

## **THE ROLE OF RURAL AND URBAN LAND AND BUILDING TAX THROUGH EFFECTIVENESS AND CONTRIBUTION TO LOCAL REVENUE (CASE STUDY IN AIR SALEMBA VILLAGE, PANGKALPINANG CITY)**

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**Abstract:** The purpose of this research is to analyze the level of effectiveness and contribution of the role of rural and urban land and building tax in Air Salemba Village. This research uses descriptive quantitative methods. Descriptive method is a research method that serves to provide an overview or description of the object under study through data or samples that have been collected, without analyzing and making conclusions that apply to the public. The data used in this study are mixed data, namely primary data obtained from Air Salemba Village related to the realization of revenue and the target of rural and urban land and building tax revenue. As for secondary data obtained from data from the central statistics agency, reports, journals, and other sources related to the realization of PAD revenue. The results showed that the effectiveness and contribution of PBB-P2 to PAD in Air Salemba Village, Pangkalpinang City in 2022, can be concluded that the level of effectiveness is categorized as less effective. Although, the level of effectiveness is categorized in effective criteria because the realization of revenue is in accordance with the predetermined revenue target. The level of PBB-P2 contribution to PAD is still categorized as less. Air Salemba Village is one of the highest PBB-2 tax revenues in Gabek Sub-district but its contribution to PAD is not significant.

### **Article Information:**

Received 05 November 2023

Revised 10 Desember 2023

Accepted 29 Desember 2023

**Keywords:** Rural and Urban Land and Building Tax, Local Revenue, Effectiveness, Contribution

### **Introduction**

According to Law Number 28 Year 2007 on General Provisions and Tax Procedures, tax is an obligation that must be given to the state by individuals or entities, which is mandatory based on the law without getting direct rewards. This tax is used to fulfill the needs of the state for the prosperity of the people and is managed directly by the government for public and development purposes, aiming to provide welfare and prosperity to the people. In addition to the

central government, local governments also have the authority to impose local taxes and levies (PDRD). In the Pangkalpinang City Regional Regulation on Regional Taxes, it is explained that local taxes are an obligation for taxpayers, both individuals and entities, which must be deposited with the local government. This tax is coercive in accordance with legal provisions without getting direct rewards, and is intended to finance regional development with the aim of improving the welfare of the community. (Mu'min Al-Mukhlisin, 2021).

The success of a country in its national development efforts is highly dependent on its ability to improve the welfare of its people. In Indonesia, regions have the right and responsibility to organize and manage their own government, as a step in building an independent economy. Resources are then focused at the regional level, both through the expansion of the tax base and the allocation of balancing funds. This concept is in line with the concept of fiscal decentralization, which gives regions the authority to manage their own finances, especially through local own-source revenue (PAD) derived from local taxes and levies. (Taufik Wibisono, 2019).

Land and Building Tax for Rural and Urban Sector (PPB-P2), which was previously a central tax, was transferred to local tax, with various considerations. First, conceptually, Rural and Urban Land and Building Tax (PBB-PP) can be collected by the regions because it is more local, the tax object is tangible, immovable, and there is a close relationship between the taxpayer and the tax recipient. Second, the transfer of Rural and Urban Land and Building Tax (PBB-PP) to the regions is expected to increase Local Own Revenue (PAD) and improve the structure of the Regional Budget (APBD). Third, the transfer of the Land and Building Tax Rural and Urban sector (PBB-PP) to the regions can improve services to the community, and can improve the welfare of the community in aspects of transparency and accountability in its management (Lustig, 2020).

Revenue from various taxation sectors, including Land and Building Tax (PBB), includes a number of objects that contribute significantly to state and local revenues. Land and Building Tax is considered a source of revenue that has great potential, as well as contributing to local revenues. The success of Land and Building Tax in making this contribution can be explained by the scope of its object which involves all land and buildings located in the territory of the Republic of Indonesia. (Mulyani & Furqon, 2021). The presence of Land and Building Tax as one type of tax can be understood considering that land and buildings provide better economic and social benefits for individuals or legal entities that have rights or benefit from

the property.

Regional Original Revenue (PAD) is the right of the local government which is recognized as an increase in net worth. Meanwhile, regional revenue includes all cash receipts through the regional general cash account that increase the participation of current funds which is the right of the region in one fiscal year that does not need to be repaid by the region. (Yulianti et al., 2018).

Based on research (Tuti Wahyuni, 2018). Local Tax is one of the sources of Regional Original Income (PAD) which is very significant in supporting the financial implementation of local government. In accordance with the provisions of Law Number 28 of 2009 concerning Regional Taxes and Levies, which is an amendment to Law Number 34 of 2000 concerning Regional Taxes and Levies, it is stated that regional taxes and levies play an important role as one of the essential sources of regional income to finance various local government activities.

