

## The Effect of Tax Collection by Force Letter on Corporate Income Tax Revenue

---

**Haritsatun Najwa<sup>1</sup>, Iwan Sidharta<sup>2</sup>, Dhea Bunga Annisa<sup>3</sup>, Riska Yuni Astuti<sup>4</sup>**

Sekolah Tinggi Ilmu Ekonomi Pasundan Bandung, Indonesia<sup>1,2,3,4</sup>

Email: [haritsatunnajwa@gmail.com](mailto:haritsatunnajwa@gmail.com)<sup>1</sup>, [i\\_sidh@stiepas.ac.id](mailto:i_sidh@stiepas.ac.id)<sup>2</sup>, [dheabungaaa@gmail.com](mailto:dheabungaaa@gmail.com)<sup>3</sup>,  
[riskayuniastuti2@gmail.com](mailto:riskayuniastuti2@gmail.com)<sup>4</sup>

### ABSTRACT

*Tax collection by forced letter is essential in optimizing corporate income tax revenues. The issuance of the forced letter serves as an official and firm reminder for business entities to comply with tax obligations, which suggests a significant increase in tax awareness among business entities. This research aims to determine and analyze tax collection by forced letter at one of the tax services offices in Bandung, corporate income tax revenue at one of the tax services offices in Bandung, and the magnitude of the influence of tax collection by forced letter. This research uses a quantitative approach and a case study approach. Data collection uses secondary data obtained at the tax service office in Bandung. The data testing method is the classic assumption test. After the classical assumption test was accepted, we carried out correlation, linear regression, and determination analysis. The research results show a strong relationship between tax collection with forced letters and corporate income tax receipts. The coefficient results show a positive sign, showing that the better tax collection with a force letter, the higher the corporate income tax revenue will also be. Overall, the research variables indicate an influence of tax collection using forced letters on corporate income tax revenues. This research provides empirical evidence concerning tax collection by forced letters, which can affect corporate income tax revenues. The study uses secondary data obtained from a single tax services office in Bandung, which restricts the generalizability of the findings. Additionally, the research focuses solely on tax collection accompanied by forced letters, leaving room for further exploration of other factors that could impact corporate income tax revenue. These limitations present opportunities for future research to broaden our understanding of tax collection strategies.*

**Keywords:** Tax Collection, Forced Letter, Tax Revenue, Income Tax, Business Entity

## INTRODUCTION

Indonesia, classified as a developing nation, endeavors to achieve progress across various domains to fulfill its obligations to its populace. This condition entails establishing essential facilities and infrastructure to facilitate governmental administration, delivering services to the community, enforcing legal regulations, and upholding state order and security. In order to satisfy this obligation, the state strategically maximizes diverse revenue streams as sources of state income through various means. The taxation industry serves as a significant source of revenue for the nation.

Taxes play a crucial role in the functioning of the state, particularly in facilitating development initiatives. This phenomenon primarily arises because taxes function as a substantial means of generating cash for the state, which is subsequently allocated towards financing diverse expenditures, encompassing those associated with state development. Nevertheless, there is an optimistic expectation that taxes will not solely serve the purpose of funding government expenditures but will also play a significant part in stimulating the whole national economy. The research conducted by Li, Wang, and Wu (2020) reveals a strong and significant correlation between tax revenue and economic growth in

low-income countries, both in the long term and the short term. Therefore, it is imperative to optimize tax income. In order to optimize tax revenue, the government and individual taxpayers must assume substantial responsibilities. For the government to bolster state revenues, it is imperative to optimize tax collection (Abdelwahed, 2020; Adegboye et al., 2022; Bagchi & Dušek, 2021). The research conducted by Eze and Onyedikachi (2020) explores the connection between tax revenue and economic growth in Nigeria. The findings of their study reveal a significant and positive statistical relationship between these two variables. The research findings of Martínez, Arzoz, and Arregui (2022) highlight the role of taxpayer awareness in this process. They demonstrate that countries that are members of the OCED can significantly enhance the efficiency of their tax collection through decentralization, simplicity, and the use of technology, but also by fostering a sense of responsibility and awareness among taxpayers. This finding was further corroborated by Belmonte-Martin, Ortiz, and Polo (2021), who showcased the efficiency of tax collection in Spain and Mexico (Salazar-Adams, 2021).

