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Institutional Challenges and Continuous Pending on Levying Excise on the Use of Plastics in Indonesia

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ABSTRAK

Sebagai respon terhadap permasalahan sampah plastik yang semakin meningkat, pemerintah Indonesia telah memperkenalkan berbagai inisiatif untuk mengurangi penggunaan plastik, namun inisiatif tersebut belum berhasil mengubah perilaku masyarakat secara signifikan. Strategi yang lebih berdampak dengan penerapan disinsentif dengan membebankan biaya tambahan pada penggunaan plastik, efektif meningkatkan biayanya. Penelitian ini bertujuan untuk membahas urgensi cukai plastik dalam mengatur perilaku warga negara Indonesia dan mengeksplorasi metode yang tepat bagi pemerintah untuk merumuskan kebijakan cukai tersebut. Penelitian ini menggunakan metode penelitian kualitatif, dengan teknik pengumpulan data wawancara mendalam dan tinjauan literatur. Temuan penelitian menunjukkan bahwa kerusakan lingkungan yang disebabkan oleh limbah plastik sejatinya mampu mengklasifikasikan plastik sebagai barang kena cukai yang memerlukan kontrol regulasi atas konsumsinya karena efek negatif terhadap masyarakat dan ekologi. Temuan penelitian ini berfungsi sebagai dasar bagi pemerintah untuk mempertimbangkan pengenaan cukai plastik. Tantangan pengenaan cukai terletak pada perlunya identifikasi jenis plastik spesifik yang akan dikenai pajak, memerlukan koordinasi dan dialog yang terkordinasi dan berkelanjutan dengan Kementerian dan Lembaga terkait. Hal ini penting untuk mendapatkan persetujuan dari Dewan Perwakilan Rakyat dan untuk mengatasi kompleksitas dalam perumusan kebijakan, mengingat bahwa adanya ketentuan terkait pungutan negara harus dengan persetujuan parlement. Solusi yang memungkinkan dalam mengatasi tantangan ini adalah menyelaraskan jenis plastik barang kena cukai dengan yang diuraikan dalam peraturan yang ada dari Peta Jalan Pengurangan Sampah oleh Produsen serta memastikan adanya konsistensi dan keselarasan regulasi.

***Kata kunci*:** cukai, pajak atas plastik, barang kena pajak, kebijakan pajak, pajak atas konsumsi

ABSTRACT

In response to the mounting plastic waste issue, the Indonesian government has introduced various measures aimed at curbing plastic usage, but these initiatives have fallen short in altering public behavior. A more impactful strategy would involve implementing a disincentive by levying additional fees on plastic use, effectively increasing its cost. Discussions on a plastic excise were initiated between the Indonesian government and the House of Representatives but have since stalled. This study aims to higlight the necessity of a plastic excise in regulating the behavior of Indonesian citizens and explores the appropriate methods for the government to formulate such an excise policy. A qualitative research method was employed, utilizing thorough interviews and extensive literature review. Findings suggest that the environmental damage inflicted by plastic waste justifies its classification as taxable goods, warranting regulatory control over its consumption due to the adverse effects on society and ecology. These findings serve as the foundation for the government to consider a plastic excise. The challenge lies in identifying the specific plastic types to be taxed, necessitating renewed coordination and dialogue with the pertinent Ministries and Agencies within the Inter-Ministerial Committee. This is essential to gain the Indonesian House of Representatives' approval and to address the complexities in policy formulation, considering that state levies shall be approved by the parliement. A possible solution to this challenge is to synchronize the taxable goods' plastic types with those outlined in the existing regulations of the Waste Reduction Roadmap by Producers, ensuring consistency and regulatory alignment.

***Keywords*:** excise, plastic tax, taxable goods, tax policy, tax on consumption

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1. INTRODUCTION

The determination of policies accompanied by serious supervision regarding the state levy on the use of plastic continues to be postponed in Indonesia. Meanwhile, plastic usage is increasing, not balanced with the management of plastic waste (Geyer, Jambeck, & Law, 2017). Certainly, plastic usage is an essential part of daily life and greatly facilitates humans. Plastics are used in transportation, telecommunications, clothing, footwear, and as packaging materials that facilitate the distribution of various foods, drinks, and other items (Gabrys, Hawkins, & Michael, 2013). The benefits of plastic, including its longevity, adaptability, and affordable cost, have established it as a preferred material (Heidbreder, Bablok, Drews, & Menzel, 2019), especially regarding packaging (Geyer et al., 2017). The advantages of these plastic materials make human consumption and dependence on plastics high. Geyer et al. (2017) estimate that from 1950 to 2017, as much as 8.3 billion metric tons (MT) of pure plastic have been produced globally, producing 6.3 billion metric tons (MT) of plastic waste by 2015. High consumption and production of plastic, not in line with waste management, results in environmental pollution.

Regarding waste management, citing Geyer et al. (2017), plastics end up in three parts after use. First, they are recycled or reprocessed into secondary materials. However, because recycling is challenging to produce primary plastic materials, reprocessing is done by contamination and mixing polymer materials to produce secondary plastic materials. Second, plastic is thermally destroyed. Almost all thermal destruction uses burning with or without energy recovery. The environmental and health impacts of waste incineration depend on emission control technology, incinerator design, and operation. Burning will produce exhaust gases containing dioxins and furans, which are harmful to human health (Tong & Duong, 2021). Third, plastics end up in final waste disposal sites or are left uncontained in open waste disposal or the environment.

Research in China and Botswana states that potential damage caused by piled-up plastic waste affects not only the city's appearance but also plastic waste mixed with soil affecting plants in assimilating nutrients and reducing agricultural productivity (Mogomotsi, Mogomotsi, & Phonchi, 2019; Zhu, 2011). Borrelle et al. (2020) estimate that in 2016 there were 19 to 23 million metric tons or about 11% of plastic waste produced globally entered water ecosystems, including rivers, lakes, and oceans. Plastic waste not managed well that is in uncontrolled waste disposal enters the sea through drainage channels, carried by wind or water currents (Jambeck et al., 2015).

Borrelle et al. (2020) state that as plastic production surges, not in line with the surge in waste due to plastic usage, multiscalar commitments emerge with the goal of reducing plastic emissions to the environment. For example, the United Nations Environment Assembly (UNEA) "Resolutions Marine Litter and Microplastics", United Nations Environment Assembly (UNEA) "Addressing single-use plastic products pollution", United Nations Sustainable Development Goals "Goal 14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, especially from land-based activities, including marine debris", US Department of State "Our Ocean Conference", European Union Strategy "European Green Deal", G7 "Ocean Plastic Charter". However, all the commitments made to date do not have a quantitative model linking them to measurable plastic emission reductions. According to Ritch et al. (2009), various international organizations have introduced various initiatives (especially in the form of laws or levies) to change consumer behavior in connection with the use of plastic bags. These initiatives arose mainly because they were driven by the suspected impact of plastic bags harming the environment.

