

Implementation Of Polluter Pays Principles As A Green Tax Policy Realizing A Green Accounting

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ABSTRACT

Tax is one of the State's revenues from several other revenues. Tax instruments are not only related to personal or corporate withdrawals of goods and their allocation, but taxes also talk about the impact on the surrounding environment. The term green tax will only be an algorithm, but requires regulations in the form of polluter pays principles that are fundamentally binding regarding sanctions that will be imposed on industry-specific companies. The research uses a descriptive qualitative method using literature review and data based on field studies conducted, so there will be a conclusion called the spearhead of the implementation of polluter pays principles. This research is also flexible as a new regulation in supporting the development of the green economy in general and the development of accounting specifically which is one of the benchmarks for Indonesia's economic growth.

Keyword: *Tax, Polluter Pays Principles, Green Accounting*

INTRODUCTION

Indonesia has abundant natural resources (SDA) which can be easily exploited. The results of these natural resources - through the payment of taxes - can be allocated in various fields to assist the state in developing various primary needs of the state such as infrastructure, education, health, security and the economy.

In addition, Indonesia is a country in terms of its economic proportions which can be categorized as an industrial country. This is evidenced by the growth in industrial performance and activity in helping Indonesia's economic growth index, from 2017 to 2022 it is projected to grow by around 5%. This growth has become a positive aura for the country's finances where more and more foreign or local investors have invested and built companies. This means that the tax payments that will be obtained by the state from these companies are increasing.

Nevertheless, can the tax payments made by the companies accommodate the overall impact caused by the industrial activities of these companies? The impact that is often referred to as a central issue but is often neglected is environmental damage.

Dhian Adhetya Safitra (2022) It is noted that in 2018 Indonesia was included in the category of the ten largest carbon contributors in the world whose main elements come from energy consumption and the forestry sector.

The uncontrolled use of natural resources for economic activity results in inequality in their utilization, including at a certain level which can endanger the survival of living things, including humans (Muhdar. 2009:67).

Therefore, the environmental movement (*green movement*) continues to be intensified by activists, academics and circles or community groups who are concerned about environmental damage that threatens the sustainability of humans and other living things. In developed countries such as those in Europe (Roussey, 1992), Japan (Djogo, 2006) attention to environmental issues is growing rapidly both in theory and practice.

In this case, accounting responds to this movement in taking a role for environmental sustainability through its Green Tax Policy, to realize green accounting. The concept of green accounting itself has started to develop since the 1970s in European countries, followed by the development of research related to green accounting issues in the 1980s (Bebbington, 1997; Gray, et al.).

Theoretically, Yakhou and Vernon (2004) explain that the existence of green accounting is used to provide environmental management information to assist management in deciding prices, controlling overhead and reporting environmental information to the public.

THEORITICAL REVIEW

Polluter Pays Principles

Incidentally people may find it difficult to describe polluter pays principles, but today the existence of polluter pays principles will become an alternative that was originally initiated by the European Union (*EU*) in order to minimize pollution and environmental damage.

(Indah Puti Rahmawati, 2017) Generally, taxation has a basic reform in improving and protecting the surrounding environment.

This is also one of the basic forms of tax in tackling environmental pollution. The application of this principle means that the polluter is responsible for the damage at the cost of the polluter himself including the costs of actions taken to prevent, control and repair pollution and the costs it causes.

Universally, the Polluter Pays Principle (*PPP*) is one that is claimed internationally and influences environmental law, management and the economy in general. PPP is proclaimed in various recommendations and international agreements (Nilisha et al, 2013: 4)

The polluter pays principle, also known as the polluter pays principle, means that any business actor who commits a violation in the form of environmental pollution will be subject to sanctions in the form of intensive payment of taxation.

The OECD defines polluter pays principles, 2001 as a principle that is required of polluters in the form of payment sanctions commensurate with the violations committed.

