

***AN ASSESSMENT OF EASE OF ADMINISTRATION PRINCIPLES IN ARTICLE  
22 INCOME TAX POLICY ON GOLD BULLION IN BULLION BUSINESS  
ACTIVITIES***

**PENILAIAN TERHADAP PRINSIP-PRINSIP KEMUDAHAN ADMINISTRASI  
DALAM PASAL 22 KEBIJAKAN PAJAK PENGHASILAN ATAS EMAS  
BATANGAN DALAM KEGIATAN BISNIS EMAS BATANGAN**

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**ABSTRACT**

*This study aims to analyze the design of Article 22 Income Tax policy on gold bullion transactions within bullion business activities as regulated under Minister of Finance Regulations Number 51 and 52 of 2025, with a particular focus on its alignment with the principle of ease of administration. This study employs a qualitative approach using a literature review of academic studies, regulatory documents, and previous research findings. The analysis focuses on the policy design rather than its empirical implementation. The findings indicate that the revised withholding mechanism, particularly the designation of bullion financial service institutions as withholding agents, improves the structure of tax collection and reduces overlapping obligations. Based on the principle of ease of administration, the policy demonstrates improvements in four key dimensions, namely certainty, efficiency, convenience, and simplicity. The policy enhances clarity in regulatory provisions, reduces administrative and compliance burdens, aligns tax collection with transaction timing, and simplifies the overall structure of taxation on gold bullion transactions. The study recommends further refinement of regulatory design to accommodate potential developments in bullion business activities, particularly in relation to more diverse transaction patterns. Further empirical research is needed to assess the broader implications of the policy.*

**Keywords:** *Income Tax Article 22, Gold Bullion, Bullion Business, Ease of Administration, Tax Policy Design.*

**ABSTRAK**

Studi ini bertujuan untuk menganalisis desain kebijakan Pajak Penghasilan Pasal 22 tentang transaksi emas batangan dalam kegiatan bisnis emas batangan sebagaimana diatur dalam Peraturan Menteri Keuangan Nomor 51 dan 52 Tahun 2025, dengan fokus khusus pada keselarasan dengan prinsip kemudahan administrasi. Studi ini menggunakan pendekatan kualitatif dengan menggunakan tinjauan pustaka dari studi akademis, dokumen peraturan, dan temuan penelitian sebelumnya. Analisis berfokus pada desain kebijakan daripada implementasi empirisnya. Temuan menunjukkan bahwa mekanisme pemotongan pajak yang direvisi, khususnya penunjukan lembaga jasa keuangan emas batangan sebagai agen pemotongan pajak, meningkatkan struktur pengumpulan pajak dan mengurangi kewajiban yang tumpang tindih. Berdasarkan prinsip kemudahan administrasi, kebijakan tersebut menunjukkan peningkatan dalam empat dimensi utama, yaitu kepastian, efisiensi, kenyamanan, dan kesederhanaan. Kebijakan ini meningkatkan kejelasan dalam ketentuan peraturan, mengurangi beban administrasi dan kepatuhan, menyelaraskan pengumpulan pajak dengan waktu transaksi, dan menyederhanakan struktur perpajakan secara keseluruhan pada transaksi emas batangan. Studi ini merekomendasikan penyempurnaan lebih lanjut dari desain peraturan untuk mengakomodasi potensi perkembangan dalam kegiatan bisnis emas batangan, khususnya yang berkaitan dengan pola transaksi yang lebih beragam. Diperlukan penelitian empiris lebih lanjut untuk menilai implikasi yang lebih luas dari kebijakan tersebut.

**Kata kunci:** Pasal 22 Pajak Penghasilan, Emas Batangan, Bisnis Emas Batangan, Kemudahan Administrasi, Desain Kebijakan Pajak.

**INTRODUCTION**

Gold plays a strategic role in the global economy as both a financial instrument and a high-value commodity,

not only in the form of jewelry but also as a *safe-haven asset* utilized by investors to hedge against economic turbulence, as explained by Baur and

Lucey (2010). Data from the World Gold Council (2024) indicate that global gold demand in 2023 reached 4,899 tons, representing a 3% increase compared to 2022, thereby underscoring the significance of gold within the international financial system.

In Indonesia, gold occupies an important position in consumption and trade, including its use as a savings instrument, an investment asset, and a commodity traded by financial service institutions. According to the USGS (2024), Indonesia is the world's eighth-largest gold producer, with annual production ranging from 115 to 170 tons and reserves of approximately 2,600 tons. Meanwhile, the World Gold Council (2024) identifies Indonesia as one of the five largest gold markets in Southeast Asia, with jewelry demand exceeding 40 tons.

