

Analysis of the Effectiveness and Contribution of Land and Building Tax, and Land and Building Acquisition, Duty on Local Revenue in the City of Bandung Before and During the Covid-19 Pandemic

Seviani Risdiana¹, Suratminingsih², Dessy Evianti³, Mega Arum⁴

¹Master of Accounting, Sangga Buana University

²Accounting, STEBIS Bina Mandiri Bogor

³Accounting, Institut Bisnis Informatika Kesatuan

⁴Accounting, Universitas Banten

¹Corresponding Author: inoyas189@gmail.com

ABSTRACT

This study aims to determine the effectiveness level of the Land and Building Tax (PBB) and Land and Building Acquisition Fee revenues (BPHTB), as well as the contribution of PBB to the Local Revenue (PAD). With the enactment of Law No. 28 of 2009 on Local Taxes and Regional Levies, the authority for collecting Local Taxes is fully implemented by the Regional Government. As a result, PBB and BPHTB, which were previously classified as Central Taxes, have now become Local Taxes. This study utilizes a quantitative research method with a descriptive research approach. The findings indicate that the PBB of revenues in the City of Bandung over the past four years from 2018 to 2021 showed an initial increase followed by a decline, resulting in varying criteria. Similarly, the PBB of the Land and Building Acquisition Fee revenues in the City of Bandung during the same period exhibited a decreasing trend, leading to a decrease in the effectiveness level from "sufficiently effective" to "ineffective". Furthermore, the PAD in the City of Bandung experienced a decline from 2018 to 2019, followed by an increase from 2019 to 2020, and a significant decrease from 2020 to 2021.

Keywords: Effectiveness, Contribution, Land and Building (PBB), Land and Building Acquisition Duty (BPHTB), Local Revenue (PAD)

INTRODUCTION

The increasing development of regional governments in Indonesia has not been accompanied by adequate performance improvement. The growing number of regional governments in Indonesia will require greater financial support from the central government if the direction of regional governance is unable to generate sufficient Local Revenue (PAD) to meet the increasing regional expenditure needs over time (1).

PAD is the Land and Building Tax (PBB) of the principle of decentralization and serves as one of the sources of regional income (2). The law provides a wide range of sources for

PAD, including local taxes and fees (3), PAD is the legitimate income of a region that originates from local taxes, fees, the management of separated regional assets, and other lawful sources of regional income (4), which aims to provide regional autonomy in exploring funding sources as a manifestation of decentralization (5).

The central and regional governments continue to make efforts to optimize state revenue and PAD (6). To gauge this, as an initial indication, it is necessary to look at the PBB of PAD until April 30, 2021, one of which is the sector of PBB amounting to 3.9

trillion or a growth of 67.3%. The highest PAD in Kota Bandung is from the sector of PBB and BPHTB (7) It also experienced a correction during the pandemic (8). Secretary of the Regional Revenue Management Agency (Bapenda) of Bandung City, Gun Gun Sumaryana, acknowledged that in 2020, Bandung City initially targeted a local revenue achievement of Rp2.7 trillion. However, due to the COVID-19 pandemic, the target was rationalized to Rp2.2 trillion, and eventually set at Rp1.7 trillion in the Revised Regional Budget (APBD). This means a potential revenue loss of Rp1 trillion. As of October 31, 2021, Bandung City's local revenue, including the PAD, stood at Rp1.34 trillion. This amount is equivalent to 74 percent of the Rp1.808 trillion target for tax revenue in 2021,

METHODS

The subject of this study is the Tax Service Office, which functions as an implementing body of the Bandung City Government in the field of local revenue. The management and collection of local taxes are based on Bandung City Regional Regulation No. 20 of 2011 regarding Local Taxes. With the change in the department's nomenclature from the Department of Regional Revenue to the Tax Service Office of Bandung City, based on Bandung City Regional Regulation No. 05 of 2013, replacing Regional Regulation No. 13 of 2007 regarding the Formation and Organization Structure of the Bandung City Regional Department. The research variables

indicating that the target was not achieved. Member of the House of Representatives Commission I, Muhammad Farhan, from the NasDem Faction representing West Java 1 electoral district, stated on Thursday, November 18, 2021, that the Bandung City Regional Revenue Agency needs to reassess the potential for local taxes. The COVID-19 pandemic has had a significant impact on the economy, causing several businesses to come to a halt. Despite the economic recovery in Bandung City, certain sectors still need to be given tax incentives. Bapenda noted that PBB and BPHTB are the two major contributors to tax revenue in the 2021 period (9). As a strengthening strategy, Bapenda provides various programs and services to facilitate tax payments, thereby encouraging the public to pay their taxes (10).

