

## Negotiated Order in Tax Audit of Corporate Tax

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### Abstract

This study investigated the negotiations in taxation from the theoretical perspective of Anselm Strauss' Negotiated Order, especially in the tax audit between Tax Auditors and Authorized Agents of Taxpayers in Surabaya, Gresik and Sidoarjo. Taxation in Indonesia applies a self-assessment system, so that taxpayers should play an active role to meet their tax compliance. However, since the system was adopted in 1984, and due to the outbreak of the issues of tax resistance, the awareness of taxpayers to meet their tax compliance has still been very low. Regarding this, the government adopts law enforcement by means of three main pillars: tax examination, investigation and collection. The study resulted in the following findings. First, implementation of joint responsibility and counter data of transaction counterparties in the tax reporting could prevent negotiations between the Taxpayer and Tax Auditor. Second, Tax Auditor applies deterrent effect in the tax audit, which resulted in degrading the taxpayer' position, and benefitting the Tax Auditor personally. This means that there has been a "win-lose" negotiation. Third, inter-institution negotiations took place, aimed at easing the tax burden of entrepreneurs. In general, the results of this study strengthen as well as expand the negotiated order theory of Anselm Strauss, in that the structural context using a crisscrossing surveillance as an obligation between the parties that have the potential to negotiate can prevent negotiation. The negotiated order modes used in this study, namely avoidance, arrogance, influence of power, and compromise, can be added to a series of properties of Strauss' negotiation context.

**Key words:** negotiated order, taxation, joint responsibility, deterrent effect, self assessment.

### INTRODUCTION

Tax reform in Indonesia began in 1983, characterized by the renewal of tax laws and the implementation of self assessment system. Reform II, a total reform of the Directorate General of Taxes of Ministry of Finance, consists in two phases: the first phase of 2002 to 2005 was a reform of administration, and the second phase of 2006 to 2009 as a reform of policy (Ministry of Finance of the Republic of Indonesia, Directorate General of Taxes, 2010). Although the results showed an increase, the tax ratio (ratio of tax revenue to gross domestic product) only reached 12.1%, lower than the tax ratio in Thailand with 17%, South Korea with 24%, and in general was far below the OECD countries which reached 34% (Kompas, July 30, 2012). This indicates that the law and taxation system in Indonesia has not been fully implemented.

Self assessment system is a taxation system in which a taxpayer may calculate, pay, and report the amount of tax payable. Taxpayers are expected to be able to actively participate in fulfilling their tax compliance. However, since its first implementation, the awareness of taxpayers to meet their tax compliance has still been low. According to Gunadi (1997: 24), the self-assessment system which has been implemented since 1984 in fact has resulted in unexpected effects beyond expectation, in which a complete trust to taxpayers to meet their tax compliance has often been misused. The ratio of Income Tax compliance until November 30, 2009 only reached 50.94%. Compared to the expected result at 45%, the ratio was 5.94% higher. This

increase was primarily triggered by the Sunset Policy. In the previous years, the Income Tax compliance only reached 35% to 40% (Address of the President of the Republic of Indonesia, 2010). In addition, the issues of tax resistance such as transfer pricing, fictitious tax invoices, and tax evasion were common. In 2009, the Directorate General of Taxes completed 17 cases which caused the state to suffer a loss of 921 billion rupiah (Address of the President of the Republic of Indonesia, 2010).

In the self-assessment system, law enforcement is essential as a counterweight, as well as a monitor of the implementation of the system (Tax Glossary, 2008). The main pillars of the implementation of law enforcement in taxation are the tax audit, investigation and collection. These are meant to keep the tax regulations implemented consistently and consequently both by taxpayers and by the Directorate General of Taxes officials themselves. According to the Decree of the Minister of Finance No. 625/KMK.04/1994 as last amended by the Regulation of the Minister of Finance No.82/PMK.03/2011, dated May 3, 2011, tax audit has two aims: to assess the compliance with taxation in order to provide legal certainty, fairness, and guidance to taxpayers and to implement the provisions of the tax regulations.

Could the tax resistance be solved with tax audit as law enforcement? The issues abounding in the public about tax resistance were partly due to the negotiation between tax officers and taxpayers which inflicted a financial loss to the government, such as tax overpayment, transfer pricing, fictitious tax invoices, and bribery. This article does not aim to describe the tax resistance but to describe negotiated order occurring in the tax audit of Corporate Tax (Taxable Employer) between the Authorized Agent of Taxpayer and Tax Auditor.