The characteristics of gold as a high-value and highly tradable commodity give rise to the potential for a shadow economy, as large-scale cash transactions are difficult to trace, thereby creating opportunities for underreporting and tax evasion. The Financial Note of the Draft State Budget (RAPBN) 2026 highlights the elevated risk of informal activities in the gold trading sector, in line with the findings of Schneider and Medina (2018), who argue that valuable commodities such as gold often serve as entry points for informal economic activities when they are not managed within a well-supervised financial system.

In response, the government has established a framework for the development of a bullion ecosystem through the Law on the Development and Strengthening of the Financial Sector (UU P2SK) and Financial Services Authority Regulation (POJK) Number 17 of 2024, which governs the implementation of bullion business

activities. This regulatory framework encompasses services such as gold savings, gold financing, gold trading, gold safekeeping, and other gold-based services under the supervision of the Financial Services Authority (OJK, 2024).

Bullion serves strategic functions within the national financial system, including acting as a financial intermediation instrument through gold savings, providing gold-backed financing for micro, small, and medium enterprises (MSMEs), and strengthening the formalization of gold trading, which has the potential to suppress shadow economy activities, as noted by Schneider and Medina (2018). Gold also functions as a hedging instrument and a tool for risk diversification (Baur & McDermott, 2010), while supervision by the Financial Services Authority (OJK) enhances transparency and financial system stability (OJK, 2025).

According to the Asian Development Bank (2022), the channeling of gold through formal financial institutions can improve financial stability and inclusion. Meanwhile, McKinsey (2021) emphasizes that the future of precious metals trading will increasingly depend on formal financial institutions due to growing demands for anti-money laundering (AML) transparency and the digitalization of gold products. However, the effectiveness of bullion activities can only be achieved if tax policies are designed to be simple and supportive of the principle of ease of administration, which is a prerequisite for integrating gold into the formal financial system.

As of August 2025, the OJK has granted bullion business licenses to PT Pegadaian as the first conventional bullion bank and to Bank Syariah Indonesia (BSI) as the first sharia-

compliant bullion bank. The government also encourages the participation of other financial service institutions to strengthen the bullion ecosystem, optimize the development of

bullion business activities, reinforce domestic supply chains, and support national gold downstreaming initiatives (OJK, 2025).

**Table 1. List of Financial Service Institutions Providing Bullion Business Activities**

Institution	Type	OJK Approval Letter	Approval Date
PT Pegadaian	Conventional	S-325/PL.02/2024	23 December 2024
Bank Syariah Indonesia	Sharia	S-53/PB.22/2025	12 February 2025

Source: OJK, reprocessed by the author

The development of a bullion ecosystem requires legal certainty and supportive tax policies, particularly with respect to Article 22 Income Tax (Income Tax Article 22) as a tax instrument imposed on the transfer of goods, imports, or certain business activities. The imposition of Income Tax Article 22 on gold bullion is intended to broaden the tax base and enhance tax compliance, given the substantial transaction volumes and the significant potential for state revenue from this sector (Directorate General of Taxes, 2024).

The concept of Income Tax Article 22 collection is grounded in withholding tax theory, which assigns tax collection responsibilities to third parties at the point of transaction in order to accelerate revenue collection and improve compliance (Thuronyi, 1996). In the context of gold bullion, the transaction point serves as the withholding point for advance tax collection, consistent with the view of Musgrave and Musgrave (1989) that third-party withholding in easily monitored sectors can secure government revenue and reduce tax avoidance.

Prior to the issuance of the latest regulations, the imposition of Article 22 Income Tax on gold bullion transactions

was not optimal due to administrative complications. Provisions under Minister of Finance Regulation (PMK) No. 48 of 2023 and PMK No. 81 of 2024 created the potential for regulatory overlap, resulting in double withholding within a single transaction between gold entrepreneurs and bullion financial service institutions. This situation led to administrative inefficiencies and reduced legal certainty for taxpayers.

To address these issues, the government enacted PMK No. 51 of 2025 and PMK No. 52 of 2025 as part of a regulatory harmonization effort. PMK 51/2025 designates bullion financial service institutions as collectors of Income Tax Article 22 on gold purchases, sets a rate of 0.25% on imports, and provides exemptions for sales to end consumers up to IDR 10,000,000. Meanwhile, PMK 52/2025 amends PMK 48/2023 by expanding exemptions from withholding on sales to end consumers, MSME taxpayers subject to final income tax, holders of tax exemption certificates (SKB), Bank Indonesia, digital physical gold markets, and bullion financial service institutions. Collectively, these regulations explicitly aim to simplify the rules, eliminate overlapping withholding obligations, and enhance legal certainty.

