

---

# **EVALUATION OF THE VAT EXEMPTION FACILITY POLICY FOR UNIVERSITIES REVIEWED FROM THE COST OF COMPLIANCE**

**Rahmat Ikhsan Juandano<sup>\*</sup>, Prianto Budi Saptono**

Universitas Indonesia

Email: rahmat.ikhsan21@ui.ac.id<sup>\*</sup>

---

**Abstrak.** To optimize state revenue, the Indonesian government continues to implement tax extensification and intensification programs. Under Law Number 7 of 2021 (Harmonization of Tax Regulations Law or UU HPP), educational services are reclassified as Value-Added Tax (VAT) objects with exemption facilities, requiring universities and other educational service providers to register as Taxable Firms (PKP). This regulatory change obliges them to administer VAT invoices without the right to credit input tax, which was not the case under the previous regulation where educational services were categorized as non-VAT objects. As a result, this policy significantly increases the compliance cost for educational institutions. The objective of this study is to examine the rise in compliance costs—specifically direct monetary costs, time costs, and psychological burdens—experienced by educational service providers due to the VAT regulation changes. This research adopts a qualitative approach through literature review and comparative analysis with international best practices in other countries that apply VAT to education. The findings reveal that although the VAT exemption facility aims to maintain accessibility, the administrative burden placed on educational institutions has increased, particularly in relation to invoice issuance, system adjustments, and internal training. These factors contribute to higher operational costs and stress levels among administrative personnel. The study highlights the need for clearer technical guidelines and support systems to reduce compliance burden. It also provides insights for policymakers in balancing fiscal objectives with the operational realities of the education sector.

**Keywords:** Value Added Tax, Educational Services, University, VAT Exemption

---

## INTRODUCTION

On October 29, 2021, the government officially stipulated Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (HPP Law). In article 1 of the HPP Law, it is explained that the Law aims to increase sustainable economic growth and support the acceleration of economic recovery. Tax reform in the HPP Law includes changes related to Income Tax (PPh), tax amnesty volume II (two) or the Voluntary Disclosure Program, the implementation of carbon tax, the change of the Taxpayer Identification Number (NPWP) to the Population Identification Number (NIK) and Value Added Tax (VAT).

In the VAT cluster, there has been a change in the tariff in accordance with the provisions of article 7 paragraph (1) of Law Number 8 of 1983 (VAT Law 1983) as amended several times and finally with (s.t.d.t.d) the HPP Law (VAT Law 2021) from 10% (ten percent) to 11% (eleven percent) which takes effect from April 1, 2022. In Article 7 paragraph (1) (VAT Law 2021), letter b is also added, namely a VAT rate of 12% (twelve percent) which will take effect no later than January 1, 2025. In addition, changes have also occurred to article 4A paragraph (3) (VAT Law 2021) which abolishes several services from the types of services that are not subject to VAT.

Explained in the academic text of the Draft Law on the Fifth Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures (KUP Bill 2021), the elimination of several types of services from non-VAT objects is based on the low tax ratio, especially VAT in Indonesia. The scope of goods and services that are not subject to VAT and too many VAT facilities disrupt the tax system in Indonesia (IMF, 2020). It is shown that tax expenditure on VAT exemptions and facilities has always increased by an average of 8% (eight percent) per year from 2019 to 2022 and takes an average of 58% (fifty-eight percent) of all tax expenditures. Tax expenditure is a reduction in tax obligations due to provisions that deviate from the general provisions of taxation to achieve certain goals so that it has an impact on reducing state revenue from taxes (OECD, 2010).

Educational services are one type of service that is abolished in the provisions of Article 4A paragraph (3) (VAT Law 2021). As explained in (KUP Bill 2021) based on tax expenditure data in 2019, the potential for VAT revenue in the education services sector reached Rp 10.47 trillion. The government's justification for the impact of educational services that are the object of VAT is that subsidies provided by the government will replace the burden arising from the imposition of VAT on educational services (KUP Bill 2021). The average tax expenditure for education services from 2018 to 2022 reached a value of IDR 18.98 trillion as seen in Table 1.2. The high value of tax expenditure is to encourage the progress of sectors that make a major contribution to the economy (Tax Expenditure Report 2022, 2023).

