

International Relevancy of Tax Return in Indonesian Tourists Context, International Duty Free Facility, and Regulation of Indonesian Customs Duty on Tax Payment and Return Systems

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Abstract: Value added Tax or VAT fee charged to a person in accordance with the applicable law in Indonesia. Increased tourism in Indonesia closely related to tourists visiting Indonesia. The provision of facilities that can support the tourists while in Indonesia through the development of facilities and infrastructure. The fiscal side of the support comes in the form of tax refunds to foreign tourists who have spent their money in Indonesia. One of them is Tax Refund and Duty Free International, offering easy facilities to increase the export of goods purchased in Indonesia by foreign tourists referring to the increase of state income. Outflow of goods (Export-Import), which is clearly regulated by the Customs Duty, makes an important foundation for implementing existing regulations. The more demand for goods purchased by tourists the greater the potential of Indonesia to continue to be visited by tourists especially through the Facilities that Indonesia provides. The method used for this research is qualitative method. This study aims to analyse the effect gained through the taxation on the tourists of Indonesia and abroad and the existence of Duty Free against customs regulation (customs) that exist in each country.

1 INTRODUCTION

Tourism is an important sector and contributes positively to the national economy in every country. The most obvious contribution of this sector is the country's foreign exchange earnings. Additional foreign exchange from the tourism sector has also contributed to the strengthening of foreign exchange reserves. The strong position of foreign exchange reserves in turn will encourage strengthening (appreciation) of the rupiah exchange rate against foreign exchange, especially against US dollars (Nizar et al., 2013). The development of the tourism industry in Indonesia has increased from year to year and in these industries plays an important role in economic development in Indonesia. The development of the tourism sector also has links with international trade (exports and imports). This is proven through various studies that have been conducted in a number of countries where both sectors have a positive causality relationship. That is, the two sectors can influence each other. So far that can be done only by observing the development of the two sectors based on international trade

statistics (exports and imports) and the number of foreign tourist visits (tourists) to Indonesia. "In order to attract foreign tourists to visit Indonesia, then they are given tax incentives, where the incentives are called VAT Refunds in the form of return on Value Added Tax (PPN) and Sales Tax on Luxury Goods (PPnBM) that have been paid for the purchase of Taxable Goods in Indonesia which was then taken by the individual out of the Customs Area. VAT Refund is done on the date of departure abroad shortly before leaving Indonesia."

The government can maximize these facilities in order to improve the quality of services in the country for tourists, according to the General Chair of the Indonesian Shopping Center (Hippindo) Tenants Association: "Currently there are very few foreign tourists who use these facilities due to the minimum amount of transactions reaching Rp. 5 million. . This tax refund facility is very good considering that Indonesia has a target of bringing in 20 million foreign tourists until next year. "(Source: www.KlinikPajak.co.id). Relatively high tourist demand by foreign tourists, in addition to facilities or ease of tax returns through

VAT Refund conducted by foreign tourists, there are other facilities offered by Indonesia given the increasing interest of tourists to Indonesia, namely by providing Duty Free facilities located at various airports International especially in Jakarta. Duty free makes it easy for shopping lovers, especially for foreign tourists who want to shop for goods from the countries they are traveling with, which most of them choose to buy luxury goods without having to be burdened by the goods tax.

A tax refund is imposed when tourists shop in a country and are still charged by taxes, but then when they are in airport or when they return to their country, the tax can be exchanged again, according to regulations in that country. The number of criminal cases and cheating that occur when a tourist carries their goods makes regulations imposed by the airport in any country. The desire of tourists to shop more in a country but is hindered by the existence of several provisions and restrictions by Customs and Excise in addition to the facilities that have also been provided by the state regarding the procurement of Tax refunds and Duty Free shopping places, how many items can be taken, what is prohibited and there are still many discussions about the tax refund system and the existence of Duty Free facilities for tourists on the payment system.

2 LITERATURE REVIEW

2.1 VAT / VAT (Value Added Tax) Refund

In Law Number 42 of 2009 concerning Value Added Tax, it is regulated a new thing about the existence of the provision of Value Added Tax (PPN) reimbursement for foreign tourists for the VAT that has been paid for the purchase of taxable goods that will be taken outside Indonesia. This provision is regulated in Article 16E paragraph (1) to paragraph (5). The sound of Article 16E Paragraph (1) of the Law is as follows: "Value Added Tax and Sales Tax on Luxury Goods that have been paid for the purchase of Taxable Goods brought outside the Customs Area by private persons of foreign passport holders can be asked to return". The VAT requirements can be requested again contained in article 16E paragraph (2) of the VAT.

