COMPARATIVE STUDY ON TAX COLLECTION AND TAX ADMINISTRATION SYSTEM OF INDONESIA AND MALAYSIA

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ABSTRACT

This study aims to identify and analyze the application of tax collection and taxationsystems in Indonesia and Malaysia, to find out and analyze the comparison of tax collection and taxation systems used in Indonesia and Malaysia and to identify and analyze the efforts made by Indonesia and Malaysia in improving compliance. taxesin that country.The research method used is qualitative research, which is used to examine the condition of natural objects, where the researcher is the key instrument, in the form of: documentation data on tax management systems, tax collection, implementationof tax results in two countries, namely Indonesia and Malaysia. Data collection is done by triangulation (combined), data analysis is inductive, and the results of qualitative research emphasize meaning rather than generalization.Aftter the discussion, thre are 3 systems in the application of tax collection and taxationsystems in Indonesia with a tax collection system , those are self-assessment system, official assessment system and withholding assessment system. The tax system in Malaysia is based on income tax in general, which is imposed on a territorial basis and the only income originating from Malaysia which is subject to tax. There are also comparison of tax collection and the taxation system used in Indonesia and Malaysia which shows a striking difference, the firstin the use of the tax system. Indonesia adheres to the self-assessment system whileMalaysia adheres to the Preceding Year Base of Assessment with the Current Baseof Assessment.

Keyword: Tax Collection, Tax Administration System

INTRODUCTION

Indonesia's largest source of state revenue is from the tax sector paid by the publicto the state. Revenues from the domestic tax sector include Income Tax (PPh), Value Added Tax (PPN), Land and Building Tax (PBB), Customs on Acquisition of Land and Building Rights (BPHTB), Excise, and other taxes (Financial Recordsand State Taxes).). Revenue and Expenditure Budget, 2014). This tax revenue playsan important role for Indonesia's development interests.

Based on the Law of the Republic of Indonesia Number 16 of 2009 concerning General Provisions and Tax Procedures, it is stated that the definition of tax is a mandatory deposit imposed on an individual or business entity that is coercive according to the law, the compensation obtained is not received directly and used for the public interest (Hantoyo, 2016), while more specifically, tax has the meaningas a form of obligation of citizens to transfer their income to the state with rules thathave been made based on laws that are coercive and used for the benefit of the state(public).

Previously, the tax system used by the Indonesian state was an official assessment system, namely the calculation of taxes owed by taxpayers has been determined bythe Tax Official (Tax Office). Currently the tax system has changed to a self- assessment system, meaning that the tax collection system gives taxpayers the authority to calculate, deposit, and self-report the amount of tax owes independently (Rahman, 2010). The use of the tax self-assessment system aims to make taxpayers feel comfortable in calculating, depositing, and reporting tax returns (SPT) independently and transparently. The tax self-assessment system is still not able to change taxpayers in carrying outtheir tax activities properly and correctly. Taxes for companies are a burden that will be able to affect the lack of net income, the taxes imposed are still too large tobe paid so that taxpayers try their best to pay taxes as little as possible by doing tax planning. In general, tax planning is the first step in tax management. This stage iscarried out by collecting and researching tax regulations so that they can choose thetype of tax saving action to be taken (Suandi, 2011).

Tax management in Indonesia is carried out through the Directorate General of Taxes (Directorate General of Taxes) under the Ministry of Finance (Ministry of Finance of the Republic of Indonesia) which has the task of formulating and implementing technical standardization policies in the field of taxation. Tax policiesimplemented by the Directorate General of Taxes include fiscal policy instrumentsthat aim to influence the country's economy, regulate the country's economy, increase state revenues, and encourage investment, as well as create justice. Some examples of tax policies, for example:

a. Improved taxpayer compliance, in particular the compliance of corporate taxpayers (non-employees) and corporate taxpayers.

Increasing the tax ratio and tax buoyancy, through extensification, intensification, increasing the effectiveness of law enforcement, improving administration, improving regulations, and increasing the capacity of theDirectorate General of Taxes (DGT).

b. Increase coverage through the assessment of potential taxation in several leading sectors such as the mining sector, manufacturing industry sector, trade sector, and construction sector as well as the financial services sector.

c. Strengthening and expanding the taxation database, both internal and external data, through digitizing SPT and implementing e-SPT & e-filing, implementing e-invoicing throughout Indonesia and implementing online cash registers and electronic data capture (EDC) with tax administration and implementation data collection from agencies, institutions, associations, and other parties (Kemenkeu, 2016).