Regarding the amendment to the 2021 VAT Law, educational services that are the object of VAT have met the first requirements to be confirmed as Taxable Entrepreneurs (PKP) in accordance with the provisions of Article 3A paragraph (1) of the VAT Law. The next requirement is contained in Article 4 paragraph (1) of the Regulation of the Minister of Finance Number 197/PMK.03/2013 concerning Amendments to the Regulation of the Minister of Finance Number 68/PMK.03/2010 concerning the Limitation of Small Entrepreneurs of Value Added Tax (PMK-197/2013). This provision regulates the threshold or limit of circulation or gross receipts related to the submission of Taxable Goods and/or Taxable Services to be confirmed as PKP. The provision states that the Entrepreneur must be confirmed as a PKP if the gross turnover has exceeded IDR 4.8 billion. In accordance with the provisions of Article 13 paragraph (1) of the VAT Law, education service providers are required to make a Tax Invoice. However, the input VAT cannot be credited because the Output VAT gets the facility to be exempted according to the provisions of Article 16B of the 2021 VAT Law in conjunction

---

with Government Regulation Number 49 of 2022 (PP-49/2022). The provision stipulates that VAT is exempt and VAT or PPnBM on luxury goods is not collected on the import and/or delivery of certain taxable goods.

In addition to the additional obligation for education service providers to collect, deposit and report VAT on the delivery of educational services, the input VAT on the delivery of these services also cannot be credited. This fact makes the cost of compliance for education service providers increase and contradicts the principle of efficiency in tax collection. Compliance costs are an indicator in the principle of efficiency which is one of The Four Maxims or the principle that must be fulfilled in tax collection stated by Adam Smith in his book *The Wealth of Nations* (1776). These principles are equality, certainty, convenience and efficiency.

Compliance costs include not only the costs incurred in fulfilling tax obligations (direct money cost), but also time (time cost) and psychological costs (Sandford, 1989). Changes in the provisions of education services to be subject to VAT will increase compliance costs for education service providers. To find out the increase in compliance costs, it is necessary to conduct an academic study by looking at each indicator, namely direct money cost, time cost and psychological cost.

Changes in the tax system in Indonesia need to be adjusted to face the reality of current conditions so that they must be aligned with changes that occur in social and economic conditions (Putri & Najicha, 2021). Changes to a tax policy should also go in a better direction. However, policy changes in the provisions of the 2021 VAT Law have caused problems with the increasing cost of compliance with educational services, so it is necessary to evaluate in the form of thesis research. The Education and Teachers Association and the Student Executive Board consider that the policy of educational services as the object of VAT is considered as one of the efforts to commercialize education and this policy will result in an increase in the cost of education so that it will have a serious impact on the future of education in Indonesia (Ramadhan & Galih, 2021).

Based on data from the Human Development Reports of the United Nations (UN, 2020), in 2022 Indonesia will occupy the 112th position with the Human Development Index (HDI). Meanwhile, Malaysia is ranked 63rd and Singapore is ranked 9th. HDI Rank is a measure used to assess the progress of a country with assessment indicators in terms of health, education and decent living standards (UN, 2020). This HDI Rank is used to emphasize the importance of human role in the development of a nation and can also be used to evaluate and develop appropriate policies (Mongan, 2019). Research from the Centre for Education Economics, an education research organization from the United Kingdom, explained that in the 15 years since 2013 there has been no development in the quality of Indonesian education due to the government's indifference to the world of education in Indonesia. This is illustrated by the unchanged programs in the field of education (Research On Improving Systems Of Education, 2018).

Education is one way of human development in order to produce quality human resources. Efforts are equated with a form of investment in the quality of human resources or economically can be interpreted as a change in value in a person (D. R. Siregar et al., 2022). Schultz (1961) is of the view that the understanding of education as investment contains elements of economic growth and nation building. One of the characteristics of education investment is that human capital resources are the result of education that is inherent in the individual and cannot be traded (Schultz, 1961).

To spur economic growth and improve the welfare of a country, the development of the quality of human resources should be prioritized over physical development (K. M. Siregar &

---

Budiarto, 2022). Becker (1994) stated that investment in the education sector is able to provide greater benefits compared to investment in other fields because the benefits of education investment obtained by individuals and society can be in the form of material and non-material. The form of material referred to by Becker (1994) is that non-material income and benefits can be in the form of productive behavior, healthy behavior, culture, and participation as a citizen.

Based on Law Number 20 of 2003 concerning the National Education System (SISDIKNAS Law), education is a process that is carried out consciously to actively develop the potential of spiritual strength, personality, intelligence and noble morals needed by society and the state. By referring to the provisions of Article 1 (SISDIKNAS Law), an education unit is an educational service group that provides education on formal, non-formal and informal channels at each level and type of education. The focus of this study is formal education services at the university level. In Article 19 (SISDIKNAS Law), higher education is described as a level of education after secondary education which includes diploma, bachelor's, master's, specialist and doctoral programs.

