Initiating National and International Tax Policy Innovation in G20 Presidency Tax Issues

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ABSTRACT
The taxation issues raised in the G20 presidency are very important to be reviewed, due to the relevance of the economic conditions that are transforming digitally, the existence of global consensus in the form of pillar 1 and pillar 2, as well as other international taxation issues. This research uses a qualitative approach by describing international tax issues and problems in depth from the data obtained, data and information collection techniques are carried out by the literature study method. Data analysis is composed of sorting data from the results of literature studies through data reduction techniques which are later associated with relevant models and literature to be presented narratively. The results of this study show that there are seven policy innovations that can be considered by Indonesia, namely an increase in VAT rates and a decrease in income tax rates. Provision of tax incentives, post-pandemic tax policies, carbon taxes, gender tax policies, pillar 1 and 2 tax policies, and cybersecurity and tax transparency policies.

Keywords: *Global consensus, pillar 1, pillar 2, innovation, tax policy, indonesia*

1. INTRODUCTION

With the technological transformation in economic activities, the allocation of taxation rights based on the existence of physical form has weak relevance and is inadequate, supported by Tambunan [1]. However, taxing the digital economy with considerations to ensure fairness, certainty, and ease of policy has proven difficult, supported by Petruzzi [2]. Imposing tax based on conventional policies based on the existence of physical form will potentially erode the potential of state tax revenue. Business entities with sophisticated and revolutionary technology will easily escape or move to jurisdictions with more favourable tax treatment, supported by Gianni [3]. To address these challenges, the *Organisation of Economic Co-operation and Development* (OECD) proposed several solutions by initiating a global consensus called the *Base Erosion and Profit Shifting* (BEPS) project.

The project on allocation of taxing rights and profit allocation consists of two pillars, supported by OECD[4]. Pillar One focuses on the allocation of taxing rights and measures to conduct a coherent review of profit allocation and *tax nexus*. This pillar focuses on businesses that derive revenue from the provision of digital products or services. The Second Pillar, known as "*Global Anti-Base Erosion*" (GloBE) focuses on establishing coordinated rules to address the possible ongoing risk of allowing multinational entities to shift their profits to favourable low-tax jurisdictions, i.e. *global minimum* tax.

Indonesia, as a member of the G20, has voluntarily participated to support the establishment of a tax collaboration platform and the implementation of the BEPS Framework into its domestic tax provisions. This participation is driven by the huge losses suffered from potential revenues that should have been earned from highly digitised businesses, coupled with the fact that Indonesia is one of the large market user jurisdictions and revenue sources for digital multinationals, supported by Rumata [5]. G20 member countries have agreed to enact two pillars of international taxation principles, which are taxation in the digital sector and a global minimum tax.

According to Finance Minister Sri Mulyani, the discussion on international taxation in the meeting with G20 countries has made a lot of progress. The first pillar related to taxation in the digital sector is one of the most

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challenging issues among G20 member countries and around the world. Then, the second pillar on global minimum tax is aimed at companies operating between countries that allow them to avoid or evade taxes. All countries will join hands to prevent companies from tax evasion. For this reason, the enforcement of the two pillars will be closely monitored, supported by Sekretariat Kabinet RI [6].

International tax issues raised during the G20 Presidency activities in Indonesia consist of (supported by) OECD [4]; KPMG [7]; Setyawan [8]:

