

Evaluation of the Use of a Single Amount in the Conclusion of Value in Assessment Reports According to SE-54/PJ/2016

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Abstract

In the provisions of General Standard Standar Penilaian Indonesia (SPI) 105 concerning valuation reporting, it is stated that the final value conclusion can be expressed as a single value in rupiah currency. The value conclusion provisions in International Valuation Standards (IVS) are not even explicitly locked in, whether in single or range form. In the Circular Letter (SE) of the Director General of Taxes Number SE-54/PJ/2016, it is stipulated that the value conclusion is expressed in one particular value (a single amount) in rupiah currency units. The research uses normative-empirical research methods with a judicial case study approach and qualitative research with a descriptive analysis approach. The research results show that the value indications produced by the Appraiser can differ from one Appraiser to another. Even with the same market or comparative data, due to adjustment factors and different professional considerations for each Appraiser, it will certainly produce different value indications. Then the phrase "can" in SPI can be interpreted as meaning that it is possible that there are other values besides a single value. Apart from that, it is necessary to adjust the regulations in the form of additional use of interval or range values in the value conclusions in the assessment report by the DJP Appraiser to prevent counterproductive situations in the context of securing tax revenues.

Keywords Appraiser · Conclusion of Value · Valuation Standards · Tax · Dispute

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1 INTRODUCTION

The Indonesian Appraisers' Code of Ethics and Indonesian Valuation Standards (KEPI and SPI) play an important role for stakeholders in valuation (the appraisers), as well as service users, the government, and other related institutions. KEPI serves as a moral foundation, while SPI acts as a practical assessment guide for appraisers in Indonesia. From the perspective of service users, it serves as a reference for understanding and utilizing the assessment results. Meanwhile, from the standpoint of the government and other related institutions, KEPI and SPI can serve as benchmarks for overseeing and developing the appraisal profession in Indonesia (Masyarakat Profesi Penilai Indonesia, 2018). As of the writing of this text, the latest edition of KEPI and SPI used is the seventh edition, which includes changes and additions of new standards for the KEPI section, General Concepts and Principles of Assessment (KPUP), General Standards, as well as some Application Standards and Technical Standards. KEPI and SPI are prepared in reference to the International Valuation Standards 2017 issued by the (International Valuation Standards Council, 2017), and also utilize references from other valuation standards worldwide, tailored to the needs and conditions of valuation in Indonesia.

In the provisions of the General Standard SPI 105 regarding Assessment Reporting, it is stated that the Final Value Conclusion can be expressed as a single value in Indonesian rupiah. The provisions for Value Conclusion in IVS are not explicitly locked in whether it should be in a single form or a range, in accordance with IVS 103 Reporting item "30.1.(f): the conclusion(s) of value and main reasons for any conclusions reached". The Directorate General of Taxes (DJP) issued a guideline that serves as a reference for DJP appraisers, namely the Circular Letter of the Director General of Taxes Number SE-54/PJ/2016 regarding Technical Guidelines for Property Valuation, Business Valuation, and Valuation of Intangible Assets for Tax Purposes. In Appendices I, II, and III of the SE, it is stipulated that the Value Conclusion is expressed as a single amount in Indonesian rupiah (Rp).

The definition of Assessment according to SPI is the process of work to provide an estimate and opinion on the economic value of an assessment object at a specific time in accordance with SPI and applicable laws and regulations (KEPI point 3.7). The definition of Assessment according to KPUP point 4.5 explains that Assessment is the process of work by an



Assessor in providing a written opinion regarding the economic value at a specific time. The term "Assessment" is used to refer to the process of estimating value and can also refer to the conclusion of the assessment.

Referring to the definition of Assessment in tax regulations, it can be seen through Article 1 number 6 of the Minister of Finance Regulation (PMK) Number 79/PMK.03/2023 concerning the Procedures for Assessment for Tax Purposes. The policy explains that Assessment for tax purposes, hereinafter referred to as Assessment, is a series of activities aimed at determining the value of the assessment object at a specific time, conducted objectively and professionally based on a valuation standard in order to implement the provisions of legislation in the field of taxation. The role of assessment in accordance with the provisions in the Explanation of Article 18 paragraph (3) of Law Number 7 of 1983 concerning Income Tax as amended by Law Number 6 of 2023 concerning the Establishment of Government Regulations in Lieu of Law Number 2 of 2022 concerning Job Creation into Law (Income Tax Law as amended by the Job Creation Law) (UU PPh s.t.d.t.d. UU Cipta Kerja). explains that one of the methods for recalculating the amount of income and/or deductions to calculate the amount of Taxable Income to test the principles of fairness and business norms that are not influenced by special relationships is to use methods in the valuation of tangible and/or intangible assets; and methods in business valuation.

