Exploring Research Ideas in Taxation

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FAKULTAS
EKONOMI
DAN BISNIS

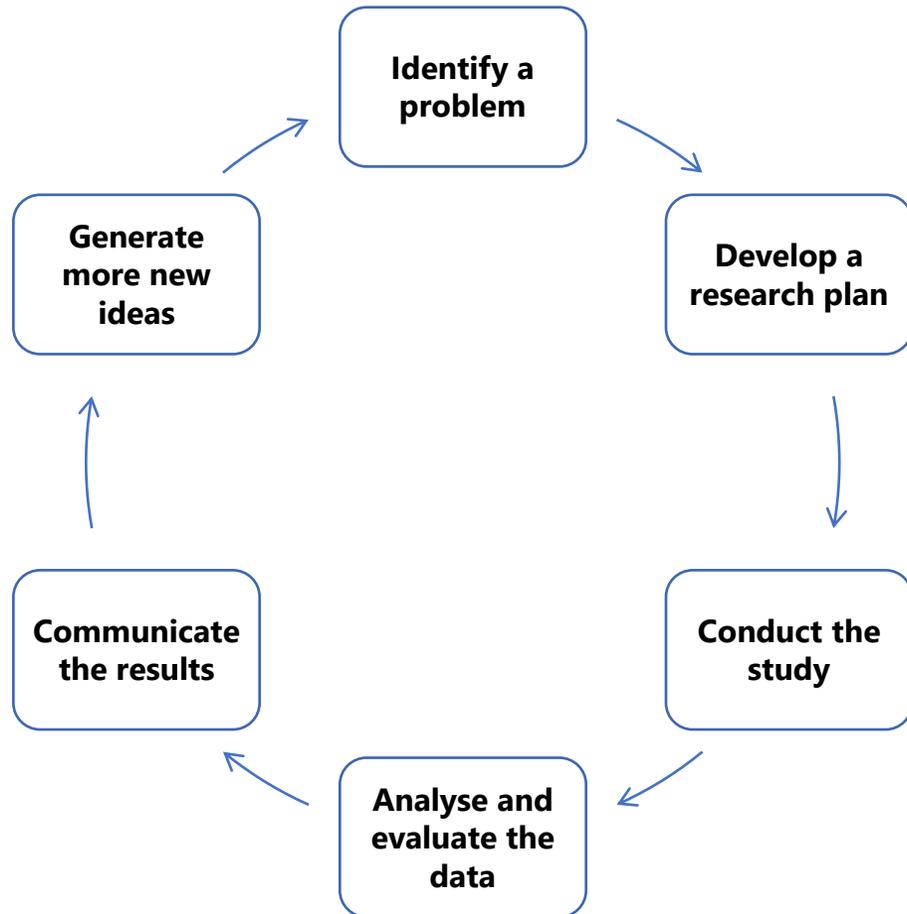UNIVERSITAS
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Selected accessible works/papers

- 2022: Predicting Firms' Taxpaying Behaviour Using Artificial Neural Networks: The Case of Indonesia (https://dx.doi.org/10.2139/ssrn.4185966)

- 2022: The Economic Impact of the Covid-19 Pandemic on Businesses in Indonesia (in Bahasa) (https://anggaran.e-journal.id/akurasi/article/view/160)

- 2022: Does 'Information Reporting' Really Matter for Tax Compliance? The Case of Indonesia (https://dx.doi.org/10.2139/ssrn.4114000)

- 2022: The Performance of Indonesian Businesses during COVID-19 Pandemic: Do Technological Dependence and Tax Incentives Matter? (https://dx.doi.org/10.2139/ssrn.4102244)

- 2022: Prediksi Keikutsertaan Pelaku Usaha dalam Pemanfaatan Insentif Pajak dengan Artificial Neural Network (https://jurnal.isei.or.id/index.php/isei/article/view/178)

- 2021: Indonesia's new tax law targets its growing middle class (https://www.eastasiaforum.org/2021/11/16/indonesias-new-tax-law-targets-its-growing-middle-class/)

- 2021: Assessing the Effectiveness of Law Enforcement in Improving Tax Compliance in Indonesia: An Empirical Investigation (https://dx.doi.org/10.2139/ssrn.4104944)