1. *The tax package* includes all tax *policies*, tax *incentives*, post-pandemic tax policies, environmental taxes, and *gender-based taxation*. Indonesia is fully committed in the G20 presidency to strengthen domestic tax policies through discussion forums between countries. In addition, tax incentives are further evaluated so that they can be utilised optimally. Notwithstanding the Covid-19 pandemic, the appropriate post-pandemic tax policy also needs to be discussed in a forum. Furthermore, environmental taxes, namely carbon taxes, were also reviewed in the G20 discussion. Finally, there are Indonesia's steps to overcome the problem of *gender equality* in the *scope of* taxation that is deemed unfair through *gender-based taxation*.
2. The OECD's *inclusive framework*, pillar 1 and pillar 2 for strengthening the foundations of the *digital economy*, covers the development of the multinational enterprise sector, the relationship between development and taxation, and carbon taxes. The recent, rapid and expansive digital transformation has had profound economic and social impacts and resulted in significant changes. This has fuelled global debates in various legal and regulatory areas, including in the areas of international taxation and the environment.
3. Cryptocurrency tax, security and cyber fraud. Currently, cryptocurrency is seen as an asset that is widely used by the public, giving rise to new aspects of taxation. Cryptocurrencies still need to be discussed further as Indonesia is only in the early stages of its implementation, thus requiring evaluation. Then, with the utilisation of big data and the increasingly massive use of technology, security issues that can befall taxpayers and tax authorities can occur at any time. This means that cyber security and fraud need to be optimised by looking at the implementation of G20 countries that have made policy improvements earlier.
4. Supported and responded to the completion of the Global Anti-Base Erosion (GloBE) Model Rules on pillar 2. This model establishes a "common approach" for a Global Minimum Tax of 15% for Multinational Companies with a turnover of more than 750 million euros per year. This is because there are many multinational companies established in Indonesia that cannot be taxed because there are no international provisions governing them.
5. Support and instruct the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) to complete pillar 1 and the Subject to Tax Rule (STTR) in pillar 2. Pillar 1 is focused on (partial) reallocation of consolidated profits of multinational companies to the jurisdiction where sales occur as well as standardisation of remuneration of marketing and distribution activities. Whereas STTRs are a key component of pillar 2, and unlike the GloBE Rules focus on the source jurisdiction. The STTR effectively allows source jurisdictions to tax the gross amount of interest, royalties and a list of other payments received by connected companies, up to a globally agreed minimum rate of 9%.
6. Strengthening the development and tax agenda in light of the G20 Ministerial Symposium on Tax and Development and taking into account the G20/OECD Roadmap on Developing Countries and International Tax. The symposium emphasised the importance of developing countries' participation in formulating international tax standards and implementing the BEPS action plan effectively so that they can reap the real benefits of the programme. Financing sustainable development from tax revenue is hampered by the Covid-19 pandemic that pressures fiscal space and the lack of international tax regulations that can support sustainable development so that collaboration and strengthening cooperation between G20/OECD countries are needed.
7. Support the development of internationally agreed tax transparency standards. The forum focused on discussing the role of G20 countries to encourage development countries to benefit from BEPS and tax transparency programmes. To support the implementation of international tax transparency standards, it can be done through BEPS, exchange of information, and the two-pillar international tax package for developing countries. In addition, tax administration reform is also needed to support the implementation of international tax transparency standards so that they can be optimally utilised.

Tax issues raised in the G20 Presidency are interesting to review. This is due to the relevance of economic conditions that are transforming into digital, the OECD BEPS global consensus in the form of pillar 1 and pillar 2, and other international tax issues that have high urgency. Therefore, this article aims to initiate tax policy innovation in the national and international scope to adjust the current international taxation landscape to optimize state revenue.

2. METHODS

This research uses a descriptive qualitative approach by describing international tax issues and problems in depth from the data obtained. The data and information collection techniques are carried out using the literature study method to process, review, and analyse the data obtained. The types and sources of data used are secondary data obtained through searching national and international journals accredited by SINTA, google scholar, sciencedirect, researchgate, government websites, articles, news, reports, and other sources relevant to the topic under study and guaranteed credibility. Data analysis is composed of sorting data from the results of the literature study through data reduction techniques which are later linked to relevant models and literature to be presented narratively.

The research stages were carried out starting with determining the topic and analysing the potential and problems related to taxation issues discussed by the OECD and raised during the G20 Presidency. Furthermore, conducting literature studies from secondary data on pillar 1, pillar 2, BEPS, nexus tax, GloBE, STTR, and tax package as well as similar keywords that are relevant to be used as a reference for the research written. After that, the data obtained is processed for data reduction and in-depth analysis, so that it can be presented through narrative writing. Finally, conclusions, suggestions, and limitations will be made for future research recommendations.

