

Tax Non-Compliance Risks of Licensed Importers in Indent-Based Import

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ABSTRACT

This study investigates administrative data on indent-based imports conducted by licensed importers and assesses the implications for tax compliance and potential revenue leakage. Using a descriptive-analytical approach, the analysis integrates tax return data with import payment records to evaluate compliance risk among corporate taxpayers. The sample comprises 268 licensed importers registered in West Jakarta for the 2024 tax year. The findings indicate that 79% of the sampled taxpayers fall within the highest risk category. Collectively, these taxpayers claimed approximately IDR 20 billion in import-related tax credits, including Article 22 Income Tax and Value Added Tax (VAT). Supervisory assessments identified discrepancies totalling IDR 5.46 billion, of which IDR 5.03 billion originated from the high-risk group. These results provide proxy-based evidence of elevated compliance risk. The findings highlight the need to strengthen beneficial ownership verification and enhance the integration of tax and customs data through risk-based validation mechanisms for import-related tax credits.

Keywords: Tax-Noncompliance Risk; Indent; Importer

Risiko Ketidapatuhan Pajak Importir Berlisensi dalam Transaksi Impor Berbasis Inden

ABSTRAK

Penelitian ini mengkaji data administratif terkait impor berbasis inden yang dilakukan oleh importir berizin serta implikasinya terhadap kepatuhan perpajakan dan potensi kehilangan penerimaan pajak. Dengan menggunakan metode deskriptif-analitis, penelitian ini mengintegrasikan data Surat Pemberitahuan (SPT) dan pembayaran pajak impor untuk menilai risiko ketidapatuhan Wajib Pajak badan. Penelitian ini mencakup 268 importir berizin yang terdaftar di wilayah Jakarta Barat pada Tahun Pajak 2024. Hasil penelitian menunjukkan bahwa 79% dari sampel memiliki indikasi ketidapatuhan yang tinggi. Mereka secara kolektif mengklaim kredit PPh Pasal 22 Impor dan PPN Impor sekitar Rp20 miliar. Kegiatan pengawasan menemukan selisih ketidaksesuaian sebesar Rp5,46 miliar, di mana Rp5,03 miliar di antaranya berhasil ditagih melalui kegiatan pengawasan dari kategori Wajib Pajak dengan tingkat risiko tertinggi. Temuan ini menunjukkan adanya indikasi risiko kepatuhan melalui pendekatan berbasis proksi. Hasil penelitian menegaskan pentingnya penguatan keselarasan beneficial ownership serta peningkatan integrasi data perpajakan dan kepatuhan melalui validasi berbasis risiko terhadap kredit pajak yang berasal dari kegiatan impor.

Kata Kunci: Risiko Ketidapatuhan Pajak; Inden; Importir

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INTRODUCTION

Many Indonesian taxpayers are unable to import goods directly due to sector-specific and regulatory restrictions. Under Indonesian customs law, only authorised importers registered with the Directorate General of Customs and Excise (DGCE) are permitted to engage in direct importation. As a result, licensed importers – intermediary entities approved to conduct import activities on behalf of other parties – play a critical role for taxpayers lacking import licenses. These licensed importers facilitate the import process by managing documentation and regulatory compliance, including the preparation of import declarations, bills of lading, and other supporting documents. Although they act on behalf of clients, they are legally classified as service providers rather than the owners of the imported goods.

In accordance with Ministry of Finance Decree No. 539/KMK.04/1990 and Article 1 of Director General of Taxes Decree No. KEP-148/PJ/2003, indent-based importation refers to the practice of importing goods into the customs territory by an importer acting for and on behalf of an ordering party (Indentor), based on a contractual agreement. Under this arrangement, all import-related expenses – including the opening of letters of credit (L/C), customs duties, taxes, and other charges – are borne by the Indentor. The importer, in turn, receives a handling fee as compensation for its services. The operational flow of the indent-based import process is illustrated in Figure 1.

