

## **Juridical Review of Non-Taxable Income Based on Article 7 of Law Number 7 of 2021 concerning Harmonization of Tax Regulations**

**Indra Hastuti<sup>1</sup>, Widi Nugrahaningsih<sup>2</sup>, Aris Prio Agus Santoso<sup>3</sup>, Andhika Pramudya<sup>4</sup>**  
Universitas Duta Bangsa Surakarta

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### **Abstract**

This research aims to analyze the provisions regarding non-taxable income based on article 7 of Law No. 7 of 2021 concerning harmonization of tax regulations, as well as the juridical implications of changes to these provisions for Individual Taxpayers. Non-Taxable Income is an income limit that is not subject to tax by the state, which aims to provide tax relief for taxpayers with low income. Law No.7 of 2021 changes the previous Non-Taxable Income provisions in Law No.36 of 2008 concerning income tax. Apart from that, this research recommends the importance of socializing the new Non-Taxable Income provisions, as well as strengthening supervision by the Directorate General of Taxes to prevent misuse of Taxpayer data and regular evaluation of the amount of Non-Taxable Income is also needed so that it remains relevant to developing social economic conditions.

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### **Corresponding Author:**

**Indra Hastuti**

Universitas Duta Bangsa Surakarta

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## **1.INTRODUCTION**

Taxes are one of the main instruments in the country's economy which are used to finance various development programs and public services. It is hoped that a good and fair tax system can create equality in the imposition of taxes, so that it does not burden disadvantaged or low-income groups of society. One of the important provisions in Indonesian taxation is Non-Taxable Income, hereinafter referred to as PTKP, which regulates certain income limits that are not subject to Income Tax (PPh). This PTKP aims to provide tax relief to taxpayers, hereinafter referred to as low-income taxpayers.

In line with economic development and to achieve a fairer tax system, the Indonesian government carried out tax reform through Law no. 7 of 2021 concerning Harmonization of Tax Regulations (HPP). One of the significant changes regulated in this Law is changes to the provisions regarding PTKP, which were previously regulated in Law no. 36 of 2008 concerning Income Tax. This change not only concerns the amount of PTKP, but also the provisions regarding family dependents who are entitled to receive PTKP.

In this law, the amount of PTKP for individual taxpayers, both unmarried and married, has increased significantly. Apart from that, the provisions regarding who can be counted as a family dependent are also clarified, for example children who do not work, wives who do not have an income, and parents who do not work. These changes aim to provide greater tax relief to low-income people, as well as increasing fairness in the tax system. However, although the changes to the PTKP provisions are expected to have a positive impact, their implementation is certainly not free from challenges and potential legal problems, both from an administrative and law enforcement perspective.

Based on this background, this research aims to provide a juridical review of the PTKP regulations contained in Article 7 of Law no. 7 of 2021, as well as to analyze the legal

implications of the changes made to the PTKP provisions. This research also compares the PTKP provisions in Law no. 7 of 2021 with the previously applicable provisions in Law no. 36 of 2008, as well as identifying the challenges faced in its implementation, including in terms of supervision and law enforcement.

### **Problem Formulation**

Based on the background described above, the problems that will be discussed in this research are:

1. What is the legal certainty regarding PTKP according to Article 7 of Law no. 7 of 2021?
2. What are the juridical implications of changes to PTKP regulations in Law no. 7 of 2021 Individual taxpayers?
3. What are the obstacles in implementing PTKP provisions according to Article 7 of Law no. 7 of 2021 in tax practices in Indonesia?

### **Research purposes**

Based on the problem formulation presented above, the research carried out by the author has the following objectives:

1. Analyze and provide a clearer understanding regarding the implementation and application of PTKP based on the provisions regulated in Article 7 of Law no. 7 of 2021.
2. Analyze the legal impacts arising from the implementation of new PTKP arrangements on the administrative obligations of individual taxpayers, as well as potential legal risks that could occur due to discrepancies in PTKP reporting or claims.
3. Identify, analyze and provide an understanding of various obstacles that may occur in implementing the PTKP provisions regulated in Article 7 No. 7 of 2021.

### **Benefits of research**

Research regarding the Juridical Review of PTKP Based on Article 7 of Law no. 7 of 2021 concerning Harmonization of Tax Regulations is expected to provide various benefits as follows:

#### **1. Theoretical Benefits**

Contribution to the Development of Tax Law Science

This research contributes to the development of tax law knowledge, especially in understanding and studying the changes that have occurred in PTKP regulations after being regulated in Law no. 7 of 2021. It is hoped that the research results will enrich the body of knowledge regarding the application of PTKP in the Indonesian tax system, as well as provide a new perspective on the juridical implications of these changes.