3. RESULT & DISCUSSION

3.1. Tax Policy Innovation

According to the results of the analysis, the government can implement general tax policies first that can improve tax justice in Indonesia through income tax and VAT. The first step that can be taken by the government is to accelerate the realisation of the VAT increase to 12 per cent and reduce the corporate income tax rate to 20 per cent and increase the lowest threshold for PPh OP. This is because the Income Tax Law contains a sentence stating that the VAT rate will increase by 12 percent by 2025.

In the midst of international taxation challenges, the government must take advantage of the momentum of discussion and cooperation in the G20 forum to request best policy recommendations from countries that have successfully realised them. Accelerating the realisation of the VAT rate increase to 12 per cent is an ideal alternative for the government to apply. The tax policy will have a positive impact on tax revenue in the consumption sector and realise justice for low-income people. Considering that the average VAT rate used by countries around the world is 15.6 per cent, and 18 per cent in developed countries, supported by Lim [9], Indonesia should immediately implement the benchmarking.

In addition, the issue of the corporate income tax rate being reduced to 20 per cent should also be realised as stated in the Financial System Stability Law. The government should be wiser in making policies where the increase in the VAT rate must be in line with the decrease in the income tax rate. Finally, the increase in the threshold of PPh OP can also be further considered given the increasingly worrying economic conditions. This is done to realise tax justice for low-income people.

The government is of the view that the adjustments to VAT rates, corporate income tax, and the threshold for OP income tax have international tax implications. This is because multinational companies, foreign workers, and investors may view Indonesia as a suitable place to establish a company, have a career in Indonesia, and strengthen investment to boost domestic revenue.

3.2. Tax Incentive Policy Innovation

The provision of tax incentives, especially tax holidays, in the midst of the global minimum tax debate must be done carefully and selectively. The OECD mentioned in the report "Tax Incentives and the Global Minimum Corporate Tax" that OECD/G20 member countries are finalising regulations on the global minimum tax. The provision is part of the two pillars of international tax. In the second pillar, the GloBE rule applies, which regulates the application of corporate income tax with a minimum rate of 15 per cent. The global minimum tax applies to all multinational companies with a turnover of more than 750 million euros per year. The second pillar requires that all jurisdictions with a corporate income tax rate on interest, royalties and other payments must comply with the STTR where the rate must be less than 9 per cent, supported by OECD [10].

With this provision, the provision of tax holiday incentives will be detrimental to the country offering the incentives, especially Indonesia. The OECD has noted that there are at least two disadvantages to continuing to provide tax holiday facilities in the midst of a global minimum tax. The first loss is that the government still has to worry about controlling and developing incentives that are no longer relevant. The second disadvantage is that Indonesia will lose potential tax revenue from the global minimum tax, while other countries benefit from strengthening global regulations.

Therefore, the Government is expected to provide recommendations to the G20 countries to reassess the tax holiday incentive policy that has been implemented. Alternatively, Indonesia should only provide tax incentives for companies that are not covered by the GloBE rules. Then, incentives should be given on a smaller scale. This is done in order to consider the cost effectiveness that should be incurred by the government, which includes compliance costs, administration costs, operational costs, and other costs related to the implementation of tax holiday incentives. Indonesia should adjust tax incentives by holding discussions with G20 countries by asking for considerations and recommendations from the OECD to formulate tax incentives that are in line with international tax regulations to improve the domestic investment climate so that it has positive implications for Indonesia's economic growth, supported by Mulyono et al [11].

3.3. Post-Pandemic Tax Policy Innovation

The existence of the Covid-19 pandemic requires further solutions that are more solutive and comprehensive through strengthening national and international taxes. The majority of people who are directly harmed by the pandemic request that the state support those in need, using the income redistribution function. In addition, the pandemic has also weakened people's trust in the government. Furthermore, the Covid-19 pandemic has exacerbated pre-existing inequalities, and that the pandemic has led to inequalities in access to basic services, which in turn may lead to continued income disparities between generations, supported by Stantcheva [12].

