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Implementation of Taxation Data Integration in State-Owned Enterprises to Strengthen Good Corporate Governance

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ABSTRACT

This study aims to analyze the taxation data integration within the State-Owned Enterprises/SOE ("BUMN") in strengthening Good Corporate Governance (GCG). This study is descriptive with a qualitative method and uses a content analysis approach. The authors conducted this study by reviewing the literature on GCG and taxation. The literature comes from books, journals, regulations, guidelines, electronic sources, previous research, press releases, and newspapers. This study suggests that taxation data integration within BUMN is an essential innovation to improve corporate governance. The taxation data integration program will indirectly make BUMN easier to meet its tax right and obligation. Additional benefits of tax governance are lowering the possibility of tax disputes occurring and avoiding long audit processes. In the end, the taxpayer compliance costs become low.

Keywords: Good corporate governance, taxation, transparency

1. Introduction

Since 1998, when a monetary crisis rocked countries worldwide, predominantly Asian countries, and until the collapse of the world's leading firms in the early 2000s, the world's attention has proliferated on Good Corporate Governance (GCG). A study conducted by the Asian Development Bank (ADB) identified that the main contributor to the economic crisis was weak "corporate governance" (Zhuang, Webb, Edwards, & Capulong, 2000). Some of the contributing factors that led to poor corporate governance practices in Indonesia were the family-based shareholding structure, the capital market still in its development stage, ineffective law enforcement, and the collusion-corruption-nepotism practices. (Husnan, 2001).

The crisis that hit Asia prompted the Indonesian government to seriously complete corporate governance in Indonesia. To support the government's reform efforts, the Ministry of State-Owned Enterprise/SOE ("BUMN") introduced GCG through the Decree of the Minister of BUMN No. KEP-117/M-MBU/2002 dated July 31, 2002, concerning BUMN's implementation of GCG practices. This step aims to implement GCG consistently, and the GCG principles become the operational foundation of BUMN.

In 2011, to improve GCG in BUMN, the BUMN Minister issued Regulation of BUMN Minister No. PER-01/MBU/2011 ("RoBM-01/2011") revoking the BUMN Minister Decree No. KEP-117/M-MBU/2002. In 2012, the BUMN minister amended the rule by issuing RoBM No. PER-09/MBU/2012 ("RoBM-09/2012"). This amendment was to congruence with the restructuring program in BUMN.

According to Ekasari & Noegroho (2020), implementing GCG principles would enhance firm value. In addition, maximizing some parts of the principles of GCG can help Europe out of the crisis (Essen, Engelen, & Carney, 2013). However, whether the GCG principles also affect the fair and responsible implementation of the company's tax obligations. Given that the tax is a levy that is coercive. Companies generally tend to avoid every tax if there is even the slightest opportunity.

Through his research, Nowotny (2008) confirms that in many European countries before 2008, the GCG guidelines applied explicitly did not include tax issues. There are three underlying speculations:

1. Tax issues are too complicated for companies.
2. GCG rules are designed to attract foreign

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investors, while domestic tax references can confuse or even reduce the attractiveness of the foreign investment.

3. Discussion of tax issues in publicly disclosed GCG reports may attract unwanted attention from tax authorities.

A different opinion from Desai & Dharmapala (2008), the tax system can affect the implementation of corporate governance. One area for understanding how taxation affects corporate governance is the choice of merger financing. Research by Desai & Dharmapala (2006) also reveals that the characteristics of corporate governance bridge the relationship between incentive compensation and tax sheltering behavior. In addition, incentive compensation to management is also a significant factor for tax avoidance activities. Minnick & Noga (2010) also conducted a study to explore whether corporate governance characteristics affect tax management. His research indicates that compensation to managers makes the manager invest in implementing tax management. Therefore, the better implementation of tax management is positively relevant to shareholders' returns.

Slemrod (2004) previously also developed the idea that associating tax manager compensation with ETR (effective tax rate) or share price is chosen by the shareholders to decide the level of tax aggressiveness. According to Armstrong et al. (Armstrong, Blouin, & Larcker, 2012), the Slemrod model has limitations because the aggressive behavior of the tax manager/director is a hidden action behind a secret tax report. The tax report is closed to investors and shareholders, so agency cost problems arise (Crocker & Slemrod, 2005). These hidden actions only get revealed when the company is subject to tax sanctions (Armstrong, Blouin, & Larcker, 2012).

