac.id, Politeknik Keuangan Negara STAN

²⁾ tatan.tresnajaya@gmail.com, Politeknik Keuangan Negara STAN

Abstract

This study aims to analyze the obstacles in the tax collection process and the validity of taxpayer profiles at KPP Madya Palembang. This research is motivated by significant challenges in achieving national revenue targets, particularly in resolving tax collection arrears. The study employs a qualitative method with a case study approach to explore the phenomenon in depth. Primary data were obtained through interviews with four informants, while secondary data were gathered through literature reviews and document analysis to provide a comprehensive perspective. The findings reveal three main categories of tax collection obstacles: technical, administrative, and potential future challenges. Technical obstacles are related to practical and operational issues in the field, administrative obstacles include procedural and administrative processes, while future challenges involve limited resources and preparations for Coretax 2025. Proposed strategies include regularly updating taxpayer data, enhancing inter-agency coordination, and implementing automated tax collection systems. The novelty of this research lies in the specific categorization of obstacles into three main categories analyzed in an integrated manner, as well as an in-depth exploration of the relationship between taxpayer profile validity and tax collection effectiveness using recent data (2021–2023). Furthermore, the study's focus on a specific location, KPP Madya Palembang, provides contextually relevant recommendations. This study concludes that synergy between addressing tax collection obstacles and ensuring the validity of taxpayer data is crucial to sustainably increasing national revenue while supporting efficient and transparent fiscal management practices.

Keywords: Challenges, Data Validity, Resolution, Tax Collection, Taxpayer Profile

INTRODUCTION

The increasing amount of tax debt is a significant challenge to the sustainability of state revenue (Indaryani & Juliarini, 2020). As the main instrument of national development, taxes play an important role in supporting various public welfare programs, but the realization of tax revenue is often hampered by low taxpayer awareness of tax obligations. Natasya *et al.* (2024) added that this lack of awareness exacerbated by taxpayers' reluctance to fulfill their obligations, such as through the practice of tax avoidance, as well as their inability to pay off tax debts that continue to increase the number of tax arrears. This creates serious challenges in optimizing tax revenue, which is a key element to strengthen the country's economy.

Putra & Muslim (2022) stated that the tax revenue target each year must be directly proportional to the payment of arrears. Therefore, innovative and consistent efforts of the Directorate General of Taxes (DJP) are essential to solve this problem and secure state revenue. In the last three years, the trend of the national tax revenue target shows a consistent increase from year to year, as reflected in the Directorate General of Taxes' performance report. In contrast, the collection target at KPP Madya Palembang has decreased. Nevertheless, the Audit, Assessment and Collection Section is still required to improve the quality and frequency of their actions as the frontline in the disbursement of tax receivables. These measures include active collection such as issuance of warning letters, immediate and simultaneous collection, submission of forced letters, seizure of assets or blocking, auctioning, and hostage-taking which are expected to increase tax revenue (Lestari *et al.*, 2021; Yanti & Musmini, 2022).

There are two main approaches to tax collection, namely passive and active collection. Passive collection is only a notification to the relevant taxpayer if there is a tax debt that needs to be paid immediately. If the taxpayer does not pay the tax debt within one month of the issuance of the tax collection letter or tax assessment letter, the tax authority or tax authorities



will take active collection action. Active tax collection is a continuation of passive tax which is carried out in reality by the collection party, first from a warning letter, notification of a forced letter to the sale of goods that have been confiscated (Pratiwi *et al.*, 2024). Through this strategy, KPP Madya Palembang seeks to optimize the fulfillment of tax obligations, despite facing various obstacles such as inaccurate taxpayer data or changes in information that are not reported (Wijayanti & Fitriandi, 2022).

Other obstacles also affect the collection process, including the uncooperative character of taxpayers, the use of dummy directors, or the unknown whereabouts of taxpayers or failure to report address changes (Sugiono, 2022; Wijayanti & Fitriandi, 2022). In this situation, bailiffs are required to conduct in-depth investigations through various sources, such as social media, government agencies, or direct visits. In addition, taxpayer information is fundamental to the process of disbursing tax receivables. The taxpayer profile as an effort to settle tax receivables serves as a representation of the taxpayer's potential, the taxpayer's level of tax compliance, assets owned, location of residence or workplace, and location of business or free work intended to carry out tax receivable disbursement efforts, so that the tax receivable disbursement process can be carried out effectively and efficiently (Widakdo & Ardini, 2019).

