

Revealing Tax Accounting Practices in Mamasa Regency, West Sulawesi Province, Indonesia

*NATALIA PARANOAN
Department of Accounting, Faculty of
Economics and Business,
Universitas Kristen Indonesia Paulus,
Makassar
INDONESIA

BEATRIX PUTRI DANDURU
Department of Accounting, Faculty of
Economics and Business,
Universitas Kristen Indonesia Paulus,
Makassar
INDONESIA

NUR ENY
Department of Accounting, Faculty of
Economics and Business,
Makassar State University
INDONESIA

JANAWATY
Department of Accounting, Faculty of
Economics and Business,
Universitas Kristen Indonesia Paulus,
Makassar
INDONESIA

*Corresponding author

Abstract: This study aimed to investigate tax accounting practices in Mamasa Regency, West Sulawesi Province, Indonesia. Qualitative method was used and in-depth interview was conducted with three informants selected as representatives of the focal issue. The results showed the historical evolution of tax in the region. Tax has been present since the era of Kings or Kingdom, and is manifested in the form of voluntary offerings as a tribute to King, a deity or divine representative. However, with the arrival of the Dutch colonizers in Indonesia, tax transformed into *sima ulu* or soul tax. This new model presented the community labor as taxable object, with the soul of the community serving as subject. During this period, the Dutch government incorporated tax as colonial domination and a means of perpetuating long-term power, and established regulations or sanctions to govern the collected tax.

Keywords: Accounting, Practices, Tax, *Sima Ulu*, Mamasa Regency

Received: March 17, 2023. Revised: November 14, 2023. Accepted: December 17, 2023. Published: February 28, 2024.

1. Introduction

Accounting practices are historically associated with the inception of human record-keeping, using materials such as stones, wood, and leaves in the social context of the period. The evolution in various regions has been shaped by changing environmental conditions. As expressed in [1] [2] [3], accounting is likened to a double-edged sword; on the one hand, accounting is shaped by its environment (socially constructed), and on the other hand, accounting can shape its environment (socially constructed). Furthermore, accounting as an environmental product is

intricately influenced by the dynamic interplay of social, economic, political, and legal factors. It serves as a comprehensive tool for capturing the past, present, and future aspects of societal existence [4]. The narrative of accounting is closely related to human life, including the stories of the past, present, and future. Accounting records, essentially raw materials for historians document numerous aspects of societal experiences over time [5].

The formulation of accounting practices is deeply rooted in values determined by factors such as the community culture, economic

structures, as well as political and social systems [6]. Accounting is expected to respond to information needs, reflecting local cultural nuances, current economic conditions, applicable laws, as well as the broader social and political landscape. The history of accounting is a continuum marked by constant change. Consequently, the system in use currently is intricately related to the social environment in which it operates. In instances where capitalism shapes the social environment influencing accounting practices, the values may mirror capitalist principles [7]. The development of accounting practices in a predominantly capitalist social environment may correlate with capitalist behavior. This is evident in the community, such as Mamasa under the Dutch colonization. The evolution of accounting practices in such environment may be related in the currents of capitalism, reflecting the prevailing social-economic conditions.

Accounting has a historical application dating back to ancient times, specifically in the context of tax payments. In Indonesia, tax was initially referenced as tributes, voluntary offerings imposed for the interests of the King, which gradually shifted toward benefiting the broader populace over time. The collection of tax in ancient times started as a voluntary contribution to the King, driven by the expanding responsibilities of the State that required substantial financial resources. As state tax grew, payments, initially voluntary, evolved into mandatory payments unilaterally determined by the State through legislation and enforceable by law. Tax has been a longstanding practice worldwide, spanning from ancient kingdoms to the modern era. In the early stages, tax collection was subject to abuse, with even distribution of tax burden. Abuses included the granting of special rights related to tax collection and the imposition on specific individuals or groups based on perceived merits to the State or the King.

In contemporary developed communities, including Indonesia and other countries, tax collection has experienced modernization. However, it is crucial to recognize that before the existence of developing communities, simpler, primitive groups, such as tribes and regional or hereditary units managed interests. The organization of these basic

communities was overseen and regulated by the community representatives, such as tribal chiefs and clan heads.