Thus, based on that provision, it can be concluded that Assessment is closely related to the test of reasonableness and the conclusion of value that is estimative in nature. In the world of statistics, there are two types of estimation known: point estimation and interval estimation (Harinaldi, 2005). However, according to the provisions in SE-54/PJ/2016, the conclusion of value only recognizes a specific value (single amount), which is point estimation, and does not acknowledge the existence of value conclusions in the form of interval estimation. If the conclusion of the taxpayer's value differs from the conclusion of the DJP appraiser's value, it may potentially lead to a tax dispute.

2 LITERATURE REVIEW

Taxes are the main pillar in the structure of state revenue. The State Budget (APBN) of Indonesia is heavily reliant on tax revenue. Taxes in Indonesia use a self-assessment system, which means that taxpayers are



granted the right and freedom to calculate, account for, deposit, and report their taxes independently (Article 12 of Law Number 6 of 1983 as amended by Law Number 6 of 2023 concerning the Ratification of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law) (UU KUP s.t.d.t.d. UU Cipta Kerja). After the taxpayer reports their taxes, the state, represented by the Directorate General of Taxes (DJP), has the authority to verify the accuracy of the reporting through an examination mechanism (Article 29 of the Taxation General Provisions Law). In the implementation of the examination, if there is a tax underpayment, the DJP issues a legal product in the form of a Tax Underpayment Assessment Letter (SKPKB). The SKPKB is a tax assessment letter that determines the amount of the principal tax, the amount of tax credits, the amount of the principal tax underpayment, the amount of administrative sanctions, and the total tax that still needs to be paid. (Pasal 1 angka 16 UU KUP).

In order to test taxpayer compliance, whether in supervision, examination, investigation, or collection, the Directorate General of Taxes (DJP) has a Functional Position of Tax Appraiser (DJP Appraiser) who has the expertise to examine the reasonableness of the reporting in the Tax Return (SPT) of the taxpayer. The principle of fairness and business customs (PKKU)/Arm's Length Principle (ALP) has become a necessity in tax regulations worldwide, including in Indonesia. The provisions of PKKU can be found in the regulations outlined in Article 18 paragraph (3) of the Income Tax Law as amended by the Job Creation Law, which explains that this provision is intended to prevent tax avoidance that may occur due to special relationships. Taxpayers engage in tax evasion by, among other things, reporting income that is less than it should be, reporting expenses that exceed what is reasonable, reporting business profits that are too small compared to the taxpayer's other financial performance in similar business sectors, or reporting business losses in an unreasonable manner even though the taxpayer has been conducting commercial sales for five years. In such cases, the Director General of Taxes is authorized to reassess the amount of income and/or expenses in accordance with the principles of fairness and business norms that are not influenced by special relationships. The term "principles of fairness and business norms" refers to principles in sound business practices as applicable between parties that do not have and/or are not influenced by special relationships. The provision also



explains that one of the methods for testing the arm's length principle (PKKU) that is not influenced by special relationships is by using methods in the valuation of tangible and/or intangible assets; and methods in business valuation. Therefore, tax appraiser from the Directorate General of Taxes (DJP) who have expertise in the field of valuation are required to be able to examine whether the taxpayer's business has complied with the arm's length principle in accordance with the mandate of the legislation.

Special relationships in taxation have been regulated in Article 18 paragraph (4) of the Income Tax Law, Article 2 paragraph (2) of Law Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods as amended by Law Number 6 of 2023 concerning the Establishment of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law (UU PPN s.t.d.t.d. UU Cipta Kerja), and Article 2 of the Minister of Finance Regulation Number 172/PMK.03/2023 concerning the Application of the Principle of Fairness and Business Practices in Transactions Influenced by Special Relationships. In the Income Tax Law, a special relationship is considered to exist when a taxpayer has a direct or indirect capital participation of at least 25% in another taxpayer; a relationship between a taxpayer with a participation of at least 25% or more referred to last; a taxpayer who controls another taxpayer or two or more taxpayers are under the same control, either directly or indirectly; or there is a family relationship, either by blood or by marriage, in a direct line and/or sideways to one degree. In the VAT Law, a special relationship is considered to exist when two or more entrepreneurs, directly or indirectly, are under the ownership or control of the same entrepreneur; or one entrepreneur contributes 25% or more of the total capital of another entrepreneur, or the relationship between entrepreneurs contributing 25% or more of their capital to two or more parties, as well as the relationship between the last two or more parties mentioned (Redaksi DDTCNews, 2023). Then in PMK No. 172/PMK.03/2023, it is further stated that a special relationship is a dependency or attachment of one party to another caused by ownership or capital participation, control, or family or in-law relationships. What is meant by the state of dependence or attachment between one party and another refers to a condition where one or more parties are not independent in carrying out their business or activities. What is meant by ownership or capital



participation is the relationship between taxpayers with a minimum participation of 25% in two or more taxpayers; or the relationship among two or more taxpayers referred to as the latter. What is meant by control is at least meeting one of the six criteria: first, one party controls another party or one party is controlled by another party, either directly and/or indirectly; second, two or more parties are under the control of the same party either directly and/or indirectly; third, one party controls another party or one party is controlled by another party through management or the use of technology; fourth, there are the same individuals directly and/or indirectly involved or participating in managerial or operational decision-making in two or more parties; fifth, the parties that are commercially or financially known or declare themselves to be in the same business group; sixth, one party states that it has a special relationship with another party. The term "blood or affinity family relationships" refers to direct and/or lateral lines of descent one degree apart.