The validity of taxpayer profiles is key in the success of collection actions. Incomplete or outdated data often hampers the process of disbursing receivables. To overcome this, regular data updates and coordination between relevant agencies are required. With valid data, collection can be done more effectively, improving efficiency and reducing the risk of tax arrears. This process also requires innovation in information technology to ensure that taxpayer data is always up-to-date and easily accessible to interested parties (Hania, 2022).

Various studies have examined the obstacles and strategies implemented by tax authorities to improve the effectiveness of tax collection and the validity of taxpayer data. Research from Wijayanti & Fitriandi (2022) explains the obstacles to tax collection when delivering forced letters before and during the Covid-19 pandemic, such as technical obstacles in the form of incomplete taxpayer addresses, taxpayer liquidity and taxpayer refusal when given a forced letter while administrative obstacles in the form of taxpayers not providing detailed information during registration. Research according to Faiz & Subekti (2021) explains the obstacles to tax collection, namely the lack of apparatus, especially bailiffs in carrying out their duties, facilities where the budget is limited and taxpayers who cannot be found.

Research by Hania (2022) highlights the importance of regular taxpayer data updates and coordination between agencies in supporting the validity of taxpayer profiles. This research shows that invalid taxpayer data can hinder collection actions, such as the submission of forced letters or seizure of assets, thus reducing the effectiveness of tax revenue. In addition, research from Lestari *et al.* (2021) shows that the effectiveness of collection is still low due to various obstacles in the form of not finding the taxpayer's address and lack of taxpayer awareness. Research by Ermadiani *et al.* (2020) conducted at KPP Madya Palembang using data from 2015 to 2017 which shows that the effectiveness of collection, such as warning letters, forced letters and confiscation, is often ineffective but does not explain the obstacles that occur.

Although previous studies have presented a variety of interesting findings, most still focus on certain aspects in isolation, such as discussing collection barriers in general without detailed mapping or only highlighting the validity of taxpayer profiles without providing specific strategies to overcome these barriers. This research offers an update by identifying specific collection barriers grouped into three main categories, namely technical barriers, administrative barriers, and potential future barriers. In addition, each of these obstacle categories is analyzed in depth and accompanied by relevant resolution strategies, resulting in a more structured and applicable approach.



This research also explores in depth the relationship between tax collection barriers and the importance of taxpayer profile validity for tax collection effectiveness through a holistic approach. This approach integrates primary data from in-depth interviews with key informants as well as secondary data from desk studies and document analysis, to provide contextually relevant strategic recommendations. The research focus is directed at one location, namely KPP Madya Palembang, with data collection for the last three years (2021-2023). This approach provides added value in the form of up-to-date data relevance and compatibility with local dynamics, making this research more specific and applicable compared to previous studies.

This study aims to analyze the collection effectiveness and revenue achievement of MCT collection, identify obstacles in the tax collection process at KPP Madya Palembang and formulate effective resolution strategies, and related to the validity of the taxpayer profile, it is hoped that this research can make a real contribution to increasing tax revenue in Indonesia. In addition, this research also provides insight for tax authorities in designing more adaptive and innovative collection policies to face future challenges.

LITERATURE REVIEW

Definition of Tax Collection

Tax collection is a series of actions taken to ensure that taxpayers fulfill their obligations to pay tax debts and collection costs. This includes the issuance of warning letters, notification of forced letters, seizure of assets, to the auction of confiscated goods, in accordance with Undang-Undang Nomor 19 Tahun 1997 yang telah diubah oleh Undang-Undang Nomor 19 Tahun 2000 (Law Number 19 of 1997 which has been amended by Law Number 19 of 2000) (Annam *et al.*, 2023). This process aims to reduce tax arrears that can affect state revenue and ensure taxpayer compliance with applicable tax regulations. According to Ermadiani *et al.* (2020), tax collection is divided into two methods, namely passive collection and active collection. Passive collection is carried out before the payment deadline stated in the STP, SKPKB, SKPKBT, SK Pembetulan (Correction Decree), SK Keberatan (Objection Decree) and Putusan Banding (Appeal Decision) that causes tax payment shortages. This collection is carried out through appeals, which are sent through various media, such as letters or telephone. Meanwhile, active collection is carried out after the payment deadline due to the fact that there is still a tax payment shortfall that has not been fulfilled by the taxpayer. Active collection involves the issuance of warning letters, forced letters, the implementation of confiscation until the confiscated goods are sold through auction owned by the taxpayer.

