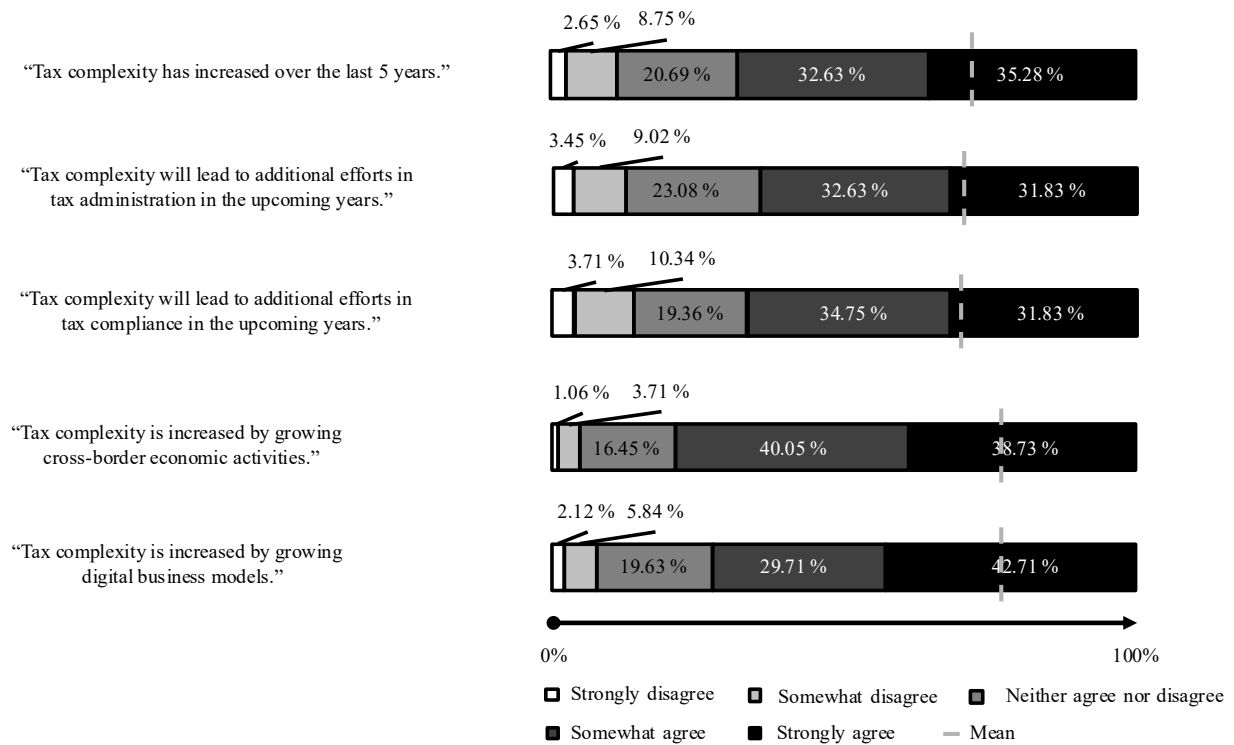
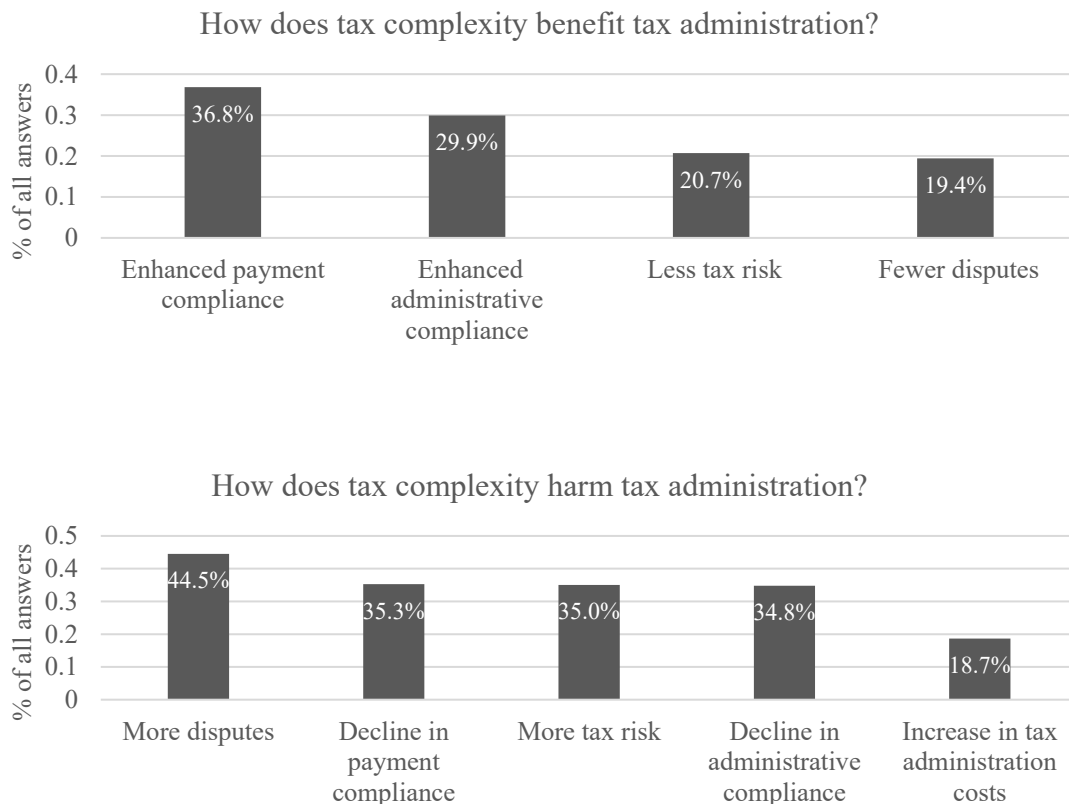


