



ROLE OF BPHTB ON ORIGINAL LOCAL GOVERNMENT REVENUE THROUGH MEASUREMENT OF EFFECTIVENESS AND CONTRIBUTION IN SIDOARJO REGENCY

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ABSTRACT

The Customs for the Acquisition of Land and or Building Rights (BPHTB) is one type of local tax whose revenue potential can be increased through a series of appropriate strategies. This study aims to determine how the role of BPHTB on Regional Original Income (PAD) in Sidoarjo Regency, through its effectiveness and contribution to PAD. This research is a quantitative descriptive, by calculating the ratio of effectiveness and contribution of BPHTB to PAD, 2018-2020. Using secondary data sourced from research journals and the realization of regional income in Sidoarjo Regency. The findings of this study are that the target and realization of BPHTB are fluctuating, while PAD always increases every year. Effectiveness is in the very effective category, while the contribution to PAD is in the not enough category.

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1. Introduction

Nowdays, taxes play an important role in the development of a country, Indonesia is no exception. Tax is one of the levies that exist in Indonesia, is mandatory, can be imposed based on the regulations that govern, and is used for the prosperity of the people. Taxes contribute about 75% of total state revenue. This is in accordance with the statement of [Asmandani et al \(2020\)](#) which states that taxes are the largest source of revenue for the state.

According to tax law in Indonesia, based on its authority, taxes are divided into two, namely central taxes and regional taxes. Central tax is a tax whose authority is in the central government which is run through the Tax Office, while the authority for regional taxes is in local governments both at the provincial and district/city levels ([Puspita and Wicaksono, 2017](#)). One type of local tax that is quite popular in Indonesia is the Customs for the Acquisition of Rights to Land and or Buildings (BPHTB).

Acquisition Duty of Right on Land and Building, commonly referred to as BPHTB, is a type of tax on the acquisition of land and or building rights. One of the acquisition mechanisms commonly known in the community, for example by buying and selling. At the time of sale and purchase of land and or buildings, the seller and the buyer will both be subject to tax, namely the seller will be deducted the final tax and the buyer will be subject to BPHTB. The tax process will usually be completed in front of a notary who will arrange the deed of sale and purchase of the land and/or building.

One of the local governments that focuses on increasing local tax revenues is the Sidoarjo Regency Government, whose role is carried out by the Regional Tax Service Agency (BPPD). Regional taxes are important to be a concern, because they are one of the sources of local revenue (PAD), where if local tax revenues and PAD are optimal, they will be useful in regional development.

BPHTB is one of the local taxes in Sidoarjo. As a type of regional tax, it is deemed necessary to calculate the effectiveness of BPHTB revenues, namely by comparing the realization with the target. It is expected that each year the number of realized revenues is greater than the set target. In addition, it is necessary to calculate the contribution of BPHTB revenue to PAD, which calculates the realization of BPHTB revenue with the realization of PAD revenue. [Susilo et al \(2018\)](#) asserted that local governments play a role in public services, not least in terms of taxes. As stated by [Kusumaningrum et al \(2020\)](#) that the role of local governments can be realized in electronic tax service innovations.

According to [Marandu et al \(2015\)](#), the tax office needs to focus on policies for taxpayers in improving compliance. In addition, efforts in the context of optimization need to consider aspects of business behavior ([Feldstein, 2008](#)). So that taxpayers are willing to comply without the need for inspections, warnings, and or threats ([James and Alley, 2004](#)). [Richardson and Gilligan \(2002\)](#) emphasized that there needs to be a regulation in terms of administration and creating transparency.

Research on the effectiveness and contribution of local tax revenue to PAD has often been carried out, especially regarding PBB-P2 and Restaurant Tax. For example, the research on PBB-P2 by [Safitri et al \(2022\)](#) in Tuban, [Permatasari and Wicaksono \(2021\)](#) in Ponorogo and Inayah and Wicaksono (2022) in Jombang, which found that its effectiveness was very effective and contributed to PAD in the poor and very low categories, respectively. For the Restaurant Tax, [Huda and Wicaksono \(2022\)](#) in Badung, who found the effectiveness in the effective category and its contribution to the less position.

Based on some of the things above, it is deemed important to carry out research on the role of BPHTB on PAD in Sidoarjo Regency, which is measured by the level of effectiveness and contribution to PAD. Given that the mechanism for local tax revenue is part of regional autonomy, it is necessary to calculate several things related to PAD, as a form of evaluation and determination of strategies in optimizing local tax revenues in general and BPHTB in particular. As stated by [Wicaksono et al \(2022\)](#) that the need for appropriate local government policies in optimizing local tax revenues.

2. Literature Review

2.1 Tax

The definition of tax according to Law number 28 of 2007 concerning KUP, in essence, tax is one of the mandatory levies in Indonesia, which is coercive with the existence of regulations, there is no direct counter-achievement, and is used for the prosperity of the people.