Collection Effectiveness

Agustina (2020, cited in Femica, 2024) states that effectiveness means success in achieving predetermined goals. If the results of the activity are closer to the goal, the higher the effectiveness, and vice versa. Meanwhile, based on the Key Performance Indicators of the level of collection effectiveness from the DJP, the effectiveness of collection is used to measure how effective tax collection actions are carried out against taxpayers or tax insurers in efforts to disburse tax receivables. This effectiveness is measured through the weighting of collection actions which include issuance of warning letters, notification of forced letters, blocking, confiscation, sale of confiscated goods, and prevention. This weighting has been determined by the DJP which is obtained through the calculation of the disbursement of collection actions compared to the arrears base for each collection action. The figure on which the calculation is based is obtained based on the historical data of the last two years. The following formula for Collection Effectiveness can be explained as follows:

$$\text{Effectiveness of Collection} = \left(\frac{\text{Realization of Collection Actions}}{\text{Target of Collection Actions}} \times 100\% \right) \times \text{Weight}$$



Material Compliance Testing (MCT) Collection

MCT Collection or commonly known as disbursement of tax arrears involves a series of processes carried out by the Directorate General of Taxes to ensure that taxpayers pay tax debts and tax collection costs. In this process, the taxpayer is reprimanded or warned, immediate and simultaneous collection is carried out, a forced letter is notified, it is proposed to be prevented, confiscation, hostage-taking, and sale of goods that have been confiscated (Annam *et al.*, 2023). MCT Collection can be calculated with the following formula:

$$\text{MCT Collection} = \frac{\text{Realization of Tax Revenue from Collection Activities}}{\text{Target of Tax Revenue from Collection Activities}} \times 100\%$$

The level of realization of MCT's tax collection or disbursement of tax arrears can be measured by comparing the amount of tax successfully collected with the predetermined target, where collection is considered successful or effective if the realization approaches or exceeds the target. In addition, the percentage of successful collection is also an important measure, where the higher the percentage that is successfully collected, the more effective the collection. The speed of disbursement is also an important factor, where collection is considered effective if the funds collected can be disbursed quickly on schedule or faster (Jaya & Supriyadi, 2021).

Tax Collection Barriers

Tax collection is an important stage in the tax system to ensure state revenue is met. However, this process often faces obstacles that reduce effectiveness. According to Mardiasmo (2009, cited in Evantri *et al.*, 2022), obstacles are divided into active resistance, such as direct action to avoid tax obligations, and passive resistance, in the form of reluctance to pay. In addition, barriers to tax collection include administrative, technical, and potential barriers. Administrative barriers are problems arising from errors or imperfections in procedures and administration. These include inaccuracies in taxpayer data, unrecorded changes in information, and errors in data collection. These barriers are often caused by a lack of coordination between units within the tax authority or complicated administrative procedures.

Technical barriers relate to practical and operational issues in the tax collection process and often occur during field implementation by bailiffs. These include difficulties in implementing collection actions such as asset blocking and seizure, or the use of inadequate technology. In addition, future challenges include limited raw materials and in the identification of new strategies to address changes in taxpayer behavior that are increasingly adaptive to the avoidance of tax obligations (Indaryani & Juliarini, 2020; Jeong & Aribowo, 2021).

Strategies for Resolving Tax Collection Obstacles

Strategy, according to Henry (2021), is something that is done to achieve a goal. In the context of obstacle resolution, the Big Indonesian Dictionary (KBBI) defines resolution as the process, way, act, of resolving so that it can be said to be the act of solving problems to completion, which includes problem identification, root cause analysis, and solution implementation. Rahma *et al.* (2024) explain that there are five steps in implementing a strategy: (1) mission and goal setting, (2) environmental analysis, (3) internal evaluation, (4) strategic decision making, and (5) strategy implementation and control.

