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Analysis of Policy for Recovering Losses in State Revenue from Tax Crimes in Indonesia

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Abstract: This study analyzes the policy of state loss recovery in state revenue from tax crimes in Indonesia, focusing on Minister of Finance Regulation (PMK) No. 17 of 2025. Using a qualitative approach with content and narrative analysis from interviews with the Directorate General of Taxes Officials, Academics, and Tax Consultants, this study identifies the urgency of formulating this PMK as a response to previous fragmentation and inefficiency in asset recovery, as well as the increasing complexity of tax crime modus operandi. PMK No. 17 of 2025 is an administrative implementing regulation rooted in the 1945 Constitution, and derives its authority from Laws and Government Regulations, serving to provide necessary technical and operational details. Its formulation process followed a participatory public policy cycle, involving cross-institutional coordination with entities such as the Ministry of Finance, the Attorney General's Office, and the Police, and includes mechanisms for regular evaluation. The policy's implementation adopts a holistic two-pillar approach: preventive through education and compliance improvement, and repressive through law enforcement and asset recovery, with a focus on efficiency and procedural simplification. While the policy design recognizes the importance of inter-agency coordination, operational challenges still require more detailed Standard Operating Procedures (SOP) strengthening. Adaptation to the digital economy and continuous innovation are essential to maintain the policy's future relevance, given the rapid development of crime patterns. Key challenges include consistent coordination, acceleration of legal processes, and enhancement of human resource capacity.

Keywords: Policy, Fiscal, Taxation, Restorative justice, State Loss Recovery, State Revenue.

INTRODUCTION

Fiscal policy is one of the main instruments of the government in managing the national economy, especially in efforts to maintain macroeconomic stability, encourage economic growth, and create equality and social justice. According to Ayief Fathurrahman (2012), fiscal policy is an important part of public policy. In general, fiscal policy is a policy that regulates state revenue and expenditure. In Indonesia, fiscal policy is implemented through the management of state revenue and expenditure as outlined in the State Budget (APBN). State revenue, especially from taxes, plays a dominant role as a source of financing for national

development. In the structure of the 2023 APBN, tax revenue contributes around 85% of total state revenue (Ministry of Finance of the Republic of Indonesia, 2023), reflecting how strategic the role of the taxation sector is in supporting the country's fiscal sustainability.

In order to optimize tax revenue or reduce state revenue leakage, the Directorate General of Taxes implements an extensification strategy to increase the number of registered taxpayers through tax socialization and education. On the other hand, the intensification strategy is carried out by ensuring the compliance of registered taxpayers in fulfilling their tax obligations. One form of intensification is through tax audits and supervision of tax revenue opportunities that have not been optimally utilized. With this policy, it is hoped that tax administration can run more effectively to improve the understanding and compliance of taxpayers. The following is the Table data on Tax Revenue from 2019 to 2023:

Table 1. Tax Revenue 2019-2023

No.	Year	Target (%)	Realization (Trillion)	Growth (YoY)
1.	2019	84.5%	Rp. 1,332.67	1.5%
2.	2020	89.4%	Rp. 1,072.11	-19.6%
3.	2021	104.0%	Rp. 1,278.63	19.3%
4.	2022	115.6%	Rp. 1,716.77	34.3%
5.	2023	102.8%	Rp. 1,869.23	8.9%

Source: Secondary Data from the Directorate General of Taxes (2024)

DJP recorded an extraordinary achievement in the history of Indonesian taxation. For three consecutive years, from 2021 to 2023, DJP successfully achieved and even exceeded the tax revenue target set by the government.

The importance of tax administration in supporting state revenues also demands a tax policy that is adaptive and responsive to economic dynamics. In this context, the government has carried out various tax reforms, including the implementation of digitalization in the tax administration system through e-Filing, e-Billing, and e-Invoice services, and the latest is the implementation of coretax in the Indonesian tax system. Tax digitalization aims to provide convenience for taxpayers in fulfilling their obligations and increasing transparency in the tax administration system. However, the implementation of the tax digitalization system also faces obstacles, such as limited access to technology in several regions, low digital literacy among taxpayers, and data security risks that are still a concern. Therefore, the successful implementation of tax digitalization requires adequate infrastructure support and increased education to the public regarding the benefits and procedures for using digital tax services.

