

ANALYSIS OF THE EFFECTIVENESS AND CONTRIBUTION OF LAND AND BUILDING TAX, RURAL AND URBAN TO THE ORIGINAL REGIONAL INCOME OF LAMONGAN REGENCY IN 2019-2023

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ABSTRACT

This study aims to evaluate how much influence the effectiveness and contribution of PBB P2 has in increasing the original regional income of Lamongan Regency in 2019-2023. This study uses a qualitative descriptive research method. The results of this study are that in 2019-2023 PBB P2 in Lamongan Regency was very effective, while the contribution during the 2019-2023 period experienced a slight decline due to increased revenue from other PAD sectors or a decrease in the tax base.

INTRODUCTION

Land and Building Tax (PBB) in the rural and urban sectors plays a strategic role in increasing Regional Original Income (PAD), supporting fiscal independence, and in line with regional autonomy according to Law No. 28 of 2009 to optimize tax revenues for development and public services (Lingga et al., 2024)

Rural and urban PBB reflect potential property-based tax management. High-value and widespread properties are indicators of regional economic activity. The effectiveness of PBB management is key to optimizing its contribution to Regional Original Income (PAD) (Arsyu et al., 2024).

The effectiveness of PBB is not only influenced by the tax policy itself, but also by administrative mechanisms, technological innovation, and the level of taxpayer compliance. One of the main challenges is the validity of tax object and tax subject data. Many regions still rely on manual data that is not integrated enough, making it difficult for the government to monitor existing tax potential. This has an impact on the difficulty of projecting PBB revenues accurately (Kamala et al., 2023).

The level of taxpayer compliance is also a challenge in itself. Several factors that influence low compliance include the lack of public understanding of tax benefits, minimal tax education, and a less than optimal incentive system for compliant taxpayers. This low level of compliance has

implications for high tax arrears which ultimately reduces the contribution of PBB to PAD (Kamala et al., 2023).

In the regional context, PBB contributions to PAD often vary, depending on the economic, social, and geographical conditions of a region. In urban areas with high concentrations of economic activity, PBB contributions to PAD are usually greater than in rural areas. This is due to the high value of property in urban areas and the large number of taxable objects (Hartati et al., 2023).

In an effort to maximize PBB potential, analysis of its effectiveness and contribution becomes very important. This analysis can provide an overview of the extent to which PBB policies and management have been running in accordance with the set targets. Effectiveness can be measured from the conformity between targets and revenue realization, while contribution refers to how big a role PBB plays in the overall PAD structure (Ainiyah et al., 2021).

This analysis also serves to identify inhibiting factors that need to be addressed immediately. For example, are the obstacles more caused by the administrative system, tariff policies, or taxpayer behavior. By understanding the root of the problem, local governments can formulate more effective strategies to increase PBB revenue (Ainiyah et al., 2021)

Table 1. Land and Building Tax Targets and Realizations for Lamongan Regency 2019 – 2023

| No. | Year | Target (Rp) | Realization (Rp) | Amount Taxpayer (Soul) |
|-----|------|----------------|------------------|------------------------|
| 1. | 2019 | 41.500.000.000 | 42.110.938.688 | 806.306 |
| 2. | 2020 | 42.000.000.000 | 42.863.159.945 | 812.220 |
| 3. | 2021 | 43.000.000.000 | 43.622.225.888 | 820.120 |
| 4. | 2022 | 43.000.000.000 | 43.074.882.847 | 822.743 |
| 5. | 2023 | 45.500.000.000 | 44.740.742.993 | 900.000 |

Source: Regional Revenue Agency of Lamongan Regency

RESEARCH METHODS

This study uses a qualitative descriptive method, which according to Andi Prastowo (2011) examines current conditions, and according to Nana Syaodih Sukmadinata (2011) describes social phenomena, attitudes, and perceptions of individuals or groups. This method is expected to produce an in-depth description of observed speech, writing, and behavior to analyze village development comprehensively.