Increased Understanding of Tax Harmonization.

#### **2. Practical Benefits**

For Taxpayers (WP)

This research can provide a clearer understanding to taxpayers, especially individual taxpayers, regarding their rights and obligations related to the new PTKP provisions.

For Tax Practitioners

For tax practitioners such as tax consultants, accountants and advocates, this research can be a reference in providing more appropriate tax advice to clients regarding the implementation of PTKP in Law no. 7 of 2021.

For the Directorate General of Taxes (DJP)

It is hoped that this research will provide insight to the DJP regarding potential challenges and opportunities in implementing the new PTKP provisions, as well as

effective monitoring strategies to ensure that taxpayers report their income correctly and utilize PTKP appropriately.

### **3. Social and Policy Benefits**

#### **For Policy Makers**

This research can provide useful policy recommendations for policy makers in order to improve the fairness and efficiency of the Indonesian tax system. The resulting recommendations can help the government improve and adjust tax provisions to be more appropriate to developing socio-economic conditions, as well as to minimize abuses that could be detrimental to the state.

#### **Increased Tax Compliance**

#### **For the General Public**

This research also provides useful information for the general public regarding changes to the PTKP provisions in Law no. 7 of 2021, which can ultimately help them understand how the tax system works and how they can take advantage of the PTKP provisions to get tax relief according to their income.

### **4. Benefits for Tax System Evaluation**

#### **Evaluation of Tax Policy**

This research can contribute to the tax policy evaluation process carried out by the government and related institutions, especially in assessing whether changes to the PTKP provisions in Law no. 7 of 2021 really provides the expected benefits in terms of tax equality and increased tax compliance. Thus, the results of this research can serve as a basis for future policy adjustments.

#### **A. Originality of Research**

This research has several aspects that differentiate it from previous research related to PTKP and Indonesian taxation, especially in relation to Law no. 7 of 2021. The following are several elements that show the originality of this research:

##### **1. Focus on changes in Article 7 of Law no. 7 of 2021**

This research specifically examines changes to the PTKP provisions contained in Article 7 of Law no. 7 of 2021, which is quite a significant change in PTKP regulations in Indonesia.

##### **2. Juridical Review of Legal Implications**

This research also raises the juridical implications of PTKP regulations in Law no. 7 of 2021, which is rarely discussed in previous research. This research examines the legal impact of changes to PTKP provisions on individual taxpayers, both in terms of administrative obligations, potential reporting errors, and potential misuse that could harm the state and society. This juridical analysis focuses more on the practical legal aspects faced by taxpayers in complying with the new PTKP provisions.

##### **3. Comparative and Descriptive Approach**

This research uses a comparative approach to compare the PTKP provisions in Law no. 36 of 2008 and Law no. 7 of 2021, as well as evaluating the significant changes that have occurred. This approach provides deeper insight into the development and dynamics of the Indonesian tax system from the perspective of

social justice and tax efficiency. This research also examines the PTKP provisions from a historical and conceptual perspective, thereby providing a clearer picture of the reasons behind the existing changes.

#### **4. Analysis of Challenges and Opportunities in Implementing PTKP**

This research also pays special attention to the challenges and opportunities in implementing the new PTKP provisions. This includes monitoring and law enforcement, as well as administrative errors that can occur in implementing PTKP provisions. This aspect is a new approach that is more directed towards practical application in the Indonesian tax system, which has not been widely discussed in previous literature.

#### **5. Contribution to Tax Policy**

One of the original aspects of this research is the policy recommendations resulting from in-depth analysis of PTKP changes. This research not only discusses the juridical aspects of the PTKP provisions, but also proposes solutions related to supervision, tax compliance and improving the tax administration system. It is hoped that the resulting recommendations can contribute to the formulation of more effective and efficient tax policies in the future.

#### **6. Application in the Indonesian Socio-Economic Context**

This research also highlights the socio-economic impact of changes to PTKP provisions, especially related to tax equality and reducing the tax burden for taxpayers with low incomes. This contributes to an understanding of how the tax system can be adapted to the continuously developing socio-economic conditions of Indonesian society.

#### **7. Application of Legal Analysis Models in the Context of Modern Taxation**

By highlighting the application of modern legal analysis in understanding PTKP, this research contributes to understanding how tax systems can adapt to economic and social changes.

