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THE INFLUENCE OF CONSTRUCTION VALUE, NUMBER OF CONSTRUCTION COMPANIES AND IMPORT VALUE ON VAT AND STLGs REVENUE

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Abstract
This study examines the influence of construction value, number of construction companies and import value on VAT and STLGs revenues in Indonesia. The data used is time series data downloaded from the Central Statistics Agency and the Ministry of Public Works and Public Housing which covers all regions throughout Indonesia for the period 2007 to 2022. This research uses a multiple linear regression test with the OLS (ordinary least square) method so that it can explain the influence of construction value, number of construction companies and import value on VAT and STLGs revenues in Indonesia. The independent variables used are construction value, number of construction companies and import value, while the dependent variable is VAT and STLGs revenues. The research results show that the construction value and import value each have a positive and significant effect on VAT and STLGs revenues partially, while the number of construction companies has a negative but not partially significant effect. Simultaneously, the construction value, number of construction companies and import value have a significant effect on VAT and STLGs revenues in Indonesia. This research can be a reference, especially for the Directorate General of Taxes in developing strategies to explore the potential to increase VAT and STLGs revenues in Indonesia through construction and import activities.
Keywords: Construction, Import, STLGs, VAT

INTRODUCTION

Development is still ongoing in Indonesia. Development cannot be carried out without sufficient resources. Rukmini (2016) states that development in Indonesia is almost entirely financed by taxes. This condition has encouraged the government to continuously strive to increase revenue from the tax sector. This is because if state income decreases, the government will cover the shortfall to finance state expenditure by taking out debt (Amrulloh, 2022).

Taxes are considered a very important source of funding for Indonesia. The composition of taxes as a source of state revenue is very large considering that other sources of state revenue such as PNBP (non-tax state revenue) and grants are considered not so large when compared with the realization of tax revenue. This also emphasizes the important role of taxes as a source of state income and provides an explanation regarding the ability and independence of a nation in carrying out tasks as stated in the National Medium Term Development Plan (Wijaya dan Arsini, 2021).

Tax revenues in 2022 have been realized amounting to 1,924.4 trillion rupiah. Based on data from the Indonesia Central Statistics Agency or BPS in table 1, the largest realization of tax revenue was contributed by Income Tax amounting to 895.1 trillion rupiah or 46.5 percent, Value Added Tax (VAT) and Sales Tax on Luxury Goods (STLGs) amounting to 680.7 trillion rupiah or 35.3 percent and excise revenue of 224.2 trillion rupiah or 11.6 percent.

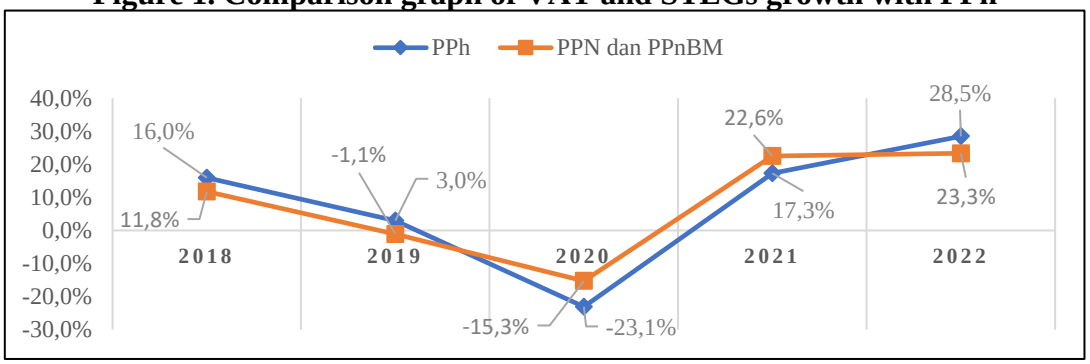
Table 1. Largest Tax Revenue Data According to Realization in 2022

Types of Tax Revenue	Realization (Trillions of Rupiah)	Percentage (%)
Income Tax	895,1	46,5%
VAT and STLGs	680,7	35,3%
Excise	224,2	11,6%
Other Tax Revenues	124,9	6,5%
Total Tax Revenue	1.924,9	100%

Source: Indonesia Central Statistics Agency (2022)

In 2022, the growth in VAT and STLGs revenues will be below the growth in Income Tax revenues as in Figure 1. This shows that the performance of VAT and STLGs revenues in Indonesia is still not good enough. Sulfan (2021) stated that the performance of VAT revenue in Indonesia from year to year tends to decline when measured using C-efficiency and VRR (VAT Ratio Revenue), namely 56.51% for C-efficiency and 0.60 VRR.

