

Raising Tax Revenue Through Data Matching: Enforced or Cooperative Compliance?

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Abstract:

This research aims to analyse how a letter of inquiry in the tax system in Indonesia plays a role in raising tax revenue. This qualitative study involved taxpayers, tax consultants, tax offices, and academicians to grasp a depth perception of SP2DK (a letter of explanation of data and/or information regarding alleged failure to comply with tax regulations). This research found that not all SP2DK succeeded in proving the alleged non-compliance with tax duties according to formal tax laws. This fosters distrust of the tax system which in the long term actually reduces voluntary compliance. In addition, demands for achieving targets imposed on the tax office encourage the tax office to ask taxpayers to continue paying/remitting additional tax voluntarily even if it is not proven that they owe tax. The tax office uses power as authority to carry out coercive treatment in order to raise tax revenue and individual performance. The government needs to review setting targets for tax offices and tax officers so as not to worsen the image of DGT and the consequences for voluntary compliance in the long term.

Keywords: inquiry letter; SP2DK; tax compliance; tax revenue.

JEL Classification Codes: C93, H26

1. INTRODUCTION

The Indonesian Tax Authority (ITA) is working hard to raise its level of government revenue (APBN) significantly. On the other hand, tax authorities are faced with tax compliance risks (Paleka & Vitezić, 2023). This is a major problem of universal tax administration. Increasing tax compliance is thus an important issue for state revenue.

The transformation of tax administration through the AEOI (Automatic Exchange of Information) scheme (Gueydi & Abdellatif, 2019) and the use of tax digitalization have enabled tax authorities to assess the risk of non-compliance, matching and managing data and tax collection. This is relevant for developing countries in the Asian region, including Indonesia, which manages a large taxpayer population but faces limited tax authority resources.

Tax authorities are required to manage the risk of tax non-compliance, one of which is by adopting a CRM (compliance risk management) approach. CRM is an approach used to identify compliance risks within a population of taxpayers. Identifying the greatest relative risks to the tax base allows tax offices to make informed decisions about how to address non-compliance and encourage higher levels of voluntary compliance in the long term (Betts, 2022).

Data matching is one of the CRM implementations in Indonesia. Since 2015, the Indonesian tax authority has developed a Pre-Audit Consultation Process (PACP) strategy, known as SP2DK (Letter of Request for Explanation of Data and Information) to mitigate risk and manage taxpayer compliance. PACP is an activity to ask taxpayers for information who are identified or indicated as being non-compliant and therefore are deemed to have incomplete tax obligations. Data matching is carried out by DGT by comparing taxpayer income reports with Approweb Information System-AIS, owned by the authorities and also originating from external parties such as banks, customs, insurance transactions, associations and other data (Vellutini, 2011). In many cases, this results in automatic correspondence to the taxpayer.

In general, CRM is intended to help tax authorities achieve their strategic objectives by mapping non-compliance risks that guide DGT decision making. Creating voluntary compliance will be more efficient than audit and inspection procedures. Voluntary compliance can be achieved by implementing horizontal monitoring as implemented in Poland (Karwat et al., 2023). In fact, tax CRM studies in many countries are stricter and focus more on tax audits in accordance with OECD recommendations (Kislina & Wijaya, 2022).

Previous empirical studies have highlighted a stricter tax regime in implementing provisions (enforcement) to produce a higher level of compliance (Slemrod, 2019). Tax authorities use a variety of enforcement strategies, including audits and random checks (Slemrod, 2019). The study agrees that the treatment of sanctions or fines and audits or inspections may be effective in reducing tax avoidance. However, enforcing compliance requires greater costs so it is less appropriate to implement in Indonesia with a large tax population.

While most of the inspection takes the form of tax audits, the current study aims to fill the literature gap by exploring the implementation of PACP (CRM). While there are many insights to be gained from previous research, they do not address how cooperative compliance actually works in practice. This is where our research makes a contribution.