Price and value are two different things. Price is the amount of money paid by the buyer and accepted and agreed upon by the seller in a buying and selling transaction. Meanwhile, the added value reflects the expected profit from the current ownership. It can also be said that value is very subjective, depending on who has the interest. Thus, the price is not necessarily the same as the value. The price can be higher, lower, or equal to the value. In land assessment practice, land prices reflect the value of the land (Sukada, 2015). An example of corner land ownership (land located at a corner) holds very high value for some people, while for others who do not like it, its value is low. Thus, those who are fond of that corner lot will be willing to pay more compared to those who do not like it.

(Djaja, 2018) states that assessment falls into the category of art rather than science, as it depends on perspective. Valuation produces an indication or range of values, rather than an exact and definitive value of a property. According to (Sujono, 2011), property valuation is the estimation of the economic benefits of the property being assessed at a specific time and a certain definition of value.

In the conclusion of the DJP assessment results, it is stated that the conclusion of the value uses a specific value (single amount). The phrase



in the SPI is "can," so it does not rule out the possibility of other values besides a single value. The author recommends that the DJP also use another value known in the world of statistics, which is the interval/range value. In the literature review of statistics, estimation can take the form of point estimation and interval estimation. Therefore, in addition to the use of a specific/single value conclusion, the DJP needs to create regulations regarding the use of interval/range value conclusions.

The definition of assessment according to SPI is a work process to provide an estimate and opinion on the economic value of an assessment object at a specific time in accordance with SPI and applicable laws and regulations (KEPI butir 3.7). According to the Great Dictionary of the Indonesian Language (Kamus Besar Bahasa Indonesia (KBBI), 2023) estimation is (1) an approximation; (2) an assessment; an opinion. The term estimation comes from the Latin word *aestimation*, from *aestimare*, which means to determine, assess, or make an estimate. In general, estimation is the process of finding an approximation, which is a value that can be used for a specific purpose. According to (Harinaldi, 2005), the definition of estimation is the entire process that uses an estimator to produce an estimate of a parameter. Meanwhile, according to (Tockey, 2004), estimation is a measurement carried out on an activity. The result is something quantitative and has accuracy that can be measured using numbers. Experts in this field interpret estimates as a measurement based on quantitative results or accuracy with numbers. This aligns with estimation practices in daily life, which always use clear numerical benchmarks, even though sometimes the results may not hit the mark.

This paper aims to examine the use of a single amount conclusion in SE-54/PJ/2016 compared to the provisions in SPI and IVS. Additionally, it seeks to understand the consequences and find solutions regarding the use of a single amount conclusion according to the DJP appraiser in relation to the potential for tax disputes with taxpayers.

3 METHOD, DATA, AND ANALYSIS

The basic concept of the method used in this research is the normative-empirical research method with a judicial case study approach,



employing qualitative research with a descriptive analysis approach. According to (Muhammad, 2004), normative-empirical legal research (applied law research) refers to research that utilizes case studies in normative-empirical law in the form of legal behavior products. The judicial case study approach involves examining the formulation of problems with applicable norms and legal rules, presenting them in detail, and then providing legal solutions to the research conducted. (Amarudin dan Zainal Asikin, 2012). (Winartha, 2006), the qualitative descriptive analysis method involves analyzing, describing, and summarizing various conditions and situations from the data collected, such as interview results or observations regarding the issues being studied in the field. According to (Sugiyono, 2016), qualitative descriptive analysis is an analytical method based on post-positivist philosophy, used to study objects in their natural conditions, where the researcher acts as the key instrument. The results of qualitative research emphasize meaning rather than generalization. The purpose of this writing is to understand the use of a single amount conclusion in SE-54/PJ/2016 compared to the provisions in SPI and IVS. Additionally, it aims to comprehend the consequences and seek solutions regarding the use of a single amount conclusion according to the DJP appraiser concerning the potential emergence of tax disputes with taxpayers.

4 RESULT AND DISCUSSION

4.1 Specific/Single Value and Interval/Range Value according to the provisions of SE-54/PJ/2016, SPI, and IVS.

In Appendices I, II, and III of SE-54/PJ/2016 regarding Technical Guidelines for Property Valuation, Business Valuation, and Valuation of Intangible Assets for Tax Purposes, it is stated that the Value Conclusion is expressed in a specific single amount in Indonesian rupiah (Rp). According to the General Standard SPI 105 on Valuation Reporting, it is mentioned that the final Value Conclusion can be expressed in a single value in Indonesian rupiah. The phrase "can" in SPI can be interpreted as not ruling out the possibility of other values besides a single value. The provisions for the Conclusion of Value in IVS are not explicitly locked in either a single form or a range, in accordance with IVS 103 Reporting item "30.1.(f): the conclusion(s) of value and main reasons for any conclusions reached".



