

Minimizing Non-Tax State Revenue Disputes: A Case Study of Geothermal Companies in Indonesia

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ABSTRACT

To increase the effectiveness of geothermal resource management in Indonesia, the government has delegated authority to private entities to operate geothermal resources in the form of Joint Operating Contracts. Private sector involvement in geothermal operations contributes to non-tax state revenue through a Government Share. Geothermal contractors calculate their Government Share. Compliance audits were conducted to test the conformity of the Government Share with applicable regulations. Based on the results of these compliance audits, the Ministry of Finance issued a geothermal notice of non-tax state revenue assessment. Disputes between geothermal contractors and the government regarding geothermal information of non-tax state revenue assessment have been occurring since 2013. This research aims to identify the types of disputes and the main causes of geothermal non-tax state revenue disputes and propose recommendations for improvement. This study employs New Public Management (NPM) theory, the Natural Resource Taxation concept, and relevant regulations as a literature review. This study is a case study of problem diagnosis using a qualitative approach. The analysis was conducted by reviewing the literature and analyzing geothermal non-tax state revenue dispute documents. Interviews were conducted to confirm the literature review findings and dispute document analysis. The results of this research indicate that geothermal non-tax state revenue disputes arise due to differences in interpretation, unclear regulations, issues of burden of proof, and disagreements between geothermal contractors and auditors. This research recommends the issuance of Government Regulations related to allowable operating costs in geothermal operations. This recommendation is expected to minimize future disputes related to geothermal non-tax state revenue and enhance legal certainty to optimize geothermal utilization in Indonesia.

Keywords: corporate income tax; dispute; geothermal; government share; non-tax revenue; self-assessment.

INTRODUCTION

Geothermal energy is an important energy source for generating electricity with low carbon emissions (Herawan & Redi, 2021). Indonesia can potentially become the world's largest geothermal power producer and the highest energy producer in renewable resource development (Maulidia et al., 2019). However, geothermal energy utilization in Indonesia is still low compared with its potential, accounting for only 9.8% of the existing reserves (Ministry of Energy and Mineral Resources, 2022). The underutilized of geothermal energy in Indonesia is due to exploration constraints, construction challenges, coordination and regulatory issues, fiscal risks, and market risks (Setiawan, 2012). Adequate geothermal management is required to maximize the utilization of this geothermal potential. One of the efforts to improve geothermal management is the establishment of legislation and energy policies that support renewable energy (Sofyan et al., 2021).

Geothermal operations in Indonesia are divided into two generations. First, the existing generation includes geothermal companies with permits for geothermal resource management based on Joint Operation Contracts (JOC) signed before the enactment of Law Number 27 of 2003 on Geothermal Energy. The second is the Geothermal License generation, which covers geothermal resource management after the issuance of Law Number 27 of 2003 on Geothermal Energy.

Government revenues from existing generation geothermal operations are regulated by Article 4 of Presidential Decree Number 49 of 1991, which mandates that geothermal companies deposit 34% of the Net Operating Income (NOI) from geothermal operations to the state. Law Number 9 of 2018 concerning non-tax state revenue stipulates that geothermal energy is one of the objects of non-tax state revenue. The geothermal non-tax state revenue received by the government is obtained from the government's share after deducting tax obligations and other levies by the regulations (Government of the Republic of Indonesia, 2022).

The geothermal government's share calculation uses a self-assessment system (Government of the Republic of Indonesia, 1992). In the self-assessment system, taxpayers must pay the due taxes by tax regulations without relying on issuing a notice of tax assessment (Government of the Republic of Indonesia, 2007). The self-assessment system obliges taxpayers to understand their tax obligations, and the government ensures that taxpayers comply with applicable tax laws (Loo, 2006).

In geothermal resource management in Indonesia, Pertamina and the Government also have the right to examine and audit financial reports within five years of the contractor submitting them (BPKP, 2021). The non-tax state revenue management agency can request an examination of compliance with the Geothermal Government's Share (Government of the Republic of Indonesia, 2018). The audit assesses compliance with applicable laws and regulations, including compliance with the JOC (BPKP, 2021). The examination results are then documented in an Audit Result Report, which forms the basis for issuing a geothermal notice of non-tax state revenue assessment (Government of the Republic of Indonesia, 2018).

In an audit, differences of opinion between the auditee and the auditor pose a challenge for auditors and tax examiners (Sebele-Mpofu et al., 2021). Differences of opinion commonly occurring in tax audits are a primary reason for tax disputes (Wahyudi et al., 2017). A dispute is a disagreement, argument, or controversy that often leads to legal processes (Cornell, 2021). Disputes also arise in compliance audits of the Geothermal Government's Share. Disputes occurred when geothermal contractors disagreed with the geothermal notice of non-tax state revenue assessment issued by the Ministry of Finance. Suppose the geothermal contractor disagrees with the geothermal notice of non-tax state revenue assessment. In that case, they can file an objection with the Ministry of Finance (Government of the Republic of Indonesia, 2021).

Based on the dispute data gathered by the author, geothermal contractors file objections to the geothermal notice of non-tax state revenue assessment almost every year. This objection indicates that geothermal contractors and the government resolve yearly geothermal non-tax state revenue disputes. Furthermore, the value of geothermal non-tax state revenue disputes is also relatively high. The highest value was recorded in 2014, exceeding USD 9 (nine) million. Recently, geothermal non-tax state revenue disputes still hold significant value, as indicated by the value above USD 2 (two) million. According to the data from the Financial Report of the Central Government audited in 2022, geothermal dispute values are approximately 1% of the realization of geothermal non-tax state revenue for 2022. The main issue in geothermal non-tax state revenue disputes is the compliance of the government's Share calculation with applicable laws and regulations.

Disputes often have long-lasting negative impacts, including financial losses (Widapratama & Darwis, 2019). Geothermal non-tax state revenue disputes, in the form of objections, appeals, cassation, and reconsideration, have negative consequences for both geothermal contractors and the government. From the geothermal contractor's perspective, geothermal non-tax state revenue disputes can increase the amount of non-tax state revenue paid to the state owing to administrative sanctions such as fines and litigation costs if the dispute proceeds to litigation stages. From the government's perspective, geothermal non-tax state revenue disputes can result in financial losses for the state due to suboptimal non-tax state revenue received by the government and litigation costs if the dispute goes through a legal process and is won by the geothermal contractor. Furthermore, a lengthy administrative dispute process can lead to a less effective allocation of the government's available human resources.