**Table 2. Comparison of Provisions Before and After PMK 51 and 52 of 2025.**

Aspect	Previous Provisions (PMK No. 48/2023 & PMK No. 81/2024)	New Provisions (PMK No. 51/2025 & PMK No. 52/2025)
<b>Withholding Mechanism</b>	<ul style="list-style-type: none"> <li>Gold sellers withheld 0.25% on sales to Bullion Financial Service</li> </ul>	<ul style="list-style-type: none"> <li>Bullion FSIs are designated as the sole withholding agents on</li> </ul>

	Institutions (FSIs); • Bullion FSIs were also required to withhold 1.5% on the same purchase.	gold bullion purchases (rate of 0.25%); • Gold sellers no longer withhold tax on sales to Bullion FSIs.
<b>Tax Rate</b>	• 0.25% (withheld by sellers); • 1.5% (withheld by Bullion FSIs).	Single rate of 0.25% (applicable to imports and purchases by Bullion FSIs).
<b>Exemptions</b>	Exemptions from withholding by gold suppliers for: end consumers, holders of Tax Exemption Certificates (SKB), and Bank Indonesia.	• Additional exemption from withholding on sales from gold suppliers to Bullion FSIs; • Additional exemption from withholding by Bullion FSIs on purchases up to IDR 10,000,000.
<b>Regulatory Objective</b>	Did not explicitly refer to bullion business activities.	Explicitly aims to provide legal certainty, fairness, and ease of administration in the imposition of income tax on bullion business activities.

Source: PMK 48/2023, PMK 81/2024, PMK 51/2025, PMK 52/2025, reprocessed by the author

The issuance of these two Minister of Finance Regulations reflects an effort to simplify the regulatory framework in order to reduce overlapping withholding practices and to support the principle of ease of administration, a fundamental principle of modern tax systems that emphasizes simplicity and minimal compliance burdens. Musgrave and Musgrave (1989) emphasize that efficient tax administration reduces administrative costs for the government as well as compliance costs for taxpayers, while the model developed by Allingham and Sandmo (1972) demonstrates that regulatory complexity can undermine compliance, making procedural simplification a critical factor in the effectiveness of tax collection.

Bird and Zolt (2014) argue that a simple tax system reduces compliance costs and prevents administrative avoidance, while James and Nobes (2022) emphasize that ease of administration enhances the efficiency of tax collection and supervision. Torgler (2007) further adds that simple rules encourage voluntary compliance. The IMF (2019) and the OECD (2021) likewise underscore that regulatory

simplification and policy consistency are key pillars for strengthening tax effectiveness and reducing the scope of the shadow economy, thereby positioning the principle of ease of administration as a strategic factor in improving compliance and broadening the tax base.

The simplification of tax collection on gold bullion is essential for the development of the bullion business ecosystem, as the sustainability of this industry requires tax regulations that are simple, consistent, and easy to implement. Regulations with minimal administrative burdens enhance industry participants' confidence, facilitate transactions, and strengthen the integration of bullion into the formal financial system. Consequently, the elimination of overlapping Article 22 Income Tax withholding schemes contributes to reinforcing a tax administration framework that effectively supports the gold-based financial sector.

This study contains an element of novelty as it represents an initial inquiry linking the design of Income Tax Article 22 withholding to the operational aspects of bullion

businesses. To date, there has been no research that specifically examines taxation within the context of bullion business activities. Existing studies generally focus on gold as a commodity, price dynamics, or shadow economy issues, while discussions of gold taxation remain broad and do not explicitly link tax policy to the development of the bullion ecosystem.

Although the new regulation aims to simplify the collection of Article 22 Income Tax on gold bullion transactions, it still raises important issues that warrant further examination. High-value and highly liquid commodities such as gold are inherently prone to non-compliance, as transactions may occur outside formal channels or may not be properly recorded.

Moreover, the procedural simplification introduced by the new regulation does not entirely eliminate the administrative burden for financial service institutions and gold entrepreneurs. In practice, changes in the withholding mechanism may create new dynamics in the implementation of tax obligations, particularly in relation to transaction monitoring and consistency in tax collection.