There are several real case examples related to the phenomenon of implementing the policy of recovering state revenue losses from tax crime cases in Indonesia, namely as follows:

The case of PT Jhonlin Baratama (2021) where PT Jhonlin Baratama was suspected of committing a tax crime by falsifying tax invoices to reduce the amount of VAT to be paid, CNN Indonesia (2021). The potential state loss is estimated to reach IDR 81 billion. After the investigation process was underway, the company paid off all tax obligations and administrative sanctions in accordance with the provisions of Article 44B of the KUP Law. Based on that, the investigation into the tax crime was stopped (SP3) because the state loss had been recovered. The Restorative Legal Basis is Article 44B paragraph (1) of the KUP Law which states "Investigation of criminal acts in the field of taxation is stopped if the suspect has paid off the loss to state revenue and administrative sanctions in accordance with the provisions." Although not referred to as "restorative justice" but explicitly, the basic principle is the same, namely that the recovery of state losses is prioritized over criminal punishment.

In 2024, the East Java High Prosecutor's Office implemented a restorative justice approach in a tax crime case involving two suspects. The two suspects had deposited part of the principal underpayment and fines of Rp2.3 billion during the investigation stage. This

approach allows the case to be resolved without proceeding to the criminal justice process, on the condition that the state losses have been recovered, East Java High Prosecutor's Office (2025).

The PT Asian Agri case is one of the biggest tax scandals in Indonesia, with state losses reaching Rp1.3 trillion due to tax evasion through various manipulation schemes. Although this case ended with criminal sanctions and fines of Rp2.5 trillion, the initial approach taken by the tax authorities emphasized the recovery of state losses before proceeding to the criminal process. This reflects the principle of restorative justice in efforts to resolve outside the criminal path, Metta Dharmasaputra (2013).

The case of PT HPE taxpayers in Palembang in 2023 in the form of intentionally submitting a Tax Return whose contents are incorrect and/or incomplete, not depositing the tax that has been collected, and using a tax invoice that is not based on the actual transaction. Previously, the suspect HY had been given the opportunity to take administrative measures by paying the principal tax plus administrative sanctions in the form of a fine of 4 (four) times the amount of the loss to state revenue (in accordance with Law No. 7 of 2021 on HPP) but the suspect did not take advantage of it, so the law enforcement process must be continued to the prosecution stage at the trial at the Palembang District Court. Source: Article pajak.go.id

This phenomenon shows a real challenge in implementing policies that regulate losses to state revenue due to tax crimes, both in terms of identification, quantification, and recovery mechanisms. The mechanism for calculating state losses itself is often a debate between tax authorities, investigators, and the courts, especially in terms of transparency and fairness to taxpayers. On the other hand, not a few tax crime cases are resolved without certainty that state losses have been optimally recovered.

Along with the dynamics of tax reform, the Indonesian government has formulated various policy instruments to balance law enforcement efforts and optimization of state revenues. One of the early normative frameworks can be traced from the policy developed through the Academic Manuscript of Law No. 6 of 1983 concerning General Provisions and Tax Procedures (KUP), which was then revised gradually following the needs of national administration and fiscal policy. One of the principles that developed in this policy is providing space for Taxpayers to correct administrative errors and violations before being subject to repressive action. This is stated in Article 8 paragraph (3) of the KUP Law, which allows for the termination of the legal process if the Taxpayer shows good faith in completing his tax obligations.

From the fiscal policy side, this is translated into Article 44B paragraph (1) and (2) of the KUP Law which states that the investigation process into tax crimes can be stopped if the state revenue loss has been fully recovered through payment of the principal tax, administrative sanctions, and interest in accordance with applicable provisions. The implementation of this policy is further operationalized in Article 44 paragraph (2) letter i, which gives the Directorate General of Taxes the authority to design an administrative mechanism in resolving tax cases efficiently, without always going through litigation. One of the latest fiscal policy innovations is the issuance of PMK 55/PMK.03/2016 which has been most recently amended to become the Minister of Finance Regulation (PMK) No. 17 of 2025, which aims to clarify the procedures, time, and administrative requirements that must be met by Taxpayers so that the investigation process can be stopped and state revenue recovery can be achieved optimally.

This approach is in line with the principle of good fiscal governance, where tax compliance enforcement does not only focus on the repressive aspect, but also on the efficiency of state revenue recovery and increasing voluntary compliance. From a public administration perspective, this policy reflects the government's efforts to build an adaptive, responsive, and incentive-based fiscal system, while also showing the challenges in implementing policies across sectors between fiscal authorities and law enforcement officers.

Therefore, it is important to analyze how the policy of recovering state revenue losses in tax crime cases is designed, implemented, and evaluated from the perspective of fiscal policy within the framework of public administration. Thus, researchers are interested in conducting research related to the policy of recovering state revenue losses in tax crime cases. This research offers the following novelties:

A legal and normative analysis of the opportunities for formalizing the concept of loss recovery policy in the tax law system in Indonesia, which has so far been fragmented between administrative and criminal approaches.

