Qonun: Jurnal Hukum Islam dan Perundang-Undangan, 9 (1), 2025: 341-364
https://journal.uinsi.ac.id/index.php/qonun/index
DOI: https://doi.org/10.21093/yw2zth73
E-ISSN: 2774-3209

COMPARATIVE PERSPECTIVES ON PHILOSOPHY AND JUSTICE IN INDONESIAN AND SPANISH TAX LAW

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Abstract

This study aims to analyze how these philosophical underpinnings and justice principles influence the formation and implementation of tax law systems in Indonesia and Spain, as well as to examine the differences in their legal approaches and fiscal policies in addressing contemporary regulatory challenges. Employing a normative legal research method with conceptual and comparative approaches, this study explores the interaction between legal-philosophical values and fiscal governance structures. The findings reveal that Indonesia's tax system is rooted in the moral values and social justice of Pancasila, emphasizing substantive justice and national fiscal sovereignty, whereas Spain upholds formal justice through legal certainty and fiscal transparency. In the context of emerging challenges such as digital taxation and Base Erosion and Profit Shifting (BEPS), Indonesia tends to adopt a unilateral approach grounded in fiscal sovereignty, while Spain prioritizes multilateral harmonization within the frameworks of the European Union and the OECD. This study proposes an adaptive-

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constitutional tax governance model that integrates philosophical legitimacy, procedural justice, and global accountability to realize a fair, resilient, and responsive tax system amid the dynamics of digital and transnational economies

Keywords : Tax Law; Philosophical Foundations; Justice Principles; Contemporary Regulatory Challenges.

A. Introduction

Taxation is a primary instrument held by the state to realize social justice and ensure the sustainability of national development. Taxes provide the main source of funding for development, public service provision, and welfare redistribution.[1] Taxation is a tangible form of citizens' participation in supporting government functions. Philosophically, taxation does not only serve as a source of state revenue, but also reflects the moral and legal relationship between the state and its citizens. The government has a responsibility to ensure that the tax system does not merely collect funds, but also maintains a balance between fiscal interests and social justice.[2]

Legal philosophy provides a normative basis for the formulation and implementation of tax policies. Legal philosophy guides the formulation of fundamental principles such as legal certainty, proportionality, and equality before tax law.[3] Every national legal system has philosophical characteristics that reflect the values, ideology, and legal traditions that have developed within it. Differences in the

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[1] Yamei Wang et al., "Impact of Fiscal Decentralization and Local Government Competition on the Supply of Basic Public Services: Based on the Empirical Evidence of Prefecture-Level Cities in China," *Heliyon* 10, no. 4 (February 2024): 1–14, https://doi.org/10.1016/j.heliyon.2024.e26511.

[2] RICARDO NUNES, "The Formation of the Public Agenda in the Brazilian Tax Reform: Difficulties, Coalitions, and Impacts," *Journal of Economics, Finance and Accounting Studies* 7, no. 2 (April 2025): 148–62, https://doi.org/10.32996/jefas.2025.7.2.13.

[3] Evy Harjono et al., "Unraveling the Crisis of Legal Formulation and Law Enforcement in Indonesia through a Legal Philosophy Approach," *Jurnal Locus Penelitian Dan Pengabdian* 4, no. 11 (November 2025): 10418–28, https://doi.org/10.58344/locus.v4i11.4673.

interpretation of these three elements lead to variations in tax structures and practices among countries. A solid legal philosophy enables the tax system to operate with strong moral legitimacy in the eyes of society.

Justice is the moral principle that underlies every tax policy oriented toward the welfare of the community.[4] A fair tax system must take into account the economic capabilities of taxpayers so as not to create social inequality.[5] The government has an obligation to design a system that balances vertical and horizontal equity. Vertical equity requires that high-income groups bear a greater tax burden,[6] whereas horizontal justice requires equal treatment for taxpayers with equal economic capabilities.[7] Global economic development poses new challenges to the implementation of tax justice, especially in the context of capital mobility and economic digitalization. The imbalance between justice and efficiency often gives rise to ethical dilemmas in modern fiscal policy.

