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## The Effectiveness of Tax Collection with Warning Letters and Forced Letters to Increase Value-Added Tax Receipts

**Abstract.** The most cost-effective way to collect taxes is through voluntary public compliance with tax laws. However, not all taxpayers pay taxes on time, so the tax service is forced to use different tax collection methods and stimulate taxpayers' responsibility. These methods include warning letters and forced letters. This study aimed to analyze the effectiveness of tax collection with a warning letter and a forced letter to increase value-added tax (VAT) receipts at the Tax Office in Surabaya, Indonesia. The research method used in this study is a comparative descriptive method. The data analysis technique used in this research is the descriptive comparative analysis of ratios: the ratio of the effectiveness of issuing warnings and forced letters and the ratio of the contribution of VAT arrears. The key informants in this study were the data and information management section staff regarding supervision and tax collection which served at the Pratama Pabean Cantikan Surabaya Tax Office. The results showed that VAT collection with a warning letter was ineffective. Tax collection significantly doesn't increase VAT revenue at the Surabaya Tax Office Surabaya. Most taxpayers who are negligent or unable to pay off their tax debts apply an objection letter on tax arrears. They used it for instalments to pay off the entire tax debt. The results of this study imply that tax officers must examine in detail all tax objection letters and give approval carefully. This study recommends that the tax authorities carry out more active informational work with taxpayers because the costs of other methods of forced tax collection are comparatively higher. On the other hand, the number of bailiffs should be increased because it aligns with the increased tax revenue target every year.

**Keywords:** tax collection, warning letter, forced letter, Value-Added Tax, tax discipline.

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## Ефективність збору податків за допомогою листів-попереджень та примусових листів щодо збільшення надходжень податку на додану вартість

***Анотація.** Найбільш економічно ефективним способом збору податків є добровільне дотримання громадянською податкового законодавства. Проте не всі платники вчасно сплачують податки, тому податкова служба змушена використовувати різні методи примусового стягнення податків та стимулювати відповідальність платників. Ці методи включають листи-попередження та примусові листи. Метою цього дослідження є аналіз ефективності збору податків за допомогою листів-попереджень і примусових листів щодо збільшення надходжень податку на додану вартість (ПДВ) до податкової служби в місті Сурабая, Індонезія. Методологічною основою дослідження є порівняльно-описовий метод. Для аналізу даних використано описовий порівняльний аналіз коефіцієнтів: співвідношення ефективності видачі попереджень та примусових листів і співвідношення внеску заборгованості з ПДВ. Дані для аналізу були отримані шляхом опитування співробітників відділу управління даними та інформацією щодо збору податків, які працювали в податковій службі міста Сурабая. Результати показали, що стягнення ПДВ шляхом використання листів-попереджень було неефективним, адже суттєвого збільшення надходжень від ПДВ у податковій службі Сурабаї не відбулося. Більшість платників податків ставляться небало до своїх обов'язків або не можуть погасити свій податковий борг, і часто подають лист-заперечення щодо податкової заборгованості. Вони використовують лист-заперечення для розстрочки погашення всього податкового боргу. Це збільшує завантаженість працівників податкової служби, які повинні детально вивчити всі листи-заперечення щодо сплати податків, щоб їх затвердити. Це дослідження рекомендує податковим органам проводити більш активну інформаційну роботу з платниками податків, оскільки вартість інших методів примусового стягнення податків є порівняно вищою. З іншого боку, кількість судових виконавців має бути збільшена, оскільки це відповідає цільовим показникам податкових надходжень, які щорічно збільшуються.*

**Ключові слова:** збір податків, лист-попередження, примусовий лист, податок на додану вартість, податкова дисципліна.

### INTRODUCTION

The tax sector is one of the state revenue sources used to finance the implementation of routine expenditures and national development activities that take place continuously and sustainably (Sutria, 2013). The tax sectors, especially Value-Added Tax (VAT), are dominant in helping the country's economy. Tax revenue is one of the sources of national income, around 70% of all state revenues. According to the Directorate General of Taxes (<http://www.pajak.go.id>), the 2019 State budget's revenues are Rp. 1,643.1 trillion. In 2020, tax revenues in the state budget reached Rp. 1,865.7 trillion. The tax revenue increased from the previous year of Rp. 222.6 trillion or 13.5% compared to 2019. In 2020, the tax revenue target was optimal and realistic to support the achievement of development targets. This state budget is adaptive in facing challenges and economic risks (Ministry of Finance of the Republic of Indonesia, 2020).