- 2019: Menakar Efektivitas Penegakan Hukum dalam Meningkatkan Kepatuhan Pajak di Indonesia (https://tinyurl.com/2wx54py9)

- 2019: Tax Design and Administration in a Post-BEPS Era: Key Reform Measures in Indonesia. Tax Design and Administration in a Post-BEPS Era: A Study of Key Reform Measures in 18 Jurisdictions (https://dx.doi.org/10.2139/ssrn.3328604)

- 2018: Perceptions of Corruption and Tax Non-Compliance Behaviour: Policy Implications for Developing Countries (https://dx.doi.org/10.2139/ssrn.3317994)

- 2017: Do Perceptions of Corruption Influence Personal Income Taxpayer Reporting Behaviour?: Evidence From Indonesia (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3329060)

- 2016: To get more people to pay taxes, Indonesia should stamp out corruption by officials at the top (https://theconversation.com/to-get-more-people-to-pay-taxes-indonesia-should-stamp-out-corruption-by-officials-at-the-top-57512)

- 2014: A Critical Review on Research Design of Qualitative and Mixed-Method Approach Papers in Taxation (https://dx.doi.org/10.2139/ssrn.3328714)

Introduction (and caveats)

What is **research?**

❑   Research is a **systematic**, careful inquiry or examination **to discover** new information or relationships and **to expand** or **verify** existing knowledge for some specified purpose.

❑   Research contains three key elements:

✓ **Purposeful action** – well motivated and purposeful;

✓ **Systematic inquiry** – systematic, thorough, rigorous and demonstrating critical thinking;

✓ **Expansion** or **verification** of current knowledge – make a meaningful contribution.

The research **cycle**

Identify a problem

Develop a research plan

Generate more new ideas

Conduct the study

Communicate the results

Analyse and evaluate the data

Key characteristics of scientific research

1 Research originates with a **question** or **problem,** requires clear articulation of a **goal.**

2 Research requires a **specific plan** for proceeding

3 Research is **guided** by the specific research problem, question, or hypothesis.

4 Research requires the **collection and interpretation of data** in an attempt to resolve the problem that initiates the research.

5 Research is, by its nature, **cyclical** or, more exactly, **helical**.

What is **research** in **tax?**

❑ Tax is a **social construct** that can be studied through many and various disciplinary lenses.

❑ As part of '**social research**', it draws on a number of disciplines.

❑ Law, economics and accounting attract the majority of tax researchers, with political science and social policy also play influential roles in the area of tax policy and practice.

