

DESIGN OF CRYPTOCURRENCY INVESTMENT TRANSACTION MODEL AS AN EFFORT TO INCREASE STATE REVENUE THROUGH DIGITAL ASSET INSTRUMENT RATES AND TAXES IN INDONESIA

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Abstract

This research will discuss the design of cryptocurrency transaction models as an effort to increase state income. The main factor that must be met in order to be legal in Indonesia is special regulations related to cryptocurrency. Developing special regulations related to cryptocurrency is actually an important step for the Indonesian state. For example, in developed countries such as the United States, Japan and Singapore, tax regulations related to cryptocurrency have been prepared. Especially at this time, technological developments, especially digital or virtual systems, are very rapid. So it can be predicted that various new virtual currencies that are similar or even more sophisticated and more complex than the ones that exist today will continue to emerge in the future. Determining the basis for tax levies for Cryptocurrency digital assets needs to be done based on the virtual currency units or also based on their value when converted to foreign currency such as rupiah or USD. Apart from that, it is also necessary to classify the type of tax that will be imposed on Cryptocurrency, whether it will be the object of income tax (PPh 21), profit income tax on exchange rate differences or income tax on capital gains (PPh article 4 paragraph 2) or VAT. This research actually started with attention to the many demands from Bitcoin users in Indonesia who wanted to have legal protection rights in the cryptocurrency transaction process, because in several other countries such as Singapore Bitcoin has become a legal financial investment option and is regulated and supervised by the government and the State Financial Authority. the. So the researcher intends to study in more depth how the Cryptocurrency transaction system can be supervised and controlled by the government, so that later a "Legal Cryptocurrency" Regulation can emerge with a "Digital Asset Transaction Tax" quotation system to be able to accommodate several interests of the Indonesian public and government.

Keywords: *Tariffs, Transaction Taxes, Cryptocurrency*

1. INTRODUCTION

The current online trading transaction method uses e-money. Electronic money (e-money) is broadly defined as electronic storage that has value that can be widely used to make payments (Durcan, L., O'Dwyer, T., & Petri, 2019) [3]. E-money can be used for various types of payments (multi-purpose) and is different from single-purpose instruments such as telephone cards. Electronic money is an interesting field in cryptography, the use of digital money (e-money) is still on a small scale today. In this decade a new form of investment emerged, namely Cryptocurrency. According to (Hamdi, H., Sukardi, S., Sadalia, I., Ilham, R., & Khaddafi, 2021)[4] Unlike widely known currencies, virtual currencies do not exist and are not issued by countries or banks certain central. A virtual currency that is quite successful and widely known throughout the world is bitcoin, which appeared in 2009. Two years later, another virtual currency appeared, namely namecoin. Nowadays, there are various types of virtual currencies all over the world. In Indonesia, bitcoin and other digital assets have developed, based on information from one of the Indonesian Country Heads at a company providing exchange, purchasing, sending and receiving bitcoin services in Indonesia, there are around 200,000 (two hundred thousand) bitcoin users in Indonesia with total transactions of around Rp. 4,000,000,000,- (four billion rupiah) per day in Indonesia. The increasing number of bitcoin transactions in Indonesia requires regulation of both systems and transactions to regulate bitcoin so that there is legal protection and clarity regarding digital assets as well as proportional tax rates as a form of legalization of cryptocurrency digital assets. The solution that will

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be presented in this research is what is the Cryptocurrency regulation and transaction system that is declared legal by the government for financial instruments and digital assets in order to realize efforts to increase state income through the Cryptocurrency transaction tax system in Indonesia.

Virtual Currencies

Electronic money Virtual Currency is a relatively new non-cash payment tool/instrument. Electronic money or Virtual Currency has several advantages compared to other electronic payment tools, namely prioritizing speed, convenience and efficiency in carrying out transactions.

Bitcoins

Bitcoins using a peer-to-peer network or file-sharing service because we can share bitcoin files with fellow users using computer network media. The concept behind bitcoin is to cut the costs used to pay brokers required in conventional buying and selling transactions, so that by cutting brokerage costs sellers can offer their goods more cheaply. The main core of bitcoin is a general ledger (global ledger) or balance sheet (balance sheet).), which is called blockchain.

Payment and Transaction regulatory system

The payment system implemented is a form of Bank Indonesia's duty to maintain the stability of the rupiah as mandated in Law no. 23 of 1999 concerning Bank Indonesia. In general, the payment system has the aim of being able to encourage the national economy and increase economic activity through better business environment conditions. conducive and increase foreign power and the image of the national economy so that it can encourage foreign investors to enter Indonesia.

Tax

The definition of tax according to experts is as stated by Seligman (Waluyo., 2011): "Tax is a compulsory contribution from the person, to government to depray the expenses incurred in the common interest of all, without reference to special benefits conferred". From the definition above, it can be seen that a person's contribution is shown to the state without any benefit being shown specifically to that person. This is indeed the case, however, the tax is intended to benefit society.