The taxation system in Indonesia uses the principle of self-assessment. Taxpayers calculate, pay, and report their taxes owed following the provisions of the tax laws and regulations. Taxpayers determine their tax payable through a notification letter. The tax office will issue a tax assessment letter to taxpayers who make mistakes in filing a tax return. In addition, the tax office will collect taxes if (1) the taxpayer hides fiscal data and does not report it, (2) the taxpayer has not paid off the tax debt by the due date based on a tax assessment letter and a tax bill. The tax office collects taxes with a letter of warning and a forced letter.

Tax collection is one of the government's efforts to increase tax revenue from tax sanctions. Billing effectiveness is one of the essential and exciting topics in tax research. The significance of tax revenue is the ability of the tax office to meet the tax revenue target based on its realization. The effectiveness of tax collection with

warning and coercive letters is needed to increase state revenue from the tax sector. Several previous studies have shown several things. The study's results (Monita Pricilia Najooan, 2015) show that tax collection by Letter of Reprimand and Letter of Compulsion in 2012-2014 is classified as ineffective and contributes very little to Value-Added Tax Revenue. Earlistiani Kardianti (2017) shows that issuing warning and forced letters in 2015-2016 was ineffective. Tax Collection with Reprimand Letters and Distress Warrants has a small contribution to Tax Revenue. The percentage of contribution is only 0-30%. The results of research data analysis (Nalle, 2017) show that the average rate of the effectiveness of the condition of tax collection with reprimand and coercion letters is small. Based on the results of the previous research above, the researcher is motivated to study the effectiveness of tax suspension at other tax offices. The research location is in the Surabaya Cantikan Customs tax office, one of the significant tax offices.

### LITERATURE REVIEW

#### Value-Added Tax

The definition of tax is in Law Number 16 of 2009 concerning General Provisions and Tax Procedures. Based on the law, taxes are mandatory contributions to the state owed by individuals or entities that are coercive. Taxpayers do not get compensation directly. The purpose of paying taxes is to meet the needs of the state. Taxes are used as much as possible for the prosperity of the people. According to Mardiasmo (2009): taxes are people's contributions to the state treasury based on the law (which can be forced) by not receiving lead services (contrast) that can be shown directly and which are used to pay public expenses. Based on this definition, the elements of tax are as follows:

- 1) People's contribution to the state. The state has the right to collect taxes. The fee is in the form of money (not goods).
- 2) Based on the law. Taxes are collected based on or with the force of the law and its implementing regulations.
- 3) No lead services or counter-achievements from countries that can be directly appointed. In paying taxes, it cannot be shown that there is individual contra-achievement by the government.
- 4) It is used to finance state households, namely expenditures that benefit the wider community.

There are two tax functions: the budget and the regulation. Taxes serve as a source of funds for the government to finance its expenditures. Taxes are a tool to control or implement government policies in the social and economic fields.

One of the taxes that represents a significant potential for state revenue is the Value-Added Tax (VAT). Value-Added Tax or VAT is a levy imposed on the sale and purchase transactions of goods and services carried out by individual taxpayers or corporate taxpayers who have become Taxable Entrepreneurs (Online Pajak, 2022). The law governing the imposition of Value-Added Tax (VAT) is Law Number 8 of 1983 concerning Value-Added Tax on Goods and Services as amended several

times, most recently by Law Number 42 of 2009. This law is called law. The 1984 Value-Added Tax adopted the credit tax method and the Tax Invoice method. In this method, Value-Added Tax (VAT) is imposed on the delivery of Taxable Goods or Taxable Services by Taxable Entrepreneurs. VAT is collected in stages on each production and distribution line. The current VAT rate is 11% (eleven percent).

#### Tax Collection Effectiveness

Effectiveness comes from the word effective, meaning achieving success according to predetermined goals. Effectiveness is the success of achieving what is wanted (<https://dictionary.cambridge.org>, 2022). According to Giroth et al. (2016), effectiveness measures the relationship between a tax levy's results and the goals or targets set. Effectiveness is the relationship between output and goals or objectives to be achieved. It is said to be effective if the activity process reaches the final policy goals and objectives. The greater the output produced toward achieving the goals and objectives specified, the more influential the work process of an organizational unit. The effectiveness of tax collection with forced letters can increase tax revenue, which is expected to contribute to national development. Therefore, the effectiveness of tax collection with forced letters is needed to increase state revenues from the tax sector.

