

Customs Law Enforcement on Exports and Imports: An Empirical Study in Indonesia

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ABSTRACT

Law enforcement in the field of customs is an important element in maintaining the country's fiscal interests and economic sovereignty. This study aims to analyze the effectiveness of customs law enforcement in export and import activities, identify the factors contributing to export-import smuggling, and examine the preventive and repressive measures implemented by customs authorities. This article combines a normative legal approach with empirical support sourced from the Directorate General of Customs and Excise (DJBC) and the Parepare Customs and Excise Supervision and Service Office (KPPBC). The focus of the research includes the effectiveness of customs law enforcement, the factors causing the smuggling of export-import goods, and the preventive and repressive strategies applied. The results of the analysis confirm that although the legal framework is relatively comprehensive, implementation challenges—including limited institutional capacity, extensive territorial waters, and a low culture of compliance—hinder the effectiveness of law enforcement. Recommendations include strengthening human resources, implementing risk management, increasing inter-agency cooperation, and enhancing efforts to recover state losses.

Keywords: Customs, Law Enforcement, Smuggling, KPPBC Parepare, Risk Management.

1. INTRODUCTION

The Directorate General of Customs and Excise (DJBC) is one of the agencies that supervises and provides services as well as law enforcement for Customs and Excise activities, based on Law Number 17 of 2006 concerning Amendments to Law of the Republic of Indonesia Number 10 of 1995 concerning Customs and Law Number 39 of 2007 concerning Amendments to Law Number 11 of 1995 concerning Excise.

The Directorate General of Customs and Excise has main duties and functions: supervising goods entering and exiting the customs area to prevent smuggling and illegal goods, implementing laws in the field of customs and excise, including eradicating smuggling, facilitating logistics flows, providing facilities such as Bonded Stockpiles (TPB) to support industry and trade, as well as serving customs-related administration, collecting import duties, export duties, excise, VAT, income tax, and cigarette taxes, securing state financial rights, formulating policies in the field of customs and excise, and drafting norms, standards, procedures, and criteria, carrying out duties entrusted by ministries and other state institutions regarding regulations on prohibitions and

restrictions on goods that may be imported and exported related to cross-border goods traffic, as well as having a strategic role in protecting the public by preventing the entry of dangerous goods and protecting domestic industries, supporting trade by facilitating international trade and investment, and being a source of state revenue that contributes significantly to the state budget for development and community needs (BN.2021/NO. 1031, Regulation of the Minister of Finance Number 118/PMK.01/2021 of 2021 concerning the Organization and Work Procedures of the Ministry of Finance; Customs 2025). Customs is a legal and fiscal instrument that regulates the flow of goods across borders. Customs functions include state revenue through Customs and Excise, supervision of goods that endanger public health and safety, and protection of domestic industries (Soeparna, 2020).

In the dynamics of international trade, the customs system faces multidimensional challenges: changes in trade patterns, digitization of documents, and the complexity of transnational smuggling networks (World Customs Organization (WCO), 2022). Indonesia, as an archipelagic country with a very wide coastline, faces a greater risk of smuggling than mainland countries. Small sea lanes, traditional ports, and inter-island waters are often hotspots for the entry of illegal goods. The existence of uneven port infrastructure and the price gap between regions strengthen the incentives for smuggling practices (Tonapa & Tuasikal, 2025).

Literature Review And Theoretical Framework

A literature review shows the need to combine traditional law enforcement theory with a risk management approach in customs. Legalistic theory emphasizes the application of sanctions as a precaution, while risk management approaches direct surveillance resources to high-risk activities (WCO, 2022; Khalimi, 2023). In addition, the concept of the principle of good faith becomes relevant in the context of customs self-assessment, which is when business actors are given the responsibility to report customs obligations (Yudhistira & Yusuf, 2025).

Several national empirical studies highlight weak administrative capacity and low compliance as triggering factors for smuggling. Studies on customs enforcement and policies recommend strengthening synergy between agencies (Directorate General of Customs and Excise, 2025; Rais, 2024).