Based on 2020, the Government of Indonesia has also issued a policy on the taxationsystem and tax collection, namely through Law Number 2 of 2020 concerning StateFinancial Policy and Financial System Stability in Handling the Covid-19 Pandemic. In essence, there are 3 (three) tax policies. namely: first, the adjustmentof the PPH rate for domestic corporate taxpayers and permanent establishments from the previous 25% to 22% applicable for the 2020 and 2021 fiscal years. Second, tax treatment in Trading Through the Electronic System (PMSE) or tradingactivities that are carried out through a series of electronic devices and procedures. Third, incentive policies that companies can use to maintain business continuity based on Minister of Finance Regulation (PMK) Number 44/PMK (Indoprimer, 2020)

Another perspective comes from the tax collection system implemented in Malaysia, which initially used an official appraisal system. Regarding the implementation of this system, the government uses the basic concept of the previous year's assessment to calculate the amount of tax. In this concept, the amount of income that is used as the basis for taxing the current year is the income of the previous year. However, as part of efforts to modernize the administration ofthe tax system in Malaysia, the government in 1999 announced a change to the system to self-assessment, and starting January 1, 2000, the Malaysian governmentagain replaced it with the previous year's basis. assessment based on the current assessment (Tristianingsih, 2018).

Malaysia has 2 (two) institutions authorized to handle taxation issues, namely the Domestic Product Agency (LHDN) and the Customs and Excise Department underthe Ministry of Finance. Malaysia has experienced rapid and real changes in its tax system with the introduction of the self-estimation system, the self-estimation system is a method by which taxpayers calculate and pay their own taxes. The tax rate depends on the individual status of the resident, which is determined by the length of stay in the country (as stated in ACP 1967, under section 7) the individualor permanent resident is subject to income from 2% to 30% after deducting tax- deductible expenses. Individuals with income less than RM 2,500 are subject to 0% and 27% tax on income over RM 250,000 (Tristianingsih, 2018)

The taxation basis applicable in Malaysia on income tax is generally imposed on aterritorial basis, where only income originating or accruing from Malaysia is taxed.Personal income tax is a tax imposed on income received by individuals both originating and sent to Malaysia. If the source of income comes from outside Malaysia, then the income is only subject to tax if it is paid in Malaysia and received by an individual who is a resident of Malaysia, but an individual who is not a resident is only taxed on income received in Malaysia. Malaysia (Tristianingsih, 2018). In additon, the tax regulations in Malaysia stipulate that zakat can reduce tax liability. This applies if Muzakki pays zakat to zakat institutions recognized bythe government such as the Selangor Zakat Collection Center (PPZ) and others. So,if a muzakki pays zakat to PPZ, then the zakat that has been paid can reduce the taxburden borne (Murtadho, 2014).

Taxable income is obtained by deducting the total income received with various deductions/costs related to the effort to earn income. Provisions and allowances forlosses or contingent liabilities cannot be used as expenses. Losses suffered in the current year can be compensated with income earned in the following year (Tristianingsih, 2018). Income tax rates for individuals with Malaysian resident status are taxed on their earned income at rates ranging from 0% to 28%, after deducting any permitted fees.

Tax Systems

Discussing taxation cannot be separated from the notion of tax itself, according to Rochmat Soemitro who stated that taxes are people's contributions to the state treasury based on law that can be imposed without receiving reciprocal services thatcan be directly shown and used to pay the public. expenditure (Mardiasmo, 2016),Meanwhile, according to PJ A Andriani explained that tax is a general contributionto the state (which is charged) owed by those who are obliged to pay it according to general laws and regulations without achievement rewards that can be directly appointed and whose purpose is to finance expenditures. general matters relating tothe state's task of administering the government (Waluyo, 2016) In addition to the above tax definition put forward by the experts above, one of themost widely used tax definitions as a reference is that proposed by PJA Adriani whosays that tax is a mandatory contribution to the state owed by taxpayers to pay according to regulations, without getting direct compensation, the purpose of which is to finance public expenditures in connection with the state's task of administeringthe government (Mukhlis, 2012).

Based on the understandings of the experts above, there are similarities in views orprinciples regarding taxes. While the difference between the two definitions is onlyin the use of language styles or sentences. Both opinions have the following elements:

a. Taxes are levied by law.
b. No direct remuneration (Contra-achievement).
c. Can be forced.
d. The funds are used to finance development.