Economic globalization has expanded the cross-border tax base and created new complexities in international tax collection.[8] The digitalization of the economy presents new challenges in defining tax subjects and objects, which were previously conventional. Developing countries like Indonesia

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[4] Aidatul Fitriyah and Ubaid Fandi Nasrulloh, "Strategic Framing in Tax Communication: Reconsidering Policy Narratives Through Justice-Based Approaches," *Sinergi International Journal of Economics* 3, no. 2 (April 2025): 70–84, https://doi.org/10.61194/economics.v3i2.646.

[5] Lorraine Rangga Boro and Riswadi Riswadi, "Fiscal Policy Law Reform Based on Distributive Justice to Reduce Economic Disparity and Improve People's Welfare," *Greenation International Journal of Law and Social Sciences* 3, no. 4 (December 2025): 1406–15, https://doi.org/10.38035/gijlss.v3i4.654.

[6] Peng Chen, Qing Shen, and Scott Boardman, "Road User Fees in the USA: Theory, Research, and Practice," *Journal of Planning Literature*, October 2025, https://doi.org/10.1177/08854122251385953.

[7] Aqil Syahru Akram et al., "Green Taxes and Justice: Rethinking 'Polluter Pays' for a Sustainable Future," ed. N.A. Rakhmawati et al., *E3S Web of Conferences* 660 (November 2025): 1–11, https://doi.org/10.1051/e3sconf/202566003003.

[8] Rajat Datta, "Invisible Assets, Visible Gaps: Redefining the Principles of International Taxation," *International Journal of Legal Information* 53, no. 2 (August 2025): 134–47, https://doi.org/10.1017/jli.2025.10063.

face challenges in maintaining fiscal independence amidst global economic liberalization.[9] Developed countries like Spain also face pressure to adapt their tax systems to European Union principles and digital economic changes.[10] Changes in tax regulations demand a balance between fiscal efficiency and the protection of taxpayers' rights. This transformation shows that tax justice cannot be separated from the ever-changing global economic and political dynamics.

Indonesia and Spain represent two legal systems rooted in civil law traditions but with different philosophical and ideological orientations. Indonesia has a mixed legal system, with the dominance of civil law combined with Pancasila values as the highest source of law. Pancasila emphasizes a balance between social justice, humanity, and popular sovereignty. Indonesia's tax system is rooted in the principle of social justice as stipulated in the fifth precept of Pancasila, which emphasizes a balance between state interests and the welfare of the people.[11] The Indonesian government positions taxes as a means of economic equality and strengthening national fiscal independence.[12]

In contrast, Spain has a legal system that is fully rooted in the European civil law tradition and is characterized by modern principles of social justice as enshrined in the

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[9] Ali Sahab et al., "Indonesian Foreign Investment Policy under Oligarchic Economy: Striking Balance between Economic Nationalism and Liberalization," *Journal of the Asia Pacific Economy* 30, no. 3 (July 2025): 1158–76, https://doi.org/10.1080/13547860.2024.2361575.

[10] David Ramiro Troitiño, "The European Union Facing the 21st Century: The Digital Revolution," *TalTech Journal of European Studies* 12, no. 1 (May 2022): 60–78, https://doi.org/10.2478/bjes-2022-0003.

[11] Muh. Akbar Fhad Syahril and Hamida Hasan, "A Comparative Research on the Effectiveness of Progressive versus Proportional Tax Systems in Enhancing Social Justice," *Administrative and Environmental Law Review* 5, no. 2 (October 2024): 97–106, https://doi.org/10.25041/aelr.v5i2.3479.

[12] Antonius Sasana Talino Pabayo, "Impact of Fiscal Decentralization Policy on Regional Fiscal Independence in Indonesia," *Journal of Local Government Issues* 8, no. 1 (March 2025): 142–60, https://doi.org/10.22219/logos.v8i1.37646.

Spanish Constitution of 1978.[13] The Spanish tax system promotes strong principles of equality, solidarity and redistribution within the European Union framework.[14] Spain emphasizes fiscal transparency and accountability in the context of EU legal integration, which demands harmonization of tax policies between member states.[15] Although the two countries differ in social, cultural, and economic contexts, they share the same vision of placing taxation as an instrument for justice and development. A comparison between these two systems opens up space for reflection on how philosophical values are translated into concrete fiscal policies.

