

## OPTIMIZATION THE ROLE OF REGIONAL GOVERNMENT TO IMPROVE COMMUNITY AWARENESS TO PAY EARTH AND BUILDING TAXES (Study Case: Belu District)

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### ABSTRACT

*Regional Original Income is categorized as routine regional income and expenditure budget (APBD). Regional Original Income is an income originating from the results of regional taxes, the results of regional retribution, the processing of separated regional wealth and legitimate local revenue, which aims to provide regional flexibility in extracting income in the implementation of regional autonomy as a manifestation of decentralization. Land and Building Tax (PBB) is a state tax imposed on the earth and or buildings based on Law No. 12 of 1994 concerning Land and Building Taxes, as amended by Law No.28 of 2009. Referred to as earth according to Law No.28 of 2009 about land tax and building are the surface of the earth and the body of the earth beneath it. The surface of the earth includes inland waters (including irrigated pond swamps) and the Indonesian territorial sea. Whereas what is meant by a building is a technical construction that is planted or permanently attached to land and / or waters for a place of residence, place of business, and place of cultivation. The purpose of this research is 1) To know and explore how to optimize the role of local government in raising awareness on taxpayers in paying land and building taxes in Belu Regency. 2) To find out how the efforts of the local government in raising awareness of taxpayers in paying land and building taxes in Belu Regency. 3) Any factors that hinder public awareness, so that payments for land and building taxes are still low.*

Keywords: Public Awareness, Land and Building Tax

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### INTRODUCTION

Local Own Revenue (PAD) is one of the basic capital of the Regional Government in obtaining development funds and meeting regional expenditure. Regional Original Revenue is a regional effort to reduce the difficulty of getting funds from the top level government (subsidies). PAD is categorized in routine Regional Budget and Expenditure Budget (APBD). PAD is revenue derived from regional tax proceeds, regional levies, approved regional wealth proceeds and legitimate regional original revenues, which are intended to provide regional money in the allocation of revenue in the implementation of regional autonomy in accordance with the results of decentralization. PAD sources according to Republic of Indonesia Law No. 28 of 2009 concerning regional taxes that are extracted from regions or regions that consist of the results of local taxes, the management of regulated regional wealth and others. From the source: the source of income consists of:

Local taxes must be paid to persons who are paid by individuals or entities that are approved under the Act without obtaining direct imbalances and are used for regional purposes for larger amounts.

Regional levies are regional levies for the payment of services or the granting of special permits provided and granted by local governments for the needs of individuals or entities. Law No. 28/2009 concerning regional taxes and regional user fees, meaning that all permits in the case of collecting local taxes are fully approved by the Regional Government. The enactment of this Act makes the land and building tax for rural and urban areas, hereinafter referred to as PBB, from the central tax into regional taxes and is expected to provide one potential source of PAD revenue for each region. Obligations in activities related to land and building tax become the property of local governments, it is related to the process of data collection, discussion, determination, administration, collection or billing and government related land and building taxes.

In the framework of the implementation of regional autonomy, the transfer, delegation and assignment of governance given to the regions to be carried out, and also followed by regulations on the distribution and utilization of national resources, including financial balance between the Central Government and Regional Governments. As an autonomous region, governance and tasks are carried out based on agreed and accountable government principles, transferred by clean government. On the basis of the principle of the implementation of regional autonomy must always be oriented to improving the welfare of society.

Land and Building Tax (PBB) is a state tax imposed on land and or buildings based on Law No.12 of 1994 concerning the Land and Building Tax, as amended by Act No.28 of 2009. Intended earth according to the Acts Law No.28 of 2009 concerning land and building tax is the surface of the earth and the body of the earth beneath it. The surface of the earth encompasses inland waters (including irrigation ponds) as well as the RI territorial sea. Whereas what is meant by a building is a technical construction that is planted or permanently attached to land and or waters for a place to live, place of business and place of business. The UN imposition is based on Law No. 12. of 1985 concerning the UN as amended by Law No.12 of 1994. However, in its development the UN Rural and Urban sector became a Regional Tax regulated in Law No. 28 of 2009 concerning Regional Taxes and Regional Levies (PDRD) Article 77 to Article 84 starting in 2010.

Some previous studies conducted by Novitasari (2007) which showed that taxpayer awareness does not significantly influence the behavior of taxpayers to meet tax obligations, in contrast to the results of research conducted by Utami et al., (2012) showed that awareness of paying taxes has a positive effect on level of compliance paying taxes. However, different from the results of research conducted by Adelina (2013) suggested that land and building tax revenues have exceeded the targets set by the City Government of Gresik. Even though, some of the results of previous studies show a positive achievement of land and building tax revenues, it cannot be denied that the results of land and building tax revenues are different from other regions, which are marked by the potential of each different region. When, it compared with the previous studies above, a line can be drawn that allows other regions to look in the mirror, one of them is Belu Regency.

