

# The Restitution Or Return Of Corporate Taxpayer Value Added Tax

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**Abstract**— *This study aims to determine the restitution or return of corporate taxpayer value added tax. This research was conducted at the North Sumatra I DGT Regional Office. The research approach used in this research is descriptive qualitative. The data sources used in this research are primary and secondary data with data collection techniques including documentation and interviews. The results of this study indicate that the North Sumatra I DGT Regional Office in implementing the restitution of corporate taxpayer value added tax is considered to be in accordance with the provisions of the Directorate General of Taxes.*

**Keywords:** *Restitution; Value Added Tax; Taxpayer;*

## INTRODUCTION

Taxes are one of the most potential sources of State revenue for the continuity of the development of the Indonesian State because tax revenues increase along with the increase in the economy and living standards of a nation. The role of taxes is increasingly large and important in contributing to State revenues in order to finance the implementation of national development. For this reason, community participation is needed in the form of awareness and concern for paying taxes, one of which is Value Added Tax (VAT). Value Added Tax (VAT) is one of the tax burdens that must be met or paid by taxpayers. Value Added Tax is a type of tax imposed on goods and services produced or delivered by taxable entrepreneurs, both entrepreneurs who produce goods, conduct trading businesses, or entrepreneurs who conduct business in the service sector. Value Added Tax has been introduced in Indonesia since the issuance of the 1984 Value Added Tax Law which was later amended to Law Number 18 of 2000.

The obligations of taxpayers or taxable entrepreneurs are to report business, collect, deposit and report Value Added Tax and Sales Tax on Luxury Goods payable in accordance with the provisions of applicable laws and regulations. This obligation is expected to increase State revenue from the taxation sector. Amidst the increase in tax revenue realization until April 2017, the rate of refund of tax overpayment or restitution also continues to increase. The Directorate General of Taxes (DGT) noted that until April 30,

2017, the value of restitution reached Rp 53 trillion or grew 18% compared to the same period the previous year or recorded at around Rp 46 trillion. The growth of restitution is more or less the same as the growth of tax revenue. The Directorate General of Taxes recorded tax realization up to April 2017 of IDR 343.7 trillion and that is said to have increased by 18.9% year on year. The increase in restitution occurred in all business sectors, in line with tax revenue in all sectors. However, according to the Director of Tax Potential, Compliance and Revenue of the Directorate General of Taxes of the Ministry of Finance, Yon Arenal revealed that the most restitution was from the mining, trade and manufacturing sectors. The Tax Law provides rights in carrying out and fulfilling tax obligations. One of these rights is the right to make compensation or restitution.

According to Simanjuntak in tax collection there is a Value Added Tax (VAT) which is an objective tax imposed on the delivery of taxable goods or taxable services. According to Djuanda in Value Added Tax (VAT) there is often an overpayment of tax because the input tax is greater than the output tax. Restitution can be filed against all types of taxes. Value Added Tax Restitution is defined as a refund of value added tax because the amount of Input Tax is greater than the Output Tax. Submission of Value Added Tax restitution can be made at each tax period, but those who can make restitution at each tax period are only Taxable Entrepreneurs exporting Tangible Taxable Goods, delivery of Taxable Goods or Taxable Services that are not to VAT collectors, delivery of intangible Taxable Goods, export of Taxable Services or still in the stage of not producing, other than Taxable Entrepreneurs can only make restitution at the end of the financial year.

The Directorate General of Taxes office is a tax service center in North Sumatra that uses a modern tax administration system, where taxpayers can access information about taxation through online tax, one of which is the Value Added Tax (VAT) imposed on their business. Matters usually related to Value Added Tax (VAT) are VAT underpayment, VAT overpayment and nil. But what usually affects the level of tax revenue is the overpaid VAT, because this will affect the level of tax revenue. According to Suandi,



the refund of tax payments (restitution) returned to taxpayers will automatically reduce the amount of tax revenue.

Based on the data every year at the DGT Office there is a Value Added Tax Restitution.

Table 1.1 Data on Corporate Taxpayers Filing and Receiving VAT Restitution in 2016-2020 YEAR WP Filing Restitution WP Receiving Restitution Total Restitution (IDR) Total registered Taxable Person for VAT Purposes Total VAT Revenue (IDR)

Year	WP Filing	WP Receiving	Total Restitution (IDR)	Total registered Taxable Person	Total VAT Revenue (IDR)
2016	33	30	21,805,251,400	321	361,480,019,675
2017	31	28	63,775,565,286	231	505,349,288,840
2018	36	24	28,236,130,651	176	564,039,138,425
2019	28	21	24,942,209,440	234	713,610,434,868
2020	41	31	36,788,144,027	200	853,273,234,338

Source: Based on Table 1.1 above, it can be seen that the number of taxpayers who received VAT Restitution in 2016 was 30, in 2017 the number of taxpayers who received VAT Restitution decreased to 28, then in 2018 taxpayers who received VAT Restitution decreased to 24, then in 2019 taxpayers who received VAT Restitution decreased to 21, and in 2020 taxpayers who received VAT Restitution increased to 31. The more taxable persons who receive restitution, the greater the amount of restitution. But the amount of VAT revenue from 2016-2020 has increased.