Many studies have been conducted on geothermal disputes. However, this study is distinct as it will delve into disputes regarding state levies on geothermal Non-Tax State Revenue. However, because

the Government's Share is treated as a Corporate Income Tax deposit, the author has referenced previous research on disputes over Corporate Income Tax and taxation. Budiyo and Yulianti (2022) researched the causes of disputes in recognizing Corporate Income Tax for coal-mining companies. This research used the Theory of Legal Interpretation to analyze dispute issues and propose solutions. The research concluded that unclear regulations, the absence of government regulations about coal mining Corporate Income Tax, differences in interpretation methods between companies and the Directorate General of Taxes, and the lack of judge jurisprudence caused disputes related to expenses.

Wahyudi, Ludigdo, and Djamhuri (2017) also researched the causes of tax disputes from the perspective of tax auditors. This study uses a phenomenological method to explore this new perspective. The research findings reveal that one of the causes of tax disputes from the perspective of tax auditors is related to materiality concerning profits and losses.

Yulianto (2022) researched tax disputes, investigating tax disputes related to promotional expenses in Corporate Income Tax calculations. This research used a qualitative method and collected data through documents from tax court appeal decisions and interviews. The research findings indicate that disputes over promotional expenses were caused by differences in interpretation and evidentiary issues raised by the taxpayer.

Differences in interpretation, evidentiary issues, orientation problems, and unclear regulations are the primary causes of tax disputes. This study aims to address a different research object: geothermal non-tax state revenue disputes that have been relatively underexplored. This study analyzes the types of disputes and the main causes of issues in geothermal non-tax state revenue disputes. The basic rules used in analyzing the root causes of disputes in this research are regulations related to the management and examination of Non-Tax State Revenue and the JOC. Additionally, as mentioned earlier, the Government Share is recognized as an Income Tax deposit, so the Income Tax Law is also used to analyze the causes of disputes in this study. Subsequently, based on the root cause analysis results and The New Public Management (NPM) theory, this study proposes recommendations to minimize future geothermal non-tax state revenue disputes.

This study is expected to contribute to the body of research related to disputes in revenue management. Considering the low percentage of geothermal potential utilization, it is essential to necessitate enhanced legal certainty in geothermal resource management in Indonesia. Additionally, as shown in Figure 1, geothermal non-tax state revenue disputes hold significant value; therefore, problems in this area could substantially impact the cash flow of geothermal contractors and potential government revenue.

In the following sections, we review the literature relevant to this research, including New Public Management, the concept of natural resource taxation, regulations about geothermal non-tax state revenue disputes, and previous studies to identify the primary causes of tax disputes in general and propose recommendations. Then, we explain the research approach used in this study. In the subsequent sections, we analyze the data based on dispute documents, interview findings, and previous research to discuss and draw conclusions regarding the types and causes of geothermal non-tax state revenue disputes. Based on the analysis of these dispute types and causes, we present recommendations for improvement, which are connected to the theories of NPM. We complete the paper with a summary and the conclusions.

New Public Management Theory

Hood (1991) states that seven paradigms within NPM have evolved in the public sector. These paradigms include the professional management of the public sector, the explicit use of performance standards and measures, a greater emphasis on controlling output, a shift toward disaggregated units in the public sector, an increased focus on competition in the public sector, an emphasis on private sector management practices, and a stronger focus on discipline and efficient resource utilization.

Charbonneau (2012) also emphasizes that NPM focuses on efficiency, cost control, client service quality, and organizational flexibility. According to Charbonneau (2012), four NPM models can be applied in public administration. The first model is characterized by efficiency in public administration, where improvements are sought primarily through hierarchical control in day-to-day work processes. The second model introduces flexibility into the organizational structure, mainly through simplification and decentralization, and its control through contracts. The third model, emphasizing innovation, seeks to develop a culture of excellence in public administration. The fourth model, which emphasizes that the mission of public service highlights specific values in public administration, gives a more significant role to users in decision-making.

The government must deliver public services effectively to ensure more equitable prosperity for the population (Mary et al., 2017). The government can collaborate with others through JOC to manage geothermal resources (Government of the Republic of Indonesia 1981). This is part of the government's efforts to improve the management of geothermal resources in line with one of the NPM paradigms, professional sector management. The NPM theory is also used as one of the foundations in formulating improvement recommendations to minimize disputes over geothermal Non-Tax State Revenue.

Non-Tax State Revenue from Geothermal Energy - Existing Generation

According to Law Number 9 of 2018 concerning Non-Tax State Revenue, non-tax state revenue is a levy paid by individuals or organizations who directly or indirectly benefit from services or the utilization of resources and rights granted by the state by the laws and regulations and managed through the state budget revenue and expenditure mechanism outside of taxes and grants (Government of the Republic of Indonesia, 2018). Based on Presidential Decree No. 49 of 1991, the Government's share is defined as the mandatory payment made by geothermal companies to the state, amounting to 34% of the NOI. NOI or Taxable Income is the income received or obtained by the company in one tax year after deducting the expenses to earn, collect, and maintain that income. This 34% government share is applied as an income tax deposit (Government of the Republic of Indonesia 1992). Non-tax state revenue from geothermal business activities is obtained after deducting the government's share from tax obligations and other levies by the applicable provisions (Government of the Republic of Indonesia, 2022).

Non-Tax State Revenue management from existing geothermal generation is handled by the Minister of Finance through the Directorate General of Budget (Government of the Republic of Indonesia, 2014). Meanwhile, the management of Non-Tax State Revenue from geothermal generation with Geothermal Business Permits, including fixed contributions and production fees, is overseen by the Minister of Energy and Mineral Resources through the Directorate General of New, Renewable Energy, and Energy Conservation (Government of the Republic of Indonesia, 2012).

Deductible and Non-Deductible Expense

The deductible costs for calculating taxable income are regulated in Article 6 paragraph (1) of Law Number 7 of 1983 concerning Income Tax, which states: "The amount of taxable income is determined by gross income reduced by: (1) Costs to earn, collect, and maintain that income, including the cost of purchasing materials, wages, and employee salaries, including bonuses or gratuities, honorariums, interest, rent royalties, travel expenses, uncollectible receivables, insurance premiums, administrative costs, and taxes except for income tax. (2) The depreciation of the company's tangible assets and amortization of the cost of acquiring rights and other costs with more than one year of useful life. (3) Contributions to pension funds approved by the Minister of Finance. (4) Losses incurred due to the sale or transfer of goods and rights owned and used in the company or owned to earn, collect, and maintain income. (5) The remaining business results of cooperatives related to their business activities solely for and by members."