The revenue generated from corporate income tax plays a significant role in bolstering state finances and fostering economic

development. The Corporate Income Tax Revenue at one of the Tax Services Office in Bandung has exhibited variable movements from 2020 to 2022. Corporate Income Tax revenue at one of the Tax Services Office in Bandung still needs to be more optimal. This condition can be seen from the average percentage of Corporate Income Tax Revenue at one of the Tax Services Office in Bandung from 2020 to 2022, which is 83%. The lowest achievement occurred in the fourth quarter of 2020 at 29%, with total realized corporate income tax revenue of IDR. 17,800,295,549, and the highest achievement occurred in the second quarter of 2022, amounting to 254% with a total realization of corporate income tax revenue of Rp. 26,537,682,430.

In 2022, there will be a decrease in the achievement of corporate income tax revenue targets in Quarter III and Quarter IV. Although in Quarter III, there was still a relatively small decline, with the percentage achievement of 104% of the target set, in Quarter IV, there was a more significant decline, with the percentage achievement only reaching 77%. This condition indicates problems or obstacles in Corporate Income Tax Revenue during quarters III and IV. Setting targets that are getting higher from year to year is still challenging to realize if the public still needs to increase awareness in fulfilling their tax obligations.

Income tax receipts refer to the documentation of taxes levied on individuals or entities about the income they acquire or generate within a specific fiscal period. Failure of taxpayers to fulfill their tax obligations will result in the accumulation of tax arrears, which will indirectly contribute to the deficit in the State Revenue and Expenditure Budget. This occurrence arises from a phenomenon that indicates that tax delinquencies stem from taxpayers perceiving tax payments as burdensome, leading them to seek ways to evade their tax obligations consistently.

The enforcement measures employed by law enforcement agencies against taxpayers who fail to settle their tax arrears within the designated timeframe encompass various actions aimed at compelling compliance with tax obligations. These measures, backed by legal authority, involve reprimanding or coercing taxpayers to fulfill their tax debts and cover associated collection expenses and employing broadcasting methods to disseminate relevant information. Simultaneously and promptly, the act of issuing mandatory notifications, proposing preventive measures, executing confiscations, facilitating transportation, and selling confiscated commodities.

The impact of employing the Tax Collection by Force Letter method on generating Corporate Income Tax income suggests that the Directorate General of Taxes (DJP) implements both passive

and active tax collection strategies to enhance tax income. Implementing passive and active search methods is anticipated to facilitate the retrieval of outstanding tax payments arising from taxpayers' non-compliance with substantial aspects of tax legislation. This condition has the potential to generate a rise in tax income. The findings of Hasanah et al. (2023) reveal a significant impact of tax audits on taxpayer compliance. The study demonstrates that the introduction of tax audits has the potential to enhance and encourage greater compliance among taxpayers.

The commencement of the active tax collection process is initiated by issuing a Warning Letter to taxpayers with unresolved tax debts. If, for 21 days following the submission of the Warning Letter, the taxpayer fails to remit payment for the outstanding tax liability, the further course of action entails issuing a Forced Letter. If the tax obligation remains unpaid within 48 hours after the tax bailiff issuance of the Letter of Force, the tax bailiff is authorized to initiate confiscation measures. Suppose the tax debt remains unpaid for at least 14 days after the participation action. In that case, it will be proceeded by disseminating an auction announcement through various mass media channels.

In the last three years, there have been fluctuations in the Tax Collection process with a Force Letter at one of the Tax Services Office in Bandung in 2020-2022. The circumstance above

may be observed by examining the mean percentage of tax collection by compulsory notices at one of the Tax Services Office in Bandung, spanning 2020 to 2022, which amounts to 47%. The lowest achievement occurred in the fourth quarter of 2021 at 12%, with the total realization of Tax Collection achievements with Forced Letters amounting to IDR. 549,946,985, and the highest achievement occurred in the second quarter of 2022 at 99%, with total tax revenue realization of IDR. 786,588,286.