Figure 1. Comparison graph of VAT and STLGs growth with PPh



Source: IndonesiaCentral Statistics Agency (processed by the author)

OECD (Organization for Economic Cooperation and Development) countries which have a small VRR category and very large government consumption, the revenue performance on VAT will be affected if there is a change in economic conditions (Simon & Harding, 2020). This means that VAT and STLGs revenues in Indonesia are still vulnerable to economic conditions, this is because according to Faizah & Ajimat (2022) VAT has a significant effect on consumer purchasing power.

One strategy that can be implemented by the Direktorat Jenderal Pajak (DJP) to increase VAT and STLGs revenues is by exploring the potential for VAT and STLGs from sources in the construction sector and import activities. The increase in the VAT rate from 10% to 11% following the amendment of Law Number 42 of 2009 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods to Law Number 7 of 2021 concerning Harmonization of Tax Regulations is expected to provide an increase in potential VAT revenue through the construction sector (Sulfan, 2021).

Currently construction is still being carried out by the government in accordance with President Jokowi's priority program for the 2019 to 2024 period to continue the infrastructure development program in conjunction with other policy programs (Cabui, 2022). Construction is one activity that can have an impact on state revenues. Yoshino & Hoa (2020) revealed that construction has a positive and significant effect on state revenues including VAT through infrastructure construction in Vietnam. Apart from that, construction also has an influence on overall state revenues. According to Yoshino & Abidhadjaev (2017) construction has a positive and significant effect on overall tax revenues in Japan through infrastructure construction.

With construction, the value of construction has not only increased, the number of construction companies has also increased due to development in Indonesia. This is because Indonesia has made improvements to various development programs such as infrastructure, investment and international trade (Saputro & Taufiequrrohman, 2021). This program is in line with what Wirabrata (2019) stated that the government through the RPJMN has made development directions that prioritize infrastructure such as toll road construction. In Australia the influence of the construction industry can reduce tax revenues, although in England the growth of the contracting industry does not affect tax revenues in that country (Allan, 2014). According to Indriyani & Furqon (2021) companies that are subject to VAT are companies that have been confirmed as taxable entrepreneurs (PKP). Thus, the number of construction companies subject to VAT can be considered as the number of PKP.

The increase in economic activity in Indonesia is not only experienced by the construction services sector, but also experienced by import activities from 2020 to 2022. The increase in import value is due to the development of import activities with an average of 8.68 percent each year (Adhalia *et al*., 2020). Therefore, the government needs to explore the potential for VAT and STLGs from import activities because the value of imports can have an influence on VAT and STLGs revenues as according to Simarmata (2020) and Mawarni *et al*. (2021). Not only in Indonesia, increasing imports also have an impact on increasing VAT revenues in Kenya (Wawire, 2017). However, the impact of import activities does not always have a positive impact on VAT revenues, as stated by Permadi & Wijaya (2022) that imports have a significant negative effect on VAT in Asia.

The aim of this research is to see the influence of construction value, number of construction companies and import value on VAT and STLGs revenues. The results of this research will be able to provide an explanation regarding the influence of the construction and import sectors on VAT and STLGs revenues which can be used as a reference in exploring potential tax revenues.

LITERATURE REVIEW

Compliance Tax Theory

Tax compliance is something that is essential, especially for agencies authorized to handle state revenues. A country should be able to prioritize voluntary compliance rather than implementing forced compliance. Thus, voluntary compliance or voluntary tax compliance is expected to become the basis of the taxation system for each authority (Hakim *et al*., 2017). Forced compliance can also be done to improve the ability of the tax authority as the authorized party in managing taxation in a country (Awaliyah & Purwanti, 2018). One legal instrument that can be used is a tax audit.