In-depth study using sources to explore the implementation of non-penal state loss recovery

Policy brief for the development of new legal instruments or revision of existing regulations to support the implementation of restorative justice in the tax law enforcement system in Indonesia. The research title "Analysis of Loss Recovery Policy on State Revenue Due to Tax Crimes in Indonesia" was chosen because it reflects the government's efforts to balance law enforcement and recovery of state revenue through a non-litigation approach.

METHODS

This study uses a qualitative approach. This study was conducted with the aim of analyzing the formulation process and design description of the loss recovery policy on state revenues from tax crimes in Indonesia, so that in-depth research is needed with the aim of collecting reliable data. The objectives can be achieved by means of literature analysis and in-depth interviews to understand more deeply. This approach allows researchers to understand the various views/perspectives and nuances that exist in a complex context. The type of research in this study is pure descriptive research through literature studies and interviews in one time dimension. The selection of this type of research is appropriate because it is related to the classification of types of research proposed by Neuman (2014).

This research method combines various data collection and analysis strategies aimed at obtaining a comprehensive understanding of tax administration. The strategies used include literature studies to obtain information from various scientific references and tax regulations, as well as in-depth interviews to gain insight from tax experts who have direct experience in managing the tax system.

According to Sugiyono, (2016) a source/informant in a study is someone who has a lot of information or data related to the problem and object that is being researched. So that later information about the research object will be of interest. In the interview method in this study, the interview will be conducted using the semi-structured interview method. The selected resource persons are key resource persons with different focuses to be able to translate the complexity of the existing problems. These resource persons/informants were selected to obtain diverse perspectives presented in Table 2.

Table 2. Source Information

Informant	Position
Directorate General of Taxes Official	Directorate General of Taxation
Academician/Taxation Expert	Jose Andrew Ramos – Lecturer in Taxation at Prasetya Muliya University
Tax Consultant	Najwan Fauzi Haris – Tax Consultant at Solusi Maxel Consultama (SMC).

Some of the procedures carried out in conducting in-depth interviews are as follows:

1. Preparation
   Researchers prepare a list of semi-structured interview questions and supporting tools such as note-taking tools or recorders (with permission). Researchers first study the background of the source and the agency where the source works to support the relevance and depth of the discussion.
2. Opening
   The researcher introduced himself and briefly explained the purpose of the research and the benefits of the interview for academic needs. The researcher guarantees the confidentiality of the interviewee's identity and asks for permission to record the interview (if necessary). The researcher asked for permission from the informant to continue the interview.
3. Interview Implementation
   Interviews were conducted using a semi-structured approach. The researcher asked main questions according to the guidelines, but remained open to further exploration based on the interviewee's answers.
4. Closing
   The researcher would like to thank the resource persons for their willingness to participate in the interview. Researchers asked the informant's willingness to be contacted again if clarification or confirmation of the data was needed.

RESULTS AND DISCUSSION

Analysis of Research Results

The Process of Formulating a Policy for Recovering Losses from State Revenues Due to Tax Crimes in Indonesia.

The process of formulating a policy for recovering losses on state revenues due to tax crimes in Indonesia, especially through PMK No. 17 of 2025, is a strategic response to the dynamics and challenges that continue to develop in the taxation system. This analysis is built from various perspectives, namely from the Directorate General of Taxes (DJP), Academics , and tax consultants, to obtain a comprehensive picture.

Background and Urgency of Policy

The main background of the formulation of PMK No. 17 of 2025 is the urgent need to optimize the recovery of state losses due to tax crimes. As conveyed by the DJP Official:

"Previously, the Directorate General of Taxes faced many challenges in returning assets that should have been the state's rights"

DJP Official adding that:

“Previous state loss recovery mechanisms tended to be fragmented, relying on a variety of scattered legal instruments, making the process often inefficient and time-consuming.”

From an Academic point of view:

“The urgency of this policy is very clear and its rationality lies in efforts to maintain the integrity of the tax system and ensure fiscal justice. Tax crimes not only cause the loss of potential state revenues, but also damage justice for compliant taxpayers.”

Therefore, this policy is seen as a form of state response to restore losses and enforce the law. Academics also emphasize that the main driver of the need for this policy is the increasingly complex modus operandi of tax crimes that result in large state losses, as well as the need to increase the effectiveness of law enforcement and provide a stronger deterrent effect. Meanwhile, the Tax Consultant explained that the real problems that taxpayers often face are:

"legal uncertainty and a long process in handling cases that have the potential to harm the state."

In the view of practitioners, this PMK is relevant because it is expected to provide clarity and legal certainty. Tax consultants indicate significant changes post-PMK, where the tax authorities have stronger "fangs" in handling state losses due to tax crimes compared to previous conditions, although implementation challenges remain.