The urgency of this research stems from the need to find a framework for thinking about and implementing tax law that is aligned with the philosophical, social, and economic dynamics of each country. The integration of local philosophical values such as Pancasila in Indonesia and the modern social justice principles adopted by Spain not only strengthens the moral legitimacy of the tax system but also enhances its regulatory effectiveness in the context of positive law. A comparative approach to these two legal systems is important for understanding how the principles of justice, legal certainty, and expediency can be harmonized in fiscal policy. The relevance of this research also lies in its ability to provide a conceptual basis for tax reforms that are adaptive to globalization and economic digitalization.

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[13] Josep Maria de Dios Marcer and Josep Cañabate Pérez, "An Introduction to Spanish Legal Culture," in *Handbook on Legal Cultures*, ed. Sören Koch and Marius Mikkel Kjølstad (Cham: Springer International Publishing, 2023), 961–1008, https://doi.org/10.1007/978-3-031-27745-0_23.

[14] Sara Torregrosa Hetland, *The Spanish Fiscal Transition*, Palgrave Studies in Economic History (Cham: Springer International Publishing, 2021), https://doi.org/10.1007/978-3-030-79541-2.

[15] Thais Sentinelo et al., "Tax Optimization in the European Union: A Laffer Curve Perspective," *Economies* 13, no. 12 (December 2025): 359, https://doi.org/10.3390/economies13120359.

Research on the relationship between tax systems and the principle of justice has been conducted previously. A study by Muh. Akbar Fhad Syahril and Hamida Hasan in the Administrative and Environmental Law Review highlights how a progressive tax system is more effective in achieving economic equality than a proportional system, yet the study is still limited to economic aspects without in-depth legal-philosophical analysis.[16] Meanwhile, Susana Cristina Rodrigues Aldeia in the International Journal of Law and Management examined the application of constitutional principles in corporate taxation in Spain and Portugal, but this research focused on the positive legal aspects without examining the dimensions of social justice and legal ethics that underlie it.[17] Meanwhile, Johanna Stark in the Oxford Journal of Legal Studies examines cross-border tax justice from the perspective of moral philosophy and international law, but has not discussed its application in the context of culturally different national laws.[18]

The limitation of those studies lies in the lack of an interdisciplinary approach that comprehensively connects legal philosophy, the principle of justice, and regulatory practice in the context of two countries with different cultural and ideological backgrounds. This research seeks to fill this gap by examining in depth how the principles of justice, legal certainty, and expediency are implemented in the tax systems of Indonesia and Spain, through the integration of a legal philosophy perspective and a comparison of fiscal systems. Thus, this research offers a new scholarly contribution in the

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[16] Syahril and Hasan, "A Comparative Research on the Effectiveness of Progressive versus Proportional Tax Systems in Enhancing Social Justice."

[17] Susana Cristina Rodrigues Aldeia, "Application of the Constitutional Principle of Generality in Spanish Companies' Taxation. A Compared Study to Portugal," *International Journal of Law and Management* 63, no. 6 (November 2021): 586–98, https://doi.org/10.1108/IJLMA-01-2021-0008.

[18] Johanna Stark, "Tax Justice Beyond National Borders—International or Interpersonal?," *Oxford Journal of Legal Studies* 42, no. 1 (March 2022): 133–60, https://doi.org/10.1093/ojls/gqab026.

form of a philosophical-comparative analytical model capable of explaining the relationship between the normative basis of taxation and the reality of social justice within different national legal frameworks. This research aims to analyze how philosophical values, legal ideology, and social justice principles shape the characteristics of and influence the implementation of tax systems in Indonesia and Spain. Furthermore, this research also aims to identify how the different legal approaches and fiscal policies in the two countries address contemporary regulatory challenges.

Through a comparative-philosophical analysis, this research is expected to offer a new conceptual framework for formulating a just, adaptive tax system that is aligned with global dynamics. This research uses a normative legal research method with comparative and conceptual approaches to analyze the principle of justice and philosophical foundations in the tax legal systems of Indonesia and Spain. Primary legal materials used include national legislation such as Law Number 6 of 1983 concerning General Provisions and Procedures for Taxation (and its amendments), Law Number 7 of 2021 concerning the Harmonization of Tax Regulations, as well as the Spanish General Tax Law (Ley General Tributaria No. 58/2003) and relevant European Union tax provisions. Secondary legal materials include scholarly literature, law journals, previous research findings, and expert views discussing the philosophy of tax law, principles of fiscal justice, and global issues such as digital taxation and Base Erosion and Profit Shifting (BEPS). Meanwhile, tertiary legal materials include legal dictionaries, legal encyclopedias, and official documents from international organizations such as the OECD and IMF to support conceptual interpretation. Data processing techniques are carried out through inventory, classification, and systematization of legal materials based on research themes. Data analysis is conducted using normative-comparative qualitative methods, by interpreting the legal norms and doctrines applicable in both countries to identify similarities, differences, and the relevance of justice principles in the context of contemporary tax regulation

