Original Research Article

Study of Non-Tax Regional Land and Building Tax on Regional Original Income (Case Study of Madiun City Regional Revenue Agency)

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Abstract: This research aims to determine the contribution, Effectiveness and growth of Non-Land and Building Tax Regional Taxes (non-L&B tax) to Madiun City's Original Revenue. This study was designed using a qualitative descriptive approach by describing the study contribution, Effectiveness and growth rate of local taxes on local revenue. The research location is the Office of the Regional Revenue Agency of Madiun City. The researcher chose this location because of the limited time for collecting research data, the limited workforce and access to more affordable transportation. The results of this study indicate that the contribution of non-L&B tax P2 provincial taxes in Madiun City for the 2014 - 2018 period is 26.93% which is at a moderate level. Based on the calculation of the average Effectiveness Ratio of 122.29%, which is at the level of very effective criteria because it is above 100%. The average growth rate is 12.28%; the results of this calculation are included in the growth criteria table at the level of the unsuccessful category.

Keywords: Local Tax, Land, Building, and Local Revenue.

INTRODUCTION

Taxes are a significant source of state revenue for implementing national development as the practice of Pancasila aims to increase the prosperity and welfare of all Indonesian people. Therefore it needs to be managed as well as possible and involve the participation of citizens according to their abilities. The 1945 Constitution of the Republic of Indonesia Article 33 paragraph (3) mandates that "Earth and water and the natural resources contained therein are controlled by the state and used for the greatest prosperity of the people". In Law Number 12 of 1985, as amended by Law Number 12 of 1994 concerning Land and Building Tax in Article 18 paragraph (1), it is stated that "Tax revenue is state revenue which is divided between the Central Government and Regional Governments in equal distribution of at least 90% (ninety per cent) for the Level I Regional Government as the relevant regional income.", furthermore in paragraph (2) stipulates that "The share of the Regional Government revenue as referred to in paragraph (1) is mainly given to the Government Level II Region. Gift from the Central Government.

Madiun City is one of the cities in the western part of East Java which is developing towards a modern city. Madiun City, as part of the economic lifeblood of the western part of East Java, is marked by the exit of the Trans Java toll road. This toll gate is the entrance for various regions in Indonesia region Madiun and its surroundings, such as Ponorogo, Magetan, Pacitan, Wonogiri, and others. Support development toward Modern cities needs to be supported with substantial financing. The source of financing in question, of course, does not deviate as has been determined in Law No. 28 of 2009. Provincial taxes and levies are still contributing to Madiun City's local revenue. Most revenue comes from land and building taxes and land rights acquisition fees), but it cannot be ruled out that tax and Retribution Area other. Tax Receipts and Retribution Area other is a manifestation of the decentralized independence and implementation of good governance. In connection with the above, this research takes the title "Study of Non-Land and Building Tax Regional Taxes on Regional Original Income (Case Study of the Madiun City Regional Revenue Agency) from 2014 to 2017.

LITERATURE REVIEW

Local Tax

According to Law Number 34 of 2000 concerning Amendments to the Law of the Republic of Indonesia No. 18 of 1997 concerning Regional Taxes and Levies, Regional Taxes are compulsory contributions made by individuals or entities to the Regions without balanced direct compensation, which

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can be imposed based on the applicable laws and regulations, which are used to finance the implementation of regional government and regional development. Provincial taxes and regional levies are the essential sources of regional income used to finance regional government administration and regional development. Based on the above understanding, it can be concluded that the collection of local taxes to the community by the city or district government aims to finance the administration of government, the implementation of development, and to provide guidance to the community to improve the standard of living of the community.

The Madiun City Regulation Number 23 of 2011 concerning Regional Tax Article 2 stipulates that the types of taxes applicable in Madiun City consist of Hotel Tax, Restaurant Tax, Entertainment Tax, Advertising Tax, Street Lighting Tax, and Parking Tax. Furthermore, according to Regulation Madiun City Region Number 02 of 2011 concerning Customs for Land and building title transfer duty as amended by regulation Madiun City Region Number 23 of 2017 concerning Amendments to Madiun City Regional Regulation Number 02 of 20172011 about The Fee for the Acquisition of Rights to Land and Buildings regulates Object, Subject, Taxpayer, Basis of Imposition, Tariff, Tax Collection and Incentive for Collection of Land and building title transfer duty. Local taxes that become sources of revenue for the city or district government are a hotel, restaurant, entertainment, and advertisement taxes.

