

## Analysis of the Effectiveness and Contribution of Land and Building Taxes to the Original Regional Income of Bekasi Regency

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### ABSTRACT

Land and Building Tax (PBB) is one of the regional taxes that has a major contribution to the Regional Original Income (PAD) of Bekasi Regency. This study aims to analyze the level of effectiveness and contribution of land and building tax (PBB) to the regional original income (PAD) of Bekasi Regency. This study used a quantitative descriptive method. The data source used in this study was secondary data with time series data types. Secondary data used are the financial statements of Regional Original Revenue (PAD) revenue and the Bekasi Regency Land and Building Tax (PBB) revenue report for 2017–2019. The results of this study indicate that the effectiveness level of land and building tax (PBB) revenue in Bekasi Regency for three years, namely from 2017 to 2019, shows that the criteria are very effective, with an average achievement of 113%. The contribution rate of land and building tax (PBB) to the regional original income (PAD) of Bekasi Regency for three years, namely from 2017 to 2019, shows the criteria of being deficient with an average of 18%. For the simple regression analysis, the results show that land and building taxes have a positive effect on local revenue

## **INTRODUCTION**

Regional Real Income (RNR) is an important measure for determining the level of regional capacity in implementing regional autonomy effectively and responsibly. Regional autonomy has a positive impact on areas that have natural resource potential, but not on areas that are poor in natural resources. One of the problems faced by district or city governments, in general, is the limited funds that come from their districts (PADs), so the autonomous process of the district has not been able to run as it should (Andriani & Kumala, 2022)

To carry out its responsibilities in building the region, there are functions of diversity that local governments must understand. According to Act No. 32 of 2004, the local government has three functions. First, the local government regulates and manages the affairs of the government based on autonomy and the duty of assistance. Second, it exercises broad autonomy, except for the government matters that become the affair of the Government to improve the well-being of the people, the general service, and the competitiveness of the region. Third, the regional government in organizing the affairs of government has a relationship with the central government with the government of the area. Where such relations include authority, finance, public service, use of natural resources, and other resources (Dahuri & Yani, 2023)

To carry out these functions, the local government expects a good financial capacity of the region. Regional finance is an important factor in local governance. In addition to giving authority to the district to regulate and manage self-governmental affairs, the autonomous district also serves to empower the districts to govern their district finances through fiscal decentralization. Fiscal decentralization in Indonesia in the form of transfer to the region is a balance sheet. Special autonomy and adjustment funds, as well as in the form of an instrument to increase the potential of the local real income (Febriyanto & Khasanah, 2023)

On the other hand, the local government also has a huge responsibility for the financial management that comes from the original income of the area, because the funds come from the local community who are entitled to recover the funds in the form of the construction carried out in the area (Rustendi, 2018) Regional tax collection in Indonesia is regulated by Law No. 28 of 2009. In such laws, regional tax is the obligatory contribution to the Territory owed by individuals or entities without equal direct remuneration, which may be imposed under the provisions of the applicable laws, and used for the needs of the Territories for the greatest prosperity of the people. Regional taxes are divided into two, namely provincial taxes and district or city taxes. Provincial taxes consist of motor vehicle taxes, motor vehicle name duties, fuel tax for motor vehicles and surface water collection and utilization tax, as well as tobacco tax. District or city tax consists of hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, non-metallic mineral, and stone tax, tax on collection and processing of class C mineral and parking tax, underground water tax, bird nest tax, Land and Rural, and Urban buildings tax, and customs duties on land and buildings.

According to Act No. 28 of 2009, local governments are permitted to carry out local tax collection in an area adjusted to the potential and policy of the area established by the Regional Regulations. (Perda). One type of local tax authorized to be collected by the district/city government is the Land and Rural and Urban Buildings Tax (PBB-P2). The Land and Building Tax (United Nations) is the tax collected on land and buildings because of the advantages and better socio-economic position of the person or entity entitled to the benefits of land and/or such buildings. The Earth and Building Tax (PBB) plays a significant role in sustainability and smooth development, so it needs to be dealt with and managed more intensively (Rustendi, 2018).

In the management of receipts of the Earth Tax and Rural and Urban Buildings (PBBP2), it is also necessary to know the level of effectiveness and the contribution of the land and building tax receipt to the local real income. Effectiveness is the rate of achievement of a program with a set target. Effectiveness indicates success or failure in achieving the goal, then the organization is said to have run effectively. The most important thing to note is that effectiveness does not indicate how much cost has been spent to that goal. The cost can be more than what has been estimated, can be twice as much or even three times as much as has been calculated. Effectiveness only looks at whether a program or activity achieves a set goal (Salsabiela & Sofianty, 2022).

