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## Aligning the Non-Taxable Income Threshold with Inflation: A Legal Justice Theory Perspective

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### **Abstract**

*Ideally, the policy on Non-Taxable Income (Penghasilan Tidak Kena Pajak/PTKP) functions as an instrument for minimum economic protection and reflects fiscal justice within the taxation system. However, in reality, the current PTKP threshold has not been adequately aligned with inflationary dynamics and the declining purchasing power of taxpayers, thereby generating substantive injustice, particularly for low- and middle-income groups. This study aims to analyze the urgency of adjusting the PTKP threshold in response to inflation from the perspective of Gustav Radbruch's theory of legal justice. The research employs a qualitative normative legal method based on library research, utilizing statutory analysis, conceptual approaches, and legal-philosophical inquiry. Primary sources include tax legislation and related regulations, while secondary sources consist of scholarly literature in law and economics. The findings indicate that an inflexible PTKP policy prioritizes legal certainty over justice and utility, resulting in a distortion of the redistributive and welfare-oriented functions of taxation. Consequently, this study argues that periodic and inflation-responsive adjustments to PTKP are essential to achieving substantive legal justice and reinforcing the constitutional mandate of social welfare under the 1945 Constitution of Indonesia.*

**Keywords:** Inflation, Legal Justice, Tax Policy.

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## Abstrak

Idealnya, kebijakan Penghasilan Tidak Kena Pajak (PTKP) berfungsi sebagai instrumen perlindungan ekonomi minimum bagi wajib pajak dan mencerminkan prinsip keadilan fiskal dalam sistem perpajakan. Namun, dalam realitasnya, besaran PTKP yang berlaku belum sepenuhnya selaras dengan dinamika inflasi dan penurunan daya beli masyarakat, sehingga berpotensi menimbulkan ketidakadilan substantif, khususnya bagi kelompok berpenghasilan rendah dan menengah. Penelitian ini bertujuan untuk menganalisis urgensi penyelarasan besaran PTKP terhadap inflasi ditinjau dari teori keadilan hukum Gustav Radbruch. Metodologi yang digunakan adalah penelitian kepustakaan dengan pendekatan kualitatif-normatif, melalui analisis peraturan perundang-undangan di bidang perpajakan, literatur hukum dan ekonomi, serta doktrin keadilan hukum. Hasil penelitian menunjukkan bahwa kebijakan PTKP yang tidak adaptif terhadap inflasi cenderung menekankan kepastian hukum formal (*legal certainty*), sementara nilai keadilan (*justice*) dan kemanfaatan (*utility*) belum terakomodasi secara seimbang. Oleh karena itu, diperlukan mekanisme penyesuaian PTKP yang berkala dan responsif terhadap inflasi sebagai wujud keadilan hukum substantif dan penguatan fungsi kesejahteraan negara sebagaimana diamanatkan UUD 1945.

**Kata kunci:** Inflasi, Keadilan Hukum, Kebijakan Pajak.

## Introduction

The taxation system constitutes a strategic instrument through which the state seeks to realize social justice and public welfare as mandated by the 1945 Constitution of the Republic of Indonesia (Hasibuan, 2025). Taxation does not merely serve as a source of state revenue (*revenue function*), but also operates as a regulatory instrument (*regulatory function*) to maintain social balance and national economic stability (Anatasya et al., 2026). Within this context, the policy on Non-Taxable Income (*Penghasilan Tidak Kena Pajak / PTKP*) occupies a central position, as it directly relates to citizens' purchasing power and the real economic capacity of taxpayers to fulfill their tax obligations. PTKP essentially represents the minimum income threshold deemed sufficient to meet basic living needs and, therefore, should not be subject to taxation. Accordingly, the determination and adjustment of the PTKP threshold cannot be separated from economic dynamics, particularly inflation, which gradually erodes the real value of public income. As inflation rises and living costs increase, the failure to adjust PTKP results in a heavier tax burden on low- and middle-income groups. This condition potentially generates inequality and obscures the very objective of justice within the taxation system (Salim, 2025).