Good quality education will produce quality human resources. In the 1945 Constitution (Constitution 45), education is one of the ten fundamental rights inherent in human beings. In Article 28C paragraph (1) (Constitution 45) it is explained that everyone has the right to develop themselves through their basic needs, the right to education and benefit from science and improve their quality of life. Article 31 (Constitution 45) also explains that every citizen has the right to education and the government is obliged to pay for it.

Previous research related to the elimination of educational services from non-taxable services based on the HPP Law (Eprilia, 2022) explained that this regulation was made to ensure that the imposition of VAT is on target because it is only for certain educational services. The Directorate General of Taxes (DGT) wants the tax incentives that have been provided by the government to run optimally and the implementation of VAT on education services is only for schools that are classified as luxurious. Meanwhile, educational services whose uses are used by the wider community are not subject to VAT.

Saragih, Dikri, Wahyono, & Wijaya (2022) explained that the elimination of educational services from the types of services that are excluded from the imposition of VAT causes injustice. Thus, it is important for the government to establish derivative regulations for the provision of VAT facilities by considering the principle of fairness and by classifying educational services based on the cost per student set by the education service provider.

Research by Nikaroso (2022) concluded that the increase in school fees as a result of VAT on education services is no different from the increase in costs for other reasons. However, if VAT on education services is applied to all schools and levels of society, the imposition of VAT on education services has the potential to increase the dropout rate. The imposition of VAT should be carried out selectively so as not to harm the community, especially the poor in Indonesia.

Andini (2023) in his research concluded that the background of the change in VAT policy on education services is to increase the c-efficiency ratio of VAT revenue in Indonesia and also to expand the tax base. However, when viewed from the principle of ease of administration, the imposition of VAT on educational services still does not show ease of administration.

Research conducted by Cahya (2023) shows that changes in the VAT policy on education services disincentivize education service providers, especially the private sector. The imposition of VAT on education services also creates an administrative burden for education service providers which can affect the increase in prices for the provision of educational services. This

is also not in line with the state's goal in the 1945 Constitution to educate the nation's life. The implications arising from this policy can be seen from three aspects, from the side of the organizer it will incur the cost of taxation to carry out its obligations in terms of compliance cost and avoidance cost (legal tax avoidance cost). From the government's side, there is an administrative cost to carry out the policy to socialize education service providers. In terms of revenue, no tax is collected because educational services get exempt facilities so that the policy only increases the cost of taxation from the side of education service providers and administrative costs from the government side.

Research conducted by Ilman & Rusydi (2020) shows that compliance costs which include direct money cost, time cost and psychological cost have an effect on decreasing the level of compliance of Micro, Small and Medium Enterprises in fulfilling their tax obligations. The complexity of tax regulations will have an impact on the high cost for taxpayers, so that the increase in compliance costs will affect the decrease in the tax compliance level of taxpayers. These costs include sanctions, the need to print documents, time to understand a regulation and the psychological impact of mistakes that can occur.

Most of the above studies show that there is an increase in compliance costs in education services that are the object of VAT collection. Meanwhile, the policy of providing VAT exemption facilities is still a debate in previous research. Some studies show that the provision of VAT facilities will not cause distortions for both consumers and entrepreneurs to the provision of VAT exemption facilities (Febriana et al., 2022). Some others show that there is a potential price increase for BKP and JKP that receive VAT exemption facilities as a result of input VAT that cannot be credited (D. R. Siregar et al., 2022). Certain requirements related to the classification of costs as a limit for the provision of VAT exemption facilities can also eliminate the objective nature of VAT itself (Eprilia, 2022). On the other hand, increasing compliance costs can reduce the compliance level of taxpayers (Ilman & Rusydi, 2020). Therefore, it is necessary to evaluate the policy of VAT exemption facilities in education services, especially formal education services at the university level.

The government should prioritize improving the quality and expanding access to education for the community (Lisnawati, 2021). Smith (1776) also emphasized that the costs of fulfilling tax obligations should be kept to a minimum. Based on the above problems and previous research, this research will contribute to evaluating the policy of education services that are the object of VAT and getting exemption facilities. This evaluation will be carried out on formal education services at the university level to analyze the implications of the application of VAT on formal education services at the university level.

Based on the description above, the research in this journal article raises the research question of how the implications of the VAT policy on educational services with facilities are exempt when reviewed from the cost of compliance for universities. This study aims to evaluate the policy of educational services that are taxable services with exempt facilities and their implications for universities when viewed from the cost of compliance in fulfilling their tax administration.