Thus, it can be concluded that the definition of tax is a contribution to the State (which can be imposed) which is owed by those who are obliged to pay it according to the laws and regulations without receiving direct compensation.

The definition of a Taxpayer based on Article 1 paragraph 2 of Law Number 28 of2007 defines a Taxpayer as an Individual or Entity, including Taxpayers, Tax With holders, and Tax Collectors who have tax rights and obligations in accordancewith the provisions of tax laws and regulations. An individual is a Tax Subject whoresides or resides in Indonesia or outside Indonesia. According to Law Number 28of 2007 it is also regulated to regulate general provisions and Tax Procedures whichstate that:

Entity is a company, person or capital that is a unit, whether conducting business ornot conducting a limited business, limited liability company, State-Owned Enterprise or Regional-Owned Enterprise in any form, firm, cooperative joint venture, pension fund, association, association, foundations, mass organizations socio-political organizations, or other organizations, institutions and other forms ofbodies including collective investment contracts and permanent forms.

The definition of Taxpayer Compliance Condition is taxation that requires the active participation of the Taxpayer in carrying out its taxation, which requires highTaxpayer compliance, namely compliance in fulfilling tax obligations in accordance with the truth. Voluntary compliance is the backbone of the self-assessment system, where taxpayers are responsible for setting their own taxobligations and then paying and reporting their taxes accurately and on time.

Understanding taxpayer compliance according to Safri Nurmantu states that tax compliance can be interpreted as a condition where taxpayers fulfill all tax obligations and exercise their tax rights. While the notion of taxpayer compliance according to Chaizi Nasucha in Mardiasmo (2016), states that taxpayer compliancecan be defined from:

a. the obligation of the Taxpayer in registering himself.
b. Compliance returns notification letter.
c. Compliance in the calculation and payment of tax payable.
d. Compliance in payment of arrears.

Meanwhile, according to the Decree of the Minister of Finance Number 544/KMK.04/2000, it states that: "Tax compliance is the act of a Taxpayer infulfilling his tax obligations in accordance with the provisions of laws and regulations and regulations for implementing taxation in the power of a country". According to Susilawati, tax compliance is an attitude towards the tax function, inthe form of a constellation of cognitive, effective, and cognitive components thatinteract in understanding, feeling, and behaving towards the meaning and function of taxes (Susilawati, 2013). Furthermore, according to Kurnia, taxpayer complianceis the main purpose of tax audits where from the results of the tax audit it will be known the level of taxpayer compliance. For taxpayers with low compliance levels,it is hoped that the audit can provide positive motivation to become better in the future (Hidayati, 2008). Taxpayer compliance also means that the taxpayer fulfillshis tax obligations and carries out his tax rights properly and correctly in accordance with the applicable tax laws and regulations (Ilhamsyah, 2016).

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Tax system

Tax collection can be done in three systems, namely the real system, the assumption system, and the mixed system.

1) Real System, states that the tax imposition is based on the actual object (forIncome Tax the object is Income). Therefore, tax collection can only be done at theend of the tax year, i.e., after all the actual income in a tax year is known. The advantage of the real system is that the tax calculation is based on actual income sothat it is more accurate and realistic. The weakness is that taxes can only be knownat the end of the period so that taxpayers will be burdened with a high amount of tax payments at the end of the year while at that time there is no adequate amount of cash, and all taxpayers will pay taxes at the end of the year so that the amount ofmoney in circulation will affected.

2) Assumption System (fictitious), states that tax imposition is based onassumptions regulated by law. For example: one year's income is considered the same as the previous year's income so that the tax payable in one year is also considered the same as the previous year's tax payable. With this system, the amount of tax payable in the current year can be determined or known at the beginning of the year concerned. The advantage of the fictitious system is that it can be paid in the current year without having to wait until the end of the year, for example, tax payments are made when the taxpayer has high income or can be paid in installments during the current year. While the weakness is that the tax paid is not based on the actual situation so that the tax determination becomes inaccurate.

Mixed system, states that taxation is based on a combination of real systemand assumption system. At the beginning of the year the amount of tax is calculated based on an assumption, then at the end of the year the amount of tax is calculated based on the actual situation. If the amount of tax based on the actual situation is greater than the amount of tax according to the assumption, the taxpayer must pay the shortfall. On the other hand, if the actual tax amount is less than the estimate, the excess can be reclaimed (refunded) or compensated in the following years after being calculated with other tax debts (UAJY Journal, 2018).