Theoretically, to solve the agency problem, Jensen & Meckling (1976) and Fama (1980) focused more on governance mechanisms (Eisenhardt, 1989). More robust governance mechanisms can help companies mitigate the negative impact of tax avoidance (Bayar, Huseynov, & Sardarli, 2017).

Gomes' (2016) researched Brazilian public companies and found that one of the corporate governance characteristics influences the company leaders' tax management behavior. That characteristic is the remuneration for executives. Researchers believe that improving company performance can be achieved through tax management. Examples of researchers are Zimmermann & Goncharov (2004), Tang (2005), Formigoni, Antunes, & Paulo (2009), Minnick & Noga (2010), Tang & Firth (2011), and Gomes (2016). Tax management constitutes a way to reduce the tax burden when taxpayers find an opportunity in the tax law to reduce their tax burden through separate tax accounting from financial accounting (Zimmermann & Goncharov, 2004).

Minnick & Noga (2010) revealed their research findings that governance plays a significant role in tax management. According to Mulyadi, Anwar, & Krisma (2014), corporate governance significantly correlates with corporate tax management. Jasrial et al. (2018) state that tax management and earnings management are closely associated with management behavior relevant to agency theory. Agency theory is the central theory of governance.

Mulyadi & Anwar (2015) stated that on the one hand, company management tries to pay lower taxes, while the government wants to collect taxes as high as possible because taxes are the primary source of state revenue. Such conditions result in a conflict of interest situation in the company. On the other hand, however, it can minimize this potential conflict by aligning internal and external stakeholders. This mechanism is known as corporate governance, which controls the company to operate effectively to meet the interests of its stakeholders (government and company management) (Mulyadi & Anwar, 2015).

However, whether the tax system can also affect the implementation of GCG in BUMN considering that the Ministry of Finance and the Ministry of BUMN have implemented the taxation data integration program. The taxation data integration can expectedly boost GCG, particularly tax transparency. Several factors behind the program are the government's largest shareholder in BUMN, so there should be no obstacles in requesting data from the Directorate General of Tax (DGT). BUMN must also be a barometer of compliance in fulfilling tax obligations. Regarding the fulfillment of tax obligations, the compliance of BUMN, as a taxpayer, must be low with minimal tax administration sanctions. According to the preceding description, this study intends to analyze the implementation of taxation data integration in strengthening GCG in BUMN.

2. Research Method

This study is qualitative research with a descriptive approach that analyzes the taxation data integration in BUMN. This study also contributes to strengthening GCG. Descriptive research attempts to characterize and describe a phenomenon (Nassaji, 2015). The research focuses on BUMN's taxation data integration program, and private enterprises' data integration is beyond the study's scope. Neuman (2014) reveals that data in qualitative research is sometimes in the form of numbers, although more often in written or spoken words, movements, noises, physical items, symbols, or visual representations (e.g., videos, photographs, and maps). This study uses a literature review by reading and citing directly or indirectly related to GCG and tax compliance. Following Neuman (2014), the literature in this study refers to books, journals, regulations, guidelines, electronic sources, previous research, press releases, and newspapers.

3. Result and Discussion

Before discussing Good Corporate Governance, it is necessary to define the term governance first. The "*governance*" has been well-known since the 14th century (Alamsyah, 2010; Cajvaneanu, 2011). The term governance was first used in France to mean "*seat of government*" (Alamsyah, 2010) and comes from the word "*gouvernance*," which refers to royal officers, not "*the process of governing or steering*" (Katsamunska, 2016).

Kjaer (2004) notes that etymologically the term governance comes from the Greek "*kubernân*" (to pilot or steer) and is used by Plato with how to design a system of rules. The Greek term refers to the Latin term "*gubernare*," which has connotations of piloting, rule-making, or steering.

According to Cajvaneanu (2011), governance is synonymous with administration, authority, rules, or government. However, in the 1980s, political scientists emphasized that governance was different from the government (Kjaer, 2004). Rhodes (2007) and Hill (2013) state that the scope of governance is broader than government because it includes governmental and non-governmental actors, also private and public organizations.

