

## ABSTRACT

Indonesia only achieved 79,82% tax revenue from what was targeted in the 2018 State Budget. Whereas with the advancement of technology, many new tax sources can be utilized by Indonesia to meet its tax revenue targets, one of which is by taxing bitcoin. Unfortunately, as a state of law, the tax law in Indonesia has not been able to keep up with technological developments, so that the law governing bitcoin taxation still does not exist. There are two issues that are discussed in this undergraduate thesis, first is the urgency and the possibility of bitcoin taxation in Indonesia, and second is how the law should regulate imposition of the tax on the ownership of bitcoin in Indonesia. This two issues are solved using normative legal research through the study of laws, journals, books, and trusted internet sites. The result of the discussion shows the following findings: First, bitcoin can be used in online black market, have threat to the data security, and it can be used in tax evasion. So, it is very urgent to make regulation on the taxation of bitcoin. Second, Indonesia should regulate the taxation of bitcoin with some addition on the prevention of illicit use of bitcoin, consumer protection, and obligation to make report and supervision on the activity of bitcoin. So, the best things that Indonesia can do is not only to create the regulation but also to make a cooperation with the registered bitcoin company and ban other illegal bitcoin sites.

**Key Words:** bitcoin, taxation, tax evasion.