According to Untung Sukardji, the return (restitution) of overpayments affects State revenue from the tax sector. Because PKP takes too much or more money than the amount of tax that should be paid or even that should not be paid because the related delivery is actually not payable.

In Akhiruddin's research (2010), the research results that Value Added Tax Restitution greatly affects existing tax revenue at the Makasar City Madya Tax Service Office. while the results of previous research, Wandra (2014) concluded that the value added tax restitution that occurred had a negative effect on existing tax revenue. At the Manado Primary Tax Service Office.

Based on the two cases above, the researcher wants to know how the process of restitution occurs in the North Sumatra DGT Regional Office I, whether the application of restitution affects existing tax revenue or not. Based on the data available at the North Sumatra I DGT Regional Office, there is an increase in tax restitution submissions from year to year. However, not all requests to file for restitution are granted because of the terms or conditions given by the Directorate General of Taxes which are not easy to prepare by taxable entrepreneurs who want to file for restitution.

## LITERATURE REVIEW

### 2.1. Tax

Mardiasmo (2016, p. 3) states that taxes are contributions paid by the public to the state which are then included as state revenues and are implemented based on laws where their implementation can be imposed without any reward. Then, in Law Number 6 of 1983 concerning General Provisions and Procedures for Taxation, tax is defined as a mandatory contribution of individuals and entities to the state, which is compelling based on law without direct reward which is used to meet state needs for the greatest prosperity of the people. Based on the two definitions of taxes above, it can be concluded that taxes are mandatory contributions paid by the community as taxpayers and can be imposed according to the provisions of the law with indirect rewards, and are

used for the greatest benefit of the people in the administration of government.

#### 2.1.1. Tax Function

In general, the purpose of taxation is to achieve an increase in the economy of a country with the intention of limiting consumption and transferring resources from consumption, to encourage savings and capital investment, to transfer resources from the hands of the community to the hands of the government.

According to Mardiasmo (2016) the tax function is divided:

##### 1) Budgetair Function (Budget)

Taxes have a budgetair function, meaning that taxes are one source of government revenue to finance its expenditures.

##### 2) Regularend Function

Taxes function as a tool to regulate or implement government policies in the social and economic fields.

#### 2.1.2 Tax Collection Requirements

According to Mardiasmo (2016, p. 4) the conditions for tax collection:

##### 1) Tax collection must be fair (Fairness Requirement).

In accordance with the purpose of law, which is to achieve justice, the law and the implementation of the collection must be fair. Fairness in legislation includes imposing taxes generally and evenly, and adjusted to their respective abilities. Meanwhile, fairness in implementation is by giving taxpayers the right to file objections, delays in payment and appeal to the Tax Advisory Panel.

##### 2) Tax collection must be based on law (Juridical Requirements).

In Indonesia, taxes are regulated in the 1945 Constitution article 23 paragraph 2. This provides a legal guarantee to declare justice, both for the state and its citizens.

##### 3) Does not disrupt the economy (Economical Requirements).

Levies must not interfere with the smooth running of production and trade activities, so as not to cause economic malaise in the community.

##### 4) Tax collection must be efficient (Financial Requirement).

In accordance with the budgetary function, the cost of tax collection must be reduced so that it is lower than the collection result.

##### 5) The tax collection system should be simple.

A simple collection system will facilitate and encourage people to fulfill their tax obligations. This requirement has been fulfilled by the new tax law.

#### 2.1.3 Tax Collection System

According to Mardiasmo (2016, p. 9), the tax collection system includes:

1) Self Assessment System Is a tax collection system that gives confidence to taxpayers to calculate, calculate, pay and report their own taxes owed. Characteristics of Self Assessment system:

- a. The authority to determine the amount of tax payable is with the taxpayer himself.
- b. The taxpayer is active starting from calculating, depositing and reporting the tax payable himself. Fiskus does not interfere and only supervises.

2) Official Assessment System is a tax collection system paid by taxpayers after first being determined by the Regional Head or a designated official through a Regional Tax Assessment Letter or other equivalent document, such as a ticket or bill. Characteristics of the Official Assessment System:

- a. The authority to determine the amount of tax payable lies with the tax authorities.
- b. Taxpayers are passive.
- c. Tax payable arises after the issuance of a tax assessment letter by the tax authorities.

3) With Holding Tax System Is a tax collection system that authorizes a third party (not the tax authorities and not the taxpayer concerned) to determine the amount of tax owed by the taxpayer.

Characteristics of With Holding Tax System: The authority to determine the amount of tax payable is on a third party, a party other than the tax authorities and taxpayers.