### **METHOD**

The study used qualitative research method with phenomenological approach. Data were obtained by conducting in-depth interviews with 20 informants who were determined purposively, consisting of taxpayers, tax consultants, authorities of tax payer and tax auditors, as well as related agencies. The data were supported with the reports of tax audits and letters, as well as laws and tax regulations.

### **LITERATURE REVIEW**

The study used interactionist perspective, particularly Anselm Strauss' Negotiated Order. Various studies on negotiation, including the negotiation that occurs in an organization, have been widely conducted, but the theories of negotiation were considered very limited as they were based on a single field of study such as labor bargaining or diplomacy, and did not consider a larger context.

Anselm Strauss' Negotiated Order views negotiation far more comprehensive, relating negotiation to the mode of action of the actors to negotiate. Strauss also views negotiation in relation to the structural context surrounding the negotiation.

Traditional bargaining theory has characteristics which are also the weakness of the theory (Strauss.1978: 10). First, the theory offers a relatively unstructured, rationalistic and impersonal analysis, as in the theory of game. Traditional bargaining theory assumes that participants are rational, and that each participant is aware of the value system of the other participants. Assumptions about the type of social order being examined that underlies the analysis as in bargaining theory must relate to the imbalance visible in their work whose interest is not centered in the negotiation itself, but the participants are still aware of the negotiation in their own data. Second, sometimes general analysis of negotiation is not closely

related to something more "macroscopic" or consideration of social settings, except for their purposes (for example, market conditions or international relations) to be given or to use them as general background. Third, some negotiation analysts focus on the prediction or result; they relate it to efficiency, effectiveness, or any other measure under what conditions the negotiation can be said as more or less successful, or unsuccessful.

Strauss (1978: 11) improved those three points by adding some features. First, the negotiation theorists need to view negotiation much more completely and thoroughly. Second, they need to relate negotiation to other modes of action available to the actors who are considering whether they will and need to negotiate. Third, they need to view negotiation in relation to larger structural contexts surrounding the negotiation. Fourth, they need to consider the views of the actors or theories on negotiation as the actors and the theories affect the negotiation itself.

Strauss used three central concepts in Negotiated Order. The first is the negotiation which refers to the actual type of interaction involving participants and strategies. The description of the interaction includes types of actor, strategy and tactics, consequences, and embedded sub processes; for example, making an exchange, having a bribery, paying debts, and negotiating agreement. The second is the structural context which refers to a situation "in which" the context of the negotiation lies. Strauss (1978: 101) emphasized that the effect path could lead to two directions, where consequences of the negotiation can ultimately be measured in changes in the structural context, and how people will act in a structural context "in which" negotiation takes place in the largest sense. Each negotiation case is required to bring out some important structural properties surrounding the negotiation. Strauss identified which one was bigger between the structural context and negotiation context. Structural context is directly related to negotiation context, but negotiation context more specifically refers to the structural feature, directly to the process of the negotiation itself. In a two-way process, negotiation context is viewed as mediating structural context as well as negotiation processes. Negotiation context is made only when certain elements of the phenomenon are relevant to be negotiated, but negotiation works through negotiation context to structural context. The third is the negotiation context which refers to the setting features which are directly relevant to negotiation and affect their programs.

The concept of negotiation context is analogous to the use of awareness context. The awareness context in question is "Everyone who interacts knows the status defined by each, along with the recognition of another awareness of total definition, as a sociologist can build it. This is the context in which people take responsibility when interact" (Glaser and Strauss, 1965: 10). In addition, technically Glaser and Strauss (1964: 670) explained, "the concept of awareness context is a structural unit, not belonging to one standard structural unit such as a group, organization, society, role, position, etc." 'Context' is defined as a command structural unit that includes more than other units in the focus of interaction. Thus, awareness context surrounds and affects interaction. For example, environment or hospital is concrete, a conventional social unit, whereas awareness context is analytical social unit, built to calculate similarities in interaction in diverse conventional units.

There are many types of specific negotiation context related to the interaction between the negotiating parties. The types are related to the permutation of the properties of negotiation context, among others, (1) the number of negotiators, their relative experience in negotiation, and who they represent; (2) whether the negotiation is the only, repetitive, sequential, serial, multiple, or correlated; (3) the relative balance of power shown by each party in the

negotiation; (4) the nature of the stakes in the negotiation; (5) transaction with others; whether they are open or not; (6) the number and complexity of the issues negotiated; (7) clarity of legitimacy boundary of issues being negotiated; (8) choice to avoid or end the negotiation; namely alternative mode in action. Strauss attempted to emphasize that the choice to avoid or end the negotiation is a choice which becomes particular relevant in understanding the decision to negotiate and the process of the negotiation. If the potential or actual party perceives that they could persuade, appeal, manipulate political or social events, among others, their choice is a good alternative mode that will prevent them from negotiation, or if they choose to negotiate, their choice will affect what happens during negotiations.