Furthermore, regarding non-deductible expenses for calculating taxable income, Article 9, paragraph (1) of Law Number 7 of 1983 concerning Income Tax states that seven items cannot be deducted

to determine taxable income. (1) Dividend payments or other profit distributions from companies or other entities to shareholders, partners, or members in any name or form, including the distribution of Remaining Business Results from cooperatives that are not a return of Remaining Business Results for services provided by members, dividends paid by insurance companies to policyholders, and expenses incurred for the benefit of shareholders, partners, or members. (2) The formation or replenishment of reserve funds, except in cases determined by government regulations. (3) Premiums for life, health, double-purpose, and student fee insurance, unless paid by the employer, are considered income for the taxpayer. (4) The granting of vacation travel, recreational, and other benefits intended for the taxpayer's employees, including using the company's motor vehicles and housing benefits, except for housing in remote areas as determined by the Minister of Finance. (5) Payments exceeding fairness as compensation for work performed, paid to shareholders or related parties. (6) Donated property, assistance, and inheritances, as referred to in Article 4, paragraph (3), letters a and b. (7) Income Tax."

This study discusses disputes about charging operational expenses for exploring and exploiting geothermal energy. The basis used by the tax auditor to determine deductible and non-deductible expenses for calculating taxable income for geothermal energy companies is Articles 6 and 9 of the Income Tax Law. In addition, derivative regulations related to Donations and Promotional Expenses that can be considered deductions from gross income are also used by the auditor to address disputes regarding the charging of operational expenses.

Joint Operation Contract (JOC)

The Joint Operation Contract (JOC) is a cooperation contract between Pertamina and geothermal contractors to grant geothermal resource management authority for a specified period (Government of the Republic of Indonesia 1981). Disputes between geothermal contractors and the government are generally related to the financial obligations of geothermal contractors, as outlined in the "Financial Obligations of the Contractor" article in the JOC. This article regulates the payments made by geothermal contractors to Pertamina Geothermal Energy (PGE). Disputes arising from this article concern the calculation of payments to PGE, which are deducted from the NOI before applying a 34% rate for the government's share, resulting in a lower amount remitted to the government. As stipulated in Presidential Decree Number 49 of 1991, the government's share is to be paid by geothermal contractors, amounting to 34% of the NOI. Additionally, geothermal contractors and the government have different opinions on financial definitions for tax calculations outlined in JOC's appendix. From 2013 to 2018, disputes often arose concerning the JOC's appendix, particularly in sections related to "Net Operating Income, Operating Expenses, and General and Administrative Expenses."

The JOC in this study is used as the regulatory basis for analyzing the root causes of geothermal Non-Tax State Revenue disputes. The provisions in the JOC utilized in this study are related to articles stating the authority of Pertamina and the Government to audit the Financial Statements of the JOC, which will be used to analyze the formal causes of disputes in this study. Additionally, provisions regarding "General and Administrative Expenses" and "Operating Expenses" will be used to analyze the material causes of disputes in this study.

METHOD, DATA, AND ANALYSIS

A case study approach is used in this research because it aligns with the research objective to understand why certain phenomena of disputes over geothermal non-tax state revenue occur and how to recommend minimizing them. The case study in this research falls under the category of problem diagnosis. This study analyzes the root causes of disputes over geothermal non-tax state revenue. After identifying the root causes, the next step is to explore ways and actions to minimize future disputes over geothermal non-tax state revenue.

This study adopted a qualitative approach using a qualitative approach, we gathered richer information from various documents and relevant informants. This resulted in a more comprehensive

understanding of issues and cases related to geothermal non-tax state revenue disputes. Data collection involved gathering data and documents related to geothermal non-tax state revenue disputes between 2013 and 2018. Data were also collected through interviews with the selected informants. While maintaining the quality of information collection through interviews and considering the time constraints of the informants, the interviews were conducted both face-to-face and via Zoom. The interviews were semi-structured and open, allowing the authors and informants to explore questions, answers, and opinions in depth (Creswell & Creswell, 2018). The interview questions were based on a literature review and analysis of document data, and they could be further developed during the interview sessions. The primary questions during the interviews focused on the causes and recommendations regarding formal disputes related to the non-tax state revenue management authority, material disputes on cost allocation, and other issues that lead to geothermal non-tax state revenue disputes.

The interviews were conducted in October and November of 2023. According to Table 1, there were 11 interviewees, including individuals directly involved in the disputes and others with relevant expertise in the subject matter of the disputes.

Table 1. List of Interviewees

No.	Parties	Amount	Justification
1.	Pertamina Geothermal Energy	1 person	Geothermal operations management.
2.	Directorate General of Budget	1 person	Institution managing geothermal non-tax state revenue for an existing generation.
3.	Objection Examiner, Directorate General of Budget	3 persons	Examiner of objections submitted by geothermal contractors.
4.	Directorate of Tax Regulations II, DGT	3 persons	Responsible for formulating tax policy and technical standards
5.	Bureau of Advocacy, Ministry of Finance	2 persons	Party involved in the appeal hearing at the Administrative Court
6.	Account Representative	1 person	Party that interacts directly with taxpayers in general

Source: Data processed by the author (2023)

We gather information from PGE, which the State has authorized to manage geothermal exploitation activities. The informants are expected to provide insights and perspectives from the standpoint of the contracting party with the Geothermal Contractor. Other informants come from DGB, a Government Institution responsible for issuing a geothermal notice of non-tax state revenue assessment. The informants are expected to provide insights and perspectives from the standpoint of the party issuing the disputed object and the party reviewing the objections raised by the Geothermal Contractor.

We also gather information from the Case Handler at the Advocacy Bureau of the Ministry of Finance. The informant is expected to provide insights and perspectives from the standpoint of the party directly involved in the hearings at the Administrative High Court. Another informant comes from the Directorate General of Taxes. Informants from the Directorate of Tax Regulations II, DGT, have extensive knowledge of the core of the dispute, namely the concept of deductible and non-deductible expenses in calculating Corporate Income Tax based on the Income Tax Law. We also gather information from informants from the Account Representative, Directorate General of Taxes, who has knowledge and experience building good relationships with taxpayers.

The research methods used in this study to analyze data include literature review, content analysis of geothermal non-tax state revenue dispute files, analysis of interview results, and triangulation. Data analysis began with a literature review of regulations, theories, and previous research on tax and geothermal non-tax state revenue disputes. The author also studied the geothermal contractor's JOC. The geothermal non-tax state revenue dispute is compiled as summaries of the arguments on the core of the dispute from each party involved, including the government and geothermal contractors and the judges' opinions who decided the appeal cases.