Belu Regency is one of the regencies in East Nusa Tenggara Province (NTT). Belu Regency is also a potential Regency, both the fertile natural conditions, its strategic location as a gateway portal on the Motaain border. This fact makes the people of Belu Regency in general have a large area of plantations, rice fields. In addition, this reality also makes people's livelihoods vary greatly such as the TNI, Civil Servants, Traders, Artisan, and Farmers. This potential should make the land and building tax payment activities quite smooth and up every year. But the reality is reversed, that in reality the implementation of land and building tax payments in Belu Regency is still less effective or not optimal.

The implementation of land and building tax payments in Belu Regency, which is still less effective, is an obstacle experienced by the Belu Regency Government. So far, found many obstacles related to tax payments. For example, apathy towards paying taxes and the erratic busyness at work becomes an inhibiting factor so that tax payments in Belu Regency are less than optimal. The possibility of a lack of co-ordination of the leader in terms of organizing cooperative relations and division of labor that is not in accordance with the expertise of each person. Lack of public understanding of the meaning of land and building taxes in development financing, and the lack of tangible evidence of taxes paid in improving people's welfare. So that the basis of this problem is the low awareness of the community in paying land and building taxes that have become their obligations.

The Head of Belu Regency Revenue Agency in an annual report revealed the number of tax objects in Belu Regency was 50,370 tax objects with the 2016 PBB principal revenue amounting to Rp. 2,043. 795,219. The number of P2 PBB objects in 2017 is 51,566 objects with the 2017 PBB determination principal of Rp. 2,203,210,129. While the realization in 2016 up to July 31, 2017 was Rp. 1,551,680,043 (42,815 objects) or 76%. Arrears until July 31, 2017 in the amount of Rp. 492,115,176 (7,555 objects) or 23%.

In this regard, the Belu District Government needs to think seriously about issues closely related to land and building taxes, then try to make efforts to optimize the increase in revenue so that it can make a major contribution in increasing regional income. To further optimize good governance, the government must be able to carry out its supervisory role effectively and be able to provide freedom in decision making service providers in the government sector, so that the target of land and building tax in the regions can be achieved. So, the achievement of the land and building tax target, the Regional Government can carry out policies related to its stability so that the inflation rate is well maintained. The government's attempt to optimize tax revenue in principle aims to improve legal certainty for taxpayers. Therefore, the government needs to seek tax revenue optimally and as much as possible. Because if public awareness in completing their tax obligations voluntarily can increase, then tax revenue will also increase. Therefore, the effort to raise public awareness in paying taxes is an urgent effort from the government to be made.

The objectives of this study are to find out what factors are hampering public awareness, so that the payment of Land and Building Tax (PBB) is still low, to find out how the efforts of the Regional Government in raising awareness of taxpayers in paying Building Land Tax (PBB) in Belu Regency, and to find out how the role of local governments in raising awareness of taxpayers in paying Land and Building Tax (PBB) in Belu Regency.

## RESEARCH METHODOLOGY

### Types of research

The nature of the research used in this study is qualitative research where qualitative research tries to describe that certain facts systematically and accurately. Moleong (2017) explained that qualitative research is a research procedure that produces descriptive data that includes written or oral words from people who understand the object of the research being carried out, which can be supported by literature studies based on the deepening of literature studies. A case study approach, by providing an overview of the results of the optimization of the role of local government to increase public awareness in paying land and building taxes.

### DATA SOURCE

#### Primary data

Primary data is data that is directly collected by researchers from the first source is direct information obtained directly from KASUBID PBB, tax officers, and taxpayers, who provided the information needed in this study.

#### Secondary Data

Secondary data sources are data that is directly collected by researchers as support from the first source. The supporting data used in this study is in the form of a general description of the Bapenda Office, organizational structure, data on the realization of land and building tax in Belu Regency, which is competent in providing the information needed in this study.

#### Data analysis

The purpose of data analysis Model data analysis in the field Sugiyono (2014: 246) stated that activities in data analysis with a qualitative approach carried out mutually active, ongoing to completion, so the data obtained is good.

## RESULTS

### Understanding of Taxpayers Regarding Taxes

Knowledge and understanding of taxation regulation is the process by which taxpayers know about taxation and apply that knowledge to pay taxes. Suryadi (2006) and Hardianingsi (2011) stated that the increasing knowledge of both formal and non-formal taxation would have an impact on public awareness in paying taxes. Hardianingsi (2011) founded that low taxpayer compliance was caused by the knowledge of taxpayers as well as perceptions of taxes and tax officers who were still low. Some taxpayers obtain tax knowledge from tax officers, information media, and tax socialization. Understanding of tax regulations is a process whereby taxpayers understand and know about regulations and laws and tax procedures and apply them to carry out tax activities such as paying taxes, reporting tax returns. This can be taken as an example when a taxpayer understands taxation procedures, so he can also understand tax regulations, thereby increasing knowledge and insight into tax regulations.

