



## Policy of Increasing Value-Added Tax from The Perspective of Maslahah Mursalah (Analysis of Act. No 7 Of 2021 Concerning Harmonization of Tax Regulations)

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**Abstract** - Tax regulations in Indonesia have undergone many changes. The main factors are the global economy, basic needs of the country, development needs, and others. So it requires the community to work together to build the country through taxes. This research aims to find out the legal basis of the VAT increase policy, then find out the impact of the increase policy. And then how is the VAT increase policy if reviewed from the perspective of maslahah mursalah. In this study, the author uses normative research methods, with the Conceptual Approach and Statutes Approach. This research is descriptive analytical, data is collected through document studies, literature studies, and then analyzed using deductive thinking logic. The results of this study show that the increase in VAT rates is based on Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (HPP Law). From the perspective of maslahah mursalah, which focuses on the benefit or public interest, this policy can be seen as an effort to achieve the welfare of the community at large. The increase in VAT has the potential to bring significant benefits by increasing the state budget that can be allocated for infrastructure, education, health, and other social programs, in line with the principle of public benefit. However, negative impacts such as inflation and a decrease in people's purchasing power, especially for low-income groups, need to be anticipated.

**Keywords:** Policy, VAT Increase, Maslahah Mursalah

### I. INTRODUCTION

VAT collection is considered very burdensome to be collected for the community. Because when viewed from the fairness of the distribution of tax burdens. The imposition of the same tax rate for each type of commodity causes low-income groups to be exposed to the same or higher proportion of tax burden than high-income groups. If this happens, it means that the VAT system does not reflect justice. The burden of VAT is borne more by low-income people. The imposition of VAT is charged to all groups of society, therefore low-income groups will be subject to VAT levies so that they will have an extra burden. The imposition of taxes on a number of types of goods is at a price above reasonable. Optimizing tax revenue is always sought by the government considering the significant increase in development needs as well as problems in the country's economy that often occur (Pergamation et al., 2022).

On April 1, 2022, the government began to enforce an increase in the VAT rate from 10% to 11% in accordance with Law No. 7 of 2021 concerning the Harmonization of Tax Regulations (HPP). The policy to increase the VAT rate is one of the government's efforts to increase the amount of state revenue in the tax sector. The price of raw materials and capital materials also has a great influence on people's purchasing power. When the price of a product decreases, the demand from the public for the product will increase. On the other

hand, when commodity prices increase, public demand for these commodities will decrease. (Article, 2023)

The policy of increasing VAT is driven by the urgent need to increase state revenue to support development and balance the budget. However, challenges such as inflation, impact on people's purchasing power, and public resistance must be addressed with appropriate mitigation measures. The frequency of changes in VAT rates depends on various factors, including economic conditions, state revenue needs, fiscal policy, and political decisions. Before raising VAT, the Government first considers various factors before deciding to adjust the VAT rate. Value Added Tax (VAT) has been implemented in Indonesia since 1984. The following is a change in the VAT increase and its legal basis. That is:

1. 1985-2000: VAT rate of 10% based on Law No. 8 of 1983.
2. 2001-2009: The VAT rate remained at 10% through Law No. 18 of 2000.
3. 2010-2021: The VAT rate remains at 10% through Law No. 42 of 2009.
4. 2022: The VAT rate increased to 11% based on Law No. 7 of 2021.
5. 2025: The VAT rate is planned to increase to 12% based on Law No. 7 of 2021.

This change in VAT rates reflects the government's efforts to adjust tax revenues to development needs and national economic dynamics. In 2022, the Government of Indonesia implemented an increase in the Value Added Tax (VAT) rate from 10% to 11% based on Law No. 7 of 2021 concerning the Harmonization of Tax Regulations. This is part of efforts to increase state revenues to support infrastructure development and social welfare programs, as well as to maintain fiscal stability in the face of global economic challenges. According to the plan contained in Law No. 7 of 2021, the VAT rate will increase again to 12% in 2025. The plan reflects the government's commitment to gradually increase state revenues while considering the economic and social impacts that may arise. This VAT increase has caused various reactions from the public and economic actors, so that the analysis from the perspective of *maslahah mursalah* is relevant. *Maslahah mursalah* is a concept in Islamic law that refers to the general benefit or interests of the community that are not explicitly regulated in sharia texts, but are considered important to realize justice and welfare.