Implementation of the Tax Collection and Taxation System in Indonesia

Domestic revenue has a very important and strategic role, the wheels of governmentand development cannot move without being supported by funds, especially those originating from within the country. One source of state revenue from within the country is tax revenue. According to Rochmat Soemitro (1979), taxes are people's contributions to the state treasury or the transfer of wealth from the particulate sector to the government sector, which according to the law can be enforced by notobtaining reciprocal services, which can be directly demonstrated and used to finance public expenditures. Meanwhile, according to Ray M. Sommerfeld (1983),tax is a source of funds transferred from the private sector to the public sector, basedon predetermined criteria, without receiving mutual benefits, with the aim ofrealizing the state.

Realizing this, at the end of 1983, the government of the Republic of Indonesia initiated the emergence of Tax Reform. This has made a fundamental shift towards reforms in the national tax system. The public is placed in the main position in carrying out their tax obligation.

This is in accordance with the demands of a socially oriented society, where the community is the one who determines life and activities, while the government functions more as a supervisor, coach and provider of facilities.

1) Tax Collection System in Indonesia

The tax collection system of a country will greatly affect the optimization of the receipt of funds to the state treasury. Indonesia implements the following tax collection system:

a) Self-Assessment System, a tax system that gives confidence to taxpayers tofulfill and carry out their own tax obligations and rights.

b) Official Assessment System, namely a taxation system where the initiative to fulfill tax obligations is on the side of the tax authorities. In this system, the tax authorities actively seek taxpayers to provide NPWP up to the determination of theamount of tax payable on the issuance of the SKP (Tax Determination Letter).

c) Withholding Appraisal System, which is a tax system in which a third party has the duty and trust to withhold or collect a certain percentage of taxes, on the amount of payments or transactions made with the income recipient, namely the Taxpayer (Hanum, 2004).

2) Tax Rates Applicable in Indonesia

According to Waluyo (2017), there are at least 4 (four) types of tax rates used in Indonesia, which include:

a) Proportional rate, namely the rate in the form of a fixed percentage of each amount subject to tax so that the amount of tax payable is proportional to the total

taxable value. Example: 10% Value Added Tax is imposed on the delivery of Taxable Goods.

b) A fixed rate is a fixed amount (the same) with each amount that is taxed sothat the amount of tax payable is fixed. Example: Stamp Duty Tariff for checks andGiro transfers is Rp. 1,000.

c) Progressive rate, a tax rate whose percentage becomes larger if the amount charged is greater. Example: Income Tax for Fiscal Year 2009 applicable inIndonesia for Individual Taxpayers, namely:

(1) Up to IDR 50,000,000.00 the rate is 5%.

(2) Above Rp.50,000,000.00 up to Rp.250,000,000.00 the tariff is 15%; (3) Above Rp.250,000,000.00 up to Rp.500,000,000.00 the tariff is 25%.

(4) Above IDR 500,000,000.00 the rate is 30%.

Mardiasmo (2011), paying attention to tariff increases, progressive tariffs aredivided into several tariffs, as follows:

(a) Progressive progressive rate: in this case the increase in the tax percentageis getting bigger.

(b) Fixed Progressive Rates; increase in the percentage of fixed tax.

(c) Progressive degressive degree; the increase in the percentage of tax isgetting smaller.

d) Degressive Rate The percentage of the rate used is smaller if the tax amount is larger.

3) Tax Policy Model in Indonesia

Taxation policies made by the government must be based on statutory regulations. And of course, the policy here does not include the determination of the tax base and the issue of tax rates. Because there must be limits on the delegation of authority from the hands of the people's representative institutions to the government, with the aim of avoiding arbitrary actions by the government as I am the ruler. It also aims to achieve a fair and conducive tax climate. The constitution of a country always requires that taxation must be based on law. This means that taxation cannot be determined through administrative regulations. It is undeniable that the Taxation Law certainly cannot regulate all aspects of taxation (Darussalam, 2013), namely:

a) The policy issues administrative and procedural provisions (such as the SPTformat).
b) Depreciation method and inventory valuation.
c) Provisions regarding proof of expenses that are allowed to be deducted fromtaxable income.
d) Accounting methods for tax purposes.
e) Registration procedure.
f) Tax adjustments are linked to inflation.