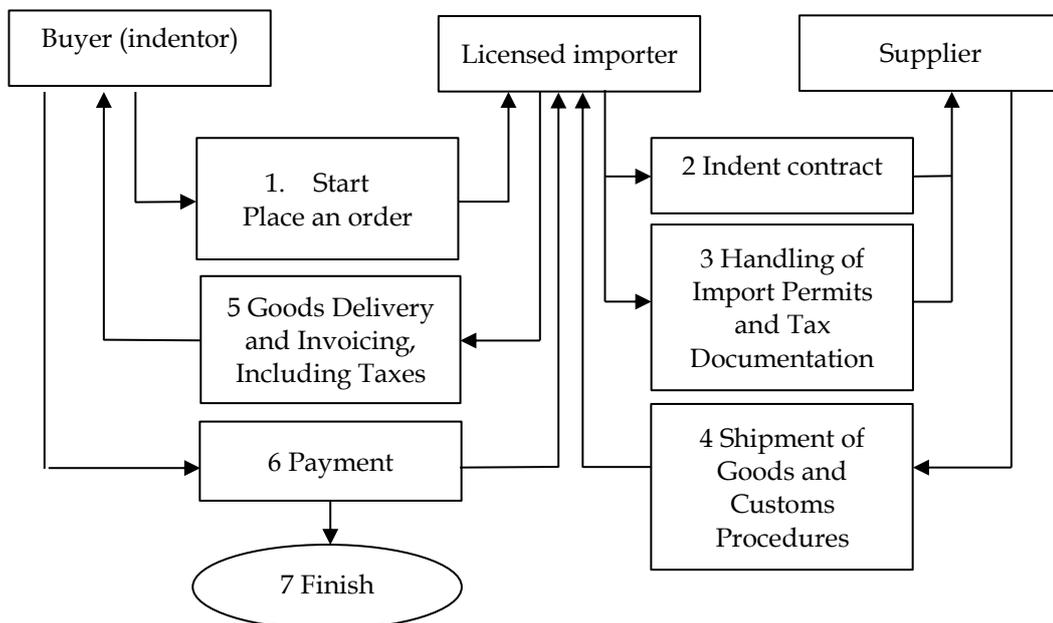


Figure 1 The Business Process of Indent-Based Import

Source : Fitriya, 2025

While the indent-based import system facilitates access to international trade for taxpayers facing regulatory, financial, or procedural constraints, it also introduces opportunities for misreporting and misclassification. Licensed importers, although formally designated as the importer of record under customs law, do not hold economic ownership of the imported goods. The clients – who fund, receive, and sell the goods – retain the underlying economic interest. This

structural misalignment gives rise to potential trade-based tax evasion, including underreported income, misclassified transactions, and the improper claiming of Article 22 Import Income Tax and VAT import credits (Bussy, 2023; Sriyanto & Nurcahyo, 2023; Pomeranz, 2015).

In Indonesia, licensed importers operate within the legal framework but often engage in practices that obscure the distinction between legal and economic ownership. These include misrepresenting service fees and claiming import-related tax credits without conducting corresponding economic activity. The principal-agent framework offers a useful explanation for this dynamic (Linder & Foss, n.d.). In this arrangement, clients (principals) delegate the import process to licensed importers (agents), creating asymmetries of information and control. The separation between document ownership and economic ownership allows both agents and principals to exploit regulatory gaps. Agents may exercise limited scrutiny to maximise commission-based gains, while principals may intentionally withhold material information. The outcome is a structural dissonance in which licensed importers – lacking economic ownership – assert tax credits on imports that are economically unrelated to their operations, resulting in non-compliance with the spirit, if not the letter, of tax law (Carrillo et al., 2017; Bussy & Tassi, 2025; Bieber & Gläser, 2022).

This type of intermediary-based evasion is further exacerbated by limited oversight, administrative inefficiencies, and minimal legal or social deterrents to underreporting (Bussy & Bussy, 2020; Stiller & Heinemann, 2024; Almunia & Lopez-Rodriguez, 2018). Operational weaknesses in customs procedures – such as clearance delays, regulatory inconsistencies, and complex documentation – raise compliance costs and create opportunities for misreporting, under-invoicing, and misclassification, particularly in high-value imports (Habaasa, 2024; Motallebi et al., 2020; Heinemann & Stiller, 2024). These systemic challenges complicate audit procedures, mask inconsistencies between legal and economic ownership, and enable erroneous tax credit claims. The tension between legal compliance and economic substance is exemplified by the role of licensed importers. Persistent discrepancies between documented and actual ownership, combined with weak institutional enforcement, contribute to sustained tax revenue losses. Addressing this issue requires aligning tax credit eligibility with economic ownership and enhancing the integration of customs and tax oversight systems (Bieber & Gläser, 2022; Lux, 2024).