Figure 1: Overview of Perceived Overall Tax Complexity in Indonesia

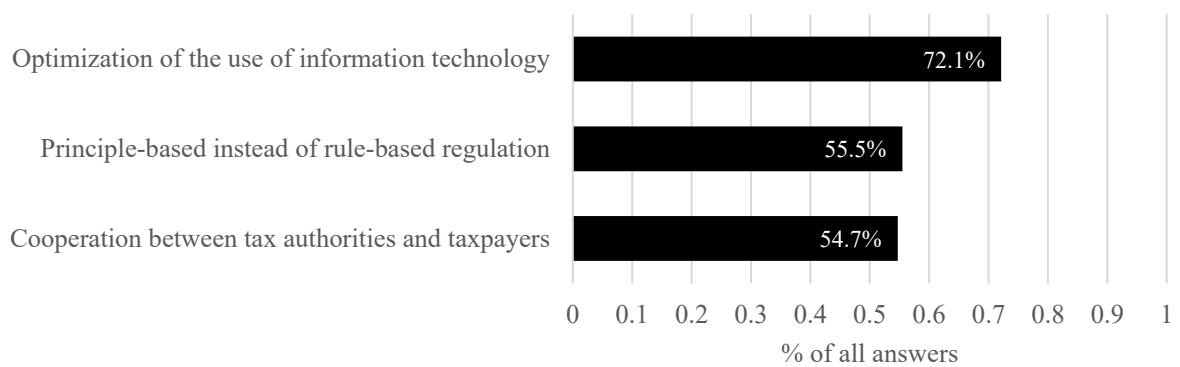
Panel A: Statements regarding Tax Complexity



Panel B: Perceived advantages and disadvantages of Tax Complexity



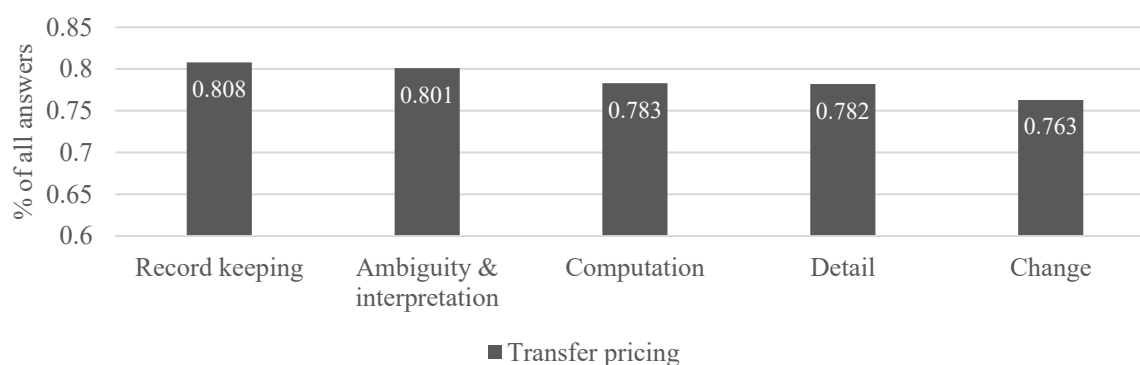
Panel C: Strategies to Address Tax Complexity



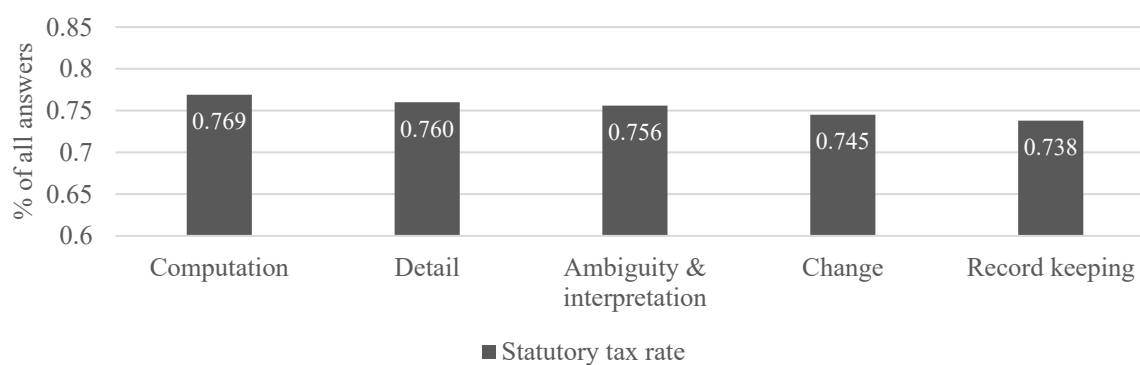
Notes: The figure visualizes the overview of Indonesian Tax Complexity. Panel A presents the respondents' levels of agreement and disagreement on various statements regarding trends in tax complexity. Panel B presents the perceived advantages and disadvantages of tax complexity as perceived by the respondents. Panel C presents the preferred strategies to address tax complexity.