Law No. 19 of 1997 concerning Tax Collection by Forced Letters is the legal basis for carrying out tax collection actions. This law came into force on May 23, 1997. This law was later amended by Law No. 19 of 2000, which came into force on January 1, 2001; the definition of tax collection is an act of collection carried out by the tax authorities or tax bailiff to the insurer. Taxes without waiting for payment due, including all tax payables from all types of taxes, tax periods, and tax years. According to Soemitro and Sugiharti (1996), the definition of tax collection is an act carried out by the Directorate General of Taxes because the taxpayer does not comply with the provisions of the tax law, especially regarding the payment of taxes owed. Another definition, according to Rusdji (2004), tax collection is a series of actions so that taxpayers pay off their tax debts and tax collection costs by reprimanding or warning, carrying out instant collections, and at the same time notifying forced letters, proposing prevention, carrying out confiscations, carrying out hostages and selling goods. The tax bearer is an individual or entity responsible for paying taxes, including representatives who exercise the rights and fulfill the taxpayer's obligations according to the tax laws and regulations provisions. Tax Collection Fee is the cost of implementing a Forced Letter, Warrant for Confiscation, Auction Announcement, Auction Cancellation, Appraisal Services, and other charges in connection with tax collection

#### Warning Letter

Submission of a warning letter is the beginning of the implementation of collection actions by the tax authorities to warn taxpayers who do not pay off their tax debts following the determination decision (STP,

SKPKB, SKPKBT) until maturity. A warning letter is issued by an official to reprimand or warn or warn a Taxpayer to pay off his tax debt. A warning letter is issued if the tax debt listed in the SPT, SKPKB, or SKPKBT is not repaid until one day after the maturity date of 1 month from the date of issuance.

According to the decision of the Minister of Finance, No. 561/KMK.04/2000 Article 5, paragraph 2 states that a letter of reprimand is not issued against a tax guarantor who is approved to pay in installments or postpone the payment of taxes.

### Forced Letter

Collection with a forced letter is carried out if the amount of the tax bill is not paid or underpaid until the due date of payment, or until the due date of delay in payment or does not meet the installments of tax payments. If the taxpayer fails to carry out the obligation to pay taxes within the time specified in the warning letter, the tax bailiff will carry the next collection. The definition of a forced letter has been regulated in Article 1 number 12 of Law no. 19 of 2000 concerning Collection of Taxes with Forced Letters, which reads: Forced letters are orders to pay tax debts and tax collection fees. Meanwhile, according to Rusdji (2004), namely a letter is issued if the taxpayer does not pay off his tax debt until the due date. From the above understanding, it can be concluded that a forced letter is an order to pay tax debts and tax collection fees that is issued if the taxpayer does not pay off his tax debt by the due date.

A forced letter is issued if the Taxpayer or Tax Insurer does not pay off his tax debt by the due date and the Tax Insurer does not fulfill the provisions in the decision on the installment approval or postponement of payment. As a letter with a passive legal authority, it certainly has its characteristics and criteria. In Law no. 19 of 2000, as an amendment to Law No. 19 of 1997, Article 7, paragraph 1 states that the physical form of the forced letter on the head reads "For the sake of Justice and God Almighty". In Article 7, paragraph 2 it is stated that a forced letter must at least contain:

- 1) Name of Taxpayer and Tax Insurer;
- 2) Billing basis;
- 3) Amount of tax debt;
- 4) Order to pay.

In addition to the above criteria, a forced letter also has the following characteristics:

- 1) A direct forced letter can be used without the aid of a judicial decision and cannot be used to file an appeal;
- 2) It has the same legal position as the gross deed, namely a civil court decision that has permanent legal force;
- 3) It has a dual function, namely collecting taxes and billing fees;
- 4) Can proceed with hostage collection actions.

In theory, a forced letter is issued after a warning letter or warning letter or other similar letter issued by an official. Article 8, paragraph 1 explains the reasons for the issuance of a forced letter, namely:

1) The tax bearer does not pay off the tax debt and a warning letter or warning letter, or another similar letter has been issued to him;

2) Against the tax bearer, billing has been carried out immediately and at the same time;

3) The tax bearer does not meet the conditions as stated in the decision on installment approval or postponement of tax payments.

The Tax bailiff shall notify a letter of compulsion against an individual to:

- 1) Tax bearer;
- 2) Adults who live with or work at the taxpayer's place of business, if the tax guarantor in question cannot be found;
- 3) One of the executors of the will or who manages his inheritance if the taxpayer has died and the inheritance has not been divided;
- 4) The heirs, if the taxpayer has died and the inheritance has been divided.

The Tax bailiff shall notify the letter of compulsion against the entity to:

- 1) Management, head of the representative, director of the branch, the person in charge, owner of capital;
- 2) If the Tax Bailiff cannot find one of them, the permanent employee at the place of domicile or place of business of the entity.

Suppose the taxpayer does not repay the tax debt within 2×24 hours after the notification of the forced letter. In that case, the officer will issue an order to confiscate. The filing of an objection by the taxpayer does not delay the implementation of the Forced Letter. If the taxpayer is declared bankrupt, the Forced Letter is notified to the Curator, Supervisory Judge or Heritage Center. Meanwhile, if the taxpayer is declared disbanded or in liquidation, the Forced Letter is notified to the person or entity charged with making settlements or liquidators.