In the tax literature, tax system complexity is recognized as a key factor that may reduce taxpayer compliance, as it increases administrative costs and complicates the understanding of tax obligations (Nguyen et al., 2022). Conversely, withholding tax mechanisms are widely regarded as effective instruments for improving compliance by ensuring that tax obligations are fulfilled at the point of transaction (Vossler, McKee, & Bruner, 2020).

Therefore, an analytical framework is required not only to assess the normative aspects of the policy but

also to assess the policy design within the tax administration system. In this context, the principle of ease of administration is particularly relevant, as it emphasizes that tax systems should be designed to be simple, efficient, and easy to administer for both taxpayers and tax authorities.

This principle is commonly assessed through four key dimensions, namely certainty, efficiency, convenience, and simplicity. Accordingly, this study aims to analyze the changes in Article 22 Income Tax policy on gold bullion transactions within bullion business activities based on these four dimensions in order to evaluate the extent to which the policy fulfills the principle of ease of administration.

## **THEORETICAL FRAMEWORK**

Within the framework of tax administration, the principle of ease of administration is considered one of the fundamental principles determining the effectiveness of tax collection. Bird and Oldman (1990) emphasize that the successful implementation of tax policy is strongly influenced by the degree of administrative simplicity. A complex and cumbersome system may generate resistance from taxpayers, hinder compliance, and increase the administrative costs borne by the government. This view is consistent with Neumark, as cited in Nurmantuo (2005), who argues that the simpler the tax administrative system, the higher the level of tax compliance that can be achieved.

Ease of administration provides dual benefits. For the tax authority, it facilitates monitoring, reduces administrative costs, and improves the performance of tax collection. For taxpayers, administrative simplicity

reduces compliance costs and minimizes psychological barriers in fulfilling tax obligations (Rosdiana & Irianto, 2014).

In the taxation literature, the principle of ease of administration is generally constructed around four main dimensions: certainty, efficiency, convenience, and simplicity (Rosdiana & Irianto, 2014).

### **Certainty**

Legal certainty is a crucial element in taxation. Mansury (2002) distinguishes tax certainty into two aspects, namely material certainty (tax subjects, tax objects, and tax rates) and formal certainty (procedures for tax collection and reporting). According to Rosdiana and Irianto (2014), certainty should be provided in relation to four elements. The first element concerns certainty regarding which parties are subject to tax and which are not. The second relates to certainty regarding taxable objects. The third refers to certainty regarding the tax base and the applicable tax rates. The final element concerns certainty in the tax withholding and collection system (Rosdiana & Irianto, 2014). If these four elements are not fulfilled, conflicts may arise between taxpayers and the tax authority.

### **Efficiency**

Efficiency relates to the principle that the cost of tax collection should not exceed the revenue generated. This principle can be assessed from two perspectives: the tax authority and the taxpayer. From the perspective of the tax authority, tax collection is considered efficient when the administrative costs incurred by the tax office are lower than the amount of tax successfully collected. Efficiency is achieved when operating costs, such as

supervision, enforcement, and collection activities, are lower than the resulting tax revenue (Rosdiana & Irianto, 2014). From the taxpayer's perspective, efficiency is reflected in the level of compliance costs, which consist of fiscal costs (monetary expenses such as consultant fees), time costs (time spent managing tax obligations), and psychological costs (stress or anxiety experienced when interacting with tax authorities).

### **Convenience**

The principle of convenience suggests that tax payments should be made at a time that is most convenient for taxpayers, for example when they receive salaries or other forms of income. This principle emphasizes that tax payments should be aligned with the taxpayer's economic capacity. Ideally, tax collection should occur close to the time when income is received. One example of the application of this principle is the pay-as-you-earn (PAYE) system (Mansury, 1996). In modern contexts, convenience is also realized through the digitalization of tax administration, which enables faster and more flexible payment and reporting processes. Higher levels of convenience have been shown to increase taxpayer satisfaction and compliance (Night S et al., 2020).

### **Simplicity**

Simplicity emphasizes that tax systems and procedures should be easy to understand, uncomplicated, and easy to implement (Rosdiana & Irianto, 2014). The OECD (2014) further notes that simplifying tax rules can increase public acceptance of the tax system. Simplicity is also closely related to the design of online tax services, such as user interfaces that are clear and practical. Tax systems with simpler

administrative procedures tend to be more acceptable to taxpayers because they minimize procedural complexity (Sommerfield, 1982).

In conclusion, the principle of ease of administration highlights the importance of a tax system that is clear, efficient, convenient, and simple. The fulfillment of these four dimensions not only promotes taxpayer compliance but also contributes to sustainable administrative efficiency for the government.