## **2. LITERATURE REVIEW**

### **A. Legal System Theory**

Legal System Theory in this research is used to provide a more comprehensive understanding of how tax law rules, especially regarding PTKP which is regulated in Article 7 of Law no. 7 of 2021, functions within the Indonesian legal system as a whole. This theory will help analyze how PTKP provisions interact with other legal regulations, as well as how these regulations contribute to the goals of the Indonesian legal system, such as social justice, legal certainty and community welfare.

1. Definition of Legal System
2. Legal System Concept in Taxation
3. Taxation Legal System and PTKP
4. Legal System as a Dynamic Process
5. The Relationship Between PTKP and the Goals of the Legal System
6. Legal System as a Means of Tax Law Enforcement
7. Legal System Theory and Integration with Socio-Economic Systems
8. Legal Certainty Theory in the Perspective of Tax Regulations

### **B. Non-taxable income**

1. Understanding PTKP

PTKP is the amount of income that is not subject to tax by the state. In the Indonesian tax system, PTKP is part of a policy that aims to provide tax relief to individual taxpayers whose income does not exceed a certain limit. This concept plays an important role in realizing social justice in taxation, because it provides tax concessions for those who are unable to pay taxes due to limited income.

## 2. Changes to PTKP Provisions in Law no. 7 of 2021

UU no. 7 of 2021 brings several significant changes regarding PTKP regulations, which were previously regulated in Law no. 36 of 2008. This change aims to create a fairer and more efficient tax system, as well as increase tax compliance in Indonesia. Several important changes are listed in Article 7 of Law no. 7 of 2021 regarding PTKP are:

### a. Increase in the amount of PTKP

One of the main changes in Law no. 7 of 2021 is an increase in the amount of PTKP given to individual taxpayers. Previously, the amount of PTKP was regulated in Law no. 36 of 2008, but in Law no. 7 In 2021, the amount of PTKP will increase to improve people's purchasing power, especially for those with low incomes. Based on Article 7 of Law no. 7 of 2021, the amount of PTKP is as follows:

- a. Unmarried Taxpayers: IDR 54,000,000 per year.
- b. Married Taxpayers: IDR 58,500,000 per year.
- c. Additional for Dependents: IDR 4,500,000/person (maximum 3 people).

It is hoped that this PTKP amount will provide tax relief for low-income taxpayers, as well as improve fiscal justice in the taxation system.

### b. Adjustment of Dependent Criteria

In Law no. 7 of 2021, the provisions regarding dependents that can be calculated in PTKP have also been refined. Dependents that can be counted in PTKP include:

- a. Children who don't work.
- b. Wife who has no income.
- c. Parents who don't work.

This provides clarity regarding who has the right to be counted as a dependent in the PTKP, as well as avoiding abuse that might arise if the dependent criteria are not clearly regulated. These improvements aim to ensure that those who really need the tax relief can take advantage of it.

### c. Objectives and Impact of PTKP Improvement

The increase in PTKP contained in Law no. 7 of 2021 aims to increase the distribution of the tax burden and ensure that taxes are imposed more fairly. This also reflects efforts to provide fiscal concessions for taxpayers with low incomes, while encouraging tax compliance.

## 3. Juridical Implications of PTKP Changes

- a. Taxpayer Administrative Obligations
- b. Supervision by the Directorate General of Taxes
- c. Potential for PTKP Abuse

## C. Income tax

### 1. Understanding Income Tax (PPh)

Income Tax (PPh) is a tax imposed on income received or earned by taxpayers, both individuals and entities, in a certain period. PPh is one of the main sources of state income which is used to finance various development programs and public services. This tax can be imposed on various types of income, such as income from work, business or investments.

### 2. The Role of PTKP in the Income Tax System in Indonesia

PTKP is the amount of income that is not subject to tax. PTKP functions to reduce the tax burden for those who have income below a certain limit. With the existence of PTKP, taxpayers whose income does not exceed a certain limit do not need to pay tax, which in turn aims to realize social justice in the tax system.

### 3. Changes to PTKP in Law no. 7 of 2021

UU no. 7 of 2021 brings important changes in the regulation of Income Tax (PPh) and PTKP. Article 7 Law no. 7 of 2021 specifically regulates the amount of PTKP and the criteria for dependents who are entitled to receive PTKP.

