

Analysis of the Concept and Implementation of Local Taxes and Levies in Indonesia: Challenges and Impacts on Local Revenues

Andito Dipontoro Wibisono^{1✉}, Angga Bayu Putra², Muhammad Raffly Aprilyo³, Galuh Tresna Murti⁴
^{1,2,3}Akuntansi, Telkom University
Email: anditodipontorowibisono@gmail.com

Keywords:**Abstract**

Local Taxes
and Levies;
Local
Revenue

This paper aims to examine the concept of local taxes and levies that apply in Indonesia based on the law. This is because many people are still unfamiliar with the understanding of local taxes and levies. Local taxes and levies are part of local revenue that can be used to support various local government activities. Local taxes and levies can be in the form of taxes, excise, levies, and others. This study uses a qualitative descriptive method, which involves extracting information through observation, descriptive analysis and conclusion drawing. The results of the study show that local taxes and levies in Indonesia have a complex and diverse structure, and this makes the management of local taxes and levies in Indonesia difficult. Whereas local taxes and levies themselves are one of the main sources for local revenue. In addition, problems such as unclear rules, lack of personnel competence, legal uncertainty, and other issues also affect the management of local taxes and levies in Indonesia.

1. Introduction

In order to advance national development, the government is carrying out a progression, namely regional autonomy as stated in Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Government which gives rights and obligations to Regional Government to regulate and manage its own regional government affairs in accordance with statutory regulations. With regional autonomy, regions are given the authority to regulate and manage their own territories. With the aim of facilitating government services to the community and controlling the use of funds sourced from the Regional Revenue and Expenditure Budget (APBD).

The ability of a region to fulfill these goals is called regional government performance. In connection with the effectiveness of regional autonomy, regional government activities in regional financing

are very necessary to finance regional operational activities using original regional wealth. Regional Original Income (PAD) is the backbone of regional financing. PAD can be used in accordance with the wishes and initiatives of the regional government for the smooth implementation of regional affairs. Therefore, fulfilling PAD will affect the development and development of the area. The greater the contribution of PAD to the APBD, the smaller the dependence on central government assistance.

Apart from PAD, there is another source of fund revenue, namely the Balancing Fund which has a large contribution to the APBD structure. However, so far the balancing fund which is a financial transfer from the center to the regions in order to support the implementation of regional autonomy, although the amount is relatively adequate, namely at least 25% of Domestic Revenue in the APBN, however, regions must be more creative in increasing PAD to increase

accountability and flexibility in spending its APBD.

Therefore, as stated in Law of the Republic of Indonesia Number 28 of 2009 concerning Regional Taxes and Levies, it should be a weapon to strengthen the resilience of regional government revenues. The collection of regional taxes and levies has different characteristics compared to central taxes which determine how these policies can be formulated. Regional taxes and levies have long been one way for local governments to collect revenue to improve the welfare of local communities. Regional taxes and levies contribute to regional development by providing the funding sources needed to improve the welfare of regional communities. However, due to the complex structure of local taxes and levies, local revenue collection has become one of the biggest challenges faced by local governments.

2. Literatur Review

This article explains the concept and implementation of regional taxes and levies in Indonesia as well as the challenges and impact on regional revenues. This research is important considering that many people are still unfamiliar with the understanding of regional taxes and levies. Regional taxes and levies are part of regional income that can be used to support various regional government activities. This concept includes various forms of taxes, excise, levies, and others.

2.1 Concept and Implementation of Regional Taxes and Levies

The article notes that regional taxes, as regulated in Law Number 28 of 2009, are mandatory contributions to autonomous regions that are owed by individuals or bodies, are coercive, and are used for regional interests. Regional taxes have characteristics such as being levied by the Regional Government (Pemda) based on

statutory regulations, levied under certain circumstances, can be enforced, has no direct relationship with rewards, and the proceeds are deposited into the regional treasury.