Studies have been extensively conducted on the history of accounting practices, both domestically and internationally. In an examination of the Singosari Kingdom, [8] showed that accounting played a crucial role in the hands of King Ken Arok, influencing legal information such as tax laws for the community. The history of Indonesian accounting, specifically the intersection with the community, politics, and economics, was also explored. Further investigations included a study on the establishment of accounting practices during the reign of King Udayana in Bali, which explored the historical dimensions across various aspects of the community lives. Accounting during the Dutch colonization period in the 17th century [9] adds to the understanding of Indonesia historical context. The examination of both past incidents and future challenges [10], as well as tracing the origin of double-entry bookkeeping, is a crucial aspect in the development of accounting profession [11]. Meanwhile, Prajnasari's research [12] examines taxes and local culture to reveal the challenges of tax consultants and reflect the nature of Gajah Mada to deal with the challenges. Research by Amendola's et al [13] examines tax policy in the Dominican Republic

Mamasa Regency is a mountainous area in West Sulawesi Province, situated about 340 km from Makassar City. The practice of tax accounting in Mamasa dates back to the Kingdom era, initially known for voluntary gifting of agricultural products (rice and bananas) and livestock (chickens, pigs, and buffalo) to the King as a sign of respect. However, voluntary contributions became mandatory with the Dutch colonization. Tax subsequently evolved into *sima ulu* (soul tax), where the community soul became the subject, and the community power became tax object. Despite extensive investigations on the history of accounting in Indonesia and internationally, there were constraints regarding the location and the focus of accounting history study. Therefore, this current study aimed to address the gap by investigating the history of Mamasa tax accounting practices during the Dutch colonization era.

2. Literature Review

2.1. The History of Tax Accounting in Indonesia in the Ancient Java Era

The practice of accounting in tax (*sima*) determination has noble values that are characterized by Indonesian culture in the ancient Javanese era. The award of land tax determination is an award by the King to a specific area to take care of his local taxes, whose purpose is religious activities. Tax recipients also have special rights and obligations that are not granted by other regions. The tax system was part of a method deliberately created by the central authorities to strengthen the kingdom's power. This inauguration is balanced with religious and social institutions. Various ceremonial rituals are carried out in determining *sima*, starting with distributing gifts, praying to the creator, and reading tax regulations containing mantras and agreements [14].

To strengthen the determination of regional taxes, a charter was written in an inscription by Citralekha. Recording all activities on tax determination by Citralekha was a form of transparency and accountability as an accountant. Accounting accountability is not only to the King and society but also to God. Giving gifts means that giving will lead to an increase in quality in this life and the next, life so that life will be even more blessed.

2.2. Ancient Mataram Period Era

Taxes were the largest source of income for the kingdom during the ancient Mataram era. The taxation mechanism of the ancient Mataram era was vertical, in which the King delegated his authority to tax officers, indicating multiple levels of power. Taxes originating from the people are collected by the *Rama* (village officials), the ruler of the *wanua* (village), and the taxes obtained are allocated by applicable regulations. The number of activities that are subject to tax and other accompanying regulations, for example, provisions regarding the criteria and amount of tax collection and the timing of tax collection for all types of taxes, shows that the King as the supreme ruler and his officials are nothing without his people. Through established taxation, it means that the real power lies in the protection of God [8].

Tax collection activities establish a social relationship between the government and taxpayers. Tax violation cases have occurred and have received direct handling from the King and supervision by government officials to resolve the case. Another case is when the community cannot pay taxes, but there is still an opportunity, namely by applying for tax exemption by determining the area as *sima*. The King realized that what the people needed was not invincible strength but humility, openness, and a willingness to carry out everything with a sincere heart and mutual trust.

3. Research Methods

3.1. Study Types

This study used qualitative method grounded in the philosophy of post-positivism, to examine the conditions of natural objects, with study experts serving as primary instrument for data collection. Methods such as triangulation, inductive or qualitative data analysis, and an emphasis on meaning rather than generalization were used. Qualitative method facilitated the description of existing phenomena, whether in natural or human engineering, focusing on characteristics, quality, and relationships between activities. In this context, descriptive understanding was not provided without intervening, manipulating, or altering variables under examination. The only treatment given was the study process, carried out through observation, interview, and documentation.