2.2 Tax Refund Terms and Regulations for Foreign Tourists in Indonesia

In order to attract foreign passport holders to visit Indonesia, these individuals were given tax incentives. The incentives are in the form of return on Value Added Tax (PPN) and Sales Tax on Luxury Goods (PPnBM) that have been paid for the purchase of Taxable Goods in Indonesia which are then taken by the individual outside the Customs Area. Taxable Goods purchased within a period of 1 (one) month before the individual passport holder leaving Indonesia is deemed to be consumed outside the Customs Area. For foreign passport holders who do not have a Taxpayer Identification Number (NPWP), a Tax Invoice that can be used to request VAT and Sales Tax on Luxury goods must include an identity in the form of name, passport number, and full address of the individual person in the country who issued the passport. Tax Refunds for foreign tourists in Indonesia are regulated in Article 16E of the Law number 42 of 2009, which states that:

1. Value Added Tax and Sales Tax on Luxury Goods that have been paid for the purchase of taxable goods which are sent outside the Customs Area by private persons can be requested to return.
2. Value Added Tax and Sales Tax on Luxury Goods can be requested again as referred to in paragraph (1) must meet the requirements:
 - (a) Value Added Tax Value is at least Rp. 500,000 (five hundred thousand rupiahs) and can be adjusted to Government Regulations.
 - (b) Purchases of taxable goods are carried out within 1 (one) month prior to departure outside the Customs Area.
 - (c) All tax invoices fulfill the conditions referred to in article 13 (5), except in the Taxpayer Number column and the buyer's address filled with the passport number and complete address in the country that issued the passport for sale to the person who has a NPWP.
3. The return of Value Added Tax (PPN) and Sales Tax on Luxury Goods (PPnBM) as referred to in paragraph (1) shall be carried out when the foreign passport holder person leaves Indonesia and is submitted to the Director General of Taxes through the Office of the Director General of Taxes in the city air determined by the Minister of Finance.
4. Documents that must be shown when re-requesting Value Added Tax and Sales Tax on Luxury goods

5. Provisions concerning the procedure for submitting and completing a return request for VAT and Sales Tax on Luxury Goods as referred to in paragraph (1) shall be regulated by or based on the Minister of Finance Regulation, Since 1 April 2010, for Private Foreign Passport Holders (hereinafter termed Tourist Foreign or Foreign Tourists who shop for goods subject to VAT (Taxable Goods) in the Customs Area, if the goods are brought back to their home countries (out of the Customs Area), then the VAT paid at the time of purchase of the goods can be requested (termed as Value Added Tax Refund).

2.3 Payment & Tax Return System by Tourists

Based on the journal that the author got from the author, Aditya Putra Pramana (2016), said the statement that in Law Number 42 of 2009 concerning Value Added Tax, it is regulated a new thing about the provision of restitution of Value Added Tax (PPN) for foreign tourists for the VAT already paid for the purchase of taxable goods that will be taken outside Indonesia. This provision is regulated in Article 16E paragraph (1) to paragraph (5). This provision is a reflection of the principle of destination, that VAT is imposed at the destination of goods or services to be consumed. Therefore the Directorate General of Taxes as the executor of policy in the field of taxation made the Directorate General of Tax Regulation Number PER-20 / PJ / 2010 which on April 1, 2010 began to establish regulations on Value Added Tax (VAT Refund) services in Indonesia.

3 RESEARCH METHODOLOGY

A. Data Analysis Techniques

Data analysis in this study uses groove model analysis techniques. The steps in the data analysis model flow according to Miles and Huberman (2012: 15-19), are as follows:

(1) Data Collection

Data collection is to collect data at the research location by conducting observations, interviews, and documentation by determining the data collection strategy that is deemed appropriate and to determine the focus and depth of data in the next data collection process. The author uses the In-depth interview method in the interview to get more in-depth data from the speakers.

(2) Data Reduction / Data Reduction

According to Sugiyono (2016: 338) The data obtained from the field is quite a lot, for that it needs to be carefully and in detail. Thus the data obtained is then reduced will give a clear picture, and will make it easier for researchers to conduct further data collection, and look for it if needed. Data taken and taken through the results of interviews by informants.

(3) Presentation of Data / Data Display

After the data has been reduced, the next step is to present the data namely the assembly of information organizations that allow research to be carried out. In presenting data, various types, networks, activities or tables are obtained.