While the definition from Siswanto, 2005 regarding the polluter pays principle can be said for everyone who in the context of carrying out their activities can potentially cause significant impacts on the environment, then they are required to bear preventive or restorative costs. This polluter pays principle is basically related close to the environment.

Rangkuti (2000: 238) Meanwhile, according to E.J Mishan in the cost of economic growth around the 60s introducing polluter pays principles states that a polluter is someone who commits pollution that should be avoided.

Green Tax

Eva Mustika Pratiwi (2014: 444) Green tax is a policy as an alternative and problem solving in overcoming economic development and environmental sustainability.

Green tax is one of the efforts implemented by various countries in the world in order to achieve sustainable and environmentally sound development. The existence of this regulation gives a signal to companies or community activities that produce industrial waste to continue to prioritize environmental preservation.

Yusuf (2012), the green economy is an initiative to minimize negative environmental impacts through the implementation of an environmentally friendly economy (*Greening the Economy*) which will also trigger the development of several other sectors such as employment, capital investment and other aspects.

This study aims to examine in depth the urgency of implementing green tax in Indonesia, thereby changing the paradigm and behavior of the industry in environmental preservation.

The existence of a green tax policy contained in Government Regulation Number 46 of 2017 concerning Environmental Economic Instruments is very supportive in dealing with environmental and social issues. However, this policy is not optimal because it creates a lot of controversy and negative stigma, especially for industry players.

Even though the green tax is present as an alternative that not only encourages industry players and the public to care about the environment through the imposition of taxes, but also implements alternative production that is environmentally friendly. Therefore, to optimize the green tax policy in Indonesia, a comparative study is needed which can be used as a reference in its application. So that the role of green tax as a supporter of environmentally sustainable development in the era of the industrial revolution 4.0 can be realized.

So, in early 1972 the pollutant pays principle began to be adopted by countries which were members of the OECD which basically stated that a polluter must pay a number of costs for prevention and also for handling the pollution it has caused. In simple terms, the meaning of the polluter pays principle or which is also known as the polluter pays principle can be interpreted that every activity actor or business actor that causes pollution must pay costs for the impact of the pollution it causes.

The polluter pays principle basically emphasizes more on the economic side than the legal one, because this principle regulates the wisdom of calculating the value of environmental damage and imposition as an effort to restore the damaged environment (Rangkuti, p.244).

PREVIOUS RESEARCH

Bian Newson (2013: 7) The creation of an environment is influenced by the processes and patterns of production and consumption that occur. Environmental problems are also still the reason why Indonesia is still the country that contributes the most waste. To address environmental issues, behavioral changes are needed some of which involve substantial economic costs and affect labor, product and capital markets.

Environmental policy aims to achieve environmental goals and development sustainability. Policy makers use incentive-based tools to ensure

that environmental solutions are found at minimal cost, to correct externalities and/or to increase revenue for specific purposes.

Economic instruments for pollution control and natural resource management are increasingly an important part of environmental policy in EU and OECD countries. The range of instruments includes, inter alia, environmental taxes, fees and charges, tradable permits, deposit return systems and subsidies.

So the green tax became one of the initiatives initiated around the 60s by the EU in order to minimize environmental damage due to production and consumption processes within the company environment.

METHODOLOGY

Judging from the object and the results to be obtained, this research is included in the type of descriptive research using qualitative methods. Descriptive research is research conducted to determine the value of one or more variables without making comparisons and connecting with other variables. According to Indriantoro and Supono (2012: 26) defining descriptive research is research on problems in the form of current facts from a popularization.

According to Moleong (2017: 6) qualitative research is research that intends to understand phenomena about what is experienced by research subjects such as behavior, perceptions, motivations, actions and others holistically and by means of descriptions in the form of words and language, in a special natural context by utilizing various natural methods. Qualitative research according to Hendryadi, et. al, (2019: 218) is a process of naturalistic inquiry that seeks an in-depth understanding of natural social phenomena.