Value Added Tax (VAT) and Sales Tax on Luxury Goods (STLGs)

Historically, VAT was initially imposed on sales transactions that occurred (Mardiasmo, 2009). According to Waluyo (2011) VAT is a type of tax aimed at consumption of goods and/or services that occurs within the customs area or within the country. The imposition of VAT does not only occur in Indonesia, but almost everywhere in the world. In several European countries, VAT is better known as Value Added Tax or VAT (Kowal & Przekota, 2021). Apart from VAT, several countries call it GST (Goods and Service Tax), for example in India (Deshmukh *et al*., 2022). However, in Japan, VAT is better known as consumption tax (Masui, 1997). Both VAT and GST are basically almost the same, namely they are still imposed on taxable goods (BKP) and taxable services (JKP). Meanwhile, consumption tax is imposed more on consumption.

Construction Value

According to Law Number 2 of 2017 concerning construction services, it is stated that construction services are a service that provides both consulting services and activities related to construction. Dannyanti (2010) states that a construction project is an activity that intends to build a building with the help of adequate resources, money, labor, building materials and equipment in detail and non-repetitively. Construction in Indonesia has fluctuated from year to year. This was done by the Indonesian Government for the sake of equitable development (Tanne, 2022).

The increase in construction values in Indonesia has not been accompanied by an increase in the realization of VAT and STLGs. Yoshino & Hoa (2020) say that construction has a positive effect on state revenues including VAT in Vietnam. In terms of the influence of construction on overall tax revenue, Yoshino & Abidhadjaev (2017) stated that construction has an effect on increasing overall tax revenue in Japan through infrastructure construction.

Construction Company

Construction companies are those who carry out construction project activities in Indonesia or can be called construction service businesses. According to the Construction Services Development Institute Regulation Number 10 of 2013, a construction services business is a business activity engaged in the construction sector that provides service assistance and construction activity processes which are differentiated based on construction business classification. Asnudin (2008) states that a construction business is a business that has limitations such as time, cost, quality and construction specifications. Every company has an obligation as a corporate taxpayer to pay and report all required tax obligations. The number of construction companies can reduce tax revenues in Australia (Allan, 2014). Therefore, there is a need for further studies that examine the influence of construction companies on VAT and STLGs revenues.

Import Value

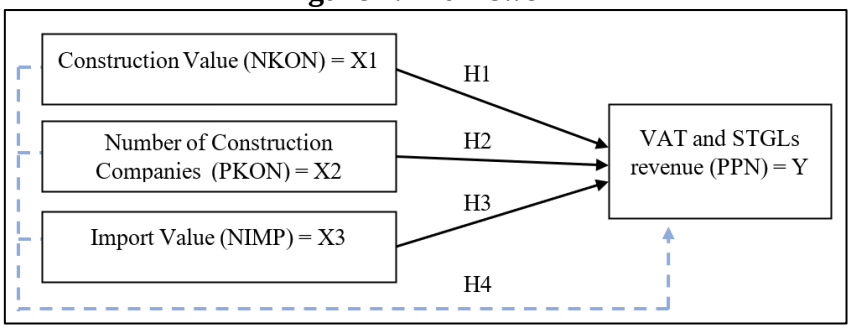
One of the transaction activities subject to VAT and STLGs according to the VAT and PPn STLGs Law in Article 4 paragraph (1) letter b is the import of taxable goods. Import is one of the economic activities that is charged due to deliveries being entered into the customs area so that they will be consumed or used in Indonesia. According to Benny (2013) import is a condition of trade by importing goods and services from abroad into Indonesian territory in accordance with statutory regulations. The transaction value used in import activities is considered the import value.

In the VAT and STLGs Law in Article 1 number (20) it is explained that the import value is a value calculated using currency units as the basis for determining the amount of import duty accompanied by levies in accordance with applicable provisions regarding customs and excise on imported goods, excluding VAT and STLGs. This is in accordance with what Sinaga (2017) said that the import value is used as a benchmark value to calculate import duties in the form of money and other levies based on statutory provisions. In this research, the import value used is the value contained in the transaction as on the invoice when making payments across national borders.

Framework

The following is the framework of thought used in this research as shown in Figure 2.

