

Probability and the Factors That Affect the Loss of Tax Disputes in the Indonesian Tax Court

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ABSTRACT

Tax disputes are disputes that arise due to differences in understanding of the rights and obligations in implementing tax laws and regulations between Taxpayers and Tax administration (DGT) which can be resolved in the appeal process at the Tax Court. According to Aritonang (2020), the legal remedy for filing an appeal against a tax dispute is a further substantive examination of the Tax Assessment Letter issued during the tax audit, and the Objection Decision Letter which is determined in the objection process at the DGT. The practice of tax disputes must be able to describe how the government, in carrying out its duties, upholds the principle of justice to create tax trust in the wider community. Nevertheless, in reality, there are not a few objection decisions that cannot be defended in the Tax Court which results in the defeat of the DGT or the victory for the Taxpayers. From 2011-to 2018, almost every year the percentage of DGT losing is higher than the DGT winning percentage. The highest percentage of DGT's wins occurred in 2017 which was 40 percent, while 2018 was the year where DGT's wins reached the lowest point of 28 percent. The average decision of the Tax Court appeals that won the DGT from 2011-to 2018 was 34 percent. When compared to other countries, the DGT's winning rate over tax disputes is indeed quite low. Indonesia occupies the 32nd position or the 4th lowest position compared to other countries. Both the logit model and the linear probability model (LPM) are used to estimate the data in this study where the dependent variable is a binary variable consisting of 0 and 1 (0 if the decision does not win DGT and 1 if the decision wins DGT).

Keywords: Appeal Decision, Influencing Factors, Tax Administration loss