The next step in the analysis was to analyze interview data by transcribing the interview results. The data and information obtained from the interviewees were used to confirm the results of the previous

content analysis of the data and documents. The data and information obtained are expected to provide an understanding of the research problem. The final step in the analysis involves triangulating the content analysis results of data and documentation in dispute files, interview data analysis, and reviewing the literature and previous studies. The results of this triangulation can strengthen previous findings and provide new insights to answer research questions. The analysis process in this study was conducted iteratively, meaning it was repeated while continuously confirming the alignment between theory, data collection, data analysis, and the interpretation of the results of the data analysis.

RESULTS AND DISCUSSION

This section discusses the types and causes of disputes based on an analysis of geothermal non-tax state revenue dispute documents from 2013 to 2018. The literature categorized dispute types based on formal and material dispute types. The causes of disputes are categorized based on previous research on tax disputes in general. The analysis of recommendations is conducted to minimize the causes of disputes and is based on NPM Theory and relevant legal regulations.

Types of Geothermal Non-Tax State Revenue Disputes

We first performed a descriptive analysis of the geothermal non-tax state revenue dispute documents. The results of this analysis will be used to answer the first research question, "What are the types of disputes over geothermal non-tax state revenue?" The types of dispute are listed in Table 2. Formal disputes regarding the authority to manage geothermal non-tax state revenue consist of three main dispute categories and occurred 18 times during the 2013-2014 fiscal years. The second type is a material dispute regarding allocating costs in calculating geothermal non-tax state revenue. Material disputes consist of three main categories and occurred 91 times during the fiscal years 2013-2018.

Table 2. Primary Types of Disputes

No.	Types of Disputes	Main Dispute	Quantity
1.	Formal Dispute the Authority to Manage Geothermal Non-Tax State Revenue	Authority to collect geothermal non-tax state revenue	6
		Authority to audit geothermal non-tax state revenue	6
		Authority to issue a notice of geothermal non-tax state revenue assessment	6
2.	Material Disputes the Allocation of Costs for Gov. Share Calculation	Dispute the allocation of Pertamina Allowance	5
		Dispute the allocation of the Parent Company's Overhead	18
		Dispute the allocation of geothermal operational costs	68
			109

Source: Data processed by the author (2023)

Analysis of the Causes of Disputes According to the Types of Disputes

An analysis of the causes was conducted by comparing the arguments presented by the auditors with those presented by the geothermal contractors. The data and information obtained from the content analysis were then corroborated by interviews with various interviewees from parties involved in the geothermal non-tax state revenue disputes. The analysis results of the causes of these disputes are used to answer the first research question, "What are the causes of the geothermal non-tax state revenue disputes?"

Analysis of Formal Disputes Regarding the Authority to Manage Geothermal Non-Tax State Revenue

Disputes related to this authority arise when an appeal is filed against a geothermal notice of non-tax state revenue assessment on objections regarding geothermal non-tax state revenue at the

Administrative Court level. This type of dispute is related to the authority held by each party involved in the management of geothermal non-tax state revenue, including authority over the collection of geothermal non-tax state revenue, the examination of geothermal non-tax state revenue, and the issuance of geothermal notice of non-tax state revenue assessment.

Authority for the Collection and Levying of Geothermal Non-Tax State Revenue

The core of this type of dispute includes questions such as whether the Minister of Finance has the right to demand and collect outstanding geothermal non-tax state revenue, whether the Minister of Finance must appoint a Government Agency to demand and collect due geothermal non-tax state revenue by Article 6 of Law Number 20 of 1997 on non-tax state revenue, and to what extent the Minister of Finance's role in the management of geothermal non-tax state revenue. In essence, Article 6, paragraph (1), regulates the authority of the Minister of Finance to appoint a Government Agency authorized to demand and collect outstanding geothermal non-tax state revenue.

Even though the same legal basis is used, disputes still occur, indicating differences in opinions between the geothermal contractor and the government. These differences arise because the provisions related to Article 6, paragraph (1) of Law Number 20 of 1997 still do not clarify whether the Minister of Finance must appoint a Government Agency authorized to demand and collect outstanding non-tax state revenue. Thus, it can be concluded that unclear regulations caused this dispute. The analysis results were also in line with the interviewees' confirmation. Interviewees from the Directorate General of Budget stated the following:

"In my opinion, they misinterpreted it. The State Revenue Law is similar to tax; ideally, the Minister of Finance should collect it. However, authority is delegated to the ministries/agencies. If it is not delegated, it can be collected directly by the Minister of Finance. Since most non-tax state revenue is managed by ministries/agencies, it gives the impression to the geothermal contractor that it is a requirement for ministries/agencies to be the collector."

Furthermore, the Directorate General of Budget informant added the reasons for these differences in interpretation: *"The notes on this incident arose when a lawsuit was filed in court. This case pertains to the audit years 2013 and 2014, and at that time, they were using Law No. 20 of 1997; indeed, they misinterpreted it."*

This type of dispute is caused by differences in interpretation owing to unclear rules. The word "can" in Law No. 20 of 1997 on non-tax state revenue has been interpreted differently by the Geothermal Contractor and the Government.

Authority to Audit Geothermal Non-Tax State Revenue

In this type of dispute, there are two differences in opinions that lead to disputes. First, who has the authority to request an examination of compliance with government share from the Audit Agency? Second, in examining government share compliance, does the Minister of Finance or the Government Agency have the authority to verify the accuracy of the geothermal contractor's NOI calculation?

Regarding the first issue, the geothermal contractor and the Auditor agree that the Government Agency is the authorized party to request the Audit Agency to examine compliance with government share for geothermal contractors. This dispute arises due to the incomplete definition of the Government Agency in Law Number 20 of 1997, leading to interpretation differences. This indicated that unclear regulations caused the first issue.

The second issue is whether the Minister of Finance or the Government Agency has the authority to verify the accuracy of NOI calculations. The geothermal contractor relies on Article 5, paragraph (1) of Government Regulation Number 22 of 2005, which essentially states that applicable laws and regulations carry out inspections for compliance with government share. According to the geothermal contractor, this inspection is only for the accuracy of the calculation of government share at 34% of NOI and not for the accuracy of the NOI amount that forms the basis of the government share calculation.

According to the government, the authority for examining non-tax state revenue has already been regulated in the Government Regulation. The phrase “following applicable laws and regulations” means it is not limited to conformity with the 34% of NOI but also with the tax laws that specify which costs can and cannot be deducted in the calculation of taxable income. It can be concluded that the cause of the dispute in the second issue was a difference in interpretation between the government and the geothermal contractor.

The results of the analysis were also consistent with the interviewees’ confirmation. A Directorate General of Budget representative stated, “*Examination can be conducted upon the request of government institutions. They indeed misinterpreted the sentence in the old non-tax state revenue Law.*”

Differences in interpretation owing to unclear rules cause this dispute. Both the Non-Tax State Revenue Law and the Government Regulation related to this matter do not fully define the concept of a Government Agency. The lack of clarity in the rules regarding the definition of the Government Agency also leads to formal disputes over the authority to issue the geothermal notice of non-tax state revenue assessment.