In order for the recovery to benefit all parties and strengthen trust in the government, action is needed to reduce income inequality and access to services. This can be done by taxing the rich or high net worth individuals (HNWI) to equalise income inequality. Taxes paid by HNWIs can be done through wealth tax or net wealth tax policies or windfall profit tax as an effort to take potential revenue from the amount of individual and corporate income. It is intended that those who can afford to pay more will contribute more to recovery efforts, supported by Klemm et al [13].

The first step towards optimising HNWI tax collection is to establish a specific unit to handle HNWI taxpayers, as Uganda has done. Furthermore, the government should have clear indications in place to identify HNWIs. Supervisors, tax employees, and auditors are examples of team members. Uganda, which has successfully developed a special unit by expanding and optimising HNWI units in big tax offices by enhancing tax authorities' capability in dealing with HNWIs and their intermediaries, supported by Kangave [14] might serve as an example for Indonesia.

As a result, the government can explore measures that address the needs of those who have been impacted by the epidemic, resulting in greater redistributive policies. Inequality will be addressed through the method of taxing the wealthy, making it a model for the international tax world. They may be disillusioned and lose faith in the administration if these needs are not delivered. As a result, policymakers have a significant amount of responsibility for achieving this, both in the health sector and through policies that encourage more equitable economic growth.

3.4. Carbon Tax Policy Innovation

Limiting an industry's carbon emissions would not, in the long term, allow us to keep global temperatures below tolerable bounds, resulting in global warming. As a result, considering the significant quantity of coal produced for energy requirements in Indonesia that might be replaced using electricity, solar energy, or other alternative energy, the introduction of a carbon price in Indonesia is critical. It seeks to safeguard Indonesia's natural resources, reduce industrial pollution, and avoid global warming.

The government can first conduct a comparative study of successful carbon tax implementation practices in various countries. An example is China. Carbon tax is a useful and prospective policy measure to reduce carbon emissions in China. Carbon tax can effectively reduce industrial carbon emissions after 2020. With the increase of carbon price, industrial CO2 is reduced from 12.2 billion tonnes under the scenario to 10.4 billion tonnes, 9.3 billion tonnes, 8.5 billion tonnes, 7.9 billion tonnes, 7.4 billion tonnes and 7.0 billion tonnes by 2030, supported by Dong [15]. In addition, the sectors of electricity, metal smelting and chemicals are the three main sectors for CO2 emissions and reduction, and are required to implement carbon tax policies in China. Coal production/consumption will slowly decline and experience a significant shift in energy use from coal to alternative/renewable energy.

In addition, Indonesia can learn from Japan which has a Japanese carbon tax rate of JPY 2.89 ($2.65) which is still far from the IMF's recommendation. The IMF encourages G20 countries to implement a carbon tax of $35/t-Co2 (lower limit) and $70/t-Co2 (upper limit) in accordance with the objectives of the 2015 Paris Agreement [16]. Similarly, the UNFCCC recommends reducing annual carbon emissions by 7.6% until 2030, which is a 76% reduction in carbon emissions. Japan also has one of the lowest carbon tax rates among OECD and G20 countries. As a result, Japan's carbon tax has helped reduce carbon emissions by 0.5%, but it is still low compared to other developed countries where higher carbon taxes have reduced carbon emissions by the same or greater amount in a shorter period of time, with carbon emission levels falling between 0.5% and 1.7% in Denmark, Sweden, the Netherlands and Norway, and around 10% in Finland over the same time period, supported by Gokhale [16].

Therefore, the government can implement a carbon tax with a relatively low rate at the beginning of the implementation to initiate the policy. Every 5 years, at least, an evaluation and adjustment of tariffs and policies to support domestic industries will be conducted. I will also conduct benchmarking with countries such as China, Japan, Denmark, Finland, and the Netherlands to adopt an ideal carbon tax policy in accordance with Indonesia's economic and environmental conditions. In addition, to address the issue of GDP loss due to reduced revenue from coal energy sector companies, revenue from the carbon tax should be allocated and transferred more to regions that are heavily affected by the loss. Thus, justice will be realised while supporting Indonesia's international commitment to achieve net zero emission by 2060.