### 3. Principles of Tax Collection

According to Priantara, the principles of tax collection are as follows:

- a. The principle of domicile or residence, this principle states that the State has the right to impose taxes on all income of taxpayers who are domiciled or residing in its territory both on income originating from within the country and from abroad. This principle is applied to Income Tax of Individual or Corporate Taxpayers in Indonesia so that every domestic taxpayer is taxed on all income received or earned and from outside Indonesia.
- b. Source Principle, this principle states that the State has the right to impose tax on income sourced or derived from its territory regardless of where the WP resides whether in its territory or outside its territory
- c. Nationality Principle, this principle states that tax imposition is linked to the citizenship status or nationality of a taxpayer.

### 4. Tax Collection Procedure

Presumption Stelsel In the presumption stelsel, the tax imposed is based on a presumption regulated by law. Income in one year is considered the same as the previous year. The amount of tax payable for the current year can already be determined at the beginning of the year. Real Stelsel In the real stelsel, the tax imposed is based on the real object (income). After the real income is known, tax collection can only be done. This tax collection is carried out at the end of the year. Stelsel

The mixed stelsel is a combination of presumption and real stelsel. The amount of tax at the beginning of the year is determined based on a presumption and at the end of the year the amount of tax is calculated based on actual circumstances.

### 5. Tax Collection System

The Tax Collection System in Indonesia uses four collection systems collection system that must be known by taxpayers throughout Indonesia. According to Mansary in Priantara, there are four tax collection systems, namely:

a. Official Assessment System is a tax collection system where the authority to calculate the amount of tax owed by a person

lies with the collector or tax apparatus, the new debt arises when there is a tax assessment letter from the State apparatus.

b. Self-Assessment System is a tax collection system where the authority to calculate the amount of tax payable lies with the WP in this system WP must actively calculate, calculate, deposit and report their own taxes.

c. Full Assessment System is a taxation system where the authority to calculate the amount of tax payable by taxpayers lies with the taxpayers themselves to calculate, deposit and report their own taxes.

d. Semi Full Assessment is a mixed tax collection system between Self-Assessment and Official Assessment.

### 6. Tax Classification

Zulia Hanum and Rukmini suggest the classification of tax types as follows:

1. According to its target, it can be divided into two, namely:

- a. Subjective Tax, is a type of tax imposed by first paying attention to the personal circumstances of the taxpayer (the subject). An example is Income Tax.

- b. Objective Tax, is a type of tax imposed in the form of circumstances of actions or events that cause the onset of the obligation to pay taxes without regard to the personal circumstances of the taxpayer.

Examples are VAT & STLG.

2. According to its nature, it can be divided into two, namely:

- a. Direct taxes, are taxes whose burden must be borne by the taxpayer himself and cannot be delegated to others and are imposed repeatedly at certain times. An example is Income Tax.

- b. Indirect tax, is a tax whose burden can be transferred to other people and only on certain things or certain events. An example is Value Added Tax.

3. According to the collection agency can be divided into two, namely:

- a. Central tax is a tax levied by the central government which is carried out by the finance department of the Directorate General of Taxes. Examples: PPh, PPN, PPnBM, Land and Building Tax, BPHTB, Stamp Duty.

- b. Local tax is a type of tax levied by the local government which in its daily implementation is carried out by the Regional Revenue Agency (Dispenda) to finance local households. Examples: Motor Vehicle Tax, Billboard Tax, Restaurant Tax, Entertainment Tax, Hotel Tax, Parking Tax, Street Lighting Tax.

### 2.2 Value Added Tax

#### 1. Definition of Value Added Tax

Value Added Tax is a replacement for Sales Tax. The reason for this replacement is because Sales Tax is no longer adequate to accommodate the activities of the community and has not yet reached the target of development needs, including to increase State revenues, encourage exports, and equalize taxation as defined by Mardiasmo. According to Wahono (2012, p. 264) defines Value Added Tax as a tax on the consumption of goods and services in customs areas that is imposed in stages in each production and distribution channel. According to Soemarno (In Whaskita, 2013) said that Value Added Tax is a tax imposed at the time the company purchases BK BK. is a tax imposed

at the time the company makes a purchase of taxable goods and services from the Tax Imposition Base (DPP). In Lalujan (2013) VAT is a type of indirect tax, meaning that the tax is paid by another party (trader) who is not the taxpayer or in other words, the taxpayer (end consumer) does not directly deposit the tax he is responsible for.

## 2.Characteristics of Value Added Tax

According to Sukardji (2014, p. 22), there are several characteristics of Value Added Tax as follows:

### a.Indirect Tax

This character provides a consequence that between the bearer of the tax burden (tax destination) and the person responsible for tax payments to the State treasury are on different parties.

### b. Objective Tax

What is meant by objective tax is a type of tax in which the onset of tax obligation is determined by objective factors, namely the existence of bestand compliance

As for what is meant by taat bestand is a condition, event or legal action that can be taxed which is also called a tax object.

### c. Multi Stage Tax

Multi stage tax is a characteristic of Value Added Tax that means that VAT is imposed on every link of the production and distribution channels.

