TAX CRIMINAL ACCOUNTABILITY ON CORPORATE ACTIVITIES

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ABSTRACT

Tax criminal liability to corporate actors is an important issue that needs attention in the business world. Tax is a very important source of state revenue, so its implementation must be done honestly and transparently. This study discusses the criminal liability of taxes on corporate actors. This problem becomes important considering the many cases of tax avoidance committed by companies, so that it becomes a challenge for the state in obtaining income from taxes. The aim of this study is to explore the concept of tax criminal liability to corporate actors and the factors that influence it. This study uses a qualitative approach with a literature study method that refers to data from books, journals, and related regulations. The data obtained were then analyzed using qualitative analysis techniques to produce relevant findings. In this study, it was stated that corporate actors have a responsibility to pay taxes and carry out tax obligations. Tax evasion by corporate actors can be considered as an irresponsible act and violates business ethics. Therefore, efforts are needed to increase awareness and social responsibility for corporate actors in carrying out tax obligations.

Keywords: Taxation, Criminal Law, Corporations.

INTRODUCTION

Tax criminal liability to corporate actors is an issue of major concern in the world of business and finance. Every company must comply with the tax rules and regulations in force in the countries where they operate. Tax violations by companies can lead to serious legal problems and impact on their business reputation. It is important for companies to ensure that they comply with tax requirements and maintain their business integrity (Manullang&Pasaribu, 2020). Corporate responsibility in terms of fulfilling tax obligations is very important. Every company must understand the tax rules and regulations in force in the countries they operate in and ensure that they meet their tax obligations in a timely manner. Tax violations committed by companies can result in criminal sanctions, such as fines or imprisonment, which can damage the company's reputation and disrupt their business operations (Abdullah &Permana, 2017).

In order to properly fulfill their tax obligations, companies must have an effective reporting system and internal control to ensure that they do not violate tax rules and regulations (Alwi, 2005). Companies should ensure that they have staff who are trained and qualified in the tax area who can help them fulfill their tax obligations properly. In addition, companies must also consider transparent and ethical policies in their business practices to ensure that they carry out their business operations with integrity and are socially responsible. At this time, the role of companies in building a sustainable economy is becoming increasingly important. One way is by ensuring that they comply with tax regulations and are socially responsible. Therefore, it is important for companies to understand the legal consequences of violating tax regulations (Diansyah, Yuntho, & Fariz, 2011).

On the other hand, as consumers, we can also influence company actions through purchasing decisions. In the digital era, information about corporate responsibility in terms of taxation and sustainability is increasingly accessible. Consumers can choose to support companies that are socially responsible and comply with tax regulations (Fauzi, 2013). It can also provide incentives for companies to consider criminal tax liability in their business practices. Overall, complying with tax laws and being socially responsible is important for the sustainability and integrity of the company. In addition, the implementation of tax criminal liability is also important in encouraging ethical business practices and ensuring fairness in the tax system (Ferico, Aryanti, &Salsabila, 2020).

Government policies in terms of tax law enforcement also need to be improved. One effort that can be done is to increase cooperation between the Directorate General of Taxes and the Police to resolve cases of tax crimes. In addition, the need to improve the quality of human resources in the field of taxation is also very important (Judge, 2019). This can be done by providing quality training and education for employees in the field of taxation so that they can better understand the procedures for correct tax reporting. In terms of tax criminal liability to corporate actors, it is very important for the government and related institutions to take firm and consistent action (Halimang, 2020). Effective enforcement of tax laws will increase public confidence in the country's tax system. Thus, consistent and transparent actions to eradicate tax crimes can provide a deterrent effect for tax offenders, and in turn can increase public awareness in terms of carrying out their tax obligations (Hamzah, 2005).