In practice, adjustments to PTKP in Indonesia tend to be *ad hoc* and are not grounded in a measurable and sustainable mechanism responsive to inflationary trends. Changes in PTKP policy are often driven more by short-term fiscal considerations and budgetary political dynamics than by a substantive analysis of

justice for taxpayers. Consequently, a gap emerges between the ideal normative conception of justice embedded in tax law and its empirical implementation. From the perspective of Gustav Radbruch's theory of legal justice, sound law must embody three fundamental values: *justice*, *legal certainty*, and *utility* (Firdaus, 2025). When PTKP thresholds are not aligned with inflation, *legal certainty* may remain formally intact, yet substantive justice and utility are significantly diminished. Taxpayers who remain nominally above the PTKP threshold may experience a decline in real welfare but continue to bear tax burdens as though their economic conditions were stable. This situation raises critical questions regarding the extent to which PTKP policy reflects a living and socially responsive conception of legal justice.

Ideally, PTKP policy should be designed in an adaptive and periodic manner by incorporating inflation as a primary indicator of changes in living costs, thereby enabling the taxation system to function as a fair and proportional instrument of social protection. Such adjustments should form an integral part of a fiscal policy framework oriented toward distributive justice and economic sustainability. In reality, however, PTKP adjustments have not been systematically integrated with inflationary dynamics, resulting in a mismatch between taxpayers' real economic capacity and the tax burden imposed upon them. This condition risks generating structural injustice within the taxation system and undermining the legitimacy of tax law in the eyes of society. The tension between the demand for *legal certainty* and the pursuit of substantive justice thus constitutes the core problem addressed in this study.

This research aims to analyze the alignment of the PTKP threshold with inflation through the lens of Gustav Radbruch's theory of legal justice, with particular emphasis on balancing the values of *justice*, *legal certainty*, and *utility*. Furthermore, the study seeks to assess the extent to which current PTKP policy reflects substantive justice for taxpayers amid changing economic conditions. The contribution of this research is expected to be not only theoretical—by enriching scholarly discourse on tax law and legal justice theory—but also practical, serving as a reference for policymakers in formulating a more equitable, adaptive, and welfare-oriented PTKP adjustment mechanism. Accordingly, this study offers a distinct *novelty* by systematically integrating inflationary analysis with legal justice theory in evaluating PTKP policy in Indonesia.

## Literature Review

Studies on the alignment of tax policy with the principles of legal justice have long attracted scholarly attention, both in the fields of law and economics. Tax justice is not merely understood as a technical fiscal issue, but also as a reflection of the state's responsibility to guarantee the welfare of its citizens. Within this context, Non-Taxable Income (*Penghasilan Tidak Kena Pajak* / PTKP) occupies a strategic position as an instrument of minimum economic protection for taxpayers. Nevertheless, continuously fluctuating inflation raises fundamental questions regarding the extent to which PTKP policy has been aligned with socio-economic realities and the principles of substantive justice. A number of previous studies have examined tax justice from various perspectives; however, few have

explicitly positioned PTKP and inflation within a unified framework of legal justice theory.

Rafiq Wahyu Novianto et al., in their work entitled "*Examining the Increase in Value Added Tax Rates from the Perspective of the Principle of Justice*", analyze the policy of increasing Value Added Tax (VAT) rates using a normative juridical approach grounded in the principle of justice. Their study highlights that regressive fiscal policies have the potential to widen social inequality and weaken the purchasing power of low-income communities. The main finding emphasizes that tax justice cannot be detached from taxpayers' economic capacity (Novianto et al., 2023). The similarity between their research and the present study lies in the use of justice as a benchmark for assessing the legitimacy of tax policy. However, the difference lies in the object of analysis: their study focuses on consumption tax, whereas this research examines income tax through the PTKP mechanism in the context of inflation.

Tri Eka Saputra and Rahmat Eko Prabowo, through their article "*Comparative Analysis of Public Perceptions of Tax Justice and Public Responses to Changes in the Tax System*", employ an empirical-comparative approach to analyze public perceptions of tax justice. Their findings demonstrate a strong correlation between perceptions of justice and levels of compliance and public acceptance of tax policy. The study reveals that changes in the tax system not accompanied by a sense of justice tend to generate social resistance (Saputra & Prabowo, 2025). The similarity with this research lies in the acknowledgment that justice constitutes the foundation of a sustainable tax system. However, Saputra and Prabowo's study is more oriented toward the psychological and sociological dimensions of taxpayers, whereas this research focuses on a normative and philosophical analysis of PTKP policy as a structural instrument of fiscal justice.