According to Pawel Felis, Henryk Roslaniec, Joanna Szlęzak-Matusiewicz (2019) in his journal entitled "Property Tax Policy Of Rural And Urban-Rural Municipalities In Poland" the results of the study state that tax policies in the cities investigated have differences, and in certain situations, can create a positive impact on revenue derived from rural and urban property taxes. (Felis et al., 2019).

In addition, this research is also almost the same as research conducted by MunawirSyahroni et al in 2019, which shows that the effectiveness of the system for collecting funds from land and building taxes in the Banjarmasin City Government is still low, which is reflected in the low realization of revenue after being implemented in 2013. The causes involve less than optimal collection of mandatory taxes, limited payments, weak law enforcement in implementation, and a complicated and time-consuming process of filing tax objections. (Munawir Syahroni et al., 2019). The difference lies in the contribution made, in Kelurahan Air Salemba 76.9% of the community is aware of rural and urban land and building taxes.

According to Mutmainah Maulida, M. Wimbo Wiyono, Muhammad Mudhofar in his

journal entitled "Analysis of the Effectiveness of Rural and Urban Land and Building Tax (PBB-P2) Revenue and Its Contribution to Local Taxes in Lumajang Regency in 2014 - 2017" the results of the study state that although the effectiveness of PBB-P2 revenue is very high, it is included in the effective quota for one year because it does not achieve the predetermined goals. On the other hand, although the amount of realization continued to increase, the amount of contribution decreased from year to year, especially in 2017. This decline is due to a relatively large increase in the target this year. Therefore, local governments continue to explore potential tax sources in line with the increase in targets set each year. The higher the revenue of Provincial and Municipal Land and Building Tax (PBB-P2), the greater the contribution of Provincial and Municipal Land and Building Tax (PBB-P2) to local taxes, saying that profit is achieved.

### **Literatur Review**

According to Aulia Tiara Syafitri and Alistraja Dison Silalahi in their journal titled "Analysis of the Effectiveness of Rural and Urban Land and Building Taxes in Increasing Local Revenue (PAD) in Medan City," the research results indicate that the growth rate of Rural and Urban Land and Building Taxes (PBB-P2) from 2016 to 2020 was only 5.67%, categorizing it as "unsuccessful." In terms of effectiveness, the average effectiveness of rural and urban land and building taxes from 2016 to 2020 was 88.11, placing it in the highly effective category. The increase in the year 2020 was 94.50% due to the rise in the number of taxpayers resulting from the reimplementation of the Land and Building Tax Penalty Waiver Program.

According to Tasha Nurafifah and Arry Irawan in their journal titled "The Influence of Rural and Urban Land and Building Tax (PBB-P2) and Land and Building Rights Acquisition Duty (BPHTB) on Local Tax Revenue in Bandung City," the research results indicate that PBB-P2 has a significant impact on local tax revenue. However, the issue lies in revenue realization. PBB-P2 has not yet reached the target set initially in 2016. This is due to the low awareness of taxpayers in paying taxes.

According to Mutmainah Maulida, M.

Wimbo Wiyono, Muhammad Mudhofar in their journal titled "Analysis of the Effectiveness of Rural and Urban Land and Building Tax (PBB-P2) and Its Contribution to Local Taxes in Lumajang Regency 2014 – 2017," the research results state that despite the high effectiveness of PBB-P2 revenue collection, it falls within the effective quota for only one year because it does not achieve the set goals. On the other hand, although the realization amount continues to increase, its contribution has been decreasing from year to year, especially in 2017. This decline is attributed to a relatively large increase in the target for that year. Therefore, the local government continues to make efforts to explore potential tax sources in line with the increasing annual targets. The higher the revenue of Provincial and City Land and Building Tax (PBB-P2), the greater the contribution of Provincial and City Land and Building Tax (PBB-P2) to local taxes, indicating that the benefits are achieved.

### **Method**

The method used in this research is descriptive quantitative method. The descriptive method serves as a picture or description of the object to be studied through the data or samples that have been collected. In this method, the researcher only describes the object under study as it is, without manipulating or influencing the object. The quantitative research method is a research method that relies on objective measurements and mathematical (statistical) analysis of data obtained from interviews with the Head of the Development Division in Air Salemba Village (Putra, 2013).

Descriptive quantitative method that explains the object to be studied. The object used in this research is rural and urban land and building tax in Air Salemba Village, Pangkalpinang City for the period 2022. The type of data used in this study is in the form of primary data and secondary data. (Yulis Kharuniawati, 2017).