Strategic approaches that can be applied in overcoming barriers include persuasive efforts through education and socialization, coercive approaches with the application of strict sanctions, and the use of technology to support the effectiveness of problem management. All of these measures are based on the principle that barrier resolution should be tailored to the context and available resources to achieve optimal results.

Taxpayer Profile Validity

Based on Article 1 paragraph 4 of PMK-61 of 2023, taxpayers are individuals or entities, including taxpayers, tax withholders and tax collectors, who have rights and obligations related to taxes in accordance with tax laws and regulations. In the context of taxation, a taxpayer



profile is a collection of data and information related to the identity, status, and tax obligations of individuals and entities. This profile includes important information such as Taxpayer Identification Number (NPWP), type of business, income, business location, and history of tax payment and reporting (Aritonang S, 2021). Complete and accurate data in the taxpayer profile is needed to ensure that tax obligations can be fulfilled correctly. Therefore, the validity of the taxpayer profile is very important because it reflects the accuracy and validity of the tax data owned by the DJP, which serves to support the effectiveness of tax collection. In addition, factors that affect the validity of taxpayer profiles, such as suboptimal data updates, the use of dummy directors, or unrecorded assets under the taxpayer's name, must receive attention in order for the taxation process to run properly and transparently (Hania, 2022).

METHODS

This research uses a qualitative method with a case study approach to understand the obstacles to tax collection and the validity of the taxpayer profile at KPP Madya Palembang. According to Creswell (2018), case studies explore a particular phenomenon in a specific context with detailed data collection, while Assyakurrohim *et al.* (2023) emphasize that this method is suitable for in-depth exploration. The case study approach in this research is used to evaluate in-depth the technical, administrative, and potential barriers in the tax collection process, while explaining relevant resolution strategies.

The data in this study comes from KPP Madya Palembang, with a research period covering the last three years, namely 2021 to 2023. KPP Madya Palembang was chosen as the research location because it represents the regional area in South Sumatra, which covers 13 regencies and 4 cities. It also contributes significantly to national tax revenue, making it important to analyze. In recent years, KPP Madya Palembang has shown a decline in collection targets, even though the national revenue target continues to increase. This indicates a specific bottleneck that needs to be further identified and analyzed. The use of data from the last three years ensures the relevance and currency of the information, so that the research results can describe factual conditions that are more accurate and relevant to current tax dynamics.

There are two data sources used in the data collection and processing process, namely primary data and secondary data. Primary data is obtained through interviews with informants selected using purposive sampling technique, which includes the Head of the Inspection, Assessment and Collection Section (Informant 1), tax bailiffs (Informant 2), tax consultants (Informant 3), and PKN STAN lecturers, academics (Informant 4). The selection of these informants is based on certain criteria related to the research objectives where the Head of the Examination, Assessment and Collection Section and bailiffs were selected because of their important role in the tax collection process, while tax consultants were selected to provide perspectives from the side of practitioners who interact with taxpayers and tax authorities. Academics were selected to provide theoretical and analytical views on tax collection issues. To ensure the validity and reliability of the findings, this research uses data triangulation, which compares information obtained from various informant sources (Sugiyono, 2017).

Secondary data was obtained through literature study and document analysis. The desk study included related literature, such as books, journal articles, previous research reports, as well as relevant regulations and online articles. Document analysis was conducted on annual reports, tax revenue reports, and collection section performance reports to assess policy implementation and the effectiveness of the tax collection strategies applied. This secondary data provides a more comprehensive picture, while enriching the interpretation of the analysis results.

Data analysis techniques were thematic, including transcribing verbatim interview recordings, identifying and coding important themes in the transcripts, grouping the codes into



broader categories, and interpreting the findings by linking them to existing theories and literature (Rofiah & Burhan Bungin, 2024). After thematic analysis, the researcher proceeded to the focused coding stage of the interview results, where the researcher narrowed the focus of the analysis to certain themes that had been previously identified. Focused coding is a qualitative data analysis approach that aims to identify and categorize specific themes or concepts in qualitative data (Charmaz & Thornberg, 2021).

