SANLaR
Sultan Agung Notary Law Review
Sultan Agung Notary Law Review
ISSN 2686-4428
published by
Master of Notarial Law
Faculty of Law
Universitas Islam Sultan Agung
Semarang
Volume 7 No. 1, March 2025
SINTA 5 (Decree No.204/E/KPT/2022)

Tax: Tax Policy, State Revenue, and Its Impact on Society

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Abstract. *Tax policy plays an important role in economic development, especially in developing countries. Tax is the main source of income for the government which is used to finance various development programs and projects, such as infrastructure, education, and health in a country. Its function is not only as a source of state income, but also as a supporter of various development programs and public welfare. In this article, we will explore more deeply the tax collection process, who is affected by it, and how the role of taxes in supporting development and public welfare. Taxes, which are collected and administered by tax authorities such as the Directorate General of Taxes (DGT) in our country, have a crucial role in raising funds to support government activities. Through effective tax policies, the government can allocate resources more efficiently and support economic growth. The purpose of taxation cannot be separated from the purpose of the government. Therefore, the purpose of taxation must be in accordance with the purpose of the government, namely under the purpose of the government. The concept of taxation and the concept of government are rooted in the concept of society. The purpose of this society is the state and its ideas. the purpose of taxation cannot be separated from its main purpose. in addition to being used for development, taxes collected from the community should also be used for the needs and welfare of the community itself. This study aims to analyze the impact of tax policy on economic growth in developing countries. By understanding how tax policy affects various aspects of the economy, this study is expected to provide relevant recommendations for policy makers in designing more effective and sustainable tax policies.*

Keywords: *Development; Economy; Policy; Tax.*

1. Introduction

Taxes[1] are citizens' contributions to the state budget in accordance with the law to demonstrate their loyalty and participation in financing the state and its

[1] Warsito, and Palupi Lindiasari Samputra, 'Potensial of Tax Declining and Tax Policy Strategy to Anticipate the Impact of the Covid-19 Pandemic: A National Resilience Perspective', *Jurnal Ekonomi Dan Kebijakan Publik*, 11.2 (2020), 93–108 https://dx.doi.org/10.22212/jekp.v11i1.1933

development.[2]Taxes are also one of the main sources of income for public administration and development costs. Currently, tax contributions to the APBN are still valid in Indonesia. According to Professor Dr. Roochmat Sumitro, "Taxes are people's contributions to the government budget, which can be stated correctly and according to law (can be implemented) without any other action, which can be used to pay for state expenses".[3]For a country, tax is an important source of income and also a legal instrument used to finance government and development activities[4]. Used to distribute income, stabilize the economy, and redistribute economic resources.

Taxes, which are financial contributions from citizens and companies to the state, are one of the most vital state financial instruments. Their function is not only as a source of state revenue, but also as a supporter of various development and public welfare programs. In this article, we will explore more deeply the tax collection process, who is affected by it, and how taxes play a role in supporting development and public welfare. Taxes, which are collected and administered by tax authorities such as the Directorate General of Taxes (DGT) in our country, have a crucial role in raising funds to support government activities. Revenues generated from taxes are used for various purposes, from infrastructure development to the provision of equitable public services. The DGT is responsible for the collection, collection, and administration of taxes. Taxes can be applied to individuals, companies, and even certain goods such as luxury goods. However, not all citizens are required to pay taxes; only those who meet the requirements set by law must fulfill this obligation.[5]

Based on the above understanding, we can conclude that taxes have the following characteristics:[6]

1) Taxes are collected in accordance with applicable laws and regulations.

2) As for tax payments, government violations cannot be investigated (there are no direct costs borne by taxpayers).

3) Taxes provide benefits to society through national production. If we look at the tax classification, there are several types of taxes that are divided based on

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[2]Akhmad Syarifudin. (2018). *Buku Ajar Perpajakan*. Kebumen: STIE Putra Bangsa, p. 23

[3]Djaja S. Meliala. (2008). *Perpajakan dan Akuntansi Pajak*. Edisi 5. Jakarta Selatan: Semesta Media, p. 17

[4]Daud, Dahniyar, and Sitti Mispa, 'Kebijakan Pajak Di Masa Pandemi Covid-19 Dalam Meningkatkan Kepatuhan Wajib Pajak', *Jurnal Pajak Dan Keuangan Negara (PKN)*, 3.2 (2022) https://doi.org/10.31092/jpkn.v3i2.1389

[5]DJP, Manfaat Pajak untuk Program Pembangunan dan Kesejahteraan Masyarakat accessed on 20 march 2025 at 10.08 Wib. https://www.pajak.go.id/id/article/besar-pajak-untuk-program-pembangunan-dan-kesejahteraan-community

[6]Wayan Budi Satriya. (2024). *Konsep Dasar Perpajakan*. Yogyakarta: PT. Green Pustaka Indonesia, p. 31

If we look at tax classification, there are several types of taxes that are divided based on type, form, and collection agency, namely as follows:[7]

1) Types of taxes according to their groups. According to their tax groups, taxes are divided into two types, namely as follows[8]:

a. Direct taxes.