Main areas of tax research
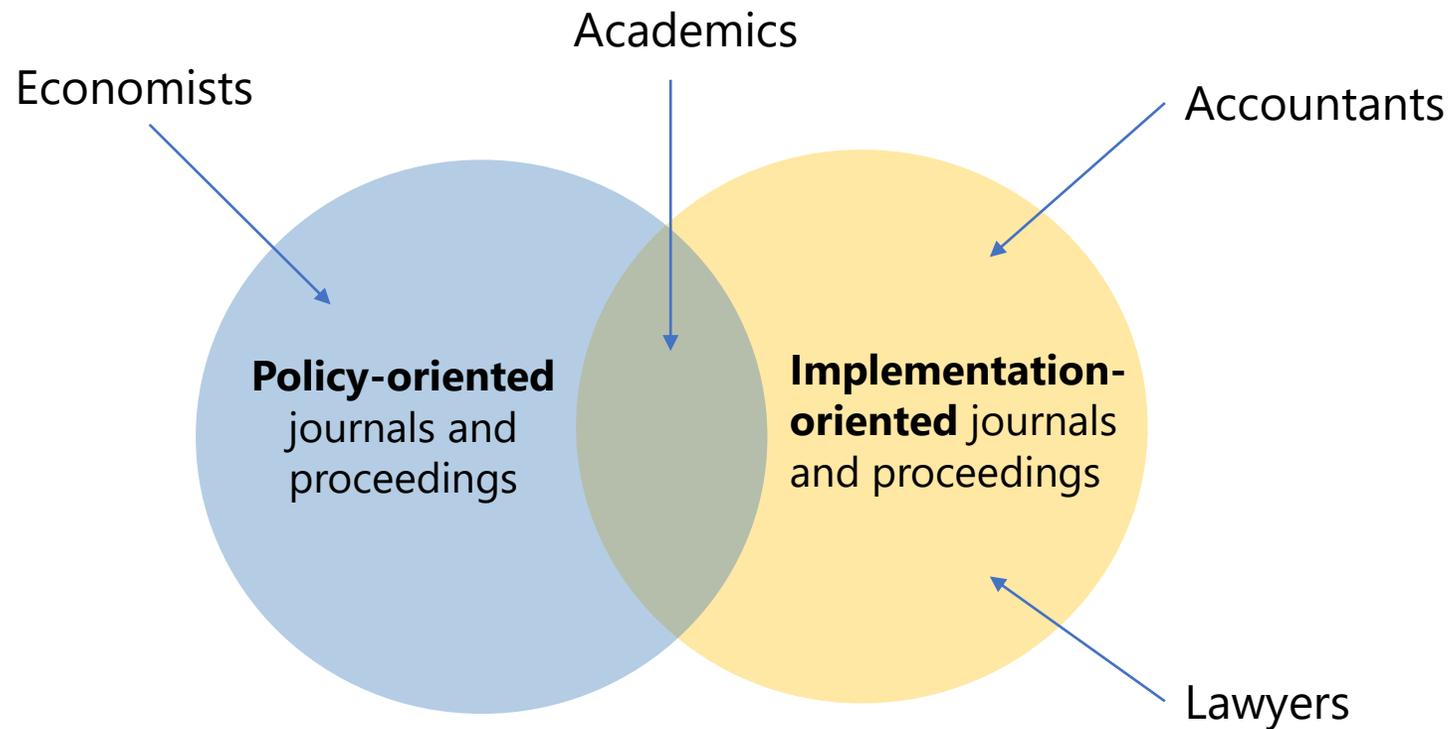
Economics*

Law

Accounting
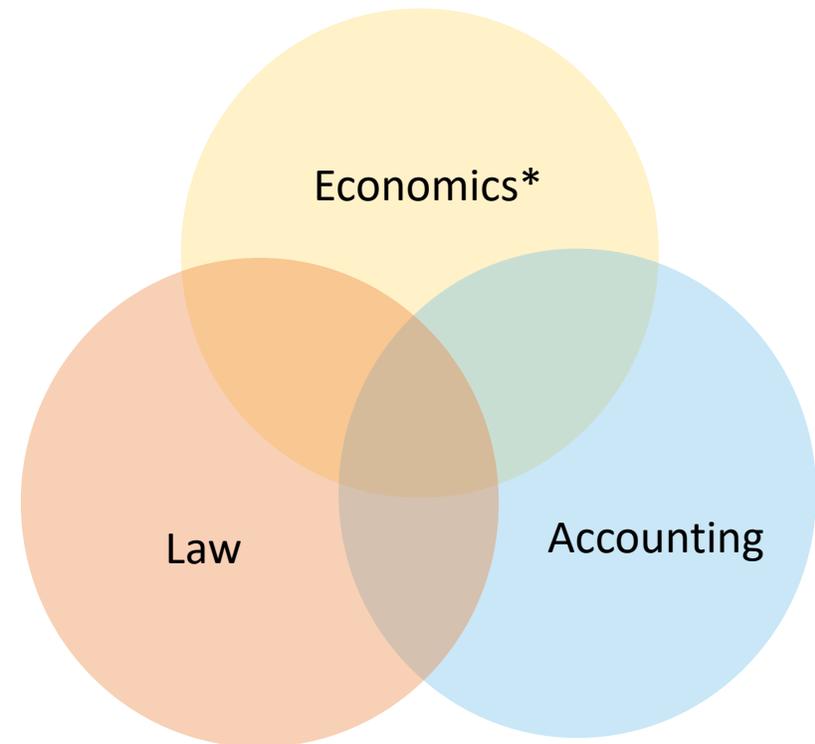
* Including finance

The subject area of **tax research**

❑ Tax research is **interdisciplinary** in that it is produced by accountants, lawyers, psychologist, economists, and finance researchers.

❑ In **interdisciplinary research**, researchers interact with the goal of transferring knowledge from one discipline to another. Allows researchers to inform each other's work and compare individual findings.

❑ Tax research might be classified as follows: (i) **tax law**—tax technical; (ii) **tax policy**; (iii) **tax administration**; and (iv) studies using **aspects of tax** as the context of the investigations (eg, an investigation of people's perceptions of the new tax law).