Qualitative method was specifically selected as this study explored the phenomenon of the historical formation of tax accounting practices in Mamasa community, Indonesia. The informants were individuals knowledgeable about past tax accounting practices in Mamasa, namely Deppagoga, a customary institution, Pampang and Andarias, who previously served as village heads.

3.2. Data Collection and Analysis Techniques

Researchers collect data by interacting with the community in various community activities at a particular time through in-depth interviews, observation, and documentation

studies. Researchers in the community being studied did not experience difficulties in fostering communication with the community, especially with informants. Researchers establish active communication where informant activities continue as they should.

Data analysis was carried out using the method of Miles and Huberman [15], namely: data reduction, namely conducting the selection process, focusing attention on simplification, abstracting, and transforming "rough" data emerging from written notes in the field by conducting interviews with the informant. The reduction process involves selecting which parts are coded, which are discarded, which patterns summarize the number of scattered sections, and what stories are developing.

Data display is done by collecting structured information, thus providing the possibility of taking action and drawing conclusions. Conclusion (verification) is drawing conclusions from the data that has been analyzed to answer the research question. The results to be obtained are then analyzed in - depth to reveal past accounting practices in Mamasa.

4. Result and Discussion

Interview was conducted with three informants as representatives of the object in this study. The first was Deppagoga, a 72-year-old member of the customary institution, Christian, and farmer residing in Kalakian Village. The second was Pampang, a 70-year-old village head, Christian, and farmer residing in Ponding Village. The third was Andarias, a 61-year-old village head, Christian, and Civil Servant residing in Lombok Village.

4.1. Tax History in Mamasa

Analysis showed Mamasa community was familiar with tax since ancient times, dating back to the reign of the Kings in kingdoms. Tax was in the form of offerings, representing the free and voluntary gifts presented to the King. These offerings served as symbols of admiration for rulers or leaders.

According to Deppagoga:

"At that time, the community made offerings to the king or leader as a tribute"

This not only signified an award but also a demonstration of respect for a higher status. According to Pampang, the community willingly contributed possessions:

"The community gives part of the agricultural and livestock products to the King or leader".

Public offerings included garden produce (rice, bananas, and other agricultural items) as well as livestock (chickens, dogs and other pets). These gifts were offered without government coercion, reflecting the sincerity of the contributors. According to Andarias:

"The king is a God who blesses agricultural and livestock crops".

This indicated that offerings were expressions of gratitude to the King, believed to be a representative of God. The nature of tax shifted from voluntary gifting to enforced levies when the Dutch entered Indonesia, specifically the Mamasa area, in 1616. According to Pampang:

"Tax was imposed when the Dutch colonized Indonesia. Properties were forcefully taken from deviants who were taken prisoner (exiled) to another area, becoming *sabua*' (slaves)".

The local government, under the Dutch control, inspected and seized public properties. Consequent resistance led to small battles against the invaders, which the Dutch government addressed by instituting tax collection rules. *Sima ulu* was paid during this period, tax imposed on the community soul. According to Andarias:

"At that time, tax paid was in the form of a human life or personal tax called *sima ulu*, based on the rules of the Dutch government, and specifically for the interests of the Dutch government".

Sima, payments by the community to the Dutch government, served the interests of the colonial power. *Sima ulu*, tax tied to human labor, was calculated based on age. While the payments were made in currency, the circulation of money was sluggish due to the high cost in ancient times.

According to Pampang:

"It used to be a small, but big and heavy currency. Due to cost, wage jobs were not paid in the form of money."

The currency used during the colonization period was penny, issued by the Dutch government.

According to Deppagoga:

1 *ringgit* is equal to 5 rupiahs,

1 rupiah is equal to 5 *suku*,

1 *suku* is equal to 5 *tali*,

1 *tali* equals 5 *katte*,

1 *katte* equals 5 *benggol*,

1 *Benggol* equals 5 *cents*,

1 cent is equal to 5 *rimin*".

Tax was essentially a colonial bridge, and tax collected was directed to the central government. According to Pampang:

"As a colonial bridge, *sima* is coercive and has fines. Tax collected was directly given to *cuang petoro* (central government)".