Direct tax is a tax that must be paid directly by the taxpayer and cannot be transferred to another person. Example: income tax.

b. Indirect taxes.

Indirect taxes are taxes that can be deducted or transferred to

others. Example: Value Added Tax.

2) Types of taxes according to their nature

a. Subjective tax

Subjective tax is a tax that is based on a purpose, namely

focuses on the personal circumstances of the taxpayer. Example: tax

income.

b. Target tax

Target tax is a tax that occurs intentionally without paying attention to

taxpayer's condition. Example: Luxury Goods Sales Tax.

3) Types of Tax Collection Agencies

Taxes are divided into national taxes and regional taxes depending on the institution.

the collector.

a. Federal Tax

Central tax is a tax collected by the central government and used

to finance government buildings. Examples of government taxes:

a) Taxes collected by the National Tax Service Commissioner, such as

Income Tax (PPH), Value Added Tax (PPN), Land and Building Tax (Land and Building Tax).

Building (PBB), stamp duty and trade.

b) Taxes collected by the Korea Customs Service.

b. Regional Tax

[7]Moh Taufik. (2022). *Dasar-Dasar Hukum Pajak*, Yogyakarta: Tanah Air Beta, p. 22

[8] Yulianto, 'Pengaruh Implementasi Kebijakan Self Assessmant Pada Kepatuhan Wajib Pajak Orang Pribadi Di Propinsi Lampung', *Jurnal Ilmu Administrasi Negara*, 9.19 (2009), 1–11

Local taxes are taxes imposed by a state,

district, or city. Collection is carried out in accordance with local regulations,

and the income is used to finance housing needs

local.

c. Types of government taxes

a) Car Tax is a tax on owning and driving a car.

b) Vehicle ownership transfer tax is a tax on the transfer of vehicle ownership based on an agreement between the parties, in one

c) transactions, or in a manner resulting from a sale, transfer, donation, inheritance, or business income.

d) Vehicle fuel tax is a tax on the handling of fuel for cars.

e) The extraction and use of groundwater and surface water is a tax on the extraction and use of surface water.

f) Cigarette tax is a tax paid by the government on tobacco consumption tax.

d. Types of district/city taxes.[9]

a) Hotel tax

Hotel tax is imposed on all services provided by the hotel.

for payment, and the hotel company is an individual

or the legal entity that pays for the hotel services.

b) Restaurant tax

The subject of restaurant tax is all services provided to

payment at a restaurant, the subject of restaurant tax is a person

individual or organization that pays for restaurant services, restaurant tax

paid by the restaurant manager, and the tax rate is set at

10%.

c) Entertainment tax.

Entertainment tax is a tax imposed on entertainment. Entertainment

is a type of show, spectacle, game, and/or crowd

which is enjoyed for a fee. The subject of entertainment tax is all

entertainment, and the tax is imposed on individuals or business entities

[9] Asfa I, Esti Rizqiana. (2017). Pengaruh Sanksi Perpajakan, Pelayanan Fiskus, Pengetahuan Dan Pemahaman Perpajakan, Kesadaran Perpajakan Terhadap Kepatuhan Wajib Pajak. *Diponegoro Journal of Accounting*. ISSN 23373806. 6 (3) : 1-13.

who watch and enjoy entertainment.

d) Tax on advertising, Advertisement is any object, tool or media used for commercial purposes, according to its structure and physical nature, to introduce, suggest or promote goods, services or people that are placed or heard by the public in a place, but: planted by the government Taxable Entrepreneurs are people who prepare advertisements and Taxable Entrepreneurs are individuals or legal entities that organize or order the advertisements. The tax rate is set at 25%.

e) Electricity tax is a tax on the reduction of electrical energy generated independently or obtained from other sources.

f) Tax on mineral and non-mineral rocks is a tax on the activity of taking mineral rocks and mining materials from natural resources on the earth's surface for use.