2. RESEARCH METHOD

The approach of this research is normative-empirical. Normatively, a review of laws and regulations related to customs is carried out; Empirically, this study utilizes the institutional report of DJBC and the publication of KPPBC Parepare, as well as news sources related to law

enforcement in the South Sulawesi and West Sulawesi regions. The analysis was carried out qualitatively using the source triangulation technique to ensure consistency between norms and practices (Muhaimin, 2020).

Data sources include: (1) Customs Law and implementing regulations; (2) DJBC Performance Report (2025); (3) Parepare Customs Performance Report (2025); (4) WCO & WTO publications; (5) Scientific articles and related media news.

3. RESULTS AND DISCUSSION

Legal Framework and Customs Policy in Indonesia

The Customs Law provides a legal basis for supervision and law enforcement; Implementing regulations such as the Regulation of the Minister of Finance also determine technical mechanisms, including aspects of determining customs values and the use of customs facilities. The latest policy emphasizes on modernizing supervision through digitalization and risk management (Directorate General of Customs and Excise, 2025).

Since its enactment, the latest Minister of Finance Regulation (e.g. PMK Number 96/2023) has changed several provisions for determining customs values and verification mechanisms, which have an impact on the procedures for calculating import duties and reporting obligations. Juridical implications require consistent interpretation by law enforcement officials in dispute cases (Yudhistira & Yusuf, 2025).

Modus Operandi and Factors Causing Smuggling

Smuggling occurs in a variety of modes: document manipulation, under-invoicing, use of non-formal channels, and collusion with individuals. Motivating factors include: tariff differences, domestic market demand, scarcity of certain commodities, and weak surveillance at small crossing points. Cultural factors such as tolerance for economic violations are also important variables (Tonapa & Tuasikal, 2025; Khalimi, 2023). The existence of restrictions and prohibitions on export goods makes business actors try to smuggle export goods in various ways. There are various reasons for smuggling by business actors, including economic factors with the aim of avoiding tax collection or weak supervision and law enforcement by the government. (Atmasasmita, R., 2017)

Preventive Measures: Risk Management and Intelligence

The modern preventive approach shifts from a thorough inspection of all KIRs (Containers, Imports, and Records) to the implementation of risk management: prioritizing inspections on high-risk shipments based on profiling of business actors, countries of origin, or types of goods (WCO, 2022). The implementation of risk management requires reliable data and

analytical capabilities at the level of the implementing office (Directorate General of Customs and Excise, 2025). The implementation of a risk management system must also be accompanied by increasing the capacity of human resources, forensic training in documents, and strengthening intelligence cooperation between agencies (Khalimi, 2023).

Repressive Efforts: Investigation and Law Enforcement

Repressive efforts in the customs realm involve investigations by PPNS Customs and Excise, police investigations if related to cross-agency crimes, and judicial processes. The effectiveness of repressive measures is highly dependent on the quality of evidence, forensic capabilities, and prosecution coordination (Yudhistira & Yusuf, 2025).

Strengthening legal instruments, including mechanisms for recovering state losses and confiscating assets due to criminal acts, is key in providing a deterrent effect and restoring state revenue (Manalu, 2022; Anwar, Yesmil and Adang, 2009).

Empirical Analysis: KPPBC Parepare (Working Areas in 12 Regencies/Cities in South Sulawesi and West Sulawesi Provinces)

KPPBC Parepare operates in a large and strategic area, including regional ports, land routes and inter-island waters as well as certain locations in the company located in Pinrang Regency and in Barru Regency, South Sulawesi where all import, raw material processing and export activities are fully under the direct supervision authority of KPPBC Parepare. To provide an empirical overview, the following is a Summary Table of Supervisory and Service Performance Data of KPPBC Parepare in the Context of Optimizing State Revenue and Customs Law Enforcement which is synthesized from the performance report for the period of the first quarter to the fourth quarter of 2025 with the following related data:

Table I. Import Duties, Export Duties and Excise

Types of Receipts	Stuttgart I	Stuttgart II	Stuttgart III	Stuttgart IV	Total
Import Duty	Rs. 48.266.000	Rs. 35.832.000	IDR 12,412,393,000	Rs. 92.444.000	IDR 12,318,935,000
Export Duties	IDR 3,935,059,000	IDR 2,487,596,000	IDR 2,924,458,000	IDR 1,945,395,000	IDR 11,292,508,000
Taxes	IDR 15,094,148,000	IDR 13,249,585,000	IDR 16,169,883,000	IDR 19,739,923,000	IDR 64,253,539,000
Total	IDR 19,077,473,000	IDR 15,773,013,000	IDR 31,236,734,000	IDR 29,039,925,000	IDR 87,864,982,000

Based on Table I, data from the first quarter of 2025, KPPBC Parepare's customs performance showed a total revenue of IDR 87.86 billion with excise dominance ($\pm 73\%$), reflecting the effectiveness of supervision and law enforcement on excisable goods. The surge in receipts in Q3 and IV indicates a strong correlation between supervision intensity, enforcement and increased compliance. On the other hand, the relatively small fluctuations and contributions of import duties and duties indicate the limitations of export-import activities and the need to strengthen non-excise customs supervision. Empirically, law enforcement serves not only repressively, but also as a fiscal instrument for the recovery of state revenues.

Table 2. Value Added Tax (VAT) and Income Tax Article 22

Types of Receipts	Tax Revenue				Total
	Quarter I	Quarter II	Quarter III	Quarter IV	
VAT	IDR 9,774,727,318	IDR 13,017,599,950	IDR 14,784,563,648	IDR 23,866,299,651	IDR 89,443,190,567
VAT HT/DN	IDR 245,462,000	Rs. 52.551.000	Rs. 57.616.000	IDR 100,222,000	IDR 455,851,000
Income Tax Article 22	IDR 2,226,157,700	IDR 2,959,653,350	IDR 9,724,263,000	IDR 2,121,266,900	IDR 17.031.340.950
Total	IDR 12,246,347,018	IDR 16,029,804,300	IDR 52,566,442,648	IDR 26,087,788,551	IDR 106,930,382,517

Based on Table II, data for the first quarter of 2025, KPPBC Parepare's fiscal performance shows significant import tax revenue, dominated by **Import VAT** with a total of IDR 89.44 billion, followed by **Import Income Tax Article 22** of IDR 17.03 billion. The surge in revenue in the third and fourth quarters indicates an increase in import activities as well as the effectiveness of customs supervision on the aspect of tax collection in the context of imports. Empirically, the enforcement of customs administration laws plays an important role in ensuring compliance with tax payments, strengthening the function of Customs as a revenue collector as well as a regulator of international trade.

Table 3. Cigarette Tax (Cigarette Tax Notification

Types of Reception	Cigarette Tax Revenue (SPPR)				Total
	Quarter I	Quarter II	Quarter III	Quarter IV	
SPPR	IDR 1,456,702,320	IDR 1,302,935,580	IDR 1,549,394,280	IDR 1,970,670,900	IDR 6,279,703,080

Based on Table III, SPPR data for the first and fourth quarters of 2025, the performance of cigarette tax management at **KPPBC Parepare** shows an increasing revenue trend, especially in the fourth quarter, with a total of IDR 6.28 billion. Inter-quarter fluctuations reflect the compliance

dynamics of cigarette manufacturers and distributors as well as the effectiveness of excise administration oversight. The significant increase in the last half of the year indicates the strengthening of supervision, collection, and law enforcement of SPPR obligations. Empirically, cigarette excise law enforcement plays an important role as a preventive and repressive fiscal instrument in ensuring compliance, suppressing potential avoidance, and securing state revenue.