There is little systematic evidence on how these risk-based strategies are implemented especially in developing countries with large tax populations. The issue of fulfilling tax targets in each KPP through PACP, both in collaboration with tax administration with taxable entrepreneurs and even alleged tax compliance requirements unilaterally by tax administration (enforcement strategies) is studied further. To our understanding, no previous research has investigated how tax authority interventions on risk-based activities succeed in increasing tax revenues. On the other hand, enforcement strategies are less in line with the aim of increasing cooperative (voluntary) compliance, and even lead to coercive authority and law enforcement, especially in a tax population with a collective culture like Indonesia. PACP should be used as manageable tax risks which are made possible by cooperative compliance strategies. Existing research is

rare on tax compliance and culture in collectivist societies such as Indonesia, thus providing a rationale for conducting in-depth qualitative study.

In accordance with the problem formulation above, the aim of this research is to explore the experience of DGT (tax authorities) in interacting with taxpayers in order to increase tax revenues at the PACP stage. This study contributes to the discussion of mitigating the risk of non-compliance in the context of emerging economies, high tax populations and minimal authority resources. The originality of this study is that although many previous studies have studied CRM, no study has presented a specific analysis of CRM mechanisms at the PACP stage. This data matching momentum is used by the tax authority to increase tax revenues to the set targets. The results of this study try to offer additional insight into how CRM should be a cooperative strategy but is implemented as an *enforcement strategy* for greater potential acceptance.

2. Methods

To clarify, this paper conducts a phenomenology approach to gain an understanding of the tax authorities' experience in raising tax revenue interaction with taxpayers through matching and requesting information or data. The intentionality of the informant—or what they feel at the level of consciousness—is the focus of this methodology. To address these questions, fifty-two individuals were interviewed for this paper. When employing interview techniques, it is better to choose interview subjects that are directly interested in the topics being investigated (Creswell & Creswell, 2018). Given this viewpoint and the particular and intricate nature of the topics under investigation in this study, interview subjects were selected from three distinct and pertinent professional categories: tax consultants, taxpayers, and tax authorities (tax examiner, tax counsellor, and account representative):

Table 1. Backgrounds of the interviewees

Careers	Number of Participants	Average years in industry
Tax consultant (Tc)	19	18
Taxpayer (Tp)	18	14
Tax officer (AR)	12	11
Lecturer (Le)	3	16

Source: Fidiana, 2025

Textual information was also gathered and examined in the form of written evidence and transcripts from witness examinations conducted between January 12 and February 20, 24. Participant interviews provide a deeper understanding of pre-tax audits in Indonesia. The interview data collected is very important to understand pre-inspection (tax compliance testing) in Indonesia by analysing the views of individuals who have experience regarding PACP. Interviews allow researchers to dig deeper and collect rich and detailed data regarding participants' experiences, opinions, and attributes regarding PACP issues. Textual data analysis is useful in developing a comprehensive understanding of this phenomenon beyond just its definition. Textual data is useful for studying and developing insight into the meaning and language patterns in written texts.

Textual data is useful for studying and developing insight into the meaning and linguistic patterns in written texts. Textual data reveals underlying values, beliefs, and assumptions surrounding tax compliance testing. In summary, in-depth interviews and textual data analysis allowed for a more thorough understanding of the research questions and increased understanding of the validity and reliability of the findings.

The use of in-depth interviews and textual data allowed for triangulation of results. Data validity is maintained in this research by comparing data sources, namely interview data and documents provided by

informants. Time triangulation was also used by comparing the consistency of informants' answers over time and between informants. Saturation is used to minimize a lot of information which could cause bias in drawing conclusions. Saturation is the point at which no new information, new themes or category problems will be found in the data (Strauss, 1987). O'Reilly & Parker (2013) also explained that saturation can be obtained when there is sufficient information to replicate a study. The data obtained is then reduced, summarized, the main things are selected, focused on the important things (Nowell et al., 2017).

The general procedure for analysing phenomenological research data follows the following rules: (1) grouping data based on significant themes that emerge (2) determining meaning groups (3) describing significant statements and themes (textural description) and the informant's experience or awareness of these statements (description structural) (4) write a composite description that presents the essence of the informant's experience.

Data presentation can be categorized according to the main problem and made in matrix form, making it easier for researchers to see patterns of relationship between one data and other data. At this stage, the initial conclusions found are still temporary, and will change if strong and supporting evidence is not found at the next stage of data collection. However, if the conclusions put forward at the initial stage are found to have valid and consistent evidence when the researcher returns to the field, then the conclusions are credible.