Qualitative research emphasizes quality not quantity and the data collected does not come from questionnaires but comes from interviews, direct observation and other related official documents.

Qualitative research is also more concerned with the process aspect than the results obtained. This is because the relationship between the parts being studied will be much clearer if observed in the process. Through this type of descriptive research by applying a qualitative approach, this approach aims to explain the implementation of polluter pays principles as a green tax fiscal policy in realizing green accounting

Research Subjects and Objects

According to Arikunto (2016: 26) the research subject is to define the research subject as an object, thing or person where the data for the research variable is attached, and which is at issue. In a study, the research subject has a very strategic role because the research subject is the data about the variables that the researcher observes. In qualitative research, research subjects are referred to as informants, namely people who provide information about the data the researcher wants related to the research being carried out. In this study, the subjects used as research sources were:

Table.1 Name and Position of Correspondent

Name	Position
Didit Fachri	Directur of Tax
Yohana Alfine	Employees
Eris Adeliانا	Employees

The object of this research is the implementation of polluter pays principles as a green tax fiscal policy in realizing green economy KPP Pratama which is located on Jl. Karimata No. 54 A, Shell Gumuk, Kec. Sumbersari, Kab. Jember.

The purpose of research is to obtain data, so the data collection method is the most vital step in a study. Researchers who conduct research will not get the desired data if they do not know the methods of data collection.

According to Yusuf (2014: 372) success in data collection is largely determined by the researcher's ability to appreciate the social situation that is the focus of research. Researchers can conduct interviews with the subjects studied, are able to observe social situations that occur in the real context.

The researcher will not end the data collection phase before the researcher is sure that the data collected from a variety of different sources and focuses on the social situation under study is able to answer the research problem formulation, so that no one doubts its accuracy and credibility. The data collection methods in this study are as follows:

1. Observation

One technique that can be used to find out or investigate non-verbal behavior is by using observation techniques. According to Sugiyono (2018: 229) observation is a data collection technique that has specific characteristics when compared to other techniques.

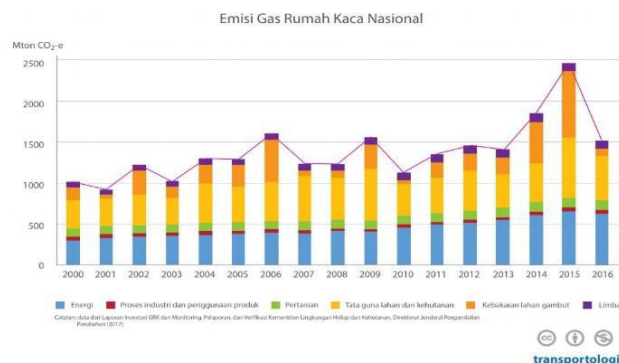
2. Interview

Interviews are one of the techniques used to collect research data. Interviews are two-way communication to obtain information from relevant informants.

RESULTS AND DISCUSSION

After talking about taxes in general, there is little differentiation regarding the procedure for paying green taxes on industrial companies. So far, tax policy in Indonesia has focused more on the budgetary function, while the taxation function as a regulatory one is far from dreamy.

Whereas in many countries now many have imposed green tax, namely a type of tax that aims to preserve the environment. Based on the European Environment Agency, in 2003 the contribution of green tax to total tax revenues in several shows is as follows: Canada (3.99%), Denmark (10.27%), France (4.91%), Germany (7.44%), Japan (6.58%), Netherlands (8.93%), Norway (6.86%), Sweden (5.84%), United Kingdom (7.57%) and United States (3.46%).



Gambar 1. National Greenhouse Gas Emissions

Based on the chart above, we can see that specific electrical energy was one of the biggest contributing elements from the 2000s to the end of 2016. (National Energy Council, 2019). So that the cycle of greenhouse gas emissions and household production needs is recorded as requiring around 29-31% of specific electrical energy.