Types of regional taxes include provincial taxes (such as motor vehicle tax, motor vehicle title transfer fees, surface water tax, and cigarette tax) and district/city taxes (such as taxes on hotels, restaurants, billboards, street lighting, etc.). The article notes that local tax collection procedures can be carried out through the Official Assessment System or Self Assessment System. Apart from that, the article discusses regional levies as autonomous regional levies as payment for services or granting certain permits. The characteristics of regional levies include that they are collected by the regional government based on statutory regulations, collected if services are provided by the regional government, recipients who pay the levies receive direct compensation, economic sanctions if they do not pay, and the results are deposited into the regional treasury.

Retribution objects include general services, business services and certain permits. This type of general service levy involves various services such as health, waste, funerals, parking, markets, and others. Business services levies involve the use of regional assets, wholesale markets, terminals, accommodation, and others. Meanwhile, certain licensing levies involve building construction permits, permits for places selling alcoholic beverages, nuisance permits, and others.

2.2 Challenges in Implementing Regional Taxes and Levies

The research results show that regional taxes and levies in Indonesia have a complex and diverse structure, which makes their management difficult. Although regional taxes and levies are one of the main sources of regional income, various

problems such as unclear regulations, lack of personnel competence, legal uncertainty, and other problems affect the management of regional taxes and levies.

2.3 Impact of Regional Taxes and Levies on Regional Income

Original Regional Income (PAD) is considered the backbone of regional finances, and large PAD contributions can reduce dependence on central government assistance. While the Balancing Fund also makes a major contribution, the article emphasizes that regions must be more creative in increasing PAD to increase the accountability and flexibility of Regional Revenue and Expenditure Budget (APBD) expenditures.

By referring to previous literature and research, this article strengthens its findings by including several references such as Mardiasmo's work and Law Number 28 of 2009 concerning Regional Taxes and Levies. Several previous studies, such as the work of Adi Wahyu Titis (2018) and Ahmad Faris (2018), are also included to support findings regarding the influence of tax knowledge, taxpayer awareness, and tax sanctions on taxpayer compliance.

3. Metodologi

The research method used is a qualitative descriptive research method. Which aims to identify regional taxes and levies. This research was conducted using data sources, namely secondary data which is a source of research data obtained by researchers indirectly through intermediary media (obtained and recorded by other parties). Secondary data used in this research is the Regional Tax Assessment Letter and uses journals in previous studies.

4. Results and Discussion

Regional Tax, based on Law Number 28 of 2009, is a mandatory contribution to the Autonomous Region that is owed by

individuals or entities. This tax is coercive in accordance with statutory regulations, without direct compensation, and is used for regional interests for the greatest prosperity of the people. The characteristics of tax involve collection by the Regional Government based on statutory regulations, payable in certain situations which can be subject to regional tax, can be enforced with criminal sanctions and fines if the taxpayer does not fulfill payment obligations, without a direct relationship between regional tax payments and individual compensation, and the proceeds are deposited into the regional treasury.

The types of regional taxes are divided into Provincial Taxes (such as Motor Vehicle Tax, Motor Vehicle Transfer Fee, Surface Water Tax, and Cigarette Tax) and Regency/City Taxes (such as Hotel, Restaurant, Advertisement, Street Lighting, Non-Metal Mineral and Rocks, Parking, Ground Water, Swallow's Nests, Rural and Urban Land and Buildings, as well as Acquisition Fees for Land and Building Rights). Collection of regional taxes, which is the authority of the provincial and district/city governments, can be done in two ways. First, taxpayers pay after receiving a Regional Tax Assessment Letter (SKPD) or similar document, entering the Official Assessment System. Second, taxpayers carry out their own calculations, payments and reporting according to the tax owed through the Regional Tax Notification Letter (SPTPD), entering the Self Assessment System.

Regional levies, according to Law Number 28 of 2009, are autonomous regional levies as payment for certain services or permits granted by the regional government for personal or corporate interests. The characteristics of a levy involve collection by the local government based on statutory regulations, it can be collected if there are services provided by the regional government and enjoyed by a

person or entity, recipients paying the levy receive direct rewards, levies who do not fulfill payment obligations can be subject to economic sanctions, and the proceeds are deposited into the regional treasury.