B. Research Outcome and Discussion

1. Implications of the Philosophical Foundation and Principles of Justice in the Tax Legal Systems in Indonesia and Spain

The Indonesia's tax legal system is rooted in Pancasila values as the nation's foundation, which contain ethical, moral, and social dimensions. The fifth precept of Pancasila affirms the principle of social justice for all Indonesian people. This value positions taxation not merely as a legal obligation, but also as a form of citizens' moral responsibility to the state. Indonesia's tax system embodies a communitarian orientation that emphasizes solidarity and mutual cooperation in supporting national development.[19] The value of mutual cooperation (gotong royong) inherent in Indonesian culture serves as the moral spirit for the progressive tax principle, which emphasizes the distribution of burdens based on economic capacity. The moral perspective in Indonesia's tax law is reflected in policies such as subsidies, tax amnesty, and fiscal justice programs based on community participation.[20] This concept shows that tax legitimacy is determined not only by the force of positive law, but also by society's moral acceptance of state policies.

[19] Gita Arasy Harwida and Heru Tjaraka, "Application of The Philosophy of 'Gotong Royong' To Improve Tax Compliance in Indonesia," *Jurnal Reviu Akuntansi Dan Keuangan* 14, no. 2 (September 2024): 538–52, https://doi.org/10.22219/jrak.v14i2.35291.

[20] Fitriyah and Nasrulloh, "Strategic Framing in Tax Communication: Reconsidering Policy Narratives Through Justice-Based Approaches."

The concept of social justice in Indonesia's tax legal system is distributive and collective, which positions the government as the manager of shared welfare.[21] This principle makes justice the primary goal, while fiscal efficiency is placed as a means to achieve it. Indonesia adheres to a civil law system influenced by Dutch heritage, which emphasizes legal certainty and the codification of norms. This philosophical foundation shapes the direction of tax policies that seek to balance legal certainty and substantive justice. Thus, Indonesia's tax system can be understood as an embodiment of social ethics that places shared welfare above individual interests.

Fiscal justice principles in Indonesia cover two dimensions, namely horizontal equity and vertical equity. Horizontal justice requires equal treatment for taxpayers with equivalent economic capacity, while vertical justice mandates that tax burdens increase in line with the growth of economic capacity. In practice, the implementation of these principles faces structural obstacles such as low tax compliance, economic inequality, and the complexity of the administrative system.[22] The government seeks to strengthen fiscal justice through tax law reforms, including through Law No. 7 of 2021 concerning the Harmonization of Tax Regulations. Nevertheless, the implementation of fiscal justice in Indonesia remains formalistic and has not yet fully reflected the substantive social justice values mandated by Pancasila.

Spain adheres to the civil law system of Continental Europe, which positions law as an instrument of formal and constitutional justice. Article 31 of the 1978 Spanish Constitution explicitly states that all citizens must contribute to

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[21] Alwy Ahmed Mohamed and Abdulrohim E-sor, "Zakat as a Legal Obligation in Sharia within the Context of Contemporary Taxation Systems," *Demak Universal Journal of Islam and Sharia* 3, no. 02 (May 2025): 229–44, https://doi.org/10.61455/deujis.v3i02.345.

[22] Mohammad Ridwan Rumasukun and Muhammad Yamin Noch, "Comparative Analysis of Tax System Effectiveness in Developed and Developing Countries," *Golden Ratio of Taxation Studies* 3, no. 2 (July 2023): 100–112, https://doi.org/10.52970/grts.v3i2.626.

public expenditure in accordance with their respective economic capacity, based on the principles of equality and solidarity. This provision reflects the philosophical view that taxation is a form of social solidarity and a constitutional responsibility. In Spain, taxation not only has a fiscal function but also serves as a means of fostering social cohesion in line with the aspirations of the European Union.[23] This system prioritizes legal rationality and institutional legitimacy in determining tax obligations, making it a constitutional instrument that is binding both morally and legally.