3. RESULTS AND DISCUSSION

This research obtained data by interviewing tax officers, tax consultants, taxpayers and academics. A total of 63 participants were successfully interviewed, but 10 participants who had never been involved in the PACP letter were excluded (see Figure 1), and 1 other participant was not willing to provide complete PACP information, leaving 52 participants participating in this research. Of the 53 participants, 33 of them were men (62.3%) and the remaining 20 were women (37.7%).

Data on the distribution of research participants was attended by 12 provinces, the dominant number being from East Java with 11 participants (21%) and followed by other provinces with almost the same portion, except from Riau with 1 person (2%). The majority of participants in this research are tax consultants (36%) followed by taxpayers (34%), while the rest are tax officer (23%) and academics (7%).

The majority of research participants have industry experience of > 15 years (42%), which marks career maturity, followed by participants with industry experience of 5-10 years (25%), and 11-15 years with a portion of 15%, and less than 5 years (18%). Most participants' education level was dominated at bachelor's level (53%), then master's level (34%), and a small number at doctoral level and professional education (12%).

Confirmation and clarification media. The self-assessment system (SAS) was adopted to consider the efficiency of tax administration. This system requires taxpayers to assess and report their tax obligations independently. This means that SAS demands the active role of taxpayers while the tax officer plays the role of supervisor and enforcer of tax law and has the authority to issue tax bills (the amount of tax that should have been paid but was not paid or known as the tax gap) based on predictions, assumptions, analysis and paper checks.

The main risk and challenge of this system is that not all taxpayers understand the regulations and techniques for calculating taxes correctly. Taxpayers with less tax knowledge will have difficulty fulfilling tax obligations (assessing and reporting) correctly, thus potentially making mistakes and causing tax arrears. Therefore, tax audits and collections need to be carried out by the tax officer. Tax authorities need to carry out a suitability review of tax calculations and taxpayer compliance testing.

Even though SAS frees taxpayers from carrying out their tax obligations independently, the role of the tax officer is necessary to monitor and enforce tax laws. The initial technique used to assess tax compliance is data matching (Khwaja et al., 2011; Vellutini, 2011). This technique requires the tax authorities to evaluate and check the consistency of tax reports with other data originating from banks, insurance, customs and local government data as well as other independent data summarized in the AIS.

The DGT (director general of taxes) regularly checks to see if taxpayers are complying. The DGT has recently placed more emphasis on tracking taxpayer compliance based on geographic location. Based on the DGT's preliminary analysis, the DGT may send a letter of inquiry (a request for explanation on data and/or information, hereinafter referred to as SP2DK in Indonesian) to a taxpayer in order to request an explanation, data, and information regarding the alleged non-compliance. In particular, when data and information presented in SP2DK require clarification, responses to SP2DK are essential. The DGT will presume that the data in the SP2DK is the real data if no response is received.

Alternatively, if the presumption of incompliance is justified, the taxpayer may file the tax returns, make any necessary revisions to the related tax returns, and pay any applicable taxes. If the presumption of non-compliance is not justified, either fully or partially, the taxpayer may respond to such a request and substantiate that the presumption is arbitrary and the taxpayer may prove otherwise. Please be advised that there is an interest penalty attached to the settlement of this tax disparity.

In accordance with SE-05/PJ/2022's requirements, taxpayers have three options for responding to SP2DK. Initially, taxpayers might answer in by going to the registered tax office. Second, using audiovisual equipment, taxpayers can have meetings with account representatives. By all means, the efficacy, efficiency, and accessibility of the facilities must be taken into account during the virtual meetings. Third, taxpayers registering with the tax office where they are registered may provide a documented justification. All of this presents a chance to clarify the truth. Let's say the taxpayer does not file a response, or the DGT is not pleased after considering the taxpayer's response. The DGT might escalate then enforcement to include a tax audit or, worse yet, a preliminary probe.

Taxpayer can provide clarification in person or by letter. If taxpayers make mistakes in calculating and reporting tax liabilities, they will be asked to make corrections to their tax reports so that they match the actual situation. Supervision is thus an instrument that SAS needs. Thus, SP2DK is the initial stage of supervision (pre-audit) and compliance testing by the tax officer. It is called the initial stage, because at this stage the tax officer

only asks taxpayers to provide confirmation and clarification of the reported tax discrepancies. Taxpayers can submit responses directly or in writing to the PACP in the form of acknowledgment or denial accompanied by appropriate or relevant evidence documents. Tax officer can carry out additional examinations such as visits to obtain additional documents and examine them further and make conclusions/decisions. This stage ends by recording responses to requests for clarification as well as conclusions and follow-up actions.