In Indonesia, the translation of "governance" is not identical. A national committee, namely the National Committee on Governance Policy (KNKG) (2006), uses the term without translating the word "governance." However, the Ministry of BUMN continues to use the original term in a decree that regulates the implementation of Good Corporate Governance practices in BUMN (RoBM-01/2011). Meanwhile, some BUMN translate "governance" in Indonesian into "*tata kelola*." It can be seen by translating "Good Corporate Governance" into "*Tata Kelola Perusahaan yang Baik*."

The term "corporate" itself already has the same meaning in Indonesian as a corporation. However, corporate governance includes aspects of structure and process as internal factors and is also strongly influenced by external factors. The internal structure and corporate governance processes include the effectiveness of the company's organs and their interactions based on "good" principles. These also must be based on "good" principles, which are the effectiveness of company management and managing relationships with other company stakeholders.

Table 1 GCG's Principle According to OECD

No	GCG's Principle	Explanation
1.	Ensuring the basis for an effective corporate governance framework	Corporate governance is emphasized in this section to promote fair and transparent markets and efficient resource allocation. Several regulatory elements that influence corporate governance practices and authority division get examined for quality and consistency. In particular, the quality of supervision and enforcement gets reemphasized. This section includes some new ideas on how the stock market might help to encourage strong corporate governance practices.
2.	The rights and equitable treatment of shareholders and essential ownership functions	The aim is to identify shareholder rights like getting information and participating in important company decisions. This section also discusses the disclosure of control mechanisms such as various votingrights. New issues in this section include the use of information technology at shareholder meetings/meetings, methods for approving transactions involving linked parties, and shareholder engagement in executive pay decisions.
3.	Institutional investors, stock markets, and other intermediaries	This section's introduction highlights the importance of legitimate economic incentives along the investment chain. To avoid jeopardizing the integrity of advisors, analysts, brokers, rating agencies, and others that provide investors with research and recommendations, it is critical that conflicts of interest be disclosed and minimized. Besides, this section also discusses cross-border listing rules and the necessity to create reasonable stock market prices.
4.	Stakeholders' Role in Corporate Governance	Legislation or mutually beneficial agreements should establish stakeholder rights to encourage collaboration between companies and stakeholders. Additionally, this section also supports the rights of stakeholders to obtain timely and regular information and the rights of stakeholders to seek redress for violations of their rights.
5.	Disclosure and transparency	This section contains critical information, such as financial statements, business objectives and activities, significant shareholdings, compensation, related party transactions, risk factors, and board members, for example. In addition, keeping up with the newest advancements in facultative non-financial information, such as firm management reports, is an essential part of this subject.
6.	The board's responsibilities	When it comes to essential activities like reviewing business strategy, choosing and rewarding management, and keeping track of significant acquisitions and sales, the board of directors plays a key role. This chapter introduces several new concepts, such as the board's responsibility in risk management, tax planning, and internal audits. As a result of this new principle, the development of specialized board committees, such as in revenue, audit, risk management, and training and evaluation, are now being considered.

Source: OECD Report (G20/OECD Principles of Corporate Governance, 2015)

The Financial & Development Supervisory Agency ("BPKP") formulated the term "good" with the following approach:

1. if something is acceptable to the community (acceptable),
2. rules are obeyed (obey the law), and
3. able to provide added value for actors and other parties who receive the impact.

BPKP defines corporate governance as a commitment, rules of the game, and healthy and ethical business practices. The essence of "corporate governance" is improving the company's performance through supervision or monitoring of management performance and management accountability to other stakeholders, based on the applicable rules and regulations framework.

The term Good Corporate Governance (GCG) has many meanings. In this study, the definition of GCG refers to the OECD Report concerning Principles of Corporate Governance (OECD, 2015), the General Guidelines for GCG by (KNKG, 2006), and RoBM-01/2011 as amended by RoBM-09/2012. According to the OECD Report (OECD, 2015), GCG is a method to increase market confidence and the company's integrity in the capital market to encourage long-term investment flows. For future growth-oriented businesses, access to financing markets is critical. To that end, each jurisdiction can expectedly encourage companies in its territory to apply these guidelines.

The OECD report does not have a fixed standard, and companies only have to follow essential principles to develop GCG (OECD, 2015). According to the OECD report, companies can apply the six principles of GCG to manage their business. Table 1 summarizes the six GCG principles.