essentially encompass all aspects determined by the researcher to be studied in order to obtain information and draw conclusions about them (11). Independent variables are variables that influence or cause changes in the dependent variable. They are symbolized by the symbol (X) (12). The dependent variable, also referred to as the dependent variable, is the variable that is influenced or caused by the independent variable. It is symbolized by the symbol (Y) (13). This research consists of 5 variables, namely 4 independent variables: effectiveness of PBB, effectiveness of BPTHB (14), The contribution PBB (15) and contribution, Land and Building Acquisition Duty (16), The dependent variable in this study is the

PAD, while the independent variables consist of the effectiveness of PBB and BPHTB, the contribution of PBB and BPHTB, the PAD in the city of Bandung.

The research method used in this study is descriptive and comparative. Descriptive research is conducted to answer questions related to the presence of independent variables, either in a single variable or more. (15). Through descriptive research, a description of the research problem can be obtained, which includes the effectiveness of PBB, the effectiveness of BPTHB, the contribution of PBB, the BPHTB, and the PAD in the city of Bandung. The research aims to provide a comprehensive understanding of the effectiveness of these taxes and their contribution to the overall revenue of the region.

Population and Sample

Population refers to the entire set of objects or individuals that possess specific characteristics or traits that will be studied. Population is also referred to as the universe, which means the entirety and can include both living and non-living entities (17). The population in this research consists of 96 observational data. These observational data consist of 48 months, spanning a period of 4 years from 2018 to 2021. The observational data include two variables, namely PBB and Land and Building Acquisition Duty, obtained from the Regional Revenue Agency of Bandung City.

A sample is a subset of the population that

represents the characteristics of the entire population (18).

Based on the explanation, the sample for this study consists of 48 observation data samples. These observation data samples consist of 12 months over a period of 4 years, from 2018 to 2021. The observation data include four variables: X1 Effectiveness of PBB, X2 Effectiveness of BPTHB, X3 Contribution of PBB, and X4 Contribution of BPHTB.

The comparative analysis method is a type of descriptive research that seeks to find fundamental answers about cause and effect. The comparative analysis method can be accomplished using a test of mean differences (18). The t-test is conducted to compare the performance of conventional and Islamic banking. Therefore, before conducting the hypothesis testing, it is necessary to perform tests for data normality and homogeneity. These tests are conducted to ensure that the data meets the assumptions of the t-test, which include normal distribution and equal variances. By assessing the normality of the data, we can determine if parametric tests like the t-test are appropriate. Additionally, the homogeneity test helps verify if the variances of the two groups being compared are similar. These preliminary tests are crucial in ensuring the validity and reliability of the subsequent t-test results (19).

Detecting data normality can be done using the Kolmogorov-Smirnov test (14).

Testing Normality Using Kolmogorov-Smirnov for Two Samples

The analysis of the Kolmogorov-Smirnov test results is conducted by first determining the testing hypothesis, which is:

H₀: The data is normally distributed.

H_a: The data is not normally distributed.

The decision is made based on the following criteria:

If Asymp Significant > 0.05, the null hypothesis is accepted, indicating that the data is normally distributed.

If Asymp Significant < 0.05, the null hypothesis is rejected, indicating that the data is not normally distributed.

Homogenitas Varians Make Levene'S Test

The Levene test or Levene's test for equality of variances is used to test whether samples have equal variances. To determine whether the two samples are homogenous or not, it is necessary to test the homogeneity of variances first with a significance level of $\alpha = 5\%$ (20). Based on the significance probability value:

Significance Probability < 0.05, the variances of the two data groups are not homogeneous.

Significance Probability > 0.05, the variances of the two data groups are homogeneous.

Choosing Parametric or Nonparametric Test

Choosing the type of parametric or nonparametric test in hypothesis testing is closely related to the distribution of the

population data being tested. If the distribution of the population data being tested is normal, then the testing process can be conducted using a parametric statistical test approach. On the other hand, if the data distribution is non-normal or the distribution is unknown, a nonparametric statistical test approach can be used (21).