3.5. Gender Based Taxation Policy Innovation

This gender-based taxation policy proposal will provide more benefits to women, supported by Colombino [17]. The framework program discussed offers a beneficial part for women who will enter the labour market. The issue of gender equality is one of the main issues discussed in the G20 forum. Indonesia must immediately reform its tax policy by prioritising gender equality so that it can have positive implications for tax revenue because the collection prioritises the principles of fairness and inclusiveness. The implementation of gender-based taxation can be through the provision of incentives for female workers on maternity leave. The proposal is included in the discussion of international taxation. A very interesting policy on gender equality in taxation is very possible for G20 countries, where there is still a high inequality in terms of participation, income, career, and household responsibilities.

While gender-based taxes may seem controversial, they need not be defined literally. It can be defined as the selective application of taxes to secondary income earners (women). This policy effectively increases the level of net after-tax income for women. In practice, differentiating taxes based on gender may not be politically feasible. However, since women are often the second breadwinner in the family, an optimal income tax should differentiate marginal tax rates between primary (male) and secondary earners. Indeed, many countries apply selective taxation where the marginal tax rate for secondary earners differs from the marginal tax rate for primary earners, supported by Bastani [18].

To initiate the policy, the government can first analyse the urgency, potential, and comparative studies. Considering the urgency of the current population of working women in Indonesia, gender-based taxation is the right first step to implement gender equality in realising justice in the field of taxation. However, its potential must be considered again from the aspect of costs incurred. That is because the government must provide incentives such as tax credits or more benefits to female workers and women who do not earn income. However, the number of women who work will certainly be able to increase revenue from the aspects of Income Tax and VAT where women are individuals who tend to be consumptive. So, the cost-benefit calculation must be done carefully beforehand.

Then, if you look at the implementation in Singapore, there is a policy in the form of Working Mother's Child Relief (WMCR) which is aimed at supporting women who have children to continue working If a mother has 1 child, she will get an allowance of 15% of income. Furthermore, a mother who has 2 children will receive an allowance of 20% of income. Finally, a mother who has 3 children will receive an allowance of 25% of income, supported by Widodo [19] It aims to facilitate women as married mothers for a more brilliant career, as well as provide financial support for a mother to continue carrying out her childcare obligations. This means that gender-based taxation should be adopted by the Indonesian government by looking at best practices in various countries to support the international issues being raised.

3.5. Pillar 1 Policy Innovation

The OECD developed Pillar 1 as a solution to the tax difficulties posed by the digitalization of the economy. Pillar 1 briefly outlines profit allocation regulations and tax nexus for included nations, according to my study. The remaining profit should then be taxed at the end-market jurisdiction where the goods or services are utilised or consumed. Companies having more than €20 billion in worldwide revenue and a net profit before tax of at least 10% assessed using an averaging technique would be subject to the law. Finally, independent of any physical presence in that jurisdiction, earnings will be assigned to the market jurisdiction.

The OECD proposal has stipulated that the new taxation right allocates 25 percent of profits exceeding 10 percent of revenue to market jurisdictions. The key to the allocation is based on the revenue sourced to each jurisdiction, but only jurisdictions that allocate revenue of at least €1 million will receive an allocation (reduced to €250,000 for jurisdictions with a GDP of less than €40 billion). In addition, the OECD is developing measures to eliminate double taxation and provide tax certainty, supported by KPMG [20].

The government can strengthen international tax regulations related to Pillar 1 for the sake of legal certainty of taxation in Indonesia. This is because law is the key to implementing a policy. I will adopt nexus tax to increase state revenue due to the large number of multinational companies operating in Indonesia, such as Netflix, which has no physical presence. It will certainly benefit Indonesia because it can get an allocation of about 25% of the profits that Netflix earns from Indonesia. The government needs to apply the same tax to businesses that have 'tangible entities' located in Indonesia and 'intangible entities' located outside Indonesia that generate income or derive significant economic benefits from a large market in Indonesia, supported by Tambunan [1]. With the current status quo, the non-taxable income for businesses located outside Indonesia, would be unfair to such businesses compared to domestic businesses and would erode the government's potential tax revenue. It certainly reflects fairness as income earned by multinational companies domestically can generate additional revenue for Indonesia.