Failure to pay tax resulted in sanctions determined by the Dutch Government. Moreover, local government salaries were not monetary but in the form of working days.

According to Andarias:

"There were roles within the local government known as *allo kapala* (the leader of working days at the village) and *allo parengnge* (the leader of working days at customary institution)."

Local governments directly controlled by the central government determined working days for the community. Although termed mutual cooperation, this was essentially a form of colonization, instilling fear and obedience to the Dutch government. The division of working days was strategically designed to prevent demands for a salary from *petoro* or potential revolts against the Dutch government. Individuals were assigned tasks such as tilling the fields, tending gardens, and working at local government houses. This was to ensure workers did not return until completing the designated workdays. *Allo kapala* was assigned for a minimum of one week, while *allo parengnge* was allocated for three days. The

greater number of working days for *kapala* was attributed to the larger size of the government area.

According to Pampang:

"At that time, the community would take turns working, with each leader given a specific number of working days. For instance, head would have one week of work, while three days would be allotted at the *parengnge* level. The discrepancy in working days between *kapala* and *parengnge* was due to the difference in area size, with *parengnge* covering a more expansive region. The community working during these assigned days had to bring personal food".

In 1816, the Dutch East Indies government introduced *huristaks*, a form of land and building tax imposed on inlanders or bumiputera. *Ordonantie op de herziene incomstenbelasting* (income tax) was implemented in 1920, while *ordonantie op de vennootschapsbelasting* (corporate tax/corporate income tax) was applied in 1925.

4.2. Tax Collection System

Sima imposed on the community by the Dutch Government during the colonization period was not only collected but also followed a systematic process. According to Pampang:

"*Sima ulu* is drawn from the community through governmental instruments that the Dutch Government in the region has established. The flow of tax collection is shown below.

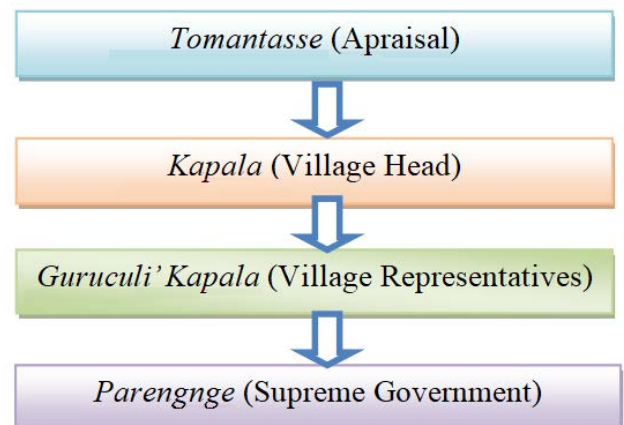


Figure 1. The Flow of Tax Collection

The amount to be collected was determined by *tomantasse*, (the estimator/appraisal), based on the community age, with data subsequently forwarded to the village head. *Kapala*, representing the government at the village level, issued orders to *guruculi'' kapala* to commence public tax collection. *Guruculi' kapala* served as assistant to the village head, executing all directives, and submitting the collected tax to *parengnge*. As a customary government position passed down from generations, *Parengnge* played a role equivalent to the leader of the customary institution. It compensated *guruculi'' kapala* and handed the collected tax to *guruculi' parengnge*, a representative of *parengnge*. *Guruculi' parengnge* cross-checked the *sima* against the notes from *tomantasse*, and subsequently submitted it to *Cuang Petoro*, representing the Dutch government at the regency level. Tax was collected annually, with sanctions imposed on outstanding payments exceeding one year.

4.3. Subjects and Tax Objects

Tax invariably included an object, serving as a source of income, and subject, an individual or entity identified as taxpayer. In Mamasa, the subject of *sima ulu* was the human soul or person, with the object being the strength or human labour.

According to Deppagoga:

"As the name *sima ulu*, what is subject to tax is a human soul or person through strength, which is determined based on age."

The object of *sima ulu* could be related to the community power (strength), determined by age. Subject exclusively referred to the person or the community soul, in contrast to the current situation where tax subject was property. In essence, land and building tax had not been applied, and the community was acquainted with life tax.

