Taxprayer Rights in Cancellation Of Tax Assessment Letter

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ABSTRACT

This research focuses on the rights of taxpayers in the cancellation of Tax Assessment Letter (SKP). In Indonesia, taxpayers have the right to apply for cancellation of an SKP that is deemed erroneous. However, some rights such as access to information, the right to clarity of process, and the right to object are often hampered by complex administrative mechanisms. This research aims to identify taxpayers' rights in the context of SKP cancellation and evaluate whether these rights are adequately fulfilled. The results show that there is a gap between regulation and implementation, making it difficult for taxpayers to obtain their rights effectively.
Keywords: *Taxpayer Rights, SKP Cancellation, Tax Justice.*

Introduction

The taxpayer's right to apply for cancellation of the Tax Assessment Letter (SKP) is an important aspect of the tax system in Indonesia (Qinayya, et al. 2024). The SKP issued by the Directorate General of Taxes (DGT) should reflect truth and fairness, but there are often inaccuracies that harm taxpayers. Therefore, it is important for taxpayers to understand their right to apply for the cancellation of an incorrect SKP.

The SKP cancellation process can be complex and difficult for taxpayers with various legal and administrative obstacles often arising, including a lack of understanding of the applicable procedures and vagueness in tax regulations (Jan, 2022). These obstacles can hinder taxpayers' access to enforce their rights and fight for fairness in tax obligations.

One of the main obstacles faced is the lack of transparency in the SKP issuance process (Jamilah, 2024). Taxpayers are often not provided with sufficient information regarding the legal basis and calculations used by the DGT. In addition, there are also issues related to the procedure for filing a cancellation request, which often requires complex documentation, and taxpayers' unfamiliarity with their rights can add to the difficulty of this process.Other administrative obstacles include the time taken to process the cancellation request, which can be lengthy. This leaves taxpayers feeling pressured and frustrated, especially when they feel that the SKP received is unfair. In addition, the lack of support from the tax authorities in providing assistance to taxpayers in this process is also a significant problem.

In this context, it is important to evaluate the existing system and provide recommendations for improvement. With a better understanding of their rights and adequate support from tax authorities, taxpayers can more easily apply for SKP cancellation. This research aims to identify and analyse the legal and administrative obstacles faced by taxpayers, and provide insights that can help improve the SKP cancellation process.This research aims to identify taxpayer rights related to the cancellation of tax assessment letters (SKP) and evaluate the implementation of these rights in the SKP cancellation process, which is often faced with various legal and administrative obstacles. By understanding and assessing the extent to which taxpayers' rights are fulfilled, this research will also discover the obstacles that impede the fulfilment of these rights, and ultimately provide recommendations for improvements to enhance the SKP cancellation process, so that taxpayers can more easily enforce their rights and achieve fairness in tax obligations..

In the context of the cancellation of tax assessment letters (SKP), this research hypothesis states that some taxpayers' rights are still not fully fulfilled, which results in difficulties in the process of filing a cancellation request. In addition, it is expected that the simplification of procedures and increased transparency in the SKP cancellation mechanism will strengthen the fulfilment of taxpayers' rights, thereby facilitating better access for taxpayers in enforcing their rights and achieving fairness in tax obligations.

This research makes a significant contribution by clarifying taxpayers' rights regarding the cancellation of tax assessment letters (SKP) and identifying the legal and administrative obstacles faced by taxpayers in the process of filing a cancellation request. By providing practical recommendations for the Directorate General of Taxes (DGT) to improve accessibility and fairness in the taxation process, this research aims to create a fairer system for taxpayers. In addition, the results of this study are expected to be a valuable reference for policy makers in drafting regulations that are more responsive and effective towards taxpayers' rights.

Inaccurate tax assessments are often a complex issue in the context of tax law, justice and public administration. In this conceptual framework, it is important to understand how inaccuracies in tax assessments can affect taxpayer compliance and public trust in tax authorities. Firstly, from a tax law theory perspective, an incorrect tax assessment can create injustice for taxpayers. These inaccuracies are often caused by an inefficient or less transparent tax administration system. Research shows that modernisation of the tax administration system can increase taxpayer compliance, as a better system can reduce errors in tax determination and increase taxpayer confidence in tax authorities (Amalia, 2023; Kristanto, 2023). For example, research by Amalia (2023) shows that modernisation of the tax administration system has a positive effect on motor vehicle taxpayer compliance, which suggests that system improvements can reduce non-compliance caused by administrative errors.

Second, from the perspective of justice theory, procedural justice is key in building trust between taxpayers and tax authorities. Zelmiyanti (2017) argues that procedural justice in tax administration can increase taxpayer compliance. When taxpayers feel that the tax determination process is fair and transparent, they are more likely to comply with their tax obligations. This suggests that incorrect tax assessment not only harms individuals but can also undermine public confidence in the tax system as a whole.