Figure 2: Drivers of the Most Complex Regulations

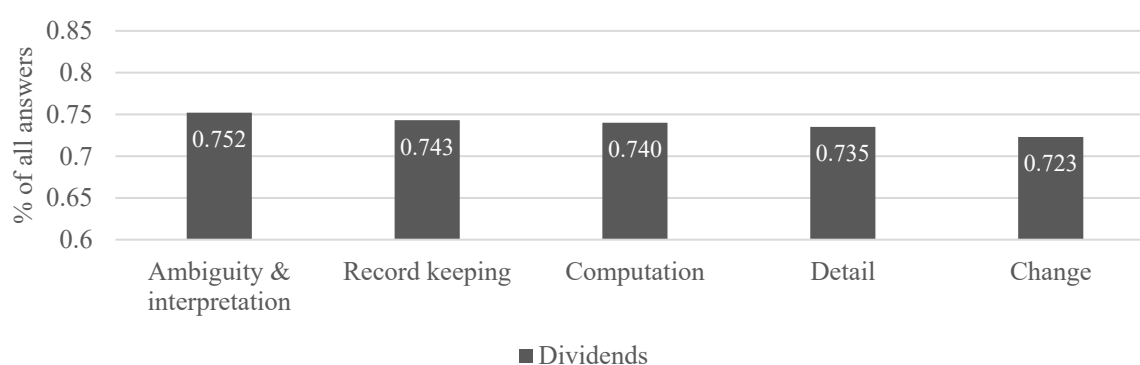
Panel A: Transfer Pricing



Panel B: Statutory Tax Rate



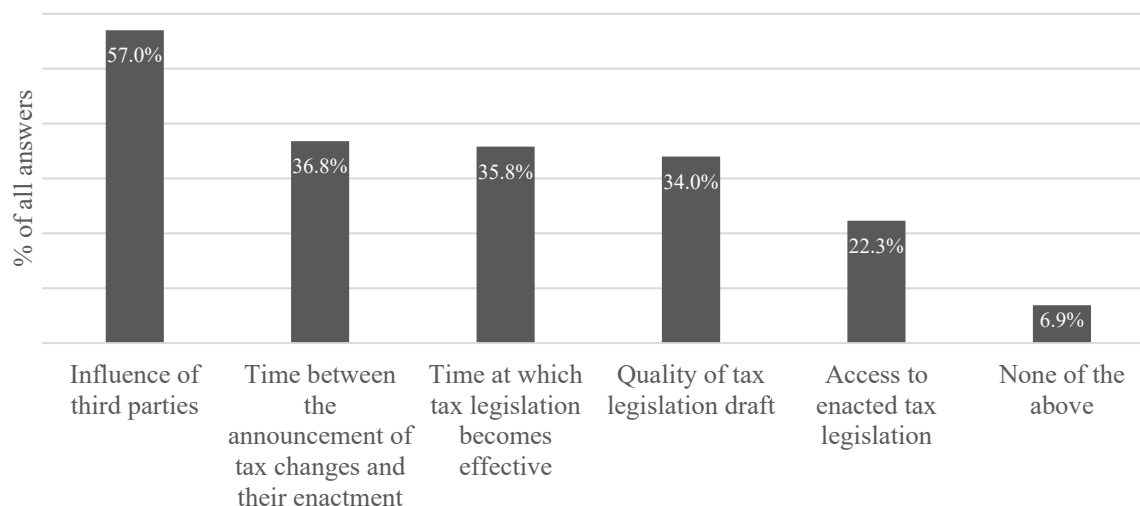
Panel C: Dividends



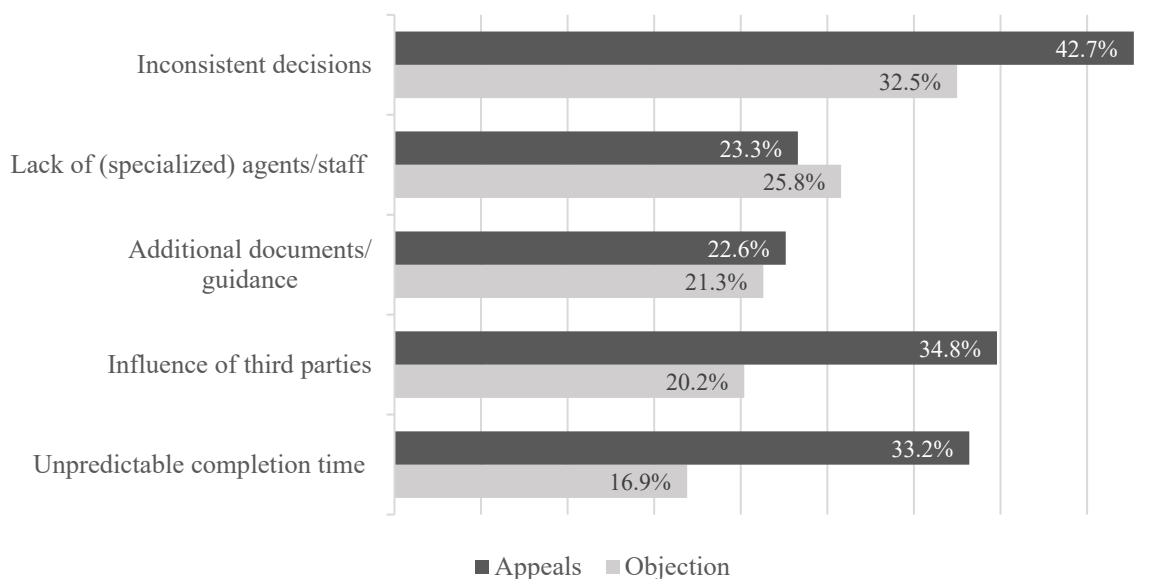
Notes: The figures present the relative importance of the five drivers for the top three most complex regulations: transfer pricing (Panel A), statutory tax rate (Panel B) and dividends (Panel C). The displayed values reflect the average perception of respondents from the Indonesian tax administration. Scaled between 0.6 and 0.85.