(4) Draw Conclusions / Conclusion drawing

Withdrawal of conclusions, namely in collecting data, researchers must understand and be responsive to something that is directly examined in the field by arranging patterns of direction and causation. According to Miles and Huberman in Sugiyono (2016: 337) suggests that in data analysts in qualitative research is carried out at the time of data collection takes place, and after completion of data collection in a certain period.

B. Flow Models and Components in Data Analysis

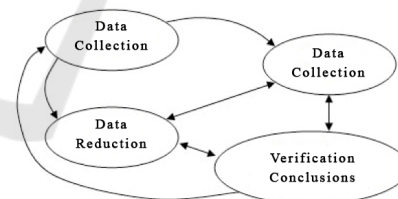


Figure 1: Flow of Data Analysis.

C. Testing of Data Validity

The validity of the data in the study is often only emphasized on the validity and reliability test. In qualitative research, findings or data can be declared valid if there is no difference between what the researcher reported and what actually happened only to the object under study. According to Sugiyono (2012: 270), the validity of the data in qualitative research includes credibility tests (internal validity), transferability (external validity), dependability (reliability), and confirmation (objectivity).

4 RESULT AND DISCUSSION

A. Object of Research

Year	Foreign Tourist		Average length of stay (days)	Average expenditure per person (USD)		Foreign Exchange Income (USD)	
	Total	Growth (%)		Per Day	Per Visited	Total (Million USD)	Growth (%)
2011	7,649,731	9.24	7.84	142.69	1,118.26	8,554.39	12.51
2012	8,044,462	5.16	7.70	147.22	1,133.81	9,120.85	6.62
2013	8,802,129	9.42	7.65	149.31	1,142.24	10,054.15	10.23
2014	9,435,411	7.19	7.66	154.42	1,183.43	11,166.13	11.06
2015	10,406,759	10.29	8.53	141.65	1,208.79	12,225.89	9.49
2016	11,534,009	10.83	8.42	142.64	1,201.04	13,678.91	11.88
2017	14,039,799	21.73	8.81	145.76	1,232.46	15,255.13	11.52
2018	15,810,305	12.61	8.52	148.32	1,256.13	16,566.21	8.59

Figure 2: Data on foreign tourists to Indonesia from 2011-2015

B. Triangulated Data

Source : Author 2018

Information :

5 Responden : BL : Respondents who like traveling

BN : Respondents who like traveling

MK: Respondents who like traveling

CD : Tour Guide

BC : Head of Customs and Excise Information Service Subsection

The four respondents showed the same answer about having done a Tax Refund in the country they had visited. They do this because they remember that

Variable	Indicator	BL	BN	MK	CD	BC
Tax Refund	Doing Tax Refund	✓	✓	✓	✓	X
	Maximization Tax refund	X	X	X	✓	✓
	Constraints experienced	✓	✓	✓	✓	X
	Socialization Tax Refund	X	X	X	X	✓
	Realization Tax Refund	X	X	X	✓	✓
Fasilitas Duty Free	Had shopping at Duty Free	✓	✓	X	✓	X
	Convenient location for shopping	✓	✓	✓	✓	✓
	An affordable price	✓	✓	✓	✓	X
	It's easier to pass Customs	✓	✓	✓	✓	✓
Regulasi Bea dan Cukai Indonesia	Clear regulation socialization	X	X	X	X	✓
	Obstacles when carrying goods	✓	✓	✓	✓	X
	Paying Taxes	X	X	✓	X	X
Sistem Pembayaran dan Pengembalian Pajak	Realization of implementation	✓	✓	✓	✓	X
	Clear transaction flow	✓	✓	✓	✓	✓
	An efficient and fast system	✓	✓	✓	✓	X

Figure 3: Triangulated Data

the shopping transactions that they spend are quite large and the taxes returned will be large too, which makes the four respondents interested in doing it every time they shop abroad. Comparing with the implementation and realization of Tax Refunds in Indonesia, according to them in Indonesia it is still lacking, because they believe that in every country it must have the Tax Refund facility but how it is practiced in the field. They still don't know where the Tax Refunds are located at Indonesian airports compared to the countries they have visited. 4 of the 1 respondents who answered also they did a Tax Refund when their local people told them about this facility, awareness of the community to be able to provide adequate facilities for their tourists

Other facilities that can be enjoyed are by the existence of Duty Free International in each country, 5 respondents agree that the price offered at the shopping place is cheaper than when buying outside Duty Free because the goods are not taxed anymore and almost some items are offered in Duty Free are luxury items or alcoholic beverages. Another reason 4 respondents agreed to say that the items purchased from Duty Free did so to easily pass customs airports

Regarding talking about facilities at the airport, each respondent agreed that they had passed Customs and Excise at the Airport when they left or entered a country. The obstacles of the four respondents when the goods they brought must be held by the Customs and Excise without clear reasons, they argued that the socialization of the Customs regulation was to continue to be carried out so that the people understood

it was not only approved by some people. In contrast to the Customs Information Services Subsection Head explained that the Socialization had been carried out well by the government and Customs, but sometimes the people themselves still did not want to find out what and how these regulations could be formed and implemented. It goes proactively to both parties so that the regulation exists to mutually be mutually understood and obeyed.