In this study, primary and secondary data were used. Primary data is a source of research data obtained directly from the original source without intermediaries. Primary data is collected by researchers specifically to answer research questions, in the form of subject opinions, observation results, events, or tests.

In this study, primary data was obtained from interviews. Secondary data is a source of data obtained indirectly through intermediary media, in the form of notes, reports, or documentary archives that are published or not. Based on the source.

The primary data collection method uses a survey with interview techniques. A survey is a direct data collection from original sources through communication between researchers and respondents. Data in the form of opinions, attitudes, experiences, or characteristics of subjects individually or in groups, are mostly descriptive. Interviews are conducted verbally, effective for obtaining responses to complex, sensitive, or controversial issues. In this study, interviews were conducted with the Head of PAP (Revenue Collection and Administration) Section of the Lamongan Regency Regional Finance Agency. For secondary data, a manual search method is used on printed documents, such as journals, magazines, bulletins, books, and annual reports.

The secondary data collected includes the operational costs of collecting PBB-P2 for Lamongan Regency in 2019–2023, targets and realization of PBB-P2 revenues, and reports on local revenues in 2019–2023.

1. Calculating the Level of Effectiveness of Land and Building Tax

According to Mardiasmo, effectiveness is measured by comparing tax realization to tax targets, the closer the realization is to the target, the more effective the organization's work process is. The formula used in calculating the level of effectiveness of Rural and Urban Land and Building Tax (PBB-P2) receipts is :

$$\text{Effectiveness PBB} = \frac{\text{Realization of acceptance PBB} - \text{P2}}{\text{Acceptance target PBB} - \text{P2}} \times 100\%$$

To measure the level of effectiveness, the indicators in Table 2 below are used :

Table 1 Interpretation of Effectiveness Values

| Presentation (%) | Criteria |
|------------------|----------------------|
| >100 | Very Effective |
| 100 | Effective |
| 90-99 | Quite Effective |
| 75-89 | Not Enough Effective |
| <75 | No Effective |

Source: Mardiasmo (2009)

2. Calculating the Amount of Contribution to Regional Original Income

To find out how much Land and Building Tax contributes to regional original income, you can use the following formula (Andriani, Kumala, 2021) :

$$\text{contribution PBB P} - 2 = \left[\frac{\text{Realization of Acceptance PBB P} - 2}{\text{Realization of Acceptance PAD}} \times 100\% \right]$$

To measure the size of the contribution, the indicators in Table 3 below are used.

Table 3 Interpretation of Contribution Value

| Presentation (%) | 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: Mardiasmo (2018)

RESULTS AND DISCUSSION

1. Analysis of the Level of Effectiveness of Rural and Urban Land and Building Tax (PBB-P2)

The realization of PBB-P2 revenue in Lamongan Regency almost always reaches the target, so it is necessary to conduct an effectiveness analysis to assess the suitability between the target and the realization of revenue achieved. In measuring the level of effectiveness of land and building tax revenue, the formula can be used:

$$\text{Effectiveness PBB} = \frac{\text{Realization of acceptance PBB} - \text{P2}}{\text{Acceptance target PBB} - \text{P2}} \times 100\%$$

The calculation of the efficiency of rural and urban land and building tax revenue is as follows:

$$\text{Efektifitas PBB 2019} = \frac{42.110.938.688}{41.500.000.000} \times 100\% = 101,47\%$$

$$\text{Effectiveness PBB 2020} = \frac{42.863.159.945}{42.000.000.000} \times 100\% = 102,06\%$$

$$\text{Effectiveness PBB 2021} = \frac{43.622.225.888}{43.000.000.000} \times 100\% = 101,45\%$$

$$\text{Effectiveness PBB 2022} = \frac{43.074.882.847}{43.000.000.000} \times 100\% = 101,17\%$$

$$\text{Effectiveness PBB 2023} = \frac{44.740.742.993}{45.500.000.000} \times 100\% = 101,17\%$$

