

Analysis of the Effectiveness of Land and Building Tax Revenue on the Original Regional Income of Samarinda City in 2021-2023

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ABSTRACT

This study seeks to assess the impact of Land and Building Tax Revenue on Original Regional Income. within the Samarinda City Regional Revenue Agency in 2024. This research is grounded in the theoretical concepts of effectiveness, contribution, Land and Building Tax, and Original Regional Income. This research methodology is quantitative. This study employs effectiveness and contribution analysis instruments. Effectiveness Formula = Realisation of Land and Building Tax: (Land and Building Tax Target) × 100%. Contribution Formula = Realised PBB Revenue: Realised PAD Revenue multiplied by 100%. The necessary data encompasses three years: 2021, 2022, and 2023. Data was acquired from the Regional Revenue Agency of East Kalimantan Province. This study demonstrates that the efficacy of land and building tax revenue in Samarinda is categorised as highly effective, with an efficacy rating of 125.07%. The impact of land and building tax on initial regional income is deemed inadequate, since it represents merely 11.08% of the entire value.

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1. INTRODUCTION

Indonesia is currently a developing country. A process is carried out to improve or change the situation to achieve better results so that development in Indonesia is increasingly advanced. The government has formulated strategies or stages that must be carried out methodically, both in the short and long term, to create better development. These stages include implementation, planning, supervision, financing, and evaluation, but do not underestimate the importance and role of the parties involved in contributing to the success of development.

The government finances regional development by collecting taxes that can

substantially enhance Regional Original Income. In Indonesia, the establishment of regional autonomy grants each area (Province and Regency) the right to govern itself. The regional government has broad responsibilities towards its region to manage its resources in accordance with applicable provisions. Therefore, autonomous regions are expected to continue to increase their initial regional income by utilizing their potential to improve and balance regional growth and community welfare.

Local Original Income (PAD) is revenue generated from the region's inherent resources and collected in compliance with federal statutes and regional rules. The level of development of a region's autonomy is

greatly influenced by its local original income. Financial resources that can be relied on in the implementation of regional autonomy, such as regional levies, regional taxes, legitimate local original income, and the results of managing separated regional assets.

Tax is the main element of PAD that has the most potential to be developed. The community is required by law to pay taxes, which are indirect payments to the government that are used to finance regional development and state administration for the greatest possible progress and prosperity of the people. One type of tax that is classified as a regional tax that has the potential to be developed is land and building tax. Land and building taxes are levied on properties and structures that provide advantages to an organisation or individual [1].

Samarinda City should enhance local tax revenue, specifically from property and building taxes, as a crucial source of Local Original Income (PAD), given its vast natural resources. Samarinda City has many buildings, whether in the form of houses, offices, or factories, which are expected to contribute to the economic prosperity of Development in Samarinda City. Seeing this potential, it is necessary to consider opportunities, especially those related to land and building tax to advance development in Samarinda City.

Moreover, a contributing element that impedes tax payments is the lack of public knowledge, necessitating guidance to inform citizens that taxation is both an obligation and a right essential for participation in development. Therefore, it is necessary to examine the efficacy of Land and Building Tax Revenue in Samarinda City. & what is the amount it contributes to PAD in Samarinda City. The objective of augmenting land and construction taxes is to enhance PAD, particularly in Samarinda City, with the expectation of developing facilities and infrastructure aimed at improving community welfare, especially within the Samarinda City region.

According to [2] Tax is a compulsory contribution imposed by law on persons or entities, without direct remuneration, utilised

for regional purposes to enhance the welfare of the populace.

According to [2] Article 1, paragraph 33 defines The Tax on Rural and Urban Land and Buildings, henceforth designated as PBB-P2, is a levy applied to land and/or structures possessed, administered, or exploited by individuals or corporations.

According to [2] Article 1, paragraph 20 defines Regional Original Income, abbreviated as PAD, as the revenue generated by regional taxes, regional levies, the management of distinct regional assets, and additional matters lawful sources of regional income in accordance with statutory provisions.