## **MATERIALS AND METHODS**

The research method used in this study is a qualitative approach. (Creswell & Creswell, 2018) explains that qualitative research is a research process based on methodology to be able to understand and explore a social problem. Research with qualitative methods can also provide a freer space for researchers to study and conduct research on a problem (Neuman, 2014). The data used in this study was collected and processed through a literature review. In

---

this study, the researcher obtained literature sourced from journals, books, scientific articles, and documentation of tax regulations related to this research.

The research procedure began with problem formulation and keyword selection, followed by data searching, screening, and coding using Mendeley for reference management. Data analysis was conducted using thematic content analysis, in which textual data were categorized into themes such as "compliance cost dimensions," "VAT policy transition," and "administrative burden." This analysis was facilitated using NVivo 12 software to assist in coding, organizing, and interpreting qualitative data. The research findings are presented descriptively and analytically, focusing on emerging themes and cross-comparison with international practices. Through this approach, the study aims to provide an in-depth understanding of how the VAT exemption facility under UU HPP impacts compliance costs for educational institutions in Indonesia.

## RESULTS AND DISCUSSION

The research method used in this study is a qualitative approach. (Creswell & Creswell, 2018) explains that qualitative research is a research process based on methodology to be able to understand and explore a social problem. Research with qualitative methods can also provide a freer space for researchers to study and conduct research on a problem (Neuman, 2014). The data used in this study was collected and processed through a literature review. In this study, the researcher obtained literature sourced from journals, books, scientific articles, and documentation of tax regulations related to this research.

**Tabel 1. *C-Efficiency Ratio* Indonesia 2017 to 2022**

Year	Expenditure	VAT Revenue	C-Efficiency Ratio
2017	9.023.120	463.527	51,37%
2018	9.379.746	537.261	57,28%
2019	10.566.547	531.560	50,31%
2020	10.592.541	450.328	42,51%
2021	11.013.796	684.039	62,11%
2022	11.895.740	911.658	69,67%

*Source:* Indonesian Economic and Financial Statistics by Bank Indonesia and the Annual Report of the Directorate General of Taxes (processed)

In Table 3, it can be seen that the average C-Efficiency from 2017 to 2022 is still at an average of 55.54%. This percentage shows that the government can only collect 55.54% of the total VAT that should be collected, so it means that there is still potential revenue that should still be collected by the government.

In concept, VAT has a general nature or is imposed on all goods and services regardless of the type of consumption (Tait, 1988). VAT is also indirect, which means that it does not pay attention to the subject but to its output, so it is objective (Tait, 1988). Of the two properties of VAT, it is necessary to be more careful in classifying the types of goods and services that are not subject to VAT. The exemption of goods and services from the imposition of VAT and the provision of facilities should be regulated according to the conditions in each country. Tait (1988) argues that, from a theoretical and practical point of view, exceptions should be kept to a minimum taking into account reasons of social interest and for the benefit of the end consumer.

The Impact of the Educational Services Policy that Becomes JKP for Higher Education

With the abolition of Education Services from Article 4A paragraph (3) and moved to Article 16B in (2021 VAT Law), universities are obliged to carry out VAT administrative provisions as summarized in Table 2.

<b>Table 2. Implications of VAT Policy on Education Services for Higher Education</b>	
<b>Legal Basis</b>	<b>Implications for Higher Education Institutions</b>
Article 3A paragraph (1) of the VAT Law	Required to be registered as a Taxable Entrepreneur (PKP)
Article 13 paragraph (1) of the VAT Law	Required to issue Tax Invoices
Article 16B of the 2021 VAT Law	Entitled to exemption facilities, hence Input Tax cannot be credited
Article 4 paragraph (1) of PMK 197/2013	Required to be registered as a Taxable Entrepreneur if gross turnover exceeds IDR 4.8 billion
<i>Source: Tax Regulations (processed)</i>	

Prior to the 2021 VAT Law, universities, which were one of the educational services regulated in the SISDIKNAS Law, were a type of service that was exempt from the imposition of VAT. Table 4 shows that there are additional administrative obligations for universities after the 2021 VAT Law so that there is an increase in compliance costs. For universities with a gross turnover that has exceeded IDR 4.8 million, it is mandatory to be confirmed as a Taxable Entrepreneur (PKP). As a PKP, for every JKP submission, it is mandatory to issue a tax invoice. In addition, universities cannot credit their input VAT because their output VAT gets exemption facilities.