Third, in the context of public administration theory, government effectiveness in managing tax administration is very important. Kristanto (2023) emphasises that government effectiveness plays a role in improving tax compliance. Inaccuracies in tax assessment letters may reflect weaknesses in public administration, which may result in dissatisfaction among taxpayers. Research by Setyawan and Purwantini Setyawan & Purwantini (2021) also shows that factors such as tax knowledge and tax sanctions have an effect on taxpayer compliance, which suggests that good administration should include adequate education and socialisation to increase taxpayer awareness.

That incorrect tax assessment letters can be seen as the result of unfairness in the tax administration process and low government effectiveness. To improve taxpayer compliance and build public trust, it is important for tax authorities to implement a more modern and transparent administrative system, and ensure that fair procedures are applied in tax assessment. Thus, improvements in tax administration will not only reduce errors in tax assessments but also increase compliance and public trust in the tax system.

Taxpayers in Indonesia have several fundamental rights stipulated in the tax regulations, which are important to understand so that they can perform their tax obligations properly. First, the right to clarity of information ensures that taxpayers are entitled to clear information on the amount of tax payable and the basis for the issuance of the Tax Assessment

Letter (SKP), so that they can better understand their tax obligations. Second, the right to objections and appeals allows taxpayers to file objections to SKPs that are deemed erroneous, regulated in Article 25 of the Law on General Provisions and Tax Procedures (UU KUP), which provides three months after the SKP is received to file objections, including for SKPKB, SKPKBT, SKPLB, and SKPN. Third, the right to cancellation of SKP and elimination of sanctions allows taxpayers to request cancellation of SKP and reduction of administrative sanctions if errors are found, regulated in Article 36 of the KUP Law. Fourth, the right to fair and speedy access guarantees that the process of filing objections and cancelling SKPs must be swift and transparent so as not to disadvantage taxpayers financially or administratively, with an obligation for the Directorate General of Taxes (DGT) to provide a decision on objections within a maximum of 12 months after the application is filed. These rights provide significant protection for taxpayers, but a good understanding of the applicable procedures and requirements is key for them to utilise these rights effectively.

Methods Research

This research uses a normative juridical method that focuses on analysing applicable legal norms in the context of taxpayer rights in Indonesia. This method emphasises the review and analysis of laws and regulations governing taxpayer rights, such as the Law on General Provisions and Tax Procedures (UU KUP) and other relevant regulations. A statutory approach is applied to identify and analyse relevant legal provisions, including the right to clarity of information, objection, cancellation of SKP, and removal of sanctions. In addition, a conceptual approach was used to understand basic concepts related to taxpayer rights, including the theory of tax justice and the principles of transparency and accountability. Data collection was conducted through a literature study by accessing various sources, such as legal literature, official documents, and technical guidelines from the DGT. Qualitative analysis was conducted to evaluate the extent to which taxpayer rights have been fulfilled, including problem identification, evaluation of rights fulfilment, and providing recommendations for tax policy improvement. Thus, this study aims to provide a comprehensive overview of the fulfilment of taxpayer rights in Indonesia, as well as the challenges faced and corrective measures needed to improve the protection of taxpayer rights.

Result and Discussion

This research aims to explore the taxpayer's rights in the cancellation of an incorrect Tax Assessment Letter (SKP) and identify the legal and administrative obstacles faced in the process of submitting a request for cancellation. Based on the analysis of Law Number 28 Year 2007 on General Provisions and Tax Procedures, there are several important articles that regulate taxpayer rights related to SKP.

1. Legal Basis for Taxpayer Rights

1. **Article 16 KUP: Correction of SKP**. This article regulates the correction of SKP which can be made on the basis of human error. The correction can be made at any time without time limit, either by the tax official or by the taxpayer himself.
2. **Article 25 and 26 KUP: Right to Object**. Taxpayers have the right to file an objection to the SKP issued, including the SKP that has been corrected. Objections must be filed within three months after the issuance of the SKP, unless there are circumstances beyond the taxpayer's control that prevent it.
3. **Article 36 KUP: Reduction or Elimination of Sanctions**. This article authorises the Director General of Taxes to reduce or eliminate the sanctions imposed in the SKP if there is an error in its application.

4. **Article 17 KUP: Time Limit for Completion**. This article regulates the time period for completing the correction of errors or mistakes, which must be completed within four months after the application is received.
5. **Article 1 KUP: Scope of Correction**. Stating that all types of tax assessment letters, including SKP, can be corrected if errors or mistakes are found.

Although tax regulations in Indonesia provide important rights to taxpayers, there are several obstacles in their implementation. These constraints indicate that although the regulations provide substantial rights to taxpayers, the implementation still faces various challenges.