DISCUSSION

Principles of Corporate Responsibility in Indonesia

The principle of corporate responsibility in Indonesia is regulated in Law Number 40 of 2007 concerning Limited Liability Companies. Article 97 paragraph (1) of the Law states that a limited liability company must be fully responsible for losses arising from the company's activities. In addition, Article 70 of the Law also states that members of the board of directors and commissioners of a limited liability company are personally and unlimitedly responsible for the company's losses, unless it can be proven that the loss occurred not because of their fault or negligence (Handayani, 2009). However, regulation of the principles of corporate responsibility in Indonesia is not fully complete and adequate. This can be seen from the many cases of corruption and other violations committed by corporations without receiving strict sanctions. Therefore, efforts are needed to strengthen the regulation of the principles of corporate responsibility so that they can be implemented effectively in practice (Handoyo, 2013).

In addition, the principle of corporate responsibility in Indonesia is also strengthened by other regulations, such as the Tax Law. Article 10 of Law Number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures states that every person who earns income is obliged to pay taxes and report it correctly and on time. This also applies to corporations, which are required to pay taxes and report them correctly and on time. Violation of this obligation can be subject to administrative and even criminal sanctions, so that the principle of corporate responsibility in Indonesia is further strengthened (Juditha, 2013).

Table 1. Types of Violations and Criminal Sanctions

Type of Violation	Criminal sanctions
Tax evasion	Article 2 paragraph (1) of the Income Tax Law Article 372 of the Criminal Code
Misuse of tax facilities	Article 10 of the Income Tax Law
Tax evasion	Article 3 of the Income Tax Law Article 378

	of the Criminal Code
Pay no taxes	Article 4 of the Income Tax Law Article 372 of the Criminal Code

Table 1 presents several types of tax-related violations that may be committed by corporate actors in Indonesia, as well as criminal sanctions that can be imposed in accordance with applicable laws. These types of violations include tax evasion, abuse of tax facilities, tax evasion, and non-payment of taxes. Criminal sanctions that can be given include Article 2 paragraph (1) of the Income Tax Law Article 372 of the Criminal Code, Article 10 of the Income Tax Law, Article 3 of the Income Tax Law Article 378 of the Criminal Code, and Article 4 of the Income Tax Law Article 372 of the Criminal Code.

This table can help to provide clear and structured information regarding the types of tax-related violations that may occur within the corporation, as well as the criminal sanctions that must be obeyed if such violations occur. This can help in increasing awareness and compliance with tax regulations among corporate actors in Indonesia (Kalla, 2009). In addition, the table can also be used as a reference for legal experts and tax practitioners in determining criminal sanctions that must be given if there is a tax-related violation within a corporation. This can help speed up the court process and provide justice for the parties affected by the violation (Corruption Eradication Commission, 2006).

The principle of corporate responsibility in Indonesia has an important role in upholding justice and improving corporate governance in Indonesia. With these principles in place, companies in Indonesia are expected to fulfill their social responsibilities and be responsible for their actions in doing business. However, there are still challenges in applying this principle effectively, such as the lack of awareness and commitment from some business actors (Kumorotomo, 2009). Therefore, there is a need for cooperation between the government, the community, and business people to encourage better application of the principles of corporate responsibility in the future. That way, it is hoped that companies in Indonesia can operate responsibly and make a positive contribution to economic and social development in Indonesia (Martini &Lubis, 2015).

Application of the Principles of Corporate Responsibility in Other Countries

The principle of corporate responsibility is also applied in many other countries around the world. For example, in the United States, every company listed on a stock exchange must comply with Financial Accounting Standards (GAAP) and report their financial information regularly to the Securities and Exchange Commission (SEC). These companies are also subject to strict federal laws governing their activities, including laws governing taxes and financial reporting (Mukodi& Burhanuddin, 2014). In Europe, the European Union has issued various regulations governing corporate social responsibility, one of which is the Directives on Non-Financial Reporting, which requires large companies to report information on environmental, social and human rights issues in their financial reports. The European Union also applies the principles of Good Corporate Governance, which set standards for ethical behavior and good corporate governance (Munafi, Tahara, Tenri, &Malim, 2020).