2.2 Local Tax

Regional taxes are taxes whose collection authority lies with the Regional Government, both the Provincial Government and Regency / City Government. According to [Puspita and Wicaksono \(2017\)](#), Regional Taxes include 5 (five) types of Provincial Taxes and 11 (eleven) types of Regency/City Taxes. Provincial taxes consist of: motor vehicle taxes, transfer fees for motorized vehicles, motor vehicle fuel taxes, surface water taxes and cigarette taxes. District/City taxes consist of: hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, non-metallic mineral tax and rock, parking tax, groundwater tax, swallow's nest tax, rural and urban land and building tax. , and fees for the acquisition of land and building rights.

2.3 Acquisition Duty of Right on Land and Building (BPHTB)

According to Law Number 28 of 2009 concerning Regional Taxes and Regional Levies, BPHTB is a tax imposed on the acquisition of rights to land and or buildings, which are usually due to the sale and purchase of land and or buildings, as well as various other reasons that cause the transfer of land rights. and or the building.

2.4 Original Local Government Revenue (PAD)

PAD its means original local government revenue, is an original source of income from regional authority, which usually consists of regional taxes and levies, the results of separated wealth management, as well as other legitimate regional original income.

2.5 Effectiveness

Effectiveness is the comparison between the realization and the revenue target. Ideally, acceptance is equal to the target so that the category is effective, whereas if it exceeds the target, it is in the very effective category. If it is not in accordance with the target, then the category is quite effective to ineffective. For categorizing effectiveness based on criteria Kepmendagri in 1996.

2.6 Contribution

Contribution is a measure of how big the value of BPHTB revenue is compared to PAD revenue. Categorization by Team R&D Depdagri-Fisipol UGM in 1991, which includes the category of very good to very poor.

3. Methodology

This type of research is descriptive quantitative, namely by analyzing the results of the calculation of the effectiveness of BPHTB revenues and the contribution of BPHTB to PAD. The objects are in the form of targets and realization of BPHTB revenues, as well as PAD realization from 2018-2020. The type of data is in the form of secondary data, namely data obtained from third parties in the form of targets and realization of BPHTB, as well as realization of PAD. Sources of data obtained from reports on the realization of regional income Sidoarjo Regency, research journals, and the internet. Data analysis techniques with the following steps:

3.1 Effectiveness

At the first stage, the effectiveness of BPHTB revenue will be calculated, namely by assessing and analyzing the amount of revenue realization compared to the BPHTB revenue target. The formula and criteria for effectiveness are as follows:

$$BPHTB \text{ Effectiveness} = \frac{\text{Realization of BPHTB}}{\text{Target BPHTB}} \times 100\%$$

Table 1.

Effectiveness Criteria	
Score	Criteria
>100%	Very effective
90%-100%	Effective
80%-90%	Effective enough
60%-80%	Less effective
<60%	Ineffective

Source : Kepmendagri No. 690.900.327, 1996

3.2 Contribution

In the second stage, the contribution of BPHTB to PAD will be calculated, which is the result of the division between the realization of BPHTB compared to the realization of PAD. Here is the formula and the contribution criteria:

$$BPHTB \text{ Contribution} = \frac{\text{Realization of BPHTB}}{\text{Realization of PAD}} \times 100\%$$

Table 2.
Contribution Criteria

Score	Criteria
0,00%-10%	Very less
10,10%-20%	Not enough
20,10%-30%	Currently
30,10%-40%	Pretty good
40,10%-50%	Good
>50%	Very good

Source : Team R&D Depdagri-Fisipol UGM, 1991

4. Result and Discussion

4.1 Effectiveness BPHTB

Table 3.
Effectiveness BPHTB 2018-2020

Year	Target BPHTB	Realization of BPHTB	Effectiveness (%)	Criteria
2018	272.000.000.000	307.416.332.941	113,02	Very effective
2019	306.000.000.000	334.002.890.576	109,15	Very effective
2020	220.000.000.000	282.529.546.294	128,42	Very effective
Average			116,86 %	Very effective

Source : Processed Data, 2022

Based on table 3, it can be seen that the revenue target and the realization target of the Sidoarjo Regency BPHTB during 2018-2020 experienced ups and downs or tended to fluctuate, and their effectiveness also fluctuated. In the 2018 to 2019 period, the target and realization of BPHTB has increased, but in 2019 to 2020 this is the lowest point due to a drastic decline in both targets and realization, but the level of effectiveness actually increases.

In 2018, with a target revenue value of IDR 272,000,000,000, - and the realization resulted in IDR 307,416,332,941, - resulting in an effectiveness of 113.02 % in the very effective category. This effectiveness value is the highest compared to 2019 and 2020. In 2019, the target value and realization of BPHTB revenues increased compared to 2018, with a target of IDR 306,000,000,000 and resulted in a realization of IDR 334,002,890,576, or there was an increase in realization of almost IDR 27,000,000,000,000. This is because in 2019 a pilot project was implemented to implement Host to Host or often called H2H at BPHTTB. H2H is an inter-server system that is connected to each other directly between the Regional Service Agency and the Regional National Land Agency. With the implementation of the H2H application, there is an increase in regional income, especially BPHTB. Although the target and realization values increased drastically compared to the previous year, their effectiveness decreased by around 4% compared to 2018, which was 109.15%. Although there is a decrease, the effectiveness value is still in the very effective category.