Figure 2. Framework



Source: Processed by the Author

Research Hypothesis

Based on the framework of thought as stated in Figure 2, the following hypothesis can be made:

H1: There is a significant positive influence between construction value on VAT revenues and STLGs in Indonesia

H2: There is a significant positive influence between the number of construction companies on VAT and STLGs revenues in Indonesia

H3: There is a significant positive influence between the value of imports on VAT revenues and STLGs in Indonesia

H4: Simultaneously there is a significant influence between construction value, number of construction companies and import value on VAT and STLGs revenues in Indonesia

METHOD

The method used in this research is included in research with a quantitative approach. Research with a quantitative approach is research that uses numbers from the start of the data collection process, interpreting the data, and showing the appearance of conclusions from the data (Jayusman & Shavab, 2020). The type of data in this research is secondary data in the form of time series data obtained from BPS and the PUPR Ministry for the use of both independent and dependent variables. The data collection technique is carried out by the data collection process carried out on each variable by downloading it and combining it into one research data.

The variables in this research consist of independent variables and dependent variables. The independent variable is usually called variable X which is an independent variable consisting of construction value, number of construction companies, and import value. Meanwhile, the dependent variable is called variable Y, which is the dependent variable, namely VAT and STLGs revenues.

This research uses a multiple linear regression test with the OLS (ordinary least square) method so that it can explain the influence of the independent variables on the variables in the study by estimating the regression from the line to the smallest sum of squared errors for each observation of that line (Kuncoro, 2009). The use of multiple linear regression is used to analyze the direction and determine the magnitude of the influence of the independent variable on the dependent variable (Sugiyono, 2017). The OLS method used in this research must meet existing assumptions so that it matches the characteristics of BLUE (Best Linear Unbiased Estimator) (Maharani *et al*., 2014).

The data in this research will later be transformed into natural logarithms for both the independent and dependent variables. This was done to avoid symptoms of heteroskedasticity and bring the data scale closer to this research (Rizki, 2015). Apart from that, according Rizki (2015) the use of natural logarithms is able to reduce one of the deviations in OLS assumptions such as symptoms of heteroscedasticity. Each variable will be transformed into a natural logarithm equation in a multiple linear regression equation. The following is a multiple linear regression equation that has been transformed into a natural logarithmic equation.

$$Ln(Y) = \alpha + \beta_1 LnX_1 + \beta_2 LnX_2 + \beta_3 LnX_3 + \varepsilon$$

Information:

Y	= VAT and STLGs revenue in Indonesia
X_1	= Construction Value
X_2	= Number of Construction Companies
X_3	= Import Value
α	= Constant
$\beta_1, \beta_2, \beta_3$	= Regression Coefficients
ε	= Error

RESULTS AND DISCUSSION

The following are the results of descriptive statistical analysis as presented in table 2 to explain the description of the research data.

Table 2. Descriptive Statistical Analysis of Research

Variable	Minimum	Maximum	Mean	Std. Dev.	Information
PPN (Y)	154.527	680.741,3	391.599,4	149.182,2	billion rupiah
NKON (X1)	212.338,2	1.594.196	873.085,1	466.942,2	billion rupiah

PKON (X2)	83.898,0	203.403,0	146.663,9	28.252,0	unit
NIMP (X3)	74.473,4	237.447,1	158.754,7	40.544,4	million US dollars
n = 64					

Source: Processed by the Author

Classic Assumption Test

The classic assumption test has several assumptions that must be met so that the estimates obtained can have ideal characteristics in the form of BLUE (Best Linear Unbiased Estimator) (Ghozali, 2017). The classical assumption test is important to carry out as an initial stage in regression analysis and if it meets the BLUE criteria then the data used must be able to avoid problems such as normality, heteroscedasticity, multicollinearity and autocorrelation.

Normality test

Based on the results of the normality test using the skewness/kurtosis test as in table 3, with a significance level of 0.05, it is clear that the p-value (Prob>chi2) for all variables, both independent and dependent variables, is above 0.05. The VAT variable has a p-value of 0.4247, the construction value variable is 0.3352, the number of construction companies variable is 0.0549 and the import value variable is 0.0649. This means that the variables of construction value, number of construction companies and VAT and STLGs revenues are normally distributed.