In 2022, there will be a decrease in achieving the tax collection target through forced letters in Quarters III and IV. Although in Quarter III there was quite a slight decline with the percentage achievement of 73% of the target that had been set, in Quarter IV there was a more striking decline with the percentage achievement only reaching 66%. This phenomenon indicates that there are problems or obstacles in the effectiveness of the implementation of tax collection through forced letters during these two quarters. Therefore, in-depth analysis is needed to identify the root causes and design improvement strategies so that target achievement can be more optimal in the coming period.

The utilization of compulsory correspondence for tax collection is a significant measure in enhancing the generation of business income tax revenues. The research conducted by Li, Wang, and Wu (2020) presents findings that highlight

how the government can enhance tax compliance through the adoption of information technology. This, in turn, has a positive impact on increasing state revenue. The study also indicates that digitalization can simplify the process for taxpayers to fulfill their obligations. The compelled correspondence is an authoritative and resolute notification for commercial enterprises to adhere to their tax responsibilities. Imposing legal repercussions, such as monetary penalties or further legal measures, catalyzes adherence and guarantees timely tax remittance. Moreover, the implementation of mandatory letters serves to enhance tax consciousness inside commercial entities, diminish instances of tax evasion, and promote accurate revenue reporting. Failure of the business entity to adhere to the prescribed measures may initiate additional enforcement measures and inquiries, leading to a substantial augmentation in tax collections.

Drawing from the contextual information provided, the researcher endeavors to address the issue about the extent of the impact exerted by tax collection through forced letters on corporate income tax revenue. The primary objective is to conduct an analysis that quantifies the amount of this influence.

## **METHOD**

In this study, the researcher employed a descriptive verification analytical methodology to

examine the potential impact of Tax Collection with a Force Letter on Corporate Income Tax Revenue at a specific Tax Services Office in Bandung. In addition, the author conducted experiments to ascertain the acceptability or rejection of the hypothesis.

The research employed a quantitative research methodology focused on collecting and analyzing quantitative data related to Tax Collection by Force Letter and Corporate Income Tax Receipts. Pertinent data must be congruent with contemporary challenges and study objectives, guaranteeing that researchers collect, evaluate, analyze, and refine the data using the theories under investigation. In conclusion, this methodology will facilitate researchers in deriving definitive study conclusions from the collected data.

One of the primary objectives of scientific research is to conduct rigorous truth testing. The process of verifying the veracity of a claim becomes imperative in situations when uncertainty arises over the existence or ongoing validity of a specific phenomenon. In order to ascertain the characteristics of the data, the researchers must conduct an initial examination of the secondary data they have collected. The current study utilizes the Classical Assumption Test approach to evaluate the characteristics of the data.

The data suitable for utilization in this study include information on Tax Collections with Force

Letters and Corporate Income Tax Receipts at a specific Tax Services Office in Bandung, covering the fiscal year from 2020 to 2022. The sampling method employed in this study was purposive sampling, wherein the author selected participants based on specific characteristics. Specifically, the participants were chosen based on the data obtained from a report on implementing Tax Collection with a Force Letter and Corporate Income Tax Receipt at one of the Tax Services Office in Bandung. The data collected pertains to the monthly period spanning from 2020 to 2022. Conduct sampling for three years, with a sampling frequency every month. Researchers conducted classical assumption tests to determine the derived regression equation's accuracy, unbiasedness, and consistency. The research used a conventional assumption test comprising three components: the normality test, heteroscedasticity test, and autocorrelation test.

The data analysis methodology employed in this study involves using descriptive analysis and verification analysis techniques. This study employs the verification analysis approach to examine the association between the independent variable, Tax Collection with Force Letters, and the dependent variable, Corporate Income Tax Receipts. The author employed various data analysis tools, such as correlation analysis, simple linear regression analysis, and

coefficient of determination analysis, to process the data.

## RESULTS and DISCUSSION

Before interpreting the acquired regression findings, it is imperative to assess whether any violation of the basic linear regression assumptions exists. Classical assumption testing typically encompasses four essential data tests: normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The present study employs a single independent variable, thus necessitating the conduction of standard assumption tests, including normality, heteroscedasticity, and autocorrelation tests.

