

POTENTIAL AND PROJECTION STUDY OF LAND AND BUILDING TAX

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ABSTRACT

Land and Building Tax is one of the regional taxes that has a major contribution to city or regency regional revenues. The purpose of this research is to find out and map the potential income from Land and Building Tax in Semarang City. The research population is all taxpayers in the city of Semarang which includes 16 districts. The sampling technique used in this study used a purposive sampling technique. The data analysis used in this study is a quantitative descriptive analysis using the least squares analysis tool. The results of the study show that the effectiveness, targets, and realization, as well as projected revenue from Land and Building Tax, have increased, except during a pandemic. The Semarang City Government is expected to be able to increase land and building tax revenues, including with an online system and increasing public awareness in paying taxes.

Keywords: land and building tax, effectiveness, targets and realization, revenue projections

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INTRODUCTION

The shift in the management of Rural and Urban Land and Building Taxes from the Central Government to Regional Governments is evidence of the ongoing process of fiscal decentralization in Indonesia. In practice, the Regional Government has a source of regional original income from various types of taxes and fees as well as other sources, however, for regions that do not have many natural resources, the receipt of Rural and Urban Land and Building Tax is one of the regional taxes that have a large contribution on regional acceptance.

The problem that is often encountered in the process of collecting Rural and Urban Land and Building Tax is that the tax base is not yet optimal. Not because of the number of objects, but the basis of tax imposition, in this case, the Selling Value of Taxable Objects. The challenge that many local governments experience is updating data. Without data updating activities, the tax base will remain the same, while the value of land will experience an increase in prices.

Good cooperation between the community and the government can have a positive effect on regional development. One of the roles of paying taxes is to increase the development of an area, so there is a need for public awareness in the payment of Land and Building Tax so as not to cause the amount of income derived from this sector to decrease or not to meet predetermined targets.

Apart from implementing the demands of the law, this periodic updating of data is also a form of cooperation between the government and the public in an effort to increase revenue

from the tax sector, bearing in mind that Land and Building Tax Objects are objects whose selling value is dynamic in accordance with developments.

After the enactment of Law Number 28 of 2009 concerning Regional Taxes and Regional Levies and Regional Regulation of the City of Semarang Number 13 of 2011 concerning Urban Land and Building Taxes, it should be able to contribute more to the local revenue of the City of Semarang, because the city government can manage it independently Land and Urban Building Tax as a source of the regional revenue, especially in the tax sector. However, after the enactment of the Law on Regional Taxes and Regional Levies and Semarang City Regional Regulation Number 13 of 2011, this goal has not been achieved in maximizing Local Taxing Power in Semarang City, especially in Urban Land and Building Taxes.

Underlying this, it is necessary to conduct research that aims to find out and map the potential income from land and building tax in Semarang City.

LITERATURE REVIEW

Land and Building Tax Concept

Land and Building Tax is a state tax charged to taxpayers to pay for property rights to land and buildings. Based on Law number 28 of 2009, the Land and Building Tax is a tax that is material in nature in the sense that the amount of tax owed is determined by the condition of the object, namely land, and buildings. The existence of the subject does not determine the amount of tax. In detail, the definition of the earth is the surface of the earth (soil and waters) and the body of the earth that is in the interior and seas of Indonesia. Example: rice fields, fields, gardens, yards, ponds. While the definition of a building is a technical construction planted or placed permanently on land and or waters. For example, residential houses, buildings for business premises, high-rise buildings, shopping centers, emplacements, luxury fences, wharves, luxurious parks, other facilities that provide benefits, roads, swimming pools, and offshore oil platforms.

Land and Building Tax is a tax that was originally a state tax and then turned into a regional tax whose revenue is for regional income which is used to complement the provision of existing government facilities. Land and Building Tax is a source of tax revenue that is quite large in number and really supports the national development process designed by the government because a large population of Indonesia and the people of a region, in particular, are subjects and objects of Land and Building Tax so that it is very possible to increase development financing (Soemitro & Muttaqin, 1989).