Figure 3: Drivers of The Most Complex Tax Procedures

Panel A: Tax Law Enactment

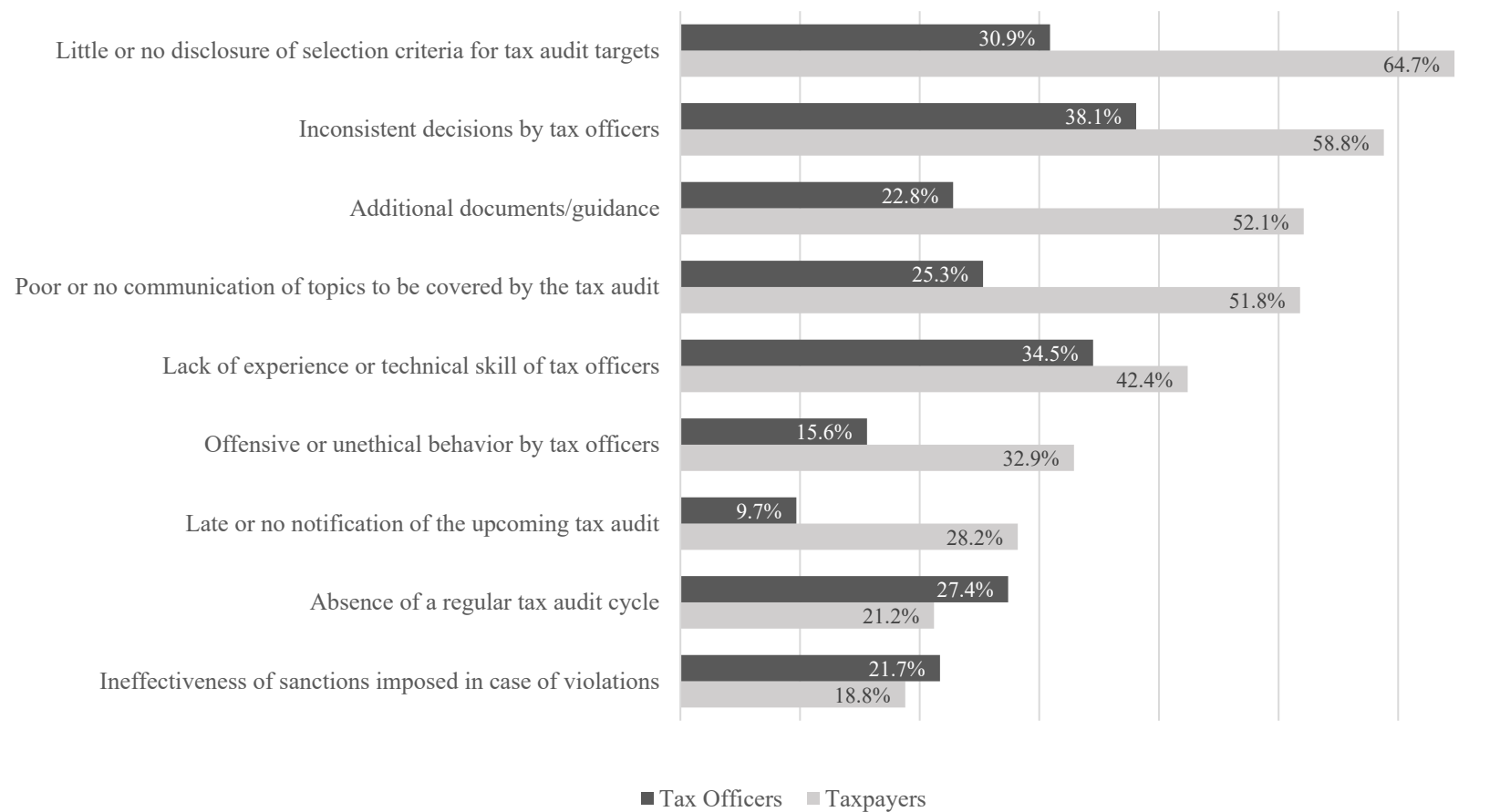


Panel B: Tax Appeals



Notes: The figures present the drivers of the most complex procedures. The displayed values reflect the average perception of respondents from the Indonesian tax administration. Panel A presents the drivers of complexity in tax law enactment. Panel B presents the drivers for the tax complexity in tax appeals during the tax appeals process, distinguishing between the objection (administrative) and appeal (litigation) stages.