### 4. Juridical Implications of PTKP in Income Tax

#### a. Reduction of Taxable Income (PKP)

#### b. Legal Certainty for Taxpayers

#### c. Supervision and Law Enforcement

One important aspect in implementing PTKP is the supervision carried out by the Directorate

#### d. Socio Economic Impact

### 5. The Relationship between PTKP and the Progressive Income Tax System

Indonesian Income Tax (PPh) uses a progressive tax system, where the greater a person's income, the higher the percentage of tax imposed. PTKP functions as an instrument of social justice in this system. In a progressive system, PTKP provides protection for taxpayers with low incomes, so that they are not burdened with burdensome taxes. This system also ensures that taxpayers with higher incomes will pay larger taxes according to their economic capacity.

## D. Taxpayer

### 1. Definition of Taxpayer

Taxpayers are individuals or entities who have the obligation to pay taxes to the state based on applicable tax laws and regulations. Taxpayers have the responsibility to report, calculate and pay taxes owed in accordance with applicable regulations. In the context of Income Tax (PPh), individual taxpayers are individuals who earn income and are required to pay tax on that income after deducting the PTKP.

According to Article 1 number 1 of Law no. 28 of 2007 concerning General Provisions and Tax Procedures (KUP), taxpayers are individuals or entities who have rights and obligations in taxation in accordance with applicable laws and regulations. As a consequence, every taxpayer has the right to receive fair treatment in the tax system, including the right to obtain tax relief such as PTKP if they meet the applicable requirements.

### 2. The Role of Taxpayers in the Indonesian Taxation System

In the Indonesian tax system, taxpayers have a very important role, namely as tax subjects who are required to report their income to the Directorate General of Taxes (DJP) and calculate and pay the tax owed. One of the instruments used to reduce the tax burden is PTKP, which allows taxpayers with low incomes not to be taxed.

Taxpayers in the individual category who have income below a certain limit will get relief through PTKP. In this case, taxpayers have the right to utilize PTKP in accordance with applicable regulations, and their obligation is to report the income they earn, and ensure that they meet the requirements set by the tax law.

### 3. PTKP and its Relationship with Taxpayers

PTKP is the part of income that is not taxed by the state. The aim of providing PTKP is to provide tax relief to taxpayers with low incomes, so that they are not

burdened with taxes which would otherwise disrupt their welfare. PTKP functions to reduce the amount of Taxable Income (PKP), namely income which after deducting PTKP becomes the basis for calculating Income Tax (PPh).

#### 4. Taxpayer Rights and Obligations Regarding PTKP

##### Taxpayer Rights

As a Taxpayer, a person has the right to:

1. Take advantage of PTKP if you meet the specified requirements, so you can reduce income subject to tax.
2. Get fair and transparent treatment in tax administration, including in the implementation of PTKP.
3. File an objection or lawsuit if you feel that your rights as a taxpayer are not being fulfilled, including if the PTKP provided is not appropriate or there are administrative errors.

##### Taxpayer Obligations

Taxpayers have an obligation to:

Reporting earned income and calculating taxes owed in accordance with applicable provisions.

Using PTKP correctly, namely by ensuring that dependents are reported in accordance with the provisions, and the amount of income reported is correct and complete income.

Pay the tax owed according to the amount that has been calculated after taking into account the PTKP.

If taxpayers do not fulfill administrative obligations, such as reporting income correctly or abusing PTKP, then they can be subject to administrative sanctions or even tax penalties in accordance with applicable regulations.

#### 5. Juridical Implications of PTKP Changes in Law no. 7 of 2021 on Taxpayers

##### Increased Tax Compliance

The increase in the amount of PTKP is expected to increase tax compliance from WPOP.

With tax concessions for low-income taxpayers, they are more motivated to report their income correctly and comply with tax obligations.

##### Reduction of Tax Burden for Low Income Taxpayers

For low-income taxpayers, the PTKP changes will provide a significant reduction in tax burden. This is in accordance with the objectives of a progressive tax system where the tax-imposed increases as income increases. With a higher PTKP, low-income taxpayers will feel more helped and not be burdened by burdensome tax obligations.

##### Law Enforcement and Supervision of PTKP

Effective law enforcement and strict supervision by the Directorate General of Taxes (DGT) are very important to ensure that Taxpayers comply with PTKP provisions correctly. Even though PTKP aims to provide tax relief, there is still the potential for abuse such as inappropriate dependent claims or inaccurate income reporting. Therefore, the DJP needs to carry out stricter supervision of PTKP reporting and provide sanctions for taxpayers who violate tax provisions.

##### Social Justice in the Tax System

This PTKP change also has implications for social justice in the Indonesian tax system. By providing greater PTKP, it is hoped that an even distribution of the tax burden and reduction of social inequality can be achieved, because taxpayers with low incomes will receive fairer treatment in the tax system.