Even though they get exemptions in accordance with the provisions of Article 16B of the 2021 VAT Law in conjunction with Article 10 of PP 49/2022, universities still get an additional administrative burden. The VAT exemption facility is a facility provided to consumers, generally associated with a type of service that is strategic so that facilities are provided (Wijaya & Arsini, 2021). Tait (1988) argues that the provision of VAT facilities aims to: Increasing VAT progressivity; Supporting goods and services that have meritorious value so that they are eligible to be exempt from the imposition of VAT; and Goods and services that are considered difficult to tax and are not administratively necessary.

The VAT exemption facility requires universities to issue Tax Invoices in accordance with the provisions of Article 13 paragraph (1) of the VAT Law. In accordance with the provisions of Article 25 paragraph (2) of the Regulation of the Director General of Taxes Number PER - 03/PJ/2022 concerning Tax Invoices, for the submission of JKP with the characteristics of final consumers or service recipients who directly consume the services received and are not used for business activities, they can use the Tax Invoice without including the identity of the JKP recipient or known as the Charged Tax Invoice. However, for mistakes, delays or not making Tax Invoices for universities, they will be subject to a sanction of 1% (one percent) of the Tax Basis. This certainly adds a new burden to universities.

### **Increased *Cost of Compliance* for Universities**

(1989) The cost of compliance does not only include the expenses incurred in fulfilling tax obligations (direct money cost), but also involves time cost and psychological cost, with the following breakdown:

#### ***Direct Money Cost***

*Direct money cost* is a fee in the form of cash paid by the Taxpayer in order to fulfill his tax obligations. These costs include activity costs for administrative purposes such as travel expenses for tax payments and fees for the payment of Tax Consultant services used.

#### *Time Cost*

*Time cost* is the time sacrificed by the Taxpayer in fulfilling tax obligations. The time allocation can be in the form of the time needed to understand a tax provision, administer the needs of tax documents and the time needed to consult with a Tax Consultant.

#### *Psychological Cost*

Psychological cost is a feeling of anxiety, fear and worry about making mistakes in carrying out tax administration (Prasetyo, 2008) direct money cost as well as implicit costs (time cost and psychological cost) in fulfilling these obligations can be minimized as much as possible (Prasetyo, 2008) direct money cost, time cost, and psychological cost as follows:

**Table 3. Indicators of Cost of Compliance**

Dimension		Indicators
Direct Money Cost		• Allocation of funds to fulfill tax obligations
		• Administrative costs related to fulfilling tax obligations
		• Fees for tax consultants
Time Cost		• Time allocated to fulfill tax obligations
		• Time spent on tax document administration, understanding tax regulations, payments, and reporting
		• Time spent consulting with tax consultants
Psychological Cost		• Anxiety about fulfilling tax obligations according to applicable regulations
		• Anxiety about errors in fulfilling tax obligations

*Source:* Sandford (1989)

#### **a) Direct Money Cost**

With the enactment of educational services becoming JKP, it certainly increases costs for universities. Universities that have exceeded the gross turnover limit of IDR 4.8 million are obliged to be confirmed as PKP. As a PKP, there is an obligation to make tax invoices and report VAT rates every month for the delivery of educational services. By getting the facility exempted, the input tax for universities also cannot be credited because the output tax gets the facility exempted. In accordance with the provisions of Article 7 paragraph (1) of the KUP Law, if the PKP does not submit the VAT Periodic Tax Return by the end of the following month, it will be subject to an administrative sanction of IDR 500,000 and if it does not or is late in issuing a tax invoice, it will be subject to a sanction of 1% from the DPP in accordance with the provisions of Article 14 paragraph (4) of the 2021 KUP Law.

The next cost that arises for universities is related to human resources. Nurmantu (2005) argues that the better the level of taxpayers' understanding of a regulation, the easier it will be for taxpayers to fulfill their tax obligations. Human resources within universities need to be equipped in order to be able to administer VAT in accordance with applicable regulations. The internal system of universities also needs to be adjusted so that it can be in harmony with applicable regulations, such as integrating VAT with every delivery of educational services because even though they get exempt facilities, universities still have the obligation to issue tax invoices. The costs mentioned above are real costs that are the burden of universities due to the VAT policy on educational services.



**b) Time Cost**

Time cost may arise from the time spent by internal staff in preparing tax forms, compiling information required by consultants, and dealing with tax authorities regarding inquiries, objections, and appeals (Loh et al., 1995). Internal adjustments must be made by higher education institutions classified as taxable services (JKP) with exemption facilities. To avoid violating regulations, universities require time to understand the rules or consult with tax advisors.

After becoming a Taxable Entrepreneur (PKP), universities need to make several adjustments to remain compliant with prevailing regulations. Internal system adjustments are necessary to align with VAT requirements for issuing tax invoices. Additionally, preparing and filing VAT Periodic Tax Returns (SPT Masa PPN) also imposes a time burden on universities.