Table 3. Normality Test with Skewness/Kurtosis Test

Skewness/Kurtosis tests for Normality					
Variable	**Obs**	**Pr (*Skewness*)**	**Pr (*Kurtosis*) adj**	**chi2(2)**	**Prob>chi2**
lnPPN	16	0,2525	0,6485	1,71	0,4247
lnNKON	16	0,2837	0,3822	2,19	0,3352
lnPKON	16	0,1618	0,0394	5,81	0,0549
lnNIMP	16	0,0527	0,1613	5,47	0,0649

Source: Processed by the Author

Heteroscedasticity Test

This research conducted a heteroscedasticity test with the Breusch-Pagan test. Based on the results of the heteroscedasticity test as in table 4, the Breusch-Pagan / Cook-Weisberg test was obtained, namely a chi2 value of 0.00 and a Prob > chi2 value of 0.9462. A study is considered to have symptoms of heteroscedasticity if Prob > chi2 is below the significance level of 0.05 (Pratista, 2018). However, if the Prob > chi2 value is higher than the significance level of 0.05, then the data used in the study is considered not to experience symptoms of heteroscedasticity. The value of Prob > chi2 in this study is 0.9462, which means that the value of Prob > chi2 is greater than the significance level of 0.05. This means that the data in this study does not experience symptoms of heteroscedasticity.

Table 4. Heteroscedasticity Test with STATA

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: *Constant variance* Variables: *fitted values* of lnPPN chi2(1) = 0,00 Prob > chi2 = 0,9462

Source: processed by the Author

Multicollinearity Test

Ghozali (2017) revealed that the multicollinearity test has the benefit of finding out whether the regression model has a correlation between the independent variables. Based on the results

of the multicollinearity test in table 5, the VIF values for each variable are all below 10 (VIF < 10) or the tolerance value (1/VIF) for each variable is above 0.05. This means that all independent variables such as construction value, number of construction companies and import value in this study are free from symptoms of multicollinearity.

Table 5. Multicollinearity Test

Variable	VIF	1/VIF
lnPKON	2,94	0,339896
lnNKON	2,88	0,347011
lnNIMP	2,29	0,436118
Mean VIF	2,71	

Source: Processed from STATA

Autocorrelation test

The autocorrelation test is carried out to determine the correlation between observations ordered according to time or space (Ajija *et al*., 2011). In this study, the autocorrelation test was carried out using the Durbin-Watson d-statistic method. According to Yusmaniarti *et al*. (2019), if the Durbin-Watson value is between -2 to 2 (-2 < DW < 2), then there are no symptoms of autocorrelation or it passes the autocorrelation test. Based on table 6, the Durbin-Watson d-statistic value is 0.97189 or is between -2 to 2 (-2 < 0.97189 < 2) so it can be concluded that the data in this study does not experience symptoms of autocorrelation.

Table 6. Autocorrelation Test using the Durbin-Watson Method

Durbin-Watson d-statistic (4,16) =	0,9718946

Source: Processed by the author

Regression Model Analysis

Based on the classical assumption test, this research data meets the BLUE category (Best Linear Unbiased Estimator) which has been tested that the research data is normally distributed, there are no symptoms of heteroscedasticity, there are no symptoms of multicollinearity and there is no autocorrelation. With the STATA application, regression analysis has been carried out and can explain how big the coefficient is on each independent variable and dependent variable as in table 7.

Table 7. Multiple Linear Regression Analysis

lnPPN	Coef.	Std. Err.	t	P > t	[95% Conf.	Interval]
lnNKON	0,5566631	0,0449003	12,4	0,000	0,4588338	0,6544925
lnPKON	-0,1168277	0,1460003	-0,80	0,439	-0,434935	0,2012796
lnNIMP	0,3767179	0,0901860	4,18	0,001	0,1802195	0,5732163
_cons	2,1690550	1,2453030	2	0,107	-0,5442267	4,8823370
Number of obs	16					
Prob > F	0,0000					
Adj R-squared	0,9761					

Source: Processed from STATA

Based on table 7, a multiple linear regression model equation can be created as follows:

LnPPN = 2,1690550 + 0,5566631LnNKON – 0,1168277LnPKON + 0,3767179LnNIM

The constant value α is 2.1690550 which explains that VAT and STLGs revenues will increase by 2.1690550 percent if all independent variables are considered fixed or have a value of zero (0). The construction value (NKON) has a directly proportional relationship with VAT and STLGs revenues, which means that if there is an increase of 1 percent in the construction value, it will have an impact on increasing VAT and STLGs revenues by 0.5566631 percent with the assumption that the other independent variables have a fixed value (ceteris paribus).