Contributions are used to determine the extent to which local taxpayers can contribute or contribute to the receipt of the Local Real Income. Contributions can be made by comparing local tax receipts with local real income. Land and Building Tax Contributions is a collection carried out by the government to the entire community to increase tax revenues, which is generated through the implementation of processes based on systems and procedures in tax collection that are already in force to increase the Regional Real Incoming (Sari et al., 2018).

The district of Bekasi is one of the districts in the province of West Java that has implemented the Land Tax and Rural and Urban Buildings (PBBP2) as one of regional taxes. This is done to advance the Law No. 28 Year 2009 on Regional Tax and Regional Retribution, which enables the district or city governments to manage the land tax and rural and urban buildings themselves. (PBB P2). In 2018, the income of the district reached Rs. 5.19 trillion. This figure is supported by the regional income (RP 2 trillions or 49%. The remainder, contributed from the balance fund 44% and other income 7%. More specifically, the largest contribution of the PAD comes from the regional tax receipts, which amounted to Rs. 1.65 Trillion or 79% of the total PAD 2018. The rest, remuneration contributes 13%, the other PAD 8%, including the income from the wealth management of the separated regions.

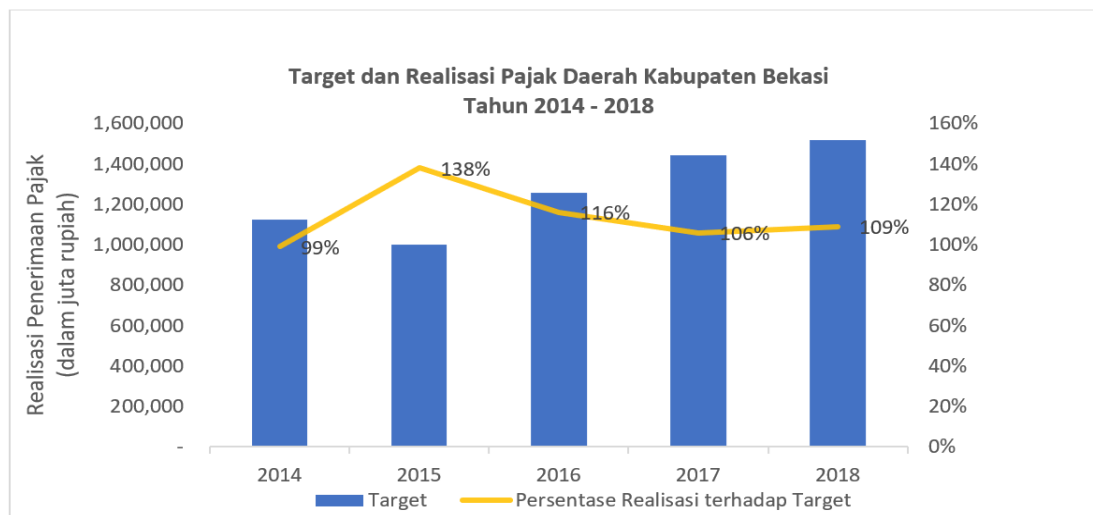


Figure 1. Target Graph and Tax Realisation of the District of Bekasi  
 Source: Ministry of Finance (dalamnews.ddtc.co.id)

According to Figure 1 above, the tax receipts of the district of Bekasi have increased annually throughout the period 2014–2018. In general, the realisation of the tax receipts of Bekasi District has reached the target specified in the APBD. The ratio of the realisation of tax deposits against the target set by APBD is recorded as fluctuating. Compared to its target, Bekasi District achieved a realisation of regional tax receipts of 99 percent in 2014. In 2015, the realisation of tax receivables against the target increased significantly to 138 percent.

The Land and Building Rights Procurement Tax (BPHTB), which received Rs. 760 billion in 2018, came in second place to the land and building tax (PBB), which received Rs. 360 billion, and the Road Explanation Tax (PPJ), which received Rs. As for the smallest contribution to the income component of local tax in Bekasi district, it is the tax on bird nests, with an income of Rs 700 million. (PAD). The district government of Bekasi each year has a target for receiving taxes, including land and building tax taxes as a source of regional income. This tax is a very potential sector, so with that potential, it is expected that increased realisation in land and building tax receipts and contributions given by land and building tax will drive economic development in particular in the Bekasi district. One way to figure out the goals and achievements of the land and building tax is to use the ratio of effectiveness and contribution.

Research related to land and building taxes has been done extensively by researchers including (Sari et al., 2018), (Wardani & Fadhlia, 2017), (Rachmawati, 2018). The results of the research on the Effectiveness and Contribution Analysis of Land and Rural and Urban Buildings Tax (PBBP2) to the Regional Original Income (PAD) of Jember District concluded that the effectiveness of the PBB-P2 on the local real income was very effective, while the PBB -P2 contribution to the real income of the Jember region belonged to a very small category.