VAT becomes payable when an invoice or sales invoice is issued, when the service is delivered, or when payment is made (Tait, 1988). According to Article 11 of the VAT Law, VAT is due at the time of supply of taxable services or upon payment, whichever occurs first. An academic year in higher education is divided into two semesters, as stipulated in the Minister of Education and Culture Regulation Number 3 of 2020 on National Standards for Higher Education.

In VAT, there is a "time of supply" concept that determines when the VAT becomes payable. If tuition fees are paid for a six-month period, revenue is recognized monthly in accounting terms. However, for VAT purposes, tax is due in full at the time of payment. This difference in recognition adds additional time burden for universities to reconcile these accounting and tax reporting records.

**c) Psychological Cost**

Psychological cost includes feelings of anxiety, stress and frustration experienced by taxpayers in complying with complex tax regulations (Sandford, 1989). Complexity and uncertainty in a tax regulation have the potential to increase feelings of anxiety for taxpayers. Therefore, it is important to include psychological costs in the estimation of compliance costs (Lopes, 2013). The feelings of anxiety experienced by taxpayers regarding tax regulations can be caused by several things, namely the following (Woellner et al., 2007) The complexity of filling out tax returns is increasing due to the increase in income categories; The pressure posed by the possibility of tax audits; and There is a possibility of psychological costs felt by the tax authorities so that they are vented to taxpayers in the audit process.

In PER - 03/PJ/2022, it has been stipulated that for the submission of JKP with the characteristics of the end consumer, it is possible to use a Tax Invoice without including the identity of the JKP recipient, but there is no derivative regulation that further regulates the form of tax invoice used by universities. This creates uncertainty for universities regarding the administrative obligation to issue tax invoices for the delivery of educational services. Meanwhile, the sanction of late or not making a Tax Invoice for universities of 1% (one percent) of the Tax Imposition Basis will still be imposed for universities. This fact adds to the burden that universities must bear as a result of the VAT policy on universities.

---

## CONCLUSION

This study concludes that the shift in VAT policy, particularly the reclassification of education services as taxable with exemption facilities under the 2021 VAT Law, has resulted in a significant increase in compliance costs for universities in Indonesia. These costs are reflected in three key dimensions: direct monetary costs, time costs, and psychological burdens. Universities are now required to register as Taxable Entrepreneurs (PKP), issue tax invoices for every educational service provided, and adjust internal systems accordingly—all of which incur operational and administrative expenses. Furthermore, the time required for compliance activities, such as VAT reporting and reconciliation, adds to the workload of university administrators. Most critically, the absence of clear derivative regulations regarding invoicing procedures creates legal uncertainty, thereby heightening psychological stress due to the potential for sanctions and fines. In light of these challenges, this paper suggests that the government reevaluate the classification of education services in the VAT system and consider restoring them as non-taxable services. Such a policy adjustment would align with the constitutional mandate of education as a basic human right and support national efforts in improving the quality of human resources. Future research is encouraged to explore quantitative estimates of compliance costs across different types of universities, assess the long-term impact of VAT compliance on institutional quality, and compare best practices in VAT treatment for educational services in other jurisdictions.

## REFERENCES

- Republik Indonesia. (1983). Undang-Undang Nomor 8 Tahun 1983 Tentang Pajak Pertambahan Nilai Barang Dan Jasa Dan Pajak Penjualan Atas Barang Mewah.
- Republik Indonesia. (2021). Undang-Undang Nomor 7 Tahun 2021 Tentang Harmonisasi Peraturan Perpajakan.
- Kementerian Keuangan Republik Indonesia. (2021). Naskah Akademik Rancangan Undang-Undang Tentang Perubahan Kelima Atas Undang-Undang Nomor 6 Tahun 1983 Tentang Ketentuan Umum Dan Tata Cara Perpajakan.
- IMF. (2020). Staff Report For The 2020 Article IV Consultation. International Monetary Fund.
- OECD. (2010). Tax Expenditure in OECD Countries. OECD.
- Laporan Belanja Perpajakan 2022. (2023). Badan Kebijakan Fiskal.
- Republik Indonesia. (2013). Peraturan Menteri Keuangan Nomor 197/PMK.03/2013 Tentang Perubahan Atas Peraturan Menteri Keuangan Nomor 68/PMK.03/2010 Tentang Batasan Pengusaha Kecil Pajak Pertambahan Nilai.
- Smith, A. (1776). An Inquiry Into The Natur And Causes Of The Wealth Of Nations.
- Sandford, C. (1989). Administrative and Tax Compliance Costs of Taxation.
- Putri, D. A., & Najicha, F. U. (2021). REFORMASI PERPAJAKAN DI INDONESIA.
- Ramadhan, A., & Galih, B. (2021). Jasa Pendidikan Akan Dikenakan PPN, Ketua Komisi X: Biaya Pendidikan Akan Tinggi. Retrieved from <https://nasional.kompas.com/read/2021/06/10/15060421/jasa-pendidikan-akan-dikenakan-ppn-ketua-komisi-x-biaya-akan-tinggi>
- UN. (2020). Human Development Report. United Nations.
- Mongan, J. J. (2019). PENGARUH PENGELUARAN PEMERINTAH BIDANG PENDIDIKAN DAN KESEHATAN TERHADAP INDEKS PEMBANGUNAN MANUSIA DI INDONESIA.
- Research On Improving Systems Of Education. (2018). Indonesia Got Schooled: 15 Years of Rising Enrolment and Flat Learning Profiles.