Legal Basis and Regulatory Hierarchy

Although it is not specifically explained in detail in the interview transcript regarding the legal basis and hierarchy of PMK regulations No. 17 of 2025, it can be implicitly understood that this policy is formulated based on the authority granted by the laws above it, such as the Law on General Provisions and Tax Procedures (UU KUP) and the law related to money laundering crimes (UU TPPU). The DJP official stated that:

"Before this PMK, the recovery mechanism relied on scattered legal instruments. This shows that this PMK functions as a technical regulation that consolidates and strengthens the implementation of higher provisions."

From the perspective of Academics, who often study legal aspects:

"It is hoped that this PMK has a strong legal basis and is consistent with the laws above it, to avoid potential conflicts of norms or legal loopholes."

However, in general, consistency with the hierarchy of laws and regulations is a basic principle in the formation of legitimate and effective policies.

Tax Consultant indicates that:

"This PMK provides stronger "fangs" for the tax authorities, which means that this PMK provides a more solid legal basis for enforcement and recovery actions. This indirectly shows that this policy has received adequate legal legitimacy in practice."

The formulation of public policy in Indonesia is bound by the principle of the hierarchy of laws and regulations, ensuring that each regulation at the lower level does not conflict with the legal norms above it. PMK No. 17 of 2025 concerning the Recovery of Losses to State Revenue due to Tax Crimes is a form of administrative implementing regulation tasked with implementing laws and government regulations in the field of taxation. The hierarchy of the legal basis underlying this PMK can be depicted in Figure 1, namely as follows:

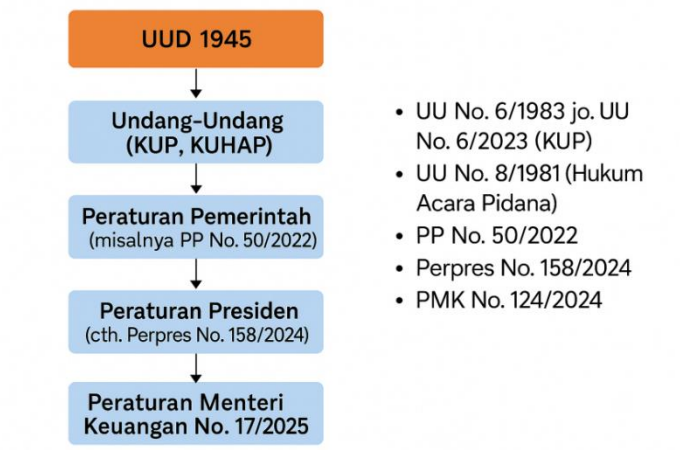


Figure 1. Hierarchy of Legal Basis for PMK No. 17 of 2025
Source: Researcher

Explanation

Substantively, PMK No. 17 of 2025 is a delegation of authority from the laws and regulations above it, especially Law Number 6 of 1983 concerning General Provisions and Tax Procedures (UU KUP) which has been amended several times until Law Number 6 of 2023. The KUP Law provides a legal basis for the Directorate General of Taxes to enforce tax law, including in the context of criminal acts. In addition, Law Number 8 of 1981 concerning Criminal Procedure Law (KUHAP) is also a fundamental basis in general criminal enforcement procedures, which are relevant to the criminal aspects of taxation.

Furthermore, the existence of Government Regulations (e.g. PP No. 50/2022) and Presidential Regulations (e.g. Perpres No. 158/2024) indicate the existence of regulations at a higher level that mandate or provide a legal umbrella for the Regulation of the Minister of Finance to further regulate technical and operational details. In this context, PMK No. 17 of 2025 functions as an implementing regulation that specifically regulates the mechanisms and procedures for recovering losses in state revenues due to tax crimes, filling gaps or clarifying provisions that already exist in higher regulations. PMK No. 124/2024 can also be a reference as an example of previous or closely related regulations, which show the dynamics and evolution of regulations in this field.

Formulation Process and Parties Involvement

The process of formulating PMK No. 17 of 2025 involves coordination and synergy between institutions. DJP officials highlighted the importance of coordination between institutions such as the Ministry of Finance, the Prosecutor's Office, and the Police. This synergy is needed to unite strengths and perspectives in formulating comprehensive policies, considering that tax crimes are often related to general criminal aspects and money laundering. Good coordination is expected to overcome the limited resources of each institution and increase the effectiveness of case handling.