## **E. Legal Provisions based on Article 7 of Law No.7 of 2021 concerning Harmonization of Tax Regulations (HPP)**

### **1. Understanding Legal Provisions in Article 7 of Law no. 7 of 2021**

In the study of the juridical review of PTKP, Article 7 of Law no. 7 of 2021 Taxation is the main topic of discussion because these provisions directly regulate the amount of PTKP and the criteria for taxpayers who are entitled to receive PTKP. Article 7 is part of the important changes made by Law no. 7 of 2021 in the context of harmonization of tax regulations which aims to create a fairer and more efficient tax system.

Changes to provisions regarding marital status and dependents in calculating PTKP.

Article 7 Law no. 7 of 2021:

"PTKP as intended in Article 6 paragraph (1) letter d is IDR 54,000,000.00 for unmarried Taxpayers, IDR 58,500,000.00 for married Taxpayers, and an additional IDR 4,500,000.00 for each dependent of no more than 3 people."

### **2. Purpose and Background of Changes in Article 7 of Law no. 7 of 2021**

UU no. 7 of 2021 aims to create a fairer and more competitive tax system, as well as to improve the existing tax structure so that it is more efficient and effective in increasing state revenues. One important step in achieving this goal is increasing the amount of PTKP given to individual taxpayers. The provisions in Article 7 also aim to adjust the amount of PTKP to the developing socio-economic conditions of society.

This increase in PTKP is expected to:

Increasing people's purchasing power, especially for those with low incomes.

Ease the tax burden for taxpayers who have limited income.

Realizing social justice in the tax system, by providing tax concessions to taxpayers who need it.

### **3. Substance of the Provisions of Article 7 of Law no. 7 of 2021**

Article 7 Law no. 7 of 2021 regulates the amount of PTKP that can be received by individual taxpayers based on marital status and number of dependents. This provision leads to an increase in PTKP and refinement of dependent criteria, which can be seen in the following provisions:

- a. Increase in the amount of PTKP
- b. Criteria for Dependents That Can Be Calculated in PTKP
- c. Adjustment to Socio-Economic Conditions

### **4. Legal Implications of the Provisions of Article 7 of Law no. 7 of 2021**

- a. Taxpayer Administrative Obligations
- b. Supervision and Law Enforcement
- c. Social and Economic Impact.

### **5. Juridical Analysis of the Provisions of Article 7 of Law no. 7 of 2021**

Juridically, the changes contained in Article 7 of Law no. 7 of 2021 brings significant changes in PTKP regulations which can have a direct impact on the tax obligations of individual taxpayers. Increasing the PTKP and refining the dependency criteria provides legal protection for taxpayers with low incomes. In this case, the legal provisions contained in Article 7 of Law no. 7 of 2021 is very relevant to achieving the goals of social justice in the Indonesian tax system.

However, to ensure that the goal of tax harmonization is achieved, strict law enforcement and effective supervision of the implementation of these PTKP provisions



are needed. This will help reduce abuse and ensure that fairness in the tax system is truly achieved.

### **3. RESEARCH METHOD**

#### **A. Research Approaches and Types**

##### **1. Research Approach**

Based on the aim and focus of this research, the approach used is a normative approach or normative juridical approach, which is often used in legal studies.

##### **Normative Approach (Normative Juridical)**

The normative approach in this research focuses on statutory regulations, legal norms, and legal principles that apply in a legal system. In this case, the research places greater emphasis on the analysis of the legal provisions contained in Article 7 of Law no. 7 of 2021, especially related to PTKP.

The normative approach in this research is carried out by:

Identify and review existing legal provisions, namely Article 7 of Law no. 7 of 2021.

Analyze the legal substance related to changes in the amount of PTKP, refinement of dependent criteria, as well as the legal implications of these changes for taxpayers.

Comparing the new legal provisions with the old provisions (previously regulated in Law No. 36 of 2008 concerning Income Tax) to see the extent to which these changes have an impact on the Indonesian tax system.

##### **Conceptual Approach**

This approach involves a conceptual approach, namely the approach used to understand the legal concepts contained in PTKP, such as social justice, the principle of progressive taxation, and the principle of equal distribution of the tax burden. This conceptual approach will help understand the legal objectives of granting PTKP, as well as see whether the changes made in Law no. 7 of 2021 has created fairness in the tax system.

##### **2. Types of research**

The type of research in this thesis refers to the characteristics of the research carried out, which is descriptive and analytical. Based on the aim and focus of this research, the type of research used is normative legal research with a descriptive and analytical approach.