Before the regression results obtained are interpreted, it is first tested whether there is a violation of the classical linear regression assumptions. In general, classical assumption testing involves four data tests, namely normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Because this research only uses one independent variable, the classical assumption tests that will be carried out are the normality test, heteroscedasticity test, and autocorrelation test.

**Table 1. Classic Assumption Test**

<b>No.</b>	<b>Items</b>	<b>Criteria</b>	<b>Result</b>	<b>Decision</b>
1.	Normality test	Kolmogorov-	0,224	Normal

		Smirnov Test Sig value > 0,05		
2.	Heteroscedasticity Test	Scatter plot	Data meny ebar	Heteroscedasticity does not occur
3.	Autocorrelation Test	Durbin Watson by looking at Du and dl values. (k,n=2, 36)	1.539	There is no autocorrelation

According to the findings presented in Table 1, the statistical significance of the Kolmogorov-Smirnov test shows the value of Asymp. The p-value (two-tailed) is 0.224, indicating that the observed result is not statistically significant at the 0.05 threshold of significance. The outcomes of the normalcy test indicate that the distribution of the independent variables, Tax Collection by Force Letter and the dependent variable, Corporate Income Tax Receipt, follows a normal distribution. Based on the scatter plot graphic analysis presented above, it shows that the data points have no visible pattern and show a random distribution. Consequently, the author deduces that there is no evidence to suggest the presence of heteroscedasticity in the dataset. The DW value of 1.5389 falls within the range of the dU and (4-dU) values, which are 1.5245 and 2.4755,

respectively. Based on the analysis conducted in this study, it can be inferred that the regression model employed exhibits no evidence of autocorrelation.

**Table 2. Multiple Regression Test Results**

No.	Variable	Unstandardized Coefficients	t	Sig	Decision
	Constanta	11.674	0.929	0.359	
1.	Tax Collection by Force Letter	1.352	6.950	0.000	Significant
R	0.766				
R Square	0.587	Error		0.413	

According to the data presented in Table 2, there is a positive association between Tax Collection and both Force Letters and Corporate Income Tax Receipts. Specifically, the correlation coefficient is 0.766, falling within the range of 0.600 to 0.799. The findings suggest a strong association exists between Tax Collection with Force Letters and Corporate Income Tax Revenue. The present study's coefficient of determination reveals that 58.7% of the dependent variable variation can be attributed to the independent variable (Tax Collection with a Forced Letter). The remaining 41.3% of the

variation is influenced by unexamined factors such as tax audits, implementation of a self-assessment system, tax sanctions, tax collection via tax collection letters, and other relevant variables.

Based on the findings derived from the data shown in Table 2, it is possible to formulate a multiple linear regression equation in the following manner:

$$Y = 11,674 + 1,352X$$

The equation indicates that the constant value is 11.674, with a significance level of 0.001. This significance level of 0.001 is lower than the conventional threshold of 0.05, suggesting that the constant value is statistically significant in predicting the Corporate Income Tax Revenue. In the present study, the regression coefficient estimate for the variable Tax Collection with Forced Letters is 1.352, indicating a statistically significant relationship with Corporate Income Tax Revenue. The associated p-value is 0.000, less than the conventional significance threshold 0.05. This result implies that alterations in the anticipated value will be substantially impacted by fluctuations in the value of tax collection using compelled correspondence. If the independent variable increases by one unit, then it is estimated that the dependent variable in question will increase by 1.352. In contrast, in the event of a fall of one unit, the anticipated value exhibits a reduction of 1.352. This finding demonstrates the favorable impact of implementing a compulsory

letter-based tax-collecting method on the revenue generated from business income taxes. This outcome aligns with the research conducted by Hassan et al. (2021), which examines the influence of governance on tax revenue. The study reveals a significant and positive impact of governance on tax revenue, both in the short and long term. These findings emphasize the crucial role of governance as a fundamental contributor to the expansion of tax revenue in Pakistan.