### d. Can be calculated using Indirect Subtraction Method/Credit

Method/Invoice Method:

#### 1.Indirect Subtraction Method

The VAT payable that must be paid to the State treasury is the result of the calculation of deducting VAT paid to other PKPs called Input Tax with VAT collected from buyers or recipients of services called Output Tax.

#### 2. Credit Method

The tax that is deducted from the tax to obtain the tax to be paid to the State treasury is called a tax credit. to be paid to the State treasury is called a tax credit.

#### 3.Invoice Method

To detect the correct amount of Input Tax and Output Tax involved in this mechanism, a supporting document is needed as evidence. This supporting document is called Faktur Pajak (tax invoice).

#### 3.Tax on Domestic Public Consumption

As a tax on general domestic consumption, Value Added Tax is only imposed on the consumption of Taxable Goods and/or Taxable Services performed domestically.

#### 4.Neutral

The neutrality of Value Added Tax (VAT) is shaped by two factors, namely :

a. VAT is levied on either the consumption of goods or services.

b.In its collection, VAT adheres to the destination principle.principle).

5. Does not cause the impact of double taxation the possibility of double taxation can be avoided as much as possible because value-added tax is levied on any value.

## 2.2.1 Legal Basis of Value Added Tax

The law of Value Added Tax is Law Number 8 of 1983 concerning Value Added Tax and Sales Tax on Luxury Goods as amended by Law Number 11 of 1994, amended again by Law Number 18 of 2000, and finally Law Number 42 of 2009 which is defined by the Official.

## 2.2.2 VAT Subject

VAT subjects are divided into 2 groups, namely :

### 1.Taxable Entrepreneur

According to Article 1 of the VAT Law, entrepreneurs are individuals or entities who in their business activities or work import goods, export goods, conduct trading business, utilize intangible goods from outside the Customs Area, conduct service business or utilize services from outside the Customs Area. According to article 1 number 15 of the VAT Law, it is stated that taxable entrepreneurs are entrepreneurs as referred to in number 14 who carry out the delivery of Taxable Goods or Taxable Services subject to tax under this Law, excluding small entrepreneurs whose limits are determined by a Decree of the Minister of Finance, except small entrepreneurs who choose to be confirmed as Taxable Entrepreneurs.

According to Minister of Finance Decree No.571/KMK.03/2003, effective January 1, 2004, it is regulated as follows:

a.Small Entrepreneurs are entrepreneurs who during one fiscal year deliver Taxable Goods or Taxable Services with a total gross turnover or gross receipts of not more than Rp. 600,000,000.00.

b.Small Entrepreneurs are obliged to report their business to be confirmed as a Taxable Entrepreneur, if up to a month in the fiscal year, the amount of deposit of Taxable Goods or Taxable Services exceeds the limit of Rp. 600,000,000.00 no later than the end of the following month.

### 2. Not a taxable business

Non-taxable entrepreneurs are not importers, not taxable entrepreneurs traveling abroad, when returning home through the DGCE (Directorate General of Customs) checkpoint are detained because they are considered to be carrying goods exceeding the permitted limits, passports and ID cards are detained and then pay the Value Added Tax payable, import duties payable, and other duties payable. If they do not have money, the Non-Taxable Entrepreneur will be detained and if they do not have a Taxpayer Identification Number (NPWP), they will be given a Temporary Taxpayer Identification Number of 9 digits number 0, 3 digits of Tax Service Office Code and 3 digits number 0. This Tax Payment Slip (SSP) is input data that will make Non-Taxable Entrepreneurs will be called by the Tax Service Office to be given a Taxpayer Identification Number in the context of taxpayer extensification. These things are subject to Value Added Tax even though they are not taxable entrepreneurs, namely when non-Taxable Entrepreneurs utilize intangible Taxable Goods / Taxable Services from outside the Customs Area within the area and carry out self-construction activities.

## E. VAT Object

Goods or services as objects of Value Added Tax can be divided into two, namely:

### 1.Taxable Goods

Taxable goods are tangible goods which by their nature and law can be in the form of movable or immovable goods and intangible goods that are taxed under the VAT Law (article 1 numbers 2 and 3 of the VAT Law). Tangible goods are fixed assets, such as vehicles, machinery, and also in the form of inventories of raw materials and finished goods, while intangible taxable goods include licenses, trademarks, patents, copyrights, and so on. trademarks, patents, copyrights and various other rights.

Goods that will be subject to Value Added Tax must meet the following requirements:

- a. Tangible Goods delivered are taxable goods.
- b. The Intangible Goods delivered are taxable goods.
- c. Delivery takes place within the customs territory.

## 2. Taxable Service

Taxable service is any service activity based on an engagement letter or legal action that causes an item or facility or convenience or right to be available for use, including services performed to produce goods due to orders or requests with materials based on instructions from the orderer that are taxable under the VAT Law.