There is growing recognition that the disconnect between legal form and economic reality presents a material risk to tax compliance. However, empirical evidence on the financial practices of licensed importers in Indonesia remains limited. This study seeks to address that gap by examining indicators of non-compliance risk among licensed importers, using administrative tax data. It pursues three interrelated objectives. First, it explores the filing behaviour of licensed importers to identify patterns suggestive of misreporting. Second, it develops risk indicators to capture inconsistencies between reported tax credits and economic activity. Third, it assesses enforcement outcomes across taxpayer risk categories to determine whether risk profiles are associated with differing audit or adjustment results.

The analysis is guided by a set of interrelated research questions. It investigates how licensed importers without substantive economic activity behave in terms of tax filing. It examines whether discrepancies between import-related tax payments and reported revenue provide credible signals of non-compliance risk. It also evaluates whether enforcement outcomes, such as inquiry letter results, vary across importers with different risk classifications.

To operationalise economic ownership, the study uses observable administrative proxies in place of self-reported ownership data. Specifically, economic ownership is inferred by comparing the scale of import-related tax remittances—including Article 22 Import Income Tax and VAT—with declared turnover. Persistent inconsistencies, where significant import tax credits are accompanied by minimal reported revenue, are interpreted as signals of a misalignment between statutory importer status and actual economic substance.

Profiling filing behaviour is employed as a proxy for assessing the risk of misreporting or misrepresentation. Prior research suggests that patterns in tax filing can serve as indicators of potential evasion or broader compliance concerns (Sumantri et al., 2024; Ariyibi et al., 2024; de Roux et al., 2018). Financial ratio analysis and peer benchmarking further support the identification of high-risk taxpayers (Santoso & Erlina, 2020; Lim, 2025). In this study, the risk of revenue misstatement is assessed by comparing the proportion of reported turnover (in the form of service fees) relative to total import value, and by benchmarking these figures against industry averages. The assessment of tax non-compliance risk is reinforced through a comparative analysis of enforcement outcomes across taxpayer groups. Existing literature supports the view that variations in enforcement results can help validate the presence and severity of compliance risk (Zhang, n.d.; Bostan, 2025).

RESEARCH METHODS

This study integrates administrative tax data, tax return information, and import payment records using a descriptive-analytical methodology to identify licensed importers and assess their risk of non-compliance. A multi-tiered filtering process is applied to corporate taxpayers registered with the West Jakarta Regional Tax Office to isolate entities likely to be engaged in indent-based import transactions.

The first phase involves a sectoral assessment. Taxpayers operating in sectors permitted to import goods directly—such as mining, manufacturing, and plantations—are excluded from the analysis. The remaining candidate group comprises firms in trading, construction, and service sectors, which are more likely to rely on licensed importers due to regulatory constraints on direct importation.

In the second phase, reported turnover is evaluated in relation to the estimated value of import activity. This assessment compares declared turnover with a grossed-up estimate derived from import tax payments, applying an average effective import tax rate of 13.5 percent, inclusive of Article 22 Import Income Tax and VAT on imports. Taxpayers whose reported turnover amounts to less than 40 percent of the grossed-up value are categorised as likely licensed importers. A turnover-to-import value ratio below this threshold suggests a material inconsistency between reported economic activity and actual import volume, implying that the imported goods may not be economically owned by the

reporting entity. This approach is informed by the Decision by Sampling (DbS) framework, which posits that judgments and classifications are made by drawing comparisons from internal reference distributions in the absence of fixed regulatory benchmarks (Homo Ordinalus and Sampling Models, 2023).