A compelled correspondence or fiscal notification is a formal communication from the tax authority to a corporate organization. This notification aims to incentivize business organizations to fulfill their obligation of reporting and remitting the appropriate taxes. Multiple justifications exist for the potential augmentation of corporate income tax collections through implementing mandatory letters. Gupta and Lynch (2016) discovered through their research that there is a correlation between changes in state corporate tax enforcement expenditures and an increase in state-level tax collections. Their findings suggest that enforcement efforts and stringent tax policies could potentially serve as interchangeable methods for achieving higher tax collections at the state level. Furthermore, Yusup, Sidharta, and Mialasmaya (2022) present research findings from their regression analysis, which demonstrate a positive relationship between the improvement of the electronic tax return system (e-SPT) and income tax collections.



The study highlights that the implementation of e-SPT effectively facilitates business taxpayers in fulfilling their tax reporting obligations, thereby leading to an increase in tax revenue.

The compelled correspondence additionally symbolizes the initial stage in implementing tax legislation. Garriga and Tortarolo (2024) present a compelling case for how tax collection can be a catalyst for increased compliance among Argentina's corporate taxpayers, thereby boosting state revenues. The ease of tax payments, facilitated by digitalization, has the potential to significantly enhance corporate tax obligations for companies in Peru (Bellon, Dabla-Norris, Khalid & Lima, 2022) and Ethiopia (Mascagni, Mengistu & Woldeyes, 2021), opening up new avenues for revenue generation. If the business entity fails to respond or disregards the letter of force, the tax authorities have the authority to pursue additional measures, including asset confiscation or legal litigation. The prospect of facing legal consequences serves as a motivating factor for corporate entities to fulfill their tax responsibilities promptly.

Furthermore, implementing mandatory notifications can effectively enhance tax consciousness among corporate entities and foster more significant levels of adherence to tax regulations. Business organizations that receive compulsory notifications will better understand the significance of timely tax payment, mitigating

tax evasion and ultimately augmenting overall tax collections.

## CONCLUSION

This study examines the impact of Tax Collection by Force Letter on Corporate Income Tax Revenue at a specific Tax Services Office in Bandung based on the findings derived from data analysis. Based on this study's findings, there is a significant relationship between Tax Collection with a Force Letter and Corporate Income Tax Revenue. The author draws these conclusions by applying the Coefficient of Determination Analysis, which reveals the positive impact of Tax Collection by Force Letter on Corporate Income Tax Revenue at one of the Tax Services Office in Bandung. Nevertheless, there exist additional factors that exert an influence on the revenue generated from Corporate Income Tax.

In order to enhance the impact of tax collection by forced letter on corporate income tax revenues at a specific Tax Services Office in Bandung, it is advisable to bolster the efficiency and timeliness of the tax collection process through forced letter. There is a need to enhance the system to promptly dispatch overdue letters immediately following the expiration of the payment deadline. Moreover, enhancing the oversight and analysis of monitoring data is imperative. Thorough data analysis is essential in identifying organizations with elevated risks,

necessitating prioritization in collection efforts. There is a need for increased intensity in tax education and awareness activities. Taxpayers must get a comprehensive comprehension of the significance associated with punctual tax payment, as well as the advantages derived from satisfying their tax responsibilities. The incorporation of contemporary technology plays a crucial role in enhancing the efficacy of tax collecting. Using integrated information systems and extensive data analysis can increase accuracy in identifying high-risk organizations. This study exclusively relies on secondary data from a single Tax Services Office. Therefore, it is imperative to incorporate a broader range of data sources in order to yield more comprehensive findings.