## **METHOD**

This study adopts a qualitative research approach to explore and interpret the meanings underlying the issues examined (Creswell, 2009). The qualitative approach is employed to gain an in-depth understanding of the phenomena and policy-related issues discussed in the study. The data are collected and analyzed through a literature review of relevant regulations, academic studies, and supporting documents.

Data are collected through a literature review by examining various written sources obtained from a variety of sources, including academic journals, books, scholarly articles, taxation regulations, and credible news outlets relevant to the research topic. The literature search is conducted through journal databases accessed via [remote-lib.ui.ac.id](http://remote-lib.ui.ac.id) and [lib.ui.ac.id](http://lib.ui.ac.id), which serve as the primary platforms for accessing journals, books, research documentation, and other academic materials provided by the University of Indonesia Library.

The analysis is conducted using a regulatory and conceptual analysis approach, by systematically examining the provisions under PMK No. 51 of 2025 and PMK No. 52 of 2025 and comparing them with previous regulations.

Furthermore, the policy design is assessed using the four dimensions of the ease of administration principle, namely certainty, efficiency, convenience, and simplicity, as the analytical framework. Each provision is assessed based on its alignment with these dimensions to identify improvements and potential limitations in the regulatory design.

## **RESULTS AND DISCUSSION**

The policy on Article 22 Income Tax on gold bullion transactions in bullion business activities has undergone changes through the issuance of Minister of Finance Regulation (PMK) No. 51 of 2025 and PMK No. 52 of 2025. These changes not only redefine the withholding mechanism but also reflect the government's effort to improve the design of tax administration to make it more effective and aligned with the characteristics of transactions in this sector.

In the context of tax administration, one of the approaches used to evaluate tax policy is the principle of ease of administration. This principle emphasizes that a tax system should be designed in such a way that it is easy to implement, both for tax authorities and taxpayers. Rosdiana and Irianto (2014) explain that ease of administration can be analyzed through several key dimensions, namely certainty, efficiency, convenience, and simplicity.

Based on this framework, this study focuses on analyzing these four dimensions to assess the extent to which changes in Article 22 Income Tax policy on gold bullion transactions comply with the principles of sound tax administration. The analysis is conducted by examining the provisions under PMK No. 51 of 2025 and PMK

No. 52 of 2025 and comparing them with previous regulations.

### **Certainty**

From the perspective of the ease of administration principle, legal certainty is a fundamental element that enables taxpayers to clearly understand their tax obligations. Mansury (2002) states that certainty in taxation includes clarity regarding the tax subject, tax object, tax rate, and procedures for tax collection and reporting. Rosdiana and Irianto (2014) further emphasize that certainty encompasses four main elements, namely clarity on who is subject to tax, what constitutes the taxable object, the tax base and rate, and the mechanism of withholding or collection.

In terms of certainty of the tax subject, PMK No. 51 of 2025 explicitly designates bullion financial service institutions as the withholding agents for Article 22 Income Tax on gold bullion purchases. This provision is reflected in Article 2 of PMK No. 51 of 2025, which regulates the designation of withholding agents. This clarification eliminates ambiguity under the previous regulatory regime, namely PMK No. 48 of 2023 and PMK No. 81 of 2024, where both gold sellers and bullion financial service institutions were required to perform withholding functions within a single transaction. Such conditions potentially created overlapping obligations and legal uncertainty for business actors.

In modern tax administration literature, withholding mechanisms implemented through a single party at the source are considered effective in enhancing certainty in tax compliance. Vossler, McKee, and Bruner (2020) show that withholding systems improve reporting certainty because tax

obligations are fulfilled at the time the transaction occurs.

Regarding the certainty of the tax object, PMK No. 51 of 2025 and PMK No. 52 of 2025 provide clearer boundaries on transactions subject to Article 22 Income Tax. Articles 1 and 3 of PMK No. 51 of 2025 focus the tax object on gold bullion imports and purchases by bullion financial service institutions. Meanwhile, PMK No. 52 of 2025, as an amendment to PMK No. 48 of 2023, explicitly clarifies exemptions, including sales to end consumers, certain MSME taxpayers, and transactions involving specific entities such as Bank Indonesia and bullion financial service institutions. This clarity reduces interpretative ambiguity that previously led to inconsistent tax treatment among business actors.

