



Role of Rural and Urban Land and Building Taxes on Regional Original Revenue of Lumajang

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Submitted: 18/02/2022; Accepted: 25/02/2022; Published: 28/02/2022

Abstract—The purpose of this study was to determine the role of Rural and Urban Land and Building Tax (PBB-P2) on Regional Original Income (PAD) in Lumajang Regency, through measuring the effectiveness and contribution of PBB-P2 to PAD. This type of research is descriptive quantitative, as well as secondary data obtained from a third party. The object of the research is the target and realization of PBB-P2 and PAD revenue in 2018 to 2020 in Lumajang Regency. Based on the data obtained, it shows that the acceptance of PBB-P2 is in the effective category. Meanwhile, its contribution to PAD is in the very low category. So that after knowing the results of this research, the local government is expected to be able to optimize again the revenue sourced from the Rural and Urban Land and Building Tax.

Keywords: PBB-P2; PAD; Effectiveness; Contribution

1. INTRODUCTION

Based on Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, Regional Original Revenue (PAD) is the right of regional governments which is recognized as an addition to the value of net assets. Meanwhile, regional income includes all cash receipts through the regional general treasury account which adds equity to current funds, which are regional rights in one fiscal year that do not need to be repaid by the region. This means that legitimate regional income is income that actually comes from the area and has been delegated to the region to be used as funding in managing its own household or is called regional autonomy. The goal is that an area can achieve prosperity for the region itself, because with PAD the region can meet the needs of its household. In addition, from the existence of PAD budgets from previous years, the regions can use this as a benchmark for improving the increase in regional income, so that it is easy for local governments to increase the effectiveness and efficiency of revenues from year to year. Susilo et al (2018) mention that local government is the spearhead in public services.

Based on Law number 28 of 2009 concerning Regional Taxes and Regional Levies, it can be seen that regional taxes are mandatory contributions to regions owed by individuals or entities that are coercive and based on law. Each region has its own regulations regarding tariffs, imposition and deposit of regional taxes. One of the regional taxes that contribute to meeting regional needs is the Land and Building Tax. Referring to article 1 number 37 of Law number 28 of 2009, PBB-P2 is a tax on land and/or buildings owned by individuals or entities, except for areas used for plantation, forestry and mining business activities. PBB-P2 is deposited to the Regional Government and is considered as PAD, so it is useful for meeting the needs of regional households. Local taxes are one of the sources of PAD, as Asmandani et al. (2020) found that the tax sector is the largest source of revenue. Furthermore, according to Boedijono et al (2019), state that the government has a role in public financial management, starting from central financial management to the regions and even to villages.

According to Law Number 28 of 2009, regional taxes are mandatory contributions to regions owed by individuals or entities that are coercive under the law without receiving direct compensation and are used for regional purposes for the greatest prosperity of the people. According to Law Number 28 of 2009 concerning Regional Taxes and Levies, PBB-P2 is a tax on land and or buildings owned by individuals or entities, except for areas used for plantation, forestry and mining business activities. PBB-P2 is deposited to the Regional Government and is considered as Regional Original Income, so it is useful for meeting the needs of regional households as well.

Lumajang Regency is one of the areas in East Java Province. There are several types of regional taxes and regional levies in Lumajang Regency, which are contained in regional regulations and regent regulations. For PBB-P2 revenue conditions in the region, every year it is in the effective category, while its contribution to PAD in Lumajang Regency is still said to be lacking. It is interesting that research is conducted on the role of PBB-P2 on PAD in Lumajang Regency, through measuring the effectiveness and contribution of revenue, so this study aims to analyze the role of PBB-P2 on PAD in Lumajang Regency, with an approach to measuring the effectiveness and contribution of PBB-P2 to PAD.

According to Ravianto (2014), effectiveness is how well the work is done, the extent to which people produce outputs as expected. That is, if a job is carried out in accordance with the time, cost, energy that has been spent and the results are also in accordance with the expected expectations, it can be said that the work done has been effective. According to Yandianto (2000), contribution is a collection of dues money obtained from members or the community in the form of donations. This donation is then managed and expected to meet the daily needs of the community itself. According to Mardiasmo (2002), Regional Original Income is the revenue obtained from the regional tax sector, regional retribution, the results of regionally owned companies, the results of separated regional wealth management, and other legitimate regional income.