In addition, speaking of industry, energy demand is recorded as much as 22-19% with an energy allocation that can be accumulated up to 62% allocated to the use of buildings and other electrical equipment.

The existence of a green tax is vital, without this tax the government will experience difficulties in carrying out environmental policies aimed at preventing, controlling and dealing with pollution and/or its destruction. So far, to carry out environmental policies, the government has only relied on traditional regulatory facilities, such as permits and requirements for the use of pollution technology.

Even though the main key to tackling environmental problems is cost, here the polluter pays principle applies. This principle is also applied by the Organization for Economic Cooperation and Development (OECD) as the starting point for an efficient and effective environmental policy. So the green tax is the most effective pollution control instrument, because it is a permanent incentive, to reduce pollution and reduce the cost of handling it.

This initiative has begun to be implemented although not in totality in Indonesia. Indonesia has also provided a number of green incentives, although not specifically mentioned.

The forms of fiscal incentives that have now been provided by the government include import duties borne by the government, (PMK Number 33/PMK.011/2009), PPh borne by the government, (PMK Number 22/PMK.02/2009) with a Zero SPM mechanism. , VAT borne by the Government, (PMK No. 178/2007), import duty exemption (PMK No. 177/2007, PMK 179/2007), investment allowance of 5% per year for 6 years (PP No. 1/2007 and PP no. 82/2008), and investors are entitled to facilities under Article 31A of the Income Tax Law (PP No. 62 of 2008) in the form of a reduction in net income of a maximum of 30% (thirty percent) of the total investment made; accelerated depreciation and amortization; longer loss compensation, but not more than 10 (ten) years; and the imposition of Income Tax on dividends of 10% (ten percent).

This is the first step to start implementing green taxes and the policy in question is a comparable causality policy and is not burdensome to corporate users.

Based on the data we have obtained, it proves that the application of sanctions against companies that violate and damage the environment and surrounding inventory is subject to a 30% penalty. So the polluter pays principles policy is an alternative to taxation in organizing and minimizing the occurrence of these violations.

Analysis of Polluter Pays Principles in Legal and Economic Conceptions

Talking about taxes, the first element that we have to look at is Natural Resources (SDA) and the surrounding environment because tax revenue is levied on assets owned by Indonesian citizens.

Incidentally, the community considers that Natural Resources are free and there does not have to be reciprocity for environmental sustainability. In fact, there is a duty of care that we must do for the sake of the sustainability of our environmental ecosystem, even moral and personal responsibility for the excessive exploitation of natural resources.

In the theory of planned behavior it is stated that there are three types of factors that are considered in human behavior, one of which is believe strength and outcome evaluation; namely belief in the results and evaluation of the occurrence of the behavior.

Although the above is one of the miniatures of the licensing procedure as well as the process of accountability for the implementation of the polluter pays principle for production actors, specifically industrialization.

On the other hand, the process of production, consumption and distribution continues to rotate, requiring a large contribution to natural resources, which can be said to be unlimited in number. David Schlosberg (2007: viii) However, exploitation on a large scale in the sense of natural resource hegemony results in injustice and inequality for the environment.

CONCLUSION

One of the revenues of the Indonesian State is obtained from the simultaneous tax collection according to each portion, both personally and corporately. There are several conceptions which state that the imbalance between tax collection and ecological impact on the environment is still contradictory in itself.

So, in this case, taxation applies one of the regulations that are sustainable, namely green tax or we are familiar with green tax as an effort to prevent environmental pollution from a taxation perspective.

On the other hand, green tax has additional regulations in order to provide limitations on the responsibilities of production actors, specifically industrial bodies whose production impacts are very large on the environment.

Polluter pays principles are an alternative to waste prevention and environmental pollution. This regulation is implemented on the basis of a reciprocal relationship between the licensing process and also the consequences for the production carried out.

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