4.2 Classification of Selling Values of Tax Objects for Land and/or Buildings (NJOP PBB)

Based on the provisions in the Minister of Finance Regulation Number 139/PMK.03/2014 concerning the Classification and Determination of the Selling Value of Tax Objects as the Basis for the Imposition of Land and Building Tax, in the context of determining the NJOP for PBB, the Appraiser will produce an indication of value. The value indicated by the Assessor may differ from one Assessor to another. Even with the same market/comparative data, the presence of adjustment factors and differing professional considerations from each appraiser will certainly result in different value indications. The following illustrates the difference in value indications by Appraisers A and B. Each Appraiser was assigned to determine the value per square meter of a vacant land X using comparative data from transactions A, B, and C. With various appraisal methods employed by each Appraiser, this resulted in different value indications with a deviation of 2% as follows:

The author must report the results in sufficient detail, allowing the reader to understand which statistical analyses were conducted and why, thereby justifying their conclusions.

The "Discussion and Analysis" section explains the rationale behind the results, addressing the question, "Why are the results as they are?" It presents the theories and evidence derived from the results. This section goes beyond merely explaining the figures, offering an in-depth analysis to address the identified gap.

Figure 1. Illustration of the value indications produced by Appraiser A and B.

Data Pasar Pembanding Tanah	Luas (m2)	Posisi	Harga Jual (Rp)
Transaksi A	100	Sudut	300.000.000
Transaksi B	200	Tengah	250.000.000
Transaksi C	150	Masuk Gang	170.000.000
Indikasi Nilai oleh:	Rp per m2		
Penilai A	1.794.444		
Penilai B	1.835.778		
Deviasi	2%		

Source: Author



From Figure 1 above, there is a difference in the value indications by Appraiser A and Appraiser B. The value indication by Appraiser A is Rp1,794,444 per m², while the value indication by Appraiser B is Rp1,835,778 per m². In order to determine the NJOP (Tax Object Selling Value) of the land per m², the value indications produced by Appraisers A and B must be classified according to NJOP in the Appendix of PMK 139/PMK.03/2014, so that the NJOP of vacant land X can be identified as falling into class 026 at Rp1,815,000. The NJOP value of Rp1,815,000 per m² is obtained using the average method from the value range between >Rp1,794,000 to Rp1,836,000.

Figure 2. Classification of NJOP Land

LAMPIRAN
PERATURAN MENTERI KEUANGAN REPUBLIK INDONESIA
NOMOR : 139/PMK.03/2014
TENTANG : KLASIFIKASI DAN PENETAPAN NILAI JUAL
OBJEK PAJAK SEBAGAI DASAR PENGENAAN
PAJAK BUMI DAN BANGUNAN

A. KLASIFIKASI NILAI JUAL OBJEK PAJAK BUMI UNTUK OBJEK PAJAK SEKTOR PERKEBUNGAN, OBJEK PAJAK SEKTOR PERHUTANAN, OBJEK PAJAK SEKTOR PERTAMBANGAN, DAN OBJEK PAJAK SEKTOR LAINNYA.

Klas	Pengelompokan Nilai Jual Bumi (Rp/m ²)	Nilai Jual Objek Pajak Bumi (Rp/m ²)
001	> 3.064.000,00 s/d 3.136.000,00	3.100.000,00
002	> 3.010.000,00 s/d 3.064.000,00	3.037.000,00
003	> 2.948.000,00 s/d 3.010.000,00	2.979.000,00
004	> 2.902.000,00 s/d 2.948.000,00	2.925.000,00
005	> 2.850.000,00 s/d 2.902.000,00	2.876.000,00
006	> 2.804.000,00 s/d 2.850.000,00	2.827.000,00
007	> 2.754.000,00 s/d 2.804.000,00	2.779.000,00
008	> 2.710.000,00 s/d 2.754.000,00	2.732.000,00
009	> 2.662.000,00 s/d 2.710.000,00	2.686.000,00
010	> 2.618.000,00 s/d 2.662.000,00	2.640.000,00
011	> 2.574.000,00 s/d 2.618.000,00	2.596.000,00
012	> 2.530.000,00 s/d 2.574.000,00	2.552.000,00
013	> 2.486.000,00 s/d 2.530.000,00	2.508.000,00
014	> 2.426.000,00 s/d 2.486.000,00	2.456.000,00
015	> 2.382.000,00 s/d 2.426.000,00	2.404.000,00
016	> 2.324.000,00 s/d 2.382.000,00	2.353.000,00
017	> 2.260.000,00 s/d 2.324.000,00	2.292.000,00
018	> 2.206.000,00 s/d 2.260.000,00	2.233.000,00
019	> 2.146.000,00 s/d 2.206.000,00	2.176.000,00
020	> 2.094.000,00 s/d 2.146.000,00	2.120.000,00
021	> 2.038.000,00 s/d 2.094.000,00	2.066.000,00
022	> 1.988.000,00 s/d 2.038.000,00	2.013.000,00
023	> 1.936.000,00 s/d 1.988.000,00	1.962.000,00
024	> 1.888.000,00 s/d 1.936.000,00	1.912.000,00
025	> 1.836.000,00 s/d 1.888.000,00	1.862.000,00
026	> 1.794.000,00 s/d 1.836.000,00	1.815.000,00
027	> 1.742.000,00 s/d 1.794.000,00	1.768.000,00
028	> 1.702.000,00 s/d 1.742.000,00	1.722.000,00