The number of construction companies (PKON) has an inverse relationship with VAT and STLGs revenues, which means that if there is a 1 percent increase in the number of construction

companies, it will have an impact on reducing VAT and STLGs revenues by 0.1168277 percent, assuming that the other independent variables are fixed (ceteris). paribus). The import value (NIMP) has a directly proportional relationship with VAT and STLGs revenues, which means that if there is a 1 percent increase in import value, it will have an impact on increasing VAT and STLGs revenues by 0.3767179 percent, assuming that the other independent variables are fixed values (ceteris paribus).

F Test

The simultaneous test or F test is a test carried out to show whether the independent variables used in the research have a joint or simultaneous influence on the dependent variable (Ghozali, 2017). In the results of multiple linear regression, it can be seen that the F test results in table 7 clearly show that the F test value or p-value (Prob > f) is 0.0000. Because this value is below 0.05, there is a simultaneous influence on the independent variable on the dependent variable.

T Test

The T test is carried out to see how much influence each independent variable has on the dependent variable partially with the assumption that other variables are considered constant. The probability results in table 7 are results using a two-tailed hypothesis because the STATA application shows an appropriate two-sided Wald test. This research uses one direction (one-tailed) so the possibility must be divided into 2 first. This is done so that the p-value can be one-tailed (Triyadi, 2020). The following are the results of the one-tailed probability of the independent variable as shown in table 8.

Table 1. One-Tailed Probability Value of Independent Variables

Variable	Probability
LnNKON	0,0000
LnPKON	0,2195
LnNIMP	0,0005

Source: processed by the author

Table 8 shows that the p-value of the construction value and import value variables is below the 0.05 significance level, meaning that the construction value and import value variables contained in the regression model each have a significant influence on the VAT and STLGs revenue variables in Indonesia with confidence level of 95% and error value of less than 5%. Meanwhile, the variable number of construction companies is above the significance level of 0.05, which means that the number of construction companies does not have a significant effect on VAT and STLGs revenues in Indonesia.

Coefficient of Determination Test (R^2)

According to Utami (2020), the coefficient of determination test R^2 is carried out to see how much of the percentage change in the dependent variable is influenced by the independent variable. The results of testing the coefficient of determination R^2 have been carried out and processed statistically as outlined in table 7. In table 7, the coefficient of determination test value (adjusted R-squared) in this study is 0.9761 or 97.61%. This value indicates that the independent variable used is able to provide an explanation of 97.61% of the variation in the dependent variable. Meanwhile, the remaining 2.39% can be explained by other variables outside this research.

Hypothesis Test Results

In this research, the author used a significance level of 0.05 with three types of independent variables consisting of construction value (X1), number of construction companies (X2) and import value (X3). Meanwhile, the dependent variables used in this research are VAT and

STLGs revenues (Y). The results of testing each hypothesis have been summarized as shown in table 9.

Table 9. Hypothesis Testing

Variable	*Prediction*	*Coef.*	*Mean*	*Std. Dev*	T Test	*Adj.*R^2	Decision
X1→Y	+	0,5566631	873.085,1	466.942,2	0,0000	0,9761	H1 accepted
X2→Y	+	-0,116828	146.663,9	28.252,0	0,2195	0,9761	H2 rejected
X3→Y	+	0,3767179	158.754,7	40.544,4	0,0005	0,9761	H3 accepted
Simultaneous significant test (F test) Prob > F = 0,0000							H4 accepted
*significance level 5%							

Source: processed by the author

Based on the results of the T test in table 9, the p-value of the construction value variable (NKON) is 0.0000, which indicates it is smaller than the significance level of 0.05. This means that the first hypothesis (H1) in this study is accepted. These results explain that construction value has a positive and significant effect on VAT and STLGs revenues in Indonesia. In table 9, the p-value of the construction company variable (PKON) is 0.2195, which shows that it is greater than the significance level of 0.05. This means that the second hypothesis (H2) in this study is rejected. These results explain that the number of construction companies has a negative but not significant effect on VAT and STLGs revenues in Indonesia.