Ami Rizal, in his work "*A Critical Study of the Ideal of Justice: A Philosophical Introduction to Law Enforcement in the Context of Legal Positivism*", presents a sharp critique of the dominance of *legal positivism* in modern legal practice. Rizal argues that law should not be confined to normative certainty, but must also reflect living values of justice within society. This argument is highly relevant to the present study, as it positions justice as a moral value that should animate public policy, including tax policy. The similarity lies in the philosophical approach to legal justice, while the difference is that Rizal's study remains at a general conceptual level, whereas this research operationalizes the concept of justice within a concrete policy framework, namely the alignment of PTKP with inflation.

Heru Purwono, through the article "*Tax Amnesty Policy in Indonesia: An Analysis Based on Maslahah Mursalah*", examines tax policy from the perspective of Islamic law using the concept of *maslahah mursalah*. The study emphasizes that fiscal policy should be directed toward public welfare and the protection of vulnerable groups. Purwono's findings demonstrate that the legitimacy of tax policy is determined not only by *legal certainty*, but also by the social utility it produces (Purwono, 2017). The similarity with the present study lies in the emphasis on utility and welfare considerations. However, the difference is found in the theoretical framework: Purwono's analysis is grounded in Islamic legal norms, whereas this research is based on Gustav Radbruch's theory of legal justice.

Based on the above literature review, it is evident that previous studies converge on justice as a central concept in tax discourse. Nevertheless, most existing research still treats justice as a standalone normative principle, without directly linking it to macroeconomic dynamics such as inflation. In fact, inflation has a tangible impact on purchasing power and directly affects the meaning of "adequate income" that should be protected through PTKP. This reveals a significant *research gap*. There remains a lack of systematic studies that examine PTKP as an instrument of distributive justice requiring dynamic adjustment in response to inflation. Previous research tends to separate legal, economic, and philosophical analyses, thereby failing to provide a comprehensive understanding of tax justice in practice.

Furthermore, the *novelty* of this research lies in its effort to integrate Gustav Radbruch's theory of legal justice—which emphasizes the balance between *justice*, *legal certainty*, and *utility*—with the economic reality of inflation and PTKP policy. Through this approach, PTKP is not merely perceived as an administrative figure within statutory regulations, but as a manifestation of the state's substantive justice toward its citizens. By adopting an interdisciplinary perspective that bridges law, economics, and legal philosophy, this study is expected to contribute both conceptually and practically to the formulation of tax policies that are more adaptive, humane, and just. Accordingly, this research not only fills an academic gap, but also offers a new perspective for policymakers in positioning PTKP as a welfare-oriented instrument responsive to economic change.

## Research Methodology

This article constitutes library-based research employing a qualitative approach with a normative-analytical orientation. The study adopts a normative legal research method, focusing on doctrinal analysis of tax law norms, particularly the regulation of Non-Taxable Income (*Penghasilan Tidak Kena Pajak* / PTKP), and examining their relevance to inflationary dynamics through the lens of Gustav Radbruch's theory of legal justice. The approaches applied include the statutory approach, conceptual approach, and legal-philosophical approach, aimed at assessing the coherence between the values of *justice*, *legal certainty*, and *utility* within PTKP policy. Through these approaches, the research seeks to understand law not merely as a normative text, but as an instrument that should be responsive to socio-economic realities, especially inflation.

Primary data sources consist of taxation-related legislation, particularly the Income Tax Law and its implementing regulations, as well as judicial decisions and legal doctrines relevant to the concept of legal justice. Secondary data sources include scholarly literature in the form of legal and economic textbooks, nationally and internationally reputable journal articles, and official publications issued by government agencies and statistical institutions related to inflation and fiscal policy. Data analysis is conducted using qualitative-descriptive and prescriptive methods, employing systematic and teleological legal interpretation, and is framed within Radbruch's theory of legal justice. Data validation and reliability are ensured through source and theoretical triangulation, as well as consistency in normative argumentation. The drafting of the manuscript follows a thematic-

analytical structure, beginning with a conceptual framework, proceeding to normative analysis, and culminating in prescriptive arguments that support the reform of PTKP policy toward a more just and inflation-responsive framework.

### **Misalignment of the Non-Taxable Income Threshold with Actual Economic Conditions and Its Implications for Fiscal Justice**

Non-Taxable Income (*Penghasilan Tidak Kena Pajak* / PTKP) constitutes a fundamental instrument within modern taxation systems, serving to protect taxpayers' basic living needs prior to the imposition of fiscal obligations. Conceptually, PTKP functions as a normative buffer to ensure that the state does not levy taxes on income that is, in real terms, allocated to meeting minimum subsistence needs (Anggini et al., 2025). Within the framework of the *welfare state*, PTKP is not merely an administrative or technical mechanism, but rather reflects the state's commitment to social justice and the economic protection of its citizens. Nevertheless, the effectiveness of PTKP is highly dependent on its capacity to adapt to economic dynamics, particularly inflation, which directly erodes public purchasing power.