There are several previous studies on the relationship between PBB-P2 and PAD. Permatasari and Wicaksono (2021) conducted a study in Ponorogo Regency, finding that during 2018-2020, the average level of PBB-P2 effectiveness was in the very effective criteria, and the level of contribution of PBB-P2 to PAD was still low. Another study by Masitoh (2018) in Banyumas Regency with data from 2013-2016, it is known from the results of the study that the contribution of PBB-P2 to PAD of Banyumas Regency shows the criteria for the interpretation value is very less, with an average percentage of 9.97%. Another study by Wicaksono and Pamungkas (2017) in Jember Regency with reference to data from 2013-2015 which found that the effectiveness of revenue from the PBB P2 sector was still very less effective and the sector's contribution to PAD was also very less in Jember Regency. So, based on the inconsistency of the three previous research results, it raises interest in analyzing the role of PBB-P2 on PAD, through an analysis of the calculation of its effectiveness and contribution to PAD in Lumajang Regency.

2. RESEARCH METHOD

This study uses a quantitative descriptive method, where the data is analyzed using the effectiveness and contribution formula for the 2018-2020 period. Data collection techniques are in the form of document collection and government financial reports related to research. The data is then analyzed comparatively and calculates the total percentage of PBB-P2 effectiveness and the contribution of PBB-P2 revenue to PAD. This can be done by comparing the amount of the target and the realization. The data analysis method is carried out using the following formulas and interpretations:

$$\text{Effectiveness} = \frac{\text{Realization of PBB P2}}{\text{Target of PBB P2}} \times 100\% \quad (1)$$

Table 1. Effectiveness Criteria

Percentage	Criteria
>100%	Very effective
90-100%	Effective
80-90%	Effective Enough
60-80%	Less Effective
<60%	Ineffective

Source : Ministry of Home Affairs, Ministry of Home Affairs No. 690.900.327 (1996)

$$\text{Contribution} = \frac{\text{Realization of PBB P2}}{\text{Realization of PAD}} \times 100\% \quad (2)$$

Table 2. Contribution Criteria

Percentage	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 : Research and Development Team of the Ministry of Home Affairs-Fisipol UGM (1991)

3. RESULT AND DISCUSSION

1. Targets and Realization of PBB-P2 and PAD

Table 3. Targets and Realization of PBB-P2 and PAD

Year	Targets PBB-P2	Realization PBB-P2	Targets PAD	Realization PAD
2018	11.750.000.000,00	11.310.838.058,00	282.484.709.562,30	270.139.870.884,23
2019	12.750.000.000,00	12.253.606.043,00	316.538.321.171,60	296.784.495.727,42
2020	12.000.000.000,00	11.625.274.574,00	366.828.361.340,86	386.233.046.842,77

Source : Data processed (2021)

Based on table 3, it can be seen that the P2 PBB revenue target for Lumajang Regency tends to fluctuate and the Lumajang Regency Original Revenue target tends to increase. However, it is predicted that both of them will increase every year even though they have decreased but will not be too significant. The realization of P2 PBB revenue also tends to increase, although the target is decreasing from 2019 to 2020, but the realization in 2020 is greater than 2018. For the target and PAD realization from year to year, it can be seen from the table that the realization in 2018 was the lowest compared to 2019 and 2020, but in 2019 there was a large difference between the target and realization compared to other years and for 2020 the realization rate was higher than the budgeted target. This means that the enthusiasm and discipline of the community increases.

2. Analysis of PBB-P2 Effectiveness

Table 4. Level of Effectiveness of PBB-P2

Year	Targets	Realization	Percentage
2018	11.750.000.000,00	11.310.838.058,00	96,26%
2019	12.750.000.000,00	12.253.606.043,00	96,10%
2020	12.000.000.000,00	11.625.274.574,00	96,87%

Source : Data processed (2021)

Based on table 4, it can be seen that the target of PBB P2 revenue for Lumajang Regency for the last 3 years tends to fluctuate or increase and decrease but not drastically. Meanwhile, the realization of revenue also tends to fluctuate. In 2018, the revenue target and revenue realization were the lowest, this is because from the previous year the target was quite high but it turned out that the revenue realization was far from the target so the government lowered the target in 2018. If the government raises the target higher in 2017, the government is afraid if the revenue will remain low so that there is no balance in the original revenue of the Lumajang district. However, in 2018 the level of effectiveness is quite high which indicates the effective level because it is at 96.26% which is higher than in 2019.