Meanwhile, GCG constitutes one of the pillars of the market economy system in the General Guidelines for GCG Indonesia (KNKG, 2006). It relates to a country's business climate and faith in the corporations that apply it. Governance is an integral part of the decision-making process and the process of implementing those decisions into action (Khozen, Saptono, & Ningsih, 2021). GCG Guidelines is a companies' guide in developing, implementing, and communicating GCG practices to stakeholders.

In particular, companies in Indonesia, including companies based on sharia principles, apply these Guidelines. This general guideline is not a statutory regulation. However, it contains principles as the basis for companies to keep their business running in the future long term within the corridor of applicable business ethics. In essence, five significant issues must get considered while putting GCG into practice. The components are transparency, accountability, responsibility, independence, and fairness.

The GCG definition adopted to BUMN context on a legal framework refers to RoBM-01/2011, as amended by RoBM-09/2012. These two rules define GCG as a concept supporting a company's governance structure, including compliance with laws and regulations and a commitment to ethical business practices. In addition, BUMN has to provide more explicit instructions when implementing GCG based on the five GCG essential principles. The GCG principles include:

1. *Transparency.* It means that the decision-making process is available, and relevant information and materials regarding the company are not closed.
2. *Accountability.* It refers to the precision with which organs perform their functions, implementation, and accountability to run the firm effectively.
3. *Responsibility*. It complies with regulations and sound corporate principles in managing the company.
4. *Independence* refers to a situation where a corporation is professionally well-managed without regard for external influence or pressure and conflict of interest, as defined by the laws, rules, and sound corporate principles.
5. *Fairness* entails equity or justice and fulfilling stakeholders' contractual, legal, and regulatory obligations.

Furthermore, MoBR No. PER-01/MBU/2011 also explains that BUMN is required to measure the implementation of GCG. If there are still deficiencies in its performance, BUMN can immediately establish an action plan which includes corrective actions. Assessing GCG performance uses various methods as follows:

a. Assessment; a program used to monitor and identify the application of GCG in BUMN. It takes a two-year cycle.
b. After that assessment, there will be an evaluation or review, which is a program that explains how BUMN will follow up on GCG implementation in the year following the assessment. This program will include an evaluation of the assessment results and follow-up on noticeable recommendations.

One form of implementing GCG is to apply the principle of transparency. According to KNKG (2006), to apply the principle of transparency, companies must take the initiative to disclose issues mandated by law and regulations and those relevant for shareholders, creditors, and stakeholder decision-making. The capacity for innovation constitutes the most critical capability for business development (Khozen, Setianty, & Meiriza, 2021), including BUMN. One of the efforts of BUMN to support the implementation of GCG, especially the transparency principle, is to implement taxation data integration.

The taxation data integration is host to host connectivity between the taxpayer's Enterprise Resource Planning (ERP) platform and the tax reporting and payment provider server. The taxation data integration includes the exchange, processing, research, and testing of taxation data through information technology-based facilities that can reduce the administrative burden that taxpayers must bear to comply with tax provisions (Press Release Number: SP-36/2020).

One of the ERP software owned by BUMN is SAP, initially standing for *System Analyse und Programmentwicklung* (Systems Analysis and Program Development). Five ex-IMB system analysts developed the software by establishing a company in 1972. In 1988, SAP changed to SAP AG (public company). The SAP acronym has changed and become *Systeme, Anwendungen und Produkte in der Datenverarbeitung* (Systems, Applications, and Products in Data Processing).

Along with sales and customer requirements increase, SAP enhances the capabilities of its software products to accommodate different languages, multiple currencies, accounting practices (including IFRS or International Financial Reporting Standards), and tax regulations (Monk & Wagner, 2013). Following the introduction of IFRS, taxpayers in Indonesia face increased compliance costs due to managing two distinct tasks concurrently: accounting and tax (Saptono & Khozen, 2021).

Technological innovation tailored to solve challenges is a must in light of the severe strain of the administrative environment. Because of this, the implementation of the SAP system in BUMN is a promising sign of their competitive advantage. Figure 1 describes the modules in SAP. For example, two finance modules, FI (Financial Accounting) and CO (Controlling), cover all modules in the WF (Workflow) circle in Figure 1. The reason is, almost all company activities have implications for the company's financial statements.

Two finance modules, FI (Financial Accounting) and CO (Controlling) cover all modules in the WF (Workflow) circle. The reason is that almost all company activities have implications for the company's financial statements.