### Confiscation Letter

A confiscation is an act of further collection after the Forced Letter. A Confiscation Letter is issued if the tax debt has not been repaid within 2×24 hours after the Forced Letter is notified, for this reason, the confiscation of the taxpayer's goods can be carried out. In collecting taxes by force letter, the tax bailiff is authorized to confiscate the taxpayer's assets. To carry out the confiscation of goods belonging to the Tax Bearer, a procedure that regulates in detail, clearly and unequivocally includes the status, value and place of storage or safekeeping of confiscated goods belonging to the Tax Bearer while still protecting the interests of third parties and the Taxpayer community.

According to Law no. 19 of 2000 concerning Collection by Forced Letters, confiscation is the act of a tax bailiff to control goods with tax underwriting to be used as collateral to pay off tax debts according to statutory regulations. Meanwhile, according to Hadi (2001), confiscation is a series of actions from the tax bailiff assisted by 2 witnesses to control the taxpayer's goods, to be used as collateral to pay off tax debts following the legislation. Law No. 19 of 2000 Article 14,

## Finance & Taxation

paragraph 1 explains that confiscation can be carried out on a taxpayer's property at his residence, business, domicile, or other areas. The property of taxpayers, including his control, is in the hands of another party burdened with rights. Dependents as collateral for the settlement of certain debts, in the form of:

1) Immovable property, including land, buildings and ships with a certain gross content;

2) Movable goods include cars, jewelry, cash, time deposits, savings accounts, checking account balances, etc.

Movable goods that are exempt from foreclosure are:

1) Clothing and bedding and equipment used by the tax bearer and his dependents;

2) Food and drink supplies for one month's needs along with cooking utensils at home;

3) Equipment for tax bearers of an official nature that is allowed from the state;

4) Books related to the position or occupation of the tax bearer and tools used for education, culture and science;

5) Equipment in road condition is still used to carry out daily work or business with a total amount of not more than Rp. 20,000,000 (twenty million rupiahs). The amount of the equipment value is determined by the Decree of the Minister of Finance or the Decree of the Regional Head;

6) Disabled equipment used by the tax bearer and dependent families. Confiscation cannot be carried out on goods that the District Court or other authorized agencies have confiscated. Concerning the goods that have been seized, the Tax Bailiff shall submit a Forced Letter to the District Court or other official agency. In the subsequent trial, the District Court determines the goods as collateral for settling the tax debt. The District Court or other competent agency determines the distribution of the proceeds from the sale of the goods based on the provisions of the right to precede the state for tax claims.

The right of precedence for tax claims exceeds all other precedent rights, except for:

1) Court fees that are solely caused by punishment for auctioning movable and or immovable goods;

2) The costs that have been incurred to save the item;

3) Court fees that are solely due to the auction and settlement of an inheritance.

Additional confiscation can be carried out if:

1) The value of the confiscated goods is not enough to pay off tax collection fees and tax debts;

2) The proceeds from the auction of goods that have been confiscated are not sufficient to pay off tax collection fees and tax debts.

The confiscation is carried out by a tax bailiff who has been sworn in in advance accompanied by 2 witnesses, Indonesian adults who are adults, who are known and trustworthy tax bailiffs (Law No. 19 of 2000 concerning Billing by Forced Letters). The purpose of the confiscation is to obtain a guarantee for payment of the tax debt from the tax insurer. Every time a confiscation is carried out, the tax bailiff makes an official report on the implementation of the confiscation which the tax bailiff, tax guarantor and witnesses sign. capital or permanent

employees of the company. Copies of the minutes of the implementation of the confiscation may be posted in a public place and shall serve as notification of the intention of the tax confiscation officer to the tax bearer on the confiscated goods or be given the seal of confiscation.

The confiscation is carried out until the value of the confiscated goods is estimated to be sufficient to pay off the tax debt and tax collection costs. Other things that can be confiscated are regulated by government regulations. The confiscation is carried out if the tax guarantor has paid the collection fees and tax debts or based on a court decision or the Judicial Body Tax or stipulated otherwise by Decree of the Minister of Finance or Decree of the Head of Region.