- Siregar, D. R., Ratnaningsih, S., & Nurochim. (2022). Pendidikan Sebagai Investasi Sumber Daya Manusia.
- Schultz, T. W. (1961). Investment in Human Capital.
- Becker, G. S. (1994). Human Capital: A Theoretical and Empirical Analysis.
- Republik Indonesia. (2003). Undang-Undang Nomor 20 Tahun 2003 Tentang Sistem Pendidikan Nasional.
- Universitas Indonesia. (2023). Laporan Kinerja Universitas Indonesia Tahun 2022.
- Republik Indonesia. (1945). Undang-Undang Dasar Negara Republik Indonesia Tahun 1945.
- Eprilia, F. F. (2022). Penghapusan Jasa Pendidikan Dari Jasa Tidak Kena Pajak Berdasarkan Undang-Undang Nomor 7 Tahun 2021 Tentang Harmonisasi Peraturan Perpajakan.
- Saragih, L. I., Dikri, P., Wahyono, K. S., & Wijaya, S. (2022). Pajak Pertambahan Nilai Terhadap Jasa Pendidikan: Upaya Mendukung Pemerataan Pendidikan.
- Nikaroso, N. (2022). Keputusan Bersekolah: Dampak Biaya Dan Implikasinya Terhadap Potensi Penerimaan Ppn Jasa Pendidikan Di Indonesia.
- Andini, P. (2023). Analisis Kebijakan Pajak Pertambahan Nilai Atas Jasa Pendidikan Dalam Undang-Undang Harmonisasi Peraturan Perpajakan Ditinjau Dari Asas Ease Of Administration.
- Cahya, D. D. (2023). Perubahan Kebijakan Pajak Pertambahan Nilai Atas Jasa Pendidikan Ditinjau Dari Fungsi Alokasi Pemerintah Dan Cost Of Taxation.
- Ilman, A., & Rusydi, M. K. (2020). PENGARUH BIAYA KEPATUHAN PAJAK TERHADAP TINGKAT KEPATUHAN WAJIB PAJAK (STUDI EMPIRIS PADA UMKM DI KOTA MALANG).
- Febriana, G., Harimurti, I. K., Hakim, L. N., Anggraini, U., & Wijaya, S. (2022). Pajak Pertambahan Nilai Pada Jasa Pelayanan Kesehatan Medis Pasca Harmonisasi Peraturan Perpajakan.
- Siregar, K. M., & Budiarto, M. T. (2022). Barang Kebutuhan Pokok Dan Jasa-Jasa Tertentu Menjadi Barang Dan Jasa Kena Pajak Di Dalam Uu Hpp: Meninjau Penyebab Dan Dampak.
- Lisnawati. (2021). Reviewing The Discourse Of The Value-Added Tax (VAT) Imposition On Educational Services.
- Jann, W., & Wegrich, K. (2007). Theories of the Policy Cycle.
- Friedrich, C. J., & Harris, S. E. (1963). Administration, Public Policy: A Yearbook of the Graduate School of Public. Harvard.
- Wirawan, R., Mardiyono, & Nurpratiwi, R. (2015). Partisipasi Masyarakat Dalam Perencanaan Pembangunan Daerah.
- Desrinelti, Afifah, M., & Gistituati, N. (2021). Kebijakan Publik: Konsep Pelaksanaan.
- Dye, T. R. (2005). Understanding Public Policy.
- Suryono, A. (2016). Kebijakan Publik Untuk Kesejahteraan Rakyat.
- Pistone, P., Roeleveld, J., & Hattingh, J. (2019). Fundamentals of Taxation: An Introduction to Tax Policy, Tax Law and Tax Administration.
- Hassel, A. (2015). International Encyclopedia of the Social & Behavioral Science.
- Thuronyi, V. (1996). Tax Law Design and Drafting. International Monetary Fund.
- Nugraha, N. A., & Darsono, A. (2022). Discourses And Institutions In Tax Policy And Fiscal Sustainability: Evidence From Indonesia.
- Surrey, S. S., & Brannon, G. M. (1968). Simplification and Equity as Goals of Tax Policy.
- Lejiu, A., Masjaya, & Irawan, B. (2014). Evaluasi Kebijakan Pembangunan Transmigrasi Di Kabupaten Mahakam Ulu (Studi Pada Kecamatan Long Hubung Kabupaten Mahakam Ulu).
- Dunn, W. N. (2003). Pengantar Analisis Kebijakan Publik.
- Hajaroh, M. (2018). Pohon Teori Evaluasi Kebijakan Dan Program.
- Schenk, A., & Oldman, O. (2007). Value Added Tax: A Comparative Approach.
-