Land and Building Tax Objects

The 1985 Land and Building Tax Law states that the object of the Land and Building Tax is land and or buildings. Both (land and buildings) can stand alone (only land or buildings) or together as tax objects that are subject to land and building tax. The definition of the earth is explained as covering the surface of the earth and also the body of the earth beneath it. What is called the surface of the earth here is none other than what is inside the earth and what is under the water. What is referred to as water here includes inland waters including swamps, as well as Indonesian territorial seas. So the objects of the Land and Building Tax are land, water, and the body of the earth. Examples are rice fields, garden fields, yards, mines, and others.

Buildings as objects of Land and Building Tax are technical constructions that are permanently implanted or placed on land or waters in the Territory of the Republic of Indonesia which are designated as residences or places of business. Included in the definition of buildings in the elucidation of the Land and Building Tax Law are environmental roads

located in a building complex, swimming pools, shipyards, toll roads, luxury fences, luxury plants, shelters, oil refineries, processing areas, and others.

Determination of Land and Building Tax Rates

Based on the data that has been collected, the officer will determine the amount of taxable costs of a tax object or the amount of tax owed. The amount of tax payable that must be paid by the taxpayer also depends on the classification of the tax object that has it. To determine the amount of tax rate used the formula $0.5\% \times 20\%$ Sales Value of Taxable Objects. Selling value of tax-free objects is the minimum selling value of taxable objects, which according to the provisions of the law are not taxed. Article 3 paragraph 3 of Law Number 12 of 1985 which has been amended by Law Number 12 of 1994 states that the amount of the Sales Value of Non-Taxable Taxable Objects is IDR 8,000,000 for each taxpayer. The selling value of this non-taxable taxable object is changed based on the Decree of the Minister of Finance Number 201/KMK.04/2000 to a maximum of IDR 12,000,000 for each taxpayer.

RESEARCH METHODS

Research Types

This study uses a quantitative descriptive method. Stages of the research starting with data collection, data identification and analysis, in-depth interviews with stakeholders and land and building taxpayers and compiling formulations and recommendations.

Population and Sample

In this study, the population is all taxpayers in the city of Semarang, which includes 16 (sixteen) districts. The sampling technique used in this study used a purposive sampling technique. The sample used is those that meet the criteria or purposive sampling, to be used in this study, namely taxpayers in Semarang City, and tax revenue data.

Analysis Method

The data analysis used in this study is descriptive analysis (Ghozali, 2018), which provides an overview of what causes motor vehicle taxes to be not optimal using existing data. To look for projections of tax revenue using the Least Square analysis method. The Least Square method is a method that is often used to determine to forecast because the forecast results are considered detailed and thorough (Pamungkas, 2016). The Least Square method is a method in the form of time series data, which requires past data to forecast future sales so that the results can be determined. Least Square is a forecasting method used to see trends from time series data (Edi, 2018).

RESULT AND DISCUSSION

Effectiveness Land and Building Tax

Analysis of the level of effectiveness of Land and Building Tax revenue to find out how effective Semarang City Land and Building Tax revenue is every year, the level of effectiveness can be calculated using the formula:

$$Efektiveness = \frac{Received Actual}{Target} \times 100 \quad (1)$$

Table 1 describes the growth in the effectiveness of Semarang City Land and Building Tax revenues from 2017 to 2021. Based on Table 1, it can be seen that the effectiveness of Semarang City property tax revenue in 2017 was around 104.0%. In 2018 the effectiveness of Land and Building Tax revenues increased by 117.9%. In 2019 the effectiveness of Land and

Building Tax revenues decreased slightly by 5% to 113.0%. Then in 2020, the effective rate of Land and Building Tax revenues decreased drastically to 90.8%, this was because the Taxpayer community was facing the Covid-19 pandemic, where all elements of society were limited in their activities by the government so people's income decreased as a result the money that should have been used for paying Land and Building Tax is used to fulfill his personal life first. In 2021 the economy has started to improve, and the community's economic activities have begun to be relaxed by the government. So that Land and Building Tax revenue again increased to 105.4%. If the average level of effectiveness of Land and Building Tax revenue is calculated, the average obtained is 106.2%. With the acquisition of an average effectiveness of 106.2%, the level of effectiveness between the target and revenue realization has been very good.