Botswana's efforts to address plastic waste problems include banning the production and import of plastic bags less than 24 microns thick and imposing levies on plastic bags. In addition to bans and levies on plastic bags, the Botswana government issued a policy requiring plastic bags to be sold, not distributed for free, with the aim of reducing consumption and/or demand for plastic bags (Mogomotsi et al., 2019). City and state governments in the United States, among others, banned plastic wrapping in 1989, also ran extensive recycling programs, banned plastic bags, taxed plastic bags, subsidized reusable bags, and public education campaigns (Li & Zhao, 2017).

Based on research conducted by Jambeck et al., (2015), it was found that in 2010, out of 192 countries studied, Indonesia ranked second after China among the top 20 countries with poorly managed plastic waste. The term "poorly managed plastic waste" in this study refers to the amount of inadequately handled plastic waste plus 2% of plastic waste that is carelessly discarded. According to the data from the study, in 2010, Indonesia produced 3.22 million metric tons (MT) of plastic waste per year, equivalent to 0.52 kg of plastic waste per person per day. It is also estimated that Indonesia releases 0.48-1.29 million metric tons (MT) of plastic waste into the sea each year. By 2025, it is projected that Indonesia will produce 7.42 million metric tons (MT) of poorly managed plastic waste.

In a study by Assuyuti et al. (2018) in the Thousand Islands, Jakarta, Indonesia, it was stated that the most marine debris was found on Panggang Island and Pramuka Island, especially plastic waste. This might be due to the distribution of plastic waste carried by water currents and human activity on both islands, as they are residential and tourist areas. The negative impact of marine debris found in this study is the disruption of the photosynthesis process of coral reefs, and plastic waste becoming food for fish and coral reefs. In a 2018 report from Merdeka.com, a

dead whale was found in Wakatobi with its stomach filled with 5.9 kg of waste. Of the waste found in the whale's stomach, plastic waste was the most, weighing 4.7 kg, consisting of various types of plastic waste including plastic cups, hard plastics, plastic bottles, plastic bags, and raffia ropes (Harahap, 2018). In a study by Purwiyanto et al. (2022), atmospheric microplastics floating in Jakarta's air were discovered. From this data and research, it is known that plastic pollution not only occurs on land and in waters but now also poses a risk in the air.

The Indonesian government has started efforts to reduce plastic use. However, the policy choices made are not sustainable. In 2016, the Ministry of Environment and Forestry issued a paid plastic bag policy, which imposed a fee of Rp. 200/sheet for plastic bags. This policy was made in the form of a Circular Letter from the Directorate General (Ditjen) of Waste, Toxic Waste, and Hazardous Materials Management, Number S.1230/PSLB3-PS/2016 regarding the Price and Mechanism of Implementing Paid Plastic Bags, in response to the mandate of Law Number 18 of 2008 on Waste Management. This policy was tested in modern shopping centers, supermarkets, and minimarkets in 22 cities in Indonesia for about 3 months. From the trial results, according to Ekawati (2016), there was a reduction in plastic bag use by 25-30%, and retailers experienced a reduction in operational costs because previously the retailers bore the cost of the plastic bags, but during the trial, the cost was borne by the buyers. According to Panjaitan (2019), this policy was not continued because it was considered not to have strong legal force since it was merely a Circular Letter from the Directorate General (Ditjen) of Waste, Toxic Waste, and Hazardous Materials Management. Based on this policy, it is also known that the proceeds from the sale of plastic bags do not become state or regional income but belong to retail/modern store entrepreneurs, which will then be used for campaigns, socialization, and environmental incentives, but without government supervision.

In 2016, the government, through the Ministry of Finance, proposed to the DPR (House of Representatives) to control plastic consumption by imposing an excise mechanism. The excise was levied on plastic products with the intention of reducing plastic consumption in the community, thereby minimizing the pollution and environmental damage it causes. The initial proposal from the government, in this case the Ministry of Finance, was to impose excise on plastic packaging containing drinks (plastic bottles). However, based on input from various parties stating that plastic packaging containing drinks (plastic bottles) still has a high economic value with a high recycle rate, resulting in relatively less waste compared to plastic bags, the excise proposal then shifted towards plastic bags. The concept of imposing excise on plastic bags is similar to the paid plastic bag policy previously tested by the Ministry of Environment and Forestry. The difference is, when using the excise mechanism, the collection is carried out upstream (by manufacturers or importers), with the government as the collector. This means the revenue from the excise will go to the state treasury and can be used for the intended purpose of the excise, based on strong legal grounds, as it will be issued in the form of a Government Regulation (Suryantini, 2021).

Although the DPR (House of Representatives) has approved the imposition of excise on a broader range of plastic products than proposed by the Ministry of Finance (imposing excise on plastic bags) and has been included in the National Budget (APBN) target since 2017, the policy proposal has not yet been implemented. Based on the described background of the problem, this study aims to provoke the necessity of a plastic excise in regulating the behavior of Indonesian citizens and explore the appropriate methods for the government to formulate such an excise policy.

2. METHODS

In this research, the data collection techniques used involve field studies and literature studies. Field study data collection in this research is carried out by conducting structured in-depth interviews with key informants. The researcher listed several questions to be discussed with the informants. In-depth interviews are conducted to extract information and perspectives from informants from various stakeholders related to the research topic. The selected informants are such as the representative of Fiscal Policy Agency, Directorate General of Customs and Excise, Directorate General of Chemical Industry, Pharmacy and Textiles, Directorate General of Waste Management, Toxic and Hazardous Materials, Olefin and Plastic Aromatic Industry Association (INAPLAS), and taxation practitioners. Whereas, the secondary data collection was undertaken through literature study related to this research with existing literature and digging secondary data collection published by institutions which their interest are closely related to this study. Data obtained from literature studies are sourced from books, theses, scientific works, journal articles, electronic media, laws and regulations, and other literature sources.