In this study, structural context refers to the laws, tax regulations, the Directorate General of Taxes, the Tax Office, as well as its staff including Tax Auditor who is in charge of enforcing and implementing the laws. Taxpayer as the owner or the chairman of the company who authorizes the tax affairs to the company's tax officer or tax consulting firm as the authority of Taxpayer is obliged to comply with the laws in force. However, the implementation may not be as expected in the laws. Negotiations take place in tax audit, which Strauss refers to as negotiation context. The mode or manner of negotiation is called the property of negotiation context.

### **RESULTS AND DISCUSSION**

The results of the study indicated that the self-assessment system in taxation was not well understood by taxpayers; they perceived the tax regulations as complex and frequently amended. Taxpayers who did not fully understand their tax compliance chose to avoid paying the tax. In order to prevent this, simpler tax regulations and more accessible media of socialization are required so that taxpayers can easily understand the tax regulations.

In the self-assessment system, the Directorate General of Taxes (DGT) serves to ensure that the system runs well by providing tax dissemination, tax service, and law enforcement. If these three functions can be implemented optimally, voluntary compliance can be achieved.

The authority of the Directorate of Taxation to conduct tax audit is stipulated in article 29 of Act No. 6 of 1983 as last amended by (a.l.m.b.) Act No. 16 of 2009 on the Act of General Requirements and Procedures of Taxation (GRPT). According to the act, tax audit is a series of activities to collect and process data, information, and/or evidence carried out objectively and professionally based on a standard audit in order to examine the compliance of tax obligation and/or for other purposes in order to implement the provisions of tax regulations.

In relation to the self-assessment system, the mechanism of Value Added Tax (VAT) enforces joint responsibility, which was first stated in article 33 of the Act of (GRPT) of 2000 effective in 2001 to 2008. Furthermore, the joint responsibility was reaffirmed in article 16F of the Act No. 42 of 2009 on Value Added Tax (VAT) on Goods and Services and Sales Tax on Luxury Goods, effective since April 2010, and was amended by the current regulations namely the Indonesian Government Regulation No. 1 of 2012 on the implementation of the Act No. 8 of 1983 on Value Added Tax on Goods and Services and Sales Tax on Luxury Goods a.l.m.b. Act No. 42 of 2009 on the third amendment to Act No. 8 of 1983 on Value Added Tax on Goods and Services and Sales Tax on Luxury Goods. Article 4 of this regulation states that: (1) the buyer of taxable goods or the recipient of taxable services bears a joint responsibility for the payment of Value Added Tax or Value Added Tax and Sales Tax on Luxury Goods; (2) The joint responsibility in question is collected through the issuance of the decree of Underpayment Tax in accordance with the provisions of the legislation in taxation.

VAT is a multi stage tax, meaning that the VAT is collected at each of the chain of production and distribution lines. Each delivery of taxable goods or services is the object of VAT, from the manufacturer, the level of whole seller to the level of retailer. As the proof of VAT collection, any delivery of taxable goods or services is required to include tax invoice. Credit method mechanism is used to calculate the VAT. VAT is calculated and reported in each tax year using tax return. Levied tax is called Output Tax. At the time of purchase, taxable employer buys taxable goods or receives taxable services from another taxable employer called Input Tax.

At the end of the tax year, the Input Tax is credited with the Output Tax in accordance with the regulations. The tax is reported using tax return along with tax invoices and tax payment slip as supporting proofs of the report. If the Output Tax is greater than the Input Tax, the underpayment is made to the state treasury not later than the 15th of the following month. Conversely, if the Input Tax is greater than the Output Tax, the overpayment can be compensated with tax debts in the next tax year or refunded. At the end of the tax year, each taxable employer is required to report the collection and payment of taxes to the Tax Office not later than the 20th after the end of the tax year, and the end of the following month after the end of the tax year.