Based on the T test results in table 9, the p-value of the import value variable (NIMP) is 0.0005, which indicates it is greater than the significance level of 0.05. This means that the third hypothesis (H3) in this study is accepted. These results explain that the value of imports has a positive and significant effect on VAT and STLGs revenues in Indonesia. In table 9, it is clear that the F test probability value is 0.0000. With a significance level of 0.05, the F test probability value is lower than the significance level which has the explanation that simultaneously all independent variables (construction value, number of construction companies and import value) have a significant effect on VAT and STLGs revenues in Indonesia.

The first hypothesis explains the correlation between construction value and VAT and STLGs revenues in Indonesia. Based on the results of multiple linear regression on the influence of construction value on VAT and STLGs revenues in table 7, the construction value variable has a coefficient of 0.5566631 and a probability value of 0.000. The results of this analysis show that the construction value variable partially has a positive and significant effect on VAT and STLGs revenues in Indonesia. This also explains that an increase in construction value of 1 percent will increase VAT and STLGs revenues by 0.5566631 percent with the assumption that other variables are constant (ceteris paribus).

The high and low value of construction is influenced by several resource factors as stated by Dannyanti (2010) that a construction project is an activity carried out with the intention of building a building with the help of resources, money, labor, building materials and adequate equipment in detail and not repeated. The results of this research are in line with research by Yoshino & Hoa (2020) in Vietnam and Yoshino & Abidhadjaev (2017) in Japan. Yoshino & Hoa (2020) stated that construction has a positive and significant effect on tax revenues including VAT in Vietnam. Meanwhile in Japan, according to Yoshino & Abidhadjaev (2017) construction has a positive and significant effect on overall tax revenues.

The results of research in Japan conducted by Yoshino & Abidhadjaev (2017) tested the construction of overall tax revenue because in Japan it does not apply VAT, but is better known as consumption tax. Although there are differences between the results of this research and research conducted by Yoshino & Abidhadjaev (2017), these differences are due to the different types and structures of taxation between Indonesia and Japan. Therefore, this research focuses more on the influence of construction value on VAT and STLGs in Indonesia only, not tax revenues as a whole.

Based on the results of multiple linear regression on the influence of the number of construction companies on VAT and STLGs revenues which have been summarized in table 7, the variable number of construction companies has a coefficient value of -0.1168277 and a probability value of 0.2195. The results of this analysis show that the variable number of construction companies has a partial but not significant negative effect on VAT and STLGs revenues in Indonesia. It can be concluded that in this study the use of the variable number of construction companies cannot be applied because it is not significant.

The results of this research support the results of research conducted by Allan (2014) in Australia that the influence of construction companies can reduce tax revenues. Research discussing the influence of the number of construction companies on VAT is still limited. However, if studied more broadly, the number of construction companies can be considered as the number of PKP considering that construction companies that are subject to VAT are companies that have been confirmed as PKP. If we look at the total number of PKPs as a whole, several studies related to the influence of the number of PKPs on VAT revenues have been carried out by Yusuf (2011) and Masyitah (2016).

The results of this research contradict those conducted by Yusuf (2011) which stated that the number of PKPs had a positive and significant effect on partial VAT revenues. The difference in research results with those conducted by Yusuf (2011) is due to differences in the number of sample objects and research locations. The results of this research also support research conducted by Masyitah (2016) if the number of construction companies is considered as the number of PKP considering that construction companies that are subject to VAT are those that have been confirmed as PKP. Masyitah (2016) stated that the number of PKPs had a negative and insignificant effect on VAT and STLGs. The number of construction companies can reduce VAT and STLGs revenues in Indonesia, although it is not significant.

Apart from that, many construction companies that have registered as PKP are still not compliant in fulfilling tax obligations, especially in paying VAT and reporting Periodic VAT SPTs in each tax period, and there are even many fraudulent practices carried out by PKP. Fraudulent practices carried out by construction companies with PKP status often involve buying and selling fictitious tax invoices (Kusumastuti, 2020). Addressing this problem, DJP has published an e-invoice application (Eriza *et al*., 2018). Not only that, e-invoicing in 2020 is also equipped with a pre populated system to prevent fictitious tax invoices and fraud in issuing tax invoices.