Equalization: consequences of the tax gap. SAS has consequences for the tax gap; Potential differences in tax calculations by taxpayers with the data base owned by the Tax officer and must be followed up by the Tax officer (Wardana, 2019). The difference between the tax officer calculation and the taxpayer's tax report is the root of the PACP. This difference is stated in the LHPt (calculation report) which contains conclusions from the results of the tax officer research that taxpayers have (not) fulfilled their taxes according to tax regulations (Astuti & Gunadi, 2021). LHPt is a tax product issued via the AIS. Taxpayers with potential LHPt underpayments will be asked by AR to provide data, information and explanations regarding the difference in calculations of all taxes including income tax, VAT and other taxes. At this stage, PACP is in a position to supervise and explore tax potential.

Comparison tabulation will result in several potential differences in income tax/VAT bills plus sanctions (interest). Regarding these differences and bills, taxpayers are asked to provide confirmation and clarification whether they agree or disagree with the tax authorities' data, accompanied by relevant documentary evidence. At this stage, equalization is carried out, namely comparing and comparing reports according to the tax officer and taxpayer and presenting tabulations which are the basis for corrections. Taxpayers must detail the amount and provide an explanation of each point of discrepancy as part of the PACP reply letter. The PACP response letter by the taxpayer is then analyzed by the tax authorities, and the case will be closed and considered complete if the requested explanation is appropriate. Tax officer will then publish a report on the results of the request for explanation and data.

In general, the source of data discrepancies come from differences in (1) purchases or sales of corporate taxpayer vs VAT; (2) salary costs vs income tax Article 21; (3) interest costs vs income tax 23, 26, 4 paragraph (2); and (4) data on buying and selling land for buildings. Data discrepancies from AIS's analysis are often easy for taxpayers to clarify, because salary costs in annual tax reports do not detail the costs of permanent and non-permanent employees. Likewise, in matching interest costs (annual tax report vs interest tax payments). The annual tax report does not break down bank interest and non-bank interest so AIS reads it as interest costs that have not been taxed.

Since PACP does not always end with a tax bill as expected by the tax officer and tax office, the PACP process must leave an impression of trust in the tax officer and the tax system in Indonesia. PACP for taxpayers has wasted time, energy, thoughts and costs in which taxpayers have to provide proof documents and respond to letters, even though it turns out it is only a matter of credibility of AIS. Negative perceptions and distrust of the tax officer and the tax system must be prevented. The taxpayer's trust in the tax officer and the tax system must remain after the PACP is completed and closed.

Nudge intervention. It is acknowledged that tax compliance has long been a challenge for tax institutions and improving tax compliance continues to be a crucial and complicated issue today so it needs a comprehensive solution. Conventional collection efforts have relied on the idea that audits and economic sanctions deter tax evasion (Allingham & Sandmo, 1972) and collateral sanctions or non-financial sanctions (Blank, 2014) such as revocation of driving licenses and denial of passports to tax evaders. Recent literature is aware that audits and greater law enforcement efforts never guarantee better tax compliance (Alm & Kasper, 2023b; Lancee et al., 2023a) and in certain conditions actually lead to reduced compliance due to the impression and perception of unfair audits (Lancee et al., 2023b). Experiences of injustice in tax enforcement reduce post-audit tax compliance of audited taxpayers. This empirical data indicates policy makers' concerns about the potential harm of tax audits.

The coercive approach (risk approach) to tax compliance has begun to shift to non-risk based integration such as emphasizing persuasion (Akhand & Hubbard, 2016). Proponents of this theory believe that only a mutually agreed exchange of resources will ultimately be successful (Khozen & Setyowati, 2023).

Now, various alternative and persuasive approaches to increasing compliance have been widely applied in practice (Alm et al., 2023). Most notably, empirical evidence has demonstrated the impact of behavioral interventions on compliance, with letters sent to taxpayers successfully encouraging compliance and increasing tax revenues (Hallsworth et al., 2017) by £9 million and \$25 million respectively.