The concept of fiscal citizenship is at the center of moral legitimacy in Spain's tax system, where tax compliance is seen as part of civic responsibility.[24] Fiscal justice is understood as a manifestation of national solidarity that strengthens the state's legitimacy in the eyes of society. This principle reinforces the reciprocal relationship between the state and its citizens, where public trust is built through transparency, accountability, and consistent law enforcement. It also positions justice as a unifying element between citizens' rights and obligations within the framework of constitutional law. This philosophical approach results in a more structured tax system, with progressive regulations balanced by a high degree of legal certainty. Compared to Indonesia, Spain's orientation is more formal and legalistic, yet it also substantively reflects the spirit of social justice.

Spain's tax system is based on three main principles, namely generalidad (universal obligation), *igualdad* (equality),

[23] Emilio Abad-Segura et al., "Technological Integration and Tax Compliance: A Quantitative Evaluation of Fraud Detection Efficiency in Judicial Tax Proceedings in EU Member States," *Empirica* 52, no. 3 (August 2025): 493–522, https://doi.org/10.1007/s10663-025-09654-2.

[24] Gloria Alarcón-García, José Manuel Mayor Balsas, and Edgardo Arturo Ayala Gaytán, "Tax Compliance and Conditional Cooperation: A Study Based on the Dense Social Trust of Young People," *Societies* 15, no. 2 (February 2025): 39, https://doi.org/10.3390/soc15020039.

and *progresividad* (progressivity).[25] These principles are explicitly set out in the General Taxation Law No. 58/2003 as the foundation of the national tax law system. The General Taxation Law ensures that all citizens are required to pay taxes without discrimination,[26] while *Igualdad* guarantees equal legal treatment for taxpayers with similar economic conditions. [27] *Progresividad* serves to uphold vertical justice by imposing a greater tax burden on high-income groups.[28] The combination of these three principles creates a tax system that is not only fiscally effective but also socially just. This model shows that justice in Spain is rooted in legal certainty and formal equality as enshrined in the constitution. These characteristics make Spain's tax system tend to be more stable and provide a higher level of legal certainty for taxpayers compared to the system in Indonesia. This reflects the mature institutionalization of justice principles in Spain's bureaucratic system.

The distinctly different philosophical foundations significantly influence the law-making process or legal drafting in each country. In Indonesia, the influence of Pancasila has given rise to regulations that are often responsive to political dynamics and pressing national economic needs. This is evident in the trend of using omnibus law methods to simplify regulations and attract investment for collective economic

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[25] Ignacio Cazcarro Castellano, Fernando Rodrigo, and Eduardo Sanz-Arcega, "The Determinants of Spaniards' Preferences over Favoring Wealth Taxation: Do They Behave Similarly across Different Policy Alternatives?," *Revista Española de Investigaciones Sociológicas*, no. 187 (July 2024): 45–64, https://doi.org/10.5477/cis/reis.187.45-64.

[26] Yasemin Irepoglu Carreras, "Case of Spain," in *Decentralization, Interactive Governance and Income Inequality in Europe* (Cham: Palgrave Macmillan, 2025), 55–121, https://doi.org/10.1007/978-3-031-95983-7_3.

[27] Elton Emanuel Brito Cavalcante and Fabrício Moraes de Almeida, "THE POLITICAL-IDEOLOGICAL PRINCIPLES OF CONTEMPORARY ENVIRONMENTALISM PRESENT IN THE 2030 AGENDA: GLOBALIZATION VERSUS NATIONALISM," *InterSciencePlace* 20 (July 2025).

[28] Cristina Hernández, Ignacio Abásolo, and Beatriz González, "Distributional Effects of the 2012 Pharmaceutical Co-Payment Change in Spain and Simulated Proposals for Improvement," *Revista Hacienda Pública Española* 249, no. 2 (June 2024): 211–40, https://doi.org/10.7866/HPE-RPE.24.2.8.

growth. Regulations such as the General Provisions and Procedures for Taxation Law (UU KUP) and the Tax Regulation Harmonization Law (UU HPP) also reflect the state's efforts to balance legal certainty and social justice. These policies demonstrate a commitment to the principle of substantive justice, although their implementation still faces operational challenges such as fiscal bureaucratic constraints, administrative gaps, and a lack of synergy between institutions. The ethical foundation of Pancasila needs to be further operationalized in tax law mechanisms so that moral values can be internalized into fiscal administrative practices.