- The FI module is a piece of software that allows the company to keep track of all transactions in general ledger accounts and create financial reports for external users; and
- The CO module is a piece of software that allows the company to provide information to management in making decisions, determining production costs, and determining cost centers to analyze the profitability of company activities.

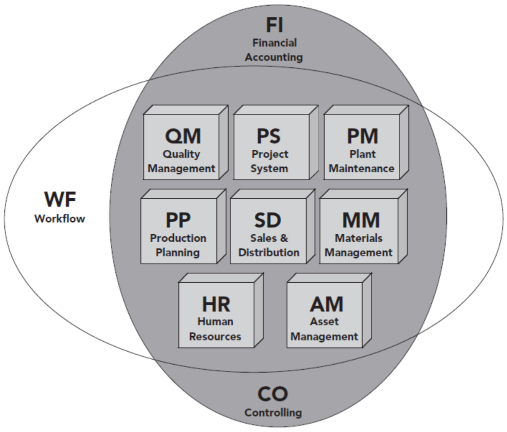

Figure 1 SAP ERP System Modules

Table 2 Tax Functions in SAP

No	Tax Function	Explanation
1.	Calculating tax payable amount	The SAP system calculates the tax amount with or without any cash discount, which refers to the basis of taxation. In this case, calculating and verifying tax due use tax codes.
2.	Creating the journal entry of tax payable	The SAP system journalizes the amount of tax payable into a tax account created in the chart of accounts.
3.	Adjusting the payable amount	The SAP system corrects the amount of tax payable, for example, in the cash of cash discount or other types of deduction.
4.	Reporting the tax payable	SAP system can print Tax Returns (SPT), defined under Article 1 of The General Tax Procedures (*Ketentuan Umum Perpajakan*/KUP) Law, as a letter used by the taxpayer to report the calculation or payment of taxes, tax objects, or non-tax objects or assets and liabilities.

Source: (SAP, 2016)

The FI module summarizes tax aspects of the SAP system. With the FI module, the SAP system can handle numerous taxes based on a country's or region's tax law. Accounts Receivable (FI-AR), Accounts Payable (FI/AP), and General Ledger is all part of the FI module. The FI module offers a wide range of tax functions, as shown in Table 2. In addition, the SAP system can integrate taxes in all transactions when tax aspects arise due to a business transaction journalized in the FI module (SAP, 2016).

In February 2018, to realize BUMN as a barometer of compliance with tax obligations, PT Pertamina (Persero) collaborated with the Directorate General of Taxes (DGT) of the Ministry of Finance to integrate tax data. The implementation of tax data integration between the DGT and PT Pertamina (Persero) is the team's hard work formed by both institutions. The program started in January 2017 after the Minister of Finance, and the former Minister of BUMN agreed in December 2016 to integrate BUMN taxation data. To facilitate coordination in implementing the tax data integration program, the DGT formed a Tax Data Integration and Exchange Team consisting of employees who handle information systems and employees of the Tax Service Office (KPP) who conduct potential assessments.

Pertamina is the pioneer of taxation data integration, which other BUMN will follow. Currently, 23 BUMN become participants, while 12 more BUMN and nine BUMN subsidiaries are in the process. Table 3 shows a list of BUMN participating in the taxation data integration program.