Regional Retribution

The definition of Regional Levies according to Law Number 28 of 2009 concerning Regional Taxes and Regional Levies in Article 1 number 64 states that "Regional Levies, from now on referred to as Levies, are regional levies as payment for services or the granting of certain permits specifically provided and given by the Regional Government for the benefit of an individual or entity". Regional Retribution have various functions of Regional Original Revenue, namely: Regional Revenue Sources: Ownership of regional revenue sources that can meet the needs of their regional government, the central government has a heavy burden lighten assisting regional development. The role of the central government in regional development can be in providing regional assistance for education, low-income families and various other forms of assistance. Regulators of Economic Activities: Regions Economic activities in the regions will run well and are well regulated if financial resources are available in the area and can meet the needs of the Region. Means of Regional Economic Stability: Revenue Retribution the Region will stabilize the Region's economy because regional levies support the costs of administering and managing government. Equitable distribution of development and community income: Charges that can play a role as a source of

regional income, a regulator of regional economic activities and as a means of regional economic stability, then the objectives of regional development in terms of equitable distribution of development and community income will be easily realized.

Locally-generated revenue

The definition of Regional Original Revenue according to Law Number 33 of 2004 concerning the Financial Balance between the Central Government and Regional Governments in Article 1 number 11 states that "Regional Original Income, from now on referred to as Regional Original Income, is the income obtained by the Region which is collected based on Regional Regulations by the laws and regulations. -invitation". Furthermore, in the explanation of Law Number 33 of 2004, it explains: that regional Original Income is regional income sourced from regional taxes, regional levies, results in the management of separated regional assets, and other legitimate local revenue, which aims to provide flexibility to the Region in exploring funding in the implementation of regional autonomy as embodiment decentralization principle".

Regional Original Income According to Halim (2011), the definition of Regional Original Revenue is "Regional Original Income is all regional revenues originating from regional original economic sources. Regional Original Income is divided into four types of income: Regional Taxes, regional levies, results of regionally owned companies and results of separated regional wealth management, and other legitimate Regional Original Revenues. Taking into account the quotations from the above, it can be concluded that Regional Original Revenue is revenue originating from various regional economic sources, which is collected based on the provisions of regional regulations.

Contribution

The definition of local tax contribution is the extent to which the portion of proceeds/amount of funds collected from the tax sector in an area is compared with the total amount of regional income or can also be compared to the portion of the funds for the regional budget not APDB. The contribution comes from English, namely contribute, contribution, which means participation, involvement, involvement or donation so that it can be interpreted in this case, the contribution can be in the form of material or can be in the form of actions/activities. Contributions that are material, for example, an individual provides loans to other parties for the good of all parties, while contributions in the form of actions/activities are in the form of behaviour carried out by individuals, which then have a positive or negative impact on other parties.

Effectiveness

According to Ravianto in Masruri (2014: 11), "Effectiveness is how well the work is done, the extent to which people produce outputs as expected. This

means that it can be said to be effective if a job can be completed with planning, both in time and cost or quality." According to Gibson et al. in Wrap (2013:46), "Effectiveness is an assessment of individual, group, and organizational achievements. The closer their performance is to the expected performance (standard), the more effective they are in assessing them.

Growth Rate

The growth rate describes how much the local government's ability to maintain and increase the success that has been achieved from period to period (Halim: 2001). The growth rate is the process of increasing output in the long run which is the difference between realization in a particular year and realization in the previous year. The growth rate shows the ability of the local government to maintain and increase the success that has been achieved from period to period.

RESEARCH METHOD

Types of Research

This study was designed using a qualitative descriptive approach by describing the study of contribution, Effectiveness and growth rate of local taxes on local revenue (Case Study at the Office of the Regional Revenue Agency of Madiun City), which is a spillover tax from the Primary Tax Office.

Research Location

The research location is the Office of the Regional Revenue Agency of Madiun City. The researcher chose this location because of the limited time for collecting research data, the limited workforce and access to more affordable transportation.