In order to support the implementation of this joint responsibility, in 2010, the Director General of Taxes issued Circulars regulating Raising Potential Taxpayers and Monitoring of Tax Collection. These are respectively the Circular of the Director General of Taxes No. SE-60/PJ/2010, dated May 5, 2010 on Taxpayer Profile-Based Potential Taxpayer Raising and Benchmark, the Circular of the Director General of Taxes number SE-69/PJ/2010 on the Target of the Ratio of the Correction of Tax Return of Taxpayer Profile-Based Income Tax, Number: SE-39/PJ/2011 on the Ratio of the Correction of Tax Return of Taxpayer Profile-Based Income Tax. The Circulars of Director General of Taxes on the Monitoring Tax Collection consecutively are the Circular of the Director General of Taxes Number: SE - 88/PJ/2010, dated August 16, 2010, the Circular of the Director General of Taxes Number: SE - 27/PJ/2011, dated March 31, 2011, and the Circular of the Director General of Taxes Number: SE 27/PJ/2012. In general, these circulars were issued in order to reassure tax revenue as mandated by the State Budget (APBN) each fiscal year as the Directorate General of Taxes (DGT) needed to improve taxpayer compliance.

The aims of these regulations were to obtain taxpayers data base, to create a reliable taxation information system, and mainly to improve the monitoring mechanism using an information system media such as DGT Portal. This mechanism was reinforced with the regulation on electronic Tax Invoice numbering (e-Invoice) namely the Decree of Minister of Finance No. 151/PMK.03/2013 on Procedures of Issuing and Correcting or Replacing Tax Invoice, and its implementation was regulated in the DGT Regulation No. PER -16/PJ /2014 on the Procedures of Issuing and Reporting Electronic Tax Invoice.

The implementation of the regulations and acts in this study is the structural context of taxation. According to Strauss' theory, the occurrence of negotiation depends much on the surrounding structural context. This study of the tax audit for the Taxable Employers in the perspective of negotiated order found several results. First, the Authorized Agent of Taxpayer and Tax Auditor did not dare to bargain the tax regulations in the tax audit due to the mechanism of joint responsibility with the third party. This mechanism relates to the counter data of counterparties that can be accessed by tax officials on the portal of Directorate General of Taxes (DGT). This mechanism is a knowledge that internalizes and establishes awareness of

Taxpayer and Tax Auditor that there are other parties that can automatically monitor taxpayers' taxation in a crisscrossing mechanism, and therefore the reporting should be conducted correctly.

Regarding the joint responsibility, the writer compares the findings of this study to the findings of the study of Jim Thomas (1983), and of Pujileksono (2012), on negotiated order in prison. The writer suggests that there are significant differences between the monitoring mechanism in prison and the one in Taxation. In prison, the relations among the participants or organization actors (inmates, guards and employees) are a direct one, meaning that there is no effective monitoring system to prevent negotiation between them. If both parties mutually agree, negotiation takes place secretly, which no other parties can prevent, and no other parties will protest despite being harmed.

In a tax audit, the meeting between the Authorized Agent of the Taxpayer and Tax Auditor is very intense and they may argue if necessary, meaning that they are physically close to each other, in which negotiation is possible. However, the study hardly found negotiation between the Authorized Agent of the Taxpayer and Tax Auditor. According to them, their reluctance to negotiate was due to a strict monitoring mechanism in the taxation system.

Based on the above description, the writer suggests that applying a crisscrossing monitoring by a third party that implements joint responsibility, negotiation hardly occurs. Theoretically, it can be said that in tax audit of compliance investigation the DGT is an organization that Thomas (1983) referred to as "tightly coupled", in contrast to his finding in the prison as "loosely coupled" organization.

The second finding is that the mechanism of tax audit produced a deterrent effect for taxpayers. This deterrent effect was caused by the mechanism of tax audit, including limited time given to prepare the files requested in tax audit, the arrogance of the Tax Audit, a discrepancy method (techniques and procedures) used in the audit, and solution offered by Tax Auditor which was interpreted as a "threat" by taxpayers. Deterrent effect is explicitly stated in section A of the Circular of the Director General of Taxes Number: SE - 15/ PJ/2014 on the Planning and Strategy of Audit. The circular states that: "the effectiveness of the audit is measured by how much the audit activities capable of creating, among taxpayers, improved compliance of fulfillment of tax responsibility and increased contribution to state revenues from the taxation sector."

Another regulation that supports the deterrent effect is the Decree of Minister of Finance No. 17/PMK.03/2013, which includes the deadline to respond to the notice. Taxpayer is expected to respond to the notice of audit no later than seven days after the issuance of the notice. Otherwise, a first warning letter giving another seven days will be issued. If the taxpayer does not meet the order, a second warning letter will be issued. If the taxpayer still does not meet the order in the second warning letter, the taxpayer is considered as refusing the audit and will be subject to sanctions, including the assessment of occupation tax. The refusal may be due to the fact that taxpayers find it hard to prepare the required documents during the last for years in a short period.