Objects of retribution include general services, business services and certain permits, which result in various types of retribution such as Health Services, Waste/Cleaning Services, Reimbursement of Costs for Printing Identity Cards and Civil Registry Deeds, Funeral Services and Cremation of Corpses, Parking Services on the Side of Public Roads, Market Services, Motor Vehicle Testing, Fire Extinguisher Inspection, Map Printing Cost Reimbursement, Toilet Provision and/or Suction, Liquid Waste Processing, Tera/Re-Tera Services, Educational Services, Telecommunication Tower Control. In the context of collecting regional levies, provincial and district/city governments have two methods, namely payment after obtaining a Regional Levy Determination Letter (SKRD) in the Official Assessment System, or taxpayers making their own calculations, payments and reporting through a Regional Levy Notification Letter (SPTRD).) in the Self Assessment System.

5. Conclusion

Researchers have concluded that, the Regional Tax Law is a mandatory contribution to the Autonomous Region (region) which is owed by the individual or entity concerned and can be subject to sanctions (criminal and fine) with individual rewards/remuneration. Public service levies are services provided or provided by local governments for the purposes of public interest and benefit and can be enjoyed by individuals or entities.

Referensi :

Adi Wahyu Titis. (2018). The Influence of Tax Knowledge, Tax Sanctions and

Taxpayer Awareness on Corporate Taxpayer Compliance at KPP Pratama Cilacap 2018. Thesis. Yoyakarta State University.

Asmarani Candra Galuh. N. (2020), June. Understanding-Fiskus-21401. Quoted 1 2020 from: apa-itu-fiskus-2140: <https://news.ddtc.co.id/>.

Ary. (2019). The Influence of Taxpayer Awareness, Moral Obligations, Level of Understanding of Taxation, Tax Sanctions and Quality of Fiscus Services on Individual Taxpayer Compliance. Thesis. Mahasaraswati University Denpasar.

Ahmad Faris. (2018). The Influence of Taxpayer Knowledge, Taxpayer Awareness, Fiscus Services, and Tax Sanctions on Individual Taxpayer Compliance. Thesis. Yogyakarta State University.

Ghozali, Imam. (2018). Multivariate Analysis Application with the IBM SPSS 25 Program. Diponegoro University Publishing Agency: Semarang

Kuspratiwi, N. (2017). The Influence of Knowledge about Tax Regulations and Tax Sanctions on Individual Taxpayer Compliance, Entrepreneurs in the KPP Pratama Jakarta Kelapa Gading Area/Nissa Kuspratiwi/31130326.

Kusuma Rama Difa (2020) Tax Socialization, Taxpayer Awareness, Tax Sanctions, Fiscus Services for Individual Taxpayer Compliance. Thesis. Department of Accounting, Faculty of Economics, University of Semarang.

Mardiasmo. (2019). Perpajakan Edisi 20. Yogyakarta: Andi.

DR. Machfud Sidik, MSc. (2002). Optimalisasi Pajak Daerah dan Retribusi Daerah dalam Rangka Meningkatkan Kemampuan Keuangan Daerah.

Wan Vidi Rukmana. (2013). Pengaruh Pajak Daerah, Retribusi Daerah dan Dana Perimbangan Terhadap Kinerja Keuangan Pemerintah Provinsi Kepulauan Riau.

Undang-Undang Nomor 28. (2009). Tentang Pajak dan Retribusi Daerah.

Undang-Undang Nomor 32. (2004). Tentang Pemerintahan Daerah.

Undang-Undang Nomor 33. (2004). Tentang Perimbangan Keuangan antara Pemerintah dan Pemerintahan Daerah.

Peraturan Pemerintah Nomor 65 (2012). Tentang Jenis dan Tarif atas PNBPN yang berlaku pada Kementerian Tenaga Kerja dan Transmigrasi.