

ABSTRACT

Performance Measurement in Indonesia's Tax Agency

This paper analyses the performance of the Directorate General of Taxes (DGT) as Indonesia's tax agency during five years before and five years after the bureaucratic reform. The relevant data during 2004-2013 is analysed to investigate whether the performance of the DGT after the reform was better than previous period or not. Three methods that commonly applied to measure the performance of tax agency -trend analysis, compliance rate, and tax ratio- are involved in this study. Besides that, a proposed method that usually applied in the private business, which is stochastic frontier method is also used to measure performance of the DGT that mainly based on the tax revenue collected considering that output is influenced by internal and external factors.

This study finds that all methods shows that the DGT experienced better performance after the bureaucratic reform held in 2008. This approves the mainstream opinion of previous studies that bureaucratic reform, which influenced by the ideas of the New Public Management (NPM) leads to better performance in public organisations.

Keywords: *performance measurement, tax agency, bureaucratic reform, Indonesia*