1. Tax Consultant
   Also implies that there is a solid synergy between the DGT and the Attorney General's Office in tracing assets, as in the cases they have assisted, indicating the strength of this policy. This indicates that the process of formulating this policy has succeeded in creating a framework that supports collaboration in practice. However, the Tax Consultant also highlighted the need for improved coordination and synergy between law enforcement agencies with a more detailed Standard Operating Procedure (SOP) that binds all parties.
2. Academics
   Theoretically certainly see the importance of multi-stakeholder involvement in the process of formulating public policy. This involvement not only ensures the completeness of perspectives but also increases the legitimacy and acceptability of policies in the eyes of the public. Although not explicitly mentioned in the transcripts of academic interviews regarding the formulation process, a common assumption in public policy is multi-stakeholder participation.

The formulation process of PMK No. 17 of 2025 can be understood through the framework of the public policy cycle put forward by experts such as James Anderson, Thomas Dye, and Harold Lasswell. Although each expert has different nuances, the core of this model is a series of logical stages that describe how an issue becomes the government's attention and is then transformed into an implemented policy. Figure 4.2 presents a description of the cycle that is relevant to the context of recovering state losses from tax crimes.

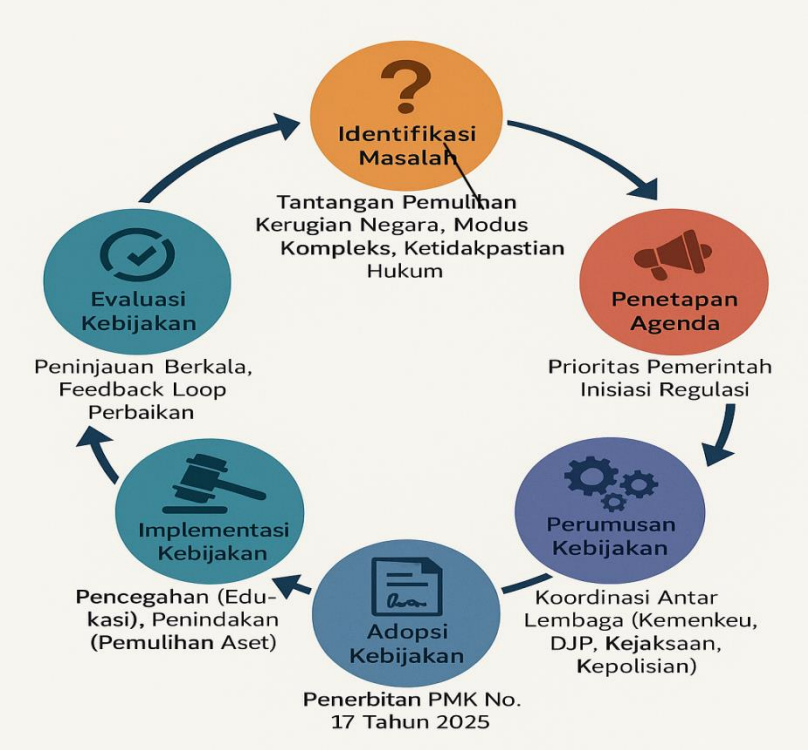


Figure 2. State Loss Recovery Policy Formulation Process Cycle
Source:**(Adapted from Anderson, JE (1979). Public Policymaking; Dye, TR (2013)**

Interpretation Explanation

Problem Identification: This stage is the starting point where the issue or problem is recognized as something that requires public attention and government action. In the context of PMK No. 17 of 2025, the DJP Official explicitly stated that the main background is:

"an urgent need to optimize the recovery of state losses due to tax crimes," because so far "we have faced many challenges in returning assets that should be the state's rights."

The DJP official added that the previous mechanism:

"tends to be fragmented."

From an academic perspective, the main driver is:

"the increasingly complex modus operandi of tax crimes which result in large state losses."

Meanwhile, Tax Consultants identify:

"the real problem is often legal uncertainty and lengthy processes"

For taxpayers. All these perspectives confirm the existence of a serious problem that requires policy intervention.

Agenda Setting: At this stage, the identified issue has successfully attracted the attention of policy makers and has been placed on the government agenda. Although not specifically mentioning “agenda setting,” the urgency expressed by the speakers, especially from the DGT, indicates that the issue of recovering state losses has successfully entered the priority agenda of the Ministry of Finance and the DGT. The involvement of leaders and the initiation to issue a PMK indicate that this issue has been formally recognized as a priority that must be addressed through regulation.

Policy Formulation: This stage involves developing solutions or alternative actions to address issues that have been included in the agenda. The formulation of PMK No. 17 of 2025 involves coordination and synergy between institutions. DJP officials highlighted the importance

"coordination between institutions such as the Ministry of Finance, the Prosecutor's Office, and the Police."

This synergy is needed to unite strengths and perspectives in formulating comprehensive policies, considering that tax crimes are often related to general criminal aspects and money laundering. Although details of the internal debate or the drafting team were not explained, this statement indicates a collaborative process in drafting the policy.