Primary data obtained from Air Salemba Village relates to revenue realization and PBB-P2 revenue targets. While secondary data is obtained from data from the central statistics agency, reports, journals and other sources related to the

realization of PAD revenue. Data analysis was carried out using the following formula:

### Effectiveness of PBB-P2

$$\text{Efektivitas PBB} - \text{P2} = \frac{\text{Realisasi Penerimaan PBB} - \text{P2}}{\text{Target Penerimaan PBB} - \text{P2}} \times 100\%$$

After knowing the level of effectiveness in percentage form, the next step is to evaluate the effectiveness value criteria. The higher the percentage of effectiveness, the higher the expected results. The following is the process of measuring effectiveness criteria:

**Table 1.** Effectiveness Criteria

Effectiveness Value Interpretation Table	Percentage criteria
More than 100%	Highly Effective
90-100%	Effective
80-90%	Effective Enough
60-80%	Less Effective
Less than 60%	Ineffective

Source: Ministry of Home Affairs, Kepmendagri Number 690.900.327 Year 1996

### Contribution of PBB-P2 to PAD

The formula used to assess the contribution of Rural and Urban Land and Building Tax (PBB-P2) to Local Original Revenue (PAD) is as follows:

$$\text{Kontribusi PBB} - \text{P2} = \frac{\text{Realisasi Penerimaan PBB} - \text{P2}}{\text{Realisasi Penerimaan PAD}} \times 100\%$$

**Table 2.** Classification of Contribution Criteria

Effectiveness Value Interpretation Table	Performance Percentage
0,00-10%	Very Less
10,10-20%	Less
20,10-30%	Medium

30,10-40%	Good enough
40,10-50%	Good
Less than 50%	Very good

Source: Research and Development Team of the Ministry of Home Affairs-Fisipol UGM 1991

## Results and Discussion

**Table 3.** Target and Realization of PBB-P2 in Air Salemba Village

Year	Target	Realization
2022	IDR 459,867,834	IDR 354,098,232

Source: Set of Tax Assessment & Payment 2022

Based on the data in table 3, the target revenue of Land and Building Tax of Air Salemba Village (PBB-P2) in 2022 is Rp 459,867,834, while for the realization of Rural and Urban Land and Building Tax Revenue (PBB-P2) in 2022 is Rp 354,098,232.

### Realization of PAD in Air Salemba Village

**Table 4.** Realization of Local Revenue of Air Salemba Village

Year	Realization
2022	IDR 3,281,176,047

Source: Set of Tax Assessment & Payment 2022

Based on the data in table 4 above, the Regional Original Revenue of Air Salemba Village, Pangkalpinang City in 2022 is Rp 3,281,176,047. This means that the Regional Original Revenue or PAD in Kelurahan Air Salemba has a fairly large realization rate, in accordance with the number of residents, businesses, and the high level of public awareness to pay Rural and Urban Land and Building Tax (PBB-P2).

### Calculation of Effectiveness of PBB-P2 Revenue

**Table 5.** Effectiveness Level of PBB-P2 Revenue in Air Salemba Village

Year	Target	Realization	Effectiveness	Criteria
2022	IDR 459,867,834	IDR 354,098,232	76,9%	Less Effective

Source: Data processed (2023)

Based on the data in table 5 above, it shows that in 2022 the achievement of Land and Building Rural and Urban Tax (PBB-P2) revenue has not reached the predetermined target. Based on Kepmendagri No. 690.900.327 of 1996, the effectiveness in 2022 was 76.9%, so the performance can be categorized as less effective. The role of PBB P-2 towards Local Own Revenue (PAD) in Air Salemba Village in 2022 is considered less than optimal and has not reached the expected level of effectiveness.

### Analysis of the Contribution of Rural and Urban Land and Building Taxes (PBB-P2) to the Regional Original Revenue (PAD) of Air Salemba Village

**Table 6.** Contribution Rate of PBB-P2 to the PAD of Air Salemba Village

Year	Realization of PBB-P2	PAD Realization	Contribution	Criteria
2022	IDR 354,098,232	IDR 3,281,176,047	11%	Less

Source: Data processed (2023)

Based on the data in table 6 above, it shows that in 2022, the contribution of PBB-P2 to the Regional Original Revenue (PAD) of Air Salemba Village is 11%, meaning that it is included in the criteria of Less in the contribution of PBB-P2 in the Regional Original Revenue (PAD). This factor can be influenced by annual budget requirements, development progress, and the availability of infrastructure in supporting PBB-P2 collection activities.

### Conclusion

From the results and discussion of the effectiveness and contribution of PBB-P2 to PAD in Air Salemba Village, Pangkalpinang City in 2022, it can be concluded that the level of effectiveness is categorized as less effective. Although, the level of effectiveness is categorized as effective criteria because the realization of revenue is in accordance with the predetermined revenue target. The level of PBB-P2 contribution to PAD is still less effective. Kelurahan Air Salemba is one of the highest PBB-2 tax revenues in Gabek Sub-district but its contribution to PAD is not significant.

### Acknowledgement

Authors would like to thank her author would also like to thank Mr. Shendy as the Head of the Development Section in Air Salemba Village, Pangkalpinang City for his contribution in supporting the completion of this article.

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