g) Vehicle tax is a tax levied on foreign vehicles which are the main and supporting business, including transportation services, where parking is a form of temporary placement of vehicles.

h) Groundwater tax is a tax on the extraction and use of groundwater. Groundwater is water found in soil or rock formations beneath the earth's surface.

i) Stork nest tax is a tax on the collection and use of stork nests.

j) Land tax and city tax are taxes on land and buildings owned by individuals and legal entities. However, areas used for agriculture, forestry, and mining are not included. Land surface is the surface of the earth which includes land, waters, inland, and seas of a region/city. Installation is a technical structure that is placed or installed permanently on land, waters, inland, and seas.

k) Real estate tax is a type of tax levied when a person or entity acquires land and/or real estate through an event or legal action (legal authority), which can speak again. And BPHTB tax is imposed not only when land is sold, but also when land and/or building rights are obtained through inheritance, grants, or land transfers.

The purpose of taxation cannot be separated from the purpose of the government. Therefore, the purpose of taxation must be in accordance with the purpose of the government, namely under the purpose of the government. The concept of taxation and the concept of government are rooted in the concept of society. The purpose of this society is the state and its ideas. Therefore, the purpose of taxation cannot be separated from its main purpose. Therefore, in addition to being used for development, taxes collected from the community should also be used for the needs and welfare of the community itself. [10]In general, the goals that can be

[10] Asrini, A. (2019). Pengaruh Kesadaran Wajib Pajak, Ketegasan Sanksi Dan Pelayanan Fiskus Terhadap Kepatuhan Wajib Pajak Badan Di Kpp Makassar Selatan. *Bongaya Journal for Research in Accounting (BJRA)*, 2(2), 49–58. https://doi.org/10.37888/bjra.v2i2.194

achieved through fiscal implementation are to achieve steps to improve the country's economy, namely:[11]

1) Limit consumption to shift resources from consumption to investment.

2) Encourage savings and investment.

3) Transferring wealth from the hands of the people to the hands of the government, enabling the investment of wealth from the hands of the people to the hands of the government, and facilitating government investment.

4) Change the investment model.

5) Reducing economic disparities.

6) Consolidate economic balance.

2. Research Methods

In this study using an empirical approach, namely a search based on existing findings, in this context the study of the impact of tax policies on economic growth in developing countries is the main one in this study. This study focuses on how the tax increase policy affects the economy. Data collection techniques using a literature review in the form of collecting books, written materials and references that are relevant to the theme of taxes and economic growth in developing countries as instruments. Then an analysis is carried out on the theories of the impact of taxation on economic growth in developing countries and the impact on the economy of the community. This study aims to analyze the impact of tax policy on economic growth in developing countries. By understanding how tax policy affects various aspects of the economy, this study is expected to provide relevant recommendations for policy makers in designing more effective and sustainable tax policies.

3. Results and Discussion

3.1. Taxation policy and tax revenue for a country

Tax policy plays an important role in economic development, especially in developing countries. Tax is the main source of revenue for the government which is used to finance various development programs and projects, such as infrastructure, education, and health in a country. Through effective tax policy, the government can allocate resources more efficiently and support economic growth.

Tax policy plays an important role in supporting development and public welfare. Here are some examples of tax policies that have been implemented:[12]

1) Lowering corporate tax rates.

[11]Irwansyah Lubis. (2010). *Mengenali Potensi Pajak Perusahaan dan Bisnis*. Jakarta: PT Elex Media Komputindo, p. 12

[12]Sutarduga Sihombing (2020). *Perpajakan: Teori dan Aplikasi*. Jawa Barat: Widina Bhakti Persada Bandung, p. 29

Merging companies and providing business development capabilities. There is an incentive for taxpayers to classify their shares and sell 40% of their shares at a premium. The general rate will decrease from 25% to 22% in 2020 to 2021 to 20% in 2022 to 2023. Entering a public company, the PPH rate is 3% lower than the daily rate. The specific requirements set by the PP are 19% in 2020 and 2021 and 17% in 2022 to the following year.

2) Tax management of transactions through electronic systems.

To ensure fairness and equality, we tax business activities that grow based on traditional face-to-face transaction limits. The regulated entities are:[13]

a. Imposition of value added tax on imports of goods and services.

b. The imposition of VAT tax on electronic transactions, not marked by foreign tax bodies that meet the requirements for the existence of real estate conducting transactions through electronic systems (PMSE), other actions are regulated by federal laws and ministries.