RESULTS AND DISCUSSION

Based on the research findings and discussions on the Analysis of the Effectiveness and Contribution of PBB and BPHTB to the PAD of Bandung City Before and During the Covid-19 Pandemic, it can be concluded that the revenue from PBB and BPHTB in Bandung City has experienced fluctuations over the past four years (2018-2021). PBB showed an increase and then a decrease, while BPHTB consistently decreased. The PAD of Bandung City also experienced a decrease initially, followed by an increase before a drastic decline. The research findings indicate that there is no significant difference in the effectiveness of PBB on local revenue before and during the Covid-19 pandemic. However, a significant difference was found in the effectiveness of BPHTB on PAD before and during the pandemic. The research also shows that there is no significant difference in the contribution of PBB to local revenue before and during the pandemic. The results of the difference test conclude that there is no significant difference in the contribution of BPHTB to local revenue before and during the pandemic.

Table 1: Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Effectiveness PBB	48	.0059	.4132	.068533	.0990290
Effectiveness BPHTB	48	.0196	.1188	.057015	.0206792
Contribution PBB	48	.0015	.1126	.019513	.0282188
Contribution BPHTB	48	.0069	.0419	.018763	.0069290
PAD	48	206378000000 0	257159000000 0	234490000000 0	222530272384. 8
		.0000	.0000	.001000	144200
Valid N (listwise)	48				

Data source: Data processing SPSS (2022)

Table 2: Effectiveness PBB

Year	Tax Targets Pajak PBB	Land and Building Tax	Effectiveness (%)	Criteria
2018	700.500	553,686	79%	Less effective
2019	630.000	558.243	89%	Effective enough
2020	630.000	558.243	89%	Effective enough
2021	700.000	509.056	73%	Less effective

Data source: Bandung City Regional Revenue Agency (2022)

Table 3: Effectiveness Land and Building Acquisition Duty

Year	Tax Targets Land and Building Acquisition Duty	Land and Building Tax, Land and Building Acquisition Duty	Effectiveness (%)	Criteria
2018	725.000	589.917	81%	Effective enough
2019	718.891	510.943	71%	Less effective
2020	727.120	459.561	63%	Less effective
2021	937.000	543.914	58%	Effective enough

Data source: Bandung City Regional Revenue Agency (2022)

Table 4: Contribution Land and Building Tax

Year	PBB PAD	PBB	Effectiveness (%)	Criteria
2018	2.571.590	553,686	22%	Currently
2019	2.548.260	558.243	22%	Currently
2020	2.063.780	558.243	27%	Currently
2021	2.195.970	509.056	23%	Currently

Data source: Bandung City Regional Revenue Agency (2022)

Table 5: Contribution BPHTB

Year	PBB PAD	PBB and BPHTB	Effectiveness (%)	Criteria
2018	2.571.590	589.917	23%	Currently
2019	2.548.260	510.943	20%	Not enough
2020	2.063.780	459.561	22%	Currently
2021	2.195.970	543.914	25%	Currently

Data source: Bandung City Regional Revenue Agency (2022)

CONCLUSIONS

Based on the research findings and discussion on the Analysis of the Effectiveness PBB and BPHTB to the Local Revenue of Bandung City Before and During the Covid-19 Pandemic, the results show that the realization of PBB revenue in Bandung City over the past four years from 2018 to 2021 initially increased and then decreased, resulting in fluctuating criteria. On the other hand, the realization of BPHTB revenue in Bandung City during the same period showed a decreasing trend from 2018 to 2021, causing the effectiveness of BPHTB revenue to decline from being moderately effective to ineffective. The PAD of Bandung City experienced a decline from 2018 to 2019, followed by an increase from 2019 to 2020,

and a drastic decrease from 2020 to 2021.

The results of the comparative test indicate that there is no significant difference in the effectiveness of PBB on local revenue before and during the Covid-19 pandemic. However, there is a significant difference in the effectiveness of the BPHTB on PAD between the pre-pandemic and pandemic periods. The research findings also show that there is no significant difference in the contribution of PBB to local revenue before and during the pandemic. Therefore, it can be concluded from the comparative test results that there is no significant difference in the contribution of BPHTB to local revenue before and during the pandemic period.

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