In terms of rate certainty, PMK No. 51 of 2025 establishes a single tax rate of 0.25% on imports and purchases of gold bullion by bullion financial service institutions, as stipulated in Article 3. This replaces the previous scheme that applied multiple rates within the same transaction chain, namely 0.25% by sellers and 1.5% by bullion financial service institutions. The introduction of a single rate enhances certainty by eliminating the potential for administrative double taxation and simplifying tax calculations for taxpayers.

Furthermore, regarding the certainty of collection procedures, PMK No. 51 of 2025 substantially simplifies the mechanism by eliminating reciprocal withholding practices and assigning a single party as the withholding agent. As a result, the collection process becomes more structured, covering withholding, payment, and reporting stages. Additionally, provisions regarding exemptions for transactions below

certain thresholds, such as purchases by end consumers up to a specified value as stipulated in Article 5 of PMK No. 52 of 2025, further clarify the boundaries of withholding obligations in practice.

Overall, the issuance of PMK No. 51 of 2025 and PMK No. 52 of 2025 significantly improves the fulfillment of the certainty principle. The clear designation of tax subjects, well-defined tax objects and exemptions, simplified rate structure, and improved collection procedures collectively strengthen legal certainty in the implementation of Article 22 Income Tax on gold bullion transactions. This certainty is essential to minimize disputes between taxpayers and tax authorities, as emphasized by Rosdiana and Irianto (2014).

### **Efficiency**

The efficiency dimension within the principle of ease of administration refers to the relationship between the cost of tax collection and the revenue generated. Rosdiana and Irianto (2014) explain that efficiency can be viewed from two perspectives, namely from the tax authority and from taxpayers. From the tax authority's perspective, tax collection is considered efficient when administrative costs are lower than the revenue collected. Meanwhile, from the taxpayer's perspective, efficiency is related to the level of compliance costs incurred in fulfilling tax obligations.

In tax literature, the efficiency of a tax collection system is largely determined by the effectiveness of administrative mechanisms in promoting taxpayer compliance. Withholding tax mechanisms, where tax is collected at the source of transaction, have been shown to improve compliance by ensuring that tax obligations are fulfilled at the time transactions occur (Vossler, McKee, &

Bruner, 2020). Moreover, the involvement of third parties as withholding agents enhances tax collection capacity, particularly in sectors that are difficult to monitor directly. Empirical studies indicate that assigning firms as tax collectors can significantly increase transaction reporting and tax payments.

The withholding mechanisms has also been proven to significantly increase tax revenue. Studies show that withholding tax systems can generate a sustained increase in revenue, primarily driven by improved compliance and reduced non-filing. In addition, advance tax payments have been shown to reduce tax evasion by limiting opportunities for underreporting (Morita, 2015).

From an administrative perspective, this mechanism is relatively easy to implement because it is transaction-based and involves third parties as withholding agents. It allows tax authorities to collect taxes from a limited number of entities rather than directly from all taxpayers, thereby improving efficiency in monitoring and enforcement (Ahmed, 2020).

In the context of Article 22 Income Tax on gold bullion transactions, efficiency can be observed from the changes in the collection structure that directly affect administrative and compliance burdens. The simplification of the collection mechanism reduces the number of administrative steps required by business actors, including withholding, payment, and reporting processes. As a result, the time and resources required to fulfill tax obligations are significantly reduced.

From the perspective of compliance costs, efficiency is reflected in the reduced complexity of fulfilling tax obligations. Simpler tax calculations reduce the need for additional resources,

such as specialized personnel or complex supporting systems. Furthermore, reduced complexity minimizes the risk of errors in tax calculation and reporting, thereby lowering the likelihood of additional costs arising from corrections or administrative penalties.

From the perspective of administrative costs, efficiency is reflected in the reduced need for multi-layered supervision. Tax authorities can allocate resources more effectively, resulting in more targeted and efficient monitoring processes without excessive coordination among multiple parties. This indicates that a simplified policy design not only reduces the burden on taxpayers but also enhances the efficiency of tax administration.

In addition, efficiency can also be assessed from the payment mechanism in transactions. Under the previous regulation, gold purchases by bullion financial service institutions involved additional payments of 0.25% to sellers as withheld tax, alongside a 1.5% withholding in the same transaction. Although both amounts could eventually be credited, this mechanism created temporary financial burdens before being offset against final tax liabilities.

This condition indicates that compliance burdens may arise not only from administrative procedures but also from liquidity constraints, as taxpayers are required to allocate funds in advance. Such temporary financial outflows reduce efficiency because they do not directly reflect the final tax burden.