A qualitative approach is used by the author in this study. Research with a qualitative approach employs methods and procedures to explore and understand the meaning of a particular issue (Creswell, 2014). The qualitative approach is utilized in this study because its objective is to understand the fundamental considerations of the government in proposing a tax imposition policy on plastic, various responses from the community and stakeholders, and to analyze policy formulation in drafting a tax imposition policy on plastic in Indonesia. Theories in the qualitative approach are not used for testing or verification but serve as a foundational framework in analyzing the collected data. The qualitative research analysis was conducted to form categories of finding and to explore

the meaning of each of categories, then finally to present the answer to the intended research objectives.

From the perspective of its objective, this study is descriptive. The primary purpose of descriptive research is to depict phenomena using words or numbers and to present an overview or outline of steps to answer questions such as who, when, where, and how (Neuman, 2014). This study aims to present a depiction of the fundamental considerations of the government in proposing an excise imposition policy on plastic in Indonesia and illustrates the policy formulation process in drafting such a policy.

3. RESULT AND DISCUSSION

3.1. Policy Formulation on Leving Tax on Goods Causing Negative Externalities

Despite receiving approval from the DPR (House of Representatives) and being slated for discussion within the State Budget (APBN) since 2017, the implementation of the proposed policy has yet to be finalized. In analyzing this policy, the researcher draws upon the concept of public policy as a framework. Goodin (2021) and (Cochran & Malone, 2014) suggest that policy entails specific actions aimed at achieving objectives, necessitating thorough analysis and strategic understanding to transform innovative ideas into tangible solutions. Dye (2013) defines public policy as the government's active choice to act or not act on a given issue, highlighting that such policies are government initiatives, distinct from the private sector's actions, and are focused on addressing public issues and achieving goals. Anderson (2003) characterizes public issues as conditions affecting many people with wide-reaching implications, often too complex for individual resolution, and thus warranting governmental intervention.

The idea that policymaking can be considered a series of steps in a systematic decision-making process (Howlett & Giest, 2012). This series of steps or stages is then known as the policy cycle. The policy cycle is used to describe the chronology of a policy process from formulation to evaluation. The stages in the policy cycle, according to Jann and Wegrich (2007), are as follows: (1) agenda setting, which is the introduction and selection of problems; (2) policy formulation and decision-making; (3) policy implementation; (4) evaluation and termination.

Policy formulation involves the process of identifying and/or compiling a series of policy alternatives to address a problem and narrowing down these alternatives to prepare for the final policy decision (Sidney, 2017). Policymakers may be faced with several competing choices to tackle a particular issue, or they may need to grapple with crafting their alternatives (Anderson, 2003). Policy formulation employs policy design and policy tools. Policy design aims to enhance the process of designing policy alternatives, thus resulting in more effective and successful policies (Sidney, 2017). Fundamental design elements include the objectives or problems to be solved, target populations, benefits or burdens to be distributed, and the linkage mechanisms of the tools, the underlying reasons, assumptions, implementation structures, and social constructions (targets, objectives, and other elements) as pointed out by Schneider and Ingram (1997) in Schneider (2013). Policy tools are methods identifiable through structured collective actions to tackle public issues (Salamon, 2002 in Sidney, 2017). According to Salamon (2002 in Sidney, 2017), when selecting policy tools, the focus isn't solely on the most efficient way to solve a particular public problem; policy tools require a unique set of management skills and knowledge.

In the formulation of state levies, there are various choices of direct and indirect tax instruments. Direct tax, quoting Mill (2004, 223), is *one demanded from the very persons who it's intended or desired should pay it. Indirect taxes are those which are demanded from one person in the expectation and intention that he shall indemnify himself at the expense of another, such as excise or customs.* According to Cnossen (1977), an excise tax is imposed on certain goods, services, and activities (selective taxes on goods and services).

Excise taxes have characteristics that differentiate them from other types of taxes, including: selectivity in coverage, discrimination in intent, and some quantitative measurement in determining tax liability (Cnossen, 1977). Here's an explanation of these characteristics:

a) Selectivity in coverage; excise taxes are not imposed on all goods and services, only on certain goods and services (selectivity in coverage). Although excise taxes and sales taxes are indirect consumption taxes, they have different characteristics. Excise taxes have the characteristic of selectivity in coverage, while sales taxes have a general characteristic, where their objects cover all goods and services.
b) Discrimination in intent; the collection of excise taxes is designed not solely for state revenue sources but is often used for other purposes or specific objectives set by the state. As stated by Cnossen (1977, 8): "They are not normally designed solely for revenue purposes, but are often also justified on other grounds, or viewed as serving a special purpose. This contrasts with sales taxes which have mostly been introduced to meet general revenue needs, and are, therefore, 'general' in intent if not in effect."
c) Quantitative measurement; quantitative oversight is a characteristic that distinguishes excise taxes from other types of taxes; The collection of excise taxes generally impacts the use of physical control or measurement by tax authorities to determine tax obligations and ensure compliance with regulations.

3.2. Policy Description Related to Non-State Levy Waste Management

According to the National Waste Management Information System by the Ministry of Environment and Forestry, household waste, primarily composed of food scraps and plastics, is the largest waste contributor. Currently, Indonesia's waste management predominantly follows an end-of-pipe strategy, focusing on collection, transportation, and dumping at landfills, with 68% of waste ending up in landfills, 9% composted, 6% recycled, 5% openly burned, 7% unmanaged, and the rest categorized as other (Environmental Statistics of Indonesia, 2017). This method results in mixed waste, complicating plastic management as it becomes entangled with organic waste and other materials. To overhaul this system, Law No. 18 of 2008 on Waste Management was introduced, advocating for an integrated and comprehensive waste management system spanning from waste production to its final disposal. This law promotes waste reduction through minimizing, reusing, and recycling, as well as improving waste handling by sorting, collecting, transporting, processing, and adequately disposing of waste to safeguard the environment.

In order to implement the provisions of Article 15 of Law No. 18 of 2008 and Article 15 paragraph (2) of Government Regulation No. 81 of 2012, the Minister of Environment and Forestry Regulation No. P.75/MENLHK/SETJEN/KUM.1/10/2019 on the Roadmap for Waste Reduction by Producers was established. This policy outlines the roadmap for waste reduction by producers for the period 2020-2029, with a target to reduce waste by producers by 30% of the total accumulated waste by 2029. The producers referred to here are business actors in the fields of manufacturing, food and beverage services, and retail. Waste reduction is carried out on products, product packaging, and/or containers that are difficult to break down by natural processes, which cannot be recycled and/or reused, such as plastics, aluminum cans, glass, and paper. For types of products like plastic straws, foam plastic food containers, disposable plastic bags, and plastic foam, there will be an effective ban on their use starting 1 January 2030.