2. Constraints in the Implementation of Taxpayer Rights

1. **Clarity of Information Not Always Fulfilled**. Many taxpayers report that information related to the basis for issuing SKP and the reasons for its rejection are not adequately conveyed by the Directorate General of Taxes (DGT). This creates uncertainty and confusion for taxpayers in understanding the decision made by the DGT, thus hindering them in taking the next step, such as filing an objection (Hariani, 2023; Ramadhany & Raysa Prima, 2023).
2. **Time-Consuming Objection Process**. The objection process is often hampered by complicated and time-consuming procedures. Although regulations stipulate that the DGT must provide a decision on an objection within a maximum of 12 months, many taxpayers feel that this time is too long and has a negative impact on their cash flow (Hariani, 2023; Unnamed, 2022). In addition, the complex procedure for filing an objection is also a barrier for many taxpayers (Ramadhany & Raysa Prima, 2023).
3. **Lack of Accessibility**. Not all taxpayers, especially small or individual ones, have easy access to understand or access the SKP cancellation mechanism. The lack of socialisation and education from the DGT regarding existing rights and procedures leaves many taxpayers unaware of the options available to them (Supriyanto & Nurjanah, 2022; Nameless, 2022).
4. **Underutilised Sanction Removal**. Although taxpayers have the right to request the removal of administrative sanctions, many are unaware of the procedures or find it difficult to apply. This suggests a need to improve taxpayers' understanding of their rights and the procedures to utilise them (Ramadhany & Raysa Prima, 2023; Nameless, 2022).

In the context of tax regulation in Indonesia, taxpayers' rights related to the cancellation of SKP are regulated in the Taxation Law and its implementing regulations. These rights include the right to obtain clear information regarding tax obligations, the right to file an objection to the SKP, and the right to obtain legal protection in the tax administration process. According to Law Number 28 of 2007 concerning General Provisions and Tax Procedures, taxpayers have the right to file an objection if they feel that the SKP received is not in accordance with the applicable provisions (Gulo, 2021). However, in its implementation, the fulfilment of these rights is often faced with various legal and administrative obstacles. One of the main obstacles is taxpayers' lack of understanding of the objection procedure and their rights.

Research shows that low tax knowledge can hinder taxpayer compliance and participation in the tax administration process (Yulianti & Kurniawan, 2019). In addition, there are also obstacles in terms of transparency and procedural fairness in decision making by tax authorities, which can affect taxpayers' perceptions of the fairness of the tax system (Herman et al., 2023).

Another obstacle faced is the complicated bureaucracy and lack of responsiveness of the tax administration. This can cause the SKP cancellation process to be slow and inefficient, thereby reducing taxpayer confidence in the tax system (Adiman et al., 2022). Research by

Zainudin et al. (2022) shows that trust in government has a positive effect on tax compliance, which indicates that if the administrative process does not go well, taxpayer confidence will decrease.

To improve the fulfilment of taxpayer rights in the SKP cancellation process, several recommendations can be made. First, there needs to be more intensive socialisation of taxpayer rights and objection procedures. This can be done through tax education programmes that target various levels of society, especially for Micro, Small and Medium Enterprises (MSME) taxpayers who are often less informed (Wijaya et al., 2022). Second, improvements in the tax administration system need to be made to increase efficiency and transparency in decision making. The use of information technology in tax administration can help speed up processes and reduce errors (Mayasari & Narsa, 2020). Third, it is important to establish better communication channels between taxpayers and tax authorities, so that taxpayers can easily ask questions and get clarifications regarding their tax obligations. With these measures, it is hoped that taxpayers' rights can be better fulfilled, and fairness in tax obligations can be achieved.

Conclusion

Taxpayers' rights in the process of cancelling a tax assessment letter (SKP) have not been fully fulfilled, as evidenced by several obstacles encountered in practice. Although tax regulations in Indonesia provide a clear legal basis for these rights, there are still significant problems related to clarity of information, accessibility of procedures, and speed of completion of the SKP cancellation application process. Information clarity is an important aspect that is often not met, so taxpayers have difficulty in understanding the basis for issuing a SKP and the procedures that must be followed to file an objection. In addition, accessibility to information and procedures remains limited, especially for small taxpayers and individuals, resulting in low participation in the administrative process.

Furthermore, the process of applying for SKP cancellation has also proven to be slow and cumbersome, which negatively impacts taxpayers' compliance and trust in the tax system. Therefore, reforms are needed to simplify procedures, improve transparency, and ensure that all taxpayers can exercise their rights easily and fairly. The Directorate General of Taxes (DGT) should strengthen consistency in handling objections and SKP cancellations, and improve communication with taxpayers to reduce confusion and uncertainty. With these measures, it is hoped that the tax system in Indonesia can become more responsive to the needs of taxpayers and be able to realise fairness in the implementation of tax obligations.

Suggestion and Recomendation

The Directorate General of Taxes (DGT) needs to commit to improving transparency by providing clear and detailed information on the basis for issuing and cancelling tax assessment letters (SKP), including the process, criteria, and steps to be taken by taxpayers. In addition, procedures for SKP cancellation should be simplified so that taxpayers can easily access their rights without being burdened by complicated procedures. DGT is also advised to conduct intensive training and socialisation programmes on taxpayer rights and objection procedures, targeting not only taxpayers but also tax officers so that they can handle objections and cancellations more effectively. Finally, tax regulations need to be improved to be more responsive to taxpayers' needs, ensuring that there is a fair and fast mechanism in the SKP cancellation process. By implementing these suggestions and recommendations, it is hoped that taxpayers' rights in SKP cancellation can be better fulfilled, thus creating a fairer and more transparent tax system.

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