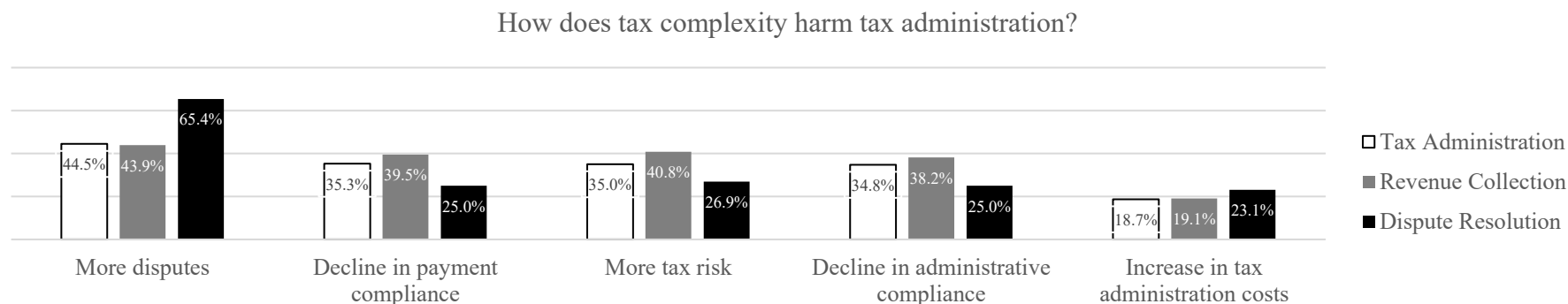
Figure 4: Complexity Drivers in the Tax Audit Process



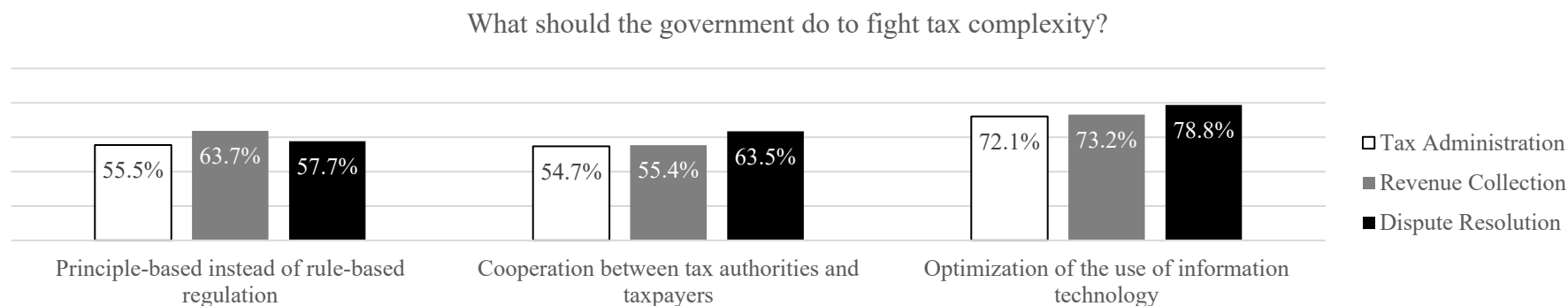
Notes: The figure displays the average perceived complexity of different facets of the tax audit process, displayed separately for corporate taxpayers (dark grey) and tax officers (light grey). The different facets are sorted by the taxpayers' values. Scaled between 0 and 0.7.

Figure 5: Comparative Analysis: Revenue Collection and Dispute Resolution Officers

Panel A: Comparative Perceived Disadvantages of Tax Complexity



Panel B: Comparative Preferred Strategies to Address Tax Complexity



Notes: The figure visualizes the comparative analysis of tax complexity between revenue collection officers and dispute resolution officers. Panel A presents the perceived disadvantages of tax complexity, divided by the subsamples of revenue collection and dispute resolution. Panel B presents the preferred strategies to address tax complexity, divided by the subsamples of revenue collection and dispute resolution.

Table 1: Sample Selection

Selection procedures	Tax Administration	Taxpayers	Total
Total responses	914	213	1127
Less: progress less than 50%	486	115	601
Less: completion time less than 5 minutes	10	2	12
Less: completion time more than 3 hours	27	11	38
Final Sample	391	85	476

Notes: The table presents the sample selection procedures. In the first step, we exclude responses with less than 50 % completion of the survey. Afterwards, we exclude responses with less than 5 minutes and more than 3 hours of completion time.