RESULTS AND DISCUSSIONS

The results of this study present the main findings obtained from data analysis using the focused coding approach. The findings are organized based on the four major themes identified as described in Table 1 Focused Coding of Interview Results. Each theme is elaborated to answer the research questions and provide in-depth understanding.

Table 1. Focused Coding Results from Interviews

| No. | Focused Coding Results | Main Themes |
|-----|---|---------------------------------|
| 1 | Potential raw materials | Effectiveness of Collection |
| 2 | Collection acceptance | |
| 3 | Collection actions | |
| 4 | Performance measurement | |
| 5 | Collection targets and realization | |
| 1 | Collection obstacles | Challenges and Barriers |
| 2 | Taxpayer identity issues | |
| 3 | Potential collection challenges | |
| 1 | Communication and persuasive approaches | Resolution Strategy |
| 2 | Taxpayer counseling | |
| 3 | Policies and administrative regulations | |
| 4 | Follow-up on collection actions | |
| 1 | Completeness of taxpayer data | Validation of Taxpayer Profiles |
| 2 | Accuracy of taxpayer profiles | |
| 3 | Updates to taxpayer data | |

Source: Processed by the author (2024)

Collection Effectiveness and Revenue Achievement of MCT Collection at KPP Madya Palembang

Collection Effectiveness at KPP Madya Palembang is used to measure the success rate of collection actions including Letter of Reprimand, Forced Letter, Confiscation, Blocking, Sale of Confiscated Goods, and Prevention. Over the past three years, collection effectiveness has consistently reached or exceeded 100% overall, reflecting the success of the strategies implemented despite the decline in collection action targets. According to Informant 2, *"Bailiffs usually prepare a roadmap, what is called a work plan for the beginning of the year, what we want to do until the end of the year, we have a clear targeting of taxpayers so that it is right on target and the performance of the bailiffs becomes more effective for disbursement"*. Information from Informant 2 shows that this success is due to a structured approach, such as the preparation of an annual roadmap and monthly performance evaluation through bailiff reports. This allows bailiffs to work purposefully and be accountable to their targets. Informant 4 corroborated this by stating that:

First, if we look at the tax arrears, why did the tax arrears appear, why was the SKP not paid by the taxpayer, first of all, if we want to go back a little bit, the SKPKB issued



is the result of an audit either by the AR or by a functional examiner. Well, the taxpayer must first understand why he appeared SKPKB, that's the first thing. So, he feels that this SKPKB I have to pay or not but if he doesn't understand, let alone thinks that the SKPKB was determined inappropriately, he could be, well, go ahead I won't pay.

According to Informant 4, taxpayers' understanding of SKPKB and tax arrears is crucial, as it raises awareness of their tax obligations and boosts collection effectiveness.

Meanwhile, based on MCT Collection, which is part of the Directorate General of Taxes' efforts to increase compliance, which in turn will contribute to an increase in state revenue, showed positive results despite the declining target as explained in Table 2. MCT Collection at KPP Madya Palembang. Informant 1 stated that:

From all existing taxpayers we have their receivables, we see which clustering of taxpayers can, can afford, can this in the sense that they are willing and able to pay their arrears, there are also those who are willing but unable, there are also able but unwilling, there are also taxpayers who are both unwilling. Clustering taxpayers can also be for us to achieve the target but we are also to cluster our obstacles. Taxpayers number four is the taxpayers that we find difficult to follow up.

Informant 1 emphasized that the success of MCT depends on taxpayer compliance and the strategies implemented, such as taxpayer clustering and the last category is the biggest challenge because it requires a more specific approach. In addition, raw material analysis determines the potential disbursement of tax arrears. Informant 3 added that *"First, the taxpayer factor itself ... there are also taxpayers who are indifferent, it goes back to the taxpayer profile, one. Second, in my opinion, it is the cashflow or economic capacity of the company or taxpayer"*. Information from Informant 3 indicates that the main obstacles in MCT Collection are often related to the liquidity of taxpayers and their indifference to obligations.