Table 1. Effectiveness of the comparison of targets and revenue of Land and Building Tax in the City of Semarang in 2017–2021

Year	Acceptance Targets (IDR)	Acceptance Realization (IDR)	Effectiveness
2017	335,000,000,000	348,354,499,320	104.0%
2018	348,500,000,000	410,965,561,484	117.9%
2019	425,000,000,000	480.106.015.003	113.0%
2020	527,500,000,000	478,968,317,991	90.8%
2021	450,000,000,000	474,523,426,034	105.4%

Source: Data processed in 2022

Target and Realization

Based on the revenue budget realization report, it can be seen immediately that the difference between the target and the realization can be expressed in nominal form or as a percentage. How to calculate the difference, namely:

$$\text{Difference} = \text{revenue realization} - \text{target realization} \quad (2)$$

In Table 2, it can be seen that many land and building tax revenues show an excess difference, namely the difference that is not expected or the unfavorable variance. It can be seen that every year the realization of Land and Building Tax revenue always exceeds the predetermined target. It's just that in 2020 the difference between revenue and targets shows a difference of less than (48,531,682,000), from the data above it can be seen that the difference between targets and revenue tends to experience more differences every year.

Table 2. Calculation of the difference between the realization of the target and the realization of land and building tax revenue Semarang City 2017–2021

Year	Acceptance Targets (IDR)	Acceptance Realization (IDR)	Difference (Less/More) (IDR)
2017	335,000,000,000	348,354,499,320	13,354,499,320
2018	348,500,000,000	410,965,561,484	62,465,561,484
2019	425,000,000,000	480.106.015.003	55.106.015.003
2020	527,500,000,000	478,968,317,991	(48,531,682,009)
2021	450,000,000,000	474,523,426,034	24,523,426,034

Source: Semarang City Data 2022

Projection of Land and Building Tax Revenue in Semarang City

Realization of Land and Building Tax revenue is the amount of Land and Building Tax that contributes to regional revenues collected by the Semarang City Regional Revenue Agency which is obtained annually. Table 2 shows that over the last five years, the realization of Land and Building Tax revenue has always exceeded the revenue target that has been set, except for the fact that in 2020 the target has not been achieved. This can happen because in 2020 the government will limit activities to deal with the co-19 pandemic. With limited community activities, the economy cannot rotate. This will also have an impact on decreasing people's income. The decline in people's income will reduce Land and Building Tax revenue because people's income is used to meet basic needs first during the covid19 pandemic.

Table 3. Projection Results of Semarang City Land and Building Tax Revenue for 2022-2025

Year	Revenue Realization Target (IDR)	Total (Less /More) (IDR)
2017	348,354,499,320	62,611,062,164
2018	410,965,561,484	69,140,453,519
2019	480.106.015.003	-1,137,697,012
2020	478,968,317,991	-4,444,891,957
2021	474,523,426,034	60,162,320,913
2022	534,685,746,947	32,034,060,994
2023	566,719,807,940	32,034,060,994
2024	598,753,868,934	32,034,060,994
2025	630,787,929,927	32,034,060,994
2026	662,821,990,921	32,034,060,994

Source: Data processed in 2022

Tax Revenue Projection

In 2020-2021 the value of Land and Building Tax revenue is negative, which means that there has been a decrease in Land and Building Tax revenue for 2 consecutive years. This was because the government at that time implemented restrictions on community activities as contained in Regulation of the Minister of Home Affairs number 53 of 2021 concerning the implementation of restrictions on community activities at Level 3, Level 2, and Level 1 Covid-19.