### Auction

If the taxpayer has paid the tax debt but has not paid the tax collection fee, then the sale by auction of the confiscated goods can still be carried out. The definition of auction according to the Decree of the Minister of Finance No. 13/KMK.01/2002, auction is the sale of goods that are open to the public either directly or electronically by way of offering prices verbally and in writing through an effort to collect enthusiasts or prospective buyers. Suppose the taxpayer or tax guarantor does not pay off his tax obligations and the tax authorities have made all legal efforts so that the taxpayer or tax guarantor pays off his tax obligations by submitting a warning letter. In that case, a letter of coercion and confiscation following the applicable provisions, the goods belonging to the taxpayer Taxes or tax bearers may be auctioned off by the State Auction Office. The definition of auction according to Rusdji (2004), namely every sale of goods in public by way of offering prices orally or in writing through the collection of prospective buyers.

The terms of the auction, namely:

1) Auctions are held in public;

2) Auctions are conducted according to law;

3) The auction is held in front of the official;

4) The auction is conducted with a price quote;

5) The auction is carried out with an effort to collect fans;

6) The auction closes with the minutes.

The definition of tax revenue according to Hutagaol et. al. (2007) is: "Tax revenue is a source of revenue that can be obtained continuously and can be developed optimally according to government needs and community conditions." Tax revenue is income obtained by the government, which is sourced from people's taxes. The funds received in the state treasury will be used for government expenditures for the greatest prosperity of the people, as the purpose of the state goals agreed upon by the early founders of this country is to prosper the people, and create wealth based on social justice(Suherman, 2011).

The following are sources of tax receipt including:

- Income Tax

According to Law No. 17 of 2000, Income Tax is any additional economic capability received or obtained by a taxpayer, both from Indonesia and outside Indonesia,

which can be used for consumption or to increase the wealth of the taxpayer concerned, with the name in the any form. Income tax is also an official levy by the government aimed at people who have the income to finance government expenditures.

- Value-Added Tax (VAT)

Based on Law No. 42 of 2009, VAT is a tax imposed on the consumption of Taxable Goods or Taxable Services within the Customs Area (within the territory of Indonesia). Individuals, entrepreneurs, or governments consuming Taxable Goods or Taxable Services are subject to VAT. All goods and services are Taxable Goods or Services unless otherwise stipulated by the VAT Law.

- Sales Tax on Luxury Goods (PPnBM)

In addition to being subject to VAT, the consumption of certain Taxable Goods which are classified as luxury is also subject to PPnBM. According to Law No. 42 of 2009, what is meant by Taxable Goods classified as luxury are:

- This item is not a basic need;
- Certain people consume these goods;
- In general, these goods are consumed by high-income people;
- The goods are consumed to show status; or
- If consumed, it can damage the health and morals of the community and disrupt public order.

## RESEARCH METHODS

In this research, the researcher uses descriptive qualitative research to analyze whether tax collection using a warning letter and a letter of coercion has been effective against Value-Added Tax Revenue. This research focuses on the Effectiveness of Tax Collection with Warning Letters and Forced Letters on Value-Added Tax Revenue at the Tax Office in Surabaya. The research was conducted at the Tax Office of Pratama Pabean Cantikan Surabaya, located on Jl. Indrapura No. 5, Krembangan Sel., Kec. Krembangan, SBY City, East Java.

- Effectiveness of Collection with Warning Letters

$$\text{Effectiveness} = \frac{\text{Number of Warning Letters Paid}}{\text{Number of Warning Letters Issued}} \times 100\%$$

- The Effectiveness of Collection by Forced Letters

$$\text{Effectiveness} = \frac{\text{Number of Forced Letters Paid}}{\text{Number of Forced Letters Issued}} \times 100\%$$

Table 1. Classification of Effectiveness Measurement

Percentage	Criteria
>100%	Very effective
90-100%	Effective
80-90%	Effective enough
60-80%	Less effective
<60%	Ineffective

## Informants and Data

The key informants in this study were the data and information management section staff regarding supervision and tax collection which served at the Pratama Pabean Cantikan Surabaya Tax Office. The type of data used in this study is qualitative data, namely data consisting of descriptive non-numbers, which explain the tax concept, the characteristics of the implementation of active billing with a warning letter, and a letter of coercion on Value-Added Tax Revenue. There are two sources of data used in research activities, namely:

1. Primary data, namely data obtained by conducting direct interviews with the staff of the tax management, supervision, and collection section.

2. Secondary data is obtained from existing documents and other data, especially with the problems.

The data collection technique in this study used a field study method, namely collecting data by conducting direct interviews with Mr. Krisna as staff of the management and information section, supervision, and tax collection at the Pratama Pabean Cantikan Tax Service Office in Surabaya. In addition, the researchers carried out documentation, namely collecting written materials in the form of data obtained from the KPP Pratama Pabean Cantikan Surabaya, namely data on the realization of the issuance of Warning Letters and Forced Letters in 2017-2019.