Researchers (Wardani & Fadhlia, 2017) on Effectiveness Analysis and Contribution of Land and Building Tax Receipt to Regional Original Income (PAD) of the City of Denpasar concluded that the effectiveness of the land and

building tax on the original income of the region belongs to is very effective, untu land and building tax contribution in terms of the local income belong to less.

While researchers (Rachmawati, 2018) on the Effectiveness Rate Analysis and Contribution of Land and Buildings Tax to Regional Original Income (PAD) of the City of Surabaya concluded that the effectiveness of the United Nations tax on the real income of the region belongs to the effective and the land and building tax contribution to the PAD belong to the moderate category.

## LITERATURE REVIEW

1. Taxation: According to (Mardiasmo, 2019), "tax is a public payment to the state funds under the law (which is enforced) and does not obtain lead services directly, but can be shown and used to pay public expenditure."
2. Regional tax: According to (Mardiasmo, 2019), "Area tax is a compulsory levy on the area owed by the taxpayer that is imposed by law and does not receive direct compensation to be used to finance the maintenance of the local government as well as the development of the area."
3. Earth tax and rural and urban buildings: According to (Mardiasmo, 2019), "Earth tax and buildings are the earth, the surface, and the earth body that is in it. The surface of the earth comprises the land and deep waters (including pits, swamps, and waters) as well as the sea of the territory of the Republic of Indonesia. A building is an engineering construction that is planted or placed permanently in the soil and/or water."
4. Regional Real Income: According to (Mardiasmo, 2019), "Regional real income is the receipts derived from regional tax income, regional remuneration income, company income, and other property management income of the region that can be separated, and other legitimate."
5. Efficiency: According to (Rustendi, 2018), "Efficiency is the relationship between output and goal. The greater the contribution of output to the achievement of a goal, the more effective the organization, programme, or activity. Because the economy focuses on input and efficiency on output or process, then efficiency is focused on outcome."
6. Contribution: According to (Febriyanto & Khasanah, 2023), "contribution is a behaviour by an individual that will have a positive or negative impact on others. For example, someone who cleans his home to be clean and clean to give a positive impact on the people around him."

## METHODOLOGY

The type of research approach that will be used is qualitative-descriptive because it produces conclusions in the form of data. The instrument of qualitative research is the researcher. So, researchers need to have a broad supply of theory and insights so that they can ask, analyse, document, and understand the social situation they're studying.

## RESULTS AND DISCUSSION

The study aims to analyse the level of efficiency of the land and building tax and calculate the contribution of the land and building tax receipt to the natural income of Bekasi District in 2017 through 2019.

### Land and Building Tax Effectiveness Analysis

In relation to taxation, tax effectiveness measures the relationship between the income of a tax and the potential of the tax. Thus, tax effectiveness is the realisation of tax receipts versus potential tax receivables (Oktavia, 2018). Based on the evaluation criteria of the effectiveness analysis studied in the table below:

Table 1. Effectiveness Assessment Criteria

Presentation	Criteria
>100%	Very effective.
90%-100%	Effective
80%-90%	Pretty effective.
60%-80%	Less Effective
<60%	Ineffective

Source:(Puspitasari, 2014)

Therefore, here is a table of results of the analysis of the effectiveness of land tax and buildings in Bekasi district in 2017–2019 using the formula of comparison between the realisation and the target of receipt of the earth tax and the buildings of Bekasi District.

Table 2. Effectiveness of land and building tax Admission in Bekasi District, 2017-2019

Year	Land and Building Tax Realisation	Land and Building Tax Target	Effeciency	Criteria
2017	368.572.069.762	360.000.000.000	102%	Very effective.
2018	407.184.282.969	390.000.000.000	104%	Very effective.
2019	459.585.616.493	405.000.000.000	113%	Very effective.
Average			107%	Very effective.

Source: PABENDA Districts of Bekasi (data diolah)

From table 2 above, it can be seen that the receipt of land and building taxes every year has increased from the year 2017 to the year 2019, as well as that the goal every year is always achieved. Increased acceptance of land and building tax is due to the policy of the government of Bekasi district, which eliminates fines for land tax and rural and urban buildings (PBB-P2) for taxpayers owed and imposes the payment system online.

1. In 2017, the target land and building tax of Rs. 360,000,000,000 and the realisation of receipts of Rs. 368.572.069.762 The level of effectiveness of 102% of the value is included in the criteria as very effective. This means the target of receiving land tax and building the district of Bekasi in 2017 has been achieved.
2. In 2018, the target tax on land and buildings was Rs. 390,000,000,000, and the realisation of receipts was Rs. 407.184.282.969. For its efficiency of 104%, the

value is included in the criteria as very effective. This means the target of receiving land tax and building districts in Bekasi in 2018 has been achieved.