The four respondents agreed that handling the tax payment system was faster and wasted no time. The four respondents did a Tax Refund and according to their experience they carried out a tax refund system very quickly, they hoped that the system could also be applied in Indonesia to support the convenience of tourists visiting and providing clear information regarding the flow of transactions clear where and how the process should be done.

5 CONCLUSIONS AND RECOMMENDATION

- A. Changes to the regulations regarding passenger luggage listed in PMK 188 regarding passenger luggage are limited to only USD250 to USD500 as stated in PMK 203 regulations. It is hoped that new regulations will be more useful in the future to be understood and obeyed by the public that the government sees great potential in the future, the tourism sector in Indonesia will increase exports in the country compared to imports of goods they carry from abroad.
- B. The existence of a tax refund increases interest in shopping for tourists when going to a country. Because not infrequently the tax imposed is not comparable to the goods obtained. According to
- C. Respondents who frequently travel abroad, they really enjoy these facilities, with the return of the tax refund, the returned tax can be used again to shop for others.
- D. Duty Free Shop as a shopping place that is mostly located in the international airport, making it a shopping center for foreign tourists when they don't have time to tour the country or just transit, Duty Free can build a country's image towards tourists who shop there.
- E. Customs and Excise have carried out in accordance with existing regulations with regulations that have been made by the state to protect their people, but there are still some individuals who are still less assertive in dealing with the problem of importing these goods.

In view of the 4 functions of Customs and Excise, namely:

- Trade Facilitator: Facilitating trade country
- Industrial Assitency: Give related assistance with the problem of goods industry
- Revenue Collector: Tax Collector
- Comunity Protector: Community Protection

The procurement of Tax Refunds and Duty Free facilities in Indonesia without us realizing that it has a great advantage for the development of the country of Indonesia through increased demand for goods and the interest of tourists to visit Indonesia, this can be used as a means of income for Indonesia in the tourism sector Suggestion :

- A. The VAT Refund counter is currently considered far from comfortable in Indonesia because it is too small, narrow, and difficult to find its location, making airport visitors reluctant to visit, they do not know where the VAT Refund counter is, so the airport / the government can improve facilities that are considered to be lacking because this affects the level of service that is not optimal so that tourists are reluctant to do VAT Refunds, so Indonesia has the potential to lose the opportunity to provide good facilities and tourist buying interest may decrease due to tax returns they did not.
- B. High-quality goods such as luxury goods that have a well-known brand with cheaper offers can be obtained at Duty Free (for example, bags, watches, clothes, shoes), because at Duty Free tourists can shop luxury goods without being taxed , hence the importance of developing this facility so that it is increasingly spread out in various international airports which become tourist transit centers to Indonesia.
- C. In this new year, airlines are also competing to offer low-priced packages for tours abroad. And travel abroad has become one of the needs for some people to spend their vacation time. Dissemination of information and dissemination through tourism parties such as tour parties, airport tags, or collaborating with small SMEs to offer goods at affordable prices to the most expensive.
- D. Regulations that are not complicated in their handling and clarity of regulations so that the people themselves can obey them and tourists who come can be more aware of the existing regulatory tags to avoid violations.

6 IMPLICATIONS

A. Research Implications

- Theoretical implications The contribution of this research is based on empirical studies, which come from the formulation of the problems that have been prepared. Through the formulation of the problems that researchers have collated, there are phenomena regarding the development of tourism in Indonesia.