2. RESEARCH METHODS

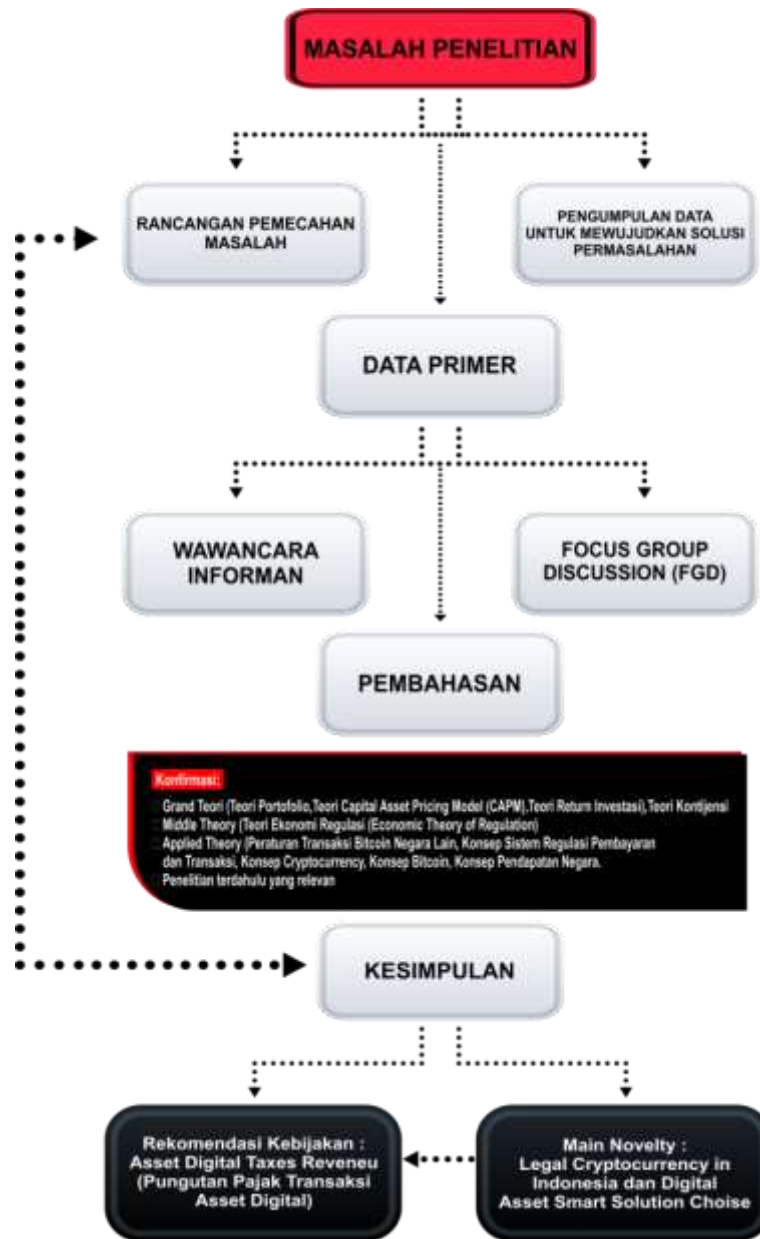
Types of research

This type of research is descriptive qualitative. Qualitative descriptive, namely critical observation and investigation to obtain precise information about a particular problem and object in a particular community group area or location, will be studied or describe or describe a situation as clearly as possible without any treatment of the object under study (Ruslan, 2010).

Location and Research Subjects

This research was conducted on officials at Bank Indonesia (BI), the Directorate General of Taxes (Dirjen Tax), Financial Consultants, and the Indonesian Stock Exchange (BEI) and at the locations of Cryptocurrency users. Meanwhile, the subjects in this research are sources who will serve as informants. Determining subjects or sources in this research uses purposive sampling, namely determining subjects based on certain criteria (subjects who are competent, involved in or related to Cryptocurrency). Therefore, the subjects of this research are officials at Bank Indonesia, the Directorate General of Taxes , Financial Consultant, Indonesian Stock Exchange and Cryptocurrency users.

Research Flow Diagram Design



3. RESULTS AND DISCUSSION

What is the Cryptocurrency regulation and transaction system that has been declared legal by the government for financial instruments and Digital Assets in order to realize efforts to increase state income through the Cryptocurrency transaction tax system in Indonesia.

In this research, which formulates a Cryptocurrency investment risk assessment model or what is called the "Cryptocurrency Risk Prediction Model", the author tries to add the opinions of experts who are competent in the capital markets and financial services industry by conducting interviews. The informants who will be interviewed are as follows:

1. Head of Bank Indonesia Lhokseumawe Region
2. Head of the Indonesian Stock Exchange, Aceh Province
3. Head of the Aceh Province Financial Services Authority
4. Head of Phintraco Securities Aceh Branch
5. Head of the Aceh Directorate General of Taxes