Source: attachment PMK 139/PMK.03/2014

Classification is necessary to create legal certainty, fairness for taxpayers, and stability in determining tax objects and the Sale Value of Tax Objects in accordance with the considerations in PMK No. 139/PMK.03/2014. Without that classification, it will lead to disputes or differences of



opinion and a lack of solutions regarding the differing value indications by Appraiser A and Appraiser B. In the context of taxation, the importance of using the principle of legal certainty is crucial, where tax provisions should not create doubt or confusion; they must be clear and have a single interpretation to avoid ambiguity (Kadir, 2016). In the provisions of the PMK, it can be concluded that the indication of a single amount by the Appraiser must be classified in an interval/range value table to obtain the NJOP land per m². In the table for class 026, the single value as a determination (NJOP land in Rp/m²) is Rp1,815,000, while the interval/range value is $\pm 1.16\%$ of the single value (the “+1.16%” figure is obtained from $(1,836,000-1,815,000)/1,815,000$; while the “-1.16%” figure is obtained from $(1,794,000-1,815,000)/1,815,000$).

However, the provisions of the NJOP classification table have been removed through regulation PMK No. 186/PMK.03/2019. According to the provisions in Article 12 of the PMK, it is explained that the assessment of tax objects for the determination of NJOP land and NJOP buildings is carried out by a Tax Appraiser. Furthermore, in Article 22 paragraph (8) of the same PMK, it is stated that the assessment of the reasonableness of production costs for minerals or coal, as well as the production results and selling prices of minerals or coal, is conducted by a Tax Appraiser. Thus, attributively, the only party authorized to determine NJOP and assess the reasonableness of costs, production results, and selling prices of mineral and coal in the determination of PBB is the Tax Appraiser.

4.3 Assessment by the Directorate General of Taxes (DJP)

In addition to the provisions in the legislation regarding Land and Building Tax, the DJP appraiser is also authorized to conduct assessments beyond the NJOP. According to Article 2 of PMK No. 79/PMK.03/2023, it is explained that the Director General of Taxes can conduct assessments to determine the value of tax objects for PBB in order to establish the NJOP; as well as the value of tangible assets, intangible assets, and businesses. In Article 5 paragraph (1), it is mentioned that there are 18 transactions/economic activities for which assessments can be conducted to determine the value of tangible assets, intangible assets, and businesses, such as:

1. The value of compensation in the form of goods and/or benefits as



- regulated in Article 4 paragraph (1) letter a of the Income Tax Law along with its explanation related to tangible and intangible assets.
2. Income from the transfer of assets related to land and/or buildings, construction services, real estate businesses, and the rental of land and/or buildings that are subject to final income tax as regulated in Article 4 paragraph (2) letter d of the Income Tax Law.
 3. The acquisition cost or selling price in the case of a sale and purchase of assets influenced by special relationships is the amount that should be paid or received based on market prices as stipulated in Article 10 paragraph (1) of the Income Tax Law.
 4. The acquisition value or selling value in the case of asset exchanges is the amount that should be paid or received based on the market price as stipulated in Article 10 paragraph (2) of the Income Tax Law.
 5. The value of acquisition or transfer of assets in the context of liquidation, merger, consolidation, division, splitting, or takeover of a business is the amount that should be paid or received based on market price as regulated in Article 10 paragraph (3) of the Income Tax Law.
 6. The basis for the transfer of assets is the book value or the value determined by the Director General of Taxes or the market value of the assets as regulated in Article 10 paragraphs (4) and (5) of the Income Tax Law.
 7. The acquisition cost or the book value of tangible assets that affects the amount of depreciation expense as regulated in Article 11 of the Income Tax Law.
 8. The acquisition cost or residual book value of intangible assets that affects the amount of amortization expense as regulated in Article 11A of the Income Tax Law.
 9. The assessment to re-determine the amount of income and deductions as well as debts as capital as regulated in Article 18 paragraph (3) of the Income Tax Law.
 10. the transaction prices between parties that have special relationships in making agreements with Taxpayers and cooperating with the tax authorities of other countries as regulated in Article 18 paragraph (3a) of the Income Tax Law.
 11. The fair value of assets when there is a discrepancy between cost elements and income, as regulated in Article 19 of the Income Tax Law and the Ministerial Regulation governing the revaluation of fixed assets for tax purposes.
 12. The fair market price for taxable goods in the form of inventory and/or assets that were originally not intended for sale, which remain