Previously, a circular letter had been issued for regional governments to prepare their respective regions in an effort to implement the paid plastic bag policy by formulating their respective regional policies and regulations. In addition, regional governments are asked to inform modern retail business actors to prepare procedures and operational procedures by setting plastic bag prices according to the prices set by the Government and preparing alternative shopping bags/containers. They are also tasked with socializing consumers regarding the paid plastic bag policy. The roadmap for waste reduction is the following.

Besides the Law on Waste Management, in relation to various policies that have been implemented by the government in efforts to reduce plastic usage but without levies on plastic waste usage, they can be identified as follows Table 2.

Table 1. Roadmap for Waste Reduction by Producers 2020-2029

	Manufacture	Retail	Food/Bevarage & Hospitality Industry	
Type of Producers	• Ready to eat/drink product • Consumers goods • Cosmetic & personal care	• Modern retail • Shopping mall • Traditional market	• Restaurant • Café • Hotel • Catering	
Types of waste product	Plastic, paper, aluminium, glass	Aluminium, paper, plastics	Plastics, aluminum, glass	Target of 30% waste reduction by producers by the end of the year 2029
Reduction of waste measure based on type of waste	• Plastic bottle polyethylene and polythylene terephthalate • Packaging products made from poliaromatic plastics • Plastic type polypropylene • Packaging products made from polypropylene • Packaging products made from aluminium • Packaging product made from glass and paper	• Non-reusable plastic bag made from polyethylene	Non-reusanle plastic bag, eating & drinking utensils made from polyethylene, polystyrene, olypropylene	

Source: Presentation by the Director of Waste Management, 2020

Table 2. Policies related to Plastic Waste Management in Indonesia

Policy	Policy Content	Goals/Target
Law No. 18 of 2008 on Waste Management	a. Waste management is carried out in an integrated and comprehensive manner. b. It is conducted through waste reduction and waste handling activities c. Waste reduction consists of limiting usage, reusing, and recycling d. Waste handling comprises sorting, collecting, transporting, processing, and final disposal e. The waste referred to here includes household waste, waste similar to household waste, and specific waste	Aims to improve public health and environmental quality and to utilize waste as a resource
Government Regulation No. 81 of 2012 on the Management of Household Waste and Waste Similar to Household Waste	a. Requires every individual to reduce and handle waste. b. Waste reduction implements the 3R system (reduce, reuse, recycle). c. Waste handling includes activities like sorting, collecting, transporting, processing, and final waste disposal. d. Household waste referred to here is waste resulting from daily activities within households, excluding feces and specific waste. e. Waste similar to household waste means household waste originating from commercial areas, industrial areas, special areas, social facilities, public facilities, and/or other facilities.	a. Preserving the sustainability of environmental functions and public health; b. Transforming waste into a resource.
Circular Letter Directorate General of Waste Management, Hazardous and Toxic Materials No. SE-06/PSLB3-PS/2015 regarding Anticipatory Steps for the Implementation of the Paid Plastic Bag Policy in Modern Retail Businesses	a. Reduction of plastic waste, especially plastic bags. b. Implementation of paid plastic bags in all modern retail outlets in Indonesia. Local governments must formulate their own policies and regulations in an effort to implement the paid plastic bag policy. c. Modern retail business actors should prepare operational procedures and set the price for plastic bags based on the price determined by the Government, provide alternative shopping bags/containers, and carry out socialization to consumers regarding the paid plastic bag policy.	To suppress the rate of plastic bag waste which has been polluting the environment.
Circular Letter Directorate General of Waste Management, Hazardous and Toxic Materials Number: S.1230/PSLB3-PS/2016 about the Price and Mechanism for the Implementation of Paid Plastic Bags	a. Retail outlets no longer provide plastic bags for free to consumers. b. If consumers still need them, they are required to purchase plastic bags for a minimum of Rp. 200,- per bag during the trial period of implementing the paid plastic bag policy. c. The type and specification of plastic bags provided by retailers are those that have the least environmental impact, in accordance with national standards set by the Government.	Provincial and District/City local governments, producers, and business actors are working on reducing plastic waste
Circular from the Directorate General of Waste Management, Hazardous and Toxic Materials Number 8/PSLB3/PS/PLB.0/5/2016 on Plastic Waste Reduction through the Implementation of Non-Free Single-Use Plastic Shopping Bags	a. Operational management of waste is the authority of the local government according to the conditions and capacity of the region. b. Proceeds from the non-free plastic bags belong to the retail/modern store owners and are used for campaigns, socialization, and environmental incentives. c. Local governments do not collect fees from the proceeds of non-free plastic bags. d. Local governments can continue the policy of restricting the use of single-use plastic bags that have already been established	Reducing plastic waste
Policy Proposal for Excise on plastic packaging containing beverages (plastic beverage bottles) in 2016	Proposing plastic packaging containing beverages (plastic beverage bottles) as a new Taxable Goods because the presence of plastic beverage bottle waste is damaging to the environment. However, after discussions with various parties, the proposal was considered inappropriate because plastic beverage bottle packaging still has economic value for recycling, so the waste generated is also less. Subsequently, the focus of the discussion shifted to plastic bag products, which are considered to have low economic value due to their low recycle rate and the most waste generated.	Preserving the natural environment
Presidential Regulation Number 97 of 2017 concerning the National Policy and Strategy for the Management of Household Waste and Household-Like Waste - Clean Indonesia 2025	Contains policy directions, strategies, programs, and targets for reducing and handling household waste and similar household waste for the period from 2017 to 2025	a. Reducing household waste and similar household waste by 30% by the year 2025. b. Handling household waste and similar household waste by 70% by the year 2025.
Presidential Regulation Number 83 of 2018 on Marine Waste Management	a. Establishes strategies, programs, and activities to reduce the amount of waste in the sea, especially plastic waste, into the form of the National Action Plan for Marine Waste Management for 2018-2025. b. Must be implemented by all stakeholders. c. The action plan is a planning document that contains strategic directions for ministries/agencies and serves as a reference for the community and business actors in accelerating marine waste management for the period 2018-2025. d. One of the action plans to control plastic waste from the upstream sector included in the annex to this regulation is the activity plan to formulate regulations on plastic taxes, with the Ministry of Finance being responsible.	Addressing marine waste that causes pollution and environmental damage and aquatic ecosystems, as well as endangering human health