The following table shows the growth in the effectiveness of Rural and Urban Land and Building Tax revenues in Lamongan Regency from 2019 to 2023:

Table 4 Calculation of the Effectiveness of Rural and Urban Land and Building Tax Revenue in Lamongan Regency

| year | Target (IDR) | Realization (IDR) | Presentation (%) | Criteria |
|---------|----------------|-------------------|------------------|----------------|
| 2019 | 41.500.000.000 | 42.110.938.688 | 101,47% | Very Efficient |
| 2020 | 42.000.000.000 | 42.863.159.945 | 102,06% | Very Efficient |
| 2021 | 43.000.000.000 | 43.622.225.888 | 101,45% | Very Efficient |
| 2022 | 43.000.000.000 | 43.074.882.847 | 101,17% | Very Efficient |
| 2023 | 45.500.000.000 | 44.740.742.993 | 101,17% | Very Efficient |
| Average | 43.000.000.000 | 43.482.790.872 | 101,46% | Very Efficient |

From the table above, it can be seen that in 2019 and 2020, the realization of PBB-P2 revenues in Lamongan Regency exceeded the target with an efficiency of 101.47% and 102.06% respectively, so it is included in the very efficient category.

In 2021-2023, PBB-P2 revenues in Lamongan Regency continued to exceed the target with an efficiency of between 101.17% and 101.45%, so that it remains in the very efficient category even though the difference between the target and realization is small.

From the data above, the average efficiency of PBB-P2 revenue per year is 101.46%, which shows that the performance of Rural and Urban Land and Building Tax revenue in Lamongan Regency over the past five years has been in the very efficient category. This reflects optimal management in achieving and exceeding regional revenue targets from the tax sector.

2. Level of Contribution of Rural and Urban Land and Building Tax Revenue in Lamongan Regency

Each regional tax plays a role in increasing local revenue. To measure the contribution of PBB-P2 to Bapenda Lamongan Regency, the percentage of tax contribution is calculated. To measure the level of contribution of rural and urban land and building tax revenue, the formula can be used:

$$\text{Contribution PBB P - 2} = \left[\frac{\text{Realization of Acceptance PBB P - 2}}{\text{Realization of Acceptance PAD}} \times 100\% \right]$$

The calculation of the contribution of rural and urban land and building tax revenue is as follows:

$$\text{Contribution PBB 2019} = \frac{42.110.938.688}{105.000.000.000} \times 100\% = 40.10\%$$

$$\text{Contributioni PBB 2020} = \frac{42.863.159.945}{85.000.000.000} \times 100\% = 50.43\%$$

$$\text{Contribution PBB 2021} = \frac{43.622.225.888}{95.000.000.000} \times 100\% = 45.92\%$$

$$\text{Contribution PBB 2022} = \frac{43.074.882.847}{100.000.000.000} \times 100\% = 43.07\%$$

$$\text{Contribution PBB 2023} = \frac{44.740.742.993}{400.000.000.000} \times 100\% = 11.19\%$$

The following table shows the growth in contribution of Rural and Urban Land and Building Tax revenues in Lamongan Regency from 2019 to 2023:

Table 5 Calculation of Contribution of Rural and Urban Land and Building Tax Revenue in Lamongan Regency

| Year | Realization PAD (IDR) | Realization PBB (IDR) | Contribution (%) | Criteria |
|------|--------------------------|--------------------------|---------------------|----------|
| 2019 | 105.000.000.000 | 42.110.938.688 | 40,11% | Good |

| | | | | |
|-----------|-----------------|----------------|--------|-------------|
| 2020 | 85.000.000.000 | 42.863.159.945 | 50,43% | Very Good |
| 2021 | 95.000.000.000 | 43.622.225.888 | 45,92% | Good |
| 2022 | 100.000.000.000 | 43.074.882.847 | 43,07% | Good |
| 2023 | 400.000.000.000 | 44.740.742.993 | 11,19% | Not Enough |
| Rata-rata | 157.000.000.000 | 43.282.390.872 | 38,14% | Pretty Good |