## Method of Data Analysis

The method used in this research is a descriptive analysis method of effectiveness ratio and contribution ratio (Purnawardhani, 2015). The ratio analysis used is the Effectiveness Ratio and Contribution Ratio.

1. Effectiveness Ratio of Tax Collection with Warning Letters and Forced Letters

## 2. The Ratio of Tax Arrears Receipt Contribution to Value-Added Tax Revenue (RTARC)

$$\text{RTARC} = \frac{\text{Disbursement of Tax Arrears}}{\text{Tax Receipt}} \times 100\%$$

Table 2. Classification of Contribution Criteria

Percentage	Criteria
0.00 – 10%	Very less
10.10 – 20%	Not enough
20.10 – 30%	Currently
30.10 – 40%	Pretty good
40.10 – 50%	Well
>50%	Very good

**RESULTS AND DISCUSSION****Data Analysis**

The data analysis used by the author in the discussion of this research is a qualitative descriptive analysis to see the search for tax arrears from 2017 to 2019, with the plan and realization of tax revenues. Ratio analysis determines the level of effectiveness of tax collection at the Customs Tax Office of Cantikan Surabaya. With this

method, the author describes the effectiveness of active tax collection in searching for tax arrears based on the data collected, especially data regarding tax arrears and plans and the realization of tax revenues. The data was collected based on data on the issuance of forced letters and disbursement of tax arrears at the tax office in Surabaya is in the table below.

Table 3. Target and Realization of Tax Receipts

Year	Receipts Target (Rp)	Realized Receipts (Rp)	Achievement Presentation
2017	727,415,735,999	664,014,065,881	90%
2018	964,912,499,999	740,442,659,180	84%
2019	849,788,601,991	856,323,770,951	86%

Source: Tax Office in Surabaya.

The table 3 indicate that from a nominal perspective, the revenue plan in 2017 was Rp. 727,415,735,999, and the realization of revenue was only Rp. 664,014,065,881 or about 90%. Based on the indicators for measuring the effectiveness of the Plan and the realization of revenue in 2017, it is effective. Furthermore, in 2018 the planned revenue was Rp. 964,912,499,999, and the realization of receipts is Rp. 740,442,659,180 or about 84%. It is quite effective based on the indicators for measuring the effectiveness and the realization of revenues in 2018. In 2019 the planned revenue was Rp. 849,788,601,991 and realized revenues of Rp. 856,323,770,951 or about 86% based on indicators measuring the effectiveness of plans and realization of revenues in 2019 quite effective. Based on the plan and realization of the disbursement of tax arrears in 2017 and 2019 the receipt of the

disbursement of tax arrears is not effective because the receipt of arrears if the disbursement of tax arrears is able to meet the tax target is said to be able to meet the set target.

**Discussion****Collection of Value-Added Tax with a Warning Letter**

Collecting tax arrears with a warning letter at the Tax Office in Surabaya using a descriptive method by comparing the collection of tax arrears in the relevant year with the tax collection of the previous year. Collecting tax arrears with a warning letter is a collection activity carried out by the tax bailiff by submitting a warning letter to the taxpayer to pay off the tax debt and the collection fee.

Table 4. Collection of Value-Added Tax with Warning Letters

Year	Sheet	Value (Rp)	Receipt
2017	304	1,886,755,778	867,663,435
2018	1.261	3,142,246,867	1,923,306,614
2019	4.791	2,841,892,803	1,193,190,375

Source: Billing Section.

Table 4 shows that the value-added tax collection with warning letters in 2017 and 2018 has increased. From 2018 to 2019, the tax receipt increased in the number of sheets issued but decreased in the nominal amount. The collection of warning letters in 2017 was 304 pieces with a nominal value of Rp. 1,886,755,778, in 2018, there were 1,261 pieces with a nominal value of Rp. 3,142,246,867. This number means an increase in the number of billing sheets for reprimands. In 2019, there were 4,791 sheets with a nominal value of Rp. 2,841,892,803. This number means an increase in the

number of billing sheets for reprimands of 3,530 sheets; from the nominal amount, there was a decrease of Rp. 300,354,064.

**Collection of Value-Added Tax with Forced Letter**

Collection of arrears of Value-Added Tax by Forced Letter at the Tax Office in Surabaya was analyzed using a descriptive method by comparing the amount of collection of tax arrears in the relevant year with the collection of tax arrears in the previous year.

**Table 5. Collection of Value-Added Tax with Forced Letters**

Year	Sheet	Value (Rp)	Receipt
2017	558	814,192,067	350,511,268
2018	1.104	3,725,200,468	1,419,702,495
2019	1,895	2,264,581,271	1,771,692,382

Source: Collection Section.