Policy	Policy Content	Goals/Target
Minister of Environment and Forestry Regulation Number P.75/MENLHK/SETJEN/KUM. 1/10/2019 on the Roadmap for Waste Reduction by Producers	a. Sets out the roadmap for waste reduction by producers for the period 2020-2029. b. Targets a 30% reduction in waste by producers from the total waste generated by 2029. c. The term "producers" here refers to business actors in manufacturing, food and beverage services, and retail. d. Waste reduction applies to products such as plastic, aluminum cans, glass, and paper.	Reduce the volume of waste in Indonesia by suppressing the amount of waste generated by producers in the form of Extended Producer Responsibility (EPR)
Mayor of Banjarmasin Regulation Number 18 of 2016 on the Reduction of Plastic Bag Usage	a. Effective from June 1, 2016, all modern retail stores and minimarkets are prohibited from providing plastic bags. b. Every business actor is obliged to provide environmentally friendly plastic bags or other alternative bags for business activities outside of retail, modern stores, and minimarkets. c. If there's non-compliance by business actors or users of plastic bags, the Mayor will provide guidance.	Protect the regional area from pollution and/or environmental damage caused by the use of plastic bags.
Mayor of Padang Regulation Number 36 of 2018 on the Control of Plastic Shopping Bag Use	a. Every business actor must manage the use of plastic shopping bags. b. The business actors in question are shopping centers, modern stores, and traditional markets. c. The management of plastic shopping bag use consists of limiting the use of plastic shopping bags, recycling plastic shopping bags, and reusing plastic shopping bags. d. Business actors receive incentives in the form of awards, positive performance ratings publicity. e. Business actors receive disincentives in the form of negative performance ratings publicity through print or electronic media.	Protect the region from pollution and/or environmental damage caused by the use of plastic shopping bags.
Mayor of Balikpapan Regulation No. 8 of 2018 on the Reduction of Plastic Bag Use	a. Business actors are prohibited from using plastic bags to reduce dependency on them. b. Implemented at shopping centers, department stores, hypermarkets, supermarkets, minimarkets, and modern retail. c. Business actors are obliged to provide environmentally friendly alternative bags. d. Violating business actors may be subjected to administrative sanctions such as verbal warnings, written warnings, temporary cessation of activities, and temporary license revocation. e. Reduce the plastic waste at the waste source.	Prevent environmental damage caused by the use of plastic bags due to their non-biodegradable nature and soil pollution.
Mayor of Bogor Regulation No. 61 of 2018 on the Reduction of Plastic Bag Use	a. Effective from December 1, 2018, all Shopping Centers and Modern Stores are prohibited from providing plastic bags. b. Supervision is carried out on business actors if technically showing potential violations.	Protect the regional city area from pollution and/or environmental damage caused by the use of plastic bags.
Governor of Bali Regulation No. 97 of 2018 on the Limitation of Single-use Plastic Bag	a. Single-use plastics here refer to plastic bags, styrofoam, and plastic straws, every producer, distributor, supplier, and business actor must produce, distribute, supply, and provide alternatives to single-use plastics. b. Every producer, distributor, supplier, and business actor are prohibited from producing, distributing, supplying, and providing single-use plastics. c. Everyone is prohibited from using single-use plastics. d. Regional Apparatus, regional technical implementation units, other government agencies, regional-owned enterprises, regional public service agencies, Private Institutions, Religious Institutions, social institutions, Customary Village/Desa Pakraman, the community, and individuals who obey the provisions will be given awards in the form of certificates, waste management grant funds, business capital assistance. e. Violators will be subjected to administrative sanctions.	a. Ensure the fulfillment and protection of the right to a good and healthy environment for the community due to the negative impact of single-use plastics. b. Prevent pollution and/or environmental damage caused by the use of single-use plastics.
Governor Regulation of DKI Jakarta Province No. 142/2019 on the Obligation to Use Environmentally Friendly Shopping Bags in Shopping Centers, Supermarkets, and Traditional Markets	a. Managers of Shopping Centers, Supermarkets, and Traditional Markets must use environmentally friendly shopping bags and are prohibited from using single-use plastic shopping bags. b. Managers of Shopping Centers, Supermarkets, and Traditional Markets who have implemented this obligation are entitled to incentives in the form of reductions and/or relief in local taxes on the business activities carried out by the Shopping Centers, Supermarkets, and/or Traditional Markets. c. Managers of Shopping Centers, Supermarkets, and/or Traditional Markets who do not fulfill this obligation will face administrative sanctions such as written warnings, compulsory fines, license suspension, and/or business license revocation.	Aim to reduce waste originating from plastic bag waste and increase public awareness towards achieving a clean and healthy environment
Mayor of Banda Aceh Regulation No. 111/2020 on the Limitation of Plastic Bag Use in Supermarkets, Retail Stores, and Malls	a. Every business actor must implement the limitation of plastic bag use in their business place by not providing non-environmentally friendly plastic bags, providing environmentally friendly plastic bags and/or shopping bags, implementing a paid plastic bag policy, and conducting a shopping day without a plastic bag one day a week. b. Business actors who do not fulfill their obligations and violate the provisions will face administrative sanctions such as verbal warnings, written warnings, temporary cessation of activities, and temporary license revocation.	a. Limit the use of plastic bags. b. Control the emergence of plastic waste. c. Prevent environmental damage caused by the use of plastic bags due to their non-biodegradable nature and potential to poison the soil.

Source: Processed by Author (2023)

Table 3. Production and Consumption of Plastics in Indonesia (ton metric)

	2020	2021	2022
Production	7.496.647	7.761.374	12.540.000
Consumption	6.205.236	6.918.423	12.520.000

Source: Ministry of Industrial Affairs (2022)

The table above indicates several policies or policy proposals made by the central and regional governments in an effort to reduce plastic waste and handle plastic waste that causes environmental pollution. These efforts are in the form of policy proposals for imposing taxes, bans on use, paid plastic bags, non-free plastic bags, and Extended Producer Responsibility (EPR).