Three **general purposes** of tax research

- ❑ The **implementation of rules** → e.g., tax compliance, tax avoidance, tax evasion, tax planning, tax management.

- ❑ The **establishment of tax policy** → e.g., achieve designated economic and social objectives.

- ❑ The **advancement of knowledge** → has a less pragmatic objective, undertaken solely for the purpose of disseminating general knowledge.

Two fundamentally different **audiences**

Academics

Economists

Accountants

Policy-oriented journals and proceedings

Implementation-oriented journals and proceedings

Lawyers

Identifying the **research problem**

❑ It is crucial to identify and understand the **research problem** and its context.

❑ **A research problem** is a statement about an area of concern, a condition to be improved, a difficulty to be eliminated, or a troubling question that exists in scholarly literature, in theory, or in practice that points to the need for meaningful understanding and deliberate investigation

❑ The **literature review** is the **foundation for the argument** the researcher construct—and it is an iterative process.

The origin of **research problem**?
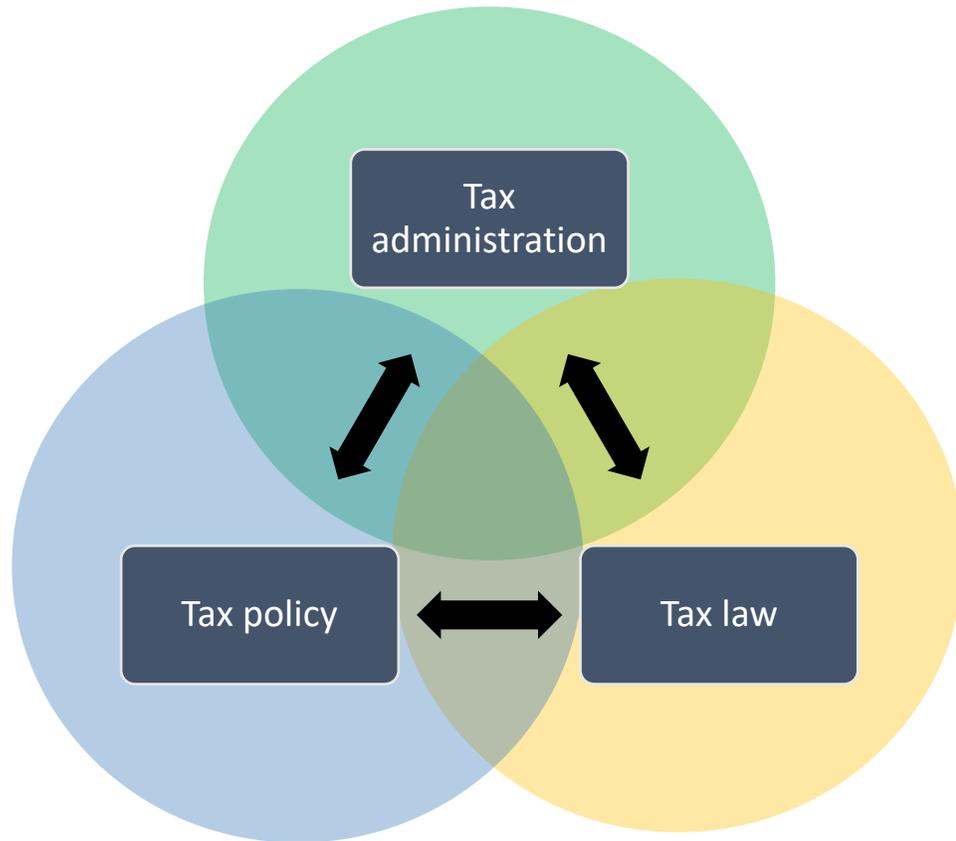
- Tax rate
- Tax compliance
- Tax avoidance and evasion
- Tax gap
- Tax policy
- Tax dispute
- Law enforcement
- Tax audit
- Tax incentives

- Tax accounting
- Tax management
- Institutional factors
- Economic growth
- Socio-economic factors
- Tax authorities
- Tax intermediaries
- Base erosion profit shifting

Three levels of **research questions**

✓ **Level 1 questions—**These types of RQs are used when there is little or no prior knowledge of the topic.