The results of the analysis of the projection of Semarang City Land and Building Tax revenue using the least squares analysis method are carried out for the next five years with the projection results in 2022 projected tax revenue of IDR534,685,746,947. This projected tax revenue will increase by IDR60,162,320,913 from in 2021. This is a potential land and building tax revenue from those that are still in arrears for the previous 2 years (2020-2021) to be paid in 2022. This is in line with the government program which has started to relax activities in the community. The community's economy is slowly starting to return to normal and it is hoped that it will become a turning momentum for increasing people's welfare/income. With the increase in people's income, they can pay taxes, especially the Land and Building Tax which has been in arrears for 2 years (Covid-19). The prediction results from the Last Square analysis show that in 2023 it will be IDR566,719,807,940, in 2024 IDR598,753,868,934, in 2025 IDR630,787,929,927, and in 2026 IDR662,821,990,921. The results of the projection analysis using the least squares analysis method can be used as a basis for consideration in setting the Land and Building Tax revenue target in Semarang City in the following year.

CONCLUSION AND RECOMMENDATION

Conclusion

The results of the analysis of the effectiveness of Land and Building Tax in Semarang City in the last five years have reached a percentage exceeding 100%, only in 2022, the effectiveness between the Land and Building Tax revenue target and the Land and Building Tax revenue realization will drop to 90.8%. As a result of restrictions on activities by the government related to the handling of Covid19. The survey results are related to taxpayers' understanding of tax knowledge, it can be seen that 50.5%, 56.3%, and 29.1% answered agree with an average percentage of 45.3% agreed and 36.9%, 32%, and 8.7% of average answered strongly agree. It can be concluded that the understanding of taxes is quite high for the people in Semarang City.

The survey results show that 40.8% of the largest taxpayers have an income of IDR2,000,000 – IDR3,000,000, and 53% of income is subsidized to meet basic needs such as eating, daily shopping and also fulfilling obligations such as paying taxes. It can be concluded that the income of the people of Semarang City is sufficient to pay the Land and Building Tax. The survey results show that 36.9% and 53.5% of taxpayers answered strongly agree and agree that the Land and Building Tax payment system can be made by online payment. The survey results showed that of the three questions the majority answered agree and strongly agree with the percentages of 52.4%, 57.3%, and 35%. This indicates that the taxpayer community in the city of Semarang has a high awareness of paying Land and Building Tax.

The survey results show that the people of Semarang City know that if they are late paying taxes they will be subject to sanctions. And socialization activities are socialized quite well, as evidenced by 17.5% and 52.4% of the public getting information about Land and Building Tax through village officials or others. The survey results show that the people of Semarang City pay City Land and Building Tax before it is due which is quite high, namely 18.4%, 54.4% who answered agree strongly agree and disagree. This indicates that the taxpayer community in the city of Semarang is quite good.

The results of the analysis of the projection of Semarang City Land and Building Tax revenue using the least squares analysis method are carried out for the next five years with the projection results in 2022 projected tax revenue of IDR534,685,746,947, in 2023 of IDR 566,719,807,940, in 2024 IDR598,753,868,934, in 2025 IDR630,787,929,927, and in 2026 IDR662,821,990,921. These results can be used as a basis for consideration in setting the Land and Building Tax revenue target in the city of Semarang in the following year.

Managerial Implications

Based on the results of the analysis, the recommendation in this study is that it is hoped that Regional Revenue Agency and related institutions and agencies will be able to continue to work together and synergize in carrying out more strategic outreach, for example, a strategy in determining the points where based on the areas that have the largest tax arrears and carried out in a structured and periodic manner.

Optimization of online tax payments. It would be nice for Regional Revenue Agency to make an application that is integrated with other payment systems related to tax revenue at Regional Revenue Agency. For taxpayers who have a tax object at the Semarang City Regional Tax and Retribution Management Agency but the owner is outside the Semarang City area, it is better for the Government to follow up or visit the tax object directly by collaborating with the Semarang City Regional Tax and Retribution Management Agency with Regional Tax and Retribution Management Agency where the taxpayer resides.

Improving the quality of service both at the head office, sub-districts, and sub-districts as collection points so that taxpayers are able to pay taxes. The results of the analysis of the projection of Semarang City Land and Building Tax revenue using the least squares analysis method for the next five years (2022 – 2026) can be used as a potential basis for consideration in setting the Land and Building Tax revenue target in Semarang City in the following year.

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