According to Table 5 data, the collection of Value-Added Tax by Forced Letters in 2017 and 2018 has increased both from the number of issued and nominal sheets. From 2018 to 2019, an increase in the number of sheets issued but a decrease in the nominal amount. The collection of forced letters in 2017 was 558 pieces with a nominal value of Rp. 814,192,067. In 2018, there were 1,104 shares with a nominal value of Rp. 3,725,200,468. This number means an increase in the number of billing sheets for forced letters of 546. There was also an increase in Rp. 2,911,008,401. Meanwhile, in 2019 there were 1,895 sheets with a nominal value of Rp. 2,264,581,271, which means that compared to the previous year, there was an increase in the number of

forced letter billing sheets of 791 sheets, and from the nominal amount, there was a decrease of Rp. 1,460,619,197.

**Effectiveness of Tax Collection with Warning Letters**

The effectiveness of Value-Added Tax collection with a warning letter uses a comparison formula between the amount of Value-Added Tax arrears disbursement through billing with a warning letter and the potential for disbursement of Tax arrears. Value-Added Tax with a warning letter, assuming that the potential for disbursement of Value-Added Tax arrears with a warning letter is all arrears of Value-Added Tax issued by a warning letter.

**Table 6. Effectiveness of Value-Added Tax Collection with Warning Letters**

Year	Warning Letter Published	Warning Letter Paid	Percentage %	Effectiveness Level
2017	1,886,755,778	867,663,435	46%	Ineffective
2018	3,142,246,867	1,923,306,614	61.2%	Less effective
2019	2,841,892,803	1,193,190,375	42%	Ineffective

Source: Data processed, 2021.

Table 6 shows the payment of warning letters in 2017. The issuance of warning letters at the tax office in Surabaya was Rp. 1,886,755,778, and Rp. 867,663,435 or about 46% paid. It is ineffective based on the indicators for measuring the effectiveness of issuing a warning letter in 2017. In 2018 there was an increase in the issuance of warning letters of Rp. 3,142,246,867, and those paid were Rp. 1,923,306,614 or around 61.2%. Based on the indicators for measuring the effectiveness of the issuance of warning letters in 2013, it is as less effective. In 2019 there was a decrease in the distribution of warning letters by Rp. 2,841,892,803 and paid by Rp. 1,193,190,375 or around 42%. Based on the indicators for measuring the effectiveness of issuing warning letters in 2014, it is

ineffective.

**The Effectiveness of Collecting Tax with Forced Letters**

The effectiveness of the collection of Value-Added Tax by force letter uses a comparison formula between the amount of disbursement of arrears of Value-Added Tax through billing by force letter and the potential for disbursement of Tax arrears. Value-Added Tax by force letter assumes that the potential for disbursement of the Value-Added Tax by force letter is that all arrears of Value-Added Tax issued by forced letter are expected to be able to bill.



Table 7. Effectiveness of Collecting Value-Added Tax with Forced Letter

Year	Forced Letter Published	Forced Letter Paid	Percentage %	Effectiveness Level
2017	814,192,067	350,511,268	43%	Ineffective
2018	3,725,200,468	1,419,702,495	38.1%	Ineffective
2019	2,264,581,271	1,771,692,382	78.2%	Less effective

Source: Data processed, 2021.

Table 7 shows the payment of forced letters in 2017. The issuance of forced letters at tax office in Surabaya was at Rp. 814,192,067 and paid Rp. 350,511,268 or about 43%. It is ineffective based on the indicators of measuring the effectiveness of the issuance of forced letters in 2017. In 2018 there was an increase in the issuance of forced letters of Rp. 3,725,200,468, and those that were paid were Rp. 1,419,702,495 or around 38.1 %. Based on the indicators for measuring the effectiveness of the issuance of forced letters in 2018, it is ineffective.

Meanwhile, in 2019 there was a decrease in the issuance of forced letters of 2,264,581,271 and those paid

were Rp. 1,771,692,382 or around 78.2 %. Based on the indicators of measuring the effectiveness of the issuance of forced letters in 2019, it is less effective.

#### Tax Collection Contribution with Warning Letter for Increasing Receipt of Value-Added Tax

The letter is measured using ratio analysis of the disbursement of tax arrears, namely the comparison between the disbursement of arrears of Value-Added Tax through a letter of reprimand and the receipt of Value-Added Tax at tax office in Surabaya.

Table 8. Contribution Ratio for Disbursement of VAT Arrears with Warning Letters for Increasing of Tax Receipt

Year	Disbursement of VAT Arrears (Rp)	VAT Revenue (Rp)	Contribution %	Contribution Criteria
2017	867,663,435	664,014,065.881	0.131%	Very less
2018	1,923,306,614	740,442,659,180	0.26%	Very less
2019	1,193,190,375	856,323.770,951	0.139%	Very less

Source: Processed Data, 2021.