Table 2. MCT Collection at KPP Madya Palembang

| Year | MCT Collection Target (Rp) | Realization of MCT Collection (Rp) | Percentage of MCT Collection |
|-------------|-----------------------------------|---|-------------------------------------|
| 2021 | 169.971.841.363 | 163.955.877.586 | 96,46% |
| 2022 | 159.759.423.000 | 161.606.005.429 | 101,16% |
| 2023 | 136.102.354.000 | 156.517.363.116 | 115,00% |

Source: KPP Madya Palembang data (2024)

In the last three years, although the MCT Collection target has decreased, the realization of collection revenue has increased. In 2023, it reached 115%, partly due to the collaboration between the Regional Office, the Head of Office, and the collection team which succeeded in increasing revenue through counseling taxpayers with large arrears and an appeal decision that rejecting the taxpayer's request, enabling the bailiff to take immediate collection steps that supported receivable disbursement. The Bailiff added that overpayment compensation for taxpayer debts contributed almost 30% to MCT Collection achievement that year. Overall, some obstacles remain to achieving collection effectiveness and MCT collection, such as the lack of source material from SKP and STP and the declining number of potential taxpayers with large receivables. To overcome this, it is necessary to explore new taxpayers and strengthen collection of small receivables. With continuous mitigation and strategy development, PKM collection is expected to continue to support the increase in state tax revenue.

A comparison between the results of this study and the findings of Ermadiani *et al.* (2020) underlines a significant change in the effectiveness of tax collection at KPP Madya Palembang. If in the 2015-2017 period the effectiveness of active collection such as warning letters, forced letters, and confiscation warrants was considered ineffective in increasing tax revenue, this study found that the effectiveness of collection in the 2021-2023 period increased significantly. This indicates better adaptation to challenges in the field, although there are still



technical and administrative obstacles and target reductions that may affect the final result. In addition, MCT Collection at KPP Madya Palembang also shows an improving trend. Based on the results of research by Ermadiani *et al.* (2020), the contribution of MCT Collection in the 2015-2017 period was relatively low due to various technical and administrative constraints. However, in the 2021-2023 period, this study found that MCT Collection has become more effective, with realization rates consistently reaching or exceeding targets. This improvement is supported by better mapping of taxpayers, regular evaluations, and innovative measures to overcome existing challenges.

Tax Collection Barriers

The implementation of tax collection at KPP Madya Palembang has recorded significant achievements in recent years, although various obstacles still remain and may affect its effectiveness. The results of the interviews with the four informants revealed these obstacles to be grouped into three main categories: technical, administrative, and potential future obstacles.

Technical Barriers

Technical barriers to tax collection involve a variety of operational challenges that hinder optimal collection execution. One of the main obstacles is differences in bank regulations regarding account blocking, where different policies between bank branches often create uncertainty. A change in bank branch leadership can lead to changes in internal regulations, which slows down or even thwarts the blocking of taxpayer assets. In addition, slow responses from banks to tax office blocking requests can also potentially delay collection actions.

Requests for taxpayer identity data from third parties are an obstacle in the collection process. Collecting data from external agencies such as Disdukcapil or Kemenkumham requires a long time and bureaucratic flow. This causes delays in collection actions because the required supporting data is not available on time. In addition, the practice of using dummy directors also makes tax collection difficult. Some companies appoint dummy directors to avoid tax liability, where the formally registered director has no control over the company's assets. This makes it difficult for KPP to collect tax receivables that should be the responsibility of the company.

Another technical barrier is the inability of taxpayers to repay tax debts. Many taxpayers face liquidity difficulties or prioritize their business operational needs over tax payments. This reduces the effectiveness of collection, even though various measures, such as asset seizure, have been taken. Finally, legal remedies by taxpayers often slow down the collection process. Taxpayers filing appeals or lawsuits to delay tax payment obligations create uncertainty in the collection schedule. This lengthy legal process impedes further steps such as seizure or blocking, which in turn reduces the effectiveness of tax collection efforts.