In the context of public policy, *maslahah mursalah* is often used to assess whether a policy brings greater benefits to the community than its potential losses. The VAT increase policy as regulated in Law Number 7 of 2021 can be seen as in accordance with the principle of *maslahah mursalah* if the benefits produced are greater than the disadvantages. Policy implementation must be carried out by paying attention to the balance between increasing state revenue and protecting people's purchasing power, especially weak economic groups. The *maslahah mursalah* approach provides a comprehensive framework for assessing public policy from the perspective of justice and welfare, which is a key principle in good state governance. From the perspective of *maslahah mursalah*, the policy of increasing Value Added Tax (VAT) can be analyzed based on the concept of general benefit or welfare which is not explicitly regulated in *nash* (Al-Qur'an and Hadith), but is necessary to achieve the goals of sharia (*maqasid al-shariah*)

## **II. METHOD**

The research method used in this study is Normative research, because this study examines the VAT increase policy based on the analysis of Law Number 7 of 2021. This research is descriptive analytical, data is collected through document studies, literature studies, where the data is collected from information relevant to the problem that is the object of the research, the data is obtained from literature books, scientific papers, final projects, previous researches, and other sources. Then it is analyzed using deductive thinking logic. In this study, the approach used is a Conceptual Approach, which is to see how the VAT increase policy actually is, if reviewed from *Maslahah Mursalah*, whether it does have an impact that is in the public interest or does not have an impact on the public interest. And the Statute Approach. Namely analyzing laws and regulations related to value-added tax (VAT).

### III. RESULT AND DISCUSSION

#### 1. Overview

##### a) Value Added Tax

Value Added Tax (VAT) is an indirect tax imposed on the consumption of goods and services within the customs (domestic) area. VAT is charged at every stage of production and distribution of goods and services, from producers to end consumers. The final consumer bears the burden of this tax, while business actors act as tax collectors and payers to the government.(Pertambahan et al., 2022)

##### b) Legal Basis of VAT

VAT is regulated by Law No. 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods as amended with several changes, and the latest is Law No. 7 of 2021 concerning Harmonization of Tax Regulations. VAT rates in Indonesia have changed from time to time. Based on Law No. 7 of 2021, the VAT rate from 10% will increase to 11% starting April 1, 2022, with plans to increase further to 12% in 2025.

##### c) VAT Mechanism

The VAT mechanism involves several important stages:

- a. VAT collection. Every taxable entrepreneur (PKP) is required to collect VAT on the delivery of taxable goods (BKP) and/or taxable services (JKP) to the buyer or recipient of services.
- b. Output Tax and Input Tax. Output Tax is: VAT collected by PKP on the sale of goods or services. Input Tax is: VAT paid by PKP on the purchase of goods or services used in its business activities.
- c. VAT Crediting. PKP has the right to credit Input Tax against Output Tax. The difference between Output Tax and Input Tax will determine whether the PKP has an obligation to remit VAT to the state or has excess tax that can be compensated or refunded.(Artikel, 2023)

##### d) VAT objects.

VAT objects include:

- a. Delivery of taxable goods within the customs area carried out by entrepreneurs.
- b. Import of taxable goods.
- c. Delivery of taxable services within the customs area carried out by entrepreneurs.
- d. The use of intangible taxable goods from outside the customs area within the customs area.
- e. The use of taxable services from outside the customs area within the customs area.
- f. Export of taxable goods by PKP.
- g. Export of taxable services by PKP.

##### e) VAT Exemptions and Facilities

Some deliveries of goods and services are exempt from VAT or get certain facilities, for example:

- a. Certain items that are exempt from VAT. Such as agricultural products, livestock, fisheries, and other basic necessities.
- b. Certain services that are exempt from VAT. Such as health services, education services, financial services, and public transportation services.
- c. VAT free facilities on exports. Exports of taxable goods and taxable services are subject to a 0% VAT rate.

##### f) VAT Benefits for the State

- a. Source of State Revenue. VAT is one of the main sources of state revenue used to finance development and public services.
- b. Fair Taxes Because it is charged on consumption, VAT is considered fairer because the one who pays the tax is the end consumer who uses the goods and services.
- c. Encourage Tax Compliance. With the tax credit system, VAT encourages business actors to accurately report their transactions to claim input tax.