Overall, the changes in Article 22 Income Tax policy on gold bullion transactions demonstrate an improvement in efficiency, particularly in reducing compliance and administrative costs. The simplification of procedures, reduction of complexity,

and limitation of withholding to economically significant transactions contribute to a more efficient tax collection system.

However, future developments in bullion business activities, particularly the expansion into retail transactions such as buyback from individuals, may introduce new administrative challenges. In such cases, the diversity of transaction counterparties and high transaction volumes may increase complexity, particularly in ensuring consistent withholding and reporting practices.

### **Convenience**

The principle of convenience in taxation refers to the idea that taxes should be collected at the time and in a manner that is most convenient for taxpayers. Mansury (1996) explains that taxes should ideally be collected when taxpayers receive income, so as to avoid excessive liquidity burdens. In previous regulations, Article 22 Income Tax on gold transactions was generally collected at the time of purchase by designated withholding agents. This mechanism already reflected the principle of convenience, as tax collection coincided with the receipt of economic benefits.

In the context of bullion business activities, gold transactions occur frequently and involve multiple stages, including purchasing, refining, storage, and resale. These characteristics require tax regulations that align the collection mechanism with the operational nature of the industry. Therefore, the application of the convenience principle in this policy must be assessed through several aspects, including timing of collection, payment procedures, and the moment tax liability arises.

From the perspective of timing, the policy linking tax collection to the

occurrence of transactions demonstrates alignment between tax obligations and economic activities. Collecting taxes at the time of transaction simplifies compliance, as taxpayers do not need to allocate additional time outside their business operations to fulfill tax obligations. It also reduces liquidity pressure, as tax is collected in line with the cash flow generated from the transaction.

From the perspective of payment procedures, the provisions under PMK No. 51 of 2025 introduce a more streamlined and less complex mechanism. This simplification facilitates compliance, particularly in payment and reporting processes. With fewer procedural steps, tax obligations can be more easily integrated into business operations without creating significant administrative barriers.

Furthermore, regarding the timing of tax liability, linking tax obligations directly to transaction events provides clarity for taxpayers. This clarity reduces ambiguity and minimizes the risk of errors in determining when tax obligations must be fulfilled. As a result, administrative processes become simpler and more predictable.

In addition, the introduction of exemptions for certain transactions, including threshold-based exemptions as stipulated in Article 5 of PMK No. 52 of 2025, further enhances convenience. These provisions reduce the need to apply withholding on low-value transactions, allowing business processes to operate more efficiently without unnecessary administrative burdens.

Overall, the Article 22 Income Tax policy on gold bullion transactions demonstrates efforts to fulfill the principle of convenience in terms of timing, procedures, and determination of tax liability. However, the level of

convenience experienced by taxpayers ultimately depends on the regulatory design and administrative structure and the readiness of tax administration systems.

Moreover, the evolving nature of transactions may affect the level of convenience. Currently, bullion transactions are primarily conducted among gold traders who generally possess sufficient administrative capacity. However, future expansion into retail transactions involving individuals with limited tax knowledge may introduce challenges. In such situations, convenience is not solely determined by regulatory design but also by the readiness and capability of the parties involved.

### **Simplicity**

The dimension of simplicity within the principle of ease of administration emphasizes that tax systems should be designed in a way that is easy to understand and does not create unnecessary complexity. Rosdiana and Irianto (2014) state that a simple tax system facilitates compliance for taxpayers and simplifies administration and enforcement for tax authorities. Similarly, Mansury (1996) highlights that simplicity is associated with ease of understanding tax rules and minimal need for interpretation. The OECD (2010) also notes that excessive tax complexity can reduce compliance by increasing the cognitive and administrative burden on taxpayers.

Tax system complexity is widely recognized as a major factor that reduces taxpayer compliance. Complex systems tend to increase administrative costs and make it more difficult for taxpayers to understand their obligations, thereby increasing the likelihood of non-compliance (Nguyen, Pham, Prior, & van Hemmen, 2022).

In the context of Article 22 Income Tax on gold bullion transactions, simplicity can be observed through two main dimensions, namely policy structure and regulatory clarity. From the perspective of policy structure, simplicity is reflected in the reduction of multiple tax treatments within a single transaction chain. Under previous regulations, the presence of multiple withholding schemes created complexity, as taxpayers needed to understand different treatments for similar transactions.

Through PMK No. 51 of 2025, the policy structure has been simplified by introducing more focused provisions. This simplification reduces the need to navigate multiple tax treatments, making it easier for taxpayers to understand the applicable mechanism. In this context, simplicity is not merely about reducing the number of rules but also about creating a more consistent and coherent structure.