Nudge, has been adopted globally as a new approach and mindset for tax officer in interacting with taxpayers. Nudge, as adapted from Thaler & Sunstein (2008), in the form of a small “psychological” touch is expected to increase compliance. In the tax context, nudges in the form of normative messages with a touch of social norms sent to taxpayers show that descriptive messages are more effective than messages with injunctive norms (Hallsworth et al., 2017). Likewise, nudges containing moral and social messages as well as legal consequences are able to provide psychological encouragement to taxpayers to pay taxes (Larkin et al., 2019) This is also expected to happen with PACP.

Unfortunately, the SP2DK letter format in the Indonesian tax system adheres to a formal and rigid style, and has not been designed in a more flexible way that can psychologically touch taxpayers’ emotions. The formal style of PACP letters even tends to classify taxpayers as tax violators or having tax debts. It is different if the letter sent is filled with persuasion (moral messages) and social, it is believed to be able to significantly increase tax compliance (Antinyan & Asatryan, 2020).

Boom creator effect of SP2DK. The process during the pre-audit determines the level of post-SP2DK tax compliance. Taxpayers who are proven to owe taxes tend to increase their compliance; On the other hand, taxpayers who are not in debt show a less respectful response to the tax authorities and the tax system. This result was partly caused by an error in AIS resulting in an invalid and ineffective database that failed to detect

taxpayer non-compliance. These findings are consistent with variations in compliance after the examination.

Beer et al (2020) found an increase in taxpayer compliance after the audit in the group that was proven to owe taxes compared to the control group (taxpayers who were not audited). Audits that fail to detect taxpayer non-compliance can actually reduce post-audit tax compliance (Alm & Kasper, 2023a) and is known as the “*bomb crater effect*” (Alm & Kasper, 2022; Brandhorst & Kluge, 2018; Kasper & Rablen, 2023a). Taxpayers tend to reduce compliance on subsequent tax reports; an effect that arises from negative perceptions of the risks of subsequent examinations.

Direct communication: between waste time, distrust, and educational media. Direct communication (*face to face*) with taxpayers can also be used as a catalyst to increase compliance and trust in tax authorities or, conversely, can even lead to tax non-compliance. However, the SP2DK process takes up taxpayers’ time; The taxpayer must meet with the tax authorities more than once during the equalization process, attach the requested evidence, and make corrections to the tax report “...SP2DK if it is not proven is waste time for us tax consultants”.

For taxpayers who are proven to owe taxes, the SP2DK process is still acceptable. However, taxpayers will impress SP2DK who fail to prove non-compliance as waste time. Not only waste time, pre-audits that fail to prove non-compliance are a major source of distrust towards the government. Trust in taxes and government in this era is very dependent on trust in information technology and other electronic services (Santos, 2023). Information quality is an important aspect of trust in taxes and government. The literature shows a clear relationship between the concept of trust and tax compliance (Casal et al., 2016).

On the other hand, for taxpayers who are found to have unreported income detected by the tax officer, direct communication with taxpayers has empirically proven to be more effective in increasing tax compliance (Antinyan & Asatryan, 2020). This is especially true for taxpayers with a history of arrears (versus mail). They also found that the long-term impact of these incentives is lower in low-income developing countries. Santoro & Mascagni (2023) found similar results, that primarily visual-based

prevention interventions generally tend to be more effective than mail interventions in increasing compliance. The visual method is better able to touch taxpayers' intrinsic motivation so that they respond better by generating more taxes paid.

The fact is that the effectiveness of direct communication on tax compliance is because this method can be used by the tax authorities to lead to a positive perception of taxes so that they are more pro-tax and the government. Practically, tax officer can change the climate of interaction with antagonistic assumptions into a climate of service and trust (Gangl et al., 2015a). Negative and antagonistic tax assumptions should be changed into a climate of mutualistic cooperation. It is widely accepted that, among other things, tax behavior depends on taxpayers' interactions with the tax officer and that communication can play a central role. It is true, tax compliance can be maintained by building communication and cooperation with taxpayers to create a perception of a fair tax system.

There is a consensus in recent literature that participation has a positive correlation with tax compliance. Direct interaction between tax officer and taxpayers can reduce social distance so that tax compliance can be increased. This can be done by, for example, allowing taxpayers to express their arguments regarding how their taxes are calculated and the obstacles related to the tax information system including its features. Moreover, not all tax officers are able to influence tax laws directly, but increasing participation on the part of taxpayers can be beneficial.