Furthermore, the government can carry out the income redistribution function of the revenue obtained from Pillar 1. For example, through the expansion of employment and the provision of assistance to low-income people from the revenue obtained to realise welfare. In addition, it can conduct massive cooperation and maintain relationships with OECD/G20 countries to help optimize the policy of allocating profits from the nexus tax.

On the other hand, even with the legal basis to tax revenue generated by non-resident digital businesses once the global consensus is reached, Indonesia still has to face a lot of challenges. From a legal aspect, the execution to collect taxes can be done if it has adequate regulations and technical guidelines. In addition, the way businesses work today is highly digitalised, which means that the tax authority, the Directorate General of Taxes, must also adopt their organisational way of doing things into the way businesses work. This also means that DGT as an organisation must adapt to changes in their external environment. For the technical aspect, similar to other developing countries, Indonesia may face the challenge of adjusting the formula proposed by the global consensus and the possibility of different treatment from the accounting and taxation side to ascertain the amount of income generated by non-residents from the Indonesian market, supported by Tambunan [1].

Indonesia's future tax recording and accounting system should be able to adequately categorise and justify income generated from routine and non-routine activities, income generated from residual and routine profits, and the value creation framework as a basis for allocating profits between jurisdictions and as a conduit for allocating taxation rights. Indonesia also needs to enhance the arm's length principle beyond the current traditional transfer pricing rules. The arm's length framework should be appropriate for digital businesses. Finally, the Indonesian government should be able to compile a database of how many highly digitised business entities have operated in Indonesia, how much they have earned from Indonesia, what they have prepared to enlarge their market in Indonesia, and how big their transaction volume is in Indonesia, supported by Tambunan [1]. Of course, comprehensive data about their business entities and how significantly they gain economic benefits from Indonesia will be the basis for the Indonesian tax administration to have the power to tax those businesses with a fair amount. It can be done with Data Mining or it can be done with Artificial Intelligence.

However, the government should seek assurance on clearer definitions and interpretations of the programme of activities in Amount A and Amount B pillar 1. Then, we should also seek agreement on the scale or amount of gains, the timeframe for determining gains and the threshold for gains and how to treat losses fairly. Finally, we should seek assurance on how the BEPS of OECD proposal ideas will relate to Indonesia's existing provisions. In addition, to implement the tax nexus in pillar 1, we must refer to country-by-country reporting (CBCR) as the basis [1]. And perhaps, Indonesia still cannot calculate the accuracy of the potential precisely. The lack of high-quality data makes modelling predictions inaccurate. This challenge will be faced by the Indonesian government when estimating how much additional revenue they will get and what technical aspects must be prepared, so it must be properly prepared and evaluated carefully and repeatedly.

3.6. Pillar 2 Policy Innovation

Pillar 2 consists of: (1) Global minimum tax, whereby multinational companies will pay a tax of 15 per cent, regardless of where they are headquartered or the jurisdiction in which they operate;

(2) GloBE Rules: A set of two interrelated rules (i) Income Inclusion Rule (IIR), this rule imposes an additional tax in the parent jurisdiction if the constituent entity is taxed below the minimum rate in the market jurisdiction (ii) Undertaxed Payment Rule (UPR), i.e. the market jurisdiction can impose a top-up tax if the parent jurisdiction fails to apply the IIR; (3) Under the GloBE rules, priority is given to IIRs that are subject to the Tax Rule (STTR), which is a treaty-based rule that allows the source country to impose a minimum tax of 9% on certain high-risk payments such as royalties, interest payments, brokerage fees, rent, etc, supported by Kurian [21].