3) Extension of Taxpayer Submission Period and Determination

DJPM provides sufficient time for Taxpayers and DJP to fulfill their obligations. For taxpayers, the appeal period can take up to 9 months.

For DJP, the completion duration is:

a. Compensation claims must be reviewed and can take up to 18 months.

b. 18 months to claim.

c. We request that the administrative sanctions be reduced/eliminated to 12 months.

d. It is possible to apply for tax reduction/exemption or cancellation of account income for 12 months. Basically, the main bill settlement time has been extended by 1 month from 1 to 2 months.

4) Introduction to the Voluntary Disclosure System (VDS)

PPS is a scheme that allows taxpayers to declare their tax liabilities taxation is not fulfilled by paying income tax in the wealth report taxpayers. Through this initiative, the government proposes a minimum tax rate policy for investment to support economic transformation, namely the transformation of resources natural resources (SDA) and new energy sectors.

Taxation (HPP) for the next six months The Ministry of Finance offers PPS as a forum for taxpayers to declare their obligations. You will pay the taxes you have not paid by paying the Personal Income Tax (PPh) contained in the property statement. In addition to the above policies, there are several other policies on taxes made by the government, namely:[14]

[13] Boediono, G. T., Sitawati, R., & Harjanto, S. (2018). Analisis pengaruh sosialisasi perpajakan terhadap kepatuhan wajib pajak dengan kesadaran senagai variabel mediasi. *Jurnal Penelitian Ekonomi Dan Bisnis,* 3(1), 22-38. https:/doi.org/10.33633/jpeb.v3il.2286

[14] Mustaqiem. (2014). *Perpajakan dalam Konteks Teori dan Hukum Pajak di Indonesia*, Yogyakarta: Buku Litera Yogyakarta. p. 37

1) Tax optimization policy in order to increase tax rates and fulfill the needs of the APBN budget.
2) Fiscal policy aims to increase people's purchasing power, the investment environment and the competitiveness of national companies.
3) Fiscal policy aims to encourage underground industry.
4) Fiscal policy aims to control the consumption of certain goods and their adverse externalities.
5) Fiscal policy aims to promote tax laws.
6) International tax policy aims to support an era of transparency of information in the field of taxation and eliminate tax avoidance.
7) Fiscal policy to improve the quality of service and human resource capacity to optimize tax revenue.

3.2. Types of Sources of Indonesian State Revenue

State revenue in the APBN posture is divided into two, namely domestic revenue and grant revenue. For domestic revenue consists of tax revenue and PNBP. State revenue is divided into three large groups. First tax, second PNBP, and third grant.[15]

1) Tax Revenue

Based on Article 1 number 1 of Law Number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures, tax is a mandatory contribution to the state owed by individuals or bodies which is of a mandatory nature as per the law, without receiving direct compensation and is used for state needs for the greatest possible prosperity of the people.

There are six types of taxes collected by the central government, namely:[16]

a. Income Tax (PPh)
Income Tax itself is a tax imposed on individuals or entities on income received in a tax year. The income in question is any additional economic capacity obtained and can be used for consumption or to increase wealth, such as salary, honorarium, and gifts. Income Tax receipts are divided into two, namely oil and gas (oil and gas) income tax and non-oil and gas income tax.
b. Value Added Tax (VAT)
VAT is a tax levied on the consumption of taxable goods or services within the customs area or within the territory of the Unitary State of the Republic of Indonesia (NKRI). VAT targets individuals, companies, and governments that consume taxable goods or services.

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[15]Tempo, Jenis-Jenis Sumber Penerimaan Negara Indonesia, Mana yang Terbesar, accessed on 20 march 2025 at 09.22 Wib. https://www.tempo.co/economic/jen-jen-source-penerimaan-negara-indonesia-mana-yang-terbesar--63709
[16] Cindy, J., & Yenni, M. (2017). Pengaruh kesadaran wajib pajak, kualitas pelayanan fiskus , sanksi perpajakan, lingkungan wajib pajak berada terhadap kepatuhan wajib pajak orang pribadi di Surabaya. *Tax & Accounting Review*, 1, 51.