- Gashi, B., Asllani, G., & Boqolli, L. (2018). The Effect of Tax Structure in Economic Growth.
- Atkinson, A. B. (1977). Optimal taxation and the direct versus indirect tax controversy.
- Papke, J. A., & Shahren, T. G. (1972). Optimal Consumption-Base Taxes: The Equity Effects Of Tax Credits.
- OECD. (2016). Consumption Tax Trends. Organisation for Economic Co-operation and Development.
- Tait, A. A. (1988). Value Added Tax. International Monetary Fund.
- Wijaya, S., & Arsini, K. R. (2021). Fasilitas PPN Tidak Dipungut Atau Dibebaskan: Perbedaan Dan Permasalahan.
- Cnossen, S. (2019). Modernizing VATs in Africa.
- Sedyati, R. N. (2022). Perguruan Tinggi Sebagai Agen Pendidikan Dan Agen Pertumbuhan Ekonomi.
- Nursanjaya. (2019). Eksistensi Pendidikan Tinggi Di Indonesia: Idealisme Atau Bisnis?
- Marozau, R., Guerrero, M., & Urbano, D. (2021). Impacts of Universities in Different Stages of Economic Development.
- Guerrero, M., Cunningham, J. A., & Urbano, D. (2015). Economic impact of entrepreneurial universities' activities: An exploratory study of the United Kingdom.
- Grimaldi, R., Kenney, M., Siegel, D. S., & Wright, M. (2011). 30 years after Bayh-Dole: Reassessing academic entrepreneurship.
- Anggro, D. D., & Aprilian, Y. A. (2019). Deficiency Prinsip Keadilan Dalam Implementasi E-Tax Kota Malang Berdasarkan Prinsip Kebijakan Pajak Yang Baik.
- Altay, A. (2000). The Theory of Optimal Taxation and New Approaches: A Survey.
- Musgrave, R. A., & Musgrave, P. B. (1980). Public Finance in Theory and Practice.
- Prasetyo, A. (2008). Pengaruh Uniformity dan Kesamaan Persepsi, serta Ukuran Perusahaan terhadap Kepatuhan Pajak (Minimalisasi Biaya Kepatuhan Pajak pada Perusahaan Masuk Bursa).
- Ebrill, L., Keen, M., Bodin, J.-P., & Summers, V. (2001). The Modern VAT. International Monetary Fund.
- Sulfan. (2021). Kinerja PPN Di Indonesia Tahun 2011-2020.
- Nurmantu, S. (2005). Pengantar Perpajakan.
- Eichfelder, S., & Hechtner, F. (2017). Tax Compliance Costs: Cost Burden and Cost Reliability.
- Loh, A., Ariff, M., Ismail, M., Shamsher, M., & Ali, M. (1995). COMPLIANCE COSTS OF CORPORATE INCOME TAXATION IN MALAYSIA.
- Smulders, S., Stiglingh, M., Franzsen, R., & Fletcher, L. (2012). Tax Compliance Cost for the Small Business Sector in South Africa.
- Republik Indonesia. (2020). Peraturan Menteri Pendidikan dan Kebudayaan Nomor 3 Tahun 2020 Tentang Standar Nasional Pendidikan Tinggi.
- Lopes, C. (2013). The Psychological Costs of Tax Compliance: Some Evidence from Portugal.
- Woellner, R., Coleman, C., McKerchar, M., Walpole, M., & Zetler, J. (2007). Can simplified legal drafting reduce the psychological costs of tax compliance? An Australian perspective.



© 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>).