In Japan, the Japanese Constitution stipulates that companies must be accountable to society, and the Japanese government has passed various laws governing corporate social responsibility, including laws governing human rights and the environment. In addition, in Japan there are also principles of Good Corporate Governance that are similar to those applied in Western countries, including the principles of transparency, accountability and protection of shareholder rights (Natalia, 2019). In applying the principle of corporate responsibility in other countries, there are several factors that can influence its effectiveness. One of these factors is government policy that supports and oversees the application of these principles. Countries such as Japan, South Korea and Singapore are included in the list of countries that have policies that support the application of the principle of corporate responsibility, so as to increase their effectiveness in preventing law violations by corporations. Public awareness of the importance of corporate social responsibility can also affect the effectiveness of implementing these principles (Nugroho, 2014).

In addition to internal factors, external factors can also affect the application of the principles of corporate responsibility in other countries. For example, globalization and advances in information technology have made it easier for companies to operate in various countries and connect with consumers from various parts of the world. This requires corporations to have greater and globally responsible social and environmental responsibilities. Therefore, the effective application of the principles of corporate responsibility in other countries must consider external factors such as these (Rahayu, 2022). In adopting the principle of corporate responsibility, countries can evaluate policies that have been implemented by other countries. Experiences from countries that have successfully implemented these principles can be a good example in developing policies that are in accordance with the characteristics and conditions of the country. In addition, countries can also cooperate and share experiences in applying the principles of corporate responsibility with the aim of creating better corporate governance globally (Setiadi, 2018).

In the context of globalization and increasingly fierce business competition, it is important for a country to have clear and firm regulations and principles governing corporate responsibility. This will minimize potential violations and promote responsible business practices. Countries such as the United States and the United Kingdom have taken significant steps in this regard by introducing sophisticated regulations and principles in regulating corporate responsibility (Soekowati, 2018). Nonetheless, the implementation of the corporate responsibility principle is still a challenge in many countries. Some countries even show resistance to this principle, thus requiring more serious efforts to promote awareness and responsible business practices. However, with increasing awareness of the importance of corporate responsibility and increasingly strong global demands, it is hoped that countries will be more serious in implementing this principle in their regulations and business practices. Overall, the principle of corporate responsibility is an important foundation for responsible and sustainable business practices in the era of globalization. Countries must take appropriate steps in implementing this principle in their regulations and business practices to minimize potential violations and promote responsible business practices (Susanti I., 2014).

Legal and Social Implications of Tax Violations by Corporate Actors

Tax criminal violations by corporate actors not only have legal implications, but also significant social implications. The legal implication of criminal tax violations is that these actions can be charged with criminal sanctions in the form of fines, confinement, and even revocation of business licenses. This can be detrimental to the corporation financially and its reputation in the eyes of the public and investors can be tarnished. Tax criminal violations by corporations can also have an impact on social and environmental aspects (Susilowati, 2012). Because corporations have an important role in the economy and the environment, tax crime violations can have a negative impact on the welfare of society and the surrounding environment. For example, corporations that avoid taxes can result in a lack of funding for social programs, infrastructure and public services that can improve people's quality of life. In addition, corporations that damage the environment can also cause damage to ecosystems, threaten the survival of certain species, and threaten public health (Shahniah, Nuryanto, &Kamiludin,2020).