3. In 2019, the target land and building taxes will be Rs. 405,000,000,000 and the realisation of receipts will be Rs. 459.585.616.493. For its efficiency of 113%, the value included in the criteria is very effective. This means the target of receiving land tax and building districts in Bekasi in 2019 has been achieved.

During the three years, from 2017 to 2019, the land and building taxes in Bekasi district have increased constantly. The average percentage of effectiveness was 107%; the highest efficiency rate in 2019 was 113%; and the lowest in 2017 was 102%.

**Analysis of the Contribution of Land and Building Tax Recipients to the Natural Income of the District of Bekasi**

According to Mahmudi (2016), the contribution is used to find out to what extent a local taxpayer can contribute to the receipt of the regional real income. To find out the contributions, one can compare the receipts of the regional taxpayers with the receipts of the local real income. Land and Building Tax Contributions is a collection made by the government to the entire community to increase tax revenues, which is generated through the implementation of processes based on systems and procedures in the collection of taxes that are already in force to increase the regional natural income (Julaiha, 2017). Based on the assessment criteria of the conjunction analysis presented in the table below:

Table 3. Contribution Assessment Criteria

Presentation	Criteria
0,00-10%	Very Less
10,10%-20%	Less
20,10%-30%	I'm in
30,10%-40%	Good enough
40,10%-50%	Good
>50%	Very good

Source: (Puspitasari,2014)

Then, here is a table of results of the analysis of the contribution of land and building tax in Bekasi district in 2017–2019 using the formula of comparison between realisation of land and building tax receipt and realisation of receipt of Regional Original Income (PAD) of Bekasi.

Table 4. Land Tax Contributions and Buildings of Bekasi District in the Year 2017-2019

Year	Land and Building Tax	Regional Original Income	Contributions (%)	Criteria
2017	368.572.069.762	2.309.743.048.914	16%	Less
2018	407.184.282.969	2.093.940.806.376	19%	Less
2019	459.585.616.493	2.438.176.293.414	19%	Less
Average			18%	Less

Source: BAPENDA Bekasi District

Based on table 4 it can be seen that the rate of contribution of land and building taxes to the original income of the region from 2017 to 2019 is still less in line with the criteria issued by Depmendagri.

1. In 2017, the achievement or realisation of land and building taxes of Rs. 368.572.069.762 and the realisation of PAD amounting to Rs. 2.309.743.048.914 For its contribution of 16%, the figure is included in the category less. This means the contribution to land and building tax against the PAD district of Bekasi in 2017 is still less.
2. In 2018, the achievement or realisation of land and building taxes amounted to RP 407.184.282.969, and the realisation of PAD amounted to RP 2.309.743.048.914. The rate of contribution has increased from the previous year to 19%, which is due to the decline in the realization of the region's receipts despite the rise in land and building tax acceptance. But those values are included in the less category. This means that the contribution of land and building taxes to the PAD of the Bekasi district in 2018 is still less.
3. In 2019, the achievement or reallocation of land and building taxes amounted to Rs. 459.585.616.493 and the realization of PAD was Rs. 2.438.176.293.414. The rate of contribution has not experienced the same increase as the previous year, which is 19% of the figure included in the category. This means the level of the contribution of land and building tax to the PAD district of Bekasi in 2019 is still lower.

During the three years from 2017 to 2019, receipts of land and building taxes have been on the rise. The average percentage of land and building tax contributions from 2017 to 2019 was 18%, which means that the level of land tax and building contributions in Bekasi district is still lower.



## CONCLUSIONS AND RECOMMENDATIONS

Based on the results of research and discussions that have been carried out on the effectiveness of land and building taxes and their contribution to the original income of the district of Bekasi, it can be concluded:

1. The level of efficiency of land tax and building districts in Bekasi is included in the criteria of being very effective from 2017 to 2019, with an average of 107%. In 2017, the efficiency rate was 102% (very effective), in 2018, the rate of effectiveness was 104% (very efficient), and in 2019, the level of efficacy was 113% (very efficient).
2. The level of land and building tax contributions in the district of Bekasi for three years from 2017 to 2019 is included in the criteria, with an average of 18%. In 2017, the percentage was 16% with fewer criteria, and in 2018 and 2019, the percentage was 19% with fewer criteria.

## ADVANCED RESEARCH

Any recommendations that the author can make to the District Revenue Agency of the Bekasi district are based on the research:

1. Since the contribution of the land and building tax to the local income is still lower, the Regional Revenue Agency of Bekasi district should increase the potential of the land and the existing buildings.
2. To increase the acceptance of the United Nations, governments should undertake efforts to improve tax administration and the quality of officials or collectors. By strengthening the information system of both wealth and wealth itself and by making a compulsory rescheduling of the Land and Buildings Tax so that the new potential of the Land and Plants Tax can be properly addressed,
3. Give guidance and information to taxpayers about the importance of the land and building tax to increase local income while supporting the well-being of the community through the implementation of construction.

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