Furthermore, in 2020, the target and realization of BPHTB revenue experienced the lowest point compared to the previous year, with a target of Rp. 220,000,000,000,- and a realization of Rp. 240,634,445,952. This is predicted to be due to the Covid-19 pandemic which causes a slowdown in the economic sector in Sidoarjo, and has an impact on local tax revenues, one of which is BPHTB. The Sidoarjo Regency Government has also issued several policies as relaxation of local taxes through concessions and delays in payment maturity. Furthermore, the effectiveness of BPHTB in 2020 is also the highest in effectiveness compared to 2018 and 2019, which is 128.42%, so it is in the very effective category.

Based on the conditions in 2018-2020, the average level of effectiveness of BPHTB is 116.86% or is in the very effective category. This value was contributed by the magnitude of the effectiveness in 2020, although in that year there was a decline in the target and realization of revenue.

4.2 BPHTB Contribution to PAD

Table 4.
BPHTB Contribution to PAD 2018-2020

Year	Realization of BPHTB	Realization of PAD	Contribution (%)	Criteria
2018	307.416.332.941	1.685.558.666.147	18,24	Not enough
2019	334.002.890.576	1.689.953.213.262	19,76	Not enough
2020	282.529.546.294	1.798.515.746.931	15,71	Not enough
	Average		17,90	Not enough

Source : Processed Data, 2022

Based on table 4 above, it can be concluded that the realization of BPHTB revenue in 2018-2020 in Sidoarjo Regency experienced ups and downs or fluctuated, namely there was a significant increase in 2019, but there was a very significant decline in 2020 as explained in the first section regarding the discussion of effectiveness. BPHTB. Meanwhile, the realization of PAD in 2018-2020 in general has increased every year. PAD in 2018 generated Rp. 1,685,558,666,147, - and there was a relative increase in 2019 to Rp. 1,689,953,213,262, -. In contrast to the target and realization of BPHTB which tends to decrease in 2020, in fact in 2020 the value of PAD in Sidoarjo Regency experienced a significant increase, namely generating PAD of Rp. , even increase PAD. This is of course thanks to the hard work of the Sidoarjo Regency Government in dealing with the pandemic and the various accurate strategies that have been implemented, so that PAD revenue remains optimal in the Covid-19 pandemic. One of these strategies is to reward local taxpayers who are considered compliant. The form of appreciation for obedient and appropriate taxpayers in the implementation of local tax obligations in Sidoarjo Regency.

In 2018, the realization of BPHTB revenue generated Rp. 307,416,332,941, - and the realization of PAD resulted in Rp. 1,685,558,666,147. With the comparison of these values, it produces a contribution of 18.24% and is in the not enough category. In 2019, the realization of BPHTB revenue was Rp. 334,002,890,576 and was the highest in the 2018-2020 period. While the realization of PAD increased compared to 2018, which was Rp. 1,689,953,213,262, -. With a comparison of these two figures, it produces a contribution of 19.76% and is the largest BPHTB contribution to PAD between the 2018-2020 period. However, this category is still in the not enough category.

Furthermore, in 2020, the realization of BPHTB revenue was the lowest realization compared to 2018 and 2019 because in 2020 it was affected by the Covid-19 pandemic. In 2020 the realization of BPHTB was worth Rp. 282,529.546,294, - and resulted in the highest PAD realization compared to 2018 and 2019 which was Rp. 1,798,515,746,931, -. Based on the comparison of the two numbers, the contribution of 15.71% is obtained and is still in the not enough category. The contribution value in

2020 is the lowest compared to 2018 and 2019. According to Siregar (2021), the pandemic has had a positive impact on the high use of the digital economy.

5. Conclusion

Based on the discussion, it is concluded that:

1. The target and realization of BPHTB revenue is fluctuating, with the highest revenue in 2019 and the lowest revenue in 2020, which is most likely due to the Covid-19 Pandemic which has caused a decrease in BPHTB realization.
2. Realization of PAD always increases, where in 2020 is the highest PAD revenue, even though in that year the Covid-19 Pandemic occurred.
3. The effectiveness of BPHTB is generally in the very effective category, although the amount fluctuates, but the highest effectiveness is in 2020.
4. The contribution of BPHTB to PAD is fluctuating, where in 2019 it produced the highest contribution and in 2020 it was the lowest.

6. Suggestion

Based on the conclusions of the research, the researchers provide recommendations to BPPD Sidoarjo Regency as follows:

1. It is necessary to maintain the effectiveness of BPHTB receipts, namely to carefully calculate the targets to be set and adjust them to the potential for BPHTB revenues. In addition, it is also necessary to consider various existing policies, especially local tax policies during the Covid-19 pandemic. So that the effectiveness of BPHTB revenue can always be maintained and meet the set targets.
2. It is necessary to increase BPHTB consistently and through various innovative local tax strategies and take into account the social and economic conditions that exist in the community, so that BPHTB revenue can be optimal but not burdensome to the community.

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