Table 3 List of BUMN that have Integrated Tax Data

No	BUMN's name	Business sector	Reference
1.	PT Pertamina (Persero)	Mining and excavation	(Press Release Number: 06/2018)
2.	PT Telkom Indonesia (Persero) Tbk	Information and Telecommunications	(Press Release Number: SP-36/2020)
3.	PT Perusahaan Listrik Negara (Persero)	Procurement of Gas, Steam, and Cold Air	(Press Release Number: SP-09/2018)
4.	PT Pelindo I (Persero)	Transportation and Warehousing	(Press Release Number: SP-46/2020)
5.	PT Pelindo II (Persero)	Transportation and Warehousing	(Press Release Number: SP-46/2020)
6.	PT Pelindo III (Persero)	Transportation and Warehousing	(Press Release Number: SP-08/2018)
7.	PT Pelindo IV (Persero)	Transportation and Warehousing	(Press Release Number: SP-46/2020)
8.	PT Pegadaian (Persero)	Financial Services and Insurance	(Press Release Number: SP-48/2020)
9.	PT Bio Farma (Persero)	Processing industry	(PR-003/XI/WPJ.19/BD.04/2019)
10.	PT Wijaya Karya (Persero) Tbk	Construction	(Bisnis.com, 2020)
11.	PT Bhanda Ghara Reksa (Persero)	Transportation and Warehousing	(Bisnis.com, 2020)
12.	PT Pupuk Indonesia (Persero)	Processing industry	(Press Release Number: SP-50/2020)
13.	PT Petrokimia Gresik	Processing industry	(Press Release Number: SP-50/2020)
14.	PT Pupuk kujang	Processing industry	(Press Release Number: SP-50/2020)
15.	PT Pupuk Kalimantan Timur	Processing industry	(Press Release Number: SP-50/2020)
16.	PT Pupuk Iskandar Muda	Processing industry	(Press Release Number: SP-50/2020)
17.	PT Pupuk Sriwijaya Palembang	Processing industry	(Press Release Number: SP-50/2020)
18.	PT Angkasa Pura II	Transportation and Warehousing	(Press Release Number: SP-06/2021)
19.	PT Antam (Persero) Tbk	Mining and excavation	(Press Release Number: SP-40/2020)
20.	PT Bukit Asam (Persero) Tbk	Mining and excavation	(Press Release Number: SP-40/2020)
21.	PT Freeport Indonesia	Mining and excavation	(Press Release Number: SP-40/2020)
22.	PT Inalum (Persero)	Mining and excavation	(Press Release Number: SP-40/2020)
23.	PT Timah (Persero) Tbk	Mining and excavation	(Press Release Number: SP-40/2020)

Source: See reference column

In general, when enterprises integrate taxation data, they willingly give DGT access to the data in their information system. It is in line with Law Number 9 of 2017 concerning Stipulation of Government Regulation instead of Law Number 1 of 2017 relating to Access to Information Finance for Tax Purposes Becomes Law.

Based on Lieu of Acts Number 1 of 2017, DGT can obtain tax-related financial information. This authority includes access to receive and get financial information in implementing the provisions of laws and regulations in taxation. The financial information must at the very least include:

a. the owner of a financial account's identification;

b. number of a bank account;

c. financial services institutions' names;

d. a financial account's balance or worth; and

e. earnings from financial accounts.

This program also builds automation of the implementation of tax obligations through electronic facilities, as shown in Table 4.

Table 4 Tax Application Type

No	Application type	Description	Reference
1.	e-Faktur	e-Faktur is an application provided by DGT to create an Electronic Tax Invoice (also usually called "e-Faktur") or proof of VAT collection electronically. e-Faktur is not a physical tax invoice because filled electronically through an application or website.	Article 1 paragraph (1) Per-16/PJ/2014
2.	e-Bupot	e-Bupot is an application provided on DGT's official website or specific channels designated by DGT and utilized to make withholding slips, compile and report electronic monthly tax returns under Article 23 or 26 of income tax law.	Article 1 paragraph (1) Per-04/PJ/2017
3.	e-Billing	e-Billing is an electronic tax payment system used to create tax billing codes on the online Electronic Tax Payment application as a part of the State Revenue system.	Article 1 paragraph (2) Per-26/PJ/2014
4.	e-Filing	e-Filing is a tax reporting system developed by DGT using internet facilities to ease taxpayers in submitting tax returns to DGT freely, faster, and cheaper.	Article 1 paragraph (7) Director General of Tax Regulation Number 47/PJ/2008

Source: See reference column

The taxation data integration has eight stages (Majalah Pajak, 2021), as summarized in the following:

1. The first stage is to integrate taxation data by developing host-to-host e-faktur and currently involves 26 taxpayers from BUMNs.
2. The second stage is to integrate taxation data in the host to host e-bupot and currently involves 11 taxpayers from BUMNs.
3. The third stage is the taxation data integration for registering and validating Taxpayer Identification Numbers (NPWP) and Confirmation of Taxpayer Status (KSWP) and now involves six taxpayers from BUMNs.