The third phase involves an examination of the taxpayer’s payment structure. Given the absence of an official registry or externally validated list of licensed importers, the study employs an exploratory quantitative design to detect patterns indicative of indent-based arrangements. This design relies on the DbS model, which conceptualises classification as a function of relative positioning within a sample distribution rather than as adherence to fixed thresholds. The underlying premise is that taxpayers exhibiting disproportionately high import tax payments relative to total tax liabilities – without a commensurate increase in reported revenue – are likely to be acting as intermediaries rather than as economic owners of the imported goods. In the absence of direct identifiers, the ratio of import tax remittances to total tax obligations serves as a proxy for identifying entities engaged in indent-based import practices, as follows:

$$\text{Import tax proportion} = \frac{\text{import tax}}{\text{total tax liabilities}} \dots\dots\dots(1)$$

A high proportion of import-related tax payments is interpreted as an indication that a taxpayer’s fiscal obligations are primarily driven by import activity, with limited contribution from domestic transactions subject to other forms of taxation. A taxpayer is classified as a potential licensed importer when import tax payments – comprising Article 22 Import Income Tax and VAT on imports – exceed 80 percent of total tax liabilities. Such concentration suggests that the taxpayer routinely acts as the importer of record, despite reporting limited economic activity in its financial accounts.

Consistent with the Decision by Sampling (DbS) framework, the 80 percent threshold is determined empirically based on the distribution of the proxy variable within the dataset. The distribution of import tax proportions across all candidate taxpayers is examined, and those located in the upper tail – approximately the top decile – are identified. The 80 percent cut-off is selected to represent these extreme cases within the internal comparison set, allowing the classification to reflect relative rather than absolute judgments in the absence of regulatory benchmarks.

The final sample was derived through a systematic application of sectoral and financial filters, as summarised in Table 1. The identification process began with 48,542 corporate taxpayers registered in the West Jakarta Regional Tax Office. After applying sector-based exclusions and administrative data constraints, 268 taxpayers were identified as likely licensed importers. Table 1 outlines the filtration process. The substantial reduction in sample size – from 48,542 to 268 – illustrates the specificity of the licensed importer profile, characterised by limited reported turnover relative to import tax liabilities, high reliance on import-related tax credits, and import activity that is materially inconsistent with reported financial performance.

Table 1. Identification of Licensed Importers

Filtering Phase	Taxpayers Remaining
Initial sample of corporate taxpayers	48,542
Excluding manufacturing, plantation, and mining sectors	43,965
Excluding taxpayers whose (turnover / gross-up of import tax) $\geq 40\%$	842
Excluding taxpayers with IMPORT TAX (Art. 22 + Import VAT) / total tax $< 80\%$	268
Identified licensed importer	268

Note: Data were processed from the 2024 annual tax return and tax payment in 2024 of corporate taxpayers registered in West Jakarta Regional Tax Office

Source: Research Data, 2025

The risk of tax non-compliance among licensed importers is evaluated using a structured three-stage analytical framework. The first stage involves profiling taxpayer filing behaviour by examining patterns in tax return submissions. Tax returns are classified into three categories: nil returns, underpayment returns, and overpayment returns. Analysis of these filing types serves as a diagnostic tool for identifying potential non-compliance (Bobade, 2025). In particular, nil returns submitted by entities engaged in significant import activity may signal strategic underreporting designed to minimise audit risk. Overpayment returns, on the other hand, may reflect improper claims of tax credits – such as credits for Article 22 Import Income Tax – that are legally attributable to the economic owner of the goods rather than the licensed importer. Such behaviour raises concerns regarding the legitimacy of tax credit attribution in cases where legal and economic ownership are misaligned.

The second stage involves constructing a risk indicator for revenue mismatch as a proxy for non-compliance. In the absence of standardised benchmarks, the analysis adopts a Decision by Sampling (DbS) framework to infer irregularities from comparative patterns in administrative data. The approach proceeds by first estimating the grossed-up import value from observed import tax payments. A proxy fee percentage is then calculated by dividing the taxpayer's reported turnover by the estimated import value. This proxy measure is evaluated against threshold ranges derived from industry norms, where typical import agent fees range from 1% to 5% (China Foreign Agency, 2025). Deviations below this range are interpreted as indicative of a mismatch between economic activity and reported revenue, potentially signalling underreporting or misrepresentation in the context of indent-based import arrangements.

Table 2. Tax Non-Compliance Risk Indicator Level

Range	Risk Indicator Level
$< 1\%$	most likely indicated
$1\% \geq x \leq 2\%$	likely indicated
$2\% > x \leq 3\%$	least indicated
$> 3\%$	no indicated

Source: Research Data, 2025

Third, comparing enforcement outcomes across categories. Non-compliant taxpayers are supervised through inquiry letters, followed by clarification meetings to address the findings. The results of these clarifications and any subsequent tax payments are used as proxies for taxpayer non-compliance and potential revenue loss. Previous research indicates that enforcement and audit actions are effective tools for detecting non-compliance (Younus et al., 2025; Almunia & Lopez-Rodriguez, 2015). Framework of analyzing tax non-compliance risk as shown in Figure 2.