Several models of state policy as a model to be followed in the formulation of tax policy in Indonesia were put forward by Lauddin Marsuni in Darussalam (2013), namely:

The institutional model is a state policy model that views state policy as a result of state institutions or institutions or government agencies. In Indonesia, the use of this model in the formulation of taxation policies can be seen from: Taxes are stipulated by law, the legislative body is the DPR together with the President, Taxes are intended to finance state expenditures, State expenditures are formulated in the form of the APBN and the implementation of the APBN is carried out by thePresident.

(1) In addition, the determination of tax policy in Indonesia also follows a process model, namely a state policy model that considers state policy as a processof political activity, namely as a series of political activities in the

form of problem identification, policy formulation, and evaluation of policy implementation. This view is based on the grounds that:

a) Tax policy in Indonesia begins with identifying the problem of funding needs for state needs.

b) Tax policies in Indonesia are formulated by political institutions (representative institutions) and the president's agency.

c) Tax policy in Indonesia is determined and ratified in the form of a law by the President.

d) The implementation of taxation policies in Indonesia is evaluated andsupervised by representative institutions and state financial audit institutions.

(2) The incremental model, which teaches that a policy is a continuation of thepast, is a model implemented in Indonesia, where the current tax policy is a continuation of the taxation policy of the past (colonial), although with various modifications. The application of the incremental model in tax policy in Indonesia can be demonstrated through general taxation policies in Indonesia, namely:

a) Tax collection is a manifestation of the dedication and participation of taxpayers to directly carry out their tax obligations.

b) The responsibility for tax obligations lies with the citizens, the government is obliged to conduct guidance, research and supervision of the implementation of tax obligations.

c) The public is given the trust to carry out tax obligations with a self-assessment system, so that the implementation of tax administration is neater, simpler, and easier to understand. The tax policy is a continuation of the previous tax policy with certain modifications, namely: Simplification of the Taxation Law, Simplification of the tax administration system and Giving taxpayers trust to calculate, calculate and pay their own tax payable.

IMPLEMENTATION OF TAX IN MALAYSIA

Overall, the Tax Laws in Malaysia are quite friendly and welcoming, both for local taxpayers and foreign investors who invest there. Malaysia does not recognize Property Tax, Land Tax, Gift Tax, and State Tax (Regional Tax). In addition, the

Malaysian government also does not make special rules regarding controlled foreign companies, thin capitalization, and transfer pricing. All these conditions were created to create a tax system that is simple and easy to administer and implement and to encourage the entry of foreign investment into Malaysia. Initially, the tax collection system applied in Malaysia was the Official Assessment System.

Regarding the implementation of this system, the government uses the basic concept of the previous year's assessment to calculate the amount of tax. In this concept, the amount of income that is used as the basis for taxing the current year is the previous year's income. However, as part of efforts to modernize the administration of the tax system in Malaysia, the government in 1999 announced achange to the system to a Self-Assessment System. Starting January 1, 2000, the Malaysian government replaced the previous year's valuation basis with the currentvaluation basis.

The implementation of the Self-Assessment System is not carried out simultaneously, but gradually for each business field. For individuals and entrepreneurs, this tax collection system became effective in 2001. For business categories, firms/fellowships, and other forms of cooperation, this policy was implemented in 2003, while income from salaries and the like came into effect. in 2004 (Kurniawati, 2009).

1) Institute of Taxation in Malaysia

Tax Management Institutions in Malaysia there are 2 (two) institutions authorized to deal with tax matters, namely the Malaysian Domestic Product Institute (LHDN) and the Customs and Excise Department which is under the Ministry of Finance ofMalaysia. The Domestic Product Agency is authorized to administer direct taxes such as Corporate and Personal Income Tax, Oil and Gas Income Tax, Tax on Profits from the Sale of Land and Buildings, and Stamp Duty. Meanwhile, Customsand Excise manages indirect taxes consisting of Customs, Customs, Sales Tax, Service Tax, Entertainment Tax, and several other types of taxes.

The LHDN agency was established on March 1, 1996, under the Malaysia DomesticProduct Institutions Act 1995 to provide autonomy in the management of financesand resources in order to improve the quality and efficiency of tax administration in Malaysia. The functions performed by LHDN (2021) are:

a) Act as a royal agent and provide services in the management, calculation, collection, and supervision of the payment of Income Tax, Oil and Gas Income Tax,Land Transfer Benefit Tax, Customs, Stamp Duty, and other taxes in accordance with the agreement between the Kingdom and the Institution.

b) Provide advice to the kingdom on matters relating to taxation and link ministries and authorities on these matters.

c) Participate in or outside Malaysia in relation to tax matters.

d) Carry out other functions in accordance with the laws and regulations.

e) Act as a collection agent for and for other parties. according to law.