### 2.2.3 Corporate Taxpayers

Taxpayers (WP) are individuals or entities that according to the provisions of tax laws and regulations are determined to carry out tax obligations, including tax collectors or certain tax deductors. Where, every company that conducts a business of producing goods, importing goods, exporting goods, conducting trading business, utilizing intangible goods from outside the customs area, conducting service business, or utilizing services from outside the customs area must deposit taxes on its business.

## 2.3 Tax Restitution

Tax Restitution is a refund of overpayments made by taxpayers or tax payments that should not be payable. The purpose of tax restitution is to provide and protect the rights of taxpayers and provide trust to taxpayers. The term tax refund is listed in the KUP Law, specifically Article 17. There are several parties who are eligible for tax refunds.

Based on Article 2 of the regulation of the Minister of Finance of the Republic of Indonesia No.39/PMK.03/2018, there are at least three types of taxpayers who get their rights for tax refunds, among others:

### a. Specified Criteria Taxpayers

Certain Criteria Taxpayers have several specific criteria determined by DGT through Article 3 of the Regulation of the Minister of Finance of the Republic of Indonesia No.39/PMK.03/2018.

1. On time in submitting tax return
2. Does not have tax arrears for all types of taxes
3. The financial statements are audited by a public accountant with unqualified income for 3 consecutive years without exception for 3 consecutive years.
4. Never been convicted for committing a crime in the field of taxation.

### b. Specified Requirement Taxpayers

Specific Requirements Taxpayers are those who have the requirements as stated in Article 9 of the Regulation

of the Minister of Finance of the Republic of Indonesia No.39/PMK.03/2018.

1. Individual taxpayers who do not run a business who submit Annual Income Tax Return overpaying restitution.
2. Mandatory individual who runs a business or independent work who submits Annual Income Tax Return overpaying restitution with a maximum overpayment amount of Rp.100,000,000.00 (one hundred million rupiah).
3. Corporate Taxpayer who submits Annual Income Tax Return with overpayment of restitution with a maximum amount of overpayment of Rp. 1,000,000,000.00 (one billion rupiah)
4. Taxable Entrepreneurs who submit Periodic Value Added Tax Return with overpayment restitution with the maximum overpayment amount of Rp.1,000,000,000.00 (one billion rupiah).

### c. Low-risk taxable enterprise

And finally, low-risk taxable entrepreneurs also get their rights to tax refunds with the criteria:

1. Companies whose shares are traded on the stock exchange
2. Companies whose majority shares are directly owned by the central government or local government.
3. Taxable entrepreneurs who have been designated as key customs partners.
4. Taxable entrepreneurs who have been designated as Authorized Economic Operators
5. A factory or manufacturer that has a place to carry out production activities

### 2.3.1 Definition of Tax Restitution

According to Lubis, restitution is an overpayment of Value Added Tax that occurs because the amount of Input Tax paid is greater than the amount of Output Tax collected in a Tax Period. Paid is greater than the amount of Output Tax collected in a Tax Period.

Government Regulation No.3 of 2002 article 1 point 5 Restitution is compensation given to the victim or family by the perpetrator or a third party, in the form of return of property, payment of compensation for loss or suffering or reimbursement of costs for certain actions. Law on General Provisions of Taxation Article 17B Tax restitution is a right for taxpayers (entities) if the value of input tax is greater than output tax. It is very unfair to generalize all taxpayers (Badan) that they commit tax fraud. What if those who apply for restitution are taxpayers (entities) (especially export companies) when they will apply for their rights (tax restitution).

In this regard, a number of companies have complained about the difficulty of the VAT restitution submission process at the Directorate General of Taxes. Article 17B of the Law on General Provisions of Taxation (UUKUP) stipulates that the Directorate General of Taxes must issue an Overpaid Tax Assessment Letter (SKPLB) no later than 12 months after the complete application for restitution is received. If the Directorate General of Taxes does not provide a decision within the period, the request is deemed granted, and the SKPLB is issued no later than 1 (one) month after the period ends. Then in paragraph (3) of the article, it is also stated that if the Directorate General of Taxes is late in issuing SKPLB, an interest reward of 2% per month will be given to taxpayers, calculated from the

expiration of the period. So, actually the KUP Law has provided a legal certainty for business entity taxpayers in order to apply for restitution. However, in practice, there are many factors that hinder the restitution payment process, including bureaucracy, interpretation of several articles in the Tax Law which can vary, especially those concerning requests for complete documents or company data, and so on.

#### a. Restitution Arrangement

1. Tax Restitution is regulated in Article 17 of Law No. 6 of 1983 concerning General Provisions and Procedures for Taxation which has been amended by Law No. 16 of 2009. PMK No.66/PMK-03/2005 concerning Procedures for Repayment of Tax Overpayments 373)
2. Minister of Finance Regulation No. 71/PMK.03/2010 dated MARCH 31, 2010.
3. Minister of Finance Regulation Number 71/PMK.03/2010 dated March 31, 2010.
4. Minister of Finance Regulation Number 72/PMK.03/2010 dated March 31, 2010.
5. Regulation of the Director General of Taxes Number PER-31/PJ/2010 dated July 5, 2010.
6. Regulation of the Director General of Taxes Number PER-63/PJ/2010 dated December 22, 2010.