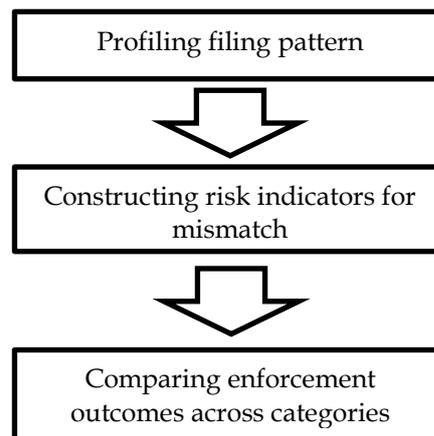


Figure 2. Analyzing Tax Non-Compliance Risk Framework

Source: Research Data, 2025

To complement the interpretation of the quantitative indicators, the findings were further examined through focused group discussions (FGDs). These discussions involved five tax analysts and the head of the Data and Tax Potential Section at the West Jakarta Regional Tax Office. Conducted following the preliminary quantitative analysis, the FGDs served as a triangulation mechanism to assess the plausibility of identified risk patterns. The purpose was not to generate independent inferences, but rather to validate and contextualise the analytical results within practical administrative experience.

Sensitivity analyses were also performed to evaluate the robustness of the findings across varying threshold parameters. These checks involved adjustments to key classification criteria, including the proportion of import taxes to total tax liabilities (ranging from 70% to 90%), the turnover-to-grossed-up import value ratio (ranging from 0.3 to 0.5), and effective tax rate (ETR) benchmarks (ranging from 12% to 15%). The identification of high-risk taxpayers remained qualitatively stable across these specifications, suggesting that the results are not driven by any single arbitrary cut-off.

It is important to emphasise that the methodology employed in this study identifies risk indicators and administrative risk categories, rather than confirming the existence of tax avoidance or evasion. All variables used are ratio-based proxies derived from administrative records, and the analysis does not seek to establish causal relationships. Accordingly, the findings should be interpreted as inputs for supervisory prioritisation rather than definitive assessments of taxpayer behaviour.

RESULT AND DISCUSSION

The 2024 annual tax return of the 268 identified licensed importers were analyzed to investigate tax non-compliance tendencies. Table 3 encapsulates their annual tax return type, payment of annual tax return, and all taxes refund.

Table 3. The 2024 Annual Return Characteristics of Licensed Importers

Annual Tax Return Type	Number of Taxpayers	Payment (IDR)	All Taxes Refund (IDR)
Nil	238	-	-19,981,945,127
Overpayment	6	-753,329,912	-44,702,800
Underpayment	24	463,885,272	-873,156
Total	268	-289,444,640	-20,027,521,083

Note: Data were processed from the 2024 annual tax return and tax payment in 2024 of corporate taxpayers registered in West Jakarta Regional Tax Office

Source: Research Data, 2025

A significant majority – 88.8 percent (238 out of 268) – of licensed importers identified in the study submitted nil tax returns despite recording considerable import activity. This filing pattern suggests a tendency to report nominal service-fee revenue while excluding turnover associated with the underlying import transactions. While this behaviour may indicate strategic underreporting, alternative explanations warrant consideration. In particular, timing differences between the clearance of imported goods and the subsequent invoicing of service fees may contribute to low or zero reported turnover. Additionally, service-based contractual arrangements – where revenue is predetermined and not directly linked to import value – may also result in limited turnover declarations. These alternative explanations do not eliminate concerns regarding tax compliance; rather, they underscore the interpretive caution required. The observed patterns should thus be viewed as administrative indicators of elevated risk, rather than as conclusive evidence of misconduct.

Among the licensed importers analysed, only 24 taxpayers reported underpayment positions. This outcome suggests that audit-triggering return types are being actively avoided. Under Indonesian tax regulations – particularly Article 17 of the Income Tax Law – taxpayers disclosing overpayments or inconsistencies are subject to increased audit scrutiny. Accordingly, underpayment filings may be perceived as a comparatively safer strategy for avoiding audit exposure, aligning with a broader pattern of risk-averse filing behaviour.