Policy Adoption: After formulation, the policy must be officially approved by the authorities. In this case, the issuance of "PMK No. 17 of 2025 concerning the recovery of state revenue losses due to tax crimes" is a form of policy adoption. This process indicates that the draft policy has been approved and has legal force to be implemented. Tax consultants observe significant changes:

"after this PMK, which indicates that the adoption of this policy has brought real implications in practice."

Policy Implementation: This stage is the implementation of the policy in the field. The DJP official explained that:

"This PMK focuses on preventive (education and socialization) and repressive (strict law enforcement) aspects."

Tax Consultant provides real examples where:

"The Directorate General of Taxes and the Prosecutor's Office are working together quite solidly in tracing assets,"

Which shows successful implementation in some cases. However, Tax Consultants also highlighted weaknesses in the implementation procedures, such as:

"The asset confiscation process feels too aggressive... even though there is no final decision yet,"

Which indicates challenges in implementation in the field. Policy Evaluation: The final stage is the assessment of the effectiveness and impact of the policy. The design of this policy has included an evaluation mechanism as an integral part. The DJP official explicitly stated:

"We plan periodic evaluations, perhaps once every one or two years, to review the effectiveness of this PMK in the field." Furthermore, "This feedback loop will involve loss recovery data, input from implementing officers, and also external stakeholders."

The DJP official added that this evaluation is important for:

"update and improve policies to keep them relevant to developments in tax crime modes, including in the digital era."

Academics also emphasize the importance of:

"periodic evaluation clause and the spirit to always revise or improve regulations if there are new developments."

This shows that the policy formulation process is designed to be a continuous cycle, where the evaluation results will be input for identifying new problems or formulating better policies in the future.

Objectives and Scope of the Policy

The main objective of PMK No. 17 of 2025 is to optimize the recovery of state losses due to tax crimes. The DJP official explained that:

"This policy focuses on preventive and repressive aspects. The preventive aspect involves increasing taxpayer awareness and compliance through education and socialization, while the repressive aspect includes strict law enforcement against perpetrators of tax crimes with the aim of recovering state losses."

Furthermore, the DJP official added that:

"This PMK aims to simplify and integrate various legal instruments that were previously scattered, so that the recovery process is more coordinated and efficient."

Academics see the purpose of this policy:

"in line with efforts to maintain the integrity of the tax system and ensure fiscal justice. This policy is expected to increase the effectiveness of tax law enforcement and provide a stronger deterrent effect."

Thus, the scope of this policy covers the entire spectrum from prevention to enforcement and recovery, with a focus on the return of lost state assets. Tax consultants see the objectives of this policy in terms of legal certainty and the effectiveness of the tax authorities. The objective is to:

"providing a stronger "fang" for the tax authorities in handling state losses indicates that the scope of this policy includes increasing the DGT's law enforcement capabilities in recovering state losses."

Analysis of the Implementation of Loss Recovery Policy on State Revenue from Tax Crimes in Indonesia

The design overview of the policy for recovering losses on state revenues due to tax crimes in Indonesia, especially PMK No. 17 of 2025, reflects a more systematic and integrated approach than before. This analysis details the main pillars, mechanisms, roles of institutions, and innovations and challenges in policy design.

Main Pillars of Implementing Loss Recovery Policy

The implementation of this loss recovery policy is based on two main pillars: prevention and action. The DGT official emphasized that:

"This PMK is designed with a focus on preventive and repressive aspects. The preventive aspect seeks to increase taxpayer awareness and compliance through education and socialization"

This aims to reduce the potential for tax crimes from the start. Meanwhile, the repressive aspect focuses on strict law enforcement against perpetrators of tax crimes with the main goal of recovering state losses. This shows a holistic policy design, not only waiting for losses to occur but also trying to prevent them.

1. Academics
   Implicitly supports this pillar with the view that this policy contributes to increasing tax compliance and justice, which is the goal of the preventive aspect. In addition, law enforcement efforts and providing a deterrent effect, which are the focus of repression, are also in line with Academics ' views on the urgency of the policy.
2. Tax Consultant
   Observed that after this PMK, the tax authorities have stronger "fangs", which strengthens the repressive pillar in the policy design. This means that the policy has succeeded in providing stronger legal instruments for enforcement and recovery.