#### b. Causes of Overpayment of Tax

Overpayment of input tax in a tax period can be submitted by :

1. The purchase of capital goods by taxable entrepreneurs (PKP) when the business starts.
2. Purchase of taxable goods in the form of capital goods made before PKP starts production so that it has not made taxable delivery.
3. Taxable persons with export business activities.
4. PKP delivers taxable goods or taxable services that obtain tax-free tax facility.
5. PKP conducts export activities of Taxable Goods classified as Luxury.
6. Collection Error (Article 13 paragraph (1) of Government Regulation No. 12)

#### c. Calculation and Procedures for Refund of Value Added Tax Restitution

The calculation of Value Added Tax according to Rusdji is:

$$\text{VAT Restitution} = \text{Input Tax} - \text{Output Tax}$$

The process of resolving VAT restitution according to Rusdji is as follows:

##### 1. Restitution Request

Application for refund of VAT overpayment submitted by Taxable Entrepreneurs can be made as follows:

- a. Periodic Tax Return of Value Added Tax that includes a mark of application for refund of tax overpayment by filling in the column "Returned (Restitution)", or
- b. A separate Application Letter, if the "Returned (Restitution)" column in the Periodic Tax Return for Value Added Tax is not filled in or does not include a mark of application for the return of excess.

##### 2. Data Completeness

The time of receipt of complete application is the time when the return application has been completed with all documents that must be submitted by the Taxable

Entrepreneur. The documents can be submitted in full together with the submission or proposed after the submission of the application for Refund. The completeness of the documents is no later than one month since the receipt of the application.

#### 3. Research or Examination of Restitution Documents

The restitution settlement process can be done by :

- a. Audit The process of resolving restitution other than from Taxable Entrepreneurs, certain taxes is carried out through an audit. For the purpose of the audit, the examiner may secure books, records or other documents relating to the application for refund. If the period has passed and the Directorate General of Taxes does not issue a Tax Assessment Letter or Decision Letter, the submitted application shall be deemed granted and an Overpaid Tax Assessment Letter or a Preliminary Refund of Tax Overpayment Decision Letter must be issued no later than 1 month after the period ends.
- b. Research The process of restitution settlement for certain Taxable Entrepreneurs is conducted through research. If until the time period expires, the Taxable Entrepreneur does not complete all documents required in the application for refund, then the application for refund is still processed in accordance with the existing data or accepted.

## RESEARCH METHODS

### 3.1 Research Approach

The approach used in this research is quantitative descriptive. Descriptive research by analyzing begins with the collection of the required data then any existing data is then processed in such a way that the data obtained becomes simpler, then the data is analyzed again to get a clearer picture of the problem being studied.

### 3.2 Location and Time of Research

This research was conducted at KPP Pratama Medan Timur with the address at Jalan Sukamulia No.17A, Aur, Medan Maimun, Medan City, North Sumatra 20151. This research was conducted from September to April 2024.

### 3.4 Types and Sources of Data

#### 1. Data Type

The types of data in this study are:

- a. Quantitative data,  
Quantitative data is data that can be measured and expressed in numbers that show the number or amount of something. In this study, the type of quantitative data required is in the form of statistical data which includes the number of registered taxpayers and the number of annual tax return filings at the East Medan Tax Office.
- b. Qualitative Data,  
Qualitative data is data that cannot be measured on a numerical scale. In this study, the type of qualitative data required is through interviews and distributing questionnaires to respondents related to this research.

#### 2. Data Source

The data sources used by the author in compiling this research are:

- a. Primary Data

is a source of data obtained directly from the original source or first party. This data source comes from observations and distributing interviews and questionnaires via online media to respondents.

#### b. Secondary Data

Secondary data is a source of data obtained by researchers in a non-random way.

directly through intermediary media. The data source in this study was received directly from the Data and Information Processing Section (PDI) at the Regional Office of the DGT SUMUT I. The data obtained are the amount of VAT Restitution in 2018-2020, and reports on the amount of Value Added Tax revenue during 2018-2020 in the Regional Office of DGT SUMUT I.

### 3.4 Data Collection Technique

Data collection techniques are the most strategic step in research, because the main purpose of research is to obtain data that is relevant to research, in this study the authors used data collection techniques:

1. Interview & Questionnaire, which is a data collection technique by distributing questionnaires to respondents via google form to taxpayers and interviews via WhatsApp to employees at KPP Pratama Medan Timur, so that useful data is obtained for this research.
2. Documentation, namely data collection and searching for data on the object of research that has been obtained in the data and information management section in the form of data on the number of registered taxpayers, reports on the number of taxpayers reporting and those related to this research.

### 3.5 Data Analysis Method

The data analysis technique used in this research is to use the descriptive method, namely by determining the data used.

will be used, collect data that has been determined, then classify it, interpret, and analyze the data and compare it with theories, then draw a conclusion and then provide suggestions.