Table 2: The Demography of the Sample

Panel A: General Demography						
Respondent Group				Freq.		Percent
Tax Officer				391		82.14
Corporate Taxpayer				85		17.86
Total				476		100.00
Working Time in Taxation						
Tax Administration				Taxpayer		
	Freq.	Percent	Cum.	Freq.	Percent	Cum.
15 years or more	226	57.80	57.80	13	15.29	15.29
10 years or more but fewer than 15 years	79	20.20	78.00	15	17.65	32.94
5 years or more but fewer than 10 years	50	12.79	90.79	20	23.53	56.47
Fewer than 5 years	17	4.35	95.14	33	38.82	95.29
No answer	19	4.86	100.00	4	4.71	100.00
Total	391	100.00		85	100.00	
Highest Education						
Tax Administration				Taxpayer		
	Freq.	Percent	Cum.	Freq.	Percent	Cum.
Doctoral or equivalent level	3	0.77	0.77	1	1.18	1.18
Master or equivalent level	150	38.36	39.13	16	18.82	20.00
Bachelor or equivalent level	155	39.64	78.77	57	67.06	87.06
Diploma III	31	7.93	86.70	7	8.24	95.30
Diploma I or II	29	7.42	94.12	.	.	.
Other	4	1.02	95.14	.	.	.
No answer	19	4.86	100.00	4	4.71	100.00
Total	391	100.00		85	100.00	
Field of Education						
Tax Administration				Taxpayer		
	Freq.	Percent		Freq.	Percent	
Fiscal Policy	41	10.49		13	15.29	
Law	23	5.88		2	2.35	
Business and administration	148	37.85		32	37.65	
Other	160	40.92		34	40.00	
No answer	19	4.86		4	4.71	
Total	391	100.00		85	100.00	
Gender						
Tax Administration				Taxpayer		
	Freq.	Percent		Freq.	Percent	
Prefer not to answer	16	4.09		3	3.53	
Female	81	20.72		35	41.18	
Male	275	70.33		43	50.59	
No answer	19	4.86		4	4.71	
Total	391	100.00		85	100.00	

Panel B: Demography of Tax Administration			
Current Position Tax Administration			
	Freq.	Percent	Cum.
Echelon Officer/Management	134	34.27	34.27
Account Representative	77	19.69	53.96
Other Administrative Staff	56	14.32	69.28
Other	41	10.49	78.77
Tax Objection/Appeal Reviewer	39	9.97	88.74
Tax Auditor	25	6.39	95.13
No answer	19	4.86	100.00
Total	391	100.00	
Main Focus Tax Administration			
	Freq.	Percent	
Tax revenue collection	157	40.15	
Tax disputes	52	13.30	
Taxpayers service	52	13.30	
Other	43	11.00	
General management	37	9.46	
Public relations	15	3.84	
Tax regulation	12	3.07	
Information infrastructure	4	1.02	
No answer	19	4.86	
Total	391	100.00	
Office Type			
	Freq.	Percent	Cum.
Head Office	33	8.44	8.44
Regional Office	92	23.53	31.97
Large/Special Taxpayers Office	44	11.25	43.22
Medium Taxpayers Tax Office	14	3.58	46.80
Small Taxpayers Tax Office	175	44.76	94.56
Other	14	3.58	95.14
No answer	19	4.86	100.00
Total	391	100.00	
Panel C: Demography of Taxpayers			
Current Position Taxpayer			
	Freq.	Percent	Cum.
Manager/Senior Staff	36	42.35	42.35
Junior Assistant/Staff	28	32.94	75.29
Director/Partner/Principal	10	11.76	87.05
Other	7	8.24	95.27
No answer	4	4.71	100.00
Total	85	100.00	
Office Type Taxpayer			
	Freq.	Percent	Cum.
Large/Special Taxpayers Office	16	18.82	18.82
Medium Taxpayers Tax Office	24	28.24	47.06
Small Taxpayers Tax Office	41	48.24	95.30
No answer	4	4.71	100.00
Total	85	100.00	

Notes: The tables present the demographic characteristics of the sample. Panel A details the general demographic features of the entire sample, while Panel B focuses on the demographic attributes of the tax officers, and Panel C outlines those of the taxpayers.

Table 3: Complexity in the Tax Code

Panel A: Tax Code Complexity									
Regulations	N	Mean	Std. dev.	Var. coeff.	Min	25%	50%	75%	Max.
Transfer pricing	391	0.787	0.164	0.209	0	0.70	0.80	0.95	1
Statutory tax rate	391	0.754	0.183	0.243	0	0.65	0.75	0.90	1

Dividends	391	0.738	0.181	0.245	0	0.60	0.75	0.85	1
Capital gains/losses	391	0.734	0.182	0.248	0	0.60	0.75	0.85	1
Interest	391	0.733	0.183	0.250	0	0.60	0.75	0.85	1
Permanent establishment	391	0.733	0.182	0.248	0	0.65	0.75	0.85	1
Royalties	391	0.731	0.184	0.251	0	0.60	0.75	0.85	1
Loss offset	391	0.729	0.186	0.256	0	0.60	0.75	0.85	1
Depreciation & amortization	391	0.720	0.183	0.254	0	0.60	0.75	0.85	1
Investment incentives	391	0.709	0.181	0.255	0	0.60	0.75	0.80	1
Corporate reorganization	391	0.695	0.193	0.277	0	0.55	0.75	0.80	1
Code index	391	0.733	0.162	0.027	0	0.64	0.75	0.83	1

Panel B: Tax Complexity Drivers of Tax Regulations

Drivers	N	Mean	Std. dev.	Var. coeff.	Min	25%	50%	75%	Max.
Record keeping	391	0.745	0.186	0.250	0	0.614	0.750	0.909	1
Ambiguity & interpretation	391	0.738	0.185	0.250	0	0.614	0.750	0.886	1
Computation	391	0.736	0.183	0.249	0	0.636	0.750	0.864	1
Detail	391	0.733	0.182	0.249	0	0.614	0.750	0.841	1
Change	391	0.712	0.185	0.260	0	0.591	0.750	0.795	1

Notes: The tables present the complexity of eleven regulations of the tax code. Panel A presents the mean complexity values of all 391 tax administration respondents, standard deviations, variance coefficients, and min., max., 25%, 50% and 75% values of the regulations. Panel B shows the mean complexity drivers for the 11 regulations and the respective statistics. Items are sorted by value.