GloBE has been developed as part of the solution to address the tax challenges of the digital economy. The rules are designed to ensure large multinational companies pay minimum tax on income arising in each jurisdiction in which they operate. The GloBE rules are intended to be implemented as part of a common approach. A jurisdiction is not required to adopt the GloBE Rules, but if it chooses to do so, it must agree to implement and administer them in a manner consistent with the outcomes provided under the GloBE Rules and the feedback on the GloBE Rules. Consistency in the implementation and administration of the GloBE Rules is intended to result in a transparent and comprehensive tax system that delivers results that do not disadvantage multinationals and avoids the risk of double taxation or over-taxation, supported by OECD [10].

The GloBE Regulation implements a top up tax system - namely, IIR and UTPR - which brings the total amount of tax paid on excess profits of a multinational enterprise in a jurisdiction up to the minimum rate. This top up tax does not apply as a direct tax on an entity's receipts, but rather applies to Excess Profits calculated on a jurisdictional basis and only applies to the extent that such profits are taxed in a given year below the minimum rate. The design of the IIR and UTPR as a top up tax does not restrict jurisdictions from creating such regulations under the corporate income tax system in their laws, supported by OECD [10].

To effectively implement GloBE, it will amend existing domestic tax provisions and double tax treaties. In addition, a collaboration and coordination platform is also required to avoid the possibility of double taxation of income earned by multinational companies in more than one jurisdiction. Thus, the implementation of this new approach will work under a standardised structure or arrangement. By doing so, GloBE can fulfil its objective of protecting the tax base in the home jurisdiction where a multinational group operates. This approach is also expected to minimise the tendency of tax planning structures such as unreasonable intra-financing groups, thin capitalisation, or other profit shifting modes, supported by Tambunan [1].

Therefore, when I am the government as a policy maker, what I do for international tax policy in pillar 2 is to adopt it even though it is not required in the regulation. That is because Indonesia has a vast potential revenue aspect from pillar 2 due to the large number of multinational companies operating in the country. Moreover, Indonesia's large population, highly consumptive, and active in the digital economy make pillar 2 very potential to be implemented in Indonesia. Multinational companies will pay a global minimum tax of 15 per cent at the beginning of its implementation. However, it is possible that in the next few years the rate will be increased considering that 15% is the minimum rate, while still taking into account the convenience of investors and the domestic trade climate.

As consensus has been reached on the outline of the agreement, Indonesia only has to focus on the technical aspects of the final implementation. The OECD has pledged technical support in all aspects of implementing the Two Pillars solution, supported by Kurian [21]. Indonesia should ensure that it can accept the agreement when it has verified and been assured of all political and technical complexities. UTPR will also benefit Indonesia. Many developing countries have signed tax treaties on large investment projects with multinational companies that often contain tax incentives locked in fiscal stabilisation clauses. Such incentive provisions will freeze the pillar 2 provisions from the start of the project until a certain period of time. Thus, tax incentives are less likely to apply to pillar 2. If developing countries cannot readjust, then untaxed income will be taxed in the foreign investor's country of residence under the IIR. Therefore, Indonesia should readjust its tax incentive provisions to prevent tax shifting to the parent jurisdiction.

All forms of GloBE minimum tax collection require amendments to the national tax laws of each country that wishes to implement them. The technical design of each instrument can be left to each country, as long as it is ensured that a top up tax will eventually be levied [22]. Therefore, as a policymaker, I will amend the Tax Law to support the implementation of pillar 2. I will develop a detailed and comprehensive technical design so that it can collect the top up tax.

3.7. Cybersecurity Policy Innovation and Tax Transparency

Data security from cybercrime assaults is something that authorities must prevent when implementing local and international tax rules to secure taxpayer data, both people and businesses. This aims to prevent data leakage or theft by hackers, as the United States has experienced with taxpayer data thefts, supported by Nur et al. [23]. As a policymaker, I should be able to offer enough system infrastructure to ensure the smooth operation of servers and the security of large data management. To be able to process data accurately and create appropriate data output, technology must be used. Moreover, big data requires a cloud that can accommodate large amounts so that the authority requires a large cost. Then, I will also strengthen the legal certainty of the Personal Data Protection Law. Public concerns about data security issues must be resolved. Legal certainty can be an alternative solution to gain public trust. The government can also strengthen its security system by utilising cyber and security experts.