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The results of the interviews in this research produced several recommendations which might be input for the government in studying the crypto digital asset investment model which is called "Legal Cryptocurrency and Tax Revenue" or LCTR, which is a policy recommendation for Cryptocurrency transactions and tax levies from digital asset transactions. crypto. According to the Head of the Indonesian Stock Exchange, Aceh Province, "The government is making clear regulations, taking into account global societal trends in responding to the use of cryptocurrency. Because the use of cryptocurrency is also influenced by the need for improvements in the current monetary system. At least if the government regulates cryptocurrency, it must regulate it. The position of cryptocurrency as currency or just as a medium of exchange. Limiting the place and use of cryptocurrency. Supervision of cryptocurrency transaction flows. Cryptocurrency taxation. Backlog. Assimilating blockchain systems and concepts in currency management." Because there is a lot of negative sentiment, the existence of this regulation helps exchange platforms become more trusted because ordinary people are still confused about where to start. The existence of this regulation is expected to make things easier for all Indonesian people. The government can immediately issue regulations that can truly fully regulate crypto, considering that the level of public interest in crypto is increasing."

According to the Head of Phintraco Securities Aceh Branch Most discussions regarding the tax implications of cryptocurrencies, and crypto assets in general, focus, either implicitly or not, on the taxation of income, and especially capital gains. However, going forward, some of the biggest risks to the broader tax system may arise in relation to VAT and sales tax. The use of cryptocurrencies to directly acquire goods and services seems simple today, and not a feature of everyday life (even when Bitcoin was legal tender). It is true that, in some cases, as seen above, the current tax regulations may discourage their use as a means of payment, if their use becomes widespread, but this has the potential to pose significant harm to the integrity of the VAT and sales tax systems. One obvious risk is that the widespread use of cryptocurrencies could facilitate under-reporting of final sales. This is not a new problem: indeed, the focus of tax administrations for decades has been to address these risks, particularly those related to cash purchases. And it has been done with some success. Crypto, however, may open a new front in this battle, fought with new and complex weapons.

According to the Head of the Aceh Province Financial Services Authority, "Looking at current developments, crypto transactions have large tax potential in Indonesia. For this reason, strengthening the regulatory framework in terms of digital asset taxation is very important to create legal certainty for tax authorities and taxpayers. He said the government needed to classify and analyze various digital asset transaction schemes that might cause tax burdens. However, cryptocurrency is not a legal and official currency because it does not have the authority to issue and regulate it, manage circulation and distribution, maintain its exchange rate and all these functions are carried out by a computing system so its accountability is still doubtful."

According to the Head of the Aceh Directorate General of Taxes, what types of taxes occur on cryptocurrency transactions? "According to him, the basis for determining the type of tax payable, the subject of the tax, and the taxpayer. Then, it is also necessary to determine when tax is payable, how to calculate it, the amount of tariffs, and the reporting administration system. Apart from that, the authorities also need to further examine whether profits from cryptocurrency transactions are included in the definition of additional income as stipulated in Article 4 No. 7/1983 stdtd Law on Harmonization of Tax Regulations (UU PPh), or not. He also hopes that the tax policy created can still pay attention to aspects of simplicity and convenience. According to him, the deduction process by a third party could be considered so that it can provide convenience for digital asset owners. The presence of digital assets, such as crypto, entering Indonesia is actually a positive signal for the creation of new sources of income. However, appropriate policies are needed so that tax potential can be pursued without disrupting the digital asset business climate."

According to Bank Indonesia employees, what is the legal basis for prohibiting the use of virtual currency in processing payment transactions? There are 2 Bank Indonesia Regulations that prohibit the use of virtual currency in processing payment transactions, namely: a) Article 34 PBI No 18/40/PB/2016

concerning Implementation of Payment Transaction Processing. Payment System Service Providers are prohibited from: 1. processing payment transactions using virtual currency: 2. misuse customer data and information as well as payment transaction data and information, and/or 3. own and/or manage value that can be equated to the value of money that can be used outside the scope of Payment System Service Providers which have implications for PJSPs that process using virtual currency can be subject to warnings, fines and even revocation of permits. b) Article 8 paragraph (2) PBI No 19/12/PB/2017 concerning the Implementation of Financial Technology. Apart from the obligations as intended in paragraph (1), Financial Technology Operators are prohibited from carrying out payment system activities using virtual currency. Implications: Fintech operators who use virtual currency may be removed from the Barik Indonesia registration list so they cannot collaborate with PISP.

4. CONCLUSION

With the results of this research, the author concludes that the crypto digital asset investment instrument which has the largest market caps in Indonesia as a research object is different from previous studies which placed companies listed on the Indonesian stock exchange as research objects. In order to become a reference source for investors in choosing investment strategies, the author adds the variable velocity of cryptocurrency as a moderating variable. Based on the results of data analysis which shows that there are differences in the influence of each research variable, the dimension of the risk factor variable has a negative influence on cryptocurrency investment returns. Meanwhile, the variable dimensions of world commodity prices provide a positive influence on cryptocurrency returns. The results of this research analysis, the author carried out a Focus Group Discussion which gave birth to a policy recommendation that was formulated by experts who are leaders of the financial services industry and academics from universities called LCTR, namely "Legal Cryptocurrency and Tax Revenue".

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