Only six licensed importers reported overpaid taxes. As intermediary entities, these importers recognise import tax payments that are not proportionally aligned with their reported taxable operations. This discrepancy creates structural opportunities for the inflation of tax credit claims and the underreporting of revenue. The findings are consistent with prior studies suggesting that firms may strategically misreport trade data to suppress taxable profits. Specifically, firms may underreport both import costs and export sales in a coordinated manner to maintain balanced financial statements while evading corporate income taxes (Ka, 2017; Khan et al., 2023; Bussy, 2023). Ślifirczyk (2024) similarly observes that overpayment claims may arise from the misattribution of property or rights in settling tax obligations, particularly where liabilities are overstated or nonexistent.

Collectively, the six licensed importers reporting overpayments submitted tax refund claims exceeding IDR 20 billion, primarily related to Article 22 Import Income Tax and VAT on imports. These claims appear disproportionate relative to their reported economic income. Licensed importers in this group typically recognise service-fee revenue based on a fraction of import values, while simultaneously claiming tax credits equivalent to the full value of the imports. This asymmetry highlights the regulatory tension at the core of the indent-based model. Indonesian import legislation restricts direct import rights, compelling unlicensed firms to transact via licensed importers (Devanti & Aqimuddin, 2020; Basri et al., 2021). While such arrangements are legally permissible, they often result in licensed importers reporting only limited service-based revenue, excluding the underlying import values economically attributable to the client firms. Sriyanto and Nurcahyo (2023) emphasise that third-party import arrangements – though compliant in form – pose elevated risks for tax evasion and duty avoidance.

The study further classifies licensed importers by their estimated level of non-compliance risk, as measured through ratio-based indicators. Grossed-up import values are inferred from import tax remittances. A proxy fee ratio is calculated as the proportion of reported turnover to this estimated import value. These ratios are then grouped using cut-off bands derived from the empirical distribution. The threshold values reflect clustering in the lower tail of the distribution and are consistent with supervisory practice, which prioritises extreme discrepancies for further review. Cases in which reported turnover constitutes less than 1 percent of the estimated import value are categorised as presenting the highest risk. These entities show negligible declared revenue relative to their import-related tax credits, suggesting potential misalignment between recorded fiscal obligations and underlying economic activity. In contrast, higher threshold bands indicate greater alignment between import activity and reported income.

As shown in Table 4, 212 taxpayers (79 percent of the sample) are classified as “most likely indicated.” These entities exhibit pronounced discrepancies between import tax payments and reported income, frequently submit nil returns, and are associated with substantial refund claims. Taken together, these characteristics reflect the core indicators of an intermediary-based non-compliance framework. In contrast, the 42 taxpayers lacking such indicators generally report higher turnover relative to import values, demonstrate lower reliance on import-related tax credits, and present more consistent cost-of-goods-sold (COGS) records. These attributes suggest that where economic ownership is properly aligned with importer-of-record documentation, the associated risk of tax non-compliance is markedly reduced.

Table 4. Taxpayer Category by Non-Compliance Indicator Level

Indicator Category	Taxpayers	Payment (IDR)	All Taxes Refund (IDR)
Least indicated	4	-407.296.004	0
Likely indicated	10	17.494.770	0
Most likely indicated	212	-44.356.300	-20.026.647.927
No indicated	42	144.712.894	-873.156
Total	268	-289.444.640	-20.027.521.083

Source: Research Data, 2025

Note: Data were processed from the 2024 annual tax return and tax payment in 2024 of corporate taxpayers registered in West Jakarta Regional Tax Office. The percentage of the 2024 turnover / gross up of the 2024 import tax payment (effective tax rate is 13.5%) resulted <1% (most likely indicated); 1%≤x<2% (likely indicated); 2%≤x<3 (least indicated; and >=3% (no indicated)

Data from the supervision activities by the tax officers provide the indication of the transformation of indent-based import schemes into measurable fiscal risks. A classification of 268 taxpayers, employing indicators of non-compliance indicator, is compared to the result of inquiry letters of supervisory activities. The supervisory outcomes in these classifications are summarized in Table 5.