- at the time of company dissolution as regulated in Article 1A paragraph (1) letter e of the Value Added Tax Law.
13. The selling price or replacement cost calculated based on fair market value in cases influenced by special relationships as regulated in Article 2 paragraph (1) of the Value Added Tax Law.
 14. The value of self-construction activities is equal to the amount of costs incurred and/or paid for self-construction as the basis for tax assessment as regulated in Article 16C of the Value Added Tax Law.
 15. The market price for the delivery of taxable goods in the form of assets that were originally not intended for sale by taxable entrepreneurs as regulated in Article 16D of the Value Added Tax Law.
 16. The limit price for the sale of confiscated goods through auction as regulated in Article 2 paragraph (3) of the Law on Tax Collection by Force.
 17. The value of the goods seized as regulated in Article 14 paragraph (2) of the Law on Tax Collection by Forced Letter.
 18. The selling price for confiscated goods that are excluded from auction sales as regulated in Article 25 paragraph (2) of the Law on Tax Collection by Force and the Government Regulation that governs the procedures for the sale of confiscated goods excluded from auction sales.

For the types of valuations conducted, they have been divided into several categories: Property Valuation Criteria I, Property Valuation Criteria II, Business Valuation Criteria I, Business Valuation Criteria II, and Intangible Asset Valuation (ATB) in accordance with the provisions of PMK No. 147/PMK.03/2019 as shown in the following image (Direktorat Ekstensifikasi dan Penilaian, 2023).



Figure 3. Types/Categories of Valuation

Properti Kriteria I	Properti Kriteria II (selain kriteria I)
1. Tanah kosong untuk permukiman, pertanian yang dimiliki/dikuasai/dimanfaatkan orang pribadi;	1. kawasan, berupa tanah dan bangunan beserta kelengkapannya, serta pengembangan lainnya atas tanah;
2. 1 unit apartemen, rumah tinggal, ruko, rukan, kios;	2. mesin dan peralatan termasuk instalasinya yang dirangkai dalam satu kesatuan dan/atau berdiri sendiri yang digunakan dalam proses produksi;
3. peralatan dan perlengkapan bangunan yang merupakan bagian yang terikat pada apartemen, rumah tinggal, rumah toko, rumah kantor, atau kios;	3. alat transportasi, alat berat, alat komunikasi, alat kesehatan, alat laboratorium dan utilitas, peralatan dan perabotan kantor, dan peralatan militer;
4. 1 (satu) unit mesin individual yang digunakan pada rumah tinggal, rumah toko, atau rumah kantor, termasuk pembangkit tenaga listrik (genset) dan pompa air;	4. perangkat telekomunikasi termasuk peralatan pemancar dan penerima jaringan, satelit, dan stasiun bumi;
5. 1 (satu) unit alat transportasi dengan klasifikasi mobil penumpang, mobil beban, dan sepeda motor, yang bukan merupakan suatu armada angkutan.	5. pertanian, perkebunan, peternakan, perikanan, dan kehutanan;
	6. Pertambangan.

Bisnis Kriteria 1	Bisnis Kriteria 2	ATB
a. Opini kewajaran; b. hak dan kewajiban perusahaan; c. kerugian ekonomis yang diakibatkan oleh suatu kegiatan atau peristiwa tertentu untuk mendukung berbagai findakan korporasi atau atas transaksi material; d. surat berharga termasuk derivasinya, dan instrumen keuangan lainnya pada perusahaan terbuka; dan e. Penilaian dalam rangka analisis kewajaran usaha.	a. entitas bisnis; b. penyertaan; c. <i>participating interest</i> ; d. surat berharga termasuk derivasinya, dan instrumen keuangan lainnya pada perusahaan tertutup;	a. Aset takberwujud terkait pemasaran; b. Aset takberwujud terkait pelanggan; c. Aset takberwujud terkait seni; d. Aset takberwujud terkait kontrak perusahaan; e. Aset takberwujud terkait teknologi; f. Aset takberwujud terkait proses penelitian dan pengembangan; dan g. <i>goodwill</i> .

Source: Teaching materials slide Valuation, Dit. EP

However, in terms of technical assessment, the tax appraisers refer to the provisions of tax legislation as well as assessment regulations such as the Director General of Taxes Circular Letter Number SE-54/PJ/2016, PMK Number 79/PMK.03/2023, and the International Valuation Standards as well as the Indonesian Valuation Standards. (SPI).

4.4 Example Case of Property and Business Valuation

Here are some examples of property and business valuation cases that are often conducted by DJP appraisers, which result in values different from those reported by taxpayers.

A. Final Income Tax on the Transfer of Rights to Land and/or Buildings (Article 4 paragraph (2) letter d of the Income Tax Law)



Taxpayer X conducted a sale/transfer of rights to land and/or buildings amounting to IDR 1 billion. Subsequently, the Directorate General of Taxes (DJP) carried out a Property Assessment to examine the reasonableness of the income from the transfer transaction of land and/or buildings in accordance with the provisions in PMK No. 79/PMK.03/2023. From the assessment results, it is known that the value according to the DJP is IDR 1.1 billion, resulting in a difference/deviation from the value according to the taxpayer of IDR 100 million (10%).