## REFERENCES

- Abdelwahed, L. (2020). More oil, more or less taxes? New evidence on the impact of resource revenue on domestic tax revenue. *Resources Policy*, 68, 101747. <https://doi.org/10.1016/j.resourpol.2020.101747>
- Adegboye, A., Uwuigbe, U., Ojeka, S., Uwuigbe, O., Dahunsi, O., & Adegboye, K. (2022). Driving information communication technology for tax revenue mobilization in Sub-Saharan Africa. *Telecommunications Policy*, 46(7), 102329. <https://doi.org/10.1016/j.telpol.2022.102329>
- Arvin, M. B., Pradhan, R. P., & Nair, M. S. (2021). Are there links between institutional quality, government expenditure, tax revenue and economic growth? Evidence from low-income and lower middle-income countries. *Economic analysis and policy*, 70, 468-489. <https://doi.org/10.1016/j.eap.2021.03.011>
- Bagchi, S., & Dušek, L. (2021). The effects of introducing withholding and third-party reporting on tax collections: Evidence from the US state personal income tax. *Journal of Public Economics*, 204, 104537. <https://doi.org/10.1016/j.jpubeco.2021.104537>
- Bellon, M., Dabla-Norris, E., Khalid, S., & Lima, F. (2022). Digitalization to improve tax compliance: Evidence from VAT e-Invoicing in Peru. *Journal of Public Economics*, 210, 104661. <https://doi.org/10.1016/j.jpubeco.2022.104661>
- Belmonte-Martin, I., Ortiz, L., & Polo, C. (2021). Local tax management in Spain: A study of the conditional efficiency of provincial tax agencies. *Socio-Economic Planning Sciences*, 78, 101057. <https://doi.org/10.1016/j.seps.2021.101057>
- Eze, E., & Onyedikachi, J. O. (2020). Tax revenue and economic growth in Nigeria: evidence from Nigeria. *Accounting and taxation review*, 4(4), 44-53.

- Garriga, P., & Tortarolo, D. (2024). Firms as tax collectors. *Journal of Public Economics*, 233, 105092. <https://doi.org/10.1016/j.jpubeco.2024.105092>
- Gupta, S., & Lynch, D. P. (2016). The effects of changes in state tax enforcement on corporate income tax collections. *The Journal of the American Taxation Association*, 38(1), 125-143. <https://doi.org/10.2308/atax-51301>
- Hasanah, A., Najwa, H., Nurpadhilah, S., Ramadhani, G. I., Putriyani, R. A., & Sidharta, I. (2023). Improved compliance of individual taxpayers through tax audit (Study at one of the Primary Service Offices in Bandung). *International Journal of Financial, Accounting, and Management*, 4(4), 501-507. <https://doi.org/10.35912/ijfam.v4i4.1458>
- Hassan, M. S., Mahmood, H., Tahir, M. N., Yousef Alkhateeb, T. T., & Wajid, A. (2021). Governance: a source to increase tax revenue in Pakistan. *Complexity*, 2021(1), 6663536. <https://doi.org/10.1155/2021/6663536>
- Li, J., Wang, X., & Wu, Y. (2020). Can government improve tax compliance by adopting advanced information technology? Evidence from the Golden Tax Project III in China. *Economic Modelling*, 93, 384-397. <https://doi.org/10.1016/j.econmod.2020.08.009>
- Martínez, Y. U., Arzoz, P. P., & Arregui, I. Z. (2022). Tax collection efficiency in OECD countries improves via decentralization, simplification, digitalization and education. *Journal of Policy Modeling*, 44(2), 298-318. <https://doi.org/10.1016/j.jpolmod.2022.03.003>
- Mascagni, G., Mengistu, A. T., & Woldeyes, F. B. (2021). Can ICTs increase tax compliance? Evidence on taxpayer responses to technological innovation in Ethiopia. *Journal of Economic Behavior & Organization*, 189, 172-193. <https://doi.org/10.1016/j.jebo.2021.06.007>
- Salazar-Adams, A. (2021). The efficiency of municipal solid waste collection in Mexico. *Waste Management*, 133, 71-79. <https://doi.org/10.1016/j.wasman.2021.07.008>
- Yusup, M., Sidharta, I., & Mialasmaya, S. (2022). The Effect of e-SPT Implementation On Increasing Income Tax Revenue for Corporate Taxpayers: Case Study at A Tax Service Office in The City of Bandung. *Acman: Accounting and Management Journal*, 2(2), 164-174. <https://doi.org/10.55208/aj.v2i2.47>



© 2024 by the authors.  
Submitted for possible open access publication

under the  
terms and conditions of the Creative Commons  
Attribution (CC Attribution-NonCommercial-  
ShareAlike 4.0) license  
(<https://creativecommons.org/licenses/by-nc-sa/4.0/>).