In contrast, tax law-making in Spain is highly normative and tied to the European Union legal framework as well as constitutional principles. This system emphasizes fiscal transparency, public accountability, and legal certainty as a form of formal justice. Tax law-making in Spain is strictly regulated within the framework of European Tax Policy, which requires equality among European Union member states.[29] Regulatory stability in Spain is better maintained because any changes must pass rigorous constitutional review. Distributive justice is enforced through consistently progressive tariffs and an independent oversight system by the Central Economic and Administrative Tribunal.[30] These differing orientations result in distinct regulatory systems in terms of policy priorities and oversight mechanisms. Spain emphasizes the rule of law and an independent oversight system, while Indonesia emphasizes the guidance and education of taxpayers. Thus, the philosophical foundation serves as a normative compass that determines the direction of the national tax system.

[29] Ángeles Solanes Corella, "Equality Bodies in the European Union: The Spanish Independent Authority for Equal Treatment," *Deusto Journal of Human Rights*, no. 12 (December 2023): 105–35, https://doi.org/10.18543/djhr.2905.

[30] Inês Quadros, "The Court of Justice of the EU and the Independence of the Judiciary," in *Revisiting the Liberal Constitutional Features of the European Union*, ed. Inês Quadros and Miguel Gorjão-Henriques (Cham: Springer Nature Switzerland, 2025), 163–203, https://doi.org/10.1007/978-3-031-95717-8_8.

Indonesia and Spain represent two different paradigms of fiscal justice. Indonesia prioritizes substantive justice based on social morality and the value of togetherness, while Spain emphasizes formal justice supported by a constitutional legal framework. Substantive justice emphasizes the moral purpose of the tax system, whereas formal justice ensures equality and certainty in the application of law. In the context of legal theory, Indonesia is closer to an ethical-pragmatic paradigm, while Spain reflects a legal-rational paradigm. These differences show that the character of tax law is strongly influenced by the fundamental values and political history of each country

2. TheLegal Approaches and Fiscal Policy in Indonesia and Spain in Facing Contemporary Regulatory Challenges

The digital economy is fundamentally changing the way countries regulate and collect taxes. Economic activity is no longer confined to a country's physical borders, but rather takes place across jurisdictions through digital multinational entities (MNEs) that operate without a substantial physical presence.[31] This condition raises serious problems in determining physical presence (nexus) and legal consequences (taxable presence), which are the basis for traditional tax collection.[32] This phenomenon gives rise to tax base erosion and profit shifting, which significantly reduces the country's fiscal capacity.[33] This situation has prompted the international community, particularly the Organisation for Economic Co-operation and

[31] Gilberto Cárdenas Cárdenas and Paloma Tobes Portillo, "Taxation of Multinational Companies in the Digital Economy: Current Outlook," in *Handbook of International Business Policy* (Cheltenham: Edward Elgar Publishing, 2024), 425–41, https://doi.org/10.4337/9781035308682.00032.
[32] I Nyoman Darmayasa and I Dewa Made Partika, "Reconstruction Concept of The Meaning of Permanent Establishment Physical Presence for Tax Purposes," *Journal of Tax Reform* 10, no. 1 (2024): 38–50, https://doi.org/10.15826/jtr.2024.10.1.155.
[33] María T. Álvarez-Martínez et al., "How Large Is the Corporate Tax Base Erosion and Profit Shifting? A General Equilibrium Approach," *Economic Systems Research* 34, no. 2 (April 2022): 167–98, https://doi.org/10.1080/09535314.2020.1865882.

Development (OECD), to develop the Base Erosion and Profit Shifting (BEPS) initiative and the Pillar One–Pillar Two framework as a global response to the challenges of the digital age.[34]

The BEPS initiative is crucial in the reform of the international tax system, which aims to create cross-border fiscal justice. Its implementation in each country depends heavily on the respective country's economic structure, administrative capacity, and philosophical foundations of tax law. Developing countries like Indonesia face a dilemma between maintaining fiscal sovereignty and following global consensus, while developed countries like Spain emphasize legal stability and policy integration through the European Union.