Table 5. Supervisory Outcomes

Indicator Category	Number of Tax payers	Inquiry Letters Issued	Percentage of Inquiry Letters	Article 29 Payment (IDR)	Collection from Supervision (IDR)	Discrepancies (IDR)
Least indicated	4	1	25.00%	-411.048.104	188.794	411.236.898
Likely indicated	10	2	20.00%	-	3.400.000	3.400.000
Most likely indicated	212	71	33.49%	-	5.030.637.089	5.030.637.089
No indication	42	14	33.33%	351.845.493	366.917.090	15.071.597
Grand Total	268	88	32.84%	-59.202.611	5.401.142.973	5.460.345.584

Source: Research Data, 2025

The overall issuance rate of inquiry letters—32.84 percent—indicates that supervisory interventions are directed toward taxpayers whose administrative data suggest potential misuse of indent-based import mechanisms. Among the 212 taxpayers categorised as “most likely indicated,” 71 received inquiry letters, representing 33.49 percent of that group. This pattern reflects a risk-based supervisory prioritisation consistent with the qualitative risk indicators identified in this study. The findings reinforce previous research indicating that audits, investigations, and other enforcement measures are instrumental in strengthening tax compliance and safeguarding the integrity of tax systems (Jiwar, 2025).

The highest fiscal recovery was observed within the “most likely indicated” category, yielding IDR 5.03 billion in additional collections. These recoveries are directly linked to discrepancies between administrative filings and the underlying economic transactions, including mismatches in import documentation and misallocated tax credits. This supports the study’s central finding that the indent-based scheme facilitates concealment of economic ownership and misreporting of fiscal obligations. The results align with earlier findings showing that robust tax monitoring enhances revenue collection (Kamaruddin & Faisal, 2022).

In contrast, the “least indicated” group displayed a negative net position in Article 29 payments amounting to -IDR 411 million. This outcome suggests that even taxpayers with low apparent risk may conceal irregularities, highlighting that risk assessments should not be viewed as definitive. Across all risk categories, the total Article 29 position was negative (-IDR 59.2 million), further supporting the conclusion that Article 22 Import Income Tax credits are frequently claimed by

entities lacking economic ownership, thereby overstating prepayments relative to taxable income.

Although only 32.84 percent of taxpayers received inquiry letters, supervisory efforts recovered IDR 5.4 billion, underscoring the limitations of current audit and monitoring mechanisms (Saptono et al., 2024). The total identified discrepancy of IDR 5.46 billion—primarily associated with the highest-risk category—illustrates the magnitude of fiscal leakage stemming from the misuse of indent-based schemes. These discrepancies predominantly involve VAT Import claims made by entities that are not the economic owners of the goods and underreporting of taxable income through service-fee declarations. According to tax officials engaged in audit, verification, and enforcement, such risks could be significantly mitigated by formally linking the entitlement to Article 22 and VAT Import credits to verifiable economic ownership.

Insights from the focus group discussions (FGDs) further reinforce the empirical findings. Three key themes emerged that closely mirrored the administrative risk indicators. First, participants consistently identified income-import discrepancies as a defining feature of indent-based imports, whereby licensed importers report minimal or no taxable income despite handling substantial import volumes. Second, the systematic accumulation of Article 22 and VAT Import credits was viewed not as an incidental reporting outcome but as a structural feature of the indent model. Third, the FGDs underscored the importance of risk-based enforcement, affirming that supervisory resources yield the highest impact when directed at taxpayers exhibiting multiple risk indicators. These perspectives are consistent with prior research highlighting that tax audits, deterrence messaging, penalties, and targeted enforcement remain the most effective strategies to combat evasion (Mohd Ali & Shuid, 2025; Saniff et al., 2024; Nurferiyanto & Takahashi, 2024).

The empirical results demonstrate the utility of administrative risk profiling in supervisory targeting. Taxpayers in the “most likely indicated” category accounted for the majority of observed discrepancies and recoveries. In this context, supervision functions as a corrective mechanism, compensating for structural deficiencies in beneficial ownership reporting. Greater integration of customs and tax systems would enhance future risk detection by enabling better alignment between legal documentation and economic substance. In particular, audit efforts should prioritise cases where VAT Import claims are misaligned with customs documentation, as these instances appear to generate the largest fiscal impacts.