B. VAT on Self-Build Activities (KMS, Pasal 16C UU PPN)

Taxpayer Y undertook self-construction activities on their property, which they valued at IDR 2 billion. Subsequently, the Directorate General of Taxes (DJP) conducted a Property Valuation to test the reasonableness of the self-construction costs in accordance with the provisions of PMK No. 79/PMK.03/2023. The assessment revealed that the value according to the DJP was IDR 2.1 billion, resulting in a difference/deviation of IDR 100 million (5%) compared to the taxpayer's valuation.

C. Business Assessment on the Fairness of Oil Palm Plantation Activities according to SE-27/PJ/2017

Taxpayer Z, engaged in the palm oil plantation business, reports an Annual Corporate Income Tax Return with a turnover of IDR 100 billion and a cost of production (HPP) of IDR 70 billion. Then the DJP conducted a Business Valuation Criteria I to test the fairness of the Palm Oil Plantation business in accordance with the provisions in PMK No. 79/PMK.03/2023 and SE-27/PJ/2017. From the assessment results, it is known that the turnover according to the Directorate General of Taxes (DJP) is IDR 130 billion and the cost of production (HPP) is IDR 60 billion, resulting in a difference/deviation from the taxpayer's reported turnover of IDR 30 billion (30%) and from the HPP of IDR 10 billion (16%).

D. Business Assessment on Corporate Actions of Acquisition and/or Merger (Article 10 paragraph (3) of the Income Tax Law)

Taxpayer AA (a private company) undertook a corporate action in the form of an acquisition and/or merger, reporting a share value of IDR 1,000 per share. Subsequently, the Directorate General of Taxes (DJP) conducted a Business Valuation Criteria II to assess the fairness of the



share value regarding the corporate action in accordance with the provisions of PMK No. 79/PMK.03/2023. The assessment revealed that the share value according to the DJP is IDR 1,400 per share, resulting in a difference/deviation from the taxpayer's value of IDR 300 per share (30%).

Based on the case examples A, B, C, and D above, the following outlines the legal and strategic opinions according to the Author:

1. In the case of letter A, the DJP first needs to examine the relationship between the seller and the buyer, whether it meets the criteria for a special relationship so that the transaction for the transfer of rights over land and/or buildings uses the amount that should have been paid or received (Article 10 paragraph (1) of the Income Tax Law). If there is any, then the value of the assessment conducted by the DJP serves as the basis for correcting the values reported by the taxpayers. Thus, there will be a dispute with the taxpayer amounting to the difference of IDR 100 million (with a value deviation of 10%). If there is no special relationship, then the difference in values is only used as an initial indicator/trigger for the Account Representative and the DJP Inspector to dig deeper to find the connection between the value according to the DJP Appraiser and the value according to the taxpayer. However, to determine whether the taxpayer's value reflects fairness in accordance with the principle of fairness and business norms (PKKU)/Arm's Length Principle (ALP), the DJP needs to establish regulations on fair value using an interval/range. For example, when the taxpayer's value falls within the $\pm 10\%$ interval/range of the single value according to the DJP appraiser, the taxpayer's value is considered fair. The use of an interval/range of $\pm 10\%$ needs to be legalized as a regulation by the DJP to serve as a guideline for DJP appraisers. Furthermore, in cases where the taxpayer is uncooperative in providing data/information/statements, based on the provisions of Article 29 paragraph (3b) of the KUP Law, the DJP is authorized to determine the amount of tax owed to be calculated *ex officio*, making the value according to the DJP appraiser the basis for corrections in the determination of tax owed calculated *ex officio*.

2. In case B regarding KMS, the value from the DJP appraiser serves as an initial indicator/trigger for both the Account Representative and the DJP Inspector to delve deeper and seek connections between the value according to the DJP appraiser and the value according to the taxpayer. In this regard, the DJP also needs to establish regulations for fair value using interval/range values. For example, when the value according to the



taxpayer falls within the interval/range of $\pm 10\%$ of the single value according to the DJP appraiser, then the value according to the taxpayer is considered fair. Furthermore, for taxpayers who are uncooperative in providing data/information/statements, making it impossible to calculate the taxable income, the taxable income may be assessed based on official estimates in accordance with the provisions of tax legislation (Article 29 paragraph (3b) of the Taxation General Provisions Law). Thus, the value determined by the tax assessor will serve as the basis for corrections in the determination of the tax owed, calculated based on official estimates.