Inflation, as a structural economic phenomenon, exerts systemic effects on the real income structure of society. Persistent increases in the prices of goods and services reduce the value of money, causing nominal income—whether stagnant or only marginally increasing—to lose its purchasing power. In such circumstances, a PTKP threshold that is not adjusted proportionally loses its substantive relevance. Although nominally adequate, PTKP may no longer reflect a socially acceptable *minimum living standard*. This situation creates a fiscal paradox in which the state continues to impose taxes on income that has, in economic reality, been substantially diminished by inflationary pressures.

The misalignment between PTKP thresholds and actual economic conditions reveals a gap between legal norms and social realities. From the perspective of tax law, this condition signifies a *normative lag*, namely the delayed responsiveness of legal norms to changes in the economic structure of society. A stagnant PTKP amid rising inflation risks shifting the tax burden onto lower- and middle-income groups—segments of society that should, in principle, receive fiscal protection. As a result, taxation no longer operates as a fair redistributive instrument, but instead assumes a regressive character that constrains societal welfare.

From the standpoint of *fiscal justice*, this condition is deeply problematic. Fiscal justice requires that taxes be levied according to the *ability to pay principle*, rather than solely on the basis of nominal income figures. When inflation erodes taxpayers' real economic capacity while PTKP remains unchanged, the ability-to-pay principle becomes distorted. Taxpayers who are statistically classified as taxable may, in reality, only possess sufficient income to meet basic subsistence needs. This situation demonstrates the failure of the tax system to fully capture socio-economic realities (Novianto et al., 2023).

Furthermore, the misalignment of PTKP with actual purchasing power exacerbates both horizontal and vertical inequities within the taxation system (Wafan & Iqbal, 2025). Horizontal equity demands equal treatment for taxpayers

in equivalent economic circumstances, while vertical equity requires proportional tax burdens based on differing levels of economic capacity. Inflation that is not accommodated through PTKP adjustments places a relatively heavier burden on *fixed income earners* compared to individuals with flexible or inflation-adjusted income streams. Consequently, the tax structure becomes insufficiently sensitive to variations in economic vulnerability.

From a *law and economics* perspective, inaccurate PTKP thresholds also undermine the efficiency and legitimacy of fiscal policy. Taxes perceived as unjust tend to reduce *voluntary compliance* among taxpayers. When citizens believe that the state taxes income that is no longer sufficient to meet basic living needs, taxation loses its moral legitimacy. Over time, this perception may encourage *tax avoidance* practices and weaken the state's revenue base (Wahyuni, 2024). In this sense, fiscal injustice harms not only taxpayers, but also the structural sustainability of public finance.

From a constitutional perspective, the misalignment between PTKP and actual economic conditions may also conflict with the principle of social justice enshrined in the 1945 Constitution of Indonesia (Silitonga, 2025). Article 23A of the Constitution stipulates that taxes and compulsory levies must be regulated by law, implicitly requiring rationality and justice in their implementation. Taxation imposed without due consideration of citizens' real purchasing power may be viewed as coercive in a manner inconsistent with the constitutional protection of economic rights. Accordingly, PTKP policy must be understood as an integral component of the state's constitutional responsibility.

This misalignment further reflects weak integration between fiscal policy and macroeconomic indicators. In many modern tax systems, PTKP or tax allowance adjustments are conducted automatically based on the *consumer price index*. Indonesia's limited adoption of such mechanisms has rendered PTKP policy politically contingent and insufficiently responsive. As a result, PTKP functions as a reactive rather than preventive instrument in safeguarding purchasing power, reinforcing the perception that fiscal policy is not yet fully grounded in *evidence-based policymaking*.

The social consequences of PTKP misalignment should not be underestimated. Taxation imposed on income that is, in real terms, relatively low may exacerbate social inequality and contribute to the erosion of the middle class. Within the framework of *sustainable development*, this condition runs counter to objectives related to poverty reduction and welfare enhancement (Rizal, 2025). PTKP that fails to adapt to inflation may thus become a structural factor undermining household economic resilience. Accordingly, PTKP should be understood not merely as a technical fiscal issue, but as a broader concern of social justice.