Authority to Issue Notices of Geothermal Non-Tax State Revenue Assessment

The main issue revolves around whether the Minister of Finance has the authority to issue a geothermal notice of non-tax state revenue assessment underpayment and whether they have the authority to issue a geothermal notice of non-tax state revenue assessment in response to objections raised by the geothermal contractor.

Both parties agree that the Government Agency has the authority to issue the geothermal notice of non-tax state revenue assessment and the geothermal notice of non-tax state revenue assessment in response to objections. However, they disagree on the definition of a Government Agency. This type of dispute is similar to the dispute over the authority to examine non-tax state revenue, which was caused by the lack of a clear definition of the Government Agency in Law Number 20 of 1997 and Government Regulation Number 22 of 2005. This is also in line with the confirmation from Objection Examiner 1, who stated, “*Yes, it needs to be clarified regarding what one unit and another unit do in the field of revenue.*”

The results of this formal dispute study confirm those of previous studies that showed similar results, such as Budiyo and Yulianti (2022), Winarni, Dewi, and Riyanto (2023), and Amiruddin, Mus, Alam, & Waru (2022). This demonstrates that disputes over the formal authority to manage non-tax state revenue geothermal energy are similar to tax disputes in general; differences in interpretation, unclear rules, and incomplete understanding of the applicable regulations cause them.

Analysis of Material Disputes Regarding the Allocation of Costs for the Calculation of Government Share

Material disputes related to the allocation of costs for calculating the government’s share of geothermal non-tax state revenue. The essence of this type of dispute is related to whether the disputed costs can be charged and considered for calculating the government’s share.

Analysis of Pertamina Allowance (PA) Allocation Disputes

This dispute mainly concerns whether the Pertamina Allowance can be used as a deduction from the NOI in calculating the government’s share. Based on the analysis, the Auditor argues that the Pertamina Allowance, calculated as a percentage of 2.66% or 4% of the NOI, cannot be deducted for calculating the government’s share. This is because no provision in the JOC states that the Pertamina Allowance can reduce the NOI. Figure 1 illustrates the calculation scheme of Pertamina Allowance based on the Auditor’s argument. According to Figure 1, the auditor believes that Pertamina Allowance does not reduce the value of the government’s share remitted to the state.

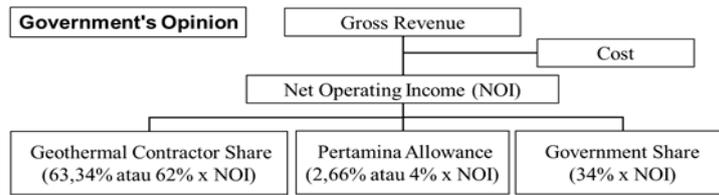


Figure 1: Calculation of Pertamina Allowance According to Auditors
 Source: JOC Geothermal Contractors 1 and 2, reprocessed by the Author

There are contrasting arguments regarding the geothermal contractor. In JOC Geothermal Contractor 1 and JOC Geothermal Contractor 2, it is clear that the Pertamina Allowance is calculated as a percentage of the NOI. According to the geothermal contractor, the amount of Pertamina Allowance can reduce the NOI to calculate the government's share. Based on Figure 2, according to the geothermal contractors, the Pertamina Allowance is calculated as a deduction from the first NOI. This deduction of NOI results in the second NOI, which becomes the basis for calculating government share. The Pertamina Allowance in JOC Geothermal Contractor 3 strengthened the geothermal contractor's argument. The JOC Geothermal Contractor 3 clause clearly states that the Pertamina Allowance can be deducted from the NOI. According to the geothermal contractors, treating the Pertamina Allowance in JOC Geothermal Contractor 3 can also be applied to JOC Geothermal Contractors 1 and 2.

The geothermal contractor and auditor have already agreed on treating Pertamina Allowance in JOC Geothermal Contractor 3. This is clearly stated in the Appendix of JOC Geothermal Contractor 3. However, for JOC Geothermal Contractors 1 and 2, the geothermal contractor and auditor still have different interpretations. This analysis also aligns with the results of interviews with the Directorate General of Budget informants, who stated: "The status of PA findings is still waiting for clarity from the government because the interpretation is different between the government and the businesses."

Upon further examination, if the cause of these differing interpretations is that the rules in the existing contracts do not specify whether Pertamina Allowance can be deducted from NOI to calculate government share, the Directorate General of Budget informant stated in the interview: "Regarding PA, it varies between contracts, and it is indeed unclear how it should be treated. Some cannot be deducted, while others can be deducted."

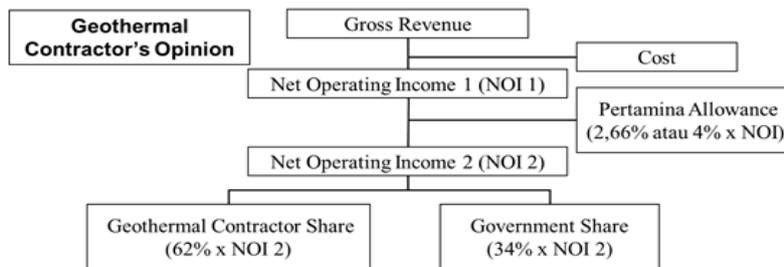


Figure 2: Calculation of Pertamina Allowance According to Geothermal Contractors
 Source: JOC Geothermal Contractors 1 and 2, reprocessed by the Author

The dispute over the allocation of Pertamina Allowance arises because of differences in interpretation caused by unclear rules. In the JOC contracts for Geothermal Contractors 1 and 2, it has not been stipulated that the Pertamina Allowance can be deducted from NOI to calculate government share. The following Material Dispute concerns the allocation of parent company overhead.

Analysis of Parent Company Overhead (PCO) Allocation Disputes

The main dispute of this type is related to whether PCO costs can be charged for calculating the government's share. Based on this analysis, it is known that this dispute occurred because:

Correction of PCO Costs Without Supporting Detailed Study and Allocation Method Evidence

This dispute arises because the auditor cannot obtain or be convinced of detailed study evidence and an approved method of PCO cost allocation by PGE. This indicates that the dispute regarding the allocation of PCO costs is due to the issue of proof. The results of this analysis are also consistent with the interviews conducted with the Directorate General of Budget source, who stated:

“PCO can be charged. The condition is that a methodology must be reviewed and approved by the PGE. From the auditor’s perspective consider the approval of the PCO a black-and-white document to determine whether the PCO can be audited. If it is not there, then all PCO costs cannot be charged.”