3.3. Basis for the Consideration of the Proposal for Imposing Tax on Plastics in Indonesia

The government assesses the extensive issues caused by plastic waste before policy-making. This includes understanding the multifaceted challenges, as detailed by Patton et al. (2015), who emphasize the importance of identifying problems to develop effective policies. Information gathering reveals that plastic waste, predominantly plastic bags, contributes to non-recyclable waste at disposal sites and environmental pollution. This waste also pollutes oceans, affecting marine life and tourist areas. A significant factor is the Indonesian populace's lifestyle and high plastic use, driven by its convenience and low cost. Citing the interview from Fiscal Policy Office mentioned that, "*From the National Waste Management System of the Ministry of Environment and Forestry (KLHK) in 2022, it is also reported that the composition of plastic waste from the total national waste generation continues to increase. What was previously 15.93% in 2019 became 17.73% in 2021. This plastic waste is dominated by plastic bags. Then there are several environmental impacts caused by this plastic waste, including the fact that plastic waste is ifficult to decompose and needs dozens or even hundreds of years to break down, it pollutes tourist sites, and threatens marine life. Previously, there was widely reported news about a whale that died stranded on a beach, and inside its stomach, more plastic waste was found. Marine pollution due to microplastics and plastic waste*" (The transcript was translated into English). The similar analysis also came from the Ministry of Environment and Forestry, as cited that *"We have noticed a shift in lifestyle and the consumption patterns of the Indonesian people, especially the use of single-use plastics, play a significant role in the increasing composition of plastic waste. From the research and data we have, out of 98.5 billion plastic bags produced in 2015, ended up in landfills and could not be processed. Our other data indicates that 93 million plastic straws end up unmanaged, not to mention other types such as sachets, styrofoam, as well as issues with plastics reaching the sea."* (The transcript was translated into English).

Referring to the interview, the problem identified is the increase in plastic waste, predominantly from plastic bags, ending up in landfills where it cannot be processed, which then impacts environmental pollution. Plastic waste that leaks into the ocean contaminates tourist spots and threatens marine life. The author suggests that a strategy to alter Indonesian plastic consumption habits is essential to mitigate the waste problem. Information from the Ministry of Industry indicates an increase in Indonesia's plastic production and consumption from 2020-2022 as mentioned in Table 3.

As conveyed by Cnossen (1977), taxes are not levied on all goods and services, but only on specific ones (selectivity in coverage) and can be used for other purposes or specific objectives set by the country (discrimination in intent). According to Law No. 39 of 2007, certain goods or services subject to tax have characteristics such as needing controlled consumption, requiring circulation oversight, having potential negative impacts on society or the environment, or needing state levies for fairness and balance. Below is an elaboration on considerations the government should take into account when proposing a tax on plastic based on the nature and characteristics of Taxable Goods as regulated in Law No. 39 of 2007, based on field findings obtained by the researcher:

1. Its consumption needs to be controlled; After exploring the issue, the author observes that the volume of plastic waste is increasing due to the uncontrolled consumption patterns of the Indonesian public, impacting environmental pollution on land, sea, and air. Plastic bags are reusable, but their convenience and low cost have led to increased consumption, especially in traditional markets (Angriani, Muhaimin, Hastuti, Adyatma, & Saputra, 2021). People tend to consume products packaged in plastic or use disposable plastic bags without considering the negative environmental impacts (Pramiati, Soesilo, & Agustina, 2021). Given these negative impacts, there is a need to change and control the plastic consumption behavior of Indonesians. Therefore, plastic meets the criteria for taxable goods. The government should continue to propose taxing plastic to control consumption patterns. By imposing a tax, it is expected that the increased cost will reduce consumption. This intention also supported by the Directorate General of Excise as cited, *"The reduction in their use does not automatically decrease the amount of waste/trash because many factors influence it, however, through the reduction in the use of plastic packaging and containers, it becomes a starting point for controlling the potential causes of the increasing amount of plastic waste/trash".* (The transcript was translated into English).

2. Its use can have negative impacts on society and the environment; Current plastic use, especially single-use and the consumption patterns of Indonesians, has various negative impacts on society and the environment. Plastics, being non-biodegradable, persist in the environment for a very long time, accumulating in landfills and polluting the environment. They can end up in the ocean, threatening marine life, such as the death of whales in Wakatobi and the disruption of coral reef photosynthesis. Plastics consumed by marine life can then transfer to humans through the food chain, affecting human health. Between 2015 and 2019, plastic waste dumped into the sea reached 0.27 to 1.29 tons per year (Wang & Karasik, 2022). Besides the negative impacts on land and water, plastic use also pollutes the air, like the atmospheric microplastics found in Jakarta and Surabaya. The government's next consideration for proposing a plastic tax is the negative environmental impact of plastic use. Given the adverse effects arising from current plastic use in Indonesia, the Ministry of Finance proposes a tax as the policy instrument since plastic meets the criteria for taxable goods, which can have negative impacts on society or the environment as stipulated in Law No. 39 of 2007, as cited from the Fiscal Policy Office mentioned that "*By taking into account various issues caused by plastic waste, these plastics are rightfully subject to excise duty in order to control the emergence of plastic waste that pollutes the environment*".

3.4. Policy Formulation for Imposing a Tax on Plastic in Indonesia

After verifying the diverse problems caused by plastic waste and identifying the issues to be addressed in the previous section, policymakers then proceed to address these problems through a policy. The considerations outlined above serve as a basis for the Ministry of Finance to tackle the problems caused by plastic waste. The policy formulation process involves designing the appropriate policy from a set of alternative policies, which will then be considered as the final policy decision, either through technical analysis or political processes, to address a particular issue, as described by Sidney (2017) and Birkland (2019).

3.4.1. Determining Policy Proposals

Deciding on policy proposals from a series of alternative policies is the next step after establishing the main issues targeted for policy intervention. The Ministry of Finance has set the policy goal to control Indonesia's plastic consumption and reduce the use of plastics that negatively impact society and the environment. Below are several policy alternatives that the Ministry of Finance considers when deciding on the final policy to address the defined problems, namely controlling Indonesia's plastic consumption and reducing the use of plastics that have adverse effects on society and the environment:

1. Prohibition/limitation policy; The prohibition or restriction on plastic use is a policy most widely used in various regions of Indonesia currently to control plastic consumption. This policy is a command and control (CAC) scheme. This scheme has shortcomings, including complex details and high administrative costs related to law enforcement, and unclear levels of sanctions provided. According to Nielsen et al. (2019), in theory, this ban policy is relatively easy to implement, but it only offers short-term solutions and cannot handle long-term problems.
2. Policy on non-free or paid plastic use; In this policy, consumers will pay a certain value based on regional government or retail rules to use plastic. This policy is also used in several areas and retail sectors in Indonesia. Nielsen et al. (2019) state that the price mechanism policy is the most commonly used policy globally after the prohibition policy. This policy instrument sets a "price" for plastic bags, including levies or taxes.
3. Excise imposition policy; This policy also falls under the price mechanism policy. The excise policy on plastic is implemented uniformly across regions. Clear tariffs are used, the types of plastics taxed are explicit, revenues are accounted for in the state budget, and there is a law enforcement and control mechanism from the Directorate General of Customs and Excise, which has a proven track record in implementing excise policies. With the imposition of excise on plastics, the decrease in consumption in society after implementing this policy can be calculated. Thus, the Ministry of Finance can also evaluate in line with the Technical Feasibility concept presented by Patton et al. (2015).
4. Extended Producer Responsibility (EPR) Policy; The EPR idea, according to Nielsen et al. (2019), is that externalities associated with a product are included in the production cost. This policy was used by the Ministry of Environment and Forestry in 2019, known as the Roadmap for Waste Reduction by Producers. The intended waste reduction is carried out through product restrictions that use materials that are difficult to degrade naturally, that cannot be recycled, and the obligation to reuse waste from the resulting products. In addition to the product, producers are also required to plan, implement, monitor, evaluate, and report waste reduction produced. Producers are also mandated to educate consumers/society to participate in waste reduction through product selection and returning used products to collection facilities.