Within the framework of legal justice theory, the misalignment of PTKP with actual economic conditions illustrates the dominance of formal *legal certainty* over substantive justice. While rigid legal norms may provide certainty, they lose relevance when social realities undergo significant transformation. In such circumstances, tax law fails to perform its corrective function in addressing economic inequality. A just legal system, however, must balance *certainty, utility, and justice*. When PTKP no longer reflects actual purchasing power, this

equilibrium is disrupted, undermining the substantive justice that taxation policy is intended to achieve.

### **The Urgency of Periodic Adjustment of the Non-Taxable Income Threshold (PTKP) as an Instrument of Welfare and National Economic Stability**

The Non-Taxable Income Threshold (Penghasilan Tidak Kena Pajak/PTKP) does not merely function as a technical benchmark for tax collection, but also constitutes a public policy instrument with direct implications for public welfare and national economic stability. Within the framework of the welfare state, PTKP represents a concrete manifestation of the state's obligation to protect citizens' minimum income before it is subjected to fiscal obligations. Therefore, the sustainability of PTKP's function is highly dependent on its ability to adapt to changing economic conditions, particularly fluctuations in prices that are dynamic and structural in nature. Without a mechanism for periodic adjustment, PTKP risks losing its social and economic relevance (Kasman, 2025).

Price fluctuations resulting from inflation, supply chain disruptions, and global economic dynamics have a direct impact on people's purchasing power (Tuturoong & Herry, 2021). Continuous increases in the prices of basic necessities raise the cost of living, while income adjustments often do not occur simultaneously. In this context, a PTKP that is not periodically updated will lag behind economic realities. Consequently, income that nominally exceeds the PTKP threshold may not, in real terms, reflect adequate economic capacity. This condition places taxpayers in a vulnerable position and undermines the social protection objectives inherent in PTKP policy.

The urgency of periodically adjusting PTKP becomes even more evident when viewed from the perspective of taxpayer well-being. Taxes should be imposed only after basic living needs are fulfilled, not the other way around (Wawan, 2025). A PTKP adjustment mechanism that is responsive to inflation enables the state to maintain a balance between fiscal revenue needs and the protection of a decent standard of living. In this way, PTKP serves as a corrective instrument to ensure that taxation does not become a factor that exacerbates household economic vulnerability, particularly among low- and middle-income groups (Hutasoit, 2025).

From a macroeconomic perspective, periodic adjustments to PTKP also contribute to national economic stability. When public purchasing power is preserved, domestic consumption—one of the main pillars of economic growth—can be sustained. Conversely, taxes that burden real household income may suppress consumption and slow economic activity (Saputra & Prabowo, 2025). Therefore, PTKP adjustments should not be viewed merely as a reduction in potential state revenue, but rather as a policy investment aimed at maintaining healthy and sustainable economic cycles.

Within the framework of fiscal policy, periodic PTKP adjustment reflects an adaptive countercyclical approach. When inflation rises and economic pressure is felt by society, PTKP adjustments can function as a social buffer that alleviates individual fiscal burdens. This approach is consistent with the principle of automatic stabilizers commonly applied in modern tax systems. In other words, an

adaptive PTKP enables the tax system to actively mitigate economic shocks rather than exacerbate them.

From a legal perspective, periodic adjustment mechanisms for PTKP also strengthen the normative legitimacy of tax policy. A tax law that is responsive to socio-economic changes reflects the character of law as a living law, rather than a static norm. When the state periodically adjusts PTKP based on objective economic indicators, public trust in the tax system is likely to increase. Such trust constitutes an important form of social capital in building sustainable tax compliance (Kasman, 2025).

Periodic PTKP adjustments also possess a strong dimension of fiscal justice. The ability to pay principle can only be realized when the tax threshold aligns with actual economic conditions. Through regular adjustments, the tax system is able to treat taxpayers proportionally according to their economic capacity (Sugondo et al., 2025). This is essential to prevent fiscal inequality that may trigger social dissatisfaction and undermine the legitimacy of tax policy.

Furthermore, PTKP adjustment mechanisms reflect state support for vulnerable groups without sacrificing efficiency principles. Rather than providing direct, consumption-oriented subsidies, PTKP adjustments operate structurally by reducing the tax burden at the income source. This approach is relatively more efficient and sustainable, as it does not require substantial additional budget allocations. Thus, PTKP becomes a policy instrument that simultaneously integrates social protection objectives and fiscal efficiency.