The dispute over the allocation of PCO due to the lack of a detailed study and PGE-approved allocation method is caused by an issue of proof. Supporting evidence for PCO allocation is related to the detailed study and PGE-approved allocation method and the supporting evidence of the connection between PCO and geothermal operational activities.

Correction of PCO Allocation Unrelated to Geothermal Operational Activities

This type of dispute occurs because of corrections made by the auditor regarding PCO costs allocated as operational expenses but not related to geothermal operational activities. There are two critical issues with this dispute. The first is whether the costs allocated to the PCO are related to geothermal activities. Second, the PCO costs that have received PGE approval for a detailed study and allocation method be charged, even if they are unrelated to geothermal operational activities?

Regarding the first issue, the relevance of costs that can be charged and deducted from income for calculating the government’s share is due to the problem of proof during the auditing process. Suppose the geothermal contractor can provide evidence that the allocated PCO costs are related to geothermal operational activities in Indonesia, and the Auditor can confirm this. PGE approved that by stating, *“Companies are allowed to have allocations, but please mention the detailed study and the conditions by the JOC. They can be charged if the company allocates PCO costs related to geothermal activities in Indonesia.”*

Furthermore, the second issue became a dispute because the auditor argued that the audit costs that could be deducted should be related to geothermal operations in Indonesia. The definition of NOI in the Presidential Decree and Minister of Finance Decree also refers to the Income Tax Law. However, the Contractor still refers to the JOC’s rules, which state that audit costs that have obtained approval through a detailed study and allocation methods by PGE can be charged for the calculation of government share. This indicates a difference in implementing rules regarding using PGE approval related to detailed studies and allocation methods. Based on the information obtained from a Directorate General of Budget informant, they mentioned a similar issue:

“It is still possible for the deduction to be rejected even if there is a detailed study because every expense should be related to geothermal operational activities. There is a difference in the interpretation of the use of a detailed study.”

Correction of PCO Cost Allocation Without Supporting Evidence

This dispute arises due to the auditor’s correction of costs allocated to operating expenses without sufficient supporting evidence. Based on this analysis, it can be concluded that the core issue of this PCO cost dispute is the lack of comparable cost data in the geothermal industry.

Correction of PCO Cost Allocation Exceeding the Maximum Limit

The correction of PCO costs exceeding the maximum limit is due to the correction of costs allocated to PCO expenses but exceeding the maximum limit set by PGE. Based on the analysis, it can be concluded that this type of dispute arises because of the disagreement between the geothermal contractor and

auditor regarding the maximum limit of PCO costs that can be allocated. This is consistent with the information provided by a Directorate General of Budget source, which states that:

“The maximum limit for PCO cost allocation, or PCO capping disputes still arise regarding 1.5% or 2% PCO capping despite approval. They have their calculations; however, only 1.5% were approved.”

The issues of proof, differing implementations, and disagreements between the geothermal contractor and auditor are the main causes of disputes regarding PCO allocation. The matter of evidence is also a cause of the substantive dispute.

Analysis of Operational Cost Allocation Disputes

The main issue of this type of dispute relates to whether the disputed expenses can be charged as a deduction from gross income for the calculation of the government’s share. Based on the analysis, a dispute arises due to corrections made by the auditor regarding operational expenses, including:

Correction of Operational Costs Not in Compliance with Income Tax Law Provisions

The auditor made corrections to expenses charged for geothermal operations expenses but did not comply with the provisions of the Income Tax Law. The corrections were made due to two main issues. First, it was related to correcting expenses unrelated to obtaining, collecting, and maintaining revenue (3M). Second, it was the correction of expenses that could not be deducted to determine taxable income by the Income Tax Law.

Correction of Operational Costs Because Not Related to 3M Activities

The dispute arose because the auditor corrected operating expenses unrelated to 3M activities. Both parties used different legal bases but discussed the same issue: the relevance of the costs charged to 3M activities. This difference of opinion indicates that the dispute over operating expenses unrelated to 3M activities is due to differing interpretations between the geothermal contractor and the auditor. This is similar to the information provided by a Directorate of Tax Regulations DGT source who stated, *“In practice, differences of opinion or interpretations with taxpayers often occur. Additionally, taxpayers have different interests.”*

Another cause of this dispute is the issue of proof. Based on the auditor’s argument, no concrete evidence supports the geothermal contractor’s claim that operational expenses are related to 3M activities. Therefore, it can be concluded that this dispute is also due to evidence. This aligns with the information provided by a source from the Directorate General of Budget, who stated: *“The issue of evidence is bound to arise. Auditing is the realm of evidence. It is necessary to determine what can or cannot be accepted. In meetings, apart from auditing, we always emphasize that this may not necessarily reduce the NOI.”*

Correction of Operational Costs that Should Not Be Deducted to Calculate Taxable Income

The dispute in this case arises because the auditor made corrections to expenses that could not be included in the operational expenses for the calculation of the government’s share. Three types of expenses were tested. First, the auditor corrected the Promotion Expenses charged by the geothermal contractor. Second, the auditor corrected the geothermal contractor’s Contribution Expenses. Third, the auditor corrected the personal expenses and employee benefits charged by the geothermal contractor.

Based on the analysis, the main issue is caused by differing interpretations between the parties regarding which expenses cannot be deducted to calculate the government’s share. These findings align with the information from interviews with Objection Examiner 2, who stated, *“There is a difference in interpretation regarding the expenses between the contract and the regulations. This highlights the need for clearer and more detailed regulations that define deductible and non-deductible expenses.”*

Correction of Operational Costs Related to Job Contract Issues

This type of dispute occurs due to corrections made by the auditor on expenses that have already been allocated to operating costs but involve issues related to the contract and its implementation. The employment contract is an agreement between the geothermal contractor and contractors regarding providing specific services or products. Based on this analysis, this type of dispute arises for various reasons, including:

Correction of Costs Because Not Regulated in the Job Contract

The auditor's argument regarding this operating cost dispute is that there is no evidence that cost allocation is specified in the agreed contract. One issue is the absence of price details in the contracts. The geothermal contractor disagrees with this and argues that the regulation of price details cannot be made at the contract level but at the "Service Order" level. Additionally, according to the geothermal contractor, the disputed cost is already covered by the information contained in the relevant work contract.