Table 5 Advantages of Taxation Data Integration

No	DGT	BUMNs
1.	Taxation data integration will reduce the frequency of disputes between tax auditors and taxpayers so that the high cost of compliance is avoidable.	Taxation data integration will reduce the frequency of disputes between tax auditors and taxpayers to avoid the high cost of compliance.
2.	Taxation data integration will ease DGT to check a company's financial condition.	All systematic processes will replace manual processes prone to human error.
3.	Taxation data integration will increase the effectiveness and efficiency of audits because tax auditors can directly test the correctness of the data in the SPT with those in the information system.	Taxation data integration will ease companies to monitor, manage, and store tax data to be more compliant and contribute positively to the Indonesian economy.
4.	The taxation data integration will help inventory data and information on assets owned by companies.	Taxation data integration will raise the standard of financial management, particularly taxation.
5.	Taxation data integration will provide DGT with real-time access to the company financial data and transaction data with third parties.	Data validity will be very well-maintained and advantageous for companies with many transactions.

Source: (Directorate General of Tax, 2018)

Tax compliance is one of the primary components of a company's internal control system, and transparency and disclosure of taxpayers are part of the current paradigm. By implementing tax governance, management can limit risks for the company, including lowering the possibility for disputes and avoiding long audit processes to reduce taxpayer compliance costs (Press Release Number: 06/2018). This benefit is in line with the concept of cooperative compliance introduced by the OECD, namely a relationship with tax authorities based on cooperation, collaboration, and an enhanced relationship compared to confrontation and enforcement of obligations (Saptono, Ayudia, & Khozen, 2021).

Furthermore, the integration of taxation data allows businesses to meet their tax obligations and rights. This program can also help companies as taxpayers in realizing GCG, as quoted from DGT below:

4. The fourth stage is to integrate e-Billing services and currently involves four taxpayers from BUMNs.
5. The fifth stage is a direct host to host e-Filling service submitted to DGT.
6. The sixth stage is the general ledger tax mapping program.
7. The seventh stage is the compliance arrangement.
8. The eighth stage is an advanced stage of the general ledger tax mapping program relevant to the notification letter program for proforma VAT and income tax.

So far, no BUMN has entered the last two stages above. However, until the end of 2020, six BUMNs have increased cooperation in taxation data integration. The six BUMNs are PT Perusahaan Listrik Negara (Persero), PT Pertamina Persero, PT Telekomunikasi Indonesia (Persero), PT Pelabuhan Indonesia III (Persero), PT Pegadaian (Persero), and PT Bio Farma (Persero). Those BUMNs are entering the sixth stage, as explained below.

The taxation data integration is a joint program between the Ministry of Finance and BUMN to improve GCG, especially tax transparency (Press Release Number: SP-06/2021). This cooperation is part of a cooperative compliance strategy that emphasizes the synergy and joint efforts of the authorities and taxpayers to provide mutual benefits for both parties, as summarized in Table 5.

> *"The taxation data integration program carried out so far is beneficial to facilitate the fulfillment of tax rights and obligations for companies. In addition, this program is beneficial for taxpayers in realizing good corporate governance, considering that BUMN should be a barometer of compliance in fulfilling tax obligations." (Directorate General of Tax, 2020).*

Regarding the benefits of the tax integration program, President Director of PT Angkasa Pura II (Persero) said that taxation data integration would further strengthen GCG at PT Angkasa Pura II (Persero). His full explanation is as follows:

> *"The Memorandum of Understanding, which PT Angkasa Pura II and DGT have signed, is a crucial moment, and we are grateful because it is a significant achievement. This taxation data integration will make GCG at Angkasa Pura II even stronger." (Angkasa Pura II, 2021).*

Some opinions above reveal that the integrity of taxation data will improve GCG, especially tax transparency. Due to tax transparency, companies will satisfy their tax rights and obligations more efficiently. In addition, tax transparency can ensure tax compliance becomes one of the essential components of a company's business processes, lowering taxpayer compliance expenses.

4. Conclusion

Applying the principle of transparency is one of the forms of GCG implementation. To improve the implementation of GCG, especially the principle of transparency, BUMN implements taxation data integration. This program is part of a cooperative-based compliance strategy that emphasizes synergy and joint efforts between the authorities (DGT) and taxpayers (companies) for the mutual benefit of both parties. Previous studies have shown that the implementation of GCG is only to improve agency conflicts between shareholders and management. This study contributes to a better understanding of how taxation data integration might enhance corporate governance. The taxation data integration program will indirectly enable companies to meet their tax rights and obligation. In addition, implementing taxation governance can reduce tax risks for companies, including minimizing potential tax disputes and avoiding long audit processes to reduce taxpayer compliance costs.

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