Based on the results of multiple linear regression on the influence of import value on VAT and STLGs revenues in table 7, the import value variable has a coefficient of 0.3767179 and a probability value of 0.005. The results of this analysis show that the import value variable partially has a positive and significant effect on VAT and STLGs revenues in Indonesia. This also explains that an increase in import value of 1 percent will increase VAT and STLGs revenues by 0.3767179 percent with the assumption that other variables are constant (ceteris paribus).

The results of this research are not in line with those conducted by Permadi & Wijaya (2022) that imports actually have a significant negative effect on VAT in Asia. Research by Permadi & Wijaya (2022) explains that imports have a negative effect on VAT and STLGs revenues due to low demand and supply as a result of the decline in economic activity in Asia. Differences in research results are due to differences in object samples, scope and research methods. Permadi & Wijaya's (2022) research used object samples from 2015 to 2019 in all countries in Asia and the research method was carried out using panel data regression.

The increase in VAT and STLGs revenues through an increase in the value of imports, if linked to tax compliance theory, is considered forced compliance. This is because all export and import activities in Indonesia are fully supervised by the Direktorat Jenderal Bea dan Cukai

(DJBC) for goods and also supervise the payment of Import Tax (PDRI) before entering the customs area. Thus, supervision of the fulfillment of tax obligations on import VAT and STLGs tends to be carried out better because of the forced compliance implemented by DJBC.

Based on table 7, it is clear that the F test value produces a p-value of 0.0000. With a significance level of 0.05, it can be said that simultaneously the construction value, number of construction companies and import value have an influence on VAT and STLGs revenues. This provides an explanation that the construction value, number of construction companies and import value simultaneously have a positive influence on VAT and STLGs revenues in Indonesia, even though partially there is one variable, namely the number of construction companies, which has no effect at all on VAT and STLGs revenues.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of this research analysis, it can be concluded that increasing construction activities can have an influence on increasing VAT and STLGs revenues in Indonesia. This explains that the higher the number of construction projects implemented in Indonesia, both through the government and the private sector, can increase tax revenues, especially VAT and STLGs. It turns out that the number of construction companies in Indonesia can have an influence on reducing VAT and STLGs revenues in Indonesia, although it is not significant. This indicates that there are construction companies that are registered as taxpayers and PKPs are still not complying with their tax obligations regularly.

In addition, many construction companies in Indonesia work on projects financed by the government so that VAT on these projects is directly collected by the government treasurer. This results in the potential for VAT refunds because input tax is greater than output tax, so it can reduce VAT and STLGs revenues. Increasing import activities in Indonesia could have an impact on increasing VAT and STLGs revenues. The increase in VAT and STLGs occurred due to forced compliance where import activities in Indonesia were closely monitored by DJBC. Simultaneously, the construction value, number of construction companies and import value influence VAT and STLGs revenues. This is because most construction activities in Indonesia, especially those carried out by the government, import raw materials from abroad. According to Kuntohadi *et al*. (2019), government projects tend to be handled more by imports, which makes certain companies require imports even though the government recommends reducing import rates. Thus, construction and import activities basically go hand in hand in the form of an economic chain that influences each other.

Recommendation

Based on the results of the analysis that has been carried out and the conclusions that have been explained previously, the Indonesian Government through the DJP needs to make appropriate policies to support the exploration of potential VAT and STLGs revenues in the construction sector and import activities to make them more effective and efficient. This is because construction and import activities have a quite significant impact on VAT and STLGs revenues in Indonesia. The increase in construction value in Indonesia is currently not accompanied by an increase in VAT and STLGs revenues. Therefore, DJP can explore deeper potential in the form of cooperation through a memorandum of understanding (MoU) with other agencies such as the PUPR Ministry in the construction sector.

In terms of exploring the potential value of imports in Indonesia, the DJP can collaborate through a memorandum of understanding (MoU) with other agencies such as the DJBC Ministry of Finance, the Directorate General of Immigration, the Ministry of Law and Human Rights and the Quarantine Center of the Ministry of Agriculture. This is because these three agencies are authorized institutions, especially in the process of examining the entry of people

and goods from abroad into Indonesia so that data related to imports can be more complete and accurate. Forms of cooperation can be carried out by equalizing import data from both imported goods and importer data in Indonesia, carrying out joint programs, and making joint regulations regarding the imposition of VAT and STLGs on imports.

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