Table 4: Complexity in the Tax Framework

Procedures	N	Mean	Std. dev.	Var. coeff.	Min	25%	50%	75%	Max.
Tax law enactment	391	0.372	0.247	0.664	0	0.200	0.400	0.600	1
Tax appeals	391	0.273	0.234	0.856	0	0.050	0.250	0.450	1
Tax guidance	391	0.273	0.146	0.537	0	0.200	0.250	0.350	0.8
Tax filing & payment	389	0.259	0.187	0.720	0	0.139	0.222	0.333	1
Tax audits	391	0.251	0.210	0.834	0	0.111	0.250	0.361	1
Framework index	389	0.286	0.140	0.020	0	0.181	0.271	0.367	0.838

Notes: The table presents the complexity of five procedures in the tax framework. It presents the mean complexity values of all 391 tax administration respondents, standard deviations, variance coefficients, and min., max., 25%, 50% and 75% values of the regulations. Two respondents refused to answer in the dimension tax filing & payment. Items are sorted by value.

Table 5: Comparative Analysis: Tax Officers and Taxpayers

Panel A: Tax Code Complexity						
Regulations	Tax Officers		Taxpayers		Difference	p-value
	Obs.	Mean	Obs.	Mean		
Transfer pricing	391	0.787*	85	0.702*	(0.085)	0.000
Statutory tax rate	391	0.754	85	0.747	(0.007)	0.753
Dividends	391	0.739*	85	0.671*	(0.068)	0.002
Capital gains	391	0.734*	85	0.664*	(0.069)	0.002
Interest	391	0.733*	85	0.664*	(0.069)	0.002
Permanent establishment	391	0.733*	85	0.653*	(0.080)	0.000
Royalties	391	0.732*	85	0.679*	(0.052)	0.019
Loss offset	391	0.729*	85	0.681*	(0.048)	0.034
Depreciation & amortization	391	0.720*	85	0.667*	(0.053)	0.016

Investment incentives	391	0.709	85	0.674	(0.035)	0.111
Corporate reorganization	391	0.695*	85	0.638*	(0.056)	0.017
Mean	391	0.734*	85	0.678*	(0.045)	0.021

Panel B: Tax Framework Complexity

Procedures	Tax Officers		Taxpayers		Difference	p-value
	Obs.	Mean	Obs.	Mean		
Tax law enactment	391	0.372	85	0.391	0.019	0.527
Tax guidance	391	0.273*	85	0.414*	0.142	0.000
Tax appeal	391	0.273*	85	0.404*	0.131	0.000
Tax filing & payment	389	0.259*	85	0.324*	0.065	0.004
Tax audits	391	0.251*	85	0.412*	0.161	0.000
Mean	391	0.300*	85	0.406*	0.106	0.000

Panel C: Hierarchical Ranks of Complexity Drivers of Regulation Transfer Pricing

No	Tax Officers		Taxpayers	
1	Record keeping	0.808*	Record keeping	0.750*
2	Ambiguity & interpretation	0.801*	Computation	0.703*
3	Computation	0.783*	Detail	0.700*
4	Detail	0.782*	Ambiguity & interpretation	0.685*
5	Change	0.763*	Change	0.671*
	Mean	0.787*	Mean	0.702*

Notes: The tables present a comparative analysis of the perceived levels of tax complexity between taxpayers and tax officers. Panels A and B, respectively, report the comparisons within the dimensions of tax regulation and tax procedure. Items are sorted by tax officers' value. Panel C displays the rank of complexity drivers for transfer pricing by subgroups of tax officers and taxpayers. * indicates a statistically significant difference between the two groups at the 10% level.

Table 6: Comparative Analysis: Revenue Collection and Dispute Resolution Officers

Panel A: Tax Code Complexity						
Regulations	Revenue Collection		Dispute Resolution		Difference	p-value
	Obs.	Mean	Obs.	Mean		
Transfer Pricing	157	0.783	52	0.826	(0.043)	0.107
Statutory Tax Rate	157	0.744	52	0.741	0.003	0.923
Dividends	157	0.732	52	0.760	(0.028)	0.346
Interest	157	0.728	52	0.756	(0.027)	0.355
Royalties	157	0.727	52	0.755	(0.028)	0.352
Capital Gains/Losses	157	0.722	52	0.764	(0.042)	0.147
Loss Offset	157	0.722	52	0.728	(0.006)	0.840
Depreciation & Amortization	157	0.721	52	0.739	(0.018)	0.534
Permanent Establishment	157	0.716*	52	0.779*	(0.063)	0.027
Investment Incentives	157	0.689	52	0.717	(0.028)	0.336
Corporate Reorganization	157	0.684	52	0.704	(0.020)	0.505
Mean	157	0.724	52	0.752	(0.027)	0.295
No	Revenue Collection		Dispute Resolution			
1	Transfer Pricing	0.783	Transfer Pricing	0.826		
2	Statutory Tax Rate	0.744	Permanent Establishment	0.779*		
3	Dividends	0.732	Capital Gains/Losses	0.764		
4	Interest	0.728	Dividends	0.760		