Effectiveness refers to the level of accuracy in selecting or using certain methods to achieve goals, which include quality, quantity, and time in achieving optimal targets.

According to [3] contribution is a donation that is given or generated, in this case a donation that comes from regional taxes to regional original income (PAD).

2. METHOD

Operational Definition of This research is descriptive in nature which will be given an explanation of the operational definition as an explanation of the conceptual definition that has been presented in the previous chapter. The operational definition is used to provide an explanation of the variables to be studied and then conclusions are drawn. The impact of land and building tax on local revenue is a research variable.

The effectiveness of Land and Building Tax is determined by local governments' capacity to achieve projected local revenue in relation to established targets.

Contribution is a large contribution of Samarinda City Land and Building Tax in 2021-2023 to Samarinda City's Original Regional Income.

Methodologies for data collecting in this research used:

1. Field Research

Interviews are one of the methods used by researchers to collect the desired information by

conducting systematic question and answer sessions with the authorities at the Bapenda office to obtain or obtain the required data.

2. Library Research

The data utilised in this investigation is derived from data gathering at Bapenda, documents and parts related to the object of discussion as analysis material.

Analytical Devices This study examines the efficacy and impact of Revenue

from Land and Building Tax based on the Original Regional Income of Samarinda City from 2021 to 2023.

1. Effectiveness Analysis

The assessment of effectiveness is conducted by juxtaposing the actual Income from Land and Building Tax in accordance with the predetermined revenue objective for Land and Building Tax. The formula used is:

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

The category of regional autonomy financial effectiveness capability is divided into five degrees

of efficacy as delineated in the subsequent table:

Table 1. Classification of Effectiveness Criteria

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

Source: Ministry of Home Affairs No. 690.900.327 of 1996. In [4]

2. Analysis of Contributions

The computation of contribution determines the extent to which land and building tax

contributes to municipal revenue. Contribution of PBB to PAD uses the following formula:

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

The Regional Tax authority is deemed effective in its responsibilities if it attains a ratio of at least 50%. Criteria derived from the Ministry of Home Affairs source, specifically Decree No. [insert decree

number], are employed to assess the contribution value in further detail. 690,900,327 of 1996 categorizes the contribution criteria into six degrees of participation as illustrated in the subsequent table:

Table 2. Criteria for Contribution Classification

Percentage	Criteria
0.00%-10%	Very less
10.00%-20%	Not enough
20.00%-30%	Currently
30.00%-40%	Pretty good
40.00%-50%	Good
Above 50%	Very good

Source: Research and Development Division, Ministry of Home Affairs, Faculty of Social and Political Sciences, Universitas Gadjah Mada, 1991. In [5]

3. ANALYSIS AND DISCUSSION

1. Efficacy of Land and Building Tax Collection in Samarinda City 2021-2023

The efficacy of the Land and Building Tax is

determined by local governments' capacity to achieve projected local revenues in relation to established targets, particularly in Samarinda City.

Table 3. Effectiveness of Samarinda City Land and Building Tax 2021-2023

Year	UN Targets	Realization of the UN	%	Criteria
(1)	(2)	(3)	(4)=(3):(2)x100%	(5)
2021	Rp49,000,000,000.00	Rp63,447,581,769.92	129.48%	Very Effective
2022	Rp. 63,000,000,000.00	Rp86,191,053,448.00	136.81%	Very Effective
2023	Rp87,000,000,000.00	Rp94,783,834,096.00	108.94%	Very Effective
Average			125.07%	Very Effective

Source: Researcher, 2024

From 2021 to 2023, land and building tax revenues consistently increased in alignment with the realised amounts, demonstrating a year-on-year growth in land and building taxes. The mean efficacy of land and building tax is 125.07%. In 2021, The efficacy of land and building tax revenue was 129.48%, classified as highly effective. In 2022, the effectiveness of land and building tax revenue was 136.81%. In 2023, the proportion of revenue from land and building taxes effectiveness.

decreased from the previous year, which was 108.94%. Although the percentage decreased, in 2023 it was still categorized as very effective.