Qualitative findings from the FGDs validate the patterns observed in the quantitative data. Participants emphasised that risk signals tend to cluster, reflecting systemic design flaws in the indent-based import model rather than isolated instances of non-compliance. These discussions support the interpretation of proxy-based indicators as early-warning signals warranting further scrutiny.

The findings also provide empirical evidence for the conceptual distinction between documentary and economic ownership. Under current Indonesian regulation, the entity named on customs documentation (i.e., the licensed importer) is treated as the legal owner of the imported goods and is entitled to claim associated import-related tax credits. However, licensed importers typically

do not possess economic ownership, nor do they generate revenue commensurate with the value of the goods handled. Their economic income is limited to service fees, which are often underreported, as evidenced by the prevalence of nil returns. This structural disjunction impairs the traceability of transactions: the true economic owner – the client – is not reflected in the customs documentation. As a result, input VAT claims cannot be reconciled with actual economic activity, downstream VAT chains become opaque, and risk-based audit systems are misdirected toward entities with minimal economic substance. These outcomes are consistent with prior research identifying the fiscal consequences of mismatches between legal documentation and economic content (Bieber & Gläser, 2022; Lux, 2024).

The indent-based scheme exemplifies a classic case of principal-agent misalignment. Clients (principals) retain economic ownership while avoiding documentation and regulatory scrutiny. Licensed importers (agents) function as intermediaries without assuming financial risk. This structure generates two distortions. First, an ownership distortion arises when legal and economic ownership are separated. Second, a tax-incidence distortion occurs when tax benefits accrue to agents while the underlying economic gains are realised by principals. Agency theory suggests that when agents bear no risk and oversight is weak, the incentive for avoidance increases. The empirical identification of 212 taxpayers classified as “most likely indicated” substantiates this theoretical proposition. These findings also reinforce the need for compliance frameworks that ensure consistency between economic substance and tax documentation. The persistent misalignment identified in this study suggests that Indonesia’s current regulatory framework inadvertently facilitates intermediary-driven tax avoidance.

CONCLUSION

This study reveals that licensed importers lacking economic substance exhibit distinctive tax filing patterns, predominantly characterised by nil tax returns. Among the 268 licensed importers examined, 88.8% submitted nil returns, with only a small proportion declaring underpaid or overpaid tax positions. Despite the absence of declared income, these entities collectively filed refund claims exceeding IDR 20 billion, primarily related to Article 22 Import Income Tax and VAT Import credits. This discrepancy highlights a fundamental misalignment between reported tax obligations and import-related fiscal activity.

Moreover, inconsistencies between import tax payments and reported turnover serve as credible indicators of non-compliance risk. A total of 79% of the sample was categorised as “most likely indicated,” representing the highest-risk group. This finding confirms the utility of discrepancy-based profiling in identifying administrative risk. Importantly, the analysis of supervisory outcomes further substantiates these risk classifications: licensed importers in the highest-risk category accounted for 93% of total fiscal recoveries, contributing IDR 5.03 billion out of a total of IDR 5.40 billion. These recoveries effectively reconcile the divergence between nil filings and observed import activity, reinforcing the effectiveness of risk-based supervision.

While the study contributes new insights into the fiscal behaviour of licensed importers, it is subject to several limitations. The reliance on administrative and

secondary data, although valuable for objectivity and coverage, may not capture informal transactions or the behavioural dimensions underlying non-compliance. Furthermore, the descriptive-analytical approach employed identifies risk indicators rather than establishing causality. Future research may benefit from incorporating econometric modelling or quasi-experimental designs to examine the determinants of non-compliance and evaluate the effectiveness of enforcement strategies.

From a policy perspective, the findings offer several actionable implications. Aligning economic ownership with the legal right to claim import-related tax credits is essential to reducing structural distortions inherent in indent-based import arrangements. Strengthening the integration of tax and customs data – particularly between the Directorate General of Taxes (DJP) and the Directorate General of Customs and Excise (DJBC) – would enhance the traceability of goods and improve the visibility of VAT chains. Such integration would enable earlier detection of documentation–ownership discrepancies. Additionally, the adoption of more refined, risk-based validation protocols for import-related tax credits – particularly for entities with disproportionately high import-tax-to-turnover ratios – may improve supervisory effectiveness and reduce fiscal leakage, while minimising unnecessary audit expansion.

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