Correction of Costs Because No Counter-Performance

The argument presented by the auditor is that there is no evidence of counter-performance by the contractor. In this context, counter-performance can involve incurring costs without the contractor providing services or deriving benefits. It also includes payments for expert assistance when the consultant is not present at the job site. The geothermal contractor disagrees with this and argues that the expertise provided by the contractor is not limited to drilling activities but also includes other areas not covered in the drilling work contract. Regarding the presence of the expert at the job site, the expert was undergoing mandatory training in Jakarta on that date and, therefore, was not present at the job site.

Correction of Costs Because Not in Compliance with the Job Contract

The auditor's argument regarding this type of operational cost dispute is that the costs incurred do not comply with the terms in the agreed contract. Non-compliance with the contract can be due to various factors, including the allocation of work costs that do not align with the work contract, payments for work and expert services exceeding the duration specified in the contract, and tariff payments that do not match the contract terms. The geothermal contractor disagrees with this correction, arguing that the work performed adheres to the work contract and its agreed amendments and that the work details are included in another contract that the auditor has not considered. They further asserted that work delays were caused by weather conditions and social factors in the community rather than being a fault of the contractor.

Disputes over operational costs related to job contracts arise due to disagreements between the geothermal contractor and auditor regarding the issue of proof. The burden of proof is also the cause of other operational cost disputes, specifically those arising from auditor corrections due to inconsistencies with the Work Program and Budget (WP&B).

Correction of Operational Costs Not in Compliance with the WP&B

Disputes of this type occur because there are corrections made by the auditor regarding costs that have been incurred but do not align with the current year's WP&B. The primary cause of this dispute is proof. The evidence presented during the audit is not strong enough to convince the auditor that these costs can be allocated and calculated in determining the government's share. The interview with a source from the PGE also revealed a similar perspective:

"During the audit, the auditor examined the approval of the WP&B issued by the PGE. If there was no drilling activity during the planning phase, but it occurred in reality, the auditor should be provided with explanations and evidence that this has been established in the WP&B."

The primary cause of disputes in this category is proof. In addition to the issue of evidence, differences in interpretation also contribute to disputes regarding the allocation of operating costs.

Correction of the Taxation Costs

Disputes of this type occur because the auditor has made corrections to the Value-Added Tax (VAT) and Import Duty allocated as part of the operating costs for calculating the government's share. The auditor bases their argument on the Minister of Finance Decree No. 766 of 1992 rules, while the geothermal contractor relies on the provisions of Tax Law No. 7 of 1983. According to the Income Tax Law, the only tax cost that can be excluded from the calculation of taxable income is the income tax. However, based on Minister of Finance Decree No. 766 of 1992, tax costs that can be excluded from the calculation of taxable income or the government's Share of Production include VAT, Sales Tax on Luxury Goods, Land and Building Tax, Import Duty, Stamp Duty, and other levies.

This shows a difference in interpretation between the geothermal contractor and auditor regarding whether VAT can be deducted from the calculation of NOI. A Directorate of Tax Regulations DGT source mentioned: *"Yes, it goes back to the difference in interpretation. What is stated in the contract may be the main reason for the reimbursement of VAT and Land and Building Tax after being paid by the geothermal taxpayer. Why is this excluded here? Because it will be reimbursed and charged to the state, it is excluded from the calculation of NOI."*

The results of this study confirm previous studies that also came to the same conclusion, such as Budiyo & Yulianti (2022), Winarni, Dewi, and Riyanto (2023), Sari (2023), Ningtias (2022), and Yulianto (2022). This shows that material disputes regarding the allocation of costs for calculating the government's share are similar to general tax disputes caused by differences in interpretation, unclear regulations, different interpretations and implementations of regulations, proof issues, and disagreements between the taxpayer and auditor.

In addition to the causes of disputes based on content analysis and the interviews mentioned above, information is also conveyed by several sources. Additional information shows that material disputes over the allocation of costs for calculating the government's share occur due to differences in orientation. The government aims to maximize non-tax state revenue, whereas the geothermal contractor seeks to maximize profits by minimizing the non-tax state revenue paid to the state. One quote from an interview Directorate of Tax Regulations DGT: *"It cannot be denied that their interests also differ. Our goal is to collect state revenue and tap its potential to the maximum, which is certainly different from the taxpayers."*

Analysis of Recommendations to Minimize Geothermal Non-Tax State Revenue Disputes

An analysis of recommendations is conducted to address the second research objective: to analyze recommendations that can be proposed to minimize future geothermal non-tax state revenue disputes. This analysis is carried out based on the findings of the causes and interviews and is grounded in the theory of NPM to obtain comprehensive recommendations.

Analysis of Recommendations to Minimize Formal Dispute Types

The recommendations that can be proposed to minimize disputes regarding the formal authority of geothermal non-tax state revenue management are as follows:

For the Government

Formal disputes over the authority to manage geothermal non-tax state revenue occur because of differences in interpretation and unclear regulations. A comprehensive definition of government agencies and a clear division of authority between the Minister of Finance and the Ministry of Energy and Mineral Resources for managing geothermal non-tax state revenue can minimize such disputes in the future.

Disputes over authority occurred between 2013 and 2018. At the time of this study, the government had already issued updated regulations, including Law Number 9 of 2018, on non-tax state revenue. This new regulation provides clear guidance on the authority to manage geothermal non-tax state revenue and a more comprehensive definition of Government Agencies. This was confirmed by the interview with a source from Objection Examiner 3, who stated: *“Yes, it was indeed unclear in the old non-tax state revenue Law. The old non-tax state revenue Law is lengthy. The new regulation now clearly defines this authority.”*

This aligns with one of the doctrines in the NPM theory, “Professional Public Sector Management.” Professional means that in carrying out its tasks, the public sector must be active, clear, and accountable and have clear responsibility for each of its functions (Hood, 1991). Clear responsibilities and authority are needed to resolve issues related to disputes over the authority to manage geothermal Non-Tax State Revenue. This can be achieved partly through improvements to laws, government regulations, and ministerial regulations related to Non-Tax State Revenue.

For Geothermal Contractors

As mentioned, this formal dispute arises from differences in interpreting the authority to manage geothermal non-tax state revenue. Moreover, based on the decisions made by the Administrative High Court, it is evident that the government prevailed in these formal disputes over authority. Given these factors, the recommended course of action for geothermal contractors is to improve their understanding of the applicable laws and regulations. With new regulations in the field of non-tax state revenue at the time of this research, geothermal contractors are expected to have a comprehensive understanding of the rules, which can help minimize differences in interpretation and geothermal non-tax state revenue disputes.