4.4. Tax Base

1. Age-based: *Sima ulu* was imposed based on age, specifically targeting individuals aged 20 to 60, an age range considered productive for work. The object of *sima ulu* was strength, focusing on actively productive individuals.

Conversely, those aged sixty (60) and above were exempted from *sima*, and considered unproductive based on physical strength.

According to Pampang :

"*Sima ulu* payers were aged 20 to 60 years and over. Individuals at age 20 were considered mature, productive, and having a family, while those at 60 of age were no longer productive".

2. Gender: Gender, in this context, refers to the physical condition of both male and female biology. During the era, only men were subjected to tax. According to Andarias: "Only men were responsible for *sima*, and considered more productive than women, who were responsible for household chores. This signified there was no equality between men and women".

Women, being unproductive and having lower rank than men, were exempted from tax and confined to household chores.

4.5. Tax Payment Level

The amount of *sima* was based on age level or group. The nominal payment was determined based on the following community age distribution:

1. Age 20 to 45 years:

This age group was classified as the strong power group, representing the most robust segment of the community and incurring the highest tax amount. Each community member of the group was expected to pay a sum of *two sapolo ringgi* or *2.5 ringgit*.

2. Age 46 to 60 years:

This age group comprised the elderly with diminished workforce capability and was imposed with 2 ringgit of *sima*.

3. Age 60 years and over:

This age group was exempted from *sima*, having entered old age, lacking available personnel, and unable to work.

4.6. Tax Sanctions

Sima payment was an obligation for subjected individuals, attracting fines on defiants. This measure was aimed at ensuring compliance

and obedience. *Sima* payments faced challenges, and sanctions were in the form of bute (interest) penalties. Tax was not always smooth under the Dutch government, further necessitating sanctions. According to Pampang:

"Even the dead are not exempted from *sima*, with the children mostly responsible for the payments in cases where no property is left. The Dutch government can also order the relatives to pay when there are no children. Defiance may attract penalties, such as selling off the assets or seizing the rice fields owned by the relatives."

Sima served as a tool of occupation, leaving no room for non-compliance. Deppagoga classified *sima* fines as follows:

1. One year of non-payment attracted a fine equal to $\frac{1}{4}$ of the deposit amount.
2. Two years of non-payment led to a fine of $\frac{1}{2}$ of the deposit amount.
3. An auction would be conducted after three years of non-payment.

Guruculi' kapala or tax collectors confiscated one of the assets with a selling value exceeding the outstanding amount of tax. The confiscated property could be auctioned, with the proceeds used for settling *sima*. Any surplus from the payment was expected to be reverted to the government.

5. Conclusions

Accounting practices that occurred in the Mamasa community can be seen in transactions or events related to the economic, social, and political life of the Mamasa community during the Dutch colonialism era. Tax accounting knowledge in the Mamasa community emerged from the implementation of the Dutch colonialism system, and accounting played an essential role in prices, costs, and profits. The understanding of accounting knowledge in the Mamasa community was closely related to social problems related to private land, which required a lot of labor and caused a lot of exploitation beyond humanity.

Taxes have existed since the time of the kings or days. The Kingdom gives voluntary offerings as a tribute to a king who is considered a God or representative of God. The offerings given are agricultural and livestock products. However, when the Dutch entered Indonesia, the tax that was given voluntarily became an imposition. Property that the Dutch government wanted would be taken, and when refused, the person would be taken prisoner or sold to another area. When the people realized this, they fought back, so the Dutch government made tax regulations to overcome this. Taxes that must be paid are *sima ulu*, namely taxes whose subject is the human soul or person and the object of which is human labor or strength.

Tax accountability was evident from the socio-cultural aspects observed between the government and the community concerning the tax mechanism. That can be seen from the tax collection mechanism by regional officials until it is submitted to the top level. Local governments carry out the accountability and recording of data on tax payments from the people to the government from the village level to the district level and up to the main level. The tax collection is within a one period. If it is late or does not pay the tax within one (1) period, a fine will be imposed. The tax penalty provided is the interest calculated from the amount of tax that should be paid.