In 2019, the revenue target increased or was higher than in 2018 and 2020. The government has dared to target because of progress in the previous year, namely 2018 in the hope of increasing the level of effectiveness in 2019 revenues. The revenue received in 2019 was indeed quite high. compared to 2018 and 2020, but the effectiveness is low, which is only 96.10%, while the previous year the effectiveness is higher and in 2020 also has a higher effectiveness, which is 96.87%. From these data it can be said that the government has succeeded in increasing revenues from the PBB-P2 sector but its effectiveness has decreased.

In 2020, the PBB-P2 revenue target is lower than in 2019 but higher than in 2018. This is due to the declining effectiveness in the previous year, 2019 so as to increase the effectiveness of the government, the government lowered the previous target in 2018 of Rp. 12,750,000,000.00 to Rp. 12,000,000,000.00. The target figure in 2020 is close to the revenue in 2019 which is Rp. 12,253,606,043.00. Local governments rely on previous revenues so that they hope that 2020 revenues will increase the effectiveness of revenues. The actions taken by the Regional Government by targeting lower than the previous year were the right actions to increase the effectiveness of revenues, however, it turned out that the realization of revenues tended to be lower than in 2019 which was only around Rp. 11,625,274,574.00. So that in 2020 effectiveness will increase, but revenue will decrease from the previous year.

3. The contribution of PBB-P2 to PAD

Table 5. Contribution Level of PBB-P2 to PAD

Year	Realization PBB-P2	Realization PAD	Percentage
2018	11.310.838.058,00	270.139.870.884,23	4,18%
2019	12.253.606.043,00	296.784.495.727,42	4,57%
2020	11.625.274.574,00	386.233.046.842,77	3%

Source : Data processed (2021)

Based on table 5, it can be seen that the realization of PBB-P2 revenue in Lumajang Regency tends to fluctuate which means it has increased and also decreased. Meanwhile, the realization of Lumajang Regency's PAD from year to year tends to increase, it can be seen from 2018 to 2020 that it always increases. In 2018, the realization of PBB-P2 revenue and the realization of PAD were the lowest between 2019 and 2020. However, even though table 5 is the lowest, it is an increase from the previous year. So this is an improvement for the local government. For the contribution rate in 2018 of 4.18%, the contribution rate in 2018 is higher than the contribution rate in 2020 but lower than in 2019. According to standard provisions, the contribution rate of 4.18% is within the very poor category.

In 2019, the realization of PBB-P2 revenues increased quite a lot and was higher between 2018 and 2020, which was Rp. 12,253,606,043.00. PAD realization also increased in 2019. The contribution rate in 2019 was higher than in 2018 and 2020, which was 4.57%. However, according to the provisions that the contribution rate of 4.57% is in the very poor category. In 2020, the realization of PBB-P2 revenue decreased compared to the previous year, but was higher than 2018. This is inversely proportional to the realization of PAD which increased in 2020, which was Rp. 386,233,046,842.77. The contribution rate in 2020 decreased and became the lowest between 2018 and 2020, this may be due to the new entry of the Covid-19 virus, so that PBB-P2 revenue decreased, but from other sectors it increased. In addition, all parts of the world have just experienced an economic crisis due to the impact of Covid-19. The contribution rate in 2020 is only 3%, and according to the standard provisions that the contribution rate of 3% is in the very poor category.

4. CONCLUSION

Based on the results of the analysis and discussion that has been carried out, for the analysis of the effectiveness of the Rural and Urban Land and Building Tax (PBB-P2), in 2018 it was 96.26% with the effective category. In 2019 and 2020, it was 96.10% and 96.87%, respectively, in the effective category. The highest level of effectiveness occurred in 2020,



while the lowest was in 2019. The level of effectiveness every year experienced insignificant fluctuations or ups and downs, this happened because the Regional Government always wanted to increase revenues based on the revenue realization data in the previous year, but it turned out that when applied to the current year the realization is decreasing. And then for the analysis of the contribution of the Rural and Urban Land and Building Tax (PBB-P2) to Regional Original Income (PAD), in 2018 it was 4.18% with a very poor category, then in 2019 it increased to 4.57% but still with very poor category, and in 2020 it decreased to only 3% with very poor category. The highest level of contribution occurred in 2019 and the lowest in 2020, this is because the realization of PAD always increases every year, but PBB-P2 is still volatile in the past year.

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