Pre-audits such as SP2DK are early monitoring instruments, which require the tax authorities to communicate with taxpayers either to request data or explanations regarding discrepancies in taxes that should be paid. Meanwhile, the tax gap is very likely caused by taxpayers not understanding the correct tax calculation. This case should be of concern to the tax authorities regarding the need to educate taxpayers directly or carry out outreach.

The pre-audit room can be used to educate taxpayers who do not understand taxes in depth and create other positive impressions that enable the tax officer to increase tax revenues. In line with this concept, various key-persons stated that: "During the SP2DK process, knowledge and

objectivity of the SPT report for the tax year being examined are increased”. On the other hand, another key-person hopes that there will be education on correct tax calculations:

“...because I don’t really understand this tax, I hope the AR will be more communicative and explain it to me in detail, not just confirm that I have to pay, even though I didn’t understand how it was calculated before...”

Consistent with the working theory of the cooperative approach, the results of our research show that better interaction between taxpayers and the tax authorities is related to the way the tax authorities treat taxpayers and influences the willingness to pay taxes. SP2DK can also be a valuable learning moment for taxpayers if the tax authorities are able to utilize the communication space for tax counseling. On the tax officer side, authorities have the legitimacy to utilize information resources, charisma, legitimacy, and expertise to convince taxpayers that collaborating is the right action (Gangl et al., 2015b).

In addition, the learning effect during the pre-audit is able to minimize misperceptions thereby encouraging increased post-audit tax compliance (Kasper & Rablen, 2023b). Positive perceptions such as a sense of fairness and effectiveness during pre-audits are very important to create and maintain taxpayer trust thereby encouraging a greater willingness to comply with tax regulation.

Voluntary compliance is an important asset for the design of a future compliance culture. Taxpayer compliance must be maintained after SP2DK and even in the long term by maintaining good relations with taxpayers without overly aggressive methods. Even though the relationship between the authority and the taxpayer is an unequal relationship, the authority’s efforts in creating a good relationship with the taxpayer will lead to cooperative compliance (Bronżewska, 2016) which is an important dimension of voluntary compliance. Although the roles of authorities and taxpayers in the tax game are equally important, in this interaction the taxpayer’s willingness to pay taxes is the main focus. Therefore, authorities must maintain good direct relations with taxpayers, provide services, implement controls and sanctions.

Good interaction with taxpayers benefits the authority because it succeeds in creating taxpayer trust and this is the basis for the authority to simplify the supervision process. For this purpose, the reconstruction of the authority's relationship with taxpayers must be biased towards providing stimulus to taxpayers; where the authority must remain in a position capable of controlling taxpayer compliance. This method is believed to reduce administration costs and compliance costs. In short, there are many efficiency gains.

In the context of tax compliance, trust depends not only on participation but also on knowledge (Siglé et al., 2022). Better knowledge of taxes will increase trust in taxes and the tax authorities and therefore improve compliance. Conversely, insufficient knowledge or misunderstanding leads to distrust and non-compliance. When taxpayers have access to the important knowledge necessary to fulfill their tax responsibilities they tend to show greater respect for the tax system and a higher willingness to pay their taxes. Previous research has established a review and conceptualization between tax knowledge and taxpayer capacity in fulfilling tax payments (Abdu & Adem, 2023) and increasing compliance, especially in developing countries. Other research also reports the important role of the learning process during an audit in successfully creating a good relationship between the two parties. Tax audits thus teach taxpayers how to calculate taxes correctly leading to voluntary compliance (Zaapayim, 2023).

Increasing tax revenue: voluntary or forced? A clarification letter (SP2DK) indeed functions to test tax compliance and ends with tax payment. SP2DK enables the tax officer to prepare tax returns, manage taxpayers' income correctly and helps the tax officer recover tax debts.

Taxpayers who are proven to owe tax must pay tax, while those who are not proven should not have to pay tax. The results of this research prove that taxpayers who are not proven to owe taxes are still asked to pay taxes, to meet the targets of the tax authority office. This means that SP2DK is a coercive tool for authorities to meet local tax targets. This is confirmed by the results of other research which found another SP2DK agenda solely to increase tax revenues (Sari & Masripah, 2022). Some respondents stated:

“...if it is not proven, there is usually a win-win solution...”; “...if suitable (not proven), usually help pay to the state according to the taxpayer’s voluntary ability...”; “...especially forced margins, the solution is to still pay...”; “...it is no longer a public secret that AR are being chased by targets. If the target has been met, taxpayers are no longer pursued (not in SP2DK)”; “...too forcing taxpayers to calculate profit and loss assumptions by AR...”