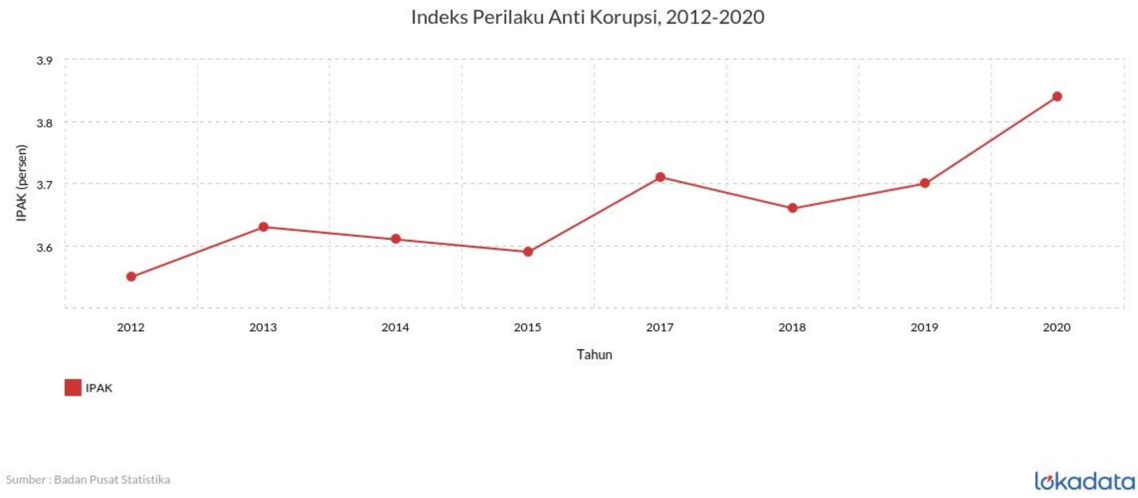

Figure 1. Anti-corruption behavior indexSource:(Lokadata, 2020)

The Anti-Corruption Behavior Index (IPAK) issued by the Corruption Eradication Commission (KPK) can provide an overview of the level of corruption in Indonesia. In IPAK 2020, Indonesia is ranked 85th out of 180 countries, indicating improvements in efforts to eradicate corruption in this country. However, there are still many challenges to be faced, especially in terms of law enforcement and monitoring of compliance with anti-corruption regulations. Tax crime violations by corporate actors have significant legal and social implications. On the legal side, criminal tax violations can lead to criminal prosecution and significant financial sanctions. Meanwhile, on the social side, these violations can damage the reputation of the corporation and affect public trust in the institution or company. In this context, the role of the KPK in eradicating corruption and the government in increasing transparency and accountability in the tax sector is very important to encourage compliance with the rules and principles of good business ethics (Waluyo, 2014). Improvements in IPAK and more intensive efforts to eradicate corruption can help minimize tax crime violations by corporate actors. However, the government and society need to continue to encourage compliance with tax regulations and the principles of good business ethics, as well as ensure fair and effective law enforcement for corporate actors who commit violations. Thus, a healthy and productive business environment can be created, and can build public trust in corporations and government institutions.

Overall, tax criminal violations by corporate actors have significant implications both from a legal and social perspective. Tax crime is a serious violation and can be detrimental to the state and society. Therefore, strict legal action must be taken to provide a deterrent effect and prevent similar violations from occurring in the future. In addition, tax criminal violations can also have broad social impacts, including loss of public trust in corporations and the tax system. This can have an impact on business continuity and overall economic growth. Therefore, it is important for corporate actors to comply with tax regulations and adhere to the principles of integrity in all of their business activities (Widiastuti, 2009).

The Anti-Corruption Behavior Index, 2012-2020 can be used as a reference to see changes in corruption and integrity behavior in Indonesia over the past few years. The improvement in this index shows that there are efforts made by the government and society in preventing and eradicating corruption, including in the case of criminal tax violations by corporate actors.

Hopefully going forward, these efforts will continue to be increased to create a fairer business environment and higher integrity in Indonesia.

CONCLUSION

Based on the discussion above, it can be concluded that criminal liability for corporations is important in maintaining compliance with applicable tax regulations. Tax crime violations by corporations can lead to serious legal and social implications, such as loss of public trust in these corporations and can result in financial losses for the state. Therefore, the application of the principle of corporate responsibility and the prevention and prosecution of criminal tax violations by corporations needs to be increased in Indonesia as well as in other countries. The Anti-Corruption Behavior Index is also an important indicator in measuring corporate compliance with the principles of integrity and anti-corruption. It is hoped that with more serious awareness and action from corporate and government actors, healthy and fair tax practices can be realized.

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