From the perspective of regulatory clarity, PMK No. 52 of 2025 contributes by explicitly defining exemptions, including provisions related to transaction thresholds. Such clarity narrows the scope of interpretation, allowing taxpayers to more easily identify which transactions are subject to withholding and which are exempt. Bird and Zolt (2014) emphasize that clarity in tax policy design is essential for reducing ambiguity and improving taxpayer understanding.

Furthermore, the systematic organization of regulations, including the separation between main provisions and exemptions, enhances readability and comprehension. A well-structured regulatory framework reduces the need for complex interpretation, thereby improving the overall simplicity of the system. However, simplicity also

depends on the overall design of the regulatory framework. If provisions remain scattered across multiple regulations or rely on terms requiring further interpretation, complexity may still arise in practice.

In addition, simplicity is reflected in the consistency of tax rates applied to similar transactions. A uniform rate reduces the need to distinguish between different treatments, thereby minimizing the risk of errors in tax calculation and withholding. This demonstrates that simplicity is not only conceptual but also operational in nature.

On the other hand, the role of digital tax administration systems also supports simplicity. Integrated systems enable automated taxpayer identification and reduce the need for manual verification processes. This contributes to reducing administrative errors and improving consistency in tax implementation. In this context, simplicity is influenced not only by regulatory design but also by the capacity of supporting systems.

Overall, the provisions under PMK No. 51 of 2025 and PMK No. 52 of 2025 demonstrate improvements in simplicity, both in terms of policy structure and regulatory clarity. The simplification of mechanisms and limitation of regulatory scope contribute to easier understanding and implementation, although certain aspects may still present potential complexity in practice.

## **CONCLUSION**

PMK No. 51 of 2025 and PMK No. 52 of 2025 introduce important improvements in terms of administrative ease. Within the framework of the ease of administration principle, which comprises four key dimensions, namely certainty, efficiency, convenience, and simplicity,

this policy demonstrates improvements across all these aspects. The previous collection structure, which potentially involved multiple parties collecting tax within a single transaction, has been improved through the designation of bullion financial service institutions as the withholding agents, resulting in a clearer collection process that no longer involves two parties within the same transaction.

From the perspective of certainty, the policy provides greater clarity regarding the designation of withholding agents, taxable objects, tax rates, and collection procedures. The appointment of bullion financial service institutions as the sole withholding agents, along with more explicit definitions of taxable objects and exemptions, reduces the potential for duplicate obligations and uncertainty in the regulatory design.

From the perspective of efficiency, the simplification of the withholding mechanism not only reduces administrative and compliance costs but also decreases the need for additional payments within transactions that were previously required prior to tax crediting. As a result, the amount of funds that must be prepared at the time of transaction is reduced, allowing business processes to operate more efficiently. However, from a policy design perspective, potential challenges may arise in the event of future expansion of bullion business activities, particularly if transactions extend to the retail level. The increasing number and diversity of transaction counterparties may introduce additional administrative complexity in maintaining consistency in the withholding mechanism.

From the perspective of convenience, the linkage between tax collection and transaction events reflects alignment between tax

obligations and economic activities, thereby facilitating the fulfillment of tax obligations in terms of timing and determination of tax liability. This condition is supported by the current characteristics of transactions, which are still dominated by business actors with sufficient administrative capacity. However, if future transactions involve a broader retail segment, the level of convenience embedded in the regulatory framework may be influenced by the readiness of these parties to understand and comply with tax obligations.

From the perspective of simplicity, the policy reflects improvements in the structure of regulation, including the adoption of more uniform tax rates and clearer exemption provisions. These features contribute to better understanding and reduce the need for complex interpretation of tax rules. In addition, the incorporation of digital administrative systems within the regulatory framework supports a more structured and simplified approach to tax administration.

Furthermore, it is recommended that future policy development consider the need for periodic monitoring and evaluation of the established regulatory design. More detailed technical guidelines are necessary to minimize potential differences in interpretation, particularly among gold traders and bullion financial service institutions. In the context of future development of bullion business activities, especially in the event of expansion into retail transactions, the readiness of administrative systems should be strengthened to anticipate the increasing number and diversity of transaction parties that may affect the consistency of the withholding mechanism. In addition, enhanced data integration between the Directorate General of Taxes and the Financial Services

Authority may support reporting accuracy and improve supervisory effectiveness. Further empirical research is necessary to assess the broader implications of the policy and to provide input for future policy refinement.

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