Dutch colonialism became the trigger that shaped the behavior and culture of the Mamasa people in their social lives and played a role in shaping the foundation of the accounting practice of the Mamasa community during the Dutch colonialism era. The capacity possessed by Dutch colonialism had a significant influence on the tax collection carried out in the Mamasa community at that time.

References

- [1] Paranoan, N., Peleng, P.R., Tandirerung, C.J., & Tandungan, E.S. 2018. Disclosing Professionalism Behavior of Internal Auditor in Preventing Fraud by Using The Local Culture Wisdom "Longko". *Proceeding ICOI (International Conference of Organizational Innovation)*, Fukuoka University, Japan.

- [2] Budiasih, I. G. A. N. 2016. Social and Environment Accounting Practices at the Time of the Ancient Bali. *Procedia Social and Behavioral Sciences*, 219, 145–151.
- [3] Walker, S. P. 2016. Revisiting the Roles of Accounting in Society. *Accounting, Organizations and Society*, 49, 41-50.
- [4] Anderson, M. 2017. Accounting History Publications 2016. *Accounting History Review*, 27(3), 279-286.
- [5] Paranoan, N., Peleng, P.R., Tandirerung, C.J., & Tandungan, E.S. 2019. Fraud Prevention in Bourdieu Thoughts. *Journal of Critical Reviews* 6 (5), 46-50.
- [6] Paranoan, N. 2021. Revealing The Meaning of Price on Dead Statues In Toraja Culture South Sulawesi, Indonesia. *WSEAS Trans Business and Economics*. 18 (94).
- [7] Badua, F., & Racca, J. C. 2017. Pacioli, Profit, and Positivism: How Inherited Professional and Academic Traditions Have Stymied Accounting Scholarship. *Accounting Historians Journal*, 44(2), 99-108.
- [8] Lutfillah, N. Q., & Sukoharsono, E. G. 2014. Historiografi Akuntansi Indonesia Masa Mataram Kuno (Abad VII-XI Masehi). *Jurnal Akuntansi Multiparadigma*, 4(1), 75-84.
- [9] Hing, L. 2017. Indonesian and Malaysian History from Dutch Sources: Reconstructing the Straits of Malacca's Past. *SEJARAH: Journal of the Department of History*, 4(4), 21-36.
- [10] Haka, S. F. 2016. Commentary: Looking Back at Accounting's Genesis and Looking Forward at Our Challenges. *Journal of Management Accounting Research*, 28(3), 55-61.
- [11] Sangster, A. 2016. The Genesis of Double Entry Bookkeeping. *The Accounting Review*, 91(1), 299-315.
- [12] Prajnasari, P.R. 2020. Merefleksikan Sifat Gajah Mada Dalam Diri Konsultan Pajak [Reflecting the Gajah Mada Character in Tax Consultants]. *Jurnal Akuntansi Multiparadigma*, 11 (3).
- [13] Amendola, A., Boccia, M., Mele, G., Sensini, L. 2021. Tax policy and firms' financing decisions: empirical evidence from the Dominican Republic. *WSEAS Trans Business and Economics*. Vol 18.
- [14] Lutfillah, N. Q. 2014. Akuntansi dalam Penetapan Sīma Masa Jawa Kuno [Accounting in Sma Determination of Ancient Javanese Period]. *Jurnal Akuntansi Multiparadigma*, 5(2), 262-272.
- [15] Creswell, J.W & Creswell, J.D. 2018. *Research Design; Qualitative, Quantitative, & Mixed Methods Approaches*. Fifth Edition. Sage Publication London.

Contribution of Individual Authors to the Creation of a Scientific Article (Ghostwriting Policy)

The authors equally contributed in the present research, at all stages from the formulation of the problem to the final findings and solution.

Sources of Funding for Research Presented in a Scientific Article or Scientific Article Itself

No funding was received for conducting this study.

Conflict of Interest

The authors have no conflicts of interest to declare that are relevant to the content of this article.

Creative Commons Attribution License 4.0 (Attribution 4.0 International, CC BY 4.0)

This article is published under the terms of the Creative Commons Attribution License 4.0

https://creativecommons.org/licenses/by/4.0/deed.en_US