The government then chooses from a series of existing policy alternatives to obtain the right policy. Referring to Patton et al. (2015) regarding criteria and various considerations to help policymakers choose among existing policy alternative options include:

1. Cost; This criterion is related to the cost of implementing a policy. For the government, the lower the cost required to implement a policy, the better. Among the existing policy alternatives, it is known that the prohibition/restriction policy is costly, even though it is easy to implement. The alternative policies of non-free or paid plastic use and the excise imposition policy on plastics are policies that use a price mechanism that sets broader targets, so costs can be minimized. In the EPR policy alternative, the focus of policy implementation is charged to the producers.
2. Riskiness; This criterion relates to the possibility of failure or the risk of a policy not working. The prohibition/restriction policy alternative offers short-term solutions but cannot handle the long-term plastic waste problem. Thus, there is a possibility of failure in the future. The alternative policy of non-free or paid plastic use has previously failed because there is no uniformity in the use of its collection results and unclear accountability of the collection results and their use for the environment. The alternative policy of excise imposition on plastics has a small possibility of failure during its implementation because the Directorate General of Customs and Excise's capability in implementing excise policies already has a track record and long experience in collecting excise. However, the formulation of the excise imposition policy on plastics is still hampered, so it has not been implemented to date because of determining the types and classifications of plastics to be designated as Excise Goods. Although the EPR policy alternative is already supported by a policy instrument that has adopted the EPR system, in reality, the application of EPR is still low. There is a possibility that this policy may fail to be implemented in the future.
3. Merit; This criterion relates to the policy's ability to address existing problems. The defined problem is controlling Indonesian society's consumption and reducing the use of plastics that negatively impact society and the environment. The prohibition/restriction policy alternative is the most widely used policy globally and in Indonesia. The UNEP and World Resources Institute's 2018 report states that 127 countries have adopted this policy, and several studies have reported this policy's success in reducing plastic bag use and impacting the reduction of plastic waste. However, there are also countries that have not succeeded in reducing plastic waste and reducing plastic bag use. The alternative policy of non-free or paid plastic use previously trialed by Ministry of Environment and Forestry in 2016 has been recorded as successfully reducing plastic bag use by 25-30%. Based on this success, the excise imposition policy on plastics, whose concept is similar to the non-free or paid plastic use policy, is expected to have the same impact when the excise imposition policy on plastics is implemented. The EPR policy alternative requires a commitment from producers in its implementation to address existing problems. To date, the reality is that the implementation of the EPR policy is still low.

After evaluating the existing policy alternatives using the three criteria used by Patton, the government chooses to propose the excise imposition policy on plastics as the most appropriate and feasible policy to address the problem and achieve the government's set goals. Citing the Fiscal Policy Office with regard to the policy choice, *"Excise is essentially a control tool, right, its imposition is in the interest of balance and fairness, because excise has two functions, regulatory and budgetary. And the regulatory function is more dominant to regulate rather than its budgetary function. If we look at the revenue, it's very small, but the imposition of excise is said to be effective when the use of plastic products is under control."*

3.4.2. Stages of Determining the Excise Policy on Plastics

The mechanism for the extension of taxable goods is regulated in Article 4 paragraph 2 of Law Number 39 of 2007, which states that the addition or reduction of the type of taxable goods is further regulated in a Government Regulation. In addition, in Article 14 of Law Number 7 of 2021 about Harmonization of Tax Regulations, it is stated that the addition or reduction of the type of Taxable Goods is regulated by a Government Regulation after being submitted by the Government to the House of Representatives of the Republic of Indonesia for discussion and agreement in the preparation of the State Budget Draft. This means that plastic bags need to be declared as Taxable Goods in a Government Regulation first. To be stated as Taxable Goods regulated in the Government Regulation, the government needs to present this to the House of Representatives of the Republic of Indonesia for discussion and agreement in the preparation of the State Budget Draft.

Before submitting the plan for extending Taxable Goods to the Indonesian House of Representatives, the Ministry of Finance has conducted studies, held discussions internally within the Ministry of Finance, and also discussed with external parties of the Ministry of Finance to prepare a comprehensive plan for the proposed extension of Taxable Goods. As mentioned earlier, the focus of the discussion on the extension of Taxable Goods was directed at plastic bags. The reason being, among the increasing plastic waste, it is dominated by plastic bags.

Plastic bags, which generally have mixed with all types of waste during the garbage collection process, make it difficult or impossible to recycle. Plastic bags also have a characteristic of being difficult and taking a long time to decompose, so the waste from plastic bags continues to increase in waste collection sites or landfills. The increasing number of plastic bag waste is caused by the consumption style of the Indonesian community. Based on this, plastic bags have met the characteristics of Taxable Goods, that is, their

consumption needs to be controlled, and their use can have a negative impact on society or the environment. The goal of this policy is to control plastic bag consumption and reduce environmental pollution caused by plastic bag waste. The target of this policy is the behavior or consumption style of Indonesian society's plastic bags that needs to be changed. By imposing an excise on plastic bags, it is hoped that the Indonesian community will reuse their plastic bags. After reuse is implemented, it is hoped that the waste from plastic bags will decrease in polluting the environment, and the revenue obtained from imposing the excise can be used to recover the negative externalities caused by plastic bags.

The extension plan for Taxable Goods has been brought into the Inter-Ministerial Committee meeting, which was established for discussion and drafting of the Government Regulation Draft (RPP). The Inter-Ministerial Committee formed consists of the Ministry of Finance, the Ministry of Environment and Forestry, the Ministry of Industry, the Ministry of Maritime Affairs and Fisheries, the Ministry of Trade, the Coordinating Ministry for Economic Affairs, the Coordinating Ministry for Maritime and Investment Affairs, the State Secretariat, and the Cabinet Secretariat. The Ministry of Finance proposed the types of plastic bags to be designated as Taxable Goods.