✓ **Level 2 questions—**These types of RQs can be generated when a topic has been thoroughly described and it is possible to identify measurable variables. The answers to the question at the second level concern the establishment of statistical significance of the relationship between the variables.

✓ **Level 3 questions—**This level of RQs builds upon the results of previous research. Research at this level begins at a level where significant relationship between variables is known.

Detailed Examples

Detailed examples: **Tax rate**

- ❑ What is the relationship between corporate tax rates and economic growth in developing countries?

- ❑ How do different tax rate structures (e.g., progressive, flat, regressive) impact tax compliance?

- ❑ What is the impact of personal income tax rate changes on consumer spending and economic activity?

- ❑ How do changes in capital gains tax rates impact investment and the stock market?

- ❑ What is the effect of reducing/increasing the value-added tax (VAT) rate on businesses and consumer behavior?

- ❑ How do international tax competition and low tax jurisdictions impact the corporate tax rates of countries?

- ❑ What is the relationship between tax rates and tax compliance, and how can this be used to inform tax policy?

Detailed examples: **Tax compliance**

❑ What are the most effective ways to improve tax compliance among small businesses?

❑ How does the level of tax complexity impact compliance rates among individuals and businesses?

❑ What is the impact of providing tax education on compliance rates?

❑ How do different enforcement strategies (e.g., audits, fines, penalties) impact tax compliance rates?

❑ How do cultural and societal values influence tax compliance behavior?

❑ How can advanced analytics be used to identify and prevent tax evasion?

❑ What is the effect of tax incentives on compliance rates among businesses?

Detailed examples: **Tax evasion / avoidance**

- ❑ How does the use of offshore tax havens impact tax evasion and avoidance among individuals and businesses?

- ❑ What is the impact of tax evasion and avoidance on government revenues and economic growth?

- ❑ How do different countries compare in terms of their laws and regulations related to tax evasion and avoidance?

- ❑ How can the use of advanced analytics and data analytics help to identify tax evasion and avoidance?

- ❑ What are the most effective ways to deter tax evasion and avoidance?

- ❑ How do cultural and societal values influence tax evasion and avoidance behavior?

- ❑ How do businesses justify their use of tax avoidance strategies, and how do these strategies impact their public perception?

Detailed examples: **Tax gap**

❑ What is the size of the tax gap in different countries and how does it vary over time?

❑ What are the main drivers of the tax gap and how can they be addressed?

❑ How does the tax gap compare among different types of taxes (e.g., income tax, corporate tax, VAT)?

❑ How does the tax gap vary among different income groups and sectors of the economy?

❑ What is the impact of the tax gap on government revenues and public services?

❑ How do countries with smaller tax gaps compare to those with larger tax gaps in terms of economic performance and social outcomes?

❑ What are the most effective strategies for reducing the tax gap, and how can their effectiveness be measured?

Detailed examples: **Tax policy**

❑ What is the impact of progressive income tax rates on income inequality and economic growth?

❑ How do corporate tax cuts affect the economy, including employment and investment?

❑ What are the consequences of implementing a value-added tax (VAT) on consumer behavior and the overall economy?

❑ How do different countries' tax systems compare in terms of complexity and efficiency?

❑ To what extent do tax incentives, such as deductions and credits, effectively encourage desirable behavior, such as charitable giving or investment in renewable energy?

❑ How does tax evasion and avoidance impact the fairness and effectiveness of a tax system?

❑ What is the role of tax policy in addressing environmental issues, such as climate change?

Detailed examples: **Tax disputes**

- ❑ What is the impact of tax disputes on small and medium-sized enterprises (SMEs)?

- ❑ How do different countries' tax dispute resolution processes compare in terms of efficiency, fairness, and cost?

- ❑ How do tax disputes impact taxpayer compliance and trust in the tax system?

- ❑ How do tax disputes affect investment and economic growth?

- ❑ What is the role of tax authorities and the courts in resolving tax disputes?

- ❑ How can alternative dispute resolution methods, such as mediation and arbitration, be effectively utilized in the resolution of tax disputes?

- ❑ What is the impact of the digitalization of tax systems on the prevalence and resolution of tax disputes?

Detailed examples: **Law enforcement**

❑ How does the level of tax law enforcement affect taxpayer compliance and trust in the tax system?

❑ What is the impact of tax law enforcement on the level of tax evasion and avoidance?