2. Impact of Land and Building Tax to the Original Regional Income of Samarinda City in 2021-2023

The contribution constitutes a significant portion of the Samarinda City Land and Building Tax in 2021-2023 to Samarinda City's Original Regional Income.

Table 4. Impact of Land and Building Tax to the Initial Regional Revenue of the CitySamarinda 2021-2023

Year	Realization of the UN	PAD Realization	%	Criteria
(1)	(2)	(3)	(4)=(2):(3)x100%	(5)
2021	Rp63,447,581,769.92	Rp594,801,655,082.71	10.66%	Not enough
2022	Rp86,191,053,448.00	Rp747,206,088,293.18	11.53%	Not enough
2023	Rp94,783,834,096.00	Rp856,794,590,158.61	11.06%	Not enough

Year	Realization of the UN	PAD Realization	%	Criteria
Average			11.08%	Not enough

Source: Researcher, 2024

Table 5.2 depicts the annual impact of land and building tax on first regional revenue of Samarinda City. In 2021, the land and building tax contributed 10.66%, classified under insufficient criteria, with land and building tax revenue amounting to IDR 63,447,581,769.92 and original regional income revenue being IDR 594,801,655,082.71. In 2022, the land and building tax represented 11.53% of the initial regional income, deemed inadequate, with land and building tax revenue being IDR 86,191,053,448.00 and original regional income revenue reaching IDR 747,206,088,293.18. In 2023, the land and building tax constituted for 11.06% of the regional original income, deemed below expectations, with land and building tax revenue reaching IDR 94,783,834,096.00 and overall regional original income revenue at IDR 856,794,590,158.61.

Land and building tax revenues when viewed from 2021-2023, the amount realized from has consistently risen, although has not substantially impacted the initial regional revenue of Samarinda City. The land and construction tax constitutes merely one component of the revenue segment of the first regional income. Other types of original regional income, which are known to also contribute to the original regional income, also increase every year. The elevated initial regional income leads to a diminished contribution from

land and building tax, averaging only 11.08%.

4. CONCLUSION AND SUGGESTIONS

4.1 Conclusion

1. The efficacy on the collecting of land and building taxes Samarinda City from 2021 to 2023 is classified as highly effective, achieving a percentage exceeding 100% annually. The assessment of property and real estate taxation Samarinda City has consistently risen year. The Samarinda City Government has effectively fulfilled its responsibilities regarding PBB collecting in Samarinda City. The theory is affirmed.
2. The impact of property tax on the preliminary regional revenue of Samarinda City from 2021 to 2023 is deemed insufficient, notwithstanding the effective collection of this tax. The land and construction tax constitutes merely one component of the original regional income's revenue segment. Other types of original regional income, which are known to also contribute to the original regional income, also increase every year. The elevated original regional income leads to a diminished contribution from land and building tax, averaging only 11.08%, compared to various other income sources that additionally augment the initial regional profits. The impact of land and construction tax on the primary regional revenue has varied from 2021 to 2023. The hypothesis is dismissed.

4.2 Suggestion

Based on the research findings acquired by the researcher, the following recommendations are provided:

1. The Regional Government Agency as a party that has the authority in managing taxes, especially land and building taxes, in order to maintain the effectiveness or even augment land and property tax revenues, should need to conduct a survey or re-registration of taxpayers on land and building ownership because there are still many taxpayers lacking documents for land and buildings ownership. Bapenda, especially tax officers, should also work together with village officials to conduct direct socialization to the community, such as putting up banners so that the community is aware of the importance of compliance with tax obligations which will later be used for regional needs in advancing development for the common welfare.
2. Subsequent researchers in the same scientific domain should incorporate other forms of regional original revenue. Additional regional original revenue, including regional levies, proceeds from the administration of segregated regional assets and other legitimate regional originating revenue. To identify the types of income derived from regional original income that substantially contribute to it.

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