Tax big data is a suitable object for blockchain technology to be implemented. By using a blockchain framework, tax big data can be improved especially on data security. Blockchain is already built on security with protection of confidentiality, integrity, and accessibility and proven in the case of supply chains for data interoperability. To improve data correctness, many methods can be used such as token-based crowdsourcing, source identification, and specialised applications for token-based value change and achievement, supported by Wibowo et al [24]. Satu Data Indonesia can benefit by using Blockchain for its platform. So, as the government, I must engage in further discussions between parties to implement blockchain-based Satu Data Indonesia.

Finally, for tax transparency issues, Indonesia can adopt Automatic Exchange of Information (AEoI). To effectively eradicate tax evasion, policymakers should adopt AEoI to eliminate loopholes and opportunities for non-compliance and improve measures to detect tax evasion in the country, supported by Noked [25]. De Simone [26] shows evidence consistent with US taxpayers reducing their cross-border investments from tax havens. Some tax evaders voluntarily disclose their previously undeclared funds. Tax evaders either voluntarily become compliant or are detected by tax authorities through AEoI. Therefore, it is important for Indonesia to exchange information and data with foreign tax authorities to obtain data on "rogue" tax evaders who bring their assets to tax haven countries. By doing so, all forms of tax evasion will be detected with co-operative international cooperation so that the tax ratio and tax revenue will increase.

4. CONCLUSIONS

Firstly, Indonesia must accelerate the realization of the VAT increase to 12 per cent and reduce the corporate income tax rate to 20 per cent as well as increase the lowest threshold for OP income tax. Then, Indonesia should reassess the tax holiday incentive policy that has been implemented. Alternatively, Indonesia should only provide tax incentives for companies that are not covered by the GloBE rules. Furthermore, Indonesia can tax the rich or high net worth individuals (HNWI) to equalise income inequality, the revenue of which will be distributed to low-income people. Indonesia should also implement a carbon tax with a relatively low rate at the beginning of the implementation to initiate the policy. Every 5 years, at least, an evaluation and adjustment of tariffs and policies should be conducted to support domestic industries by benchmarking countries such as China, Japan, Denmark, Finland, and the Netherlands to adopt the ideal carbon tax policy in accordance with Indonesia's economic and environmental conditions. In addition, gender-based taxation should be adopted by the Indonesian government by looking at best practices in various countries to support international issues that are being raised.

Indonesia should also strengthen international tax regulations related to Pillar 1 for the sake of legal certainty of taxation in Indonesia. This is because law is the key to implementing a policy. Nexus tax can be adopted to increase state revenue due to the large number of multinational companies operating in Indonesia. The government should seek certainty on a clearer definition and interpretation of the programme of activities in Amount A and Amount B of Pillar 1. Then, we should also agree on the scale or amount of profits, the time span for determining profits and profit thresholds and how to treat losses fairly. Lastly, we should seek assurance on how the OECD's BEPS proposal idea will relate to Indonesia's existing provisions. For pillar 2, Indonesia should adopt it even though it is not required in the regulation. That is because Indonesia has a wide potential revenue aspect from pillar 2 due to the large number of multinational companies operating in the country. Moreover, Indonesia's large population, highly consumptive, and active in the digital economy make pillar 2 very potential to be implemented in Indonesia. Amendments to the Tax Law are needed to support the implementation of pillar 2. The design must also be developed in detail and comprehensively so that it can collect top up tax.

Finally, Indonesia must provide adequate system infrastructure to ensure the smooth running of servers and security in managing big data. It takes the utilisation of technology to be able to process data correctly so that valid data output is produced. Then, Indonesia must also strengthen the legal certainty of the Personal Data Protection Law. Public concerns about data security issues must be resolved. Also, Indonesia must implement blockchain-based One Data Indonesia to optimize taxation of big data. On the other hand, Indonesia can implement AEoI to exchange tax data to close the tax evasion gap.

AUTHORS' CONTRIBUTIONS

All authors have accepted responsibility for the entire content of this manuscript and approved its submission.

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