Make a significant contribution to the country's revenue, despite facing challenges in terms of administration and its impact on the end consumer. The implementation of the VAT increase policy must consider various aspects including social justice and the economic capabilities of the community. (Siahaan, 2023)

## **b. Maslahah Mursalah**

Maslahah mursalah is a concept in Islamic law that refers to the benefit or public interest that is not explicitly regulated in the nash (the holy text of the Qur'an and Hadith), but is considered important to achieve the goals of Islamic sharia (maqasid al-shariah). This maslahah is called "mursalah" because it is released (mursalah) from a specific postulate, but it is considered valid as long as it does not contradict the basic principles of the Shari'ah. (Rifqi Nailul, 2019).

### 1) The Principle of Maslahah Mursalah

- a. Principle of Benefit. Benefit is the main goal of Islamic law, which aims to preserve religion, soul, intellect, descendants, and property. Maslahah mursalah plays a role in realizing welfare and justice in society.
- b. The absence of special evidence. Maslahah mursalah is applied in situations where there is no specific evidence that regulates or prohibits certain actions, but these actions are seen as important to achieve the goals of the Shari'ah.
- c. Consistency with Maqasid al-Shariah.

The benefits taken must be consistent with the goals of Islamic law, which is to protect and promote the welfare of mankind in various aspects of life.

### 2) Types of Maslahah

#### 1. Maslahah Dharuriyyah (Primary).

Maslahah that is essential for the survival of humans and religion, such as the protection of religion, soul, intellect, descendants, and property.

- a. Maslahah Hajiyyah (Secondary). Maslahah is important for the comfort and ease of human life, although not essential for their survival, such as regulations that facilitate economic transactions.
- b. Maslahah Tahsiniyyah (Tertiary).

Maslahah that improves and beautifies the quality of life, such as ethics, good habits, and social respect.

#### 3) Criteria for Maslahah Mursalah

To be considered as a legitimate maslahah mursalah in the application of Islamic law, a public interest must meet the following criteria:

- a. Not Contrary to Nash. The maslahah must not contradict the text of the Qur'an, Hadith, ijma (consensus of scholars), or qiyas (analogy of law).
- b. It is universal. Benefits must be general and comprehensive, providing benefits to the wider community, not just for certain individuals or groups.
- c. Fulfilling Sharia Goals. The benefit must be in line with maqasid al-shariah, which is the ultimate goal of Islamic law which includes the protection of religion, soul, intellect, descendants, and property.
- d. Has Clear and Significant Benefits. The benefits must have clear and significant benefits, not speculative or uncertain.

By ensuring that the policies and actions taken are in accordance with the goals of Islamic sharia and bring benefits to the public good, maslahah mursalah plays a vital role in creating welfare and justice in society. (Musthafa & Siti Romlah, 2022)

2. Laws and regulations related to value-added tax (VAT)

Laws and regulations related to Value Added Tax (VAT) in Indonesia consist of various laws, government regulations, regulations of the minister of finance, decrees of the director general of taxes, and other regulations that as a whole form the legal framework for the implementation, administration, and supervision of VAT. These changes and updates of regulations are carried out to adapt to the development of international economic, social, and tax practices, with the aim of improving the efficiency and effectiveness of the tax system in Indonesia. (Perpajakan, 2022).