### Government Efforts in Socializing the UN

The results of interviews with relevant parties regarding the management of the United Nations in Belu District have not reached the maximum target, socialization of the UN has been carried out, but still UN revenues have not reached the target, Information about the United Nations is carried out every year in all sub-districts in Belu Regency, Mr. A in the interview explained how to pay taxes, how to fill in the tax object notification and explain the Tax Law if there are changes and the reporting of the results of UN receipts from rural tax collectors to participants. Socialization is one way or tool that can be used to compile and provide knowledge to taxpayers about the rules, procedures, and timing of UN payments. The socialization needs to be done to compile the compliance and awareness of taxpayers to comply with their obligations in paying taxes.

The researcher also interviewed tax collectors from several villages regarding UN collection in the village concerned. Based on the results of interviews with tax collectors that socialization is carried out every once a year, and in the socialization explained about the procedure for collecting taxes, and depositing taxes to the district government, socialization is conveyed by tax collectors. If there are obstacles such as the existence of taxpayers who do not pay taxes from year to year, then the District government intervened to curb taxpayers who do not pay the tax.

### Community Participation in Paying Taxes

Based on research conducted by the author through the interview method, it was found that the obstacles experienced by local governments in raising tax awareness. Generally, there are: (1) The lack of understanding and awareness of taxpayers that importance of compliance in paying land and building taxes. A cause of decline in the level of value of UN acceptance is the diversity of levels of education in the community. (2) Low taxpayer income level. Based on the results of the interview with the Head of the United Nations Subdivision in the Banpenda Office, it was stated that increasing taxpayer compliance in paying UN taxes is not easy, so there must be effort and hard work from tax officials so that people can change their mindset so that people want to pay taxes directly.

In Belu District, land and building tax collection is still not optimal, the factor that inhibits paying taxes is the lack of public participation as a taxpayer on the obligation to pay taxes which causes tax payments not to run effectively. The existence of most people as taxpayers who do not fulfill their obligation to pay for land and building tax automatically is an obstacle in tax collection. The existence of some people who do not fulfill their obligations in paying land and building taxes is not a real effort from the community, but because of the condition of the people who are less participating to pay taxes or even do not know the function of paying taxes themselves.

### Community Compliance in Paying Taxes

To be able to realize awareness of paying taxes is not easy. Compliance with taxpayers to pay for land and building tax arises due to tax sanctions that will be imposed on taxpayers who are late in paying land and building tax. Sanctions or administrative fines imposed on taxpayers indiscriminately, who is negligent, who violates the provisions of taxation are subject to sanctions, but in reality, the sanctions contained in land and building tax have not been implemented properly. For awareness to pay taxes that can be realized and expanded, the taxpayer must have the awareness to pay for land and building taxes. With awareness, the taxpayer will pay taxes voluntarily without coercion. The awareness by be in accordance with the demands of the needs as a person, one of which has personal pride, the taxpayer will feel superior to the others because they have made the obligation to pay taxes. Awareness of low public taxation is often one of the reasons for the many potential taxes that cannot be captured.

## CONCLUSIONS

The role of the Belu District Government in increasing public awareness of paying Land and Building Taxes (PBB) has been well implemented. This is indicated by the regional government always making various efforts and continuing to encourage the village community, to provide an important understanding of the importance of paying taxes and making various efforts in activities. The Belu District government activities are to socialize, cooperate with staff and community leaders and organizations in Belu District, and provide direct payment facilities at the Village Office and Banpenda Office.

## LIMITATIONS

The researcher realized that the results of this study could not be said to be perfect. But, researchers have tried their best with the ability they have to complete this scientific work. Position of researchers who do not experience directly as tax officers.

## RESEARCH ADVICE

For Tax Officers

- a. It is more proactive in distributing SPPT PBB to the community, both by visiting the existing UN technical implementation unit (UPT) staff in RT / RW assistance or through shipping services (Post Office), because there are still many people who have not received the UN SPPT before the repayment limit.
- b. Regular monitoring from the Regional Government is needed to find out the development of UN expansion from the community, if there are still people from the community who have not repaid for further collection.
- c. The need to carry out ongoing socialization of regulations and changes to the community or taxpayers with socialization is expected to gradually increase knowledge and understanding of the regulations of the taxpayer.
- d. There needs to be accurate data on non-compliance of taxpayers in a region, to follow up on policies in determining the Tax Object Selling Value (NJOP). This activity can be carried out by district office or by empowering KKN students.
- e. Need to socialize policies that can increase motivation for taxpayers to be willing to voluntarily pay taxes on time.

For Taxpayers

- a. Taxpayers need to follow ongoing socialization of regulations and changes regarding Land and Building Taxes
- b. Taxpayers are expected to fulfill their obligations in paying taxes on time, as a reflection of citizens who are good and obedient to the rules that apply to the common interest.
- c. There is still a tax return (SPPT) that is not by the actual conditions, so the community must be quick to report to the tax collection officer so that it can be quickly resolved.

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