In an international comparative context, many countries have adopted indexation mechanisms for non-taxable income thresholds or personal allowances linked to inflation (Wahyuni, 2024). This practice demonstrates an awareness that economic stability and fiscal justice require adaptive and data-driven policies. Delays in adopting similar mechanisms risk rendering the national tax system less competitive and less responsive. Therefore, periodic PTKP adjustment can also be viewed as part of efforts to harmonize fiscal policy with global best practices.

From a constitutional perspective, periodic PTKP adjustment is consistent with the state's mandate to promote public welfare. Fiscal policies that are sensitive to citizens' economic conditions reflect the state's responsibility to protect the economic rights of its people. Fair taxation is not merely a matter of legal certainty, but also one of propriety and human dignity. Accordingly, PTKP adjustment represents a concrete translation of constitutional values into fiscal policy.

Sociologically, transparent and economically grounded PTKP adjustment policies may also enhance public participation in tax discourse. Society will better understand that taxation is not merely an obligation, but part of a social contract between the state and its citizens. When the state demonstrates sensitivity to the economic burdens faced by society, the moral legitimacy of taxation is strengthened. This is crucial for maintaining social cohesion amid fluctuating economic dynamics.

## **Principles of Justice in the 1945 Constitution and Their Relevance to Non-Taxable Income (PTKP) Policy**

Justice constitutes a fundamental value that permeates the entire constitutional structure of Indonesia. The 1945 Constitution (UUD 1945) functions not only as the supreme legal document, but also as a manifestation of moral and social values that form the foundation of state governance. In the context of taxation, justice is not merely a normative principle, but a primary parameter for assessing the legitimacy of fiscal policy. The Non-Taxable Income Threshold (Penghasilan Tidak Kena Pajak/PTKP), as an integral component of the tax system, must therefore be positioned within the framework of constitutional justice to ensure that tax collection does not contradict the state's objective of promoting public welfare (Yusuf, 2025).

One of the most fundamental principles of justice embodied in the 1945 Constitution is the principle of equality before the law (Rizal, 2025). This principle affirms that all citizens have equal status before the law and government, without discrimination. In the realm of taxation, this principle requires that PTKP policies be applied fairly and proportionally to all taxpayers by taking into account their respective economic conditions. Equality in this sense does not imply formal uniformity, but rather substantive equality that recognizes differences in economic capacity among members of society.

In addition to equality before the law, the 1945 Constitution strongly emphasizes the principle of social justice, as reflected in the Preamble and Article 33. Social justice entails the fair distribution of the benefits and burdens of development among all citizens. Within the tax system, this principle requires that taxation should not disproportionately burden economically weaker groups. PTKP functions as an instrument to ensure that the minimum income necessary for a decent standard of living is not subject to taxation. Accordingly, the structure of PTKP must reflect the constitutional commitment to social justice.

The principle of public welfare also serves as an important constitutional foundation in the 1945 Constitution. The state is mandated to actively create conditions that enable citizens to live in prosperity, including through fair fiscal policies. As part of tax policy, PTKP should be directed toward supporting this objective. If the amount of PTKP is not aligned with the requirements of a decent standard of living, such a policy may conflict with the constitutional mandate to promote public welfare. Therefore, the relevance of PTKP must be continuously assessed against the socio-economic realities of society.

From a human rights perspective, justice under the 1945 Constitution is closely linked to the protection of citizens' economic rights. Taxation imposed without consideration of individuals' real economic capacity may be regarded as a violation of the right to an adequate standard of living. In this context, PTKP serves as a mechanism for protecting economic rights by ensuring that the state does not levy taxes on income that is substantively used to meet basic needs. Consequently, PTKP policy must be designed and implemented with a strong human rights orientation.

The principle of legality in taxation, as reflected in Article 23A of the 1945 Constitution, also carries an important dimension of justice. Taxes and other

compulsory levies must be regulated by law, which implicitly requires that such regulations meet standards of justice and rationality. Legality without justice risks giving rise to coercion that lacks moral legitimacy. Therefore, the regulation of PTKP in statutory instruments must reflect a balance between legal certainty and substantive justice. Without such balance, PTKP policy risks losing its constitutional legitimacy.