❑ How do different countries' tax law enforcement systems compare in terms of effectiveness and efficiency?

❑ What is the role of technology in improving tax law enforcement?

❑ How can tax law enforcement be made more equitable, particularly for small businesses and low-income individuals?

❑ How does the level of tax law enforcement impact the fairness of the tax system and overall economic inequality?

❑ What are the most effective strategies for promoting voluntary compliance with tax laws, and how can these be effectively implemented?

Detailed examples: **Tax audit**

❑ What is the impact of tax audits on taxpayer compliance and trust in the tax system?

❑ How do different countries' tax audit systems compare in terms of efficiency, fairness, and cost?

❑ What factors influence the likelihood of a taxpayer being audited, and how can these be effectively addressed?

❑ How can tax audits be made more efficient, while still maintaining their effectiveness in detecting noncompliance?

❑ How do tax audits impact small businesses and self-employed individuals, and what can be done to mitigate any negative effects?

❑ What is the role of technology in improving the effectiveness and efficiency of tax audits?

❑ How can the results of tax audits be effectively communicated to taxpayers and used to improve the overall tax system?

Detailed examples: **Tax incentives**

- ❑ What is the impact of tax incentives on economic outcomes, such as employment, investment, and GDP growth?

- ❑ How do different types of tax incentives, such as credits, deductions, and exemptions, affect taxpayer behavior and the overall economy?

- ❑ How can the design of tax incentives be improved to ensure they are targeted at their intended beneficiaries and have the desired impact?

- ❑ What is the role of tax authorities in evaluating and monitoring the effectiveness of tax incentives?

- ❑ How do tax incentives impact the fairness of the tax system and overall income inequality?

- ❑ How do tax incentives compare to other policy tools, such as direct spending programs, in achieving policy objectives?

- ❑ What is the role of evaluation in assessing the effectiveness of tax incentives and informing future policy decisions?

22

Detailed examples: **Tax accounting**

❏ How do changes in tax laws and regulations impact tax accounting practices and financial reporting?

❏ What is the role of tax accounting in tax planning and compliance, and how does it impact the overall efficiency of the tax system?

❏ How do different countries' tax accounting systems compare in terms of complexity and compliance costs?

❏ What are the best practices for tax accounting in the context of international business transactions?

❏ How does the adoption of new technologies, such as artificial intelligence and blockchain, impact tax accounting?

❏ What are the ethical considerations for tax accountants in advising clients and representing them to tax authorities?

❏ How can the results of tax accounting be effectively communicated to stakeholders, such as investors and policymakers?

Detailed examples: **Tax management**

❑ How do different countries' tax systems impact the tax management strategies of multinational corporations?

❑ What is the role of tax management in the overall financial management of a business, and how does it impact profitability and shareholder value?

❑ How do changes in tax laws and regulations impact tax management practices and decision-making?

❑ How can small and medium-sized enterprises effectively manage their tax obligations, given limited resources and expertise?

❑ What are the best practices for tax risk management and compliance, and how can these be effectively implemented?

❑ How does the adoption of new technologies, such as artificial intelligence and blockchain, impact tax management?

❑ What are the ethical considerations for tax managers in advising clients and representing them to tax authorities?

Detailed examples: **Institutional factors**

- ❑ How do the institutional factors of a country, such as the legal system and the level of corruption, impact the effectiveness and efficiency of its tax system?

- ❑ What is the relationship between the level of economic development and the design and performance of a country's tax system?

- ❑ How do the political and social factors of a country, such as the level of social trust and the strength of civil society, affect the fairness and acceptability of its tax system?

- ❑ How do institutional factors impact the level of compliance with tax laws and the prevalence of evasion and avoidance?

- ❑ How do institutional factors influence the ability of a country to implement and enforce tax policy?

- ❑ How do institutional factors impact the effectiveness of the resolution of tax disputes?

- ❑ How do institutional factors shape the interaction between taxpayers and tax authorities and the overall relationship between the state and its citizens?

Detailed examples: **Socio-economic factors**

❑ How do socio-economic factors, such as income level and education, impact taxpayers' compliance with tax laws and their willingness to pay taxes?

❑ What is the relationship between socio-economic factors and the prevalence of tax evasion and avoidance?

❑ How do socio-economic factors influence the public's perception of the fairness of the tax system and its acceptability?