Indonesia's tax legal framework shows a strong orientation toward fiscal self-sufficiency and the modernization of the national tax system. Based on Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (UU HPP), Indonesia's tax system uses a self-assessment mechanism that emphasizes taxpayers' responsibility for calculating and reporting their own tax obligations.[35] The government seeks to strengthen tax compliance through the digitalization of fiscal administration based on a core tax system, which is designed to improve oversight effectiveness and expand the tax base. The focus of this policy reflects a national development approach that positions taxation as the primary instrument for social and economic funding. Thus, Indonesia's fiscal law approach is inward-looking, with priorities on expanding domestic revenue and enforcing national tax law.

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[34] Gabriela-Adina Păun, "Charting the Future of Base Erosion and Profit Shifting: A Bibliometric Insight into Emerging Trends and Research Gaps," *GATR Journal of Finance and Banking Review* 9, no. 4 (March 2025): 01–23, https://doi.org/10.35609/jfbr.2025.9.4(1).

[35] Yossinomita Yossinomita et al., "The Impact of Tax Reform on Tax Ratios: A Comparative Analysis of the Transition from the Official Assessment System to the Self-Assessment System in Indonesia and Selected Asian Countries," *Journal of Tax Reform* 11, no. 2 (June 2025): 282–305, https://doi.org/10.15826/jtr.2025.11.2.202.

Indonesia has become one of the most progressive Southeast Asian countries in imposing taxes on Electronic System Trading (PMSE) activities. Based on Government Regulation No. 80 of 2019 and Minister of Finance Regulation No. 48/PMK.03/2020, Indonesia imposes VAT and income tax on foreign digital economy players that have a Significant Economic Presence (SEP). This approach demonstrates a unilateral legal orientation, with a focus on safeguarding national fiscal sovereignty and protecting the domestic tax base from erosion caused by cross-border digital activities.

The implementation of the Base Erosion and Profit Shifting (BEPS) mechanism in Indonesia shows significant progress in adapting to global tax transparency standards. Since the issuance of Minister of Finance Regulation No. 213/PMK.03/2016 on Transfer Pricing Documentation, Indonesia has required Country-by-Country Reporting (CbCR) for multinational enterprises.[36] Indonesia has actively adopted the OECD's 2020 Multilateral Instrument (MLI) to prevent cross-border tax avoidance and strengthen the network of international tax treaties. This policy is aimed at preventing treaty shopping and strengthening the anti-profit shifting regime. However, its implementation faces a number of obstacles, such as limited administrative infrastructure, technological gaps, and low coordination in cross-jurisdictional data exchange. Additionally, resistance from global digital economy players adds to the complexity of implementation. Thus, the effectiveness of Indonesia's adaptive legal approach depends on institutional modernization and the integration of international tax information systems.

Spain's tax system is governed by the General Tax Law (Ley General Tributaria, LGT) No. 58/2003, which operates within the framework of European economic integration. This system

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[36] Adang Hendrawan et al., "Analysis of PSM after Implementation of CbCR Policy in Indonesia," *Jurnal Akuntansi & Auditing Indonesia* 25, no. 2 (December 2021): 170–82, https://doi.org/10.20885/jaai.vol25.iss2.art7.

combines the self-assessment principle with administrative oversight,[37] reflecting the application of the principle of strict legality that is a key characteristic of the civil law system in Europe. Spain's fiscal policies are not only national but also regionally oriented, as they must be aligned with the EU Tax Governance Framework. Thus, Spain's fiscal legal framework demonstrates synergy between national legality and a commitment to supranational harmonization.

Spain has adopted a constitutional and harmonized legal approach that is in line with European Union and OECD standards. Spain implemented Law 4/2020 on Tax on Certain Digital Services (DST), which imposes a 3% tax on revenue generated by global digital companies from online advertising services, user data sales, and digital intermediation services.[38] This approach is multilateral-consensual in nature, emphasizing coordination among member states and international fiscal transparency. Spain's DST also serves as a political negotiation tool to push the OECD to accelerate global digital tax consensus. With a stable legal framework focused on legal certainty, Spain has succeeded in creating a more structured and consistent digital tax system.