Loss Recovery Mechanism and Procedures

The loss recovery mechanism and procedures in PMK No. 17 of 2025 are designed to simplify and integrate previously fragmented processes. The DJP official explained that:

"One of the objectives of this PMK is to consolidate various legal instruments that were previously scattered, so that the recovery process becomes more coordinated and efficient"

1. Tax Consultant

Provides a real example where the synergy between the Directorate General of Taxes and the Attorney General's Office in asset tracing has succeeded in recovering most of the state's losses. This shows that collaborative mechanisms in asset tracing and recovery are an integral part of policy design. However, the Tax Consultant also highlighted challenges in practice, such as the "overly aggressive" asset seizure process before a final decision is made, indicating the need for smoothing procedures to ensure legal certainty for taxpayers. This indicates that although the design attempts to be efficient, the aspects of prudence and compliance with legal principles need to be considered in its implementation.

2. Academics
   Proposes strengthening the non-conviction based asset forfeiture instrument as an essential revision, which if accommodated, will become part of the recovery mechanism in the future. This indicates that the current mechanism may still be too dependent on lengthy criminal processes, thus requiring diversification of asset recovery procedures.

Authority and Role of Related Institutions

The design of this policy explicitly acknowledges the importance of the authority and role of various related institutions in the loss recovery process. DJP officials explicitly stated that:

"Coordination between institutions such as the Ministry of Finance, the Prosecutor's Office, and the Police is key in this effort."

The division of roles and authorities is expected to optimize the use of resources and improve the competence of officers in the field. This shows a policy design that is not only focused on the Directorate General of Taxes alone, but also involves a broader law enforcement ecosystem.

1. Tax Consultant
   Provide practical confirmation of the role of this institution, with an example of cooperation between the DGT and the Attorney General's Office in asset tracing which was considered successful. However, the Tax Consultant also suggested improving coordination and synergy between law enforcement agencies with a more detailed Standard Operating Procedure (SOP) that binds all parties. This shows that although the authority framework exists, implementation in the field still requires improvement in terms of operational coordination.
2. Academics
   Theoretically supports the establishment of a permanent multidisciplinary special team for economic crimes, underlining the importance of collaboration and synergy between institutions with diverse expertise, including digital forensics and data analysis for asset tracing. This reflects the view that policy design should support the integration of roles and authorities to address the complexity of tax crimes.

Aspects of Innovation and Challenges in Design

The design of PMK No. 17 of 2025 policy shows an effort to innovate and adapt to the times, although significant challenges remain. DJP officials stated that:

"This policy continues to be attempted to be adaptive to the digital economy, for example in tracking electronic transactions. However, he acknowledged that the mode of crime is developing very quickly, so that a periodic evaluation mechanism is very important for updating and improving policies to always be relevant."

DJP Official reinforces this by mentioning:

"a periodic evaluation plan, perhaps every year or two, that would involve loss recovery data, input from implementing officials, andstakeholdersexternal. This is a form of innovation in policy design that buildsfeedback loopfor sustainability."

Academics agreed that:

"adaptation to the digital economy needs to be continuous because it creates new challenges in identifying tax subjects, transaction locations, and tracing virtual assets."

This policy must be flexible and have a rapid review mechanism in order to remain relevant. Academics also emphasize the importance of periodic evaluation clauses and the spirit to always revise or improve regulations if there are new developments for the sake of sustainability and flexibility. In addition, Academics propose:

"massive investment in technology and human resource development in the areas of digital forensics and data analysis for asset tracing, which are important innovations to address the challenges of sophisticated crime modes."

Tax Consultant

Also acknowledged that crime modes involving technology and across countries are developing very rapidly. Therefore, this policy needs to be continuously updated and must be more flexible in order to reach these new modes. The main challenges in design and implementation, according to Tax Consultants, are:

"improving coordination and synergy between law enforcement agencies, accelerating the legal process, and increasing the capacity of human resources in the field of digital forensics and cross-border asset tracing."

This indicates that although policy design has attempted to be adaptive, implementation challenges and the need for continuous innovation in dealing with the complexity of economic crime remain a key focus.

CONCLUSION

This study analyzes the State Loss Recovery Policy on State Revenue from Tax Crimes, specifically through the Regulation of the Minister of Finance (PMK) No. 17 of 2025. Based on content and narrative analysis of interview transcripts with Directorate General of Taxes (DJP) Officials, Academics, and Tax Consultants, several main conclusions can be drawn:

1. Background and Urgency of Policy Formulation

   PMK No. 17 of 2025 was formulated as an urgent response to the challenges faced by the Directorate General of Taxes in recovering state assets due to tax crimes that were previously fragmented and inefficient. This urgency is reinforced by the increasingly complex modus operandi of tax crimes, the need for legal certainty for taxpayers, and the state's commitment to maintaining the integrity of the tax system and upholding fiscal justice.
2. Legal Basis and Regulatory Hierarchy

   PMK No. 17 of 2025 occupies a position as an administrative implementing regulation in the hierarchy of Indonesian laws and regulations, which is rooted in the 1945 Constitution, and derives authority from Laws (such as the KUP Law and the Criminal Procedure Code) and Government Regulations, and Presidential Regulations above it. This PMK functions to provide technical and operational details necessary for the implementation of higher provisions, providing a stronger legal basis for recovery actions.
3. Participatory Formulation Process and Policy Cycle

   The policy formulation process follows the stages of the public policy cycle (problem identification, agenda setting, formulation, adoption, implementation, and evaluation).