The steps in analyzing this research data are as follows:

1. Requesting and collecting data, where the data collected is in the form of numbers such as the number of registered corporate taxpayers, the number of VAT refunds, and the amount of VAT revenue in 2018-2020.
2. Analyzing the data, in this step the author compares theory with reality in the implementation of value-added tax refunds at the Regional Office of DGT SUMUT I.
3. Describing Data, namely the author in this case describes the data obtained, provides information that makes sense with the existing data, and explains the results of this research using sentences in the form of narratives.

## RESULTS AND DISCUSSION

### 4.1 Research Results

#### a. Value Added Tax Restitution Data

**Table 4.1**

#### **Data of Corporate Taxpayers Filing and Receiving Restitution VAT Year 2018-2020**

Year	Number of taxpayers Which file Restitution	Total Taxpayers who Receive Restitution	Total Restitution (IDR)	Total WP Agency Registered	Total PKP registered
2018	36	21	28.236.130.651	11.427	276
2019	28	24	24.942.209.440	12.370	334
2020	41	31	36.788.144.027	13.185	201

Source: KANWIL DJP Sumut

From the data above, it can be seen that the number of taxpayers (WP) who apply for restitution is not the same as the number of taxpayers who receive restitution. This is due to the procedures and several requirements in applying for restitution in each tax period. In the column of taxpayers who applied for restitution in 2018, there were 36, while the number of taxpayers who received restitution in 2018 was 21. This is because Article 17B of the Law on General Provisions of Taxation (KUP Law) stipulates that the Directorate General of Taxes must issue an Overpaid Tax Assessment Letter (SKPLB) no later than 12 months after the complete application for restitution is received. That means that taxpayers who receive restitution in 2018 have submitted restitution in the previous year (2017) or taxpayers who submit restitution in 2018 will receive restitution in the following year (2019).

In 2018 the number of taxpayers who submitted restitution was 36 and the number of taxpayers who received restitution was 31 with a total restitution received of Rp.28,236,130,651. Furthermore, in 2019 the number of taxpayers who filed for restitution was 28 and the number of taxpayers who received restitution was 24 with the amount of restitution received amounting to Rp. 24,942,209,440. And in 2020 the number of taxpayers who filed for restitution was 41 and the number of taxpayers who received restitution was 31 with the amount of restitution received amounting to Rp.36,788,144,027.

### 4.2 Discussion

#### 4.2.2 Implementation of Value Added Tax Restitution at the North Sumatra I DGT Regional Office

According to the law on General Provisions of Taxation Article 17B Tax restitution is a right for taxpayers (entities) if the input tax value is greater than the output tax. According to the explanation of Article 11 of KUP Law No.28 of 2007 Restitution is the calculation of the amount of tax actually payable with the amount of tax credit that shows the amount of the difference (the amount of tax credit is greater than the tax payable) or a tax payment has been made that should not be payable, then the taxpayer is entitled to request an overpayment of tax, provided that the taxpayer does not have a tax debt.

Sukardji (2015: 590) explains that in order to realize the identity of VAT as a tax on consumption, if it turns out that the amount of input tax paid is greater than the amount of output tax collected, the excess input tax payment must be returned to be put back into the company's treasury. To recover the input tax overpayment, PKP can submit a request for a refund (restitution) to the Directorate General of Taxes, which is carried out through the Head of the relevant Tax Service Office.

A number of companies have complained about the difficulty of the VAT restitution submission process at the

Directorate General of Taxes. In fact, Article 17B of the Law on General Provisions of Taxation (UU KUP) stipulates that the Directorate General of Taxes must issue an Overpaid Tax Assessment Letter (SKPLB) no later than 12 months after the complete application for restitution is received. According to the interviews I conducted on VAT research must be paid because Value Added Tax is mandatory collection due to the sale and purchase of goods and services carried out by individual taxpayers or corporate taxpayers who have become taxable entrepreneurs.

If the taxpayer does not pay VAT, there will be sanctions contained in Article 13 paragraph (1). If it does not do this, the PKP is sanctioned in the form of a fine Article 14 paragraph (4) KUP of 2% of the tax imposition base (DPP).

According to Rusdji (2006:188) the process of resolving value-added tax refunds is as follows:

#### a. Restitution Request

The application for refund of VAT overpayment submitted by the Taxable Entrepreneur can be made as follows:

1. Periodic Tax Return of Value Added Tax that includes a mark of application for refund of tax overpayment by filling in the column "Returned (Restitution)", or
2. Separate Application Letter, if the "Refunded (Restitution)" column in the Periodic Tax Return for Value Added Tax is not filled in or does not include a request for refund of tax overpayment. The application for refund is submitted to the Head of the Tax Office where the Taxable Entrepreneur is confirmed and one application for the tax period.