The relevance of constitutional principles of justice to PTKP policy is also evident in the principle of proportionality (Anggini et al., 2025). This principle requires that the tax burden be commensurate with the taxpayer's economic capacity. A proportionally designed PTKP ensures that taxes are levied only on income that truly represents economic surplus. Conversely, a disproportionate PTKP may result in regressive taxation and conflict with constitutional principles of justice (Wijaya, 2025). Accordingly, the structure of PTKP must be continuously evaluated within a proportionality framework.

From the perspective of distributive justice, PTKP plays a strategic role in correcting economic inequality (Firdaus, 2025). The 1945 Constitution positions the state as a key actor in regulating the distribution of resources to achieve social justice. Through PTKP, the state can reduce the tax burden on low- and middle-income groups, thereby making the distribution of fiscal burdens more equitable. In this sense, PTKP policy is not merely administrative in nature, but also serves as a redistributive instrument grounded in constitutional values.

Procedural justice is also a crucial aspect of PTKP implementation. The 1945 Constitution requires that public policies be formulated and executed in a transparent, accountable, and participatory manner. In the context of PTKP, this implies that the determination and adjustment of PTKP thresholds should be based on objective economic data and accompanied by clear public communication. Fair procedures strengthen public trust in tax policy and enhance voluntary compliance. In practice, the main challenge lies in translating the principles of justice enshrined in the 1945 Constitution into concrete and operational PTKP policies. Constitutional justice often comes into tension with short-term fiscal interests. However, policies that neglect justice may ultimately harm the state in the long run. Therefore, PTKP implementation should be viewed as part of a sustainable development strategy oriented toward public welfare (Hasibuan, 2025).

Normatively, the relevance of the principles of justice enshrined in the 1945 Constitution to PTKP policy demands a holistic and adaptive approach. PTKP must be understood as a manifestation of living justice within society, rather than merely a numerical figure in regulatory instruments. By positioning constitutional justice as its primary foundation, PTKP policy can function optimally as an instrument of economic protection and equitable tax burden distribution. This, in turn, strengthens the character of Indonesia as a state governed by law and justice. Equality before the law, social justice, public welfare, and proportionality are principles that must be integrated into every tax policy. A PTKP that aligns with constitutional values will ensure that Indonesia's tax system is not only legally valid, but also morally and socially just.

## **Radbruch's Theory of Legal Justice in the Context of Changes to the Non-Taxable Income Threshold (PTKP)**

Gustav Radbruch's theory of legal justice occupies a central position in modern legal philosophy, as it offers an evaluative framework that balances legal norms with social reality. Radbruch emphasizes that law cannot be understood merely as a system of positive rules, but rather as a value-oriented order aimed at realizing justice within society (Firdaus, 2025). In the context of tax policy, particularly the Non-Taxable Income Threshold (Penghasilan Tidak Kena Pajak/PTKP), Radbruch's theory provides a relevant analytical lens for assessing whether policy changes—or stagnation—reflect substantive justice. As an instrument of fiscal law, PTKP must be evaluated not only in terms of formal legality, but also in light of the living values of justice within society (Melfanti & Abbas, 2025).

Radbruch formulates three fundamental values of law: justice, legal certainty, and utility (Aimee et al., 2026). These values do not always exist in perfect harmony, but must be proportionally balanced in the formation and application of law. In PTKP policy, tension frequently arises between legal certainty and substantive justice when the PTKP threshold is fixed without consideration of changing economic conditions. While legal certainty provides normative stability, law that lacks justice and utility risks losing its social legitimacy.

With regard to justice, Radbruch argues that law must reflect society's sense of justice. A PTKP that is not adjusted to inflation potentially violates this sense of justice, as it imposes taxes on income that no longer represents the taxpayer's real economic capacity. From this perspective, adjustments to PTKP become a moral necessity to prevent tax law from functioning in an exploitative manner. The justice in question is not formal equality, but substantive justice that takes into account actual socio-economic conditions.

The dimension of legal certainty in Radbruch's theory is often invoked to justify maintaining a relatively stable PTKP policy. Legal certainty provides predictability for both the state and taxpayers in planning fiscal obligations. However, Radbruch firmly asserts that legal certainty must not be upheld at the expense of justice in an extreme manner. When a legally certain norm produces manifest injustice, it loses its ethical quality as law (Firdaus, 2025). In the context of PTKP, certainty without periodic adjustment risks transforming stability into rigidity that disadvantages society.

Radbruch explicitly argues that in extreme cases, justice must prevail over legal certainty. This principle, known as the Radbruch Formula, holds that positive law which is grossly unjust ceases to deserve recognition as law. If PTKP remains misaligned with the minimum requirements for a decent standard of living due to inflation, such policy may enter the realm of systemic injustice. Within this framework, changes to PTKP are not merely a matter of policy discretion, but an ethical imperative in the administration of tax law.