Spain has exceeded the BEPS Minimum Standards through the implementation of the EU Anti-Tax Avoidance Directive (ATAD I & II) and the Country-by-Country Reporting (CbCR) mechanism to ensure transparent reporting of multinational enterprises' profits.[39] These regulations not only require cross-border tax reporting but also promote corporate transparency regarding cross-jurisdictional ownership structures and

[37] Iolanda Bianchi, "The Democratising Capacity of New Municipalism: Beyond Direct Democracy in Public–Common Partnerships," *Policy & Politics* 53, no. 2 (April 2025): 403–22, https://doi.org/10.1332/03055736Y2024D000000033.
[38] Eva Escribano, "Day 1 of the Spanish Digital Services Tax: And Now What? A Wave of Tax Policy, Legal Interpretation and Compliance Challenges," *Intertax* 49, no. Issue 6/7 (June 2021): 517–31, https://doi.org/10.54648/TAXI2021051.
[39] Till Scheider, "Article: How Did Anti-Tax Avoidance Measures Affect ETRs and Profit Shifting?," *Intertax* 52, no. Issue 12 (December 2024): 808–27, https://doi.org/10.54648/TAXI2024082.

transactions. Spain has proactively implemented the EU Tax Governance Framework, which demands integration between fiscal policy and corporate governance. Additionally, Spain has also implemented Mandatory Disclosure Rules (MDR) that require the reporting of aggressive tax planning schemes.[40] These policies demonstrate Spain's consistency in upholding fiscal integrity through strong legal governance based on the principle of legal certainty. With the support of the European Union, Spain has mature institutional capacity to enforce cross-border tax rules. This approach shows that the success of fiscal regulation requires a robust legal structure and credible public governance.

Implementation challenges in Indonesia are more technical and institutional rather than structural. Limited access to cross-border digital economic data, suboptimal Automatic Exchange of Information (AEOI), and weak capacity to verify digital transactions are the main obstacles. Spain's key challenges are geopolitical and normative in nature. Resistance from major technology companies to Spain's digital tax indicates tensions between national fiscal policy and global economic interests. Additionally, coordination between national law and the OECD Pillar One mechanism creates a policy harmonization gap, particularly in avoiding double taxation. Spain also faces political pressure from the European Union to align its domestic policies with regional fiscal standards. This emphasizes that fiscal law harmonization at the supranational level can reduce the domestic fiscal autonomy of a member state.

Indonesia and Spain show different directions in tax law reform. Indonesia needs to strengthen the legal basis of Significant Economic Presence (SEP) at the statutory level to ensure legal certainty and expand cross-jurisdictional information exchange mechanisms. The formulation of detailed

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[40] Arthur Bianco, "DAC6 and the Challenges Arising from Its Disclosure Obligation," *EC Tax Review* 30, no. 1 (January 2021): 8–23, https://doi.org/10.54648/ECTA2021002.

criteria and specific SEP implementation still requires strong implementing regulations. This is to ensure that SEP determination criteria have a solid basis at the law level, thereby minimizing tax disputes and providing greater legal assurance to foreign investors. Meanwhile, Spain must align its Digital Services Tax policy with the OECD Pillar One and Two agreements to avoid double taxation. Indonesia and Spain can adopt an adaptive-constitutional tax governance model that integrates transparency, substantive fiscal justice, and global accountability. This approach will strengthen the position of national fiscal law amid the dynamics of global economic digitalization and the transformation of the international tax system

C. Conclusion

The tax legal systems of Indonesia and Spain represent fundamentally different philosophical foundations and policy orientations. Indonesia positions taxation as a moral and social instrument rooted in the values of substantive justice and collective solidarity as enshrined in Pancasila, while Spain upholds taxation as a constitutional obligation that guarantees formal equality and legal certainty. In addressing contemporary regulatory challenges such as digital taxation and BEPS mechanisms, Indonesia adopts an adaptive approach focused on national fiscal sovereignty, whereas Spain prioritizes legal harmonization within the framework of the European Union and OECD. These differences show that philosophical orientation and legal framework directly influence the effectiveness, legitimacy, and direction of fiscal reform.

It is necessary to strengthen synergy between the national legal framework and international standards so that the tax systems of Indonesia and Spain can be more adaptive to the dynamics of the global digital economy. Indonesia needs to strengthen the legal legitimacy of digital taxation through clearer regulations on Significant Economic Presence (SEP) at the statutory level, while Spain needs to align its Digital Services Tax policy with the OECD consensus to prevent overlapping tax jurisdictions. Both countries also need to expand international cooperation in cross-jurisdictional tax information exchange and enhance fiscal transparency to strengthen public accountability. The development of an adaptive-constitutional tax governance model based on substantive fiscal justice and legal certainty can be a strategic solution to balance national interests and international commitments in the era of tax digitalization

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