From the table above, it can be seen that in 2019 the realization of Lamongan Regency's Original Regional Income (PAD) was IDR 105,000,000,000, while the realization of PBB-P2 receipts reached IDR 42,110,938,688, so that the contribution of PBB-P2 to PAD was recorded at 40.11%, with the criteria of "Good". This shows that PBB-P2 has a significant role in supporting regional income in that year.

In 2020, there was a decrease in total PAD to IDR 85,000,000,000, but the realization of PBB-P2 continued to increase to IDR 42,863,159,945. Thus, the contribution of PBB-P2 to PAD increased sharply to 50.43%, which is included in the "Very Good" category. The high contribution this year shows that amidst the general decline in regional income (possibly due to the impact of the COVID-19 pandemic), the tax sector, especially PBB-P2, is still able to make a large contribution to regional finances.

In 2021, PAD increased to IDR 95 billion with PBB-P2 realization of IDR 43.62 billion, a contribution of 45.92%, categorized as "Good". This shows that PBB-P2 is stable and remains an important source of income.

In 2022, PAD increased again to IDR 100,000,000,000, while the realization of PBB-P2 was recorded at IDR 43,074,882,847, with a contribution of 43.07%, also in the "Good" category. The stability of PBB-P2 contributions in the last three years shows the effectiveness of collection and its ongoing role as a source of regional financing.

In 2023, although PAD increased drastically to IDR 400,000,000,000, PBB-P2 realization only increased slightly to IDR 44,740,742,993, which caused its contribution to decrease drastically to 11.19%, falling into the "Less" category. This decrease in contribution was more due to the very significant increase in PAD as a whole, possibly originating from other sectors such as retribution income, results from managing regional wealth, or other dominant sources of income in that year.

The average contribution of PBB-P2 to Lamongan PAD over the past five years is 38.14%, in the "Quite Good" category. Fluctuations in PAD affect contributions, so it is necessary to optimize PBB-P2 and other PAD sources for balanced regional income.

CONCLUSION

Based on the results of the study on the Analysis of the Effectiveness and Contribution of Land and Building Tax Revenue, Rural and Urban to the Original Regional Income of Lamongan Regency. It can be concluded as follows:

1. Level of Effectiveness of Rural and Urban Land and Building Tax Revenue on Regional Revenue of Lamongan Regency

The effectiveness of Rural and Urban Land and Building Tax (PBB) revenue in Lamongan Regency in the last five years has shown good results. The level of effectiveness is always above 100%, which means that tax revenue always exceeds the target. In 2019, effectiveness was recorded at 101.47% and increased despite fluctuations. Various strategies such as tax socialization and service improvements have succeeded in increasing revenue.

The local government needs to maintain this consistency and improve education and data integration to maintain effectiveness in the future.

2. Level of Contribution of Land and Building Tax Revenue, Rural and Urban to the Original Regional Income of Lamongan Regency

The contribution rate of Rural and Urban Land and Building Tax (PBB) to Local Original Income (PAD) in Lamongan Regency has shown significant fluctuations in the last five years. PBB contribution reached 40.11% in 2019 and increased to 50.43% in 2020, but decreased drastically to 11.19% in 2023. This decrease may be due to increased revenue from other PAD sectors or a decreasing tax base. Local governments need to strengthen the tax base and increase public compliance, as well as diversify PAD sources. Routine evaluation and coordination between agencies are important to ensure that PBB contributions remain optimal.

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Reference from book:

Sugiyono. (2017). *Metode penelitian kuantitatif kualitatif dan R&D*. Bandung : CV Alfabeta.

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