Involvement and coordination across institutions such as the Ministry of Finance, the Prosecutor's Office, and the Police are crucial in formulating a comprehensive policy. The existence of a planned periodic evaluation mechanism demonstrates a commitment to feedback loops and continuous improvement.

4. Implementation of Holistic Policies with Pillars of Prevention and Enforcement

   The implementation of PMK No. 17 of 2025 adopts a two-pillar approach, namely preventive (through education and increasing compliance) and repressive (through law enforcement and asset recovery). Integration of various legal instruments and simplification of procedures are the focus in the design of the recovery mechanism, which aims for efficiency and effectiveness.

   Coordinated Authorities and Roles of Related Institutions: The policy design explicitly recognizes the importance of the roles and authorities of various law enforcement agencies. The collaboration of the DGT with the Prosecutor's Office and the Police is key to success in asset tracing and recovery. Although there are examples of successful synergy, operational coordination challenges remain a concern, indicating the need for more detailed strengthening of Standard Operating Procedures (SOPs).

   Adaptation to the Digital Economy and the Challenge of Sustainable Innovation: The design of this policy has attempted to be adaptive to the development of the digital economy, but it is recognized that the mode of tax crime is developing very rapidly. Therefore, sustainable innovation in the form of periodic evaluations, investment in technology (digital forensics, data analysis), development of human resources (HR), and strengthening of non-conviction based asset forfeiture instruments are essential to maintain the relevance and effectiveness of the policy in the future. The main challenges lie in the consistency of coordination between institutions, acceleration of the legal process, and increasing the capacity of relevant HR.

Suggestion

Based on the conclusions above, this study recommends several strategic suggestions for improving the policy of recovering losses on state revenues due to tax crimes in Indonesia:

1. Strengthening Coordination and Synergy Between Institutions
   a. Joint SOP Implementation:
      Immediately formulate and implement a more detailed, binding, and integrated Standard Operating Procedure (SOP) for all law enforcement agencies (DGT, Prosecutor's Office, Police, PPATK) in handling tax crimes, especially related to asset tracing and loss recovery. This will minimize overlapping authorities and ensure an efficient process flow.
   b. Formation of a Permanent Joint Team:
      Consider the formation of a permanent multidisciplinary special team, consisting of personnel from the Directorate General of Taxes, the Prosecutor's Office, the Police, and digital forensics experts, who focus on investigating and recovering assets from economic crimes, including taxation.
2. Acceleration of Legal Process and Strengthening of Asset Recovery Instruments:
   a. Simplification of Legal Procedures:
      Review and simplify legal procedures that have the potential to slow down the loss recovery process, without ignoring the principles of prudence and legal certainty for taxpayers.
   b. Exploration of Non-Conviction Based Asset Forfeiture:
      Conduct in-depth studies and consider strengthening non-conviction based asset forfeiture instruments for assets resulting from tax crimes, while still ensuring the

protection of legal rights and fair procedures, so that asset recovery is not always hampered by the length of the criminal process.

3. Technology Investment and Human Resource Capacity Building:
   a. Development of Digital Forensic Technology:
      Allocate a significant budget to invest in cutting-edge technology in digital forensics, big data analysis, and artificial intelligence to detect, track, and analyze complex tax transactions, especially in the era of the digital economy and cross-border transactions.
   b. Ongoing Training:
      Enhance ongoing training and education programs for tax law enforcement officers, particularly in digital forensics, cross-border asset tracing, and an in-depth understanding of the evolving modus operandi of tax crimes.
4. Optimization of Policy Evaluation Mechanism:
   a. More Comprehensive Evaluation:
      Conduct periodic evaluation of PMK No. 17 of 2025 (according to the DGT plan) by involving more specific performance indicators, including the number of assets successfully recovered, efficiency of recovery time, and impact on tax compliance levels.
   b. External Stakeholder Engagement:
      Ensure that input from external stakeholders such as Academics and tax consultant associations is substantively accommodated in the policy evaluation and revision process to gain a broader and more practical perspective.

By implementing these suggestions, it is hoped that the policy of recovering losses on state revenues due to tax crimes can become more effective, efficient, adaptive, and provide higher legal certainty, ultimately contributing to increasing state revenues and enforcing fiscal justice in Indonesia.

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