These findings imply that SP2DK (pre audit) by the tax officer in general is to meet the tax office’s tax targets, tax officer achievements, and tax intensification. Previous research confirmed that there were efforts to extensive taxes and increase tax revenues from certain tax offices under the SP2DK scheme (Saptono & Khozen, 2021). Motivation to increase tax officer performance is often found through the scheme of issuing a clarification letter (Ratnawati et al., 2021).

The pressure or coercion that arises during the SP2DK process indicates that the tax authorities are using their authority over taxpayers. This creates a negative experience that SP2DK is just a way to ask taxpayers for additional taxes even though there is no tax debt. Even though taxpayers are cooperative, willing to pay taxes requested by the tax authorities, this leaves a sense of injustice for obedient taxpayers which actually weakens taxpayers’ civic consciousness and moral attitudes and damages the reputation of the institution and the tax system. This scheme places taxpayers in a position of underpayment, which is not in accordance with the actual situation. The tax authority fails to create procedural justice, and poor quality tax-taxpayer relations will reduce tax compliance (Siglé et al., 2022).

The tax authority has thus created a distance of power towards taxpayers which in the long term actually encourages tax avoidance (Allam et al., 2023); This is in line with previous research that negative experiences of individuals regarding authorities who use their power to exploit taxpayers will build a bad image and perceptions of tax injustice, which will have an impact on non-compliance in the long term (Andriani et al., 2022). Meanwhile, from the audited taxpayer’s perspective, tax audits have side benefits, which cause taxpayers to make changes to increase their tax

efficiency (Belnap et al., 2022). Taxpayer will have the knowledge to make taxes more efficient in the next reporting

4. CONCLUSION

The conclusion of a research paper needs to summarize the content and purpose of the article. The conclusion of a research paper needs to summarize the content and purpose of the article. The conclusion of a research paper needs to summarize the content and purpose of the article. The conclusion of a research paper needs to summarize the content and purpose of the article. The conclusion of a research paper needs to summarize the content and purpose of the article. The conclusion of a research paper needs to summarize the content and purpose of the article.

This research aims to gain insight into the implementation of SP2DK in Indonesia. Based on a qualitative approach, this research succeeded in obtaining data and information from respondents: taxpayers, tax consultants, tax offices, and academicians from various provinces in Indonesia.

Based on the concept of tax compliance, this research found several important points that the SP2DK was produced by the DGT based on the AIS. This AIS data is the basis for data matching for the tax office to request inquiries (SP2DK) from taxpayers. Based on field confirmation, not all SP2DK were clarified and ended in tax bills, mainly due to the SP2DK's failure to capture all detailed information in the tax report. Equalization of tax reports and financial reports completed by taxpayers with additional data will result in closing SP2DK. However, for SP2DK that is confirmed as a tax debt, the taxpayer must immediately pay it.

The specific thing that this research finds is related to the formal form of a letter of inquiry of SP2DK, it should be designed with language that includes a moral touch for taxpayers, because not all taxpayers who receive SP2DK are proven to have tax debt. Meanwhile, the SP2DK process takes taxpayers' time. Therefore, the SP2DK format which tends to corner taxpayers needs to be redesigned, because it has an impact on the psychological side of taxpayers in the context of lack of respect for the tax system.

The SP2DK mechanism is a complementary instrument to SAS. This system was initiated to increase tax compliance as well as a means of increasing state revenue. On the other hand, in order for state revenues to reach the required targets, this is borne by tax offices throughout Indonesia. As a result, there is a somewhat forced treatment to continue raising tax revenue using the SP2DK mechanism.

The research recommend that the government review the tax revenue target which is the task of the tax office, because ultimately it becomes a tool for the tax office to use its power to suppress taxpayers, even taxpayers who are no irregularities found or who are not proven to owe taxes. This negative impression is deep enough for taxpayers to encourage them to not respect the tax system which drives the efficiency of subsequent tax reporting. The study supports previous research which produced findings of decreased tax compliance after the audit

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