c. Sales Tax on Luxury Goods (PPnBM)
PPnBM is intended for luxury goods that are not basic necessities, goods consumed by certain communities, generally consumed by high-income communities, consumed to show status, or if consumed, can damage public health and morals, and disrupt order.
d. Stamp Duty
Stamp duty is a tax imposed on the use of documents, for example agreements, notarial deeds, securities, effects, and payment receipts containing an amount of money above a certain amount in accordance with the provisions.
e. Land and Building Tax (PBB)
PBB is a tax imposed on the ownership or use of land and/or buildings. PBB is part of the taxes collected by the central government, but almost all of the realization of revenue is handed over to the regional government (pemda), both the provincial government (pemprov), district government (pemkab), and city government (pemkot).
f. Carbon Tax
Carbon tax is a tax imposed on carbon emissions that cause negative effects on the environment. The provisions for imposing carbon tax are regulated in Law Number 7 of 2021 concerning Harmonization of Tax Regulations (HPP).
2) PNBP

Meanwhile, PNBP is a levy paid by individuals or bodies who receive direct or indirect benefits from services or utilization of resources and rights obtained by the state, as stipulated in laws and regulations, which becomes central revenue outside of tax and grant revenues, and is managed in the APBN mechanism.

Referring to Law Number 20 of 1997 concerning Non-Tax State Revenue, PNBP objects are classified into six clusters, including revenues sourced from the management of government funds, utilization of natural resources (SDA), and the results of the management of separated state assets. There are also revenues from services provided by the government, revenues based on court decisions originating from the imposition of administrative fines, and other revenues regulated in laws and regulations.[17]

a. Natural Resources Income

b. Separated National Wealth Income

c. Public Service Agency (BLU) Revenue

d. Other PNBP Revenue

3) Grant Receipt

[17] Dewi, S., Widyasari, & Nataherwin. (2020). Pengaruh Insentif Pajak, Tarif Pajak, Sanksi pajak dan Pelayanan pajak terhadap Kepatuhan Wajib Pajak Selama Masa Pandemi Covid-19. *Jurnal Ekonomika Dan Manajemen*, 9(2), 108–124.

Then, according to Article 1 number 2 of Government Regulation (PP) Number 10 of 2011 concerning Procedures for Procurement of Foreign Loans and Receipt of Grants, a grant is any state revenue in the form of foreign exchange, foreign exchange converted into rupiah, rupiah, goods, services, and/or securities received from the grantor that do not need to be repaid, originating from within the country or abroad.

3.3. Impact of Tax Policy on Economic Growth

The impact of tax policy on economic growth in developing countries is often complex and multifaceted. Inappropriate tax policies can discourage investment, reduce economic competitiveness, and create market distortions. Conversely, well-designed tax policies can encourage investment, increase productivity, and create a conducive business environment. In developing countries, the challenges in implementing tax policy are often greater than in developed countries. Limited tax administration, tax non-compliance, and a large informal economy are some of the main obstacles. In addition, developing countries often face pressure to balance the need for government revenues with the desire not to burden economic actors.

From the policies that have been made by the government, of course from the policies above there will be an impact that will occur on economic growth, if we discuss the impact of this policy, there are two impacts that will occur from the policy above, namely positive impacts and negative impacts which will be detailed one by one below:[18]

1) Positive impact

a. According to corporate tax rates the reduction in corporate tax rates can reduce the tax costs that companies must pay, thereby increasing corporate profits and improving financial performance. Companies subject to high effective tax rates have more incentives to apply for debt, thereby improving the company's financial performance. The reduction in tax rates can increase taxpayer compliance, especially for MSMEs that have relatively low income levels.

b. Tax management of transactions through electronic systems. Tax management through electronic systems increases the ease of tax collection, thereby increasing state tax revenues. Electronic systems facilitate transactions and tax collection, thereby reducing costs and increasing efficiency in tax management. The use of e-commerce by MSMEs improves their performance because it facilitates sales and tax collection.

c. Extension of the taxpayer filing period and determination. Extending the taxpayer filing period can improve the company's financial performance because it provides more time to file taxes and reduces tax costs. Determining a wider taxpayer filing period can improve taxpayer compliance, especially for MSMEs that

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[18]Tim Edukasi Perpajakan Direktorat Jenderal Pajak. (2016). *Kesadaran Pajak*, Jakarta: Direktorat Jenderal Pajak.

have relatively low income levels. Extending the taxpayer filing period can increase state tax revenues because it provides more time to collect taxes.

d. Introduction of voluntary disclosure system. Introduction of voluntary disclosure system can improve the financial performance of companies because it provides more accurate and transparent information to investors and stakeholders. Introduction of voluntary disclosure system can improve taxpayer compliance because it provides more accurate and transparent information to the government and taxes. Introduction of voluntary disclosure system can increase state tax revenue because it provides more accurate and transparent information to the government and taxes.

2) Negative impact

a. Lowering corporate tax rates.