3. In case C regarding the fairness of business, which falls under the Business Valuation Criteria I category, the value from the DJP Appraiser also serves as an initial guide/trigger for the Account Representative and DJP Inspector to delve deeper and seek connections between the value according to the DJP Appraiser and the value according to the taxpayer. In this regard, the DJP also needs to establish regulations for fair value using interval/range values; for instance, when the value according to the taxpayer falls within the interval/range of $\pm 7.5\%$ of the single value according to the DJP Appraiser, then the value according to the taxpayer is considered fair. Furthermore, for taxpayers who are uncooperative in providing data/information/statements, making it impossible to calculate the amount of taxable income, the taxable income may be assessed based on official estimates in accordance with the provisions of tax legislation (Article 29 paragraph (3b) of the Taxation General Provisions Law). Thus, the value determined by the tax appraiser will serve as the basis for corrections in the calculation of the tax owed, assessed based on official estimates.

The figure of $\pm 7.5\%$ is taken by the author based on the provisions in Article 48 of the Financial Services Authority Regulation Number 35/POJK.04/2020 concerning the Assessment and Presentation of Business Valuation Reports in the Capital Market (POJK-35/2020). The sound of the provisions is as follows:

"In the case of Professional Assessment Assignments aimed at providing Fairness Opinions, Business Appraisers may present the assessment results within a value range by fulfilling the following provisions:

a. Business Appraisers must disclose sufficient explanations and reasons in the Business Valuation Report regarding the following matters:



1. uncertainty of financing plans in the transaction plan;
 2. uncertainty of currency exchange rates;
 3. uncertainty of market risks; or
 4. other influencing factors; and
- b. the upper and lower limits of the value range must not exceed 7.5% (seven point five percent) of the Reference Value used for that range, obtained based on the calculations referred to in Article 45 paragraph (2)."

The use of figures such as $\pm 7.5\%$ needs to be legalized in a regulation by the DJP as a guideline for DJP appraisers.

4. In the case of letter D, the DJP first needs to examine the relationship between the seller and the buyer, to determine whether it meets the criteria for a special relationship, so that the transaction of the corporate action uses the amount that should have been paid or received (Article 10 paragraph (1) of the Income Tax Law). If there is any, then the value of the Assessment conducted by the DJP serves as the basis for correcting the value reported by the taxpayer. There will be a dispute with the taxpayer regarding a difference of Rp 300 per share (with a value deviation of 30%). If there is no special relationship, then the corporate action is still required to use Market Price unless permission has been obtained from the Minister of Finance to use book value (pooling of interest). The corporate actions that must use Market Price according to the provisions in Article 10 paragraph (3) of the Income Tax Law are liquidation, merger, consolidation, spin-off, split-off, or business acquisition. Furthermore, to reduce the high number of disputes between the tax assessment results of the Directorate General of Taxes (DJP) and the values according to taxpayers, the DJP needs to create regulations on fair value using interval/range values. For example, when the value according to the taxpayer falls within $\pm 7.5\%$ of the single value according to the DJP appraiser, the value according to the taxpayer is considered fair. The $\pm 7.5\%$ figure is taken based on the provisions in Article 48 of POJK-35/2020. Therefore, the use of a figure like $\pm 7.5\%$ needs to be legalized in a regulation by the DJP as a guideline for DJP appraisers. As explained previously, in cases where taxpayers are uncooperative in providing data/information/statements, making it impossible to calculate the taxable income, the taxable income can be estimated based on official assessments in accordance with the provisions of tax legislation (Article 29 paragraph (3b) of the Taxation General Provisions Law). Thus, the value determined by the tax appraiser becomes the basis for corrections in the assessment of the tax owed, calculated based on official estimates.



CONCLUSION

Based on the discussion and analysis conducted, it can be concluded that the value indications produced by appraisers may differ from one appraiser to another. Even with the same market/comparative data, the presence of adjustment factors and the differing professional considerations of each appraiser will certainly result in different value indications. In the provisions of the General Standard SPI 105 regarding Valuation Reporting, it is stated that the Final Value Conclusion can be expressed as a single value in Indonesian rupiah. The phrase "can" in the SPI can be interpreted as not excluding the possibility of other values besides the single value. The provisions for the conclusion of value in IVS are not explicitly locked in either a single form or a range, in accordance with IVS 103 Reporting item "30.1.(f): the conclusion(s) of value and principal reasons for any conclusions reached".

The use of a single amount as the conclusion of value in SE-54/PJ/2016, without any interval/range to test the fairness of the taxpayer's value, will only increase tax disputes, which in turn will hinder tax revenue. The necessity of regulatory adjustments in the form of additional use of interval/range values in the conclusions of the DJP appraiser's valuation report. The use of interval/range values, for example, for Property Valuation is $\pm 10\%$ of the single value according to the DJP appraiser. Meanwhile, the interval/range value for Business Valuation is $\pm 7.5\%$ of the single value according to the DJP appraiser.

The necessity for regulatory adjustments in the form of adding interval/range values in the conclusion of assessments in reports for DJP appraisers. The use of interval/range values will reduce tax disputes that create counterproductive situations for tax revenue. The research is limited to discussing case studies on NJOP Valuation and Property/Business Valuation commonly faced by DJP appraisers. Additionally, there is a need for further research to determine the magnitude of the interval/range values that will be used by DJP in concluding the valuation.

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