The dimension of utility in Radbruch's theory is also directly relevant to PTKP policy. Law must generate tangible benefits for society, rather than merely fulfilling formal normative logic. A periodically adjusted PTKP provides practical benefits by protecting purchasing power and maintaining household economic

stability. Conversely, a non-adaptive PTKP may undermine welfare and provoke social dissatisfaction. Thus, utility serves as a crucial indicator in assessing the effectiveness of PTKP policy.

Within Radbruch's integrative perspective, the three legal values must operate synergistically. Systematic, data-based adjustments to PTKP can preserve legal certainty while simultaneously realizing justice and utility. Normatively regulated periodic adjustments may even strengthen legal certainty by establishing clear and predictable patterns. Accordingly, changes to PTKP should not be viewed as threats to legal stability, but rather as enhancements to the quality of law itself.

Radbruch's theory further emphasizes the humanistic dimension of law. Law must prioritize human beings as its primary subjects, rather than abstract state interests (Rizal, 2025). In the context of PTKP, a humanistic approach recognizes taxpayers as individuals with concrete living needs. Fiscal policies that disregard this dimension risk reducing human beings to mere objects of taxation. Therefore, adjustments to PTKP should be understood as efforts to reorient tax law toward the protection of human dignity.

In public policy practice, Radbruch's theory encourages critical evaluation of existing positive law (Aimee et al., 2026). As a fiscal legal norm, PTKP must be periodically reviewed to ensure its alignment with justice and utility. Such evaluation does not represent legal inconsistency, but rather the manifestation of responsive law. Through this approach, tax law can adapt to social dynamics without sacrificing normative certainty.

The relevance of Radbruch's theory becomes even more pronounced in conditions of economic volatility and uncertainty. Inflation, global crises, and structural changes in labor markets demand adaptive and just fiscal policies. A PTKP that remains unchanged risks widening the gap between law and social reality. In this context, Radbruch's theory provides philosophical justification for policy reform in order to safeguard substantive justice. Good law is law that evolves alongside societal change (Firdaus, 2025).

From the perspective of the rule of law (Rechtsstaat), applying Radbruch's theory to PTKP policy strengthens the legitimacy of tax law. Law that is just, beneficial, and certain is more readily accepted by society. Tax compliance grounded in a sense of justice is far more sustainable than compliance driven solely by sanctions (Anggini et al., 2025). Consequently, changes to PTKP should be understood as part of a broader strategy to reinforce the relationship between the state and citizens within the framework of the social contract.

Through a balanced integration of justice, legal certainty, and utility, PTKP can function as a substantively just legal instrument. Adjustments to PTKP oriented toward these values represent not only a response to inflation, but also the embodiment of a humane and civilized legal order. This is the essence of living legal justice within a modern tax system.

## Conclusion

The findings of this study confirm that the current level of the Non-Taxable Income Threshold (Penghasilan Tidak Kena Pajak/PTKP) has not yet fully reflected the socio-economic realities of society, which continue to be shaped by persistent inflationary pressures. This misalignment has resulted in the erosion of taxpayers' real purchasing power, particularly among low- and middle-income groups, who are normatively still positioned as active tax subjects. Such conditions indicate the dominance of a legal certainty paradigm in tax policy, while the dimensions of substantive justice and social utility have not been accommodated proportionally. Consequently, PTKP risks losing its ethical and redistributive function as an instrument of minimum economic protection for citizens, thereby generating tension between the state's fiscal objectives and the constitutional mandate to promote public welfare.

Within the framework of Gustav Radbruch's theory of legal justice, law cannot be justified solely on the basis of its formal certainty, but must also be assessed in terms of its capacity to deliver justice and tangible benefits to human beings. Accordingly, this study argues that aligning PTKP with inflation through a mechanism of periodic adjustment constitutes both a normative and moral necessity within the Indonesian tax law system. Such alignment represents a concrete manifestation of law oriented toward *living justice*, namely law that is responsive to changes in economic structures and the real needs of society. Therefore, the reformulation of PTKP policy in a manner that is adaptive, just, and sustainable not only strengthens the legitimacy of tax law, but also reaffirms Indonesia's commitment as a constitutional state to the realization of social justice, as mandated by the 1945 Constitution.

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