Types and Sources of Data

Data sources are all information and information regarding matters relating to the problems discussed. In this case, the data sources used are data sources that come from primary data and secondary data. Primary Data is a research data source obtained directly from the source (not through intermediary media). Primary data can be subjects' opinions (people) individually or in groups, observations of an object (physical), events or activities and test results. Secondary data is a source of research data obtained by researchers indirectly through intermediary media (obtained and recorded by other parties). Secondary data is generally in the form of evidence, records, or historical reports compiled in archives (documentary data) and published unpublished (Sangaji, 2010, p. 44).

Data Collection Technique

The data collection technique used in this research is the observation technique, which suggests that the researcher will maximize observation through observation, memory, and understanding of the object to be studied. To reduce weaknesses in observation.

Interview/interview. An interview is a conversation with a specific purpose. The conversation was carried out by two parties, namely: Interview(interviewer) who asked the question and the interviewer (interviewee) who answered the question (Maleong, 2006, p. 186). Interviews are used to communicate with related parties. Documentation and data collection techniques using secondary data sourced from public records about essential matters related to research which can be in the form of books, papers, and tables.

Data Processing Analysis Techniques

The data processing technique used in this research uses the contribution analysis formula, Effectiveness Analysis, and Growth Rate Analysis. Contribution analysis, according to Halim (2004), can be calculated using the formula:

$$Local\ Tax\ Contribution = \frac{Local\ Tax\ Realization}{Realization\ of\ PAD}\ x\ 100\%$$

The measurement of contribution analysis uses a scale, as shown in the table below.

Table 1: Contribution Criteria

Contribution Percentage	Criteria
0% - 10.00%	Very less
10.10% - 20.00%	Not enough
20.10% - 30.00%	Currently
30.10% - 40.00%	Pretty good
40.10% - 50.00%	Well
> 50%	Very good

Source: Handoko, 2013

Effectiveness analysis, according to Halim (2011), can be calculated using the following formula:

$$Contribution\ Effectiveness = \frac{Local\ Tax\ Realization}{Local\ Tax\ Revenue\ Target}\ x\ 100\%$$

The measurement of effectiveness analysis uses a scale, as shown in the following table below.

Table 2: Effectiveness Criteria

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

Source: Handoko, 2013

The growth Rate is calculated using the following formula: (https://id.wikipedia.org/wiki/-Pendapatan_nasional).

$$Growth = \left(\frac{Current\ Period - Previous\ Period}{Previous\ Period}\right)\ x\ 100\%$$

The measurement of growth rate analysis uses a scale, as shown in the following table below.

Table 3: Growth Rate Criteria

Growth Percentage	Criteria
85% - 100%	Very Successful
70% - 85%	Succeed
55% - 75%	Quite Successful
30% - 55%	Less successful
< 30%	Not successful

Source: Halim, 2007

RESEARCH RESULTS AND DISCUSSION

The results of the calculation of the non-Land and Building Tax Contribution analysis of Madiun City from 2014 to 2018 are as follows:

Table 4: Madiun City's 2014 – 2018 non-L&B Tax Revenue Contribution (in thousand rupiahs)

Year	Realization of Non-L&B P2 Regional Taxes	Realization of Regional Original Income	Percentage
2014	39,833,223	134,584.334	29.60%
2015	43,750,503	164.681.136	26.57%
2016	46,146,091	173,235,930	26.64%
2017	56,768,620	230,608,717	24.62%
2018	62,900,943	230,847,977	27.25%
Average			26.93%

Source: processed from table 1-4

The results of the calculation of the Effectiveness of the non-Madiun Land and Building Tax Regional Tax Effectiveness analysis from 2014 to 2018 are as follows:

Table 5: The Effectiveness of Madiun City's non-L&B Tax Revenue 2014 – 2018 (in thousand rupiahs)

Year	P2 Non-L&B Regional Tax Target	Realization of Non-L&B P2 Regional Taxes	Percentage
2014	29,807,000	39,833,223	133.64%
2015	35,555,000	43,750,503	123.05%
2016	41,000,000	46,146,091	112.55%
2017	42,000,000	56,768,620	135.16%
2018	58,750,000	62,900,943	107.07%
Average			122.29%