##### **Normative Legal Research**

This research involves:

- a. Study of existing laws and regulations, in this case Law no. 7 of 2021 and Law no. 36 of 2008.
- b. Analysis of the legal principles contained in these regulations, as well as how these laws function in establishing social justice and tax efficiency.

##### **Descriptive Research**

This research is also descriptive in nature, that is, it aims to describe or explain in detail and systematically the legal provisions contained in Article 7 of Law no. 7 of 2021 concerning PTKP. This descriptive research provides a clear picture of the PTKP provisions, the changes that have occurred, and their impact on taxpayers and the Indonesian tax system as a whole.

This type of descriptive research includes:

- a. Description of changes to the PTKP amount in Law no. 7 of 2021.
- b. Explanation of the criteria for dependents that can be calculated in PTKP according to Law no. 7 of 2021.

- c. Description of the objectives of the PTKP changes, including their impact on social justice, tax equality and tax compliance in Indonesia.

### 3. Data Collection Techniques

As normative legal research, the data collection technique used in this research is literature study. The data collected is in the form of:

- a. Relevant laws and regulations, such as Law no. 7 of 2021, Law no. 36 of 2008, as well as other implementing regulations.
- b. Legal documents and literature relating to the tax system and PTKP.
- c. Opinions of experts in the field of tax law and economics.

## B. Data Type

In this thesis research with the title "Judicial Review of PTKP Based on Article 7 of Law No. 7 of 2021 concerning Harmonization of Tax Regulations", the type of data used is very determining in obtaining accurate and relevant analysis. The data used in this research is qualitative because this research focuses on juridical analysis of changes in legal provisions related to PTKP. The data collected helps researchers to understand the legal implications and impact on the tax system in Indonesia.

### 1. Types of Data Based on Source

In this normative legal research, the data used can be divided into two types based on the source, namely primary data and secondary data.

#### Data Primer

Primary data is data directly obtained from original sources or valid legal documents. In the context of this research, the primary data used includes:

#### Legislation

- a. UU no. 7 of 2021 concerning Harmonization of Tax Regulations (especially Article 7 which regulates PTKP).
- b. UU no. 36 of 2008 concerning Income Tax, as a comparison before the changes.
- c. Government Regulations and Minister of Finance Regulations that regulate the technical implementation of taxes, including PTKP.

Official document issued by the Directorate General of Taxes (DJP) or related institutions explaining the interpretation and implementation of PTKP in the Indonesian taxation system.

#### Data Seconds

Secondary data is data obtained through indirect sources, namely from literature, books, articles, or expert opinions that are relevant to the research topic. This data is used to explore aspects of legal theory, socio-economic context, as well as academic studies regarding PTKP and changes in Law no. 7 of 2021. Types of secondary data used include:

#### Legal Books and Literature

Books discussing income tax, Indonesian taxation, social justice in taxation, and progressive taxation systems.

#### Journal Article

- a. Scientific journal articles that examine changes in the Indonesian tax system, especially those related to PTKP and tax harmonization.
- b. Journal article discussing the legal implications of PTKP provisions, both in terms of social justice and fiscal efficiency.

#### Opinions and Views of Lawyers

- a. Opinions or interviews with legal practitioners or tax experts who provide perspectives on the impact of PTKP changes in Law no. 7 of 2021 regarding social justice and tax compliance.
- b. Views from academics who review the concept of tax law, especially regarding the principles of tax progressivity and fiscal justice in the Indonesian tax system.

### **1. Types of Data Based on Their Nature**

The data used in this research can be categorized based on its nature, namely qualitative data and quantitative data.

#### **Qualitative Data**

Qualitative data is data in the form of narratives, concepts or analysis of legal texts. In this research, most of the data used is qualitative data, which includes:

1. Analysis of the legal provisions in Article 7 of Law no. 7 of 2021, which regulates changes to the PTKP and improvements to dependent criteria.
2. Juridical analysis regarding the legal objectives of the PTKP changes, namely to create social justice in the Indonesian tax system.
3. Discussion of the legal principles contained in the PTKP provisions, such as social justice, progressive tax principles, and fair and efficient taxation.

#### **Quantitative Data**

Although the main focus of this research is on legal analysis, quantitative data is also used to support the analysis, especially with regard to the economic impact of PTKP changes. Quantitative data used includes:

1. Tax statistics showing the impact of PTKP changes on state tax revenues, especially personal income tax (PPh).
2. Tax compliance data showing whether PTKP changes increase tax compliance among individual taxpayers.
3. Surveys or statistical data regarding the influence of PTKP changes on the purchasing power of low-income people and economic growth.