Analysis of Recommendations to Minimize Material Dispute Types

Based on the conclusion of the analysis of the causes of material disputes and the information obtained from interviews with the sources, the following recommendations can be proposed to minimize material disputes of this kind:

For the Government

Issuing Government Regulations in the Geothermal Energy Sector

Material disputes regarding operating expenses often occur because of differences in the interpretation of which costs can and cannot be deducted for calculating government shares. Each party used different arguments and regulatory bases, highlighting the need for clear regulations on geothermal fields deductible and non-deductible operating expenses. Concerning this matter, sources from the Directorate General of Budget, PGE, and the Directorate General of Taxes have all expressed a similar sentiment: the necessity of a Government Regulation that defines which costs can and cannot be deducted to calculate the government share.

This is also one form of the application of the “Professional Management” doctrine in the New Public Management (NPM) theory. Clarity in public sector management is needed to enhance its efficiency (Hood, 1991). With clarity in the rules related to deductible and non-deductible expenses in the calculation of Government Share (SBP), it is expected to improve the efficiency of managing geothermal Non-Tax State Revenue and minimize future disputes over geothermal Non-Tax State Revenue.

Involving the Directorate General of Taxes in the Audit of Geothermal Non-Tax State Revenue

Based on the above analysis of the causes, most geothermal non-tax state revenue disputes occur because of differences in opinions on deductible and non-deductible expenses based on tax regulations.

To clarify these issues, involving the Directorate General of Taxes in geothermal non-tax state revenue examination. This aligns with the proposal made by Interviewee Directorate of Tax Regulations DGT:

“BPKP currently conducts compliance testing-related audits. In the future, the Directorate General of Taxes will be involved. With the inclusion of the Directorate General of Taxes, it is hoped that geothermal non-tax state revenue disputes can be minimized.”

In connection with this recommendation, Charbonneau (2012) states that one of the goals of the NPM theory is to seek improvements in work processes. Involving the Directorate General of Taxes in auditing the compliance of Government Share is expected to enhance the efficiency of the audit implementation.

Improved Communication with Geothermal contractors

Enhanced communication is needed to convey information, align perception, and raise awareness of the importance of geothermal non-tax state revenue to all parties involved. Improved communication is also expected to enhance good relationships and trust among parties, ultimately leading to voluntary compliance by geothermal contractors.

This is also in line with the information provided by a source from the Objection Examiner 3, who stated: *“In the future, there may be a need for socialization regarding geothermal regulations. We have never specifically invited geothermal entrepreneurs to discuss this.”*

Enhancing communication is a common theme, as emphasized by a source from the Account Representative DGT, who stated: *“Actually, it is similar; non-tax state revenue is similar to taxes. Instilling the understanding that taxes are essential, such as ‘Tax goes to school & campus,’ is an example. This can generate taxpayers’ awareness of voluntarily paying taxes.”*

This is also in line with the NPM model presented by Charbonneau (2012), which emphasizes that in the application of NPM, the public sector needs to give a more significant role to users in decision-making. This means that user feedback is used as a consideration in decision-making. Increased communication between is expected to minimize differences in understanding and implementation of rules, both from the government’s and the taxpayer’s perspectives. It is hoped that this will minimize disputes in the future.

For Geothermal Contractors

Amendment of Joint Operation Contracts

Material disputes are also caused by provisions in JOC contracts that are not harmonized among contractors. These amendments are necessary to provide legal certainty, both from the perspective of the geothermal contractor and the government, thus minimizing the potential for future disputes. This was also emphasized by a source from the Directorate General of Budget: *“I think disputes can arise because the contract does not specify what can or cannot be charged by entrepreneurs. There must be clear rules stating that.”*

This is in line with one of the characteristics of the NPM theory, which is flexibility. Charbonneau (2012) states flexibility in the contract should be balanced to improve management in the public sector. In relation to this, the JOC, which is a form of control over geothermal management in Indonesia, also requires flexibility. One form of this flexibility is the amendment of rules in the contract. Clarity in the contract rules is necessary, as an informant from DGB stated: *“Disputes can arise because the contract does not clearly regulate what can be charged or what cannot be charged by the contractor.”*

Improving Compliance of Document Administration with Applicable Regulations

The issue of proof was the dominant cause of material disputes. The burden of evidence relates to compliance with the contract, connection with 3M activities, and compliance with JOC. Improving the

alignment of documents with applicable regulations is necessary so geothermal contractors can provide supporting evidence by the provisions of the relevant legislation.

Improving compliance also in line with one of the approaches used in the NPM theory, as presented by Charbonneau (2012), which states that innovation and a culture of excellence are needed in public administration. With innovation and culture related to fulfilling obligations in accordance with applicable laws and regulations, it is expected to minimize disputes in the future.

CONCLUSION AND SUGGESTIONS

This study analyzes the types of disputes, their causes, and recommendations to minimize geothermal non-tax state revenue disputes. The results of this study indicate that types of geothermal non-tax state revenue disputes consist of formal disputes related to the authority to manage geothermal non-tax state revenue and material disputes regarding the allocation of costs to calculate the government's share. This study also reveals causes of disputes, ambiguities in regulations, differences in interpretation, variations in the implementation of rules, disagreements between geothermal contractors and auditors, evidentiary issues, incomplete understanding of applicable regulations, and differences in interests between geothermal contractors and the government as the primary causes of both formal and material geothermal non-tax state revenue disputes, both formal and material.

This study also aims to analyze recommendations to minimize the emergence of disputes over geothermal Non-Tax State Revenue in the future. Clear sentences in the regulations of geothermal Non-Tax State Revenue and improved communication between the government and geothermal contractors need to be proposed to minimize formal disputes. The issuance of Government Regulations in the geothermal sector regarding deductible and non-deductible expenses for calculating the Government's Share, involving the Directorate General of Taxes in the Government Share audit process, improving communication between both parties, amending JOC contracts, enhancing communication, and increase compliance between data administration and documents with applicable laws and regulations can be proposed to minimize material disputes.

This study provides both empirical and practical contributions. Empirically, it complements previous research indicating that disputes are caused by unclear regulations, differences in interpretation, evidentiary issues, understanding of applicable regulations, variations in the implementation of rules, disagreements between geothermal contractors and auditors, and differences in interests (Budiyono & Yulianti, 2022; Winarni et al., 2023; Amiruddin et al., 2022; Yulianto, 2022; Sari, 2023; Wahyudi et al., 2017).

This study contributes to policymakers and regulatory authorities in geothermal non-tax state revenue. This practical contribution is related to the recommendations proposed in this study. The recommendation for issuing regulations governing which costs can and cannot be deducted for calculating government share is expected to minimize geothermal non-tax state revenue disputes and enhance the legal certainty for geothermal utilize activities in the future. This study also recommend improving two-way communication between geothermal contractors and the government to enhance the understanding of each party and minimize future geothermal non-tax state revenue disputes.

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