#### b. Document Completeness

The time of receipt of a complete application is the time when the return application has been completed with all documents that must be submitted by the Taxable Entrepreneur. The documents may be submitted in full together with the submission or proposed after the submission of the application for Refund. The completeness of the documents is no later than one month since the receipt of the application.

#### c. Research or Examination of Restitution Documents

The restitution settlement process can be done by :

##### 1. Inspection

The process of resolving restitution other than from Taxable Entrepreneurs, certain taxes are carried out through audits. For the purpose of the audit, the examiner may secure books, records or other documents relating to the application for refund. If the period has passed and the Directorate General of Taxes does not issue a Tax Assessment Letter or Decision Letter, the submitted application shall be deemed granted and an Overpaid Tax Assessment Letter or a Preliminary Refund of Tax Overpayment Decision Letter shall be issued.

no later than 1 month after the period ends.

##### 2. Research

The restitution settlement process for certain Taxable Entrepreneurs is carried out through research. If until the time period expires, the Taxable Entrepreneur does not complete all the documents required in the refund application, the refund application is still processed in

accordance with the existing or received data. The following is the procedure for implementing value-added tax restitution at the North Sumatra DGT Regional Office I based on the results of the author's interview with the audit section:

- a. Taxpayers (WP) report VAT periodic tax returns through e-filing or e- SPT.
- b. The service section sends an official memorandum to the audit section in accordance with DG Tax regulations. Then propose an audit through the tax administration application in SIDJP.
- c. After being approved by the head of the office or regional office, an Inspection Order (SP2) is issued to the taxpayer who made the VAT overpayment.
- d. After the SP2 is issued, an audit is then carried out by a functional tax auditor.
- e. After the audit report is completed, a Tax Assessment Letter (SKP) is issued.
- f. The service section prints the legal product in the form of SKP and then sends it to the tax address.
- g. The service section then forwards to the Supervision and Consultation Section (WASKON) to issue a Tax Excess Payment Order (SPMKP) if overpaid.
- h. If a Tax Assessment Letter of Overpayment (SKPLB) is issued, after the SPMKP is completed, a refund of tax payment will be made to the taxpayer through account transfer.

The following are the obstacles in the implementation of Value Added Tax Restitution in the North Sumatra I DGT Regional Office based on the results of the author's interviews with the examination section and functional section:

1. There are still taxpayers who are late in submitting Periodic VAT Returns, for restitution so that the audit section will also be late in issuing its SP2 within the adjusted time period.
2. The files/documents provided by taxpayers are incomplete so it will be difficult to adjust between what is reported by taxpayers and the files in the WP.
3. Companies that record output tax sometimes do not report, which will hamper the restitution process.

The following are the efforts made by the Regional Office of DGT North Sumatra I in overcoming the obstacles that occur in the implementation of Value Added Tax Restitution:

1. Appeal to taxpayers to immediately report their Periodic VAT Return so that SP2 can be issued immediately and restitution will be processed immediately.
2. Appeal to taxpayers who will apply for VAT Restitution to first complete the required documents or files so that the restitution can be processed immediately.
3. If there is a sale and purchase transaction between, for example, PT.A and PT.B, where PT.B should report its output tax but PT.B does not do so, it will provide a solution by conducting a flow test which includes a cash flow test and a goods flow test. The cash flow test is carried out by checking the bank statement whether PT.A made a transfer to PT.B for the amount stated on the invoice, if there is then PT.A is considered to have paid the VAT. While the



flow of goods test is carried out by checking the completeness of the documents if it is true that there are goods and documents.

Based on the results of research on the implementation of value-added tax refunds

The procedure carried out by the North Sumatra DGT Regional Office I is in accordance with the standard procedure for resolving applications for Value Added Tax (VAT) refunds for taxpayers issued by the Ministry of Finance of the Republic of Indonesia, Directorate General of Taxes.

Thus the implementation of the restitution of Value Added Tax (VAT) overpayments can minimize the existence of procedural irregularities that can be carried out by employees of the North Sumatra DGT Regional Office I because those responsible for each restitution carried out are not only the Head of the Tax Service Office, but are the responsibility of all parties related to the restitution procedure such as the service section, examination section, functional section who take part in the implementation of the restitution procedure carried out by the North Sumatra DGT Regional Office I so that the restitution of tax overpayments can run optimally so that one of the taxpayer's rights can be fulfilled properly.

## CONCLUSIONS AND SUGGESTIONS

### 5.1 Conclusion

From the results of research and data analysis described in the discussion, the authors can draw conclusions, namely the implementation of value-added tax refunds carried out by the North Sumatra Regional Office of DGT I is in accordance with the standard procedures for resolving applications for Value Added Tax (VAT) refunds.

### 5.2 Suggestions

From the conclusions described above, the suggestions that the authors can provide are:

1. Corporate Taxpayers who will submit restitution are expected to first prepare complete, accurate and valid supporting files or documents so that the implementation of restitution can be processed quickly.
2. The government to add policies, especially to facilitate but still be aware of the elements of State losses related to tax refund requests.

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