Aspirations from plastic bag business actors and associations related to the plastic bag industry, conveyed through the Ministry of Finance or through the Ministry of Industry, are accommodated and then discussed in the Inter-Ministerial Committee meeting as consideration in drafting the Government Regulation. In the discussion, it was also discussed about plastic bags (in the form of shopping bags) that have a low economic value because their recycle rate is very low, making them the most common waste, accounting for 62% of total plastic waste. After the discussion, the focus of the extension of Taxable Goods was directed to plastic bags. Quoting Suryantini (2021), in the discussion, it was concluded that imposing an excise on plastic beverage packaging (plastic drink bottles) is inappropriate because these products still have high economic value, i.e., they can still be recycled, so the resulting waste is also relatively less.

The excise rate can differ between one item and another, as excise is levied on specific goods and services (selectively), so the consequence of different rates can occur. The excise rate can be specific, ad valorem, or a mix of specific and ad valorem. Considering the characteristics of the goods, the business practices of plastic bags, the excise rate for plastic bags proposed by the Ministry of Finance uses a specific rate, calculating the amount of excise based on the amount determined per unit of goods. In this planning program, it is proposed at IDR 30,000 per kilogram. The specific rate is used to facilitate technical and excise collection. The collection mechanism is carried out at the producer and/or importer level when the goods will exit the factory for domestic production and/or when the goods will exit the port for imported plastic bags and will enter the Indonesian customs area. Supervision will be carried out by the Directorate General of Customs and Excise using factory and/or importer registration, audits, and production reporting.

Revenue from the collection of excises from plastic bags will be included in the state budget. Excise policy can be designed so that all/some of the revenue generated from the imposition of excise on certain goods can only be spent/used to correct externalities by carrying out activities regulated in laws commonly known as earmarking. Cited from the interview with Directorate General of Excise mentioned, "*Based on the agreement in the discussion at the PAK level, the excise revenue from plastic bags obtained will be used as the basis for calculating the budget allocation for activities that contribute to programs that support the improvement of environmental quality, which in its implementation is coordinated by the ministry and/or institutions that carry out government affairs in the field of industry and the environment. Further provisions regarding the procedures for such allocation will be regulated in the Minister of Finance Regulation."*

In line with the purpose of this policy, it is to control the consumption of plastic bags and reduce environmental pollution caused by plastic bags. State revenue from plastic product excise can be used as a basis for calculating budget allocations for activities that contribute to (a) Pollution control and/or damage, (b) Environmental recovery, (c) Development of plastic recycling industry and/or (d) Innovation of substitute plastic products. Cited from interview with Fiscal Policy Office, *"In the draft that we have prepared, there is indeed a clause to accommodate such a mechanism, which reads roughly that state revenue from plastic product excise can be used as the basis for calculating budget allocations for activities that contribute to the counteraction of pollution and/or environmental damage, environmental recovery, development of the plastic recycling industry and/or innovation of alternative products to plastic products"*

The plan for the extension program of Taxable Goods was then first submitted to the Indonesian House of Representatives for discussion and agreement as regulated in the Harmonization of Tax Law. In February 2020, the Minister of Finance conveyed to Commission XI of the House of Representatives of the Republic of Indonesia the extension program for Taxable Goods in the form of Plastic Bags. As a result, the House of Representatives agreed, but requested that the product not only be plastic bags but also extend Taxable Goods in the form of plastic products. Following the House of Representatives' approval of the addition of Taxable Goods in the form of plastic products, the Ministry of Finance conducted a further study on the possibility of other plastic products besides plastic bags that would be subject to excise. The Ministry of Finance and the Inter-Ministerial Committee need to discuss again

regarding the House of Representatives' approval. The Draft Government Regulation on the imposition of excise on plastic bags that has been compiled in the Inter-Ministerial Committee underwent changes in articles related to the change of Taxable Goods in the form of plastic bags to plastic products.

3.4.3. Challenges in Formulating the Excise Policy on Plastics in Indonesia

One technical challenge faced by the government is in selecting which plastic products will be designated as taxable goods. It is essential to accurately identify which plastic products are most challenging to manage, as these will likely end up in landfills without any treatment. Citing the interview with Fiscal Policy Office, *"Defining those plastic, i.e. bags as grocery bags made of thin plastic, with a thickness criterion of less than 75 microns. The purpose of this definition is that we assume bags with a thickness of more than 75 microns are reusable, not disposable. Because they are thick, it is hoped they can be reused and are not disposable, so they are excluded from the definition".*

Additionally, it's crucial to pinpoint which plastic products have the most significant environmental impact. Besides conducting studies for identification, the Ministry of Finance also needs to collaborate with related ministries and non-governmental stakeholders to gather information about these plastic products. This is vital to ensure the policy's objectives are met and is universally accepted. Citing the Ministry of Environmental and Foresty interview, *"For now, we do not provide different treatment for oxodegradable plastics and others that are said to be environmentally friendly. When later the Ministry of Environment and Forestry has the opinion that the plastic bag products are indeed environmentally friendly, then they can meet the criteria. Because currently the Ministry of Environment and Forestry divides its criteria into two: degradable and compostable. For the Ministry of Environment and Forestry, what is considered environmentally friendly is what is compostable. Because the degradable ones only break the particles down into smaller pieces, so the problem of micro and nano plastics is not resolved. According to the Ministry of Environment and Forestry, as long as it is not compostable, it is treated the same as general plastics."*

From an institutional perspective, the Ministry of Finance's challenge, after getting approval from the Parliament but having to change the type of Taxable Goods to be added, is that it has to engage in further discussions, coordination, and consultations with the Inter-Ministerial Committee to address the Parliament's request. The challenge lies in reaching agreements during the drafting of the Government Regulation due to the diverse viewpoints from various parties within the Inter-Ministerial Committee.

4. CONCLUSION

The Indonesian government proposes to tax plastic as a means to curb its consumption due to its environmental impact and the need for behavioral change in society. This is in line with the excise nature described in Law No. 39 of 2007. The move to impose excise on plastics aims to manage consumption patterns and address the negative effects on society and the environment. The process of imposing this excise involves defining problems and objectives, with the main goals being to control plastic use and mitigate its harmful impact.

The Ministry of Finance faces challenges in identifying which plastics to tax. For practical implementation, it requires coordination with various ministries for drafting regulations. The selection of taxable plastic items is guided by environmental regulations and the Waste Reduction Roadmap, with plastic bags being the first targeted item. The Ministry is tasked to align the plastic excise policy with the Marine Waste Management strategy and update the regulations as needed.

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