### **2. Data Collection Techniques**

In order to obtain relevant and accurate data, some data collection techniques used in this research are:

1. Literature Study: Reviewing legal literature, statutory regulations, journals, articles, books and other related documents.
2. Document Analysis: Reviewing regulatory documents such as Law no. 7 of 2021, Law no. 36 of 2008, as well as court decisions relevant to PTKP provisions.

### **3. Data Collection Techniques**

The following are the data collection techniques used in this research:

#### **1. Literature Study (Library Research)**

Literature study or library research is the main data collection technique used in normative legal research.

This technique involves searching, collecting, and analyzing written sources relevant to the research topic. In this research, a literature study was carried out using various legal literature which includes:

- a. Legislation
  - b. Legal Books and Literature
  - c. Journal Articles and Theses
2. Legal Document Analysis

Legal document analysis is a data collection technique that involves the study and examination of relevant legal documents to understand changes in legal provisions and their implications.

### C. Data Analysis Techniques

Considering that this research uses a normative and juridical approach, the data analysis technique used will focus more on qualitative analysis to explore the meaning and legal implications of changes to these provisions.

The following are the data analysis techniques used in this research:

#### 1. Normative Juridical Analysis

Normative juridical analysis is the main analytical technique used in this research. This approach focuses on legal norms contained in statutory regulations and legal principles that are relevant to the research topic. This technique is used to analyze the legal provisions in Article 7 of Law no. 7 of 2021, which regulates PTKP, and to evaluate the legal implications of these changes.

- a. Identification and Interpretation of Legal Provisions
- b. Comparison with Previous Provisions (Law No. 36 of 2008)
- c. Interpretation of Legal Objectives and Contained Values

#### 2. Social and Economic Impact Analysis

Social and economic impact analysis is carried out to understand the influence of PTKP changes on society and the economy as a whole. In this case, researchers analyzed how increasing the size of PTKP could have an impact on:

- a. Welfare social
- b. State revenue
- c. Equalization of the tax burden

#### 3. Synthesis of Analysis Results

After analyzing the various aspects mentioned, the next step is to carry out a synthesis or draw up conclusions based on the results of the juridical, comparative and socio-economic impact analysis. This synthesis aims to provide answers to previously determined problem formulations, as well as to provide recommendations regarding the implementation of PTKP in Law no. 7 of 2021.

## 4. Results And Discussion

### A. General description

#### 1. The definition of PTKP in Article 7 of Law no. 7 of 2021

PTKP is an important component in the Indonesian tax system, especially related to Income Tax (PPh). PTKP provides tax relief to taxpayers who have income below a certain amount, with the aim of easing the tax burden for those with low income. This PTKP can be considered as tax-free income that is not subject to PPh.

In Article 7 of Law no. 7 of 2021 concerning Harmonization of Tax Regulations (HPP), this change aims to provide greater tax relief for taxpayers who have low incomes, with adjustments to existing economic and social conditions.

#### 2. Comparison with Law no. 36 of 2008

Before changes in Law no. 7 of 2021, PTKP provisions are regulated in Law no. 36 of 2008 concerning Income Tax. Changes in Law no. 7 of 2021 shows a significant increase in the amount of PTKP, which is expected to reduce the tax burden for low-income taxpayers.

The increase in the amount of PTKP in Law no. 7 of 2021 is important to increase people's purchasing power, especially for those with low or middle incomes.

The following is a comparison of the amount of PTKP between Law no. 36 of 2008 and Law no. 7 of 2021:

| Type of Taxpayer                             | Law No.36 of 2008 | Law No.7 of 2021  |
|--|-------------------|-------------------|
| Individual Taxpayers (WP OP) are not married | Rp. 15,840,000.00 | Rp. 54,000,000.00 |
| Individual Taxpayer (WP OP) is married       | Rp. 17,160,000.00 | Rp. 58,500,000.00 |
| Dependents (Per Person)<br>Max 3 people      | Rp. 1,320,000.00  | Rp. 4,500,000.00  |

### 3. Legal Purpose of Changes in the PTKP Amount

Changes in the provisions on the amount of PTKP in Article 7 of Law no. 7 of 2021 has deep goals, both in terms of social justice and fiscal efficiency. The legal objectives of these changes can be analyzed as follows:

- Increasing Social Justice
- Reducing the Tax Burden for Low-Income Taxpayers
- Encouraging Tax Compliance
- Refinement of Dependent Criteria