Table 8 shows that the magnitude of the effect of the receipt of arrears of Value-Added Tax with a letter of warning for an increase in Value-Added Tax at the Canikan Customs Tax Office in 2017 is 0.131%. This figure was obtained from the disbursement of tax arrears of Rp. 867,663,435 with tax revenue of Rp. 664,014,065,881. In 2018 the receipt of arrears of Value-Added Tax with a letter of warning is 0.26 %. This figure was obtained from the receipt of arrears of Value-Added Tax of Rp. 1,923,306,614 and the receipt of Value-Added Tax of Rp. 740,442,659,180. In 2019 the receipt of arrears of Value-Added Tax with a warning letter is 0.139%. This figure was obtained from the receipt of arrears of Value-Added Tax of

Rp. 1,193,190,375 and tax revenue of Rp. 856,323,770,951. Based on the financial performance criteria, the effect of disbursing arrears of Value-Added Tax for increasing the receipt of Value-Added Tax at KPP Pratama Pabean Cantikan Surabaya is very less.

#### Contribution of Tax Collection with Forced Letters for Increasing Receipt Value-Added Tax

The contribution is measured using ratio analysis of the disbursement of tax arrears, namely the comparison between the disbursement of arrears of Value-Added Tax through forced letters and the receipt of Value-Added Tax at the tax office in Surabaya.

Table 9. Contribution Ratio for Disbursement of VAT Arrears With a Forced Letter for Increasing of Tax Receipt

Year	Disbursement of VAT Arrears (Rp)	VAT Revenue (Rp)	Contribution %	Contribution Criteria
2017	350,511,268	664,014,065.881	0.052%	Very less
2018	1,419,702,495	740,442,659,180	0.192%	Very less
2019	1,771,692,382	856,323.770,951	0.207%	Very less

Source: Data processed, 2021.

Table 9 shows the effect of the value-added tax arrears receipt with a forced letter to increase the value-added tax revenue at KPP Pratama Pabean Cantikan Surabaya in 2017 of 0.052%. This figure was obtained from the disbursement of arrears of Value-Added Tax of

Rp. 350,511,268 with tax revenue of Rp. 664,014,065,881. In 2018 the receipt of arrears of Value-Added Tax with forced letters was 0.192%. This figure was obtained from the receipt of arrears of Value-Added Tax of Rp. 1,419,702,495 and the receipt of

Value-Added Tax of Rp. 740,442,659,180. In 2019 the receipt of arrears of Value-Added Tax with forced letters was 0.207%. This figure was obtained from the receipt of arrears of Value-Added Tax of Rp. 1,771,692,382 and the receipt of Value-Added Tax of Rp. 856,323,770,951. Based on the financial performance criteria, the effect of disbursement of arrears of Value-Added Tax on the receipt of Value-Added Tax at KPP Pratama Pabean Cantikan Surabaya is classified as very not enough.

The results of the analysis show that the collection of Value-Added Tax with a warning letter and a letter of coercion in 2017-2019 at the KPP Pratama Pabean Cantikan Surabaya based on testing with the effectiveness formula and classification of effectiveness measurement, is classified as ineffective because it has an effectiveness percentage below 60%. And the contribution of tax collection with a letter of reprimand and a letter of coercion to Value-Added Tax Revenue at the Pratama Pabean Cantikan Surabaya Tax Office is classified as Less because it has a percentage of 0.00%-10%.

### CONCLUSIONS

The results of this study show the following:

(1) collection of arrears of Value-Added Tax with a letter of reprimand and a letter of coercion for 2017-2019 at the KPP Pratama Pabean Cantikan Surabaya is

classified as ineffective because it has an effectiveness percentage below 60%;

(2) Contribution of Tax Collection with Warning Letters and Forced Letters on Value-Added Tax Revenue and tax arrears at the Pratama Pabean Cantikan Surabaya Tax Service Office is classified as significantly less because it has a percentage 0.00%-10%.

Based on the results of the study, the authors recommend the following:

– Active collection efforts must be further intensified through the stages, procedures, and tax collection guidelines that have been established because the more intensive the active collection action, the greater the disbursement of tax arrears; on the contrary, the less intensive the active collection action, the lower the disbursement of tax arrears can affect tax revenue.

– KPP Pratama Pabean Cantikan Surabaya is more intensive in conducting outreach to taxpayers to provide awareness to the public about the importance of taxes for development and discipline in paying taxes so that people pay more taxes.

– KPP Pratama Pabean Cantikan Surabaya needs to increase the number of bailiffs because it aligns with the increased tax revenue target every year. This is done, so that tax collection actions become more effective and efficient.

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