5	Royalties	0.727	Interest	0.756
6	Capital Gains/Losses	0.722	Royalties	0.755
7	Loss Offset	0.722	Statutory Tax Rate	0.741
8	Depreciation & Amortization	0.721	Depreciation & Amortization	0.739
9	Permanent Establishment	0.716*	Loss Offset	0.728
10	Investment Incentives	0.689	Investment Incentives	0.717
11	Corporate Reorganization	0.684	Corporate Reorganization	0.704
	Mean	0.724	Mean	0.752

Panel B: Tax Framework Complexity

Procedures	Revenue Collection		Dispute Resolution		Difference	p-value
	Obs.	Mean	Obs.	Mean		
Tax law enactment	157	0.373	52	0.381	-0.008	0.846
Tax appeal	157	0.288	52	0.283	0.006	0.875
Tax guidance	157	0.286*	52	0.240*	0.046	0.037
Tax filing & payment	157	0.258	52	0.253	0.005	0.864
Tax audits	157	0.238	52	0.277	-0.039	0.215
Mean	157	0.289	52	0.287	0.002	0.923

Panel C: Drivers of Tax Code Complexity

Transfer Pricing					
No	Revenue Collection		Dispute Resolution		
1	Record keeping	0.806	Ambiguity & interpretation	0.856*	
2	Detail	0.788	Record keeping	0.851	
3	Ambiguity & interpretation	0.785*	Computation	0.832	
4	Computation	0.785	Detail	0.817	
5	Change	0.752	Change	0.774	

Statutory Tax Rate					
No	Revenue Collection		Dispute Resolution		
1	Computation	0.756	Detail	0.769	
2	Detail	0.753	Ambiguity & interpretation	0.755	
3	Ambiguity & interpretation	0.742	Computation	0.750	
4	Record keeping	0.739	Record keeping	0.740	
5	Change	0.731	Change	0.692	

Permanent Establishment					
No	Revenue Collection		Dispute Resolution		
1	Record keeping	0.742*	Ambiguity & interpretation	0.817*	

2	Detail	0.736	Record keeping	0.798*
3	Computation	0.720	Detail	0.784
4	Ambiguity & interpretation	0.705*	Computation	0.755
5	Change	0.678*	Change	0.740*

Notes: The tables present a comparative analysis of the perceived levels of tax complexity between tax administration employees in the revenue collection and employees in the dispute resolution. Panels A and B, respectively, report the comparisons within the dimensions of tax regulation and tax procedure. Items are sorted by revenue collection value. Panel C presents the drivers of the most complex tax regulations: transfer pricing, statutory tax rates, and permanent establishment. * indicates a statistically significant difference between the two groups at the 10% level.

Table 7: Comparative Analysis: The Size of the Administered Taxpayers

Panel A: Tax Code Complexity						
Regulations	Large/Medium Taxpayer Officers		Small Taxpayer Officers			
	Obs.	Mean	Obs.	Mean	Difference	p-value
Transfer pricing	58	0.809	175	0.780	0.028	0.235
Statutory tax rate	58	0.747	175	0.769	(0.021)	0.408
Dividends	58	0.741	175	0.744	(0.003)	0.920
Interest	58	0.731	175	0.742	(0.011)	0.662
Royalties	58	0.727	175	0.735	(0.009)	0.742
Capital gains/losses	58	0.714	175	0.740	(0.026)	0.305
Loss Offset	58	0.711	175	0.750	(0.039)	0.140
Depreciation & amortization	58	0.709	175	0.735	(0.025)	0.342
Permanent establishment	58	0.702	175	0.739	(0.038)	0.150
Investment incentives	58	0.691	175	0.723	(0.032)	0.198
Corporate reorganization	58	0.673	175	0.713	(0.040)	0.145
Mean	58	0.723	175	0.743	(0.020)	0.390
Panel B: Tax Framework Complexity						
Procedures	Large/Medium Taxpayers Office		Small Taxpayers Office			
	Obs.	Mean	Obs.	Mean	Difference	p-value
Tax law enactment	58	0.390	175	0.366	0.024	0.518
Tax appeals	58	0.313	175	0.274	0.039	0.272
Tax filings & payment	58	0.260	175	0.273	(0.013)	0.654
Tax guidance	58	0.257*	175	0.300*	(0.043)	0.056
Tax audits	58	0.238	175	0.251	(0.013)	0.693
Mean	58	0.292	175	0.293	0.001	0.946

Notes: The table presents a comparative analysis of the perceived levels of tax complexity between tax officers working in Large/Medium Taxpayers Offices and tax officers working in Small Taxpayers Offices. Panels A and B, respectively, report the comparisons within the dimensions of tax regulation and tax procedure. Items are sorted by large taxpayers officers' value. * indicates a statistically significant difference between the two groups at the 10% level.