### 4. Social and Economic Implications of PTKP Changes

Changes to PTKP in Law no. 7 of 2021 not only affects the tax structure, but also has a broad impact on the socio-economy in Indonesia. Some important implications of this change are:

- Increasing People's Purchasing Power
- Economic Equity
- Increased Tax Compliance

### 5. Challenges in Implementing the New PTKP

Even though the PTKP changes aim to create social justice and increase tax compliance, the implementation of these new provisions still faces several challenges, including:

- Uneven Socialization
- Potential for Abuse
- Data and Monitoring Limitations

## B. Discussion

### 1. Legal Protection for Individual Taxpayers

- Legal Protection for Individual Taxpayers (WPOP) Based on Article 7 of Law no. 7 of 2021 concerning Harmonization of Tax Regulations
- Legal Protection for WPOP in the Context of Social Justice
- Legal Protection for WPOP in a Progressive Taxation System
- Social and Economic Implications of Legal Protection for WPOP
- Challenges in Implementing Legal Protection for WPOP
- Legal Certainty of Determination and Implementation of PTKP

### 2. Effectiveness of Implementation of the Law on Harmonization of Tax Regulations

Effectiveness of Implementation of Law no. 7 of 2021 Based on Article 7 of Law no. 7 of 2021 concerning Harmonization of Tax Regulations (HPP) regulates PTKP, which is one of the important instruments in the Indonesian tax system. This article

regulates increasing the amount of PTKP and improving dependent criteria, which is expected to provide social justice, increase people's purchasing power and encourage tax compliance.

3. Barriers to implementing PTKP in the Indonesian tax system
  - a. Inconsistent Policy Changes
  - b. Lack of Socialization and Understanding of WP
  - c. Complicated Administrative Procedures
  - d. There are still many taxpayers who have not been properly recorded
  - e. Application of PTKP to Unreported Income
  - f. Limitations of Tax Technology and Infrastructure
  - g. Data Discrepancies Between WP and Third Parties
  - h. Lack of Supervision and Law Enforcement
  - i. Inadequate Implementation of PTKP for Low Income Communities

## 5.CONCLUSIONS

Based on the results of research conducted regarding the Juridical Review of PTKP Based on Article 7 of Law no. 7 of 2021 concerning Harmonization of Tax Regulations, several things can be concluded as follows:

1. Based on the analysis of legal certainty theory and the application of PTKP in Article 7 of Law no. 7 of 2021, it can be concluded that the HPP Law has provided a clear legal basis for the implementation of PTKP, which provides certainty for taxpayers who are entitled to income that is not subject to tax. However, so that legal certainty can be maintained and implemented properly, there needs to be consistency in supervision, transparency of information and accuracy in the application of tax regulations.
2. Changes to PTKP in Law no. 7 of 2021 has a significant impact on the tax system in Indonesia, both in terms of social justice, legal certainty and administrative simplification. From a legal theory perspective, this change provides legal certainty for WPOP, provides justice for those with low incomes, and simplifies the tax system as a whole. Thus, this PTKP change has positive juridical implications, as long as it is implemented in accordance with the principles of legal certainty and social justice, and is balanced with supervision and clear understanding by the community.
3. Based on the analysis of obstacles in implementing PTKP changes according to the HPP Law using legal theory, several significant obstacles were found, 1. Low legal certainty due to lack of socialization and understanding of PTKP changes.2. Incompatibility between regulations and implementation in the field, such as delays in the tax administration system.3. Weak supervision and law enforcement, which can reduce the effectiveness of implementing PTKP.4. Social injustice that may arise if PTKP changes are not implemented wisely or do not adequately take into account the diversity of WPOP conditions.

Thus, to ensure the success of the PTKP changes in the HPP Law, there needs to be efforts to strengthen socialization, improve tax infrastructure, and increase supervisory capacity so that PTKP implementation can run effectively and fairly.

## 6.SUGGESTION

Based on the results of research regarding the Juridical Review of PTKP Based on Article 7 of Law no. 7 of 2021 concerning Harmonization of Tax Regulations, to increase the effectiveness of implementing PTKP based on Article 7 of Law no. 7 of 2021, it is recommended that the authorities strengthen outreach to the public, especially to WPOP, regarding changes to PTKP provisions. Apart from that, it is necessary to improve the technology-based tax administration system to make reporting and supervision easier. This

is expected to increase tax compliance and ensure that PTKP policies are implemented more fairly and efficiently.

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