The regulation of Director General of Taxes No.PER-04/PJ/2012 regulates the guidelines for the use of method and technique of audit to examine the fulfillment of tax compliance. The method is strict and detailed. In addition, the Circular of the Director General of Taxes No. SE-

15/PJ/2014 on the Planning and Strategy of Audit states that Tax Auditor's performance must be measured in order to achieve certain targets.

On the Tax Auditor side, these regulations are a burden as in reality not all Tax Auditors could perform well. However, realizing their superior position, Tax Auditors were found to be arrogant and misuse their power. When an Authorized Agent of Taxpayer did not accept the findings of the audit, the Auditor offered the Authorized Agent of Taxpayer to file an appeal or to state to refuse the audit. Both offers were interpreted as a "threat" by the Authorized Agent of Taxpayer. If the Authorized Agent of Taxpayer refused the tax audit, the penalty would be a tax imposition on the basis of occupation, meaning that all expenses of the Taxable Employer would be examined, so that the imposition of the tax would be high. If the Authorized Agent of Taxpayer filed an appeal, they had to pay in advance the underpayment of tax imposed by the Auditor prior to the appeal. If they lost, the Taxpayer should pay 200% of the amount of the underpayment of tax as stipulated in Decree on Underpayment of Tax.

The deterrent effect resulted in the shifting position of Taxpayer, from being equal to the Auditor to being subordinated. Moreover, Taxpayer was financially disadvantaged. In this finding, Tax Auditor bargained the tax regulations by using the negotiation context properties in the form of arrogance and power influence, indicating an imbalance in the negotiation. It can be said that the Tax Auditor "win" and the Authorized Agent of Taxpayer "lose", referred to as a "win-lose" negotiation by the writer .

The third finding indicated that the Directorate General of Taxes through Circular number SE - 15/PJ/2014, dated March 21, 2014, on Planning and Strategy of Audit, explicitly declared the enactment of tax audit for Real Estate/Property. Due to the Circular, all Real Estate companies would be audited. Actually, the audit of real estate companies was already started on a regional basis in the mid-2013 as a form of the examination of tax compliance of Real Estate Taxpayer. In SE - 15/PJ/2014, point E Materials, number 2 Audit Plan, letter b. Focus of Audit stated that the focus of national audit in 2014 for Corporate Taxpayer was property and financial services industry. Further, fiscal year being audited as stated in the Circular was based on the provision of Article 13 paragraph (1) and Article 15 paragraph (1) of Act of General Requirements and Procedures of Taxation (GRPT), in which the audit was from fiscal year 2009 to 2012.

Taxes related to real estate companies are state tax and local tax. The former includes Income Tax, Income Tax Article 21, 22, 23, Income Tax article 4, paragraph (2), VAT and luxury sales tax, and the latter includes Tax on Acquisition of Land and Building, and Land and Building Tax.

Knowing the audit plan, real estate business people were worried. The worry was communicated to the real estate business people association called REI. The board of REI East Java strove to conduct advocacy for its members whose tax were going to be audited. The advocacy was an effort to ease the burden of the members regarding the tax audit.

The study found that negotiations occurred at the level of institution in the implementation of tax audit, which resulted in an agreement between REI East Java, Surabaya City Government, and DGT East Java to ease the burden of the real estate business people in tax audit. The agreement said that the Tax Base for real estate proposed by real estate business people amounting equal to the price listed in the brochure is reduced to 35% of its, was accepted by the Department of Revenue and Cash Management Area of Surabaya, whereas the tax base should have been assessed through certain calculation. Furthermore, the demand of the real

estate business people regarding the fiscal years to be only 2011 and 2012 was granted by the local Tax Office, whereas the fiscal years to be audited should have been from 2009 to 2012. The grant eased the business people very much.

Viewed from Strauss' theory, the property of negotiation context in the negotiation was a compromise. The negotiation between REI East Java which carried the aspirations of real estate business people, with the DGT East Java and Provincial Government, resulted in an agreement that eased the burden of the business people as taxpayers. Theoretically it was a loosely coupled negotiation since the parties involved were structural; they weakened the regulations agreed by the taxation organization.