The reduction in tax rates has no effect on tax avoidance, because some companies still do tax avoidance to reduce the profits obtained. The reduction in tax rates has no effect on these sectors because tax revenues from these sectors are relatively small. The reduction in tax rates can cause companies going public to be unable to obtain maximum profits, thus reducing the company's financial performance.

b. Tax management of transactions through electronic systems.

Companies may engage in tax avoidance by using electronic systems, thereby reducing state tax revenues. Electronic systems require stable and effective technology, so dependence on technology can be a problem if there is a disruption. Tax management through electronic systems requires good infrastructure and appropriate technology, so difficulties in management can occur if the infrastructure is inadequate.

c. Extension of the period for submission of taxpayers and determination.

Extending the tax filing period can lead to tax avoidance because it provides more time to file taxes and reduces tax costs. Determining a wider tax filing period can lead to tax delays, which can disrupt the company's financial performance. Extending the tax filing period does not affect these sectors because tax revenues from these sectors are relatively small.

d. Introduction of voluntary disclosure system.

The introduction of a voluntary disclosure system can lead to tax avoidance because it provides more accurate and transparent information to the government and tax authorities. The introduction of a voluntary disclosure system can lead to tax delays because it provides more accurate and transparent information to the government and tax authorities. The introduction of a voluntary disclosure system has no effect on these sectors because tax revenues from these sectors are relatively small.

SINTA 5: Decree No.204/E/KPT/2022
ISSN : 2686-4428

In addition to the positive and negative impacts of tax policy on economic growth, the impact of tax policy is also divided into two, namely direct policy impacts and indirect policy impacts, the explanation is as follows:[19]

1) The direct impact of tax policy on economic growth

a. Price Stabilization: Taxes can be used to control inflation by raising tax rates or removing certain tax incentives, encouraging investment and business growth.

b. Impact on Investment: Appropriate taxes can encourage business growth by encouraging entrepreneurs to expand their businesses and create new jobs.

c. Income Distribution: Proper taxes can encourage investment and business growth.

d. Impact on Consumption: Consumption is negatively affected by income tax and VAT, which in turn has a positive impact on national income and economic growth.

e. Impact on Infrastructure Development: Funding for government projects such as infrastructure development is funded through taxes received by the government. This increases aggregate spending and boosts the country's economic activity. Overall, proper tax policy has the ability to drive economic growth by controlling inflation, encouraging investment, ensuring income equality, and building infrastructure.

2) Indirect impact of tax policy on economic growth

a. Effect on Consumption: Taxes can affect people's consumption. An increase in taxes can reduce disposable income and reduce consumption, which can reduce national income. Conversely, a decrease in taxes can increase consumption and national income.

b. Impact on Investment: The right tax policies can encourage investment, innovation, and job creation. Tax breaks on corporate income or tax incentives for specific industries can strategically boost certain sectors of the economy.

c. Effect on Inflation: Inflation can be controlled by taxes. The government can use tax instruments to control the aggregate demand of the economy in situations where inflation is increasing. The government can reduce public spending and suppress excessive inflation by increasing tax rates or eliminating certain tax incentives.

d. Impact on Infrastructure Development: Infrastructure development can be financed by taxes.

e. Impact on Income Equality: Taxes can be used to ensure the sustainability and stability of state finances by implementing a progressive tax system, where tax rates increase with income.

Effective and fair taxes can reduce economic disparities between the rich and the poor. They can also ensure that the tax burden is distributed fairly according to each person's economic ability. Overall, smart and targeted tax policies can have significant indirect impacts on economic growth, including impacts on investment, consumption, income distribution, inflation, and infrastructure development.

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[19]Mohammad Taufik. (2018). *Pengantar Hukum Pajak*. Yogyakarta: Tanah Air Beta, p. 33

4. Conclusion

Tax is a citizen's contribution to the state budget in accordance with the law to show their loyalty and participation in financing the state and its development. Tax is also one of the main sources of income for public administration and development costs. Tax policy plays an important role in economic development, especially in developing countries. Tax is the main source of income for the government which is used to finance various development programs and projects, such as infrastructure, education, and health in a country. The impact of tax policy on economic growth in developing countries is often complex and diverse. Inappropriate tax policies can discourage investment, reduce economic competitiveness, and cause market distortions. Conversely, well-designed tax policies can encourage investment, increase productivity, and create a conducive business environment. Effective and fair taxes can reduce economic disparities between the rich and the poor. They can also ensure that the tax burden is distributed evenly according to each person's economic ability.

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