❑ How do socio-economic factors impact the ability of individuals and businesses to navigate and comply with the tax system?

❑ How do socio-economic factors shape the distributional impact of tax policy and the overall distribution of the tax burden?

❑ How can the design of the tax system be used to address socio-economic inequalities and promote social and economic mobility?

❑ How do socio-economic factors impact the effectiveness of tax incentives in achieving policy goals and addressing social issues?

Detailed examples: **Tax authorities**

❑ How do tax authorities influence taxpayer compliance and trust in the tax system?

❑ What is the role of tax authorities in enforcing tax laws and regulations, and how effective are they in this regard?

❑ How do different countries' tax authorities compare in terms of efficiency and collection cost?

❑ What is the impact of the digitalization of tax systems on tax authorities and their operations?

❑ How do tax authorities balance their role as both regulator and service provider?

❑ How do tax authorities contribute to the overall fairness and effectiveness of the tax system?

❑ What are the best practices for tax authorities in assisting taxpayers with compliance and resolving disputes?

Detailed examples: **Tax intermediaries**

❑ How do tax intermediaries, such as accountants and lawyers, impact taxpayer compliance and the overall efficiency of the tax system?

❑ What is the role of tax intermediaries in tax planning and risk management, and how do they influence the fairness of the tax system?

❑ How do different countries regulate and oversee the activities of tax intermediaries?

❑ How do tax intermediaries contribute to the professionalization and specialization of the tax system?

❑ What is the impact of the digitalization of tax systems on the role and activities of tax intermediaries?

❑ How do tax intermediaries balance their role as advisors to taxpayers and their obligations to tax authorities?

❑ What are the ethical considerations for tax intermediaries in representing clients and interacting with tax authorities?

Detailed examples: **BEPS**

❑ What is the extent of base erosion and profit shifting (BEPS) by multinational corporations, and how does it impact the fairness and effectiveness of the international tax system?

❑ How do different countries' tax systems and regulations contribute to BEPS, and how can they be modified to address it?

❑ How do multinational corporations (MNCs) engage in BEPS and what are the most common techniques used?

❑ How do different sectors and industries engage in BEPS, and what are the drivers behind it?

❑ How do BEPS strategies evolve in response to changes in tax laws and regulations, and how can policymakers effectively address them?

❑ What is the role of tax intermediaries, such as accountants and lawyers, in facilitating BEPS?

❑ How can the international community effectively coordinate efforts to address BEPS and reform the international tax system?

Final **Thoughts**

Understand your **motives** and **interests**

- ❑ The **motives** for doing research can often be a very **powerful influence** on a person's choice of research topic.

- ❑ **Motives** can either be **intrinsic** (e.g., the personal interests of the researcher) or **extrinsic** (e.g., related to prestige, status of the researcher etc.).

- ❑ The interests of the researcher in a particular topic are often governed by their **beliefs**, **experience** and **value system**.

Intrinsic motives

Intrinsic criteria may include the following:

- ✓ it reflects **your research interests**.

- ✓ the topic is interesting and motivating.

- ✓ it builds upon your research background.

- ✓ it is within your area of technical competence.

- ✓ the topic deals with an important area for your work and will assist your professional advancement.

- ✓ the topic is important to you personally.

Extrinsic motives

Extrinsic criteria may include the following:

- ✓ **data can be collected** within limitations.

- ✓ it meets the requirements for a research project, thesis or dissertation.

- ✓ appropriate resources and support are available to you.

- ✓ appropriate supervisors and/or university can be found.

- ✓ the topic is manageable within the given timeframe (e.g., 1-2 years for master degree, 3-4 years for doctoral degree).

Establish your **parameter**

- ❑ **Time**—time is a critical constraint. This is particularly so when the researcher has an overly ambitious aim and/or has too many planned research objectives and research questions to carry out.

- ❑ **Access to the data**—this aspect relates to the previous point but is more concerned with a researcher's actual access to the data.

- ❑ **Finance/resource issues**—resource requirements for a research project need to be addressed early.

- ❑ **Abilities of the researcher**—these should be interpreted not necessarily only as natural abilities but also those abilities concerning your understanding and grasp of the concepts and methodologies that are to be used in the development and preparation of a research proposal—and ultimately your dissertation.

Thank **you**

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