The authority of the IRB is:

(1) Make a Contract.

(2) Use all institutional assets in the manner determined by the institution, including mortgaging assets to obtain loans.

(3) Be involved in various activities, either alone or together with

otherorganizations, or institutions from other countries, in order to foster a better understanding of taxes.

(4) Provide technical input and assistance, including facilitating training to taxagencies from other countries.

(5) Collect fees or fees for services provided by the institution.

(6) Providing loans to agency employees in certain cases in accordance withagency approval.

(7) Provide recreational facilities and promote beneficial activities forinstitutional employees.

(8) Provide training for agency employees and provide scholarships or the liketo finance training; and

(9) Do whatever is within their authority.

2) Tax Subjects in Malaysia

Tax subjects in Malaysia consist of individuals and entities. Corporate income tax will also be discussed as both taxes are imposed on income earned by residents in Malaysia and are governed by the same law. Basic tax Income taxes are generally imposed on a territorial basis, with only income originating from Malaysia being taxed.

a) Personal income tax is a tax imposed on income received by individuals both originating and sent to Malaysia. If the source of income comes from outside Malaysia, the income is only subject to tax if it is paid in Malaysia and received by an individual who is domiciled in Malaysia. However, non-resident individuals areonly taxed on the income they receive in Malaysia.

b) Corporate Income Tax Corporates who are residents of Malaysia are taxed not on the total income received from activities around the world (Global income/Worldwide Income), but only income received in Malaysia which is subject to tax. Income received from outside Malaysia is not taxed in Malaysia. Forforeign companies, only income received from Malaysia is taxed in Malaysia. However, Malaysian companies engaged in banking, insurance, and sea and air transportation are subject to tax based on Global Income (Kee, 2008).

3) Tax Object in Malaysia

According to Kee (200), the object of income tax is income as follows:

a) Profit/profit from trade, occupation/profession, and business/business.

b) Salaries, wages, and other benefits received by employees/employees.

c) Dividends, interest and discounts.

d) Rents, royalties and premiums.

e) Pension benefits, annual payments and other periodic payments.

f) Gains/advantages from sources of income other than those mentionedabove.

Taxable income is obtained by deducting the total income received with various deductions/costs related to the effort to earn income. Provisions and allowances forlosses or contingent liabilities cannot be used as expenses. Losses suffered in the current year can be compensated with income earned in the following year.

4) Tax Rates

a) Corporate Income Tax Rate

The general tax in Malaysia for agents is 28%. This rate applies to both domestic and foreign entities in Malaysia. Rates were reduced to 27% and 26% in 2007 and 2008. Small and medium-sized entities with a paid-up capital of less than RM 2.5 million can enjoy a tax incentive of 20% on taxable income of up to RM 500,000. If the income is above RM 500,000, the remaining income will be subject to the normal rate (Kee, 2008).

b) Cost Reduction in Malaysia

In general, the costs that are deducted from the income are the costs used to obtain the income. Certain costs are specifically not allowed to be deducted, such as certainentertainment costs, payments to foreign taxpayers, where tax deductions cannot becharged and for capital-related expenses. The income tax law mentions expenses that are deductible as well as expenses that are not deductible from income. The following is a table of fees or deductions used to calculate Personal Income Tax. In detail, the deduction fees in Malaysia are imposed on tax subjects as follows:

(1) The individual concerned is RM 8,000.

(2) Additional if individual cannot handle RM 6,000.

(3) Wife/husband RM 3,000.

(4) Additional if the wife cannot afford a disability RM 3,500.

(5) Children (unmarried and under 18 years old) RM 1,000/child.

(6) Children over 18 years who are continuing their education at universities inMalaysia RM 4,000/child.

(7) Children over 18 years old studying at universities outside Malaysia(maximum) (up to S1 only) RM 4,000/child
Children with disabilities RM 9,000/child

(8) Medical expenses for serious illness for individuals, wives or children,including interrupted health checks Max RM 5,000

(9) Course/study fees in Malaysia are related to technical expertise

(10) occupational, industrial, scientific, or technological qualifications orabilities.