- a. VAT Law. Law No. 7 of 2021. About the Harmonization of Tax Regulations. Regulating an increase in the VAT rate from 10% to 11% starting April 1, 2022, and planned to increase again to 12% in 2025. It also includes various other reforms to simplify and improve the efficiency of the tax system. (Wesley & Sitompul, 2024) Government Regulations. Government Regulation No. 1 of 2012. Regarding the Implementation of Law No. 8 of 1983 as amended several times recently by Law No. 42 of 2009. Regulate the technical implementation of VAT and PPnBM.
- b. Regulation of the Minister of Finance
  1. Regulation of the Minister of Finance No. 75/PMK.03/2010. Regarding Procedures for Crediting Input Tax for Taxable Entrepreneurs Who Make Taxable Submissions and Non-Tax Payable Submissions.
  2. Regulation of the Minister of Finance No. 197/PMK.03/2013. Regarding Procedures for Registration and Elimination of Taxable Entrepreneurs, Procedures for Business Reporting and Implementation of Tax Obligations, and Procedures for Tax Payment for Certain Entrepreneurs. (Penyedia & Negeri, 2020).
  3. The Impact of the VAT Increase on Public Welfare. The increase in Value Added Tax (VAT) can have various significant impacts on people's welfare. Here are the main impacts that can occur:
    - a. Economic Impact
      - a. Increase in Prices of Goods and Services. Goods and services will increase, as producers and sellers usually pass on the additional tax burden to consumers. This can reduce the purchasing power of the community.
      - b. Decrease in purchasing power. With higher prices, people may buy fewer goods and services. This will mainly impact basic needs and essential services, such as food, health, and education.
      - c. Increased inflation. An increase in VAT can trigger inflation, because additional tax costs will be included in the price of goods and services. Rising inflation can reduce the real value of people's income.
      - d. Decrease in consumption. With prices rising, consumers may reduce the purchase of non-essential items. This can reduce overall demand in the economy and affect sectors that depend on domestic consumption. (Majid et al., 2023).
      - e. Impact on Investment. Operational Costs. Companies may face increased operating costs that can reduce profit margins and reduce investment. However, if tax revenues are used for public investment, this can provide a positive boost to the economy.
    - b. Social Impact
      1. Social Gap. Burden on Low-Income Households. The VAT increase tends to be heavier for low-income households because the proportion of their expenditure on basic necessities is larger compared to the high-income group. This can enlarge social gaps.
      2. Consumption Patterns. Changes in consumption in people may change their consumption patterns, switching to cheaper or VAT-free goods, which can have an impact on health and well-being. Although it can increase state revenue, this increase also has the potential to increase the price of goods and services, reduce purchasing power, and widen social inequality. To mitigate its negative impact, the VAT increase policy must be accompanied by compensation measures that

support low-income groups and ensure that the additional income is used for the public benefit and Islamic sharia purposes.(Agustina, 2021)

#### 4. VAT Policy on Law Number 7 of 2021 Maslahah Mursalah's Perspective

Maṣlaḥah mursalah is a method of determining the law based on universal benefits as the purpose of sharia', without being directly based on the text or the meaning of a particular text. If there are certain texts that support it in terms of meaning, it means that it becomes qiyas, but if there are textually rejected it directly, it means that it becomes invalid. In terms of its nature that prioritizes the meaning of shari'a', maṣlaḥah mursalah is equated with istihsan bi Al-daruriyah. Imam Malik uses this method based on three types of human behavior, namely darurriyyah, hajjiyyah, and tahsiniyyah. Maṣlaḥah mursalah is based on the daruri nature, namely maintaining religion, soul, descendants, and property. An analysis of the VAT increase policy from the perspective of Maslahah Mursalah can provide a comprehensive view of the impact and implications of the policy on the welfare of the community in general.(Aryani & Tambunan, 2022).

1. Benefit Analysis in assessing the VAT increase, we need to consider several aspects of benefits, namely:

- 1) The benefits of Daruriyyat (Primary). It is related to the basic needs that must be met to maintain the five main goals of sharia (religion, soul, intellect, descendants, and property). Does the VAT increase interfere with the fulfillment of people's basic needs?
- 2) The benefits of Hajjiyyat (Secondary). It is related to needs that support the convenience and comfort of life, even though it is not an emergency. What is the impact of the VAT increase on the family economy and small businesses?
- 3) The benefits of Tahsiniyyat (Tertiary). It is related to complementary aspects that beautify and improve the quality of life, but are not essential. How does this affect lifestyle and luxury consumption?

#### c. Compatibility with Maqasid al-Shariah

Maqasid al-shariah includes five main objectives: protection of religion, soul, intellect, heredity, and property. The evaluation of the VAT increase policy in the context of maqasid al-shariah is as follows:

- 1) Protection of Assets (Hifz al-Mal) VAT increases should be carefully considered so as not to overburden the public and reduce their ability to meet basic needs. This policy must be balanced with protection measures for vulnerable groups.
- 2) Life Protection (Hifz al-Nafs) The increase in the price of basic necessities due to the increase in VAT can affect the physical welfare and health of the public. Governments need to ensure equitable access to health services and basic needs.
- 3) Protection of the Intellect (Hifz al-'Aql). The negative economic impact of the VAT increase can affect education, which is part of the protection of reason. Policies that support affordable access to education must be considered.(Permata Gunawan & Sofiani, 2023)

#### d. The Impact of VAT Increase on Primary Benefits.

VAT can affect primary benefits in several ways:

- 1) Prices of Basic Needs. Higher VAT can lead to an increase in the price of basic necessities, such as food, medicine, and fuel. This can increase the economic burden, especially for low-income households, which can interfere with the fulfillment of their basic needs.
- 2) Impact on Health and Education
- 3) The increase in the price of goods and services due to the increase in VAT can also affect people's access to health and education services, which are part of the basic needs that must be protected.