In the study, the researchers found several variable relationships including Tax Refunds, Duty Free International, Customs and Excise Regulations on the Tax return and payment system, with the following explanation:

A. Tax Refund

According to the journal presented by (Pramana et al., 2016), "The application of VAT Refund is closely related to Indonesian tourism, because according to Law Number 42 of 2009 article 16E paragraph 1 and Regulation of the Directorate General of Taxes Number PER-28 / PJ / 2013 Article 1 paragraph 1 states that the target recipient of this VAT Refund service is an individual who is a foreign passport holder and the majority of foreign passport holders are foreign tourists who come to Indonesia to travel. "In the study found 3 out of 4 respondents who used to travel frequently Overseas, we don't know about the Tax refund in Indonesia, where we are, while we as hosts don't know about this facility, especially foreign tourists or tourists when visiting Indonesia. According to Aditya, he explained that "Many Indonesians are still foreign to the VAT Refund program, but in other countries this program has been implemented for a long time, Indonesia has only implemented this program for 5 years since it was first implemented on April 1, 2010, the first place implementing this is Soekarno Hatta International Airport and I International Airport "

B. Duty Free International

According to Anwar Zaib in the journal he cited (2013)(Anwar and Utama, 2014), "The inter-relationship between shopping and tourism has resulted in the rising number of travelers and the increasing amount of shops and sales. "It is said that tourism is closely related to shopping for demand for goods to meet the needs of visiting tourists. In this study it was found that Duty Free in Indonesia was still lacking in knowing and the items offered were limited, only a few items were traded. When compared

to the South Korean countries they strongly encourage Duty Free as a tourist place, and almost all tourists visit to come to their Duty Free by offering cheap prices with good brands from their country (cosmetics).

C. Customs and Excise Regulations

According to the respondents, the researchers interviewed related to legal treatment in the event of a violation in carrying excess goods in a country, contained in an article compiled by the following countries, "PMK-182, continued in PMK-188, and the latest PMK, PMK-203, concerning provisions on the export and import of goods carried by passengers and transportation equipment. Before I explain it, the concept; the concept starts from the Basic Law - the constitution -, Law (UU) no. 17, 2006. That is, changes to the law no. 10 of 1995; especially in article 2 paragraph 1, which states that: goods entered into the customs area are treated as imported goods and are subject to import duties. So all goods entered into from abroad are stated to be payable by import duty. Including items carried by passengers. Which in 2018 revised new regulations in PMK-201 which stated that passenger luggage became USB500 which was previously from USD250 per individual. However, in this study, it was found that respondents who interviewed researchers brought the excess content of individuals to their respective reasons.

D. Payment and Tax Return System

According to Probir (Roy et al., 2015) in his journal said, "Among direct taxes, income tax is the main sources of revenue. "The more a taxpayer earns the tax that is one of the biggest income in getting it through various sectors in a country, because it becomes However, in this study it was found that there were difficulties when someone wanted to pay taxes, regulations that were too complicated and sometimes unclear made someone confused where and when this was implemented, and not only about money. per year makes someone more creative think again to simplify the system to make it easier and effective, as stated again in the findings in the journal Probir Roy (2015) mentioning, "Smart and efficient tax and VAT systems are now obvious need for healthy financial situation" system online for tax and VAT payments.

- Practical implications

Some of these studies are summarized in the results of the research in the form of the points be-

low:

A. Tax Refund

The provision of Tax refunds that are more spread throughout the airport, especially in the International Airport because this is a facility that can be given to tourists visiting Indonesia that the ease in offering existing facilities is easy to do without a complicated system. Make Tax refund as a facility that can support tourism in Indonesia with more attractive offers and try to make people aware to be able to help develop these facilities in various places in Indonesia.

B. Duty Free International

Duty Free International, which is usually always on the airport, can be developed outside the airport, adding more value to every item sold, Duty Free is one of the tourist destinations when it cannot get out of the airport because it only transits between countries, building a good image for tourists for our country that's very important. Cooperate with SMEs to develop what they want to offer to foreign tourists to increase exports of goods from Indonesia when they bring them back to their countries.

C. Customs and Excise Regulations

The existence of applicable regulations sometimes does not make people aware of the importance of this. Customs and Excise has worked as much as possible in order to implement the regulations that can be implemented properly in accordance with practice in the field. Socialization to the public was more informed in each airport that the Customs and Excise had a reason why every item carried by passengers had certain limitations. Not infrequently this still makes people confused

D. Payment and Tax Return System

Payment systems that are faster and more efficient in terms of time, a convoluted process that is expected by the community. Human Resource Development also must be more responsive in handling in their field, because this is related to foreign tourists, and all submissions must be correct to avoid the existence of miscommunication, not to mention discussing taxes, then closely related to money (foreign currency)

for future research is to analyze and compare service quality in more than one hospital, especially in private hospitals. Find more respondents with various backgrounds. Most respondents in this study chose the hospital because this hospital because it is free of charge and they get recommendation letter from their nearest health care.

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7 LIMITATION

This research is limited to the service quality in particular public hospital with 202 respondents. Suggestion