### **CONCLUSIONS AND RECOMMENDATIONS**

Based on the results of the study and the discussion, several conclusions were drawn. First, the application of the joint responsibility mechanism, related to the counter data from the counterparty, negotiation did not take place in the Tax Audit of Taxable Employer. Even if negotiation took place, it was conducted very carefully. It was due to the tax regulations which established a systematic, layered, and crisscrossing monitoring mechanism. With such strict mechanism, taxpayers did not dare to bargain or negotiate because they were "being monitored" through the counter data of counterparties. Taxpayers, in this case Taxable Employer, had the courage not to collect and report the VAT if it was certain that their counterparties were not Taxable Employer. It could happen due to the fact that a taxpayer who is not a Taxable Employer cannot credit input tax and does not report the VAT in the tax return, making it not legible in the DGT Portal as counter data of counterparties.

This monitoring mechanism has never been found in other institutions and is highly probable to be applied at other institutions. The mechanism indicates that the DGT has performed detail anticipation to tax-related cases which were common within the last ten years. The cases include fictitious tax invoices, transfer pricing, and restitution through engineering of the Decree on Overpayment of Tax.

Second, the tax audit produced deterrent effect to taxpayers. The deterrent effect resulted in the shifting of the position of Taxpayer from being equal to being subordinated to the Auditor, which financially disadvantaged taxpayer. It suggests that in fact a negotiation occurs in a tax audit. Strauss offers many types of context-specific negotiation related to the interaction between the negotiating parties, regarding the permutations of negotiation context properties, which include, among others, the relative balance of power shown by each party in the negotiation itself. In this finding, Tax Auditor bargained the tax regulations by using the property of negotiation context in the form of arrogance and power influence, meaning that there was an imbalance in the negotiation. The negotiation could even be said to be a "win-lose" one.

The unequal position does not comply with the vision of good governance in a government organization, in this case the DGT. Therefore, the overall deterrent effect created by the DGT should be immediately anticipated as it was a deviation and contradictory to the ideas of Good Governance, in which a tax audit should be an equal treatment.

Third, the fact that the real estate business people who were also Taxable Employers made a complaint to REI was reasonable because REI was the organization that served to channel its members' aspirations. The compromises made as a form of negotiation between REI East Java with DGT and Provincial Government resulting in an agreement which eased the burden of the



real estate businessmen as a taxpayer was a form of advocacy by the organization. Whatever the reason, the negotiation among structural organizations was an act of bargaining regulations. Such pattern of negotiation would be a reference for subsequent negotiations.

In the future, more rigorous studies are required to address the aspirations of real estate business people. A regulation is made to be complied with. Therefore in creating a regulation, it should consider conditions or aspirations of the people at the grassroots, so that its application will be easier because the regulation is grounded and accepted by the community. Essential compliance is a compliance performed with full awareness, not with compulsion. Therefore, moral approach is necessary.

These findings support Mead's theory in which individual in a state of distress is still a source of innovation that can internalize society. In previous findings, Tax Audit individuals could still find an opportunity to benefit themselves by bargaining the method of audit and pushed the taxpayers. In this case, taxpayers as real estate business people, with their ideas and reasons, tried to influence and internalize the REI to fight for tax relief. These findings reinforce Anselm Strauss' negotiated order and expand the theory to society level. Negotiations at the micro-level can affect policy at the macro-level (structures), not only in the internal organization, but also inter-institutional policy. It also reinforces the theory proposed by Strauss that no social order is without negotiated order, meaning that negotiation is inseparable from every social order.

In general, it can be stated that the results of this study theoretically strengthens and extends Strauss' negotiated order theory. First, in relation to the implementation of joint responsibility and counter data of the counterparty, it can be concluded that "the occurrence of a negotiation greatly depends on the structural conditions surrounding it and tax regulations applied with joint responsibility mechanism, and crisscrossing monitoring is proven to prevent negotiation." The findings on the joint responsibility mechanism and crisscrossing monitoring are a novelty of the findings of previous research in the perspective of Strauss' negotiated order. Previous studies did not reveal involvement of third parties in the application of control mechanism of a regulation.

Second, in relation to deterrent effect in a tax audit, it can be concluded that "a strong structural scope can strengthen the role of individual as a representation of the structure, which results in an imbalance relationship and can open the possibility of a win-lose negotiation." Third, related to the finding on the negotiation between structures, it can be concluded that "collective actions of individuals can be a force to affect the surrounding structures, resulting in inter-institutional negotiation and weakening the structure."

Finally, the study also found modes used in negotiated order, which Strauss theoretically called the properties of negotiation context. These modes can be added to a series of properties of negotiation context, i.e. avoidance, arrogance, power influence, and compromise.

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