Source: processed from table 1-5

The results of the calculation of the Regional Tax Growth Rate analysis of non-Land and Building Taxes for Madiun City from 2014 to 2018 are as follows:

Table 6: Madiun City's 2014 – 2018 non-L&B Tax Revenue Growth Rate (in thousand rupiah)

Year	Realization of Non-L&B P2 Regional Taxes for the Early Year	Realization of Non-L&B P2 Regional Tax for the Year End	Percentage
2014	39,833,223	-	-
2015	43,750,503	39,833,223	9.83%
2016	46,146,091	43,750,503	5.48%
2017	56,768,620	46,146,091	23.02%
2018	62,900,943	56,768,620	10.80%
Average			12.28%

Source: Processed from table 1-6

DISCUSSIONS

The contribution of Non-L&B P2 Regional Taxes for Madiun City from 2014 to 2018 has increased and decreased every year. The average contribution given by the P2 Non-L&B Regional Tax to the Regional Original Income of Madiun City for five years contributed 26.93%; this figure, if entered into the criteria, then entered the medium criteria level. Again, the Non-L&B P2 Regional Tax Contribution of Madiun City from 2014 to 2018 experienced ups and downs. In 2014 the contribution rate was 29.60%, which decreased in 2015 to 26.57%; next 2016 experienced a very slight decrease, namely to 26.64%. In 2017 it decreased again, only contributing 24.62%, then in 2018, it increased to 27.25%. Reflecting numbers, the Madiun City Regional Revenue Agency will further

increase local tax revenues from the non-PB P2 sector by exploring potential local taxes that have not been accessed optimally.

The Effectiveness of the collection of Non-PB P2 Regional Taxes shows an encouraging number; the average percentage indicates this reached the level of 122.29%; this figure shows the criteria are very effective because it is at numbers above 100%. If you look at the average figures in Table 5, especially the numbers that appear every year, they show numbers that fluctuate between periods. The. In 2014 the effectiveness value reached 133.64%, decreased to 123.05% in 2015, and fell again to 112.55% in 2016. Then in 2017, it experienced a very significant increase, namely at 135.16%, but unfortunately, in 2018, it returned experienced a very drastic decrease, namely to 107.07%; however, based on the criteria still at the point criteria very effective. Taking into account the results of the effectiveness analysis above, it is advisable for the Madiun City Regional Revenue Agency to further increase local tax revenues from the non-PB P2 sector by exploring various potential local taxes that have not been worked out properly and expanding the reach of taxpayers who have not been registered in the register of local taxpayers.

The growth rate of local tax revenues, especially those that are not reception L&B P2 in 2014 to 2018, was an average of 12.28%; this figure, if we enter it in the growth criteria table, it is at the level of the unsuccessful category. The growth rate from 2014 to 2018 was at the level of the unsuccessful category every year. This is because the targets set by the APBN are getting bigger every year. Hence, the Regional Revenue Agency offices find it difficult to catch up with the growth rate at a better level, at least at a reasonably successful level, in the range of 55% - 75%. Achievements above 55% can be achieved with the condition that the Regional Opinion Agency office must be more active in exploring various potential taxes that may still be worked on, especially the potential taxes that exist in the area on the outskirt cities that are usually difficult or even impossible to reach by data collection officers and local tax collectors.

CONCLUSIONS AND SUGESSTIONS

Based on the results of research on the Study of Non-Land and Building Tax Regional Taxes on Madiun City Original Revenue from 2014 to 2018, it can be concluded that: The contribution of non-tax local The P2 of Madiun City for the 2014 – 2018 period was 26.93% which was at a moderate level. Based on the calculation of the average Effectiveness Ratio of 122.29%, which is at level criteria very effective because it is at numbers above 100%. The average growth rate is 12.28%; the results of this calculation are included in the growth criteria table at the level of the unsuccessful category. Based on the conclusion with limitations in research time, the study used data in a relatively short period of 5 years (2014 - 2018) with the area in Madiun City, so the results obtained may not necessarily be used to generalize to similar data and other areas. Wider. Therefore, research with a broader scope is needed so that the results may differ.

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