(11) Extended to Islamic finance which came into effect in 2007 RM
(13) 5,000.
(14) Etc.

c) Tax Reduction in Malaysia

This tax credit is known as a tax rebate. In Malaysia taxes can be credited with various deductions that are not actually taxable. This is different from the provisionsin Indonesia which stipulate those taxes can only be credited with the amount of taxpaid in the current year, both those paid directly by the taxpayer such as Article 25Income Tax and Foreign Fiscal Taxes or those withheld by other parties such as Article 21 Income Tax. 22, and 23, Based on the provisions of the 1967 Income Tax Law, Taxes owed by individual Taxpayers can be deducted (credited) with various tax credits as follows:

For individuals whose taxable income is not more than RM 35,000, a tax deduction of: RM 350 for unmarried persons, RM 700 for married individuals and their valuation combined and RM 350 for husband and wife whose income is separated.

1) All values paid for zakat, fatrah, and other Islamic religious obligations.

2) RM 500 for the purchase of personal computers in 2005 and 2006 given once for 5 years d. an amount paid to the government in the context of obtaining employment documents and permits for foreign workers to visit (Malaysia Domestic Product Institute, 2021).

COMPARISON OF TAX COLLECTION AND TAXATION SYSTEM USED IN INDONESIA AND MALAYSIA

When compared to other ASEAN countries, Indonesia has the second highest income tax rate after the Philippines, which imposes a 30 percent rate. Indonesia competes with Myanmar which imposes a corporate income tax rate of 25 percent and Malaysia at 24 percent. If Indonesia wants to be more competitive in ASEAN, of course, the corporate income tax rate must be below Singapore's. However, reducing tax rates will be very risky for state revenues (Dahiri, 2018). This can be seen in the following figure:

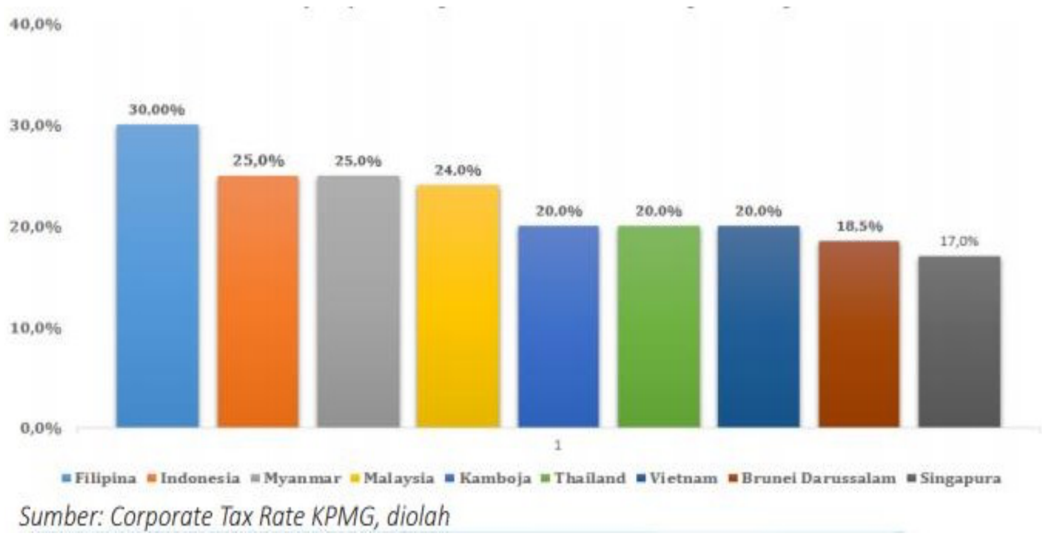

Figure 4.4. ASEAN Income Tax Rate

Source: Corporate Tax Rate KPMG

Currently the per capita income of Malaysians per year is around Rp. 67.5 million, compared to the per capita income of Indonesia in the same desert per year of around Rp. 27 million (which indicates that the Malaysian people are currently more prosperous). From the amount above the minimum taxable income limit in Malaysia is RM 20 thousand (Rp 56 million) which is the amount of residual income per year after deducting various obligations that must be paid by individual taxpayers in Malaysia. Reporting LHDN income can be done manually byfilling out a form and sending it to the tax office (as is the case in Indonesia today),but it's easier and the process is automated when filling it out online. So, all you need to do is request access to the website by sending an email to pin@resil.gov.mywith an official workplace email account. In the email it is necessary to explain our identity, full name, passport number, address, employer, telephone number and taxreference number. In a short time, they will reply to the email, and will ask for confirmation again. The website gradually asks for various expenses which will automatically reduce the total revenue for the year. What is directly reduced is the cost of living for the family, either as a person, financing for children and wives (or wives whenpracticing polygamy). Furthermore, they were asked about matters relating to donations (charity) and gifts given to other parties, which can be taken into accountto reduce this tax are financial contributions to the government, organizations, libraries, understaffed community facilities, sports activities, medical expenses andgrants. gifts in the form of creations, manuscripts, paintings to recognized institutions.