Table 4. by Document Type

Documents	Quarter I	Quarter II	Quarter III	Quarter IV	Total
GDP (BC 2.0)	Rs 100 crore	Rs 100 crore	IDR 12,079,993,000	Rs. 482.000	IDR 12,080,475,000
Temporary Import GDP	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
GDP (BC 2.1)	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
Customs Declaration (BC 2.2)	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
Consignment Note (CN)	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
BC 2.5	Rs. 44.781.000	Rs. 34.881.000	Rs. 55.549.000	Rs. 85.241.000	IDR 220,452,000
SPTNP	Rs 100 crore	Rs 100 crore	Rs. 8.243.000	Rs 100 crore	Rs. 8.243.000
SPKTNP	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
SPP	Rs 100 crore	Rs 100 crore	Rs. 15.000.000	IDR 2,363,000,000	Rs. 17.363.000
SPSA	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs. 25.000.000	Rs. 25.000.000
Forced Letter	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
Periodic Payment PIB	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
Letter of Reprimand	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
IMEI	Rs. 3.485.000	Rs. 951.000	Rs. 3.609.000	Rs. 4.950.000	Rs. 13.005.000
PEB	IDR 3,935,059,000	IDR 2,487,596,000	IDR 2,924,458,000	IDR 1,945,395,000	IDR 11,292,508,000
SPPBK	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
CK-1	IDR 14,567,034,000	IDR 13,029,365,000	IDR 15,426,811,000	IDR 19,729,538,000	IDR 62,752,748,000
CK-1A	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
CK-1C	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs 100 crore
STCK	Rs 100 crore	Rs 100 crore	IDR 604,260,000	Rs 100 crore	IDR 604,260,000
Other Taxes	Rs. 517.427.000	IDR 220,220,000	IDR 138,812,000	Rs. 10.385.000	IDR 886,844,000
SPPBP-1	Rs. 9.687.000	Rs 100 crore	Rs 100 crore	Rs 100 crore	Rs. 9.687.000
TOTAL	IDR 19,077,064,000	IDR 15,773,013,000	IDR 31,256,735,000	IDR 21,803,364,000	IDR 87,910,585,000

Based on Table IV, data for the first and fourth quarters of 2025, the performance of administrative law enforcement at KPPBC Parepare is reflected in the issuance of SPTNP, SPSA, and SPPBP-1 as customs corrective instruments. The emergence of SPPBP-1 in the first quarter indicates an

initial response to violations that incur the obligation of reimbursement costs, while the realization of SPTNP and SPSA in the third and fourth quarters indicates the effectiveness of post-clearance audit supervision and document research. In customs law enforcement, SPTNP (Tariff and/or Customs Value Determination Letter) and SPSA (Administrative Sanction Determination Letter) are administrative legal instruments that are corrective-fiscal, not criminal. Conceptually, SPTNP and SPSA reflect a shift in customs law enforcement from a purely repressive approach to compliance-based administrative enforcement, which balances legal certainty, state revenue, and enforcement efficiency. This temporal pattern confirms that risk-based supervision and administrative law enforcement function not only repressively, but also fiscally through the recovery of state losses and increased compliance of business actors.

Policy Implications

The results of the normative and empirical merger show several policy implications: (1) the need to strengthen the capacity of KPPBC in the water area, including patrol assets, electronic surveillance systems, and trained human resources; (2) improve the quality of data-driven intelligence to improve risk profiles; (3) clearer arrangements regarding the recovery of state losses and cross-sectoral enforcement cooperation; and (4) legal communication strategies to improve public compliance (Rais, 2024; Directorate General of Customs and Excise, 2023).

Recommendations

Based on these findings, policy recommendations include: (1) investment in risk management and data analysis in regional offices; (2) a program to improve the competence of PPNS and the document forensic team; (3) the development of a fast and transparent mechanism for recovering state losses; (4) increasing international cooperation in accordance with the guidelines of the World Trade Organization (WTO); (5) community and business actor involvement in local compliance and monitoring programs.

4. CONCLUSION

The combination of normative and empirical analysis in this article shows that law enforcement in the field of customs in Indonesia requires a more adaptive and integrated strategy. KPPBC Parepare as an empirical locus describes real challenges in the field such as: wide area coverage in 12 districts/cities (South Sulawesi and West Sulawesi), limited facilities, and ever-changing patterns of smuggling. The implementation of risk management, human resource capacity building, and state loss recovery policies are priority steps to increase the effectiveness of law enforcement and maintain national economic sovereignty.

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