**e. The Impact of VAT Increase on Secondary Benefits.**

Secondary benefits (hajjiyyat) include the needs necessary to avoid difficulties and difficulties in life, even though they are not as essential as primary needs.

1. People's Purchasing Power The increase in VAT can reduce people's purchasing power due to the increase in the price of goods and services. This can result in economic hardship for people, especially the middle class who have to adjust their spending to cope with rising prices.
2. Influence on Consumption and Economic Growth  
The decline in purchasing power can have a negative impact on public consumption, which is one of the main drivers of economic growth. The decline in consumption could hamper the economic recovery expected by the government.

**f. The Impact of VAT Increase on Tertiary Benefits.**

Tertiary benefits (tahsiniyyat) include needs that beautify and improve the quality of life, but do not have a direct effect on survival. Consumption of Luxury and Entertainment Goods: The increase in VAT may have more impact on luxury and entertainment items, which usually do not include essential necessities. While this may reduce the consumption of these items, its impact on general well-being may be insignificant compared to its impact on primary and secondary needs (Majid et al., 2023).

**g. Application of Maslahah Mursalah in Public Policy**

Public policies, including VAT increases, must be evaluated based on how much benefit is generated and the impact on public welfare. Policy-making must consider the balance between the government's interest in increasing state revenue and the public's interest in meeting their basic needs. The VAT increase policy based on Law No. 7 of 2021 from the perspective of Maslahah Mursalah must ensure that this policy supports the public benefit and is in accordance with the goals of Islamic law. This includes price monitoring, social assistance, transparency in the use of funds, improvement of social infrastructure, and effective education and socialization. In addition, periodic monitoring and evaluation must be carried out to ensure that this policy provides maximum benefits for the welfare of the community. If the VAT increase is considered to be in line with the maslahah mursalah, then the policy can be implemented while still considering mitigation against the negative impacts that may arise. For example:

1. Compensation for Vulnerable Groups. The provision of subsidies or social assistance for low-income groups so that they are not too burdened.
2. Transparency and Accountability. The use of funds from VAT increases must be transparent and accountable to ensure that the funds are actually used for the public good.

By considering the perspective of maslahah mursalah, the VAT increase policy can be directed to achieve greater welfare for the community, by ensuring that its implementation is carried out fairly and responsibly. This includes efforts to mitigate the negative impact on vulnerable groups as well as transparency in the use of funds generated from the tax increase. (Novianto et al., 2023).

**IV. CONCLUSION**

The VAT policy in Law No. 7 of 2021 when viewed from the perspective of maslahah mursalah, the state provides benefits to state revenue. But on the other hand, for the community, it has a negative impact, namely by increasing costs to the community. Therefore, its implementation needs to be carefully considered to ensure that it does not put an excessive burden on the community, especially in the lower middle economic group. Taking into account maqasid al-shariah, the government needs to ensure that this policy does not burden the community excessively and can provide greater benefits to the general welfare.

Value Added Tax (VAT) is an indirect tax imposed on the consumption of goods and services within the customs area. These costs are charged at every stage of production and

distribution, and the final consumer bears the burden. The business world acts as a tax collector and tax payer to the government. VAT is regulated in Law No. 7 of 2021 concerning the harmonization of tax regulations, with rates that change over time. The current rate is 11%, up from 10% in April 2022, with plans for further increases to 12% by 2025. The VAT mechanism includes collection, output tax, input tax, and crediting.

PKP collects VAT on taxable goods and services, with output tax as VAT collected and input tax as VAT paid on purchases. VAT objects include the delivery of Taxable Goods, the import of Taxable Goods, the delivery of Taxable Services, the use of intangible Taxable Goods, the use of Taxable Services, the export of goods, and the export of services. Some deliveries of goods and services are not subject to VAT or receive facilities such as certain goods and services, as well as VAT-free facilities on exports. VAT contributes significantly to state revenue, encouraging tax compliance through a tax credit system. However, the implementation of the VAT increase must consider social justice and economic capabilities.

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