The next thing that can cause a reduction in tax liability to the Malaysian government is to help with the cost of caring for the elderly (maximum per year RM 5000) basic equipment that helps activities for yourself, family and parents thatneed to be purchased due to illness (wheelchair, glasses, limit RM 5000 per year) tuition fees at postgraduate level (maximum RM 5 thousand) purchase of books/magazines/journals/publishing for family (maximum one thousand ringgit) purchase of personal computer (RM3 thousand, and can only be claimed every threeyears) purchase of sports equipment (max. RM 300) children's education insurance(maximum RM 3 thousand) and finally there is zakat paid (no maximum limit).

If you look at the various tax reduction facilities above, the Malaysian Government has clear priorities in the lives of its citizens. For example, tax reductions related to postgraduate tuition fees and book purchases clearly provide incentives for citizens to become lifelong learners which will improve the country's overall human resources. The convenience that is obtained when buying.

a computer (PC or laptop), is clearly an effort to increase the level of community computing and familiarize people with technology. As with sports equipment, of course the government wants its citizens to be healthy (which will also reduce the burden of the health budget). There is no limit for zakat (Dahiri, 2018).

After filling out the electronic form, the website will automatically calculate how much the balance of income will be taxed. If we get a figure below the taxable minimum, then we don't have to pay taxes for the year. At the same time, every employee every month regularly deducts salary to pay taxes by the employer (the amount withheld is a rough estimate that will be paid later in the following year, and so that taxpayers are not surprised to have to pay a large amount at once) if it is stated that there is no need to pay taxes, then the money withheld regularly will be returned a few months later in the form of a check to the address of the workplace. Regarding filling out electronic data, of course, there will be a question, what if the data provided is not true/false with the aim of avoiding taxes that must be paid.

Of course, before the check is given to the taxpayer, the LHDN will check whether the contents are rational or not. Second, they will come to the taxpayer's house to check the proof of payment/receipt/receipt regarding these various expenses. For example, if you say you have a new computer, is it correct to buy a computer? willbe asked which computer and proof of purchase as well as proof of havingpaid zakat, which institution receives zakat money and the fifth sign. If it is found that there is insufficient evidence or manipulation, then the risk is clear, pay the actual tax as well as the plan (Dahiri, 2018).

Conclusion

Implementation of tax collection and taxation systems in Indonesia and Malaysia. The tax collection system in Indonesia consists of 3 (three) systems, namely: self-assessment system, official assessment system and withholding assessment system. Meanwhile, there are 4 (four) types of tax rates used inIndonesia, namely: proportional/proportional rates, fixed rates, progressive rates and degressive percentage rates. The tax policy model in Indonesia uses an institutional model and the determination of tax policy in Indonesia also follows a process model, namely a state policy model that views state policy as a process of political activity. Whereas the application of the Tax Collection and Taxation System in Malaysia is based on the imposition of income tax, which is generally imposed on a territorial basis,

Comparison of tax collection and taxation systems used in Indonesia and Malaysia, namely the comparison between Indonesia and Malaysia in the application of expatriate taxes in terms of the welfare state paradigm shows a striking difference.There are two fundamental differences, first in the use of the tax system. Indonesiaadheres to the system

self-assessment while Malaysia adheres to the Basic of Assessment Preceding Yearwith the Current Base of Assessment. With the differences in the taxation system adopted, there are differences in the application of taxes for expatriates from the two countries. Second, the tax rate for expatriates working in Indonesia is 20% of the gross, while the tax rate for expatriates in Malaysia is 28% with the difference between the tax rates for expatriates and then different from the state. Efforts made by Indonesia and Malaysia in improving taxpayer compliancein the country's Directorate General of Taxes also state that the level of Indonesian people's compliance with taxes is still very low, compared to other neighboring countries such as Malaysia. In Malaysia, the percentage of taxpayer compliance is 80 percent, compared to Indonesia, where the percentage is only 30 percent, subjectto a very high level of tax compliance in Malaysia, for fear of dealing with law enforcement. if you don't pay taxes. The current taxation efforts made by the government are still considered to be less than optimal in order to increase the tax base of the community. Various regulations issued by the government in the field of taxation, such as tariff policy, tax administration policy.

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