Administrative Barriers

Administrative barriers in tax collection relate to procedures and internal resource limitations that affect the efficiency of collection implementation. One of the main obstacles is limited human resources, where the high workload and limited number of employees, especially in the Audit, Assessment and Collection Section are the main obstacles in carrying out collection tasks. In September 2024, KPP Madya Palembang did not even have a collection executive, so a lot of administrative work had to be assigned to bailiffs, which could slow down the collection process. In addition, the inaccuracy of taxpayer data is a significant obstacle. Inaccurate data, such as incorrect taxpayer addresses or asset information that does not reflect actual wealth, hampers the collection process. For example, warning letters are often returned due to invalid addresses, leading to taxpayers being unaware of the tax arrears they owe.

The suboptimal transition of collection applications has also worsened the situation of collection administration. The transition process from the Pegasus application to Portal P2 has not been fully smooth, with obstacles such as locked data access and slow network in the Directorate General of Taxes Information System (SIDJP). This has slowed down the



implementation of collection administration and made it difficult for officers to access the information needed to continue the tax collection process efficiently.

Potential

Potential obstacles at KPP Madya Palembang are faced by several factors that affect the smoothness of the collection process. One of them is the lack of collection raw materials, where many taxpayers have settled their arrears in previous years. As a result, raw materials for collection actions in 2024 are limited, thus reducing the volume of collection that can be carried out. In addition, the implementation of the Coretax system in 2025 is another potential obstacle. The new system raises concerns among bailiffs regarding the technical and procedural adaptations required. Staff will need intensive training to properly understand and operate the system, given the complexities that may arise in its implementation. If not managed well, this adaptation process could potentially hamper the effectiveness of tax collection.

These three barriers reinforce the statement of Wijayanti & Fitriandi (2022), who mentioned technical and administrative barriers as the main challenges, especially during the COVID-19 pandemic. However, this study also found that similar barriers continued even after the pandemic, such as taxpayer addresses not being updated and limited human resources. In addition, potential future barriers related to the implementation of new technologies such as Coretax also need to be anticipated, especially in terms of infrastructure readiness and adequate training for relevant human resources.

Strategies for Resolving Tax Collection Obstacles

To overcome obstacles in the tax collection process at KPP Madya Palembang, a comprehensive resolution strategy was designed based on three main categories: technical, administrative, and potential future obstacles. Technical obstacles, such as differences in bank regulations in blocking accounts, the use of dummy directors, and the inability of taxpayers to pay off tax debts, can be resolved through intensive coordination with the Regional Office and related agencies. Training to banks on blocking procedures is conducted to ensure alignment of practices. Enforcement against the use of dummy directors is carried out in accordance with Article 9 of PMK-61 of 2023, with close supervision of the company management responsible for the tax debt. Bailiffs also recommend counseling, installments, or postponement of payments for taxpayers with financial difficulties. To overcome the obstacles of legal remedies filed by taxpayers, a system or application that monitors legal status in real-time is needed, so that collection can be better planned. Bailiffs also communicate with tax instructors to compensate overpayments against taxpayer debts.

Administrative obstacles, such as limited human resources and inaccurate taxpayer data, can be overcome by adding specialized employees for collection and accelerating data validation and updating. Education to taxpayers on accurate data reporting is an important step. Meanwhile, in dealing with the transition of applications from Pegasus to Portal P2, intensive training and coordination with the Head Office were carried out to ensure smooth operations. Technical issues such as slow network in SIDJP are also addressed through follow-up to the Data Quality Assurance section. Meanwhile, overcoming potential obstacles in the future such as the lack of raw materials for collection such as SKP and STP and the implementation of Coretax in 2025 is a significant challenge. Tax office can conduct in-depth analysis of potential taxpayers who have not been identified, prioritizing taxpayers with large arrears that have not been followed up. In addition, thorough training on Coretax was prepared to ensure a smooth transition of the system. This training includes technical and procedural understanding to optimize the use of the new system without reducing the effectiveness of ongoing collections.

Based on the research findings, this strategy has undergone significant changes over time. Research conducted by Ermadiani *et al.* (2020) shows that in the 2015-2017 period, the application of warning letters, forced letters, and warrants for confiscation at KPP Madya



Palembang was not effective in increasing tax revenue. However, the latest findings in this study, which cover the period 2021-2023, show a significant increase in effectiveness. This is driven by regular evaluation and continuous improvement in policy implementation in the field. In addition, this study also emphasizes the importance of data integration between agencies as an effort to further improve the effectiveness of this collection strategy in the future.

Validity of Taxpayer Profile and its Effect on Collection Process

Taxpayer profile validity plays an important role in the success of the tax collection process. Incomplete or inaccurate data such as address, contact, management information, and asset ownership status are often the cause of ineffective tax collection. In addition, invalid data also hinders accurate identification of taxpayer assets, resulting in delays and even failures in collection actions such as confiscation or blocking of assets. Informant 1 stated that "*Validity is very influential because it is important because we don't want to get the wrong target. As for updating, there is the Data Quality Assurance section that handles the data, they are the ones who routinely update the Master File data*". Meanwhile Informant 2 stated:

The point is in the issue of the validity of the taxpayer profile because there, what is the name if we have what is called a Master File, a Taxpayer Master file where it explains the NPWP, name, address, telephone number of all kinds ... hampering the collection action activities that should be able to be fast so it is hampered because of the problem of the validity of the taxpayer profile.

Informant 1 and Informant 2 emphasized the importance of regular data updates and integration of information systems with other agencies such as Disdukcapil and Kemenkumham. Currently, this updating has become part of the Key Performance Indicators of the Data Quality Assurance Section at KPP Madya Palembang, which focuses on revamping the Taxpayer Master File. The tax office also actively follows up on directives from the Director General of Taxes regarding SE-53/PJ/2021 on improving the Taxpayer Master File Database. Based on this directive, the tax office corrects incomplete or inaccurate data in preparation for the data transfer to the Core Tax Administration System (Coretax) in 2025.

Consistent data updating aims to ensure that taxpayer profiles reflect the actual conditions, so that the collection process, such as the issuance of warning letters, forced letters, and asset seizures, can be carried out more efficiently. This acceleration not only supports collection effectiveness but also strengthens public trust in a more transparent tax system. With valid data, KPP Madya Palembang can minimize technical and administrative obstacles, thus improving collection effectiveness and overall accountability of the tax system. The validity of taxpayer profiles plays a key role in collection effectiveness. This is consistent with the findings of Hania (2022), which highlighted that invalid taxpayer data can hinder the collection process. However, this study goes further by showing how regular integrated data updates can reduce collection barriers and improve tax compliance.

CONCLUSIONS

This research shows that the implementation of tax collection at KPP Madya Palembang faces obstacles, both technical, administrative, and potential obstacles in the future. Technical barriers include difficulties in blocking accounts due to differences in bank regulations, the slow process of obtaining data from third parties, and the use of dummy directors by taxpayers. Administrative barriers include limited human resources, inaccurate taxpayer data, and suboptimal transition of collection applications. Other potential obstacles were also identified, such as the lack of raw materials for collection and preparation for the implementation of the Coretax 2025 system. Strategic efforts, such as strengthening coordination between agencies, updating taxpayer data, and providing intensive training, are important steps to improve



collection effectiveness and taxpayer profile validity. Accurate taxpayer data validity not only facilitates collection, but also strengthens trust in a transparent tax system.

Suggestions

Based on the findings of this study, it is recommended that KPP Madya Palembang improve collaboration with external institutions such as banks and other government agencies to accelerate the process of validating taxpayer data. In addition, it is necessary to develop a more integrated and automated collection system to support administrative efficiency. Updating taxpayer data should be a priority, supported by monitoring. In addition, ongoing training for employees in preparation for Coretax 2025 must be carefully prepared to ensure that the system transition runs smoothly without hampering collection effectiveness. Tax offices also need to intensify strategies towards potential taxpayers and increase persuasive approaches to taxpayers with large arrears to optimize tax revenue. These steps are expected to increase the effectiveness of tax collection and optimize the contribution of tax revenue to the state. For future research, it is recommended to expand the scope of the study by comparing barriers and strategies in several tax offices. A quantitative approach can also be used to measure the relationship between taxpayer data